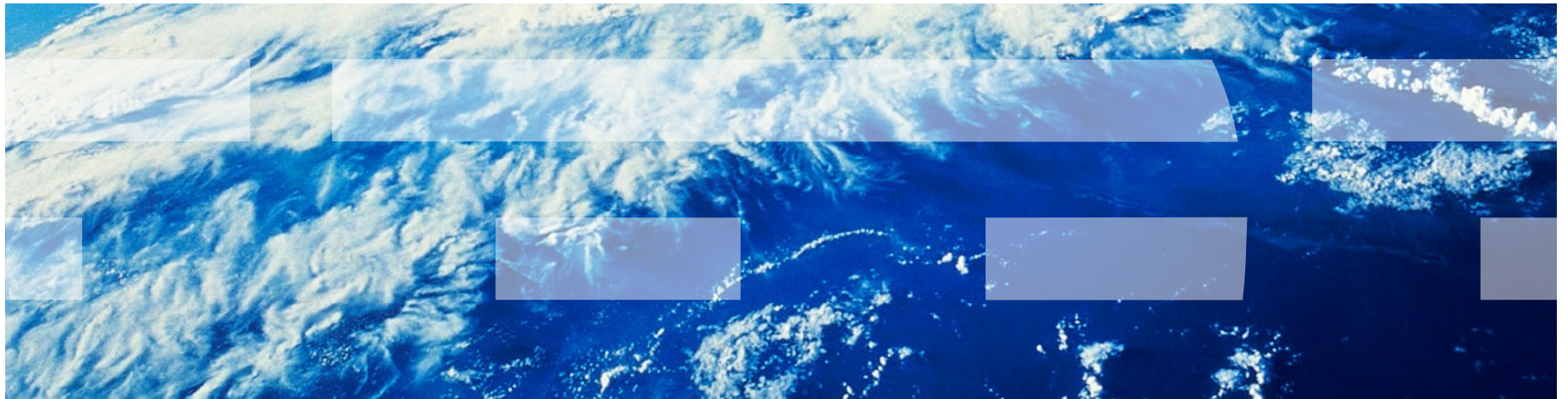


Patrick Hametner – Sales Manager FPM Central & Eastern Europe

22/10/2009



IBM yazılım zirvesi '09



Today's Agenda

- Issues in the Finance Function
- Benchmarks
- Financial Performance Management
- IBM Cognos TM1
- Demo

Problems in the Finance Function

Effort

- Data has to be reconciled and double checked before pressing business questions can be addressed
- Budget-cycle takes many months to complete
- Variances cannot be explained without additional fact-finding efforts
- F&C team-members are overworked and unhappy

Perception

- Information and data required for the calculation of important KPIs are not readily available
- Costs cannot be assigned in accordance to cause
- Forecasts are inaccurate and are missed in most cases
- Budgets are already obsolete in Q1

Trust

- Lack of confidence in reported data
- Liquidity problems arise out of the blue
- Developments requiring immediate attention and corrective action remain undetected
- Difficulties exist when analyzing financial data

Organizations face rising complexity



- Information needs to reach more people
- Each person has very diverse needs
- Infrastructure is increasingly complex
- Data is siloed in multiple disparate systems

Business Users Not Well Enough Informed, Engaged or Aligned



Executive



**Business
Manager**



**Casual
Business User**



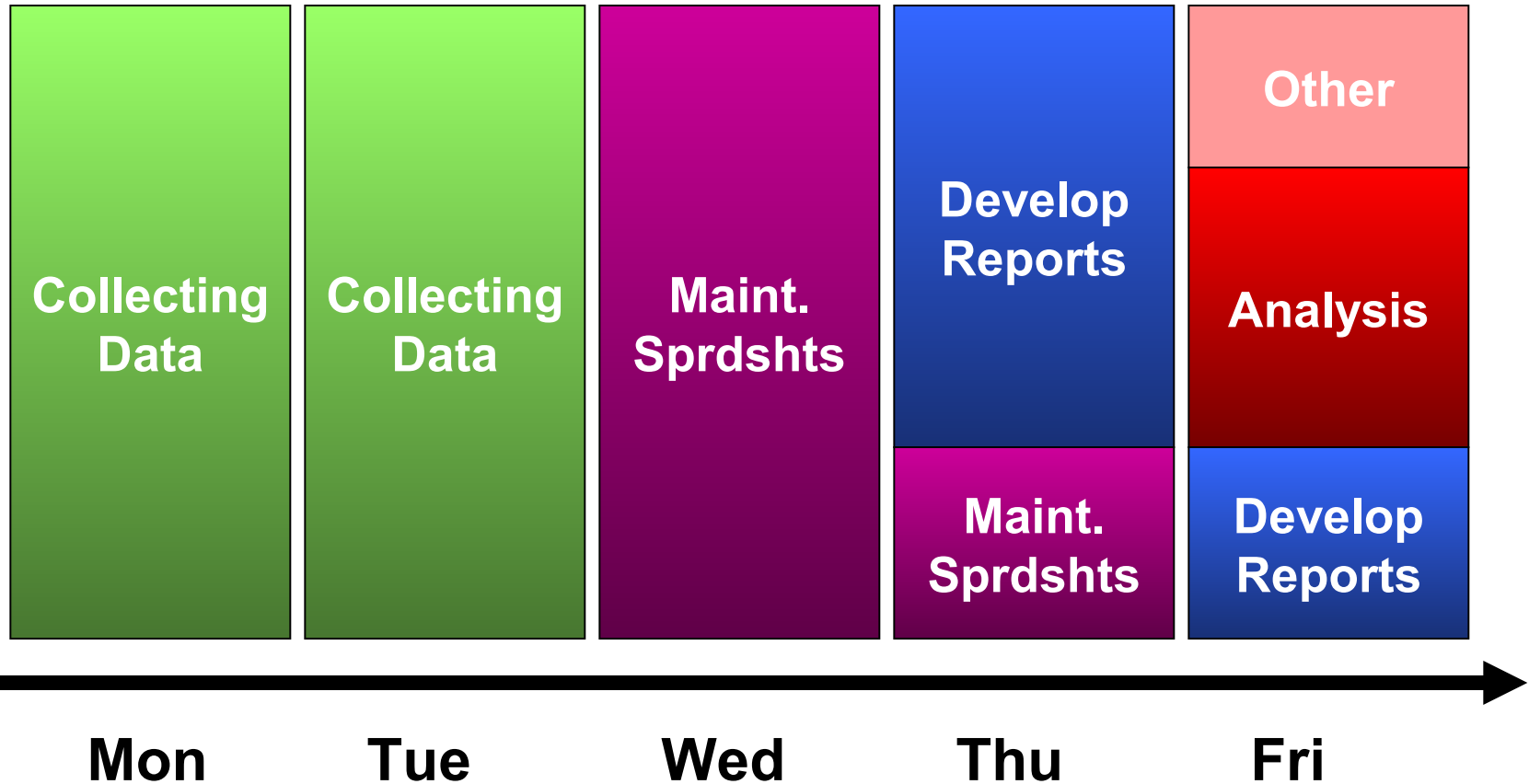
**Line
Manager**



**Business
Analyst**

- **47%** of users don't have confidence in their information ⁽¹⁾
- **59%** say they missed information they should have used ⁽¹⁾
- **42%** of managers use wrong information at least once a week ⁽¹⁾
- **24%** user adoption within organizations ⁽²⁾
- **95%** of the typical workforce does not understand the strategy ⁽³⁾
- **60%** of organizations do not link budgets to strategy ⁽³⁾

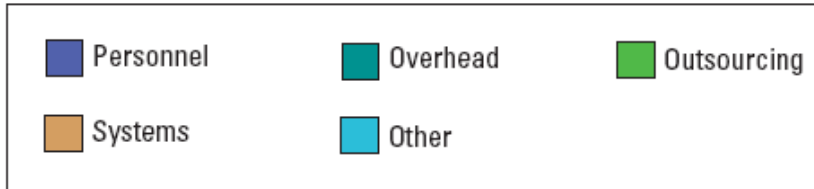
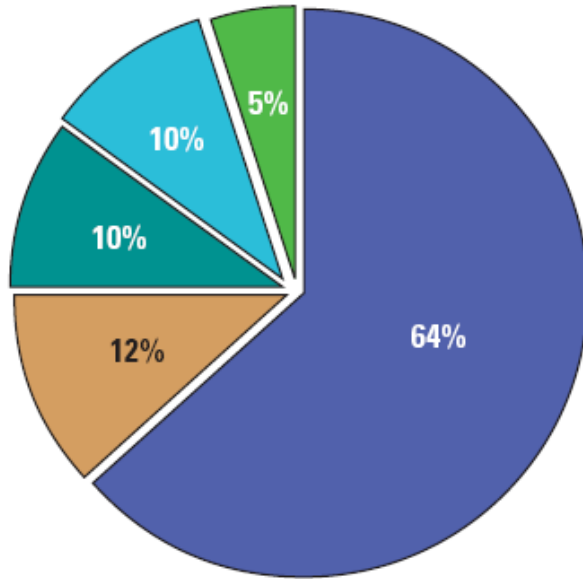
Let's look at this from a different perspective



Source: Cognos Forecast Survey – September 2008

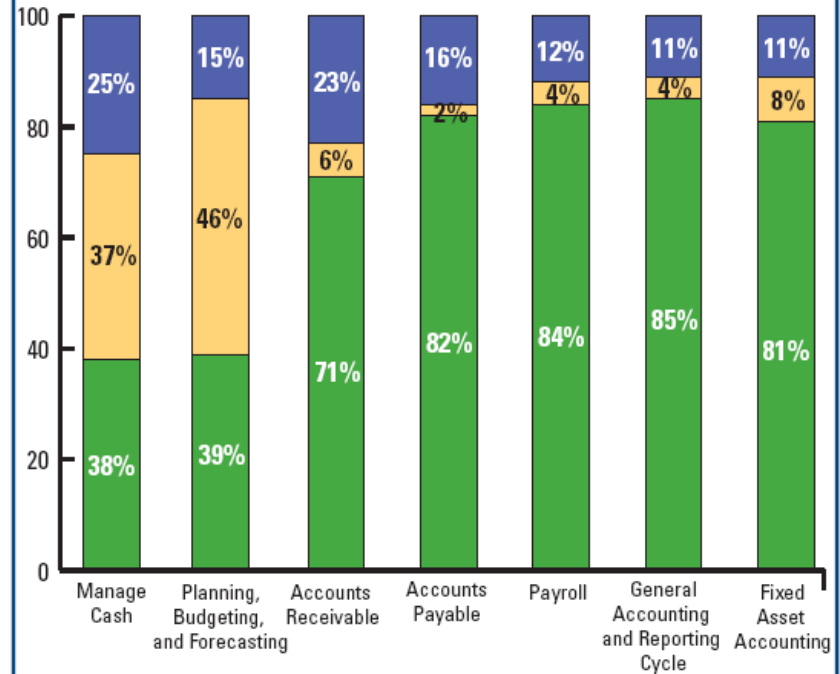
F&C Cost Benchmarks

Finance Cost Breakdown



Source: APQC

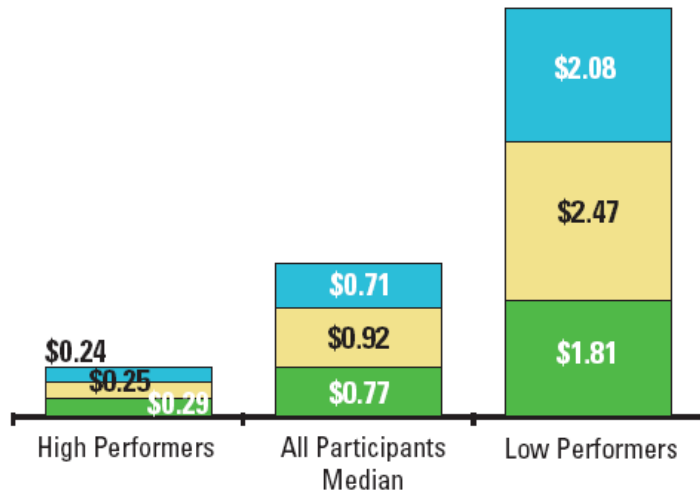
Technology Within Finance Processes



Source: APQC

Efficiency Benchmarks

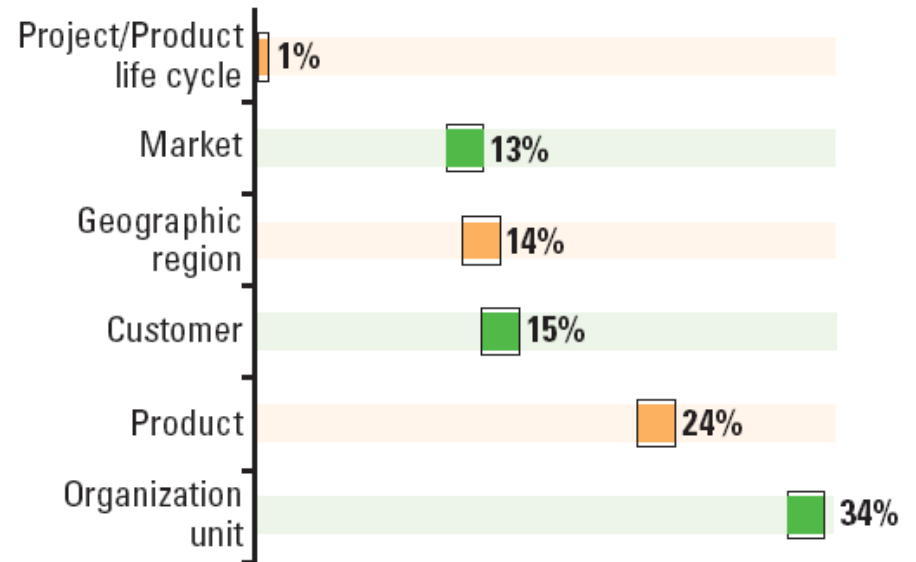
Total Cost to Perform Planning, Budgeting, and Forecasting



- Total cost of the process "evaluate and manage financial performance" per \$1,000 revenue
- Total cost of the process "perform cost accounting and control" per \$1,000 revenue
- Total cost of the process "Perform planning/budgeting/forecasting" per \$1,000 revenue

Source: APQC

Reporting Profitability

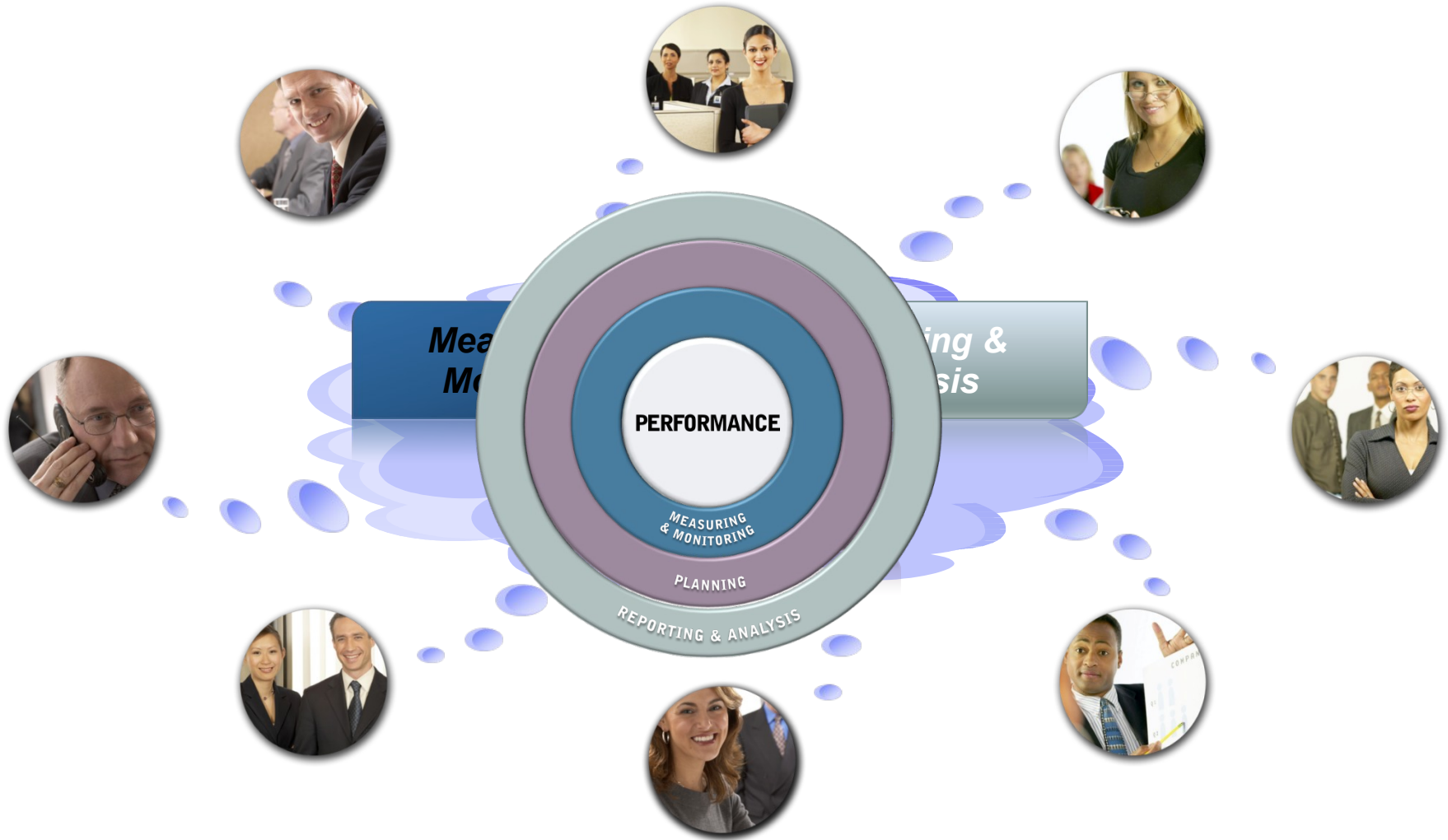


Source: APQC

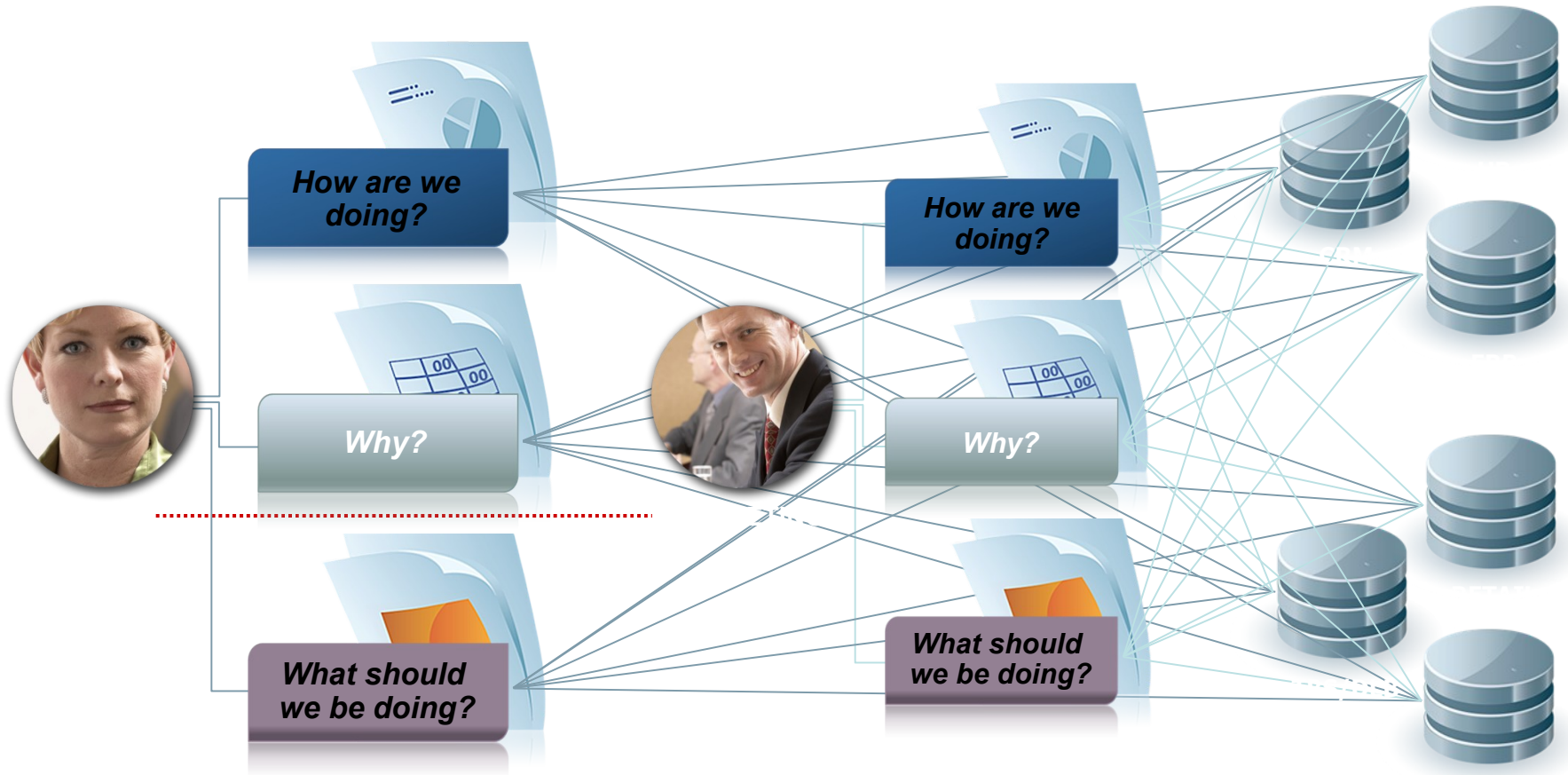
Three Questions that Drive Performance



Performance Management Capabilities



How Answers are Often Found



Financial Performance Management Challenges

Issues in the Office Of Finance

- Spreadsheets Failing

“there have been well-documented cases of errors and losses resulting from spreadsheet manipulation errors and accidents.”

Source: Gartner, August 2007

- Disparate Systems

“Average finance organizations operate 11 finance systems per billion dollars of revenue.”

Source: Hackett Group, 2007

- Business Risks

“62 percent of enterprises ... encountered a major risk event ... 42 percent of these enterprises were not well prepared for the event.”

Source: IBM Global CFO Study 2008

Performance | Accuracy | Efficiency | Compliance

Why?

Cognos TM1 for Financial Analytics

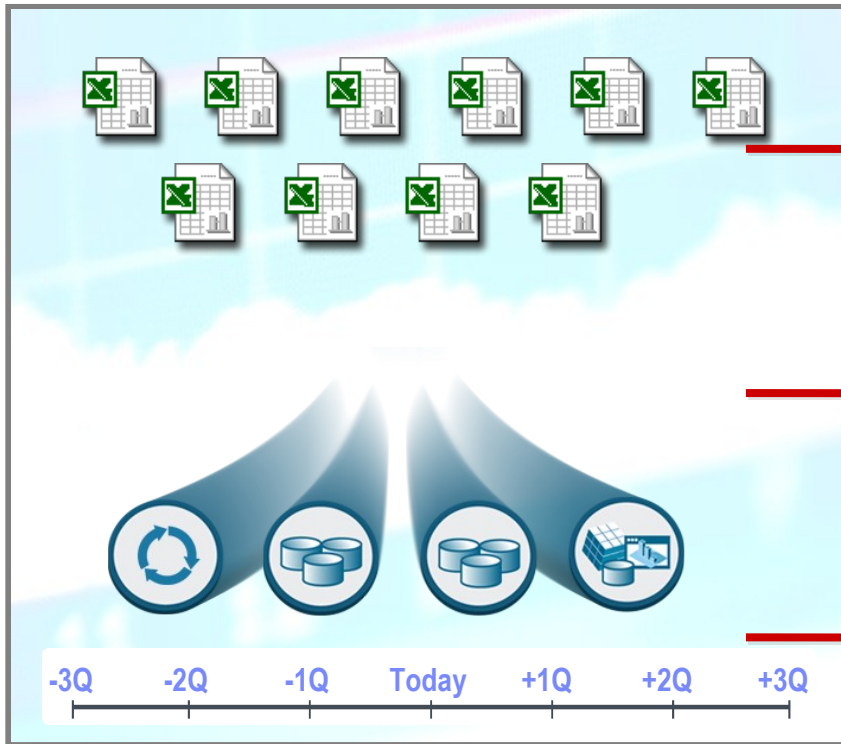
- Replace complex, cumbersome spreadsheets for managing large high-volume, multi-dimensional data
- Offers high performance, real-time, read-write capabilities.
- Analyzes and optimizes large, highly complex, rapidly changing data sets with sub-second responses.
- Analyzes profitability, sales mix, and price/volume variance.
- Improves planning, analytics, and "what-if" scenario modeling.



Challenges in Financial Analytics

Analysis takes too long and requires too much staff effort

- × Current processes are insecure, fragile and cumbersome



Large Amounts of Data – spanning multiple dimensions, over time, is too much for traditional system

Unable to quickly assess impact of scenarios – data is subject to many calculations and results take too long to get to

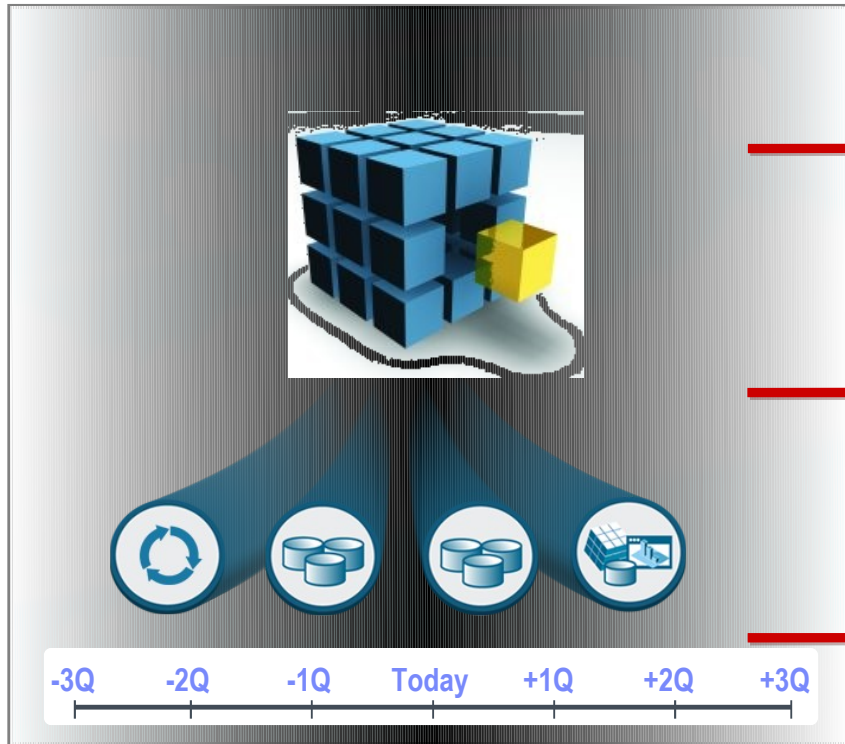
Cannot easily reflect changing business requirements – inflexible solutions cannot enable real-time decision making.

Wasted effort, inconsistent information, poor decision quality

Cognos TM1

Fast, easy-to-use analytics for financial performance management

- ✓ Consolidate, view & edit huge volumes of complex, multidimensional data.



Data Scalability – Agile, self-service analysis and optimization of large, highly complex, rapidly changing data sets with real-time response

Flexible, real-time results – Real-time analytics for profitability, sales mix, and price/volume variance

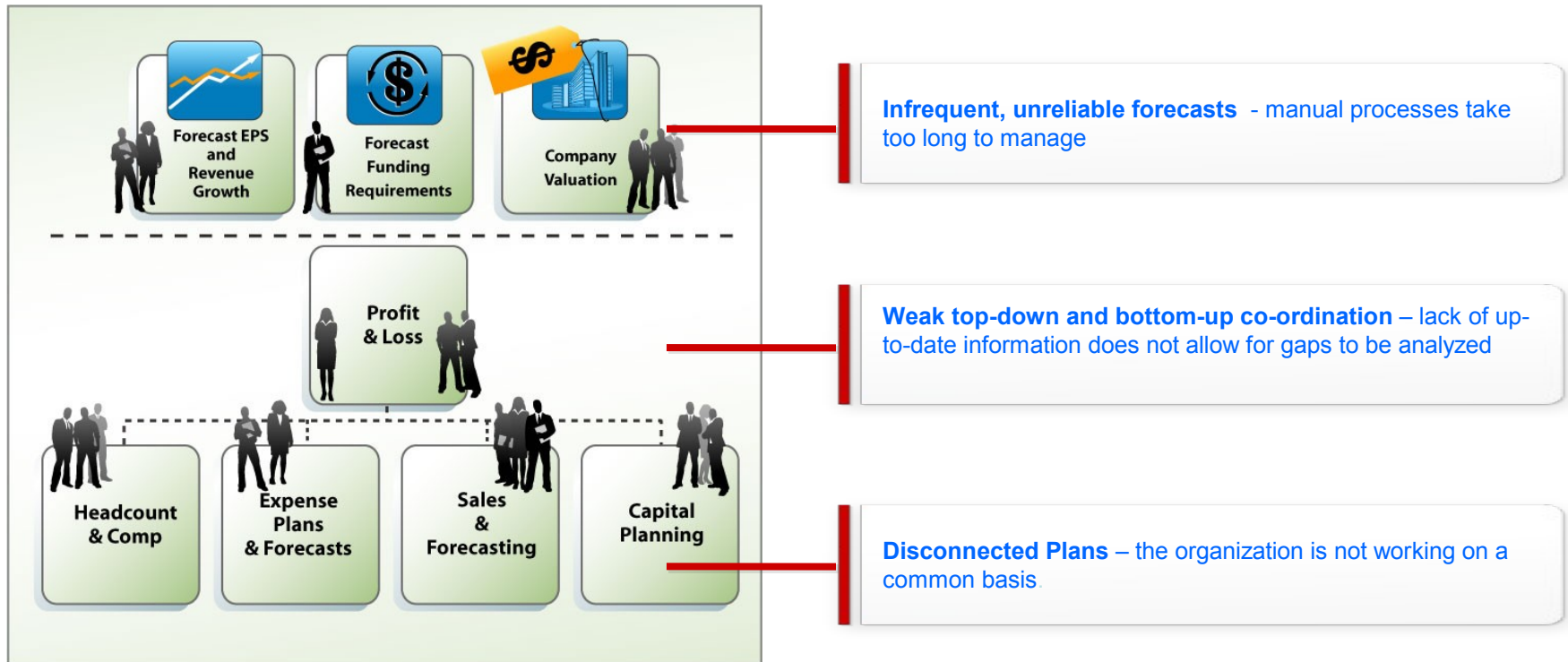
Finance Owned – Interactive, rules-based business modelling

Continuous, effortless analysis to support decision-making about performance and profitability

Challenges in Planning, Budgeting and Forecasting

Planning takes too long and requires too much staff effort

- × Processes are lengthy, inaccurate and add limited value



The result is an inability to deliver timely, reliable forecasts & plans that align operational tactics with financial targets

Solutions for Performance Management

When ERP is not the right choice

- ERP vendors excel in their area – transaction processing
- Most world class companies choose alternate vendors for Performance Management solutions
- In competitive situations, we never deride the customer’s ERP vendor or ERP investment
- Cognos *complements* and *extends* the customer’s existing investment in their ERP system
- Cognos can be more nimble than ERP vendors – pace of innovation in Performance Management space exceeds speed of ERP release schedules

Aligning Business & IT to Improve Performance

VENTANA RESEARCH **When ERP Is Not the Right Choice**
ERP can do more for your company – but it doesn't do everything.

By Robert D. Kugel, CFA | 10/23/06 | Article ID: V06-00 | Article Type: View | © 2006 Ventana Research

Summary
 Our research study "ERP Innovation" showed that companies believe their enterprise resource planning help them succeed in many ways. Yet when we asked survey participants if they had used their ERP + new business approaches or processes over the past 18 months, we found their propensity to use this combination depending on the business unit. That is, companies are more likely to use ERP to change that are closely related to core accounting functions or activities involving transaction processing – for example, they were less likely to have innovated in their approaches to operations or analytical requirements.

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- DHL Worldwide Express
- Federal Express
- Ford Motor Company
- Freightliner
- General Motors
- Hertz
- Hyundai Car (UK)
- KLM Royal Dutch Airlines
- Lufthansa
- Mercedes-AMG
- Michelin
- Princess Cruises
- Rail Infrastructure Corp.
- San Francisco Airport
- Singapore Airlines
- Southwest Airlines
- TNT Express Worldwide
- Toyota
- Travelocity
- Westjet

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- Allegheny Power
- Atlantic Richfield
- B.C. Hydro
- British Energy
- Brookfield Power
- Chevron
- Dominion Resources
- Florida Light and Power
- GE Power Systems
- Georgia-Pacific
- Hydro Quebec
- Murphy Oil
- National Oilwell
- SCANA
- Suncor
- West Coast Energy

GOVERNMENT

- Australia National Welfare Agency
- Australian Department of Defense
- Austrian Public Employment Service
- Belgian Department of Health, Food Chain Safety, and Environment
- Canada Revenue Agency
- Dubai Municipality
- Dutch Police
- Dutch Railways
- Environmental Protection Agency
- German Army Logistics Command
- Lower Saxony State Police
- NASA
- NSA
- Pennsylvania Department of Public Welfare
- Royal Netherlands Army
- Statistics Canada
- State of California
- State of Ohio
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- D E M O -

Thank
YOU

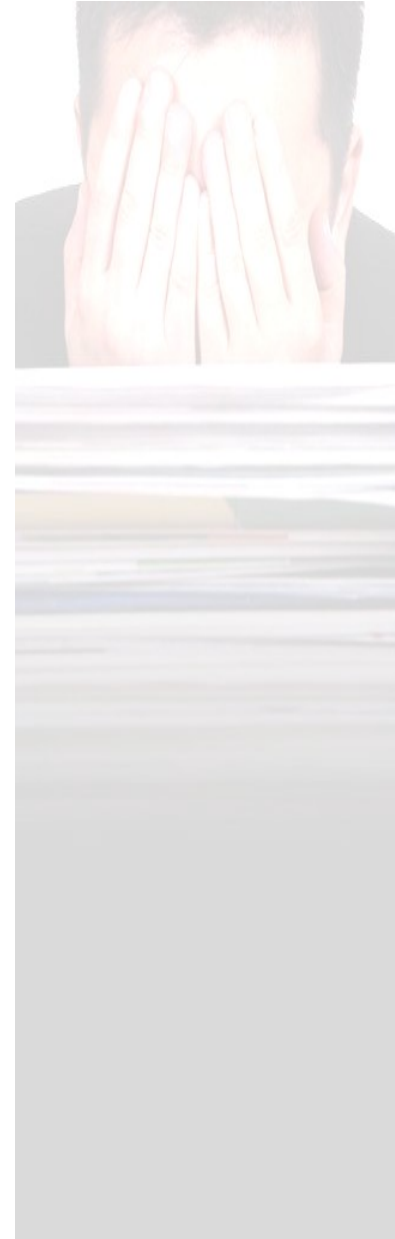
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BACKUP

What can Performance Management help with?

Wide range of customer pains

- Information management process is inefficient
- Users cannot get information in a timely manner
- Users cannot get the right information in context
- Collecting and verifying the data is challenging
- Everyone working with different numbers
- Information spread across hundreds of disconnected spreadsheets
- Financial close process is too long
- Inability to model scenarios and conduct "what if" analysis
- Different tools access different data
- Data silos across disparate systems
- Data volumes are growing exponentially
- Lack of data consistency
- Desire for self service BI & FPM applications



Bu sunum 22 Ekim 2009 tarihinde İstanbul Swisotel the Bosphorus'da yapılan Yazılım Zirvesi 2009 için hazırlanmıştır.

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