

# IBM Performance 2011

Smarter Decisions. Better Results.



Introduction to the Business  
Analytics Experience Workshop

Serge De Coster

16 November 2011

Imagine....you want to buy an **new car**

## How do you approach this?

- Think about the requirements
- Scan the market
- Create a list of brands
- Collect information materials
- Talk to car dealer
- Try to make a great deal?

Sounds logical?  
Easy to do?

# What do you dream of?



# And what about the other ,stakeholders‘?



# But what happens then?

... this is:

- time-consuming
- complicated
- misleading
- foggy

## Equipment

Standard and optional equipment:

- Suspension and Exterior
- In-Car Entertainment
- Security and Safety
- Communications
- Comfort
- Trim
- Transmission
- Optional equipment
- Standard

### Transmission equipment

Steering wheel gearshift button  
There are no extras available for this transmission.

- TG-Tronic control
- 6-speed automatic transmission (5)

## Overview

### Multimedia highlights

### 360° Visualizer

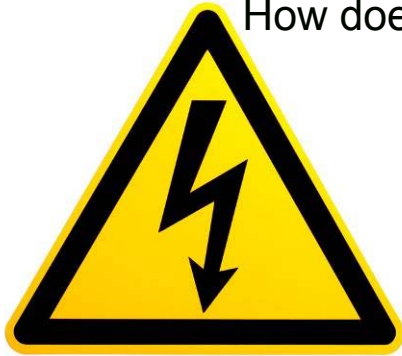
### All the facts

- Design
- Engines and chassis
- Technical data
  - Twelve-cylinder petrol engine
  - Eight-cylinder petrol engine
  - Straight six-cylinder petrol engine
  - Straight six-cylinder diesel engine
  - Integral Active Steering
  - Double-arm front axle
  - Integral V rear axle and air suspension
- Driving dynamics
  - Eight-speed automatic transmission Steptronic
  - Six-speed automatic transmission Steptronic
  - xDrive

### BMW EfficientDynamics

- Ergonomics and safety
- Equipment and accessories
- BMW Individual 7 Series Sedan
- Prices, financing and service
- Catalogue and downloads

How does 259 horse power feel like?



...you get overwhelmed with new functions and features which are difficult to compare

Optim... v... Y... able light distribution

the line-up

A multi-tale  
The double-an

airMATIC suspension is the cornerstone

## What next?

- You could do the easy thing...
  - Just focus on the cheapest price?
    - Try to get the best discount?

But .....

- Will this help you get the best fit for your requirements?
- Will this provide you with the best value for your money?



What about a test drive?

Emotion!

Feelings!

Fun!





## Now think about your business

- Do you recognize any similar behaviors?
- How are you collaborating with your colleagues?
- How often are you trapped in function & feature discussions?
- How does it work?
- What is your feeling?
- Can I experience a test drive?

# Product names and technologies are meaningless

Performance Management

- Overview
- Financial Management
- Planning
- Performance Scorecard
- Strategic Finance
- Capital Asset Planning
- Workforce Planning
- Financial Data Quality Management
- Profitability and Cost Management
- Integrated Operational Planning

Business Intelligence





- Foundation
  - Overview
  - BI Suite, Enterprise Edition Plus
  - BI Standard Edition One
  - Essbase
  - BI Publisher
  - Real-Time Decisions

Business Intelligence Applications





- Overview
- Financial Analytics
- US Federal Financial Analytics
- HR Analytics
- Loyalty Analytics

**What we offer**

**Cognos and Business Analytics Products**

 <p><b>IBM Cognos 10</b> Reporting, analysis, scorecards, and dashboards.</p>	 <p><b>Cognos TM1 for Planning &amp; Analysis</b> Complete planning, budgeting, analysis and reporting.</p>
 <p><b>Cognos Express for Midsize Companies</b> Integrated BI and planning for midsize companies.</p>	 <p><b>Cognos Analytic Applications (US)</b> Packaged reports and analysis for business users.</p>

**Other Business Analytics Products**

 <p><b>Cognos Now!</b> Real-time monitoring for time-sensitive KPIs and operational metrics.</p>	 <p><b>IBM SPSS Statistics 18</b> Easy-to-use predictive analytics, graphing and reporting.</p>
 <p><b>IBM Cognos 10 Controller</b> Financial consolidation software.</p>	 <p><b>Business Analytics on System z (US)</b> A complete, powerful, low cost infrastructure for Business Analytics.</p>

*unique, patented in-memory associative technology*

**A multidimensional, 64-bit, in-memory OLAP engine**

# RFP's trap us in the function and feature discussion

87	<b>On-Line Analytical Processing</b>
88	Slice and dice a multidimensional view of the data using all of the standard OLAP manipulations such as: page-by, pivot, sort, filter, and drill up/down, using simple mouse clicks.
89	Add new rows and columns of data in the form of sub-totals, ranks, time-based transformations, and even new calculations.
90	Does the user have to define the drill paths prior to accessing/building the cube?
91	Define specific analysis (conditions or qualifications) on the fly while analyzing data.
92	Seamlessly drill outside of a cube to access the entire data warehouse.
93	Design and modify analysis cubes (without IT support?).
94	Save user-defined / user-built cubes and share them among specific end-users, on a specific schedule. IT support required?
95	Are cubes available to all users in all interfaces or limited to a specific product?
96	Do all cubes have to be scheduled and batched or can they be built and run on demand by end-users?
97	Can companies automate the creation of cubes from a single centralized console?
98	Describe the data level security in cubes if available
99	Show how to connect to MS-BI cube (not OLAP in general)
100	
101	<b>Metadata</b>
102	Does your product offer a single shared metadata repository consisting of all reports and underlying reporting objects ensuring one version of the truth? How are metadata entered?
103	What kind of metadata does your repository store? Source/Target file and field names and types? Description of source/target elements? Calculations, formulas, or transformations used to create data? End user description of those formulas and transformations? Etc?
104	Object oriented metadata: can metadata objects be nested as building blocks to create more complex objects (i.e. one object can dynamically reference the definition of another object within its own definition)?
105	Automatic change management : if an object changes, does every other object depending on it automatically change? Explain how it provides data reliability & consistency.
106	How does your product assimilate metadata from ETL tools ?
107	Do you have any agreements with ETL vendors for metadata interchange?
108	Highly reusable metadata : can you product support metadata from numerous data sources (relational, OLAP, ROLAP, JDBC, ODBC, Java beans, Web Services, text,...)?

# You remember the stakeholders?





What if you could do a test drive?

Emotion!

Feelings!

Fun!



# Video

EXPERIENCE THE **POWER**  
OF **PERFORMANCE**  
**MANAGEMENT**



Let's test drive!!!

With the BAE Workshop

Emotion!

Feelings!

Fun!



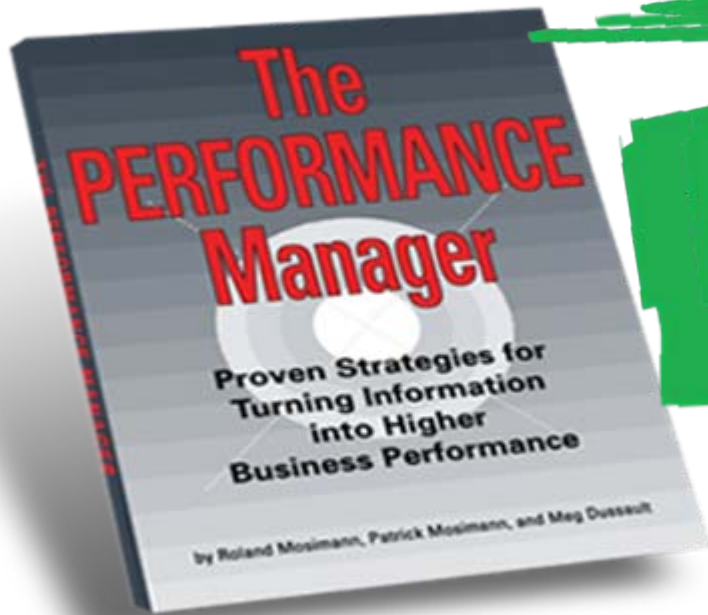
# BA Experience Workshops

- Business Simulation provides “a year in the life” example of Management using “Business Analytics”
- Introduces *The Performance Management Framework* and *the PM Manager* book with a clear, pragmatic approach providing a common language and unifying map for effective alignment between IT and the business
- Brings the “Performance Manager” to life.





# Driving **Smarter Decisions** for Better Business Outcomes



- Cut Costs
- Improve Profits
- Drive Cash Flow
- Manage Risk
- New Opportunities
- Compliance & Governance

*Through the strategic application of  
**Business Analytics** Software*

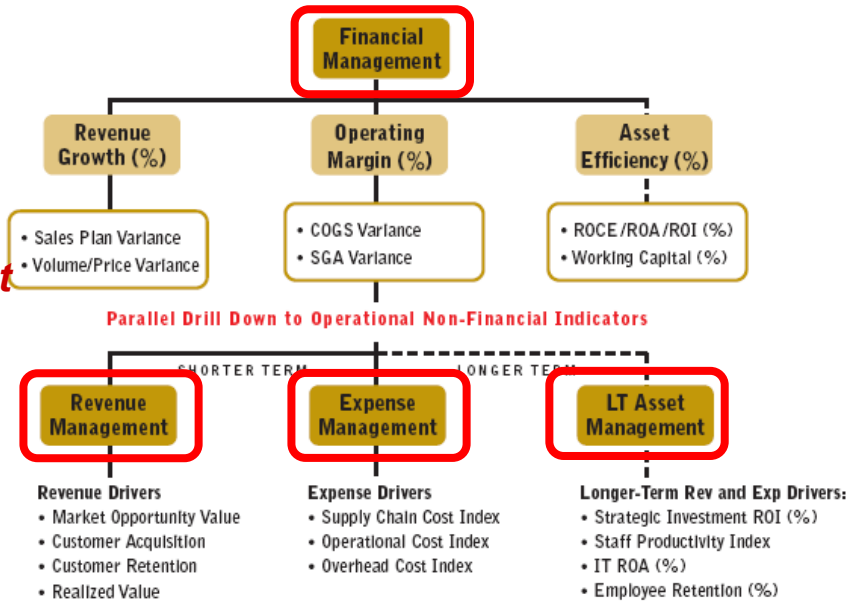
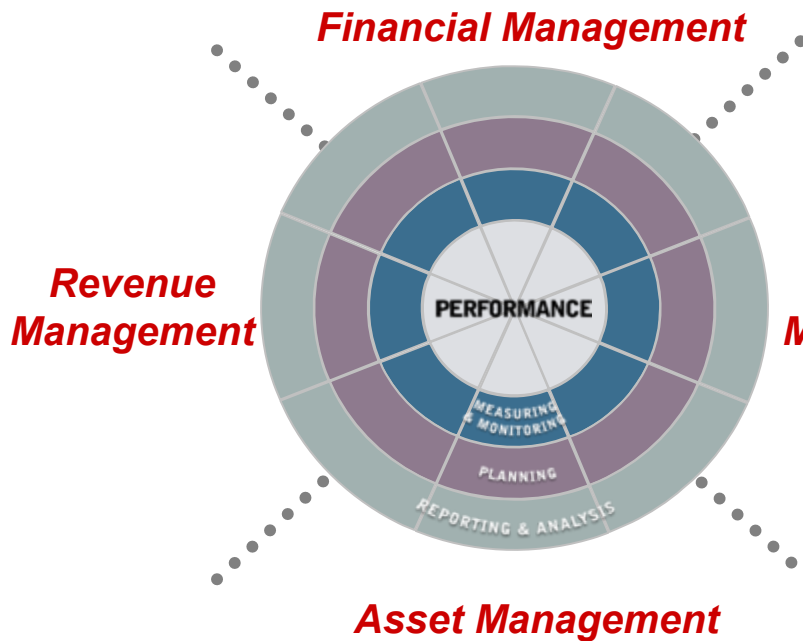


# Performance Management Workshops & PM Framework: *The Performance Manager*\*

4 Primary Areas, 42 Decision Areas with related KPIs

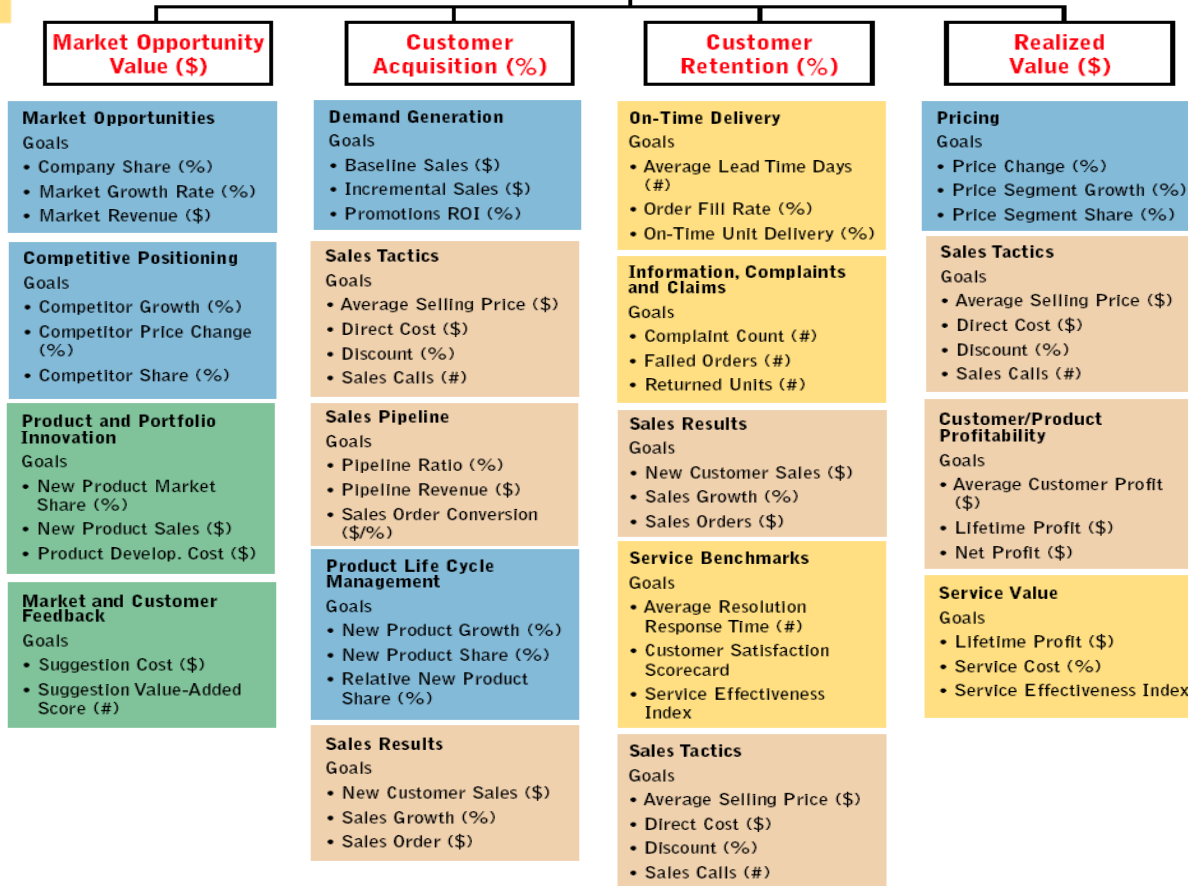


\*The book is available from IBM in seven industry editions.



# Excerpt of Decision Areas – Cross-Functional Perspective

- MARKETING
- SALES
- DEVELOPMENT
- CUSTOMER SERVICE

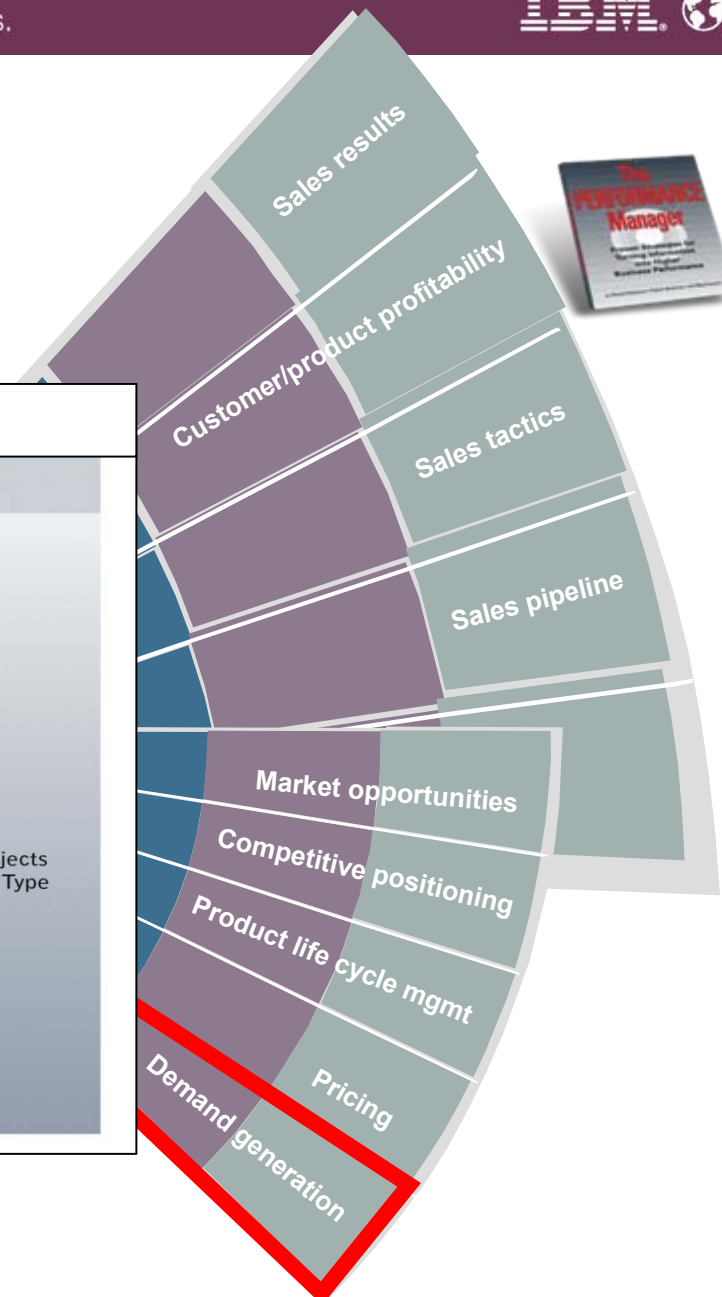


# Excerpt of Decision Areas - Examples

**Finance**

**Marketing Decision Area – Demand generation**

GOALS	METRICS	DIMENSIONS
Baseline Sales (\$)	Brand Equity Score (#)	Fiscal Month
Incremental Sales (\$)	Marketing Campaigns (#)	Year
Promotions ROI (%)	Marketing Spend (\$)	Quarter
	Marketing Spend/Lead (\$)	Month
	Non-Promoted Margin (%)	Marketing Areas
	Non-Promoted Sales (\$)	Region
	Promoted Margin (%)	Area
	Promoted Profit (\$)	Marketing Method
	Promoted Sales (\$)	Marketing Method
	Qualified Leads (#)	Marketing Segment
	Sales on Promotion (%)	Market Segment
		Micro-Segment
		Marketing Campaign Projects
		Marketing Campaign Type
		Marketing Campaign
		Product Line
		Product Line
		Sales Organization
		Sales Region
		Sales Territory
		Org. Code
		Weeks on Promotion



# It's a business simulation!



# Welcome to

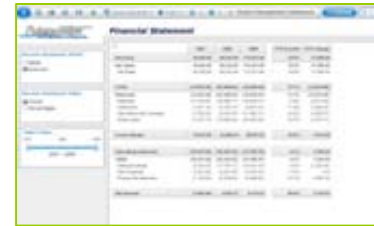


*Future Chips*  
INTERNATIONAL

## An hands-on business simulation

- You are the new management team at “FCI” a (fictitious) growing, but troubled, company.
- Analyze & understand the current situation
- Explore risks & opportunities
- Formulate a business plan with realistic margin & profit goals
- You will only consider the revenue side for today
- During the workshop, you will make strategic and operational decisions, to help turn the company around

### Income Statement



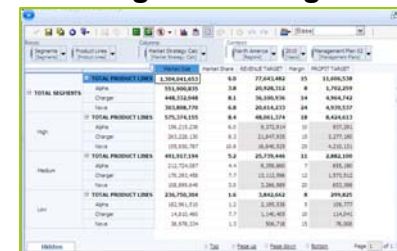
### Market Analysis



### Sales Tactics



### Strategic Planning





# The Company



## Geography

- North America
- Europe
- Asia-Pacific

## Business Model:

- B2B



## Alpha

- mass product (commodity)
- small growth rates/ margins
- consumer appliances



## Charger

- well established product
- good growth rates and margin
- mobile devices



## Nova

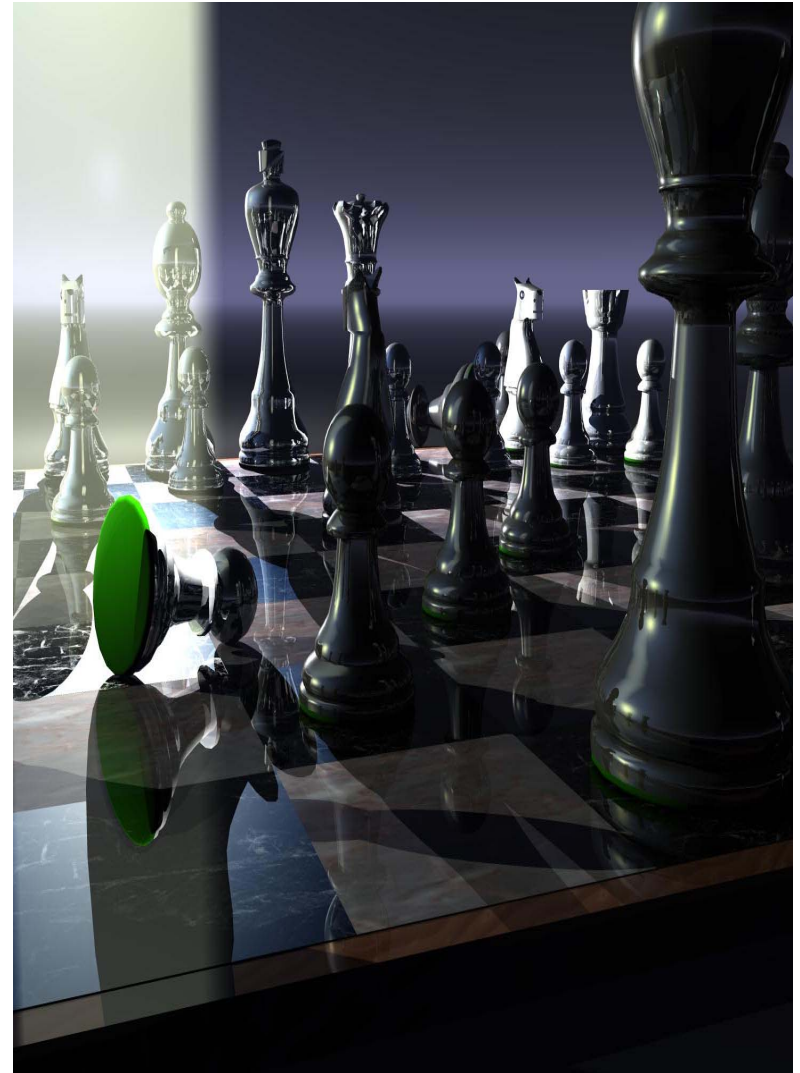
- new innovative product
- high growth rates and margins
- medical diagnostic equipment

# We are about to start

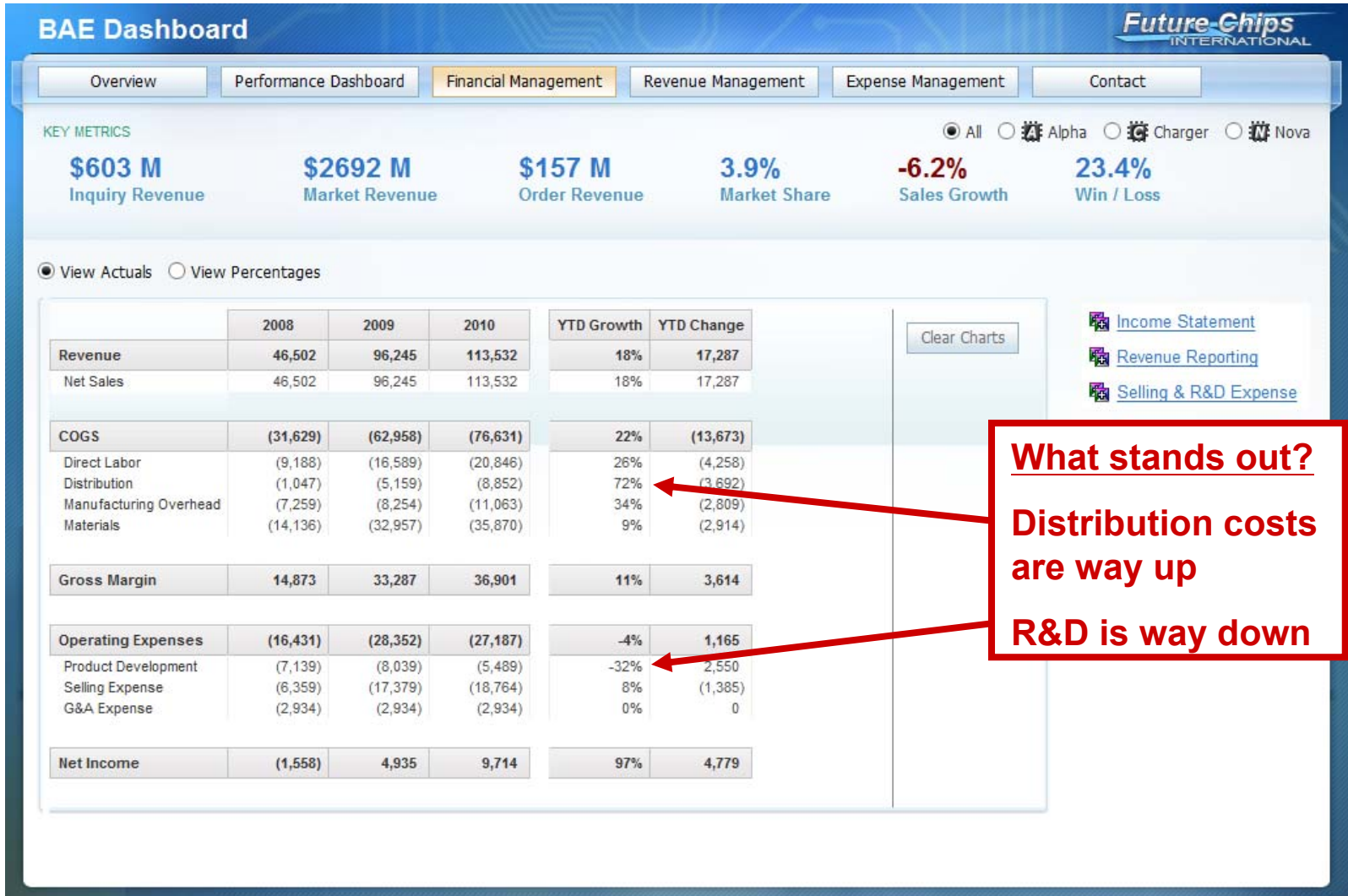
- Q1
  - Review financials and market data
  - Analyze & develop market strategy
  - Define product and pricing strategy
- Q2:
  - Review financials and sales data
  - Review sales results & adjust sales alignment
- Q3 & Q4:
  - Review financials and sales data
  - Review marketing results & adjust demand generation and marketing
- FY-End
  - Share results and review strategies
  - Discussion

# Rules of Engagement

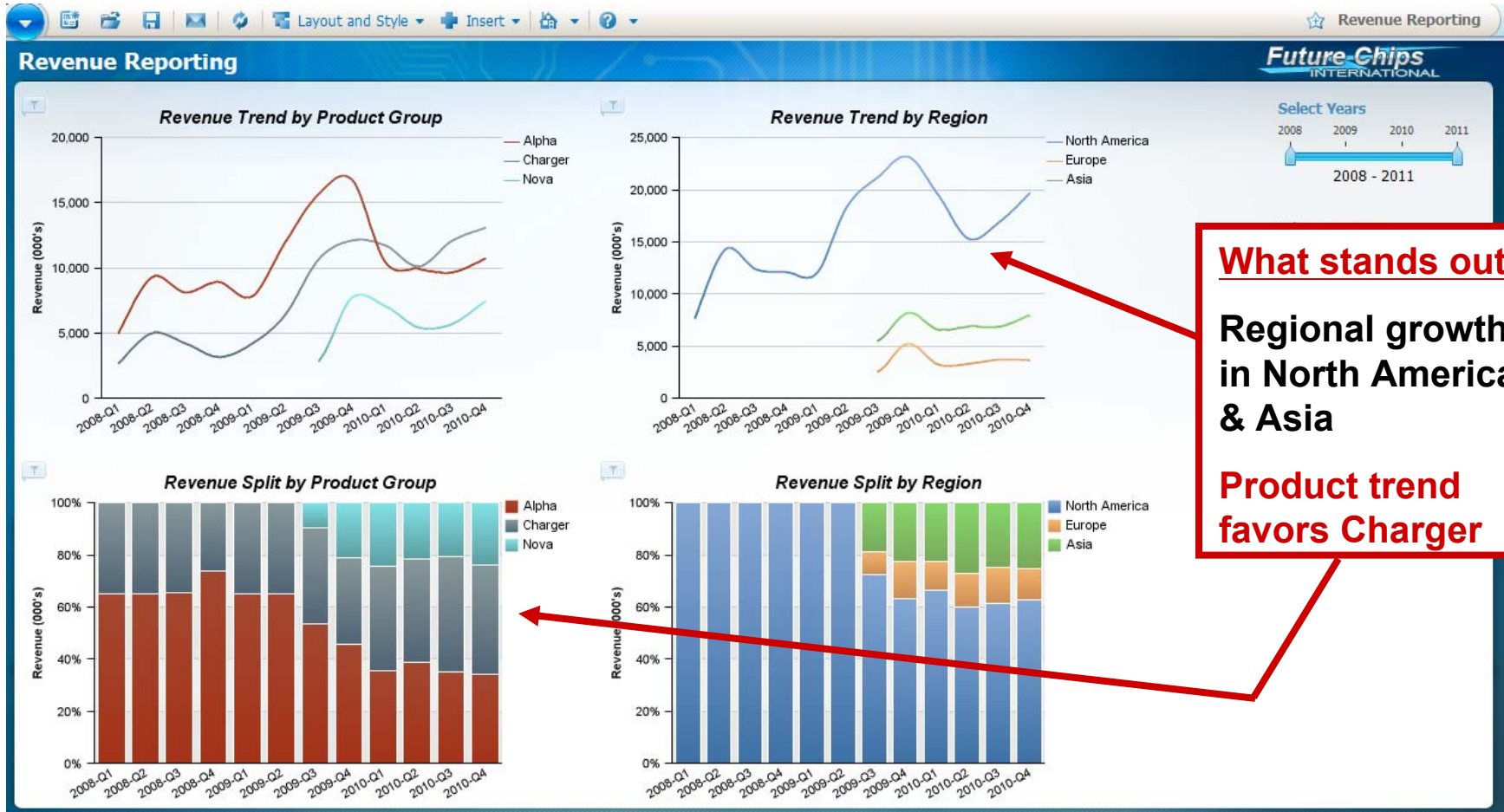
- Split in groups
- Have speaker and scribe
- Focus on just a few elements
- Don't try to be perfect
- Make your decisions quickly
- Think of it as a game and competition



# Start with Income Statement @ Year-end 2010



# Revenue Growth

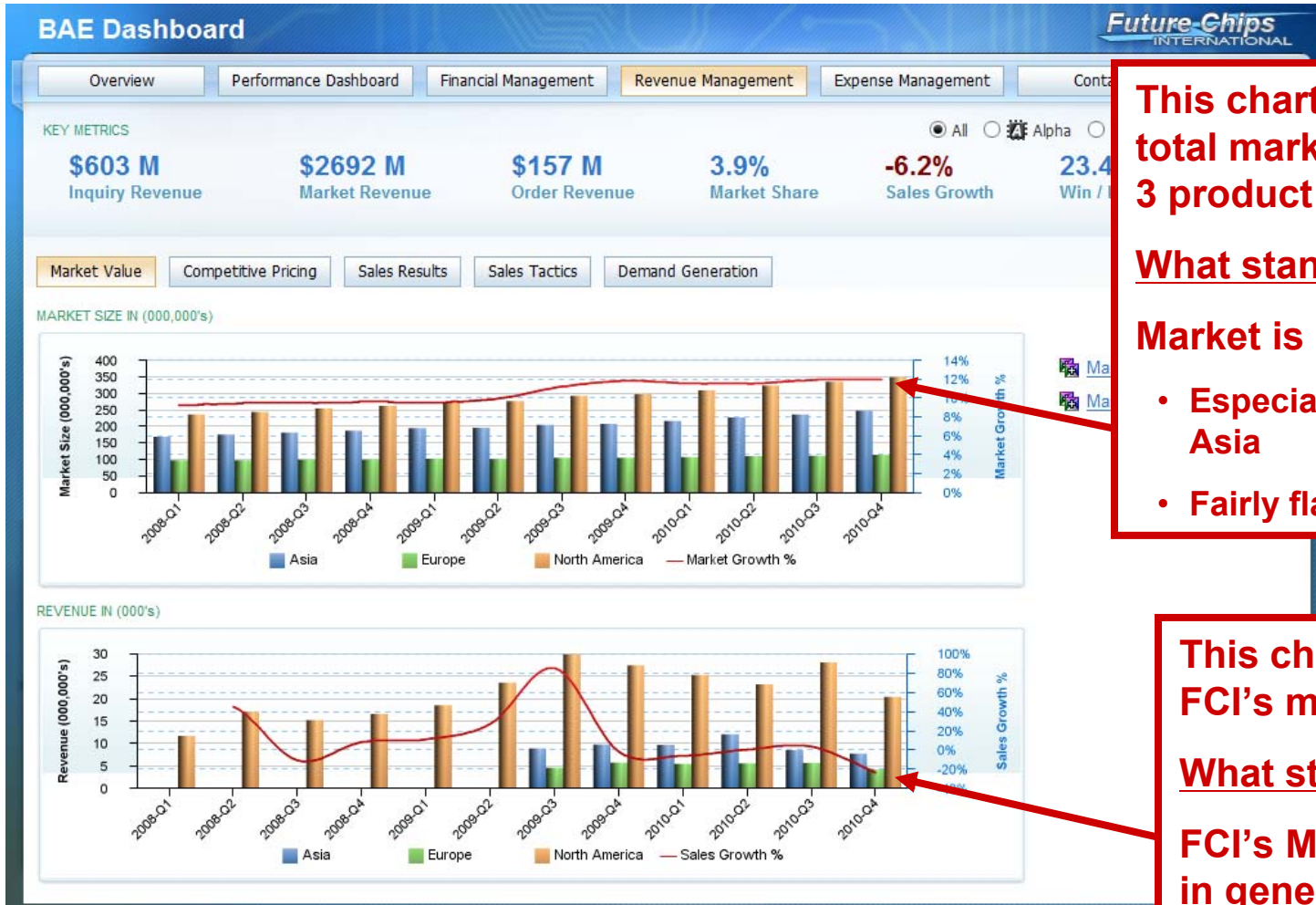


**What stands out?**

**Regional growth in North America & Asia**

**Product trend favors Charger**

# Product Mix



**This chart shows total market for FCI's 3 product categories.**

**What stands out?**

**Market is growing**

- Especially in NA & Asia
- Fairly flat in Europe

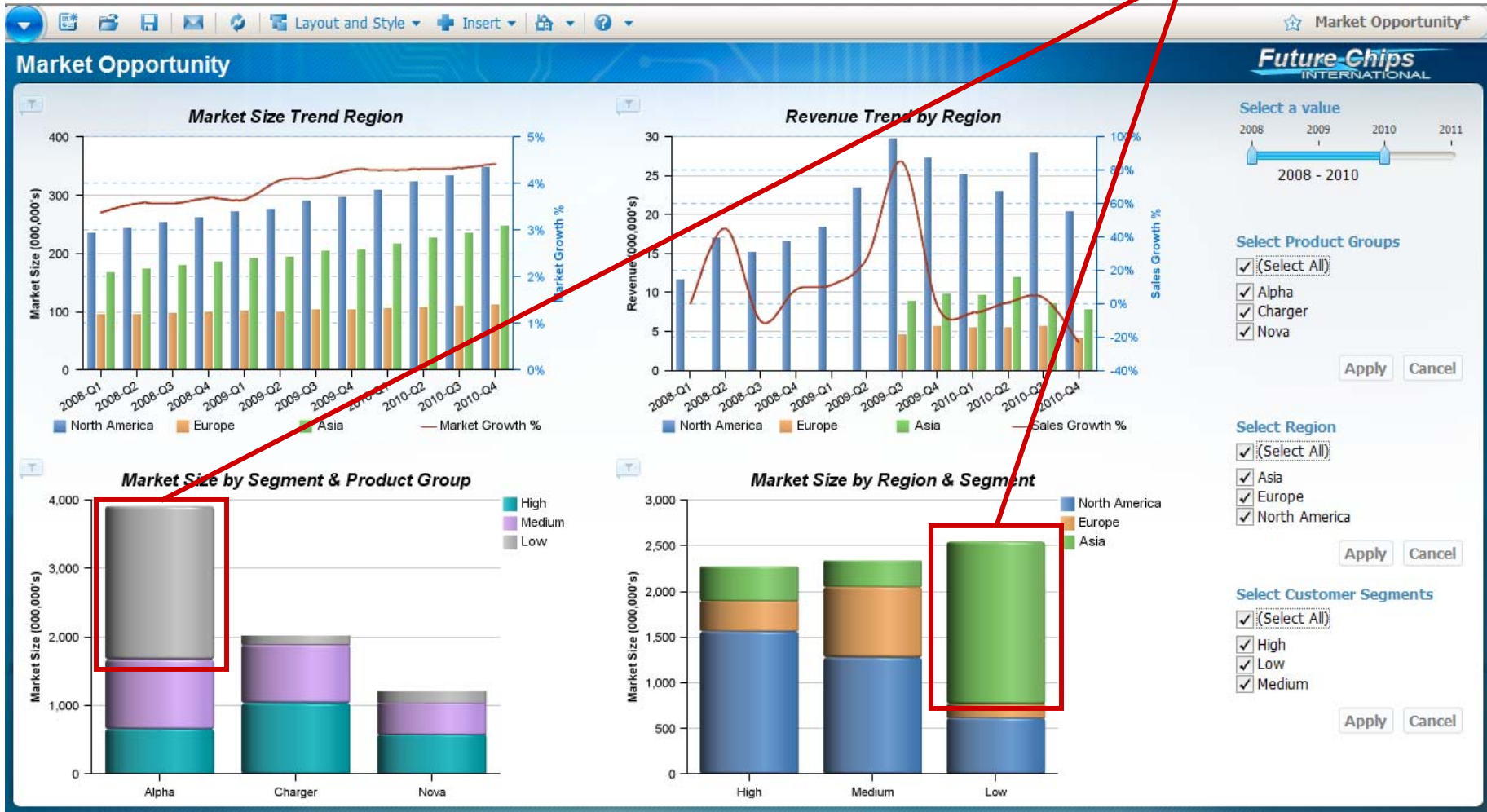
**This chart shows FCI's market share.**

**What stands out?**

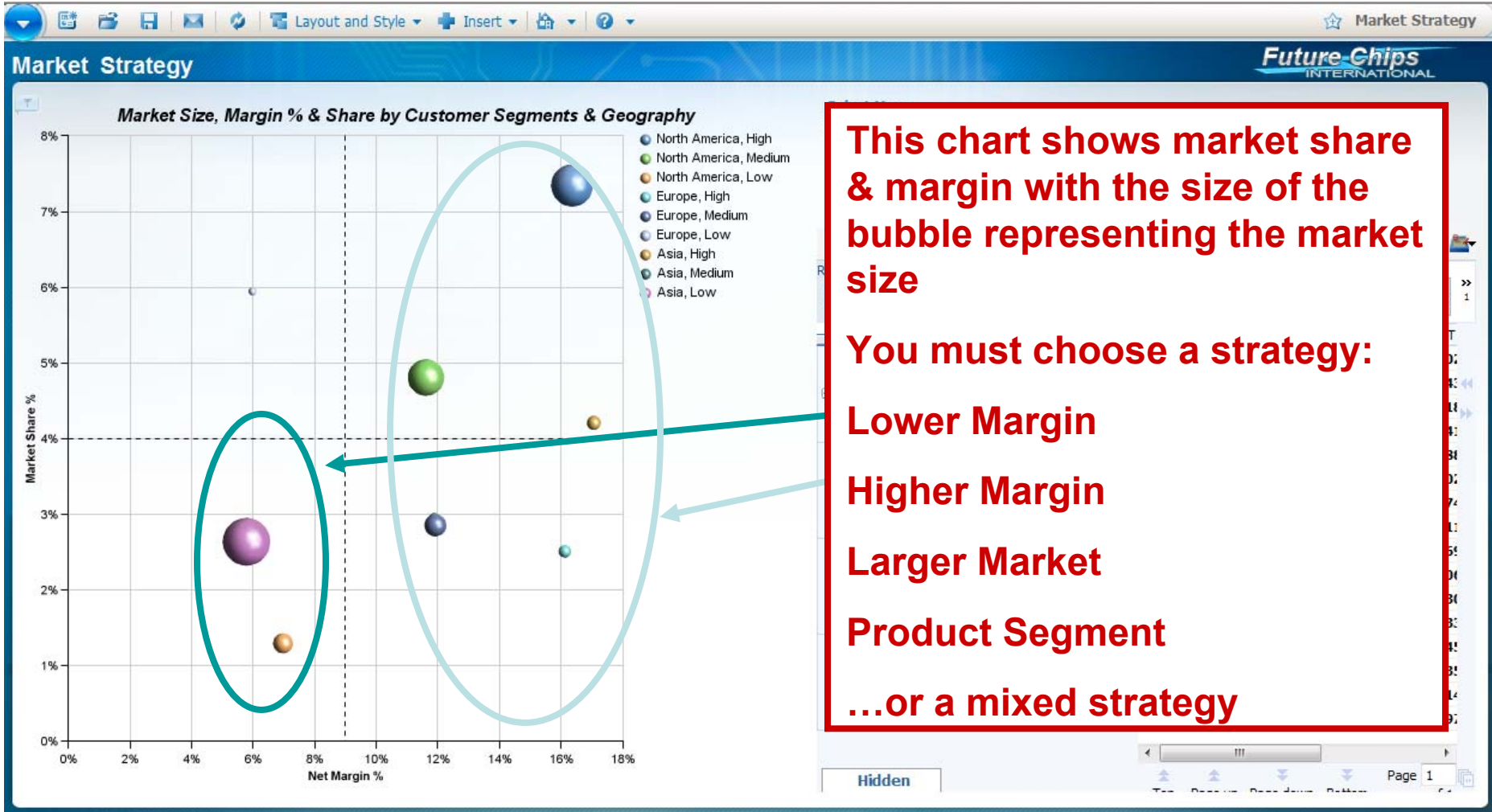
**FCI's Market Share is in general decline**

# Product Mix 2

What is our opportunity? How big are our markets?

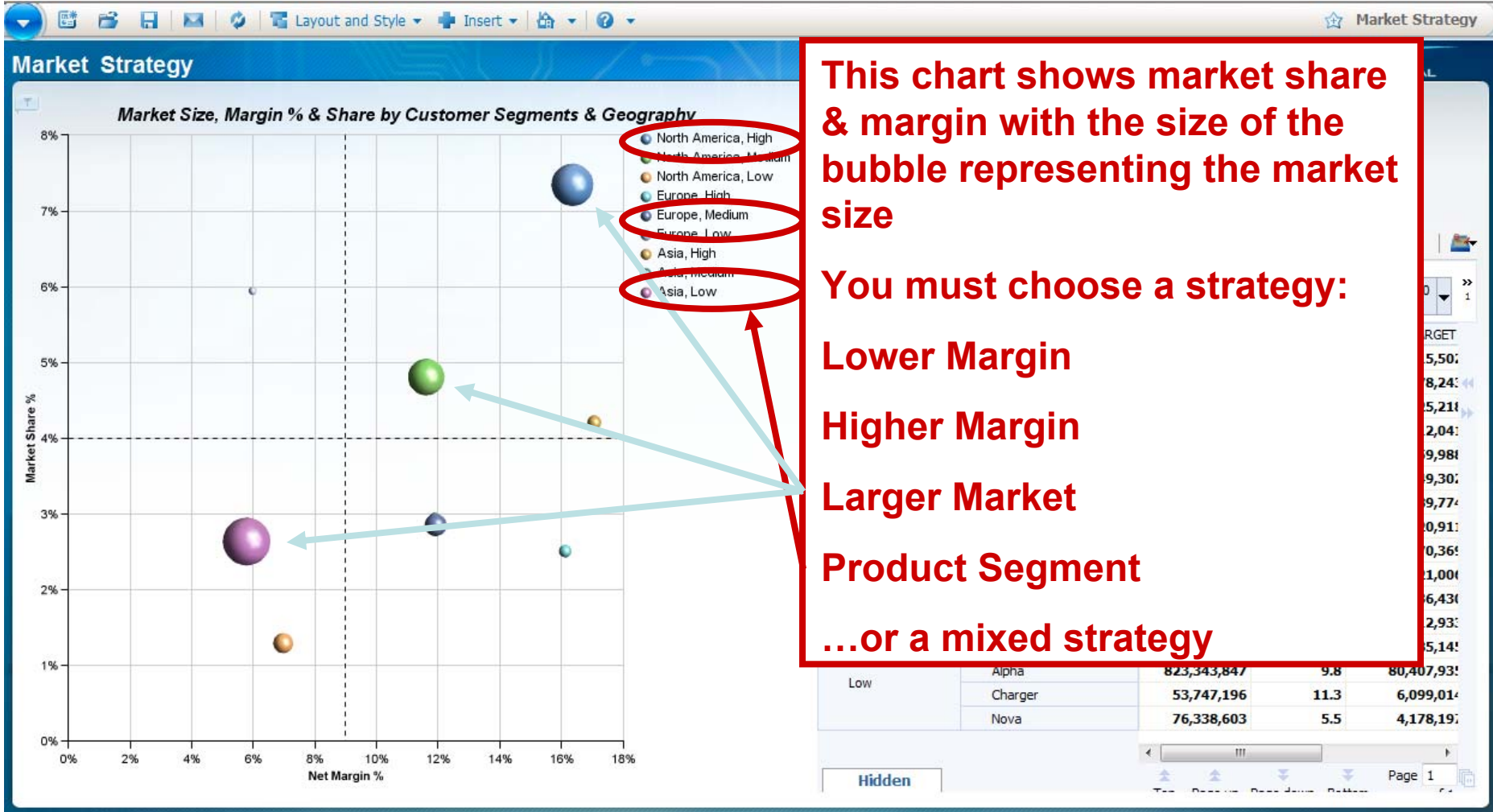


# Market Strategy



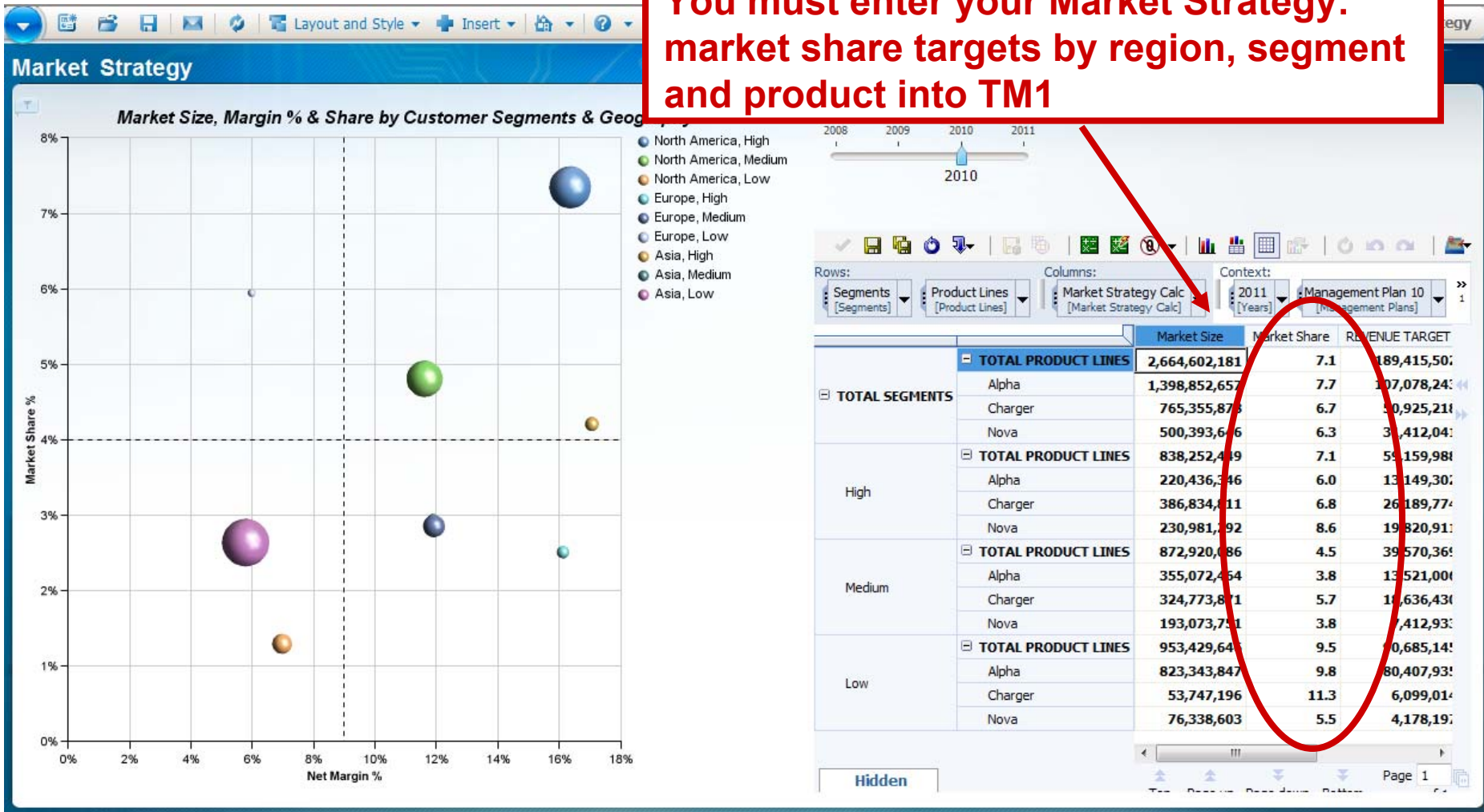


# Market Strategy

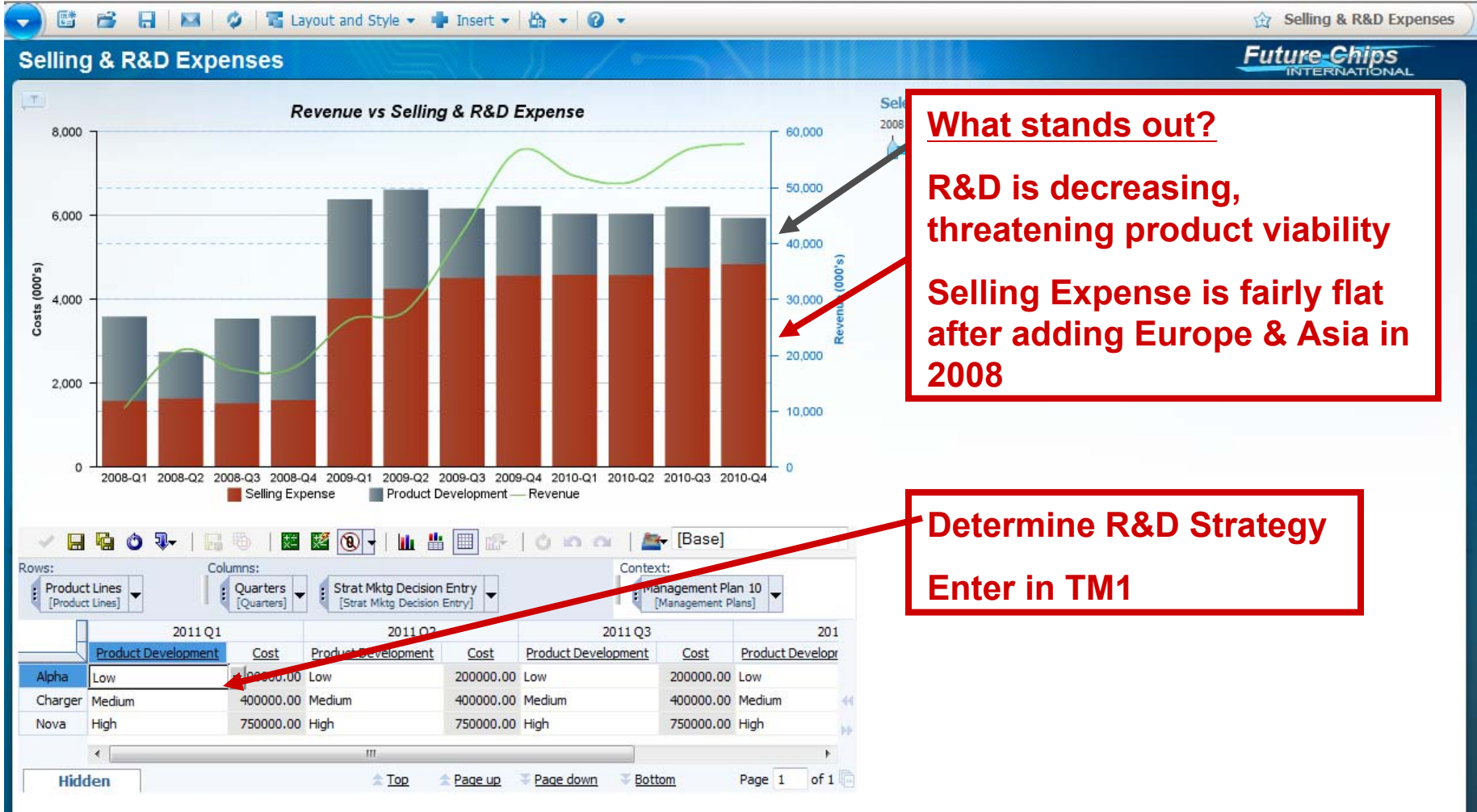


# Market Share Targets

**You must enter your Market Strategy: market share targets by region, segment and product into TM1**



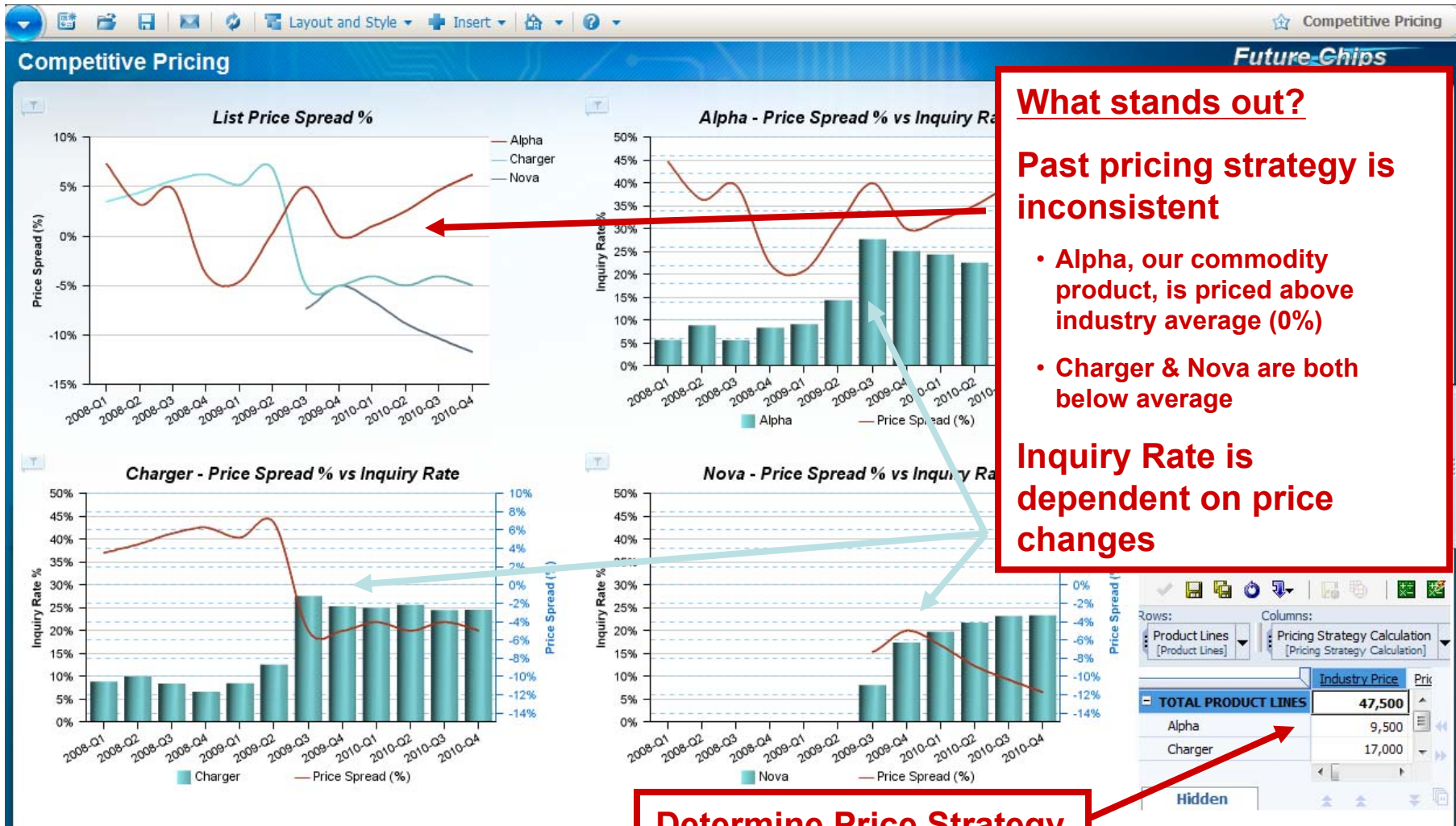
# R&D and Selling Expense



**What stands out?**  
 R&D is decreasing, threatening product viability  
 Selling Expense is fairly flat after adding Europe & Asia in 2008

**Determine R&D Strategy**  
 Enter in TM1

# Price Analysis



During Q1 we made these decisions:

- We decided on a two-prong Market Strategy
  - Exploit commodity product: Alpha in Asia/Low Segment
  - Emphasize newer, higher margin products in NA & Europe in High & Medium Segments
- We restarted R&D spending
  - Prior management cut R&D to minimal levels
- We changed pricing on all products to match our strategy

**EXECUTE SIMULATION**  
**for Q1**

# Review Income Statement for Q1 2011

**BAE Dashboard**
**Future-Chips INTERNATIONAL**

Overview
Performance Dashboard
Financial Management
Revenue Management
Expense Management
Contact

KEY METRICS All  Alpha  Charger  Nova

**\$172 M**  
Inquiry Revenue

**\$740 M**  
Market Revenue

**\$31 M**  
Order Revenue

**3.1%**  
Market Share

**-24.0%**  
Sales

View Actuals  View Percentages

	2008	2009	2010	2011	YTD Growth	YTD Change
<b>Revenue</b>	46,502	96,245	113,532	28,179	-4%	(1,107)
Net Sales	46,502	96,245	113,532	28,179	-4%	(1,107)
<b>COGS</b>	<b>(31,629)</b>	<b>(62,958)</b>	<b>(76,631)</b>	<b>(18,809)</b>	<b>1%</b>	<b>(194)</b>
Direct Labor	(9,188)	(16,589)	(20,846)	(5,776)	15%	(759)
Distribution	(1,047)	(5,159)	(8,852)	(2,177)	1%	(20)
Manufacturing Overhead	(7,259)	(8,254)	(11,063)	(2,492)	20%	(409)
Materials	(14,136)	(32,957)	(35,870)	(8,364)	-11%	995
<b>Gross Margin</b>	<b>14,873</b>	<b>33,287</b>	<b>36,901</b>	<b>9,370</b>	<b>-12%</b>	<b>(1,300)</b>
<b>Operating Expenses</b>	<b>(16,431)</b>	<b>(28,352)</b>	<b>(27,187)</b>	<b>(7,118)</b>	<b>5%</b>	<b>(339)</b>
Product Development	(7,139)	(8,039)	(5,489)	(1,460)	0%	0
Selling Expense	(6,359)	(17,379)	(18,764)	(4,925)	7%	(339)
G&A Expense	(2,934)	(2,934)	(2,934)	(734)	0%	0
<b>Net Income</b>	<b>(1,558)</b>	<b>4,935</b>	<b>9,714</b>	<b>2,253</b>	<b>-42%</b>	<b>(1,639)</b>

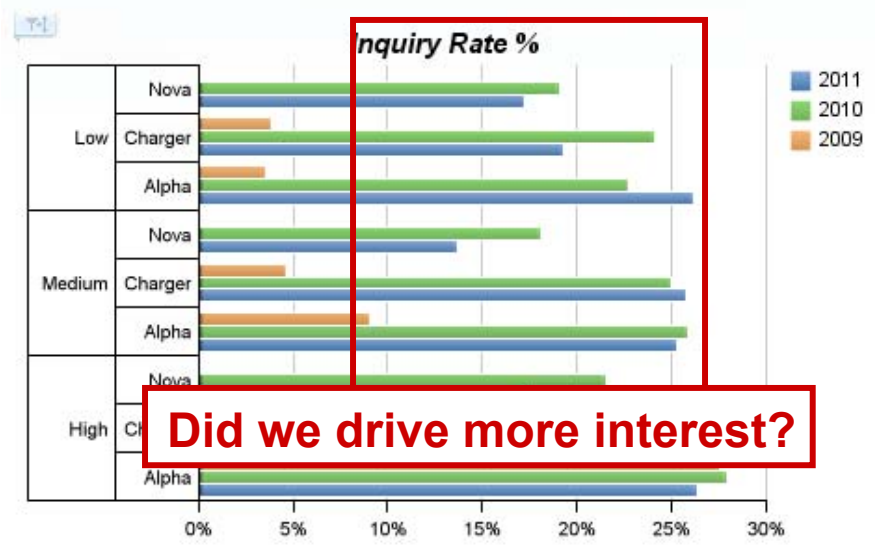
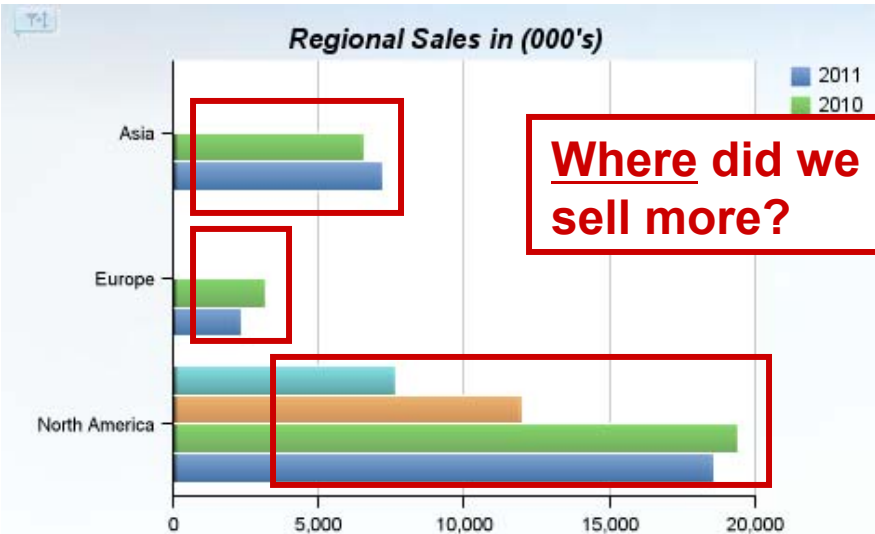
Clear Charts

- [Income Statement](#)
- [Revenue Reporting](#)
- [Selling & R&D Expense](#)

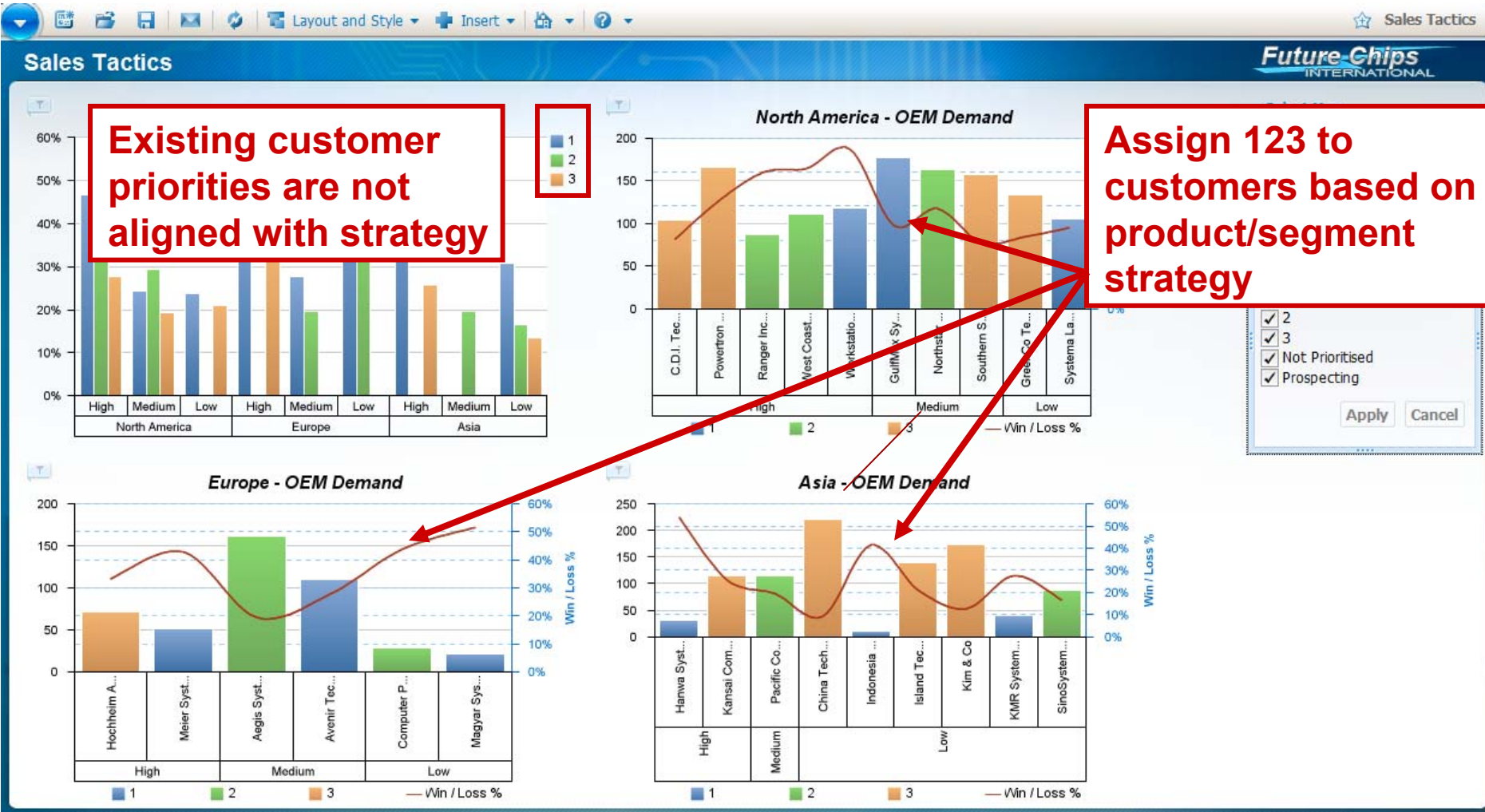
What stands out?

Revenue is up, potentially on target

# What is the effect of pricing change?



# Align Customer Priority with Product Strategy





# Align Customer Priority with Product Strategy

Rows: Regions [Regions] Segments [Segments] Customers [Customers] Columns: Customer Decisions Entry [Customer Decisions Entry] Quarters [Quarters] Context: Management Plan 02 [Management Plans]

			Priority							
			2011 Q1	2011 Q2	2011 Q3	2011 Q4				
North America	High	C.D.I. Technology	3	3	3	3	March	March	March	March
		Powertron Inc.	1	1	1	1	Dubow	Dubow	Dubow	Dubow
		Ranger Inc.	1	1	1	1	Dupont	Dupont	Dupont	Dupont
		West Coast Solutions	2	2	2	2	Dubow	Dubow	Dubow	Dubow
		Workstation Int'l	3	3	3	3	March	March	March	March
	Medium	GulfMex Systems	3	3	3	3	March	March	March	March
		Northstar Systems	3	3	3	3	Dubow	Dubow	Dubow	Dubow
		Southern Scientific	2	2	2	2	Dupont	Dupont	Dupont	Dupont
		GreenCo Technology	2	2	2	2	March	March	March	March
		Systema Latina	1	1	1	1	Rossi	Rossi	Rossi	Rossi
Europe	High	Hochheim A.G.	2	2	2	2	Logan	Logan	Logan	Logan
		Meier Systems A.G.	1	1	1	1	Silverman	Silverman	Silverman	Silverman
	Medium	Aegis Systems	2	2	2	2	Logan	Logan	Logan	Logan
		Avenir Technologie	1	1	1	1	Silverman	Silverman	Silverman	Silverman
	Low	Computer Polska	3	3	3	3	Logan	Logan	Logan	Logan
		Magyar Systems Co.	2	2	2	2	Silverman	Silverman	Silverman	Silverman
High	Hanwa Systems	3	3	3	3	Gardner	Gardner	Gardner	Gardner	
		Kanpai Computers Int	1	1	1	1	Shranivacin	Shranivacin	Shranivacin	Shranivacin

**Assign customer priorities in forward looking plan**

Hidden | Page 1 of 1

During Q2 we made these decisions:

- We realigned the sales force
  - We assigned sales people by customer type (123)
  - We designated customer type based on market opportunity

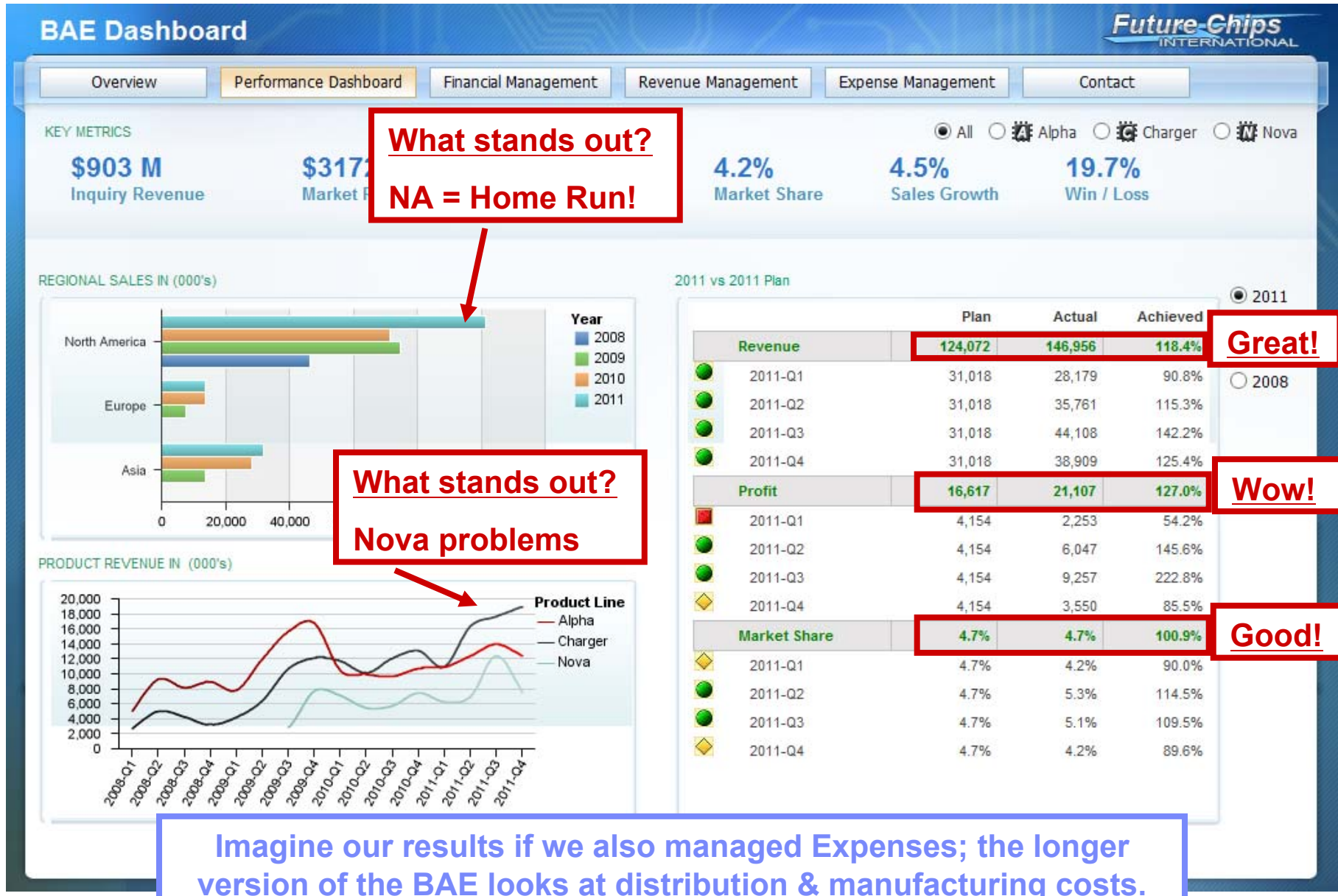
**EXECUTE SIMULATION**  
**for Q2**

# Final results after Q4

	2008	2009	2010	2011	YTD Growth	YTD Change
<b>Revenue</b>	<b>46,502</b>	<b>96,245</b>	<b>113,532</b>	<b>146,956</b>	29%	33,425
Net Sales	46,502	96,245	113,532	146,956	29%	33,425
<b>COGS</b>	<b>(31,629)</b>	<b>(62,958)</b>	<b>(76,631)</b>	<b>(90,290)</b>	18%	(13,660)
Direct Labor	(9,188)	(16,589)	(20,846)	(27,698)	33%	(11,464)
Distribution	(1,047)	(5,159)	(8,852)	(10,535)	19%	(4,583)
Manufacturing Overhead	(7,259)	(8,254)	(11,063)	(10,205)	-8%	(848)
Materials	(14,136)	(32,957)	(35,870)	(41,853)	17%	(5,983)
<b>Gross Margin</b>	<b>14,873</b>	<b>33,287</b>	<b>36,901</b>	<b>56,666</b>	54%	19,765
<b>Operating Expenses</b>	<b>(16,431)</b>	<b>(28,352)</b>	<b>(27,187)</b>	<b>(35,559)</b>	31%	(8,372)
Product Development	(7,139)	(8,039)	(5,489)	(5,839)	6%	(350)
Selling Expense	(6,359)	(17,379)	(18,764)	(26,786)	43%	(8,022)
G&A Expense	(2,934)	(2,934)	(2,934)	(2,934)	0%	0
<b>Net Income</b>	<b>(1,558)</b>	<b>4,935</b>	<b>9,714</b>	<b>21,107</b>	117%	11,393

**Here are results from 4 quarters. Did we make target? Do we keep our jobs?**

# Did we achieve our Plan?



# What's next ?

Ask Yourself....

- What is our Business Analytics vision?
- How do we foster alignment on a vision with key stakeholders?
- How do we determine our most valuable Business Analytics investments?
- How do we establish our Business Analytics strategy and roadmap?
- How do we validate the value we have received?
- How do we make this a regular process for long-term success?

And which best practices can help you achieve your goals?...

Take the AQ test & join the B.A. Workshop

# Book Your In-house BA Experience Workshop

Invite your colleagues from other departments (Finance/ Marketing/ Sales/ HR/ Production/ SupplyChain/ IT ...) to attend a workshop, so they can experience the power of Business Analytics themselves.

The BA Experience In-house workshops are free of charge and could be hosted in your office or an IBM facility.

Book yourself for the next session on Nov 22nd

[www.ibm.com/business-experience](http://www.ibm.com/business-experience)

[Youtube \(video\)](#)





## BAE Contacts

### IBM Business Analytics Experience Workshop:

Links: [IBM Community](#)

[Youtube Video](#)

#### **Serge De Coster**

Avenue du Bourget 42  
1030 Brussels  
P +32 2 339 2065  
[serge.de.coster@be.ibm.com](mailto:serge.de.coster@be.ibm.com)

#### **Peter Tegenbosch**

[peter.tegenbosch@be.ibm.com](mailto:peter.tegenbosch@be.ibm.com)  
**Peter D'Haeyer**  
[peter.dhaeyer@be.ibm.com](mailto:peter.dhaeyer@be.ibm.com)





© Copyright IBM Corporation 2011. All rights reserved. The information contained in these materials is provided for informational purposes only, and is provided AS IS without warranty of any kind, express or implied. IBM shall not be responsible for any damages arising out of the use of, or otherwise related to, these materials. Nothing contained in these materials is intended to, nor shall have the effect of, creating any warranties or representations from IBM or its suppliers or licensors, or altering the terms and conditions of the applicable license agreement governing the use of IBM software. References in these materials to IBM products, programs, or services do not imply that they will be available in all countries in which IBM operates. Product release dates and/or capabilities referenced in these materials may change at any time at IBM's sole discretion based on market opportunities or other factors, and are not intended to be a commitment to future product or feature availability in any way. IBM, the IBM logo, Cognos, the Cognos logo, and other IBM products and services are trademarks of the International Business Machines Corporation, in the United States, other countries or both. Other company, product, or service names may be trademarks or service marks of others.