

## **Breakaway Technologies demo: Profitability analysis with IBM Cognos Express**

### **Online demo transcript**

Our CFO takes a look at the financial health of his company by accessing his CFO dashboard, which displays common KPI metrics. The company's P&L shows a trend that profitability is steadily decreasing.

EPS and total revenue are down and both are forecasted to decrease additionally in October. Further investigation shows an increase in inventory carrying cost that is inversely proportional to the decrease that is trending in the operating margin. The CFO realizes there is a problem.

The CFO opens the inventory console and sees that there is a 20 percent differential in the amount of dollars being spent on inventory and the turnover rate. A look at the inventory dollar distribution indicates 84 percent of the company's inventory is in receivers and flat panel TVs. Based on that information, he decides to examine those two product lines in greater detail. The scenario comparison chart shows the CFO that receiver actuals are much higher than budgeted. Next, our CFO opens his sales and profitability console and quickly realizes that based on his operating margin analysis, receivers and flat-panel TVs are the poorest performers.

The direct product profitability console is even more telling. Analysis of operating margin relative to cubic feet reveals that flat-panel TVs take up the most space in inventory.

It is obvious to our CFO that a reduction in receiver inventory and an adjustment to the amount of space allocated for flat panel TVs would solve his profitability problem. However, it is not clear what these adjustments would mean in terms of his bottom line.

By accessing the built-in performance management tool, Xcelerator, our CFO can see the immediate impact of his decision through the use of write-back functionality. The following slides display side-by-side comparisons of the before-and-after effects of these adjustments.

IBM Cognos Express provides a platform for analysis and visualization of predefined KPIs. Our CFO was able to unlock the power of his data, enabling him to make a quick decision for the good of profitability. In an ever-changing world, Breakaway Technologies, Inc. has been steadily providing business performance solutions to our clients that help them understand the changes around them and unleash their wisdom. For additional information, visit us on the Web at [www.breakaway-inc.com](http://www.breakaway-inc.com) or call us at 215-369-7200. Thank you.