

Building a Smarter Finance

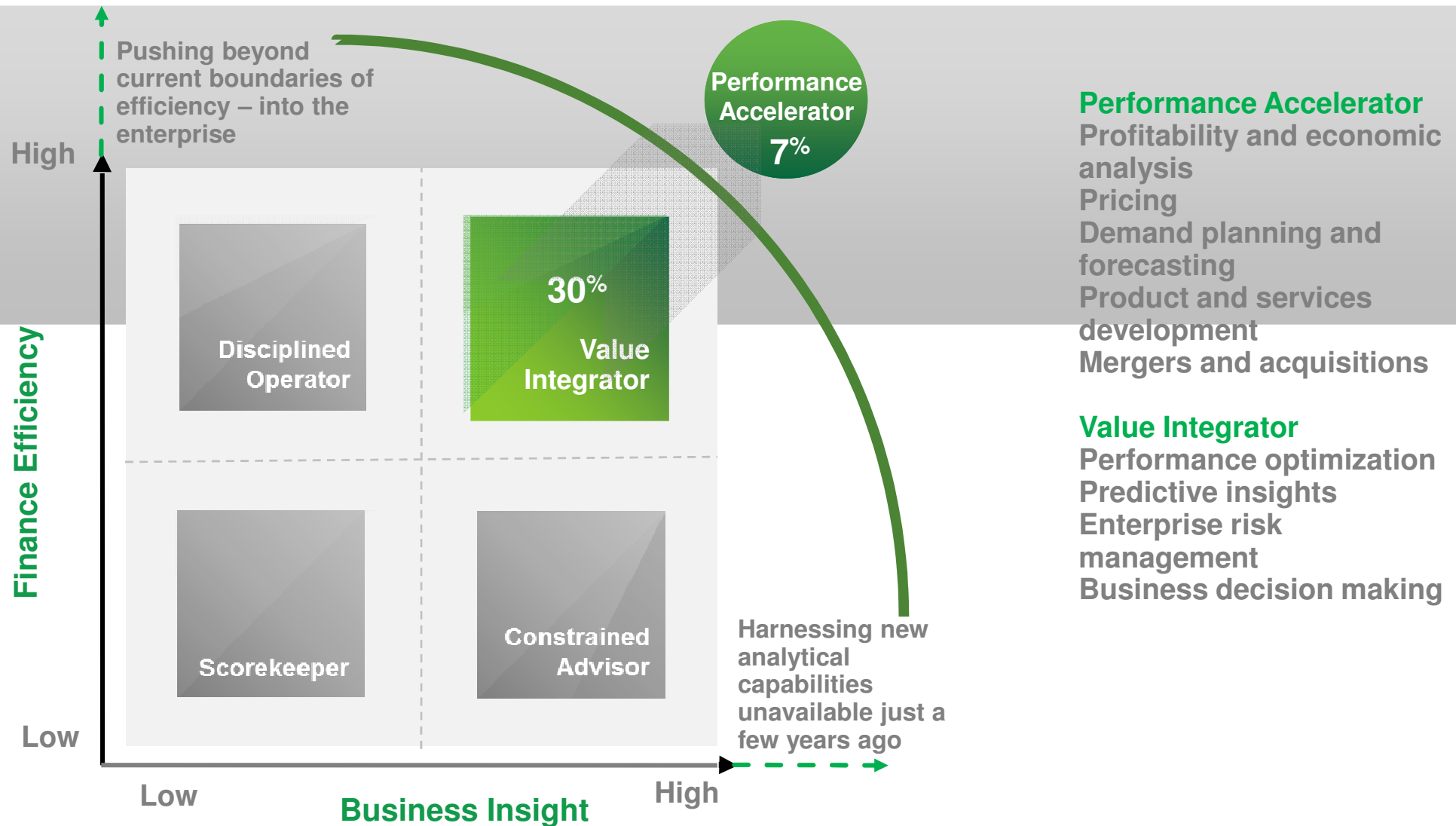
The Art of the Possible with Business Analytics

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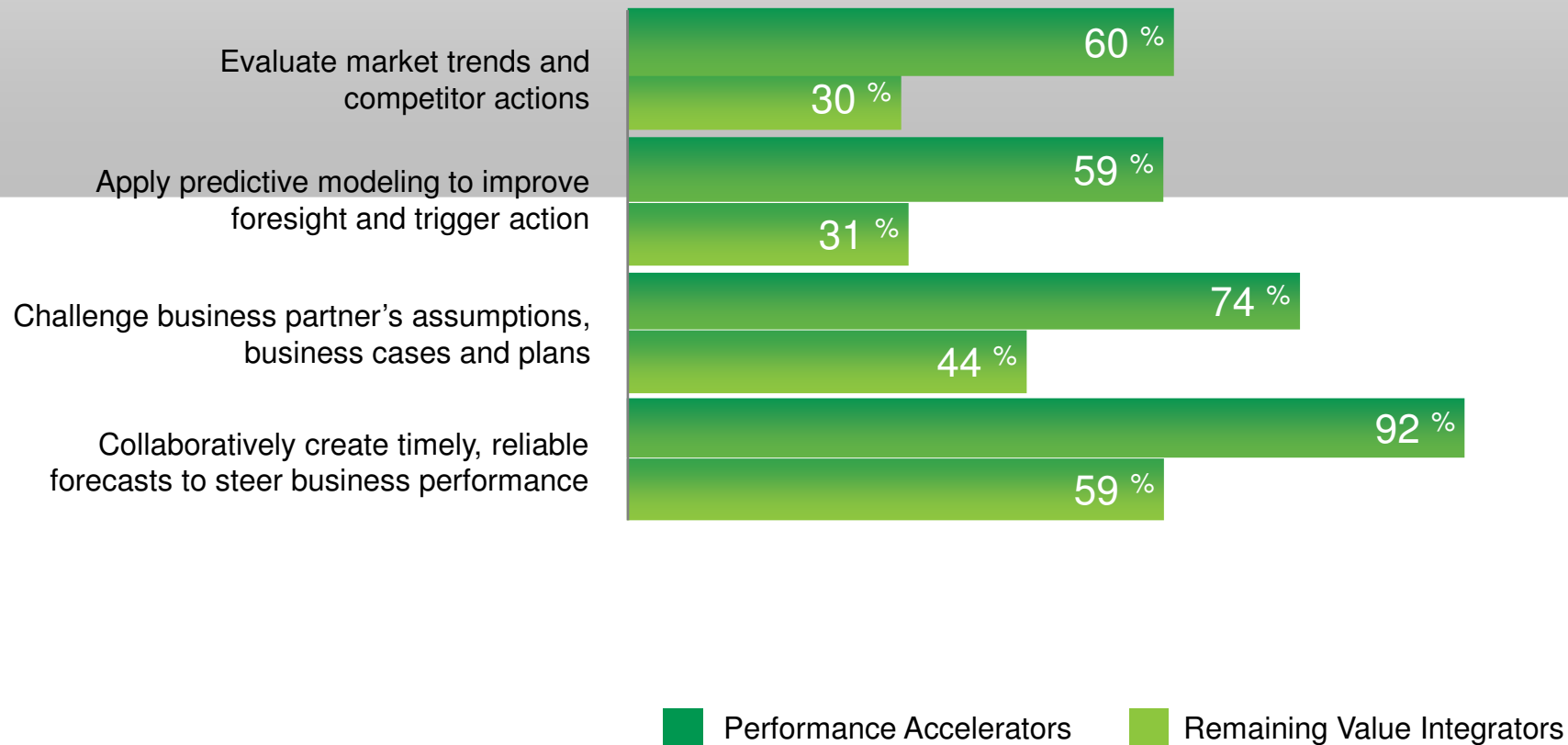
The Global CFO Study identified 4 Finance profiles, with one group, Value Integrators pushing the boundaries of efficiency and insight – evolving into Performance Accelerators



Source: IBM Institute for Business Value, The Global CFO Study 2010, The Global C-suite Study 2013.

Performance Accelerators' strong focus on data analytics enables them to excel at scenario planning

Effectiveness of Finance

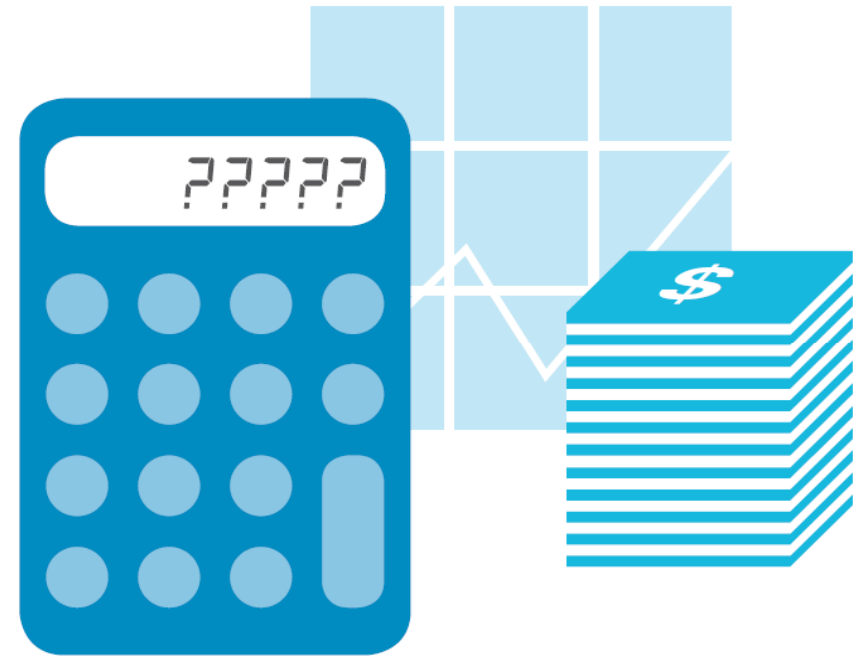
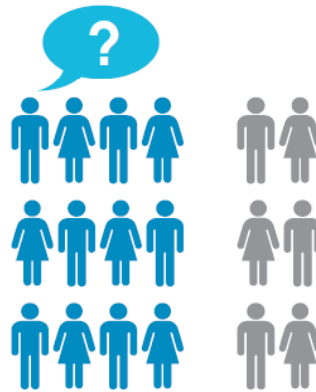


What if your Finance didn't add up?

IBM knows what that's like.

In the early 1990s, IBM Finance was in disarray. The organization was decentralized and dependent on a maze of unique systems with inconsistent data elements.

Even with **twice as many finance employees** as the competition, IBM Finance could only provide the most basic information needed to report on the business.



The Transformation of IBM Finance



IBM Finance is now giving trusted business advice, not just reporting on what has already happened

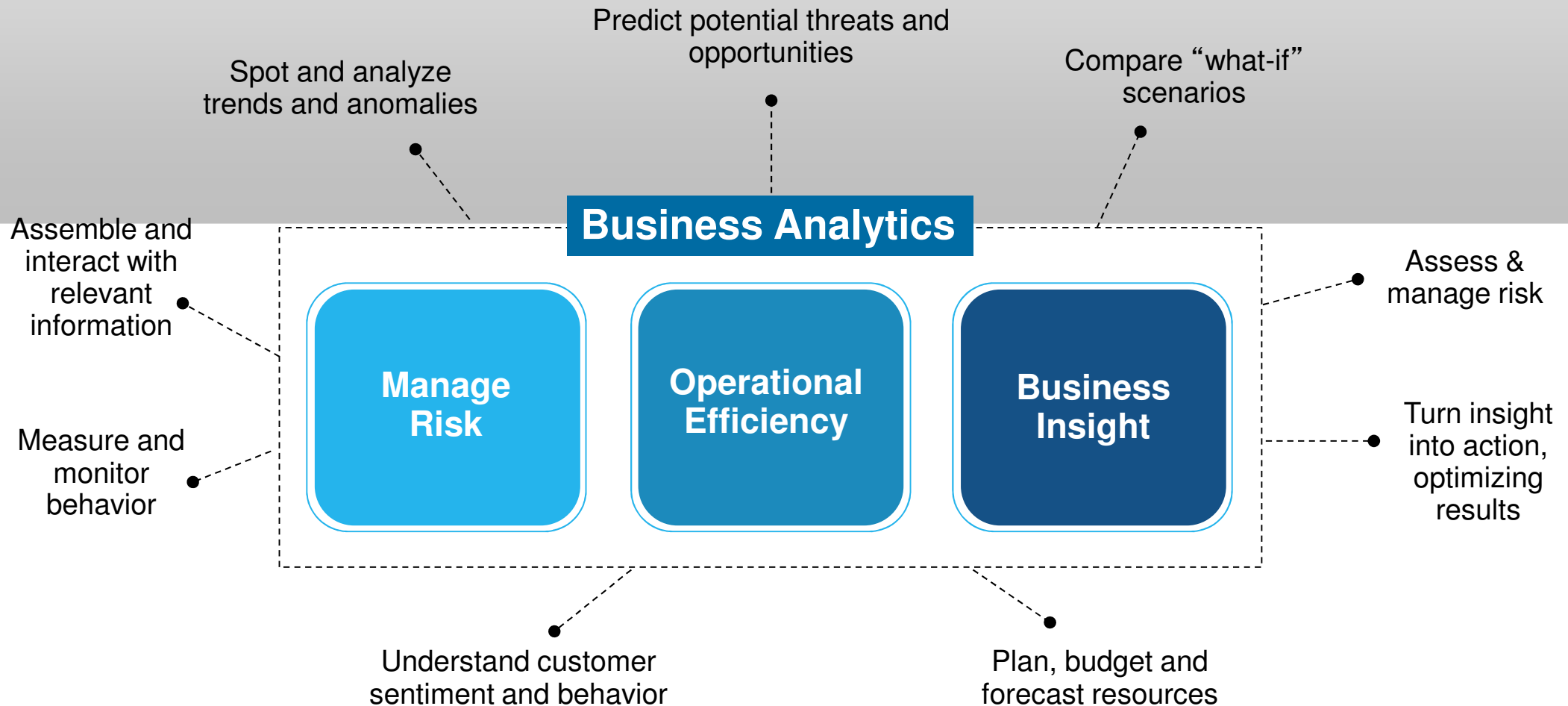


Today, IBM Finance operates as a **globally integrated function**. **Finance Shared Service Centers**, called **Centers of Excellence** are located around the world. These centers provide centralized, standardized services to IBM's business units, with work moving to where it can best be done.

		Then	Now
	Finance E/R	3%	1%
	Days to close the books	18	7
	Time spent on high-value activities	30%	70%
	Finance staff in Centers of Excellence	0%	50%
	Ledgers	60+	1
	Chart(s) of Account	60+	1

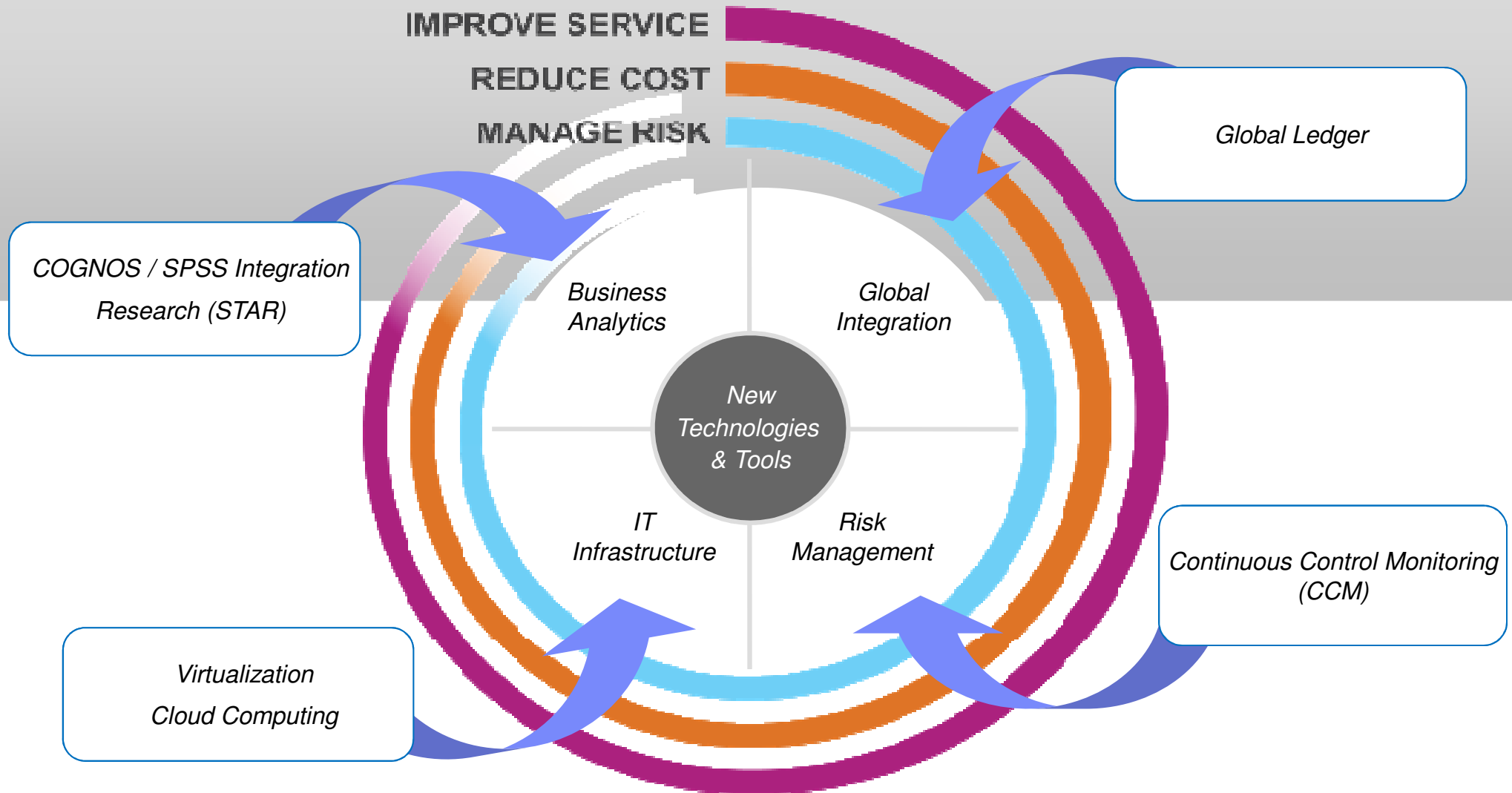
Help the business make better decisions by anticipating the future, not just analysing the past

Migrate from **globally integrated** to **smarter, interconnected and intelligent** by **applying business analytic insights** to inform decisions enterprise-wide



Leverage new technologies and tools

Efficiency and self service delivered via “Blue Insight”, IBM's centralized Analytics Cloud Offering



IBM Country Financial Risk Scorecard

Manage Risk

Analytics Approach:

- IBM **COGNOS** Business Intelligence / IBM **SPSS** Predictive Analytics / IBM DB2

Smarter Facts:

- **Near Real-time** Integrated Risk Management
- **Automated** information integration/financial risk monitoring
- **KRIs – Business insights into risk exposures**
- Risk-based **predictive analytics**

CHALLENGE

- **Vast amounts**, but **fragmented** data provides little opportunity for **consistent analysis** and proactive identification of financial country risks
- Lack of automated solution requires **manual aggregation** and analysis
- **Limited visibility to external** risk creates a blind spot to emerging risks

SOLUTION

- Created Scorecard that **automated information integration** and financial risk monitoring KRIs
- Enables **business insights** into risk exposures using over 100 external and internal inputs
- Dashboard with **risk-based predictive analytics** for over 160 countries in which IBM operates

BENEFITS

- Enable **agile decision making** to seize opportunities and **mitigate impact of unfavorable risk events**.
- **Centralized, consistent, and automated** approach to measure and monitor financial risks
- Empowering chief financial officers (CFOs) to be **value integrators**
- **Increase productivity** of finance leaders across the enterprise, encourage broader **global collaboration**, and elevate skill levels.
- **Reduce time** to gather and analyze data from **weeks to hours**

WorldWide Spend Application

Analytics Approach:

- IBM **COGNOS** TM1

Smarter Facts:

- **Increased visibility** across geos & brands allow cost **control**
- **Reduced cube load times** materially
- **Reduced calculation times** - 45 minutes to **real time**
- **Common set of skills** required to use and maintain

Operational Efficiency

BENEFITS

CHALLENGE

- Different geographies and brands used their own data sources and processes supporting expense management
- No standard meant systems were not tied to key CHQ management system (WWIE)
- Delays in accessing information due to long load times of Cubes

SOLUTION

- Implemented consistent data and metadata standards
- Developed a flexible / modern architecture allowing for easy expansion across geographies
- Single worldwide application for Spend Analytics and tracking on one TM1 Cube across all geographies with 3,000+ current users, 500+ concurrent active system users

- Increased visibility across geographies and brands allowed for cost control optimizations
 - Common processes increase career options of financial analysts across IBM
- Single application to support common set of skills required to use and maintain
- Reduced cube load times materially
- Reduced calculation times from 45 minutes to real time
- Lower third party licensing costs

Statistical Tracking & Assessment of Revenue (STAR)

Analytics Approach:

- IBM **SPSS** Predictive Analytics

Smarter Facts:

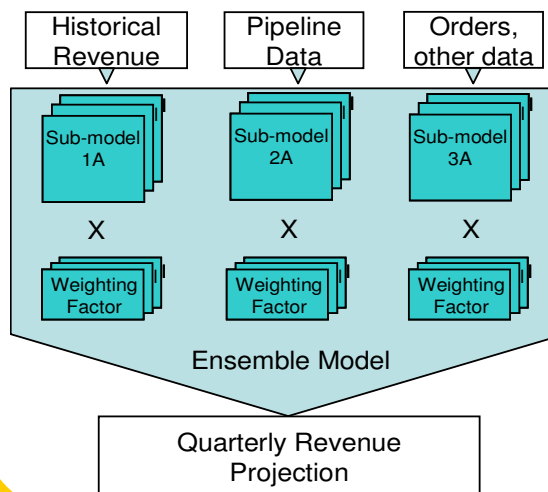
- **Reduces** revenue forecast error **by 40%- lifts accuracy to 98%**
- Revenue predictions with an **average deviation of only 2%**
- Reliable revenue forecast **automatically updated weekly**

CHALLENGE

- Existing bottom-up processes were **labor intensive and inconsistent** across business units
- **Lack of analytical rigor** in current and next quarter revenue affects availability, accuracy and volatility of projections
- **Subjective perspectives by analysts and management** have sometimes resulted in surprise revenue misses toward the end of the quarter.

SOLUTION

- Predictive analytics that use statistical techniques to analyze historical revenue, pipeline / contract data at a detail level.



BENEFITS

- Revenue forecasts are **more accurate**, decreasing error on average by 40%
- Revenue predictions with an average **deviation of only 2%** from actual revenue figures
- Generates a reliable revenue forecast that is **automatically updated** weekly or as often as input data sources are updated.

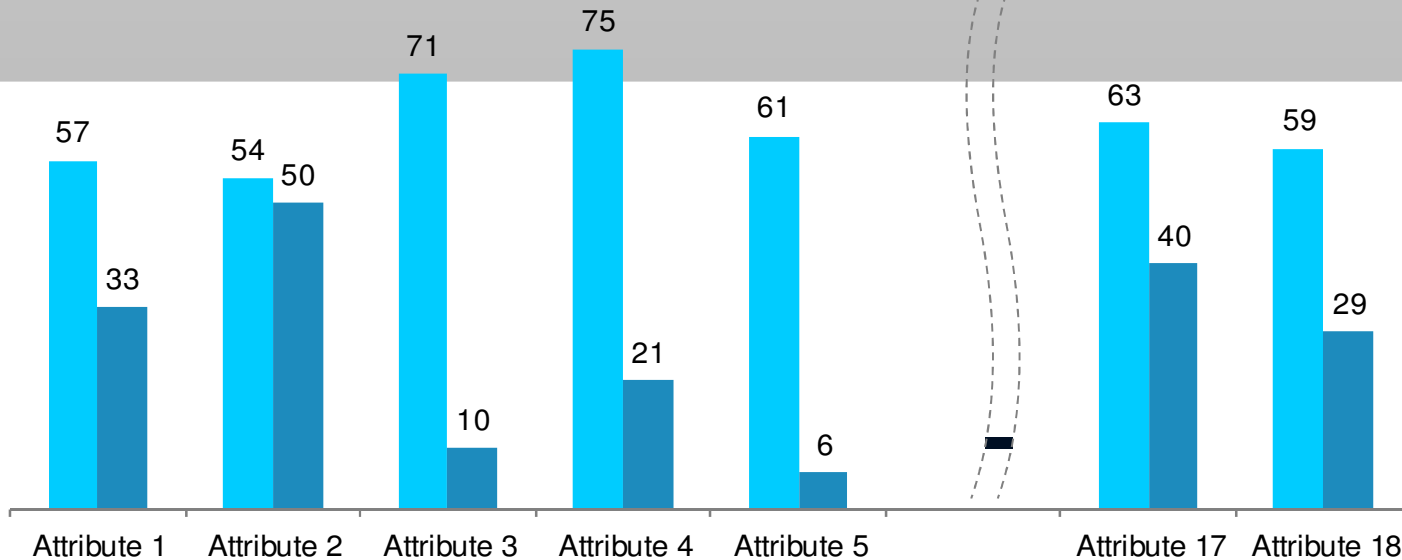
Lead business model innovation through new discipline of performance

Business Insight

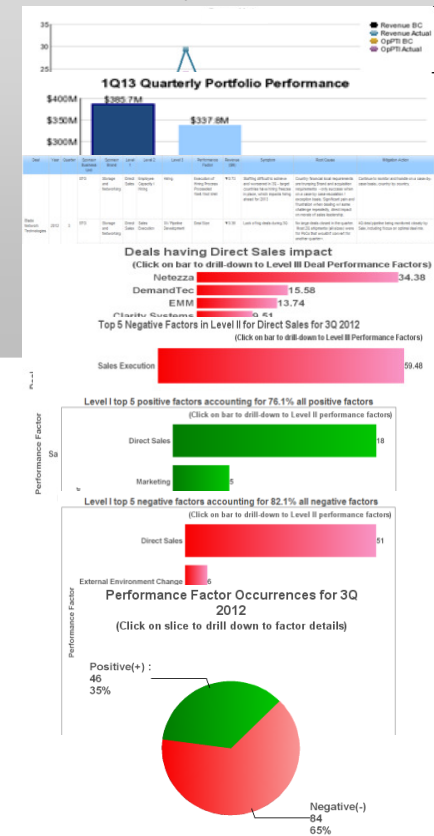
Analytics focusing on the correlation between key attributes and deal performance validate our acquisition strategy and improve our selection process

Likelihood of a deal achieving objectives

Exhibits attribute Does not exhibit attribute



Analytical views



Developing IBM Finance Talent & Analytics Adoption

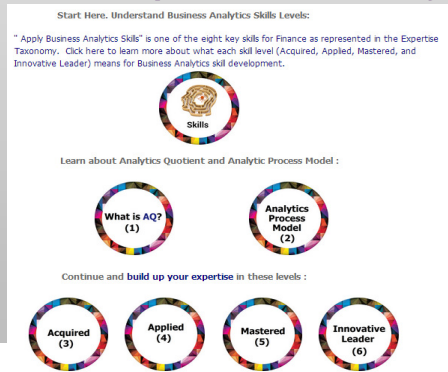
Various activities around **educating and evolving skills** in the IBM Finance organization with a goal to ensure success and **build a culture for performance**

Finance Business Analytics Talent Development Community

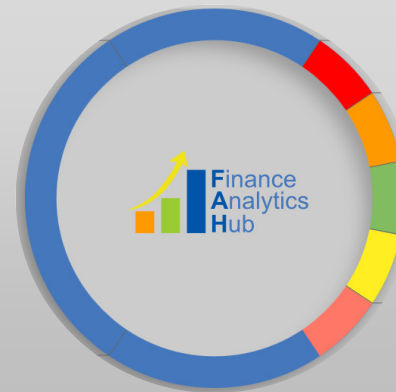
1



AQ
ANALYTICS QUOTIENT



2

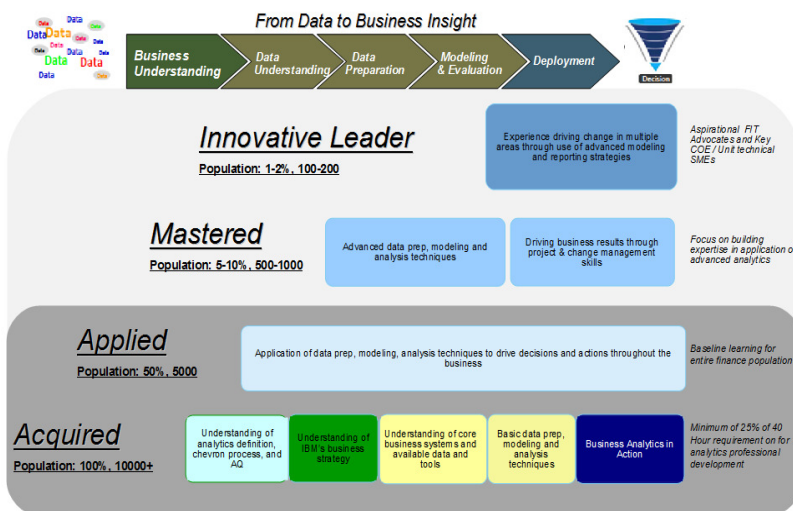


Business Analytics Experience (BAE) Workshop



Data to Business Insight Chevron Model

3



4



Skills development by role

Lessons Learned

Transformation is **hard work** and requires effort along three dimensions:

1

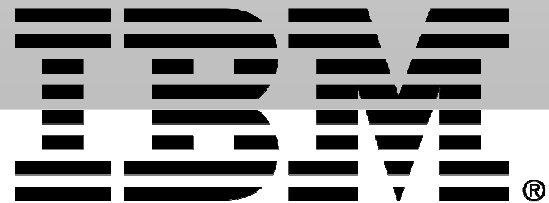
Strong executive support, clear targets, and measurable objectives.

2

Focus on data, business processes, and tools.

3

Use analytics to lead better audibility and accountability.



- This presentation contains trade-marked IBM products and technologies. Refer to the following Web site:

<http://www.ibm.com/legal/copytrade.shtml>