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## Highlights

- Quickly gain predictive insight into drivers of revenue, expense and cash flow directly from historical data
  - Create reliable forecasts that combine human judgment, drivers and statistical models
  - Minimize dependencies on IT and data scientists
  - Help business users make better decisions by identifying future trends
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# IBM Watson Analytics for Performance Management

*Create timely, reliable revenue, expense and cash flow forecasts*

## Challenges

Heightened volatility, uncertainty and risk are now part of the normal course of business. It is not surprising then that 45 percent of finance executives report that corporate earnings are exposed to more uncertainty today, compared with three years ago.<sup>1</sup> Yet, finance organizations continue to rely on intuition and spreadsheets for two-thirds of their decision-support activity.<sup>2</sup>

Finance and business managers waste too much time repeating slow, manual processes to manage performance, including budgeting, revenue forecasting, analyzing data and developing detailed reports and presentations. The finance department, which controls the budget and produces key reports and plans, is not usually integrated with operations and other areas of the organization. As a result, these areas struggle to integrate financial results and analysis with operational plans and execution.

Finally, although financial analysts are expected to drive better, data-driven decisions, they often lack the advanced tools that are needed for ensuring data management, building predictive models, and effectively communicating correct conclusions to others in the organization.



## Solution

Using IBM® Watson™ Analytics for Performance Management enhances planning and forecasting, narrative and operational reporting, predictive modeling, and analytics. It helps finance teams manage performance in an integrated, collaborative and connected manner that encourages effective change and better results. Watson Analytics helps uncover hidden patterns automatically from historical data and explain relationships that can provide a clearer picture of why things happened and what's likely to happen next.

IBM Performance Management solutions with Watson Analytics provide finance professionals with the information they need. With the essential details, they can ask the right questions about key areas of their business and adjust their financial plans and forecasts based on what's most likely to happen. Watson Analytics, combined with IBM Performance Management solutions, provides organizations with improved revenue forecasting, scenario planning, profitability modeling, workforce planning and capital expenditure planning capabilities.

## How Watson Analytics can help the Office of Finance

Watson Analytics helps financial analysts deliver stronger business foresight in the following areas:

- *Accounts receivable.* Watson Analytics creates predictive profiles of customers, helping to determine which are least likely, and which are most likely, to pay invoices on time. As a result, organizations can prioritize communication and outreach to customers for more efficient collections. These insights also help drive more reliable cash flow forecasts.
- *Employee attrition.* Watson Analytics helps HR professionals analyze employee data to identify which employees are likely to leave and why. Organizations can then incorporate more reliable employee attrition insights into workforce plans to assess the potential impact on revenue growth and profit.
- *Customer retention.* Watson Analytics creates predictive profiles that indicate which customers might be likely to switch to competitors. As a result, organizations can more accurately forecast the effect on revenue and determine which strategies are more apt to lead to profitable growth.
- *Sales pipeline and revenue.* Watson Analytics assesses the current sales pipeline to predict which deals have the best chance of closing and which deals are at risk. As a result, organizations can develop more accurate revenue forecasts and more precisely adjust expenditures.

## Conclusion

According to analysts, only a small fraction of business people use analytics as part of their decision making today.<sup>3</sup> Until now, advanced analytics capabilities have been the exclusive province of data scientists. But Watson Analytics removes the complexity by providing a user-friendly solution that makes it easier to use data to find answers and insights. Incorporating these new insights into planning, reporting, and analysis helps businesses make better decisions by identifying future trends. With automated data preparation and refinement, automated intelligence, visualization, predictive analytics and cognitive capabilities, Watson Analytics makes powerful analytics readily available to virtually all business professionals.

## For more information

To learn more about IBM Watson Analytics for Performance Management, please contact your IBM representative or IBM Business Partner, or see [ibm.com/big-data/us/en/big-data-and-analytics/financial-performance-management.html](http://ibm.com/big-data/us/en/big-data-and-analytics/financial-performance-management.html).



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- 1 *2014 AFP Risk Survey*, Association for Finance Professionals, 2014 (<http://www.afponline.org/risksurvey>)
- 2 IBM Global C-suite Study, IBM, 2013: ([ibm.com/services/us/en/c-suite/csuitestudy2013](http://ibm.com/services/us/en/c-suite/csuitestudy2013))
- 3 *IDC and Computerworld's Annual Business Analytics Survey*, IDC and Computerworld, June 2013.



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