Webcast Transcript

Better Planning, Budgeting and Forecasting: Finance Executives Share Inside Tips on Success -- and Failure -- of IT Investment at Midsize Companies

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Joe Fleischer: We very much appreciate you joining us for our Webcast, "Better Planning, Budgeting and Forecasting: Finance Executives Share Inside Tips on Success and Failure of IT Investment at Midsize Companies," brought to you by CFO Publishing and by the Webcast's sponsor, IBM.

I am Joe Fleischer, and I will be your moderator today. Now, before we begin, I would like to tell you about the agenda for our Webcast. David Owens, Associate Director of Research with CFO Research Services, will start off our Webcast by sharing very recent findings about midsize companies' plans for IT investment. We will then hear the perspective of Cordell Sweeney, CFO of Empower RF Systems, about his company's experience with launching an integrated business intelligence and planning solution. Then, Dan Potter, Midmarket Product Marketing Executive with IBM Business Analytics, will outline best practices and tools to help midsize companies, a variety of midsize companies in general that is, with improving their approaches to reporting, analysis and planning.

Finally, as noted earlier, we will open the floor to your questions. Well, at this stage, it is my pleasure to introduce our very first speaker, once again, David Owens, Associate Director of Research with CFO Research Services. Please give a warm welcome to him. Thank you.

David Owens: Thank you, Joe. And as Joe mentioned, I am kicking off this discussion with a review of research that was conducted by CFO Research Services both currently and over the past two years where we looked at the impact that the recession has had on companies' needs for and use of technology particularly for planning. We were interested in looking at how the recession may have changed the technology needs, what was different for planning activities in recession versus now where we are looking at some kind of a recovery and how will technology be used to support that change.

And in particular, we were interested in seeing what the differences might be between midsize companies, how they were reacting to the recession in terms of technology and planning activities, and those larger companies. In our review of our research, we typically considered companies between $100 million and $1 billion in revenues to be midsize and the larger enterprises to be over $1 billion.

Before I start going into those findings though, we would like to know a little bit more about who actually is listening to this. And so, we do have a couple of questions that we would like you to answer. First one is simply how would you characterize your own organization in terms of size, that is do you consider yourself as a small business, midsize company or a large enterprise? And after you answer these questions, we'll take a quick look right away at the responses before we move on. But if you could submit your answers to that now, appreciate it, and then we could go on to the second question.

And that is, looking over the next year, what, if you had to pick one, what would be the most important for your company pursue over the next year? What's going to take up your bulk of your attention, that is do you think you're going to be primarily pursuing growth opportunities or that you're going to be continuing to be controlling costs or that you're going to be pursuing additional market share, if you can snip that answer now? And we will take a look at the responses in just a second.

Okay, so looks like we have very good distribution of people from the smaller businesses, the midsize companies and some representation from the larger enterprises for comparison.

Pursuing growth opportunities: two-thirds of you are expected to pursue growth, which is good news I think that for the outlook for the economy. And as well see, when we take a look at our own research on the topic where we asked the same question in a survey conducted just in the past quarter, among the midsize companies, we did see that there was a majority who said that they were going to be focusing on pursuing growth over the next year. We did find that -- it will be no surprise to anybody -- that during the economic crisis and certainly increased the need for information grew, we had companies tell us that they were tracking cash flow much more frequently, sometimes daily or even more multiple times during the day. They are also keeping a tight eye on costs, credit of course was tight, if not inaccessible, and capital spending ground to a halt.

But now we are seeing that the corner is at least in sight down the block. We have actually maybe turned that corner yet and particularly among the midsize companies, there was much more focus in identifying new growth opportunities and preparing companies to pursue that growth. It was not as evident in the responses that we got from the larger enterprises where there was almost equally distributed between those who are going to be -- continue to be focused on controlling costs and those who are pursuing growth opportunities. And so, it appears that the midsize companies are poised for taking more aggressive action, in what's looking to be a long and slow recovery, to take advantage of what opportunities there are, and in fact in a different study that we conducted recently, we had 60% of the midsize companies say that they expected it to be likely that they would find more opportunities for growth in this coming recovery, slow as that might be, compared to the last period of economic expansion.

And during our current research, we also conducted a series of interviews among finance executives in different industries for this study, and one of the finance executives we talked to at a midsize manufacturer said simply as a result of the recession, there has been a resetting of his industry and these are not going to go back to where they were anytime soon.

So what does all this mean? Over the next 10 minutes or so, I will be hitting some of these highlights that we found from our research review and from our interview program starting with, as we just saw, the shift apparently from strict cost control to active performance management in preparation for pursuing renewed growth.

But we also found that in order to make that shift and pursue those growth opportunities, midsize companies in particular were looking to more investments in the information resources, so they could better support their analysis and decision making. And in fact one of our interviewees said was that technology for him is going to give the most reliable and best return on their investment dollars, I think over other activities that he could think about the time.

The bad news is that in order to do that, midsize companies are facing a technology gap. They are further behind than some of the large competitors in the current systems. They have current technology capabilities and that's holding them back somewhat, but part of the challenges of addressing that technology gap, we found were largely cultural as opposed to simply a lack of resources, or the cost of the technology at midsize companies, our survey response talked about the organizational resistance to change or lack of a clearly defined IT strategy or shared understanding of the role of this technology.

And particularly in our interview program, we had people tell us about how they were addressing those kinds of challenges basically working, they can choose to working with the right people both inside and outside the company, and make sure that the knowledge and culture is instilled throughout the organization. So that at the end of the day, people who need to use that information to help direct the company and guide it forward can make effective use of technology.

Now, again in a different survey from the one that we saw, we asked about what finance executives were focusing on during the recession, then looking forward to what they expected to focus on in the coming two years. And here again, we see that there is a shift from cost reduction, cost control during the recession where half of the companies said that was the primary focus in the midsize segments to managing performance and pursuing business opportunities as well. Looking forward, they are switching over to high performance and growth agendas from just a strict cost control.

And to do that, certainly the way they use information is going to change as one of our interviewees said, the ability to run your core business requires a certain level of information and to take your business to the next level is going to require a lot more information. The recession did appear to change how or what finance executives were looking for in terms of their information usage. Basically, as again, another interviewee said that where it used to be a luxury, now it's a necessity to have timely and high quality data to inform your decisions.

And in a survey that we conducted, we certainly did see that 70% of respondents from midsize companies said that during the recession, they had indeed increased the frequency with which they reviewed and adjusted the probability measures and that again, 70% of finance executives in a different survey said that finance, now needed to be spending more of their time analyzing performance data and analyzing profitability.

Our interviewee said that when times are good, times are good, but when times are bad, you start digging for every piece of information you can and he said that, that ability to get at that data helped them manage the recession and remain profitable during that time, perhaps not at the levels they had seen before, but still profitable when the rest of the industry was, as he said, suffering huge blows.

But the need for that information hasn't stopped simply because the economy has started getting better, if anything it's – finance executives are looking for even more detailed data to help them take a look at and prepare the companies for growth. We asked what impact changes in different areas could have on the company's ability to improve profitability, and two of the largest responses came in terms of the impact that improving IT could have on the company's profitability, with 75% of respondents saying that it would stay, probably they could see even more moderate or substantial improvement in profitability by upgrading IT systems. And on a related note even more, 85%, said that improving planning and forecast processes and systems would help them improve profitability.

The need was for having the data coming quickly in a timely fashion and being high quality data. One of our interviewees said that he characterized the forecast as a living document. Each month he changes, in fact he week changes, he said. They went after a rolling 18-month forecast and they did that in order to ensure they could make quicker decisions in response to changing environments on the fly. So, that data is certainly at the top of finance executive's agenda these days. How do they get that information and dig it out to prepare for growth?

The problem we found was that midsize companies in particular are lagging their large competitors in their ability to use their technology. We asked some survey respondents to characterize their companies in the way they used technology, whether they were still primarily manual that is still had a widespread reliance on spreadsheets and manual inputs and few if any enterprise software applications. And then, basic automation, which aggregate costs, define metrics in generating management reports, but they had little the real-time access to profitability data.

And then, those that were highly automated, those are describing themselves as using technology widely for collecting and analyzing data and providing dynamic or ubiquitous access to granular profitability data. And here, we see that the midsize companies, a much larger segment of them are still stuck at the manual stage relying on spreadsheets and manual manipulation of data, and the larger companies had already established systems to help them manage their data. And in particular although there were relatively few who thought that they were highly automated, those were dominated the larger companies.

Why is this important for the midsize finance executives? Well, one of the interviewee said, we talked to, said that technology basically is the big equalizer as he put it, allowing smaller and midsize companies to be more competitive with the larger organizations and pursue growth aggressively. Or as another interviewee said, you simply have to be better than what everybody else is doing with the limited resources you have. So, giving senior leaders the best information that they can have to make decisions would give you that edge you need to be successful. And to do that, they need to realize upgrading new technology systems.

And they found that the quality of the data that you get was dependent largely on automation, both for the usefulness of the data in setting strategy and the usefulness of profitability data for an operational decisions. Where here as we see in this slide, those who characterize themselves as highly automated, three quarters of them thought that they were at least more than adequate if not excellent in terms of their ability to use that data. Where those still stuck at the manual stage, almost half of them said that they definitely needed to improve their ability to simply use the data.

The good news is that among the midsize companies, they are getting ready to make the kind of investment they need to improve those systems and give them the ability to use that kind of data in support of their growth activities. We asked companies whether they thought that the resources available for improving IT, and in this case, for improving IT for finance, were going to be either more or less abundant compared to the last period of economic expansion.

And those respondents from the midsize companies are much more optimistic about their ability to shift resources over to the technology investment in parallel with their pursuit of new growth opportunities. About a little more than half of them at least thought that there would be no degradation in the amount of resources available for IT. And a third of them thought that they'd have more – that they would be making more resources available for the technology upgrades. As compared to the large enterprises where a half of those respondents thought that they would have less resources, fewer resources available for technology improvement than during the last recovery period.

And then, we also asked what were the biggest obstacles to making those IT spending decisions at the company. And we found that while lack of time and attention to resources was near the top, it was not at the top, and in fact cultural issues seem to be impeding the midsize companies in particular in their efforts to move forward into technology adoption, with the top obstacle being organizational resistance to change and the second one being the lack of IT strategy or a shared understanding of the role of technology. And so, these are the kinds of things that the CFOs and the finance executives we talked to are thinking about in terms of technology adoption and pushing their companies forward.

One interesting note, at the bottom of this list is -- for the midsize companies -- was the complexity of IT sourcing arrangements, where very few thought that, that was an issue. Which was in contrast to the responses we got from the larger companies where a third of them say that the complexity of IT sourcing arrangements was a major obstacle. And among the midsize companies, that's largely perhaps due to their ability to focus and work with a single vendor or a relatively few number of vendors and a relatively few number of systems. As one of our interviewee said, and we are just talking about the benefits of working with a trusted technology partner, keeping with the same provider as much as possible helps you to eliminate a lot of the spaghetti that can be created if you keep working on different modules with different providers over time. So, reducing the amounts of spaghetti that you have to deal with is certainly important for the midsize finance executive.

Finally, we asked in our interview program what could the finance executive do to help move their company forward and help close that technology gap? And we got a variety or a range of what I consider best practices for that. But at the top of list, one of our interviewees said that now more than ever, we in Finance are the trusted business advisors to management. And this confirms the trend we have been seeing over a number of years here at CFO Research with the expansion of the role of the finance executive from a narrower focus on accounting and compliance and reporting to a broader role within the company working with senior management in all areas of the company on setting strategy and performance improvement.

In order to best use technology to achieve those goals, our interviewees have stressed the importance of being able to work with the right people. That's both within and without that company. And within the company they said the right people were identifying the power users or the champions for the technology adoption, and also, just making sure that both finance and IT work closely with the user community to identify the user needs for the information. What do they need to know to make effective change in the business, and make sure that the technology selected and implemented addresses those business needs. And in doing that, working with the right partners is also very important, especially among the midsize companies according to our interviewees, where they may have more limited resources devoted to IT or as not a broad set of capabilities within the IT function. And working with and finding a partner that you can work with can go a long way towards eliminating the kind of spaghetti that our previous interviewee had mentioned.

But in doing that, it's very important to be able to identify what you need to do, that is again working with the user community, and identifying the business requirements for the technology use. And then, matching those up with what you actually are going to be getting out of the system. One interviewee cautioned about getting too caught up in looking at the bells and the whistles, making sure that the technology solution we have fits very closely with the business needs you identified. And that attention to the user doesn't stop with just acquiring technology, but it's very important to make sure that you have the right knowledge transfer program in place, so that after the vendor leaves, or after the consultant leaves, that the people within the organization are the ones who are going to be able to make effective use of that technology to help move the company forward.

And the payoff for all of this was expressed for us by actually our next speaker who said, in my interview with him, that his experience has been that, as soon as you give people access to a little bit of information, they start asking for more. So, it's very important to open up the eyes of the users within the organization of what the data could do for them and work with them to make most effective use of that technology to pursue with those growth opportunities.

And with that, I will turn the floor over to Cordell Sweeney, who was introduced before, who is Vice President and CFO at a midsize manufacturer, Empower RF Systems in California, and I had talked to Cordell to interview him for our research report that we will be producing out of this, which will be available in a couple of weeks. And Cordell is here to talk about his own experiences in driving his company forward to adopt technology capabilities. Cordell?

Cordell Sweeney: David, thank you so much, and welcome to those in attendance this morning, this afternoon depending on what coast you are on. It's -- a little bit about Empower RF Systems. We're a manufacturer of RF amplifier products, what does that mean effectively? You have seen the movie Hurt Locker, there is a scene where they shown an insurgent who is detonating a roadside bomb from a cellular telephone. Well, our products go into systems that prevent that from happening, so IED jammers.

We are effectively an engineering semi-custom house, relatively complex manufacturing operations, and we have a network of contract manufacturers that we utilize to mass produce these types of products. I joined the company a couple of years ago and it's -- one of the things I inherited was an ERP system implementation that effectively violated every major best practices system implementations possible. So, a better part of the initial time was stabilizing the ERP system and I think as classic with most ERP systems, at least in my experience with them, reporting to be relatively weak and not widely distributed. If you talk about the data integrity issues, from a performance management perspective, I would say we are following most of the best-in-class type activities, however and unfortunately today, we are doing most of that via Excel and it absolutely kills me that we are doing that. Prior to Empower RF Systems, I spent eleven years within the DIRECTV organization and -- where I had a leadership role in both the planning as well as business intelligence deployments.

So, I am very familiar with what ERP, or I should say planning and business control systems, can do. And I think one of the things that is down here, at least the challenge of going from a large organization into a midsize company, is the limited resources both in the finance and in IT, and in addition to that, I would also reference the breadth and depth of both the finance and IT staffs. That being said, one of the things that, within the first five weeks of my arrival here, we had a Board of Directors meeting, the message I recommended that we launch an integrated business intelligence and planning solution. One of our board members asked me, do you think we really need something of that magnitude here, and my response was an emphatic "yes," and I say that again based on my experiences that we have made, or experiences based at DIRECTV. Unfortunately for me, but fortunate for the business, we actually made significant investments in our engineering organization, both in 2009 and 2010, which are fueling part of our growth. So, this year is the year that we are actually moving forward with an integrated business intelligence and planning solution and I can't wait to get there.

From a process improvement perspective, a couple of things that we are looking for, as are most organizations are today, better information to make better decisions and more timely information. In our business today, what I envision is given our executive team and our operations teams, the ability to look at our existing backlog, look at any new sales orders and basically follow a sales order down to the shipment, from shipment down to the margins and cost of sales on that product, and if need be, give the engineering and operations teams the ability to drill into the material and labor utilization on those projects.

Prospectively, going forward, as we model this business, it clearly starts with sales orders. And in our business, given the engineering type of mentality, predicting our revenue streams can be rather difficult because if it's a first time billed, that has one profile, if it is a recurring bill that has a different profile. And actually built out of our planning models today, I think we have exceeded the capacity of Excel and hence I'm really looking forward to getting that, the sales order planning and linkage with all the other attributes, whether be it product lines, we have got book to bill cycle times that go with these things. The expected gross margins on some of the new programs that we are dealing with and as well as the commission structure linking to our third-party channel partners that do that as well as linkage to our sales variable pay plans.

Right now, unfortunately I have got those in four or five different models as opposed to being completed integrated. So, from a speed and delivery perspective, once integrated we believe we will get tremendous upside. I think the other key part, and this is based on my experience at DIRECTV and what I will expect to see here is the shifting of workloads really from the data gathering phase to more data analytics, and I think that's something that all finance professionals have struggled with throughout their various parts of their careers. And once you really get moving to the data analytics side, I think that really unlocks the power to make, inform executives and drive better decision-making.

I also think it has the opportunity from freeing up our resources and our sales operations in IT area today to really work on more value-added projects. There has been a lot of time in our organization spent crunching. As a result, we've got spreadsheets that are across a number of areas and quite frankly that's not good. So, from an improved visibility perspective, not only do you get the improved visibility, but I also expect to shorten the cycle times, also get some version control issues. We recently went through a series of various scenarios, I think we had ten different scenarios effectively in ten different workbooks, given the size of the files and making comparing one to another can be a little problematic.

I think the integrations also will enable us to have tighter collaboration across the organization, both from a sales, operations and engineering perspective, and most importantly, to me is the analytical capabilities. Do the operational inputs that we are getting in from people truly makes sense when you roll it all up, and is in linkage with us achieving our business objectives?

One of the other things that's, based again on my experience at DIRECTV as well as what I walked to here, from a vendor selection perspective, and David related this in the opening section was know what you are getting versus what's being demonstrated. What I walked into here were two founders who selected a product that were demos and bells and whistles on a business intelligence type application, that didn't come with the package and they weren't fully versed in that. From a DIRECTV perspective, we went through a very comprehensive vendor selection process. And by the time, we did pick our planning tool, we knew exactly what we were getting and we didn't have any surprises. And when I think of the process that we utilized in that comprehensive process, one, we have walked through the process of truly understanding the end user requirements and the technical requirements from an IT perspective.

We went through some pretty thorough research on existing vendors, attended some of the annual user training or the annual conferences, again we had the time to do that, which not everybody does and I appreciate that. And as we entered the RFP or RFI process, we were really able to lock down what we were specifically looking for. Once we got the vendor responses, we also went into an industry research capacity, whether it be Gartner, IDC [or] META Group, and kind of racked and stacked the vendors from an industry perspective. And I think most importantly where we are able to get a host of information from reference calls, both formal, set up through the vendors, and more importantly informal. And I was able to utilize a network of peers to tap into companies and get some insights off the record that quite frankly were more valuable than the on-the-record reference calls. And the good news is both the informal and formal were in sync. So that said something about the vendors to us.

I think where the rubber hit the road is we then asked the vendors to do proof of concepts. I think those are more prevalent today, and we said here is our data; here is what we are trying to do. If you can do these particular models and show us that it works, it made the selling point internally significantly easier. In a hindsight, if there is one thing I would have done differently through the vendor selection process was send our core team to some of the training classes or the introduction training classes for these systems that people have. So, I think that would have added to the breadth and depth.

From a project scoping perspective, clearly, these types of initiatives start with having alignment with the executive staff and senior management, and at the end of the day, what does that group generally care about? Hey, making better decisions, improving cycle time and improving the quality of the forecasting and business intelligence process. A lesson I learned from my DIRECTV days was we went with a big bang approach and what happened was our initial launch got hung up. We then retrenched, focused in on a couple of core areas, gained the core expertise and fully vetted all of the implementation issues in a smaller subset, and then we were able to then roll that out systematically to the rest of the business units.

And one element that one of the consultants that we spoke with from CSC had referenced the change management aspect and at first, I think our team kind of brushed that off a little bit, but it truly came back to be one of the key attributes. And any time you are dealing with change management, what I've found to be effective is communicate, communicate, communicate. If you can show the benefits of what these types of applications can provide, you will generally get converts over time. Another key aspect we found was you've got to know your data and your reporting objectives. It amazes here in – what I walked into from -- at Empower was reporting was left to the end and never got done. At DIRECTV experience, also reporting was all done last. So, I would recommend know what your end objectives are from a reporting perspective.

David also mentioned in his opening section about alignment of resources. One of the things we were able to do, while at DIRECTV was pull out our resources out of their day-to-day jobs to focus them on the project and leverage the company, resources global professionals to backfill those spots. And what that did was it gave the core implementation team the time to focus on getting the implementation done. And I think the benefit of that was the next bullet point. From a knowledge transfer perspective, we were very successful, because we had invested in the resources personnel, and because we worked directly with the consultants. When the consultants left at the end of our initial implementation, we never had to bring back implementation resources back to the business.

So, it cost us a little bit more at the front end due to the backfilling, but at the end of the day, when the consultants left, we knew what we were doing and we were self-contained. And on that front, on a consultant selection perspective, here at Empower, the ERP system vendor that we selected did not have a third-party channel or independent consultants available. So, we have been locked in to the ERP vendor only. And I would advocate that if you are looking to systems, make sure there is a partner network that is distribute what the resources required in order to complement the ERP or BI vendor you select, but also make sure you've got that third-party access to resources as well.

I do believe personally that BI and performance management is a journey, and as David said, my experiences tend, once you start giving people access to end users and you make it easy to utilize and easy to manipulate, next thing you know, they start asking for more. And that's where I think the value in these types of implementations get, because we all hire smart and intelligent people. If we are utilizing their time to data crunch versus analyze, that's a waste of a lot of our time, effort and money. So, and again, what I have experienced is when you do get that, you are able to redirect people's times to more value-added projects. And ironically, I think the question I always comes back to at our board meeting when I first arrived was the return on investment on these types of investments.

And while at DIRECTV, we were working on, we were able to utilize the planning system to model some insurance pieces that were never done before. The end result of that, we were able to knock $5 million off of the insurance premium. When you look at the ROI on that one hard savings that clearly -- that's a no-brainer from an investment perspective. Here at Empower, had we had that type of system in place, I know there is three, or four, or five things immediately that we would have been able to catch sooner that would have more than paid for the cost of our implementation.

And moving the soft perspective for the soft sales, it's job satisfaction of staff, control hours, which leaves a longer tenure of staff, turnover can be a killer in any finance organization. What I have experienced is when you have these types of tools, the job satisfaction level and people, assuming you got the right people that are putting these things in, generally works and generally holds onto them. So, I am looking forward to launching our initiative here. What I can say is that the time frame from when I started till now, yes we have made the engineering investments as I previously referenced. What that's enabled, I think, the software vendors to do is their products have, both the products have matured in the last couple of years and the implementation resources both in the planning and BI vendors as well as the channel partners has also matured.

So, as we have cleaned up our internal data, I am looking at the speed of implementation to be much shorter, because we know what we have got, we know what we are working with. So, with that, I will turn it over to Dan Potter from IBM. Dan?

Dan Potter: Hi, thanks Cordell, and I think it's interesting your perspective, having gone through these two major implementations and you know you are in the throws of the second. And I am going to echo some of the further recommendations that you've made and also kind of give you the idea and perspective as what are the best practices and what are the recommended approaches to others on the phone today, who are going through that shift, and the move from a defensive posture to more offensive growth oriented posture and how technology and specifically how an interconnected system of BI and planning can really help propel those efforts.

On this slide here, this is not unlike Cordell, your company, and probably most on the phone, you've got silos of information throughout the organization. You will find that, you are living and dying and breathing on Excel, pulling information into Excel workbooks in an inconsistent fashion, applying inconsistent calculations and rules and analysis. And in the absence of good information and insights, there is a lot of gut-feel decision-making that's happening, and very long and manual planning cycles that really aren't helping support the business. You lack the insight to identify opportunities to grow and you lack the connection in being responsive in changing your plans to be able to support those strategic decisions, which really required -- and kind of a first recommendation is you need to start with trusted datasets.

You need to unlock those silos of information, you need to pull the right information into a trusted source of information that assembles and provides it back to business users in a business context. So, having a multi-dimensional structure where you can look at things like customers and products and regions, and make it very easy for people to be able to get at the information and insight that they need, and do this in a highly governed way, but providing that self-service to the business user. And you don't have to start with a huge data warehouse initiative.

Now, there are some interesting advances in in-memory analytic servers that enable you the speed and flexibility and also the ability to do this very quickly at a very low cost. So, when you've done that, when you've assembled the right information, the right data into a trusted set of shared information, that's kind of the first step, kind of moving from silos to an information-driven culture. So, you can start to do things like reports and dashboards and provide information on how the company is doing.

Now, the second step is to move from just raw information to really the insights that you need to answer the business question, why? Why is our business behaving in certain ways? Identifying early opportunities. It may be a new product that you are introducing into the market, it may be opportunities to cut costs. You need that slicing and dicing of that information to gain real insight. And then, finally, you need to be able to take action. It's not good enough that you just have these great insights, but you need to connect it to action, to align the right resources to those strategic decisions that you are making. So, kind of -- one of the things that Cordell, you mentioned is having an interconnected business intelligence and planning system. And that's really key -- to be able to have trusted information, to be able to move from silos of raw data to real information insight and action.

And you want to provide the appropriate user interfaces to different kinds of users throughout the organization. So, your line managers or your executives may want to see web-based dashboards or maybe weekly PDFs that get bursted out to key line managers on key reports. To your analysts, you want to provide tools to do the slicing and dicing. Some of them will love to stay on Excel. And if you can give them that Excel user interface, but transform it, so that you are basing it on that trusted information with shared calculations and shared business rules. So, everyone is kind of speaking the same language and analyzing things in a consistent fashion.

And from a planning perspective, again, you are trying to move to more of a driver-based planning model and a continuous planning model. Having large numbers of people contributing to the plan, the ability to respond rapidly to revise plans and to revise forecasts, and again different user interfaces. For the masses it may be a web-based user interface to allow contribution, to your power users or financial analysts may want to stay with Excel.

So, again, the key thought here is having that interconnected system that really brings it all together, the information, the insight to action. And this is really one of the patterns that we have seen for success for midsize companies. A couple of really interesting examples, Cordell is obviously an interesting example. Companies like U.S. Lumber with a 11-day payback, a 3,623% ROI. These numbers sound a little ridiculous, but I encourage you to go off and read their story and you will find it on the IBM website.

In the cast of U.S. Lumber, they implemented a solution like this back in 2007. They were just coming off the cusp of rapid growth of the housing market, and they are in the business of – they are a distributor of building materials. They --just coming from the boom, getting ready for the bust, they implemented the system in 2007 to really get a better understanding of the business and better inventory management and have been very successful in riding out kind of the boom and bust cycle so far.

But again, the pattern here of having the interconnected business intelligence and planning is really the key. When you look at midsize organizations and kind of the unique challenges that you are faced with, we see three major barriers to midsize organizations really embracing this technology and this approach. The three include limited budgets, the second theme, you can’t disrupt their current business operations, so you have to overcome that cultural barrier that David was talking about, and finally having limited IT experience, a limited IT staff and they may not have the experience of going through a BI and planning implementation.

So, what we have done at IBM, we have introduced a solution purpose-built for midsize organizations. And it’s about bringing together breakthrough technologies that provide an interconnected solution for reporting for analysis, dashboards, and scorecards and planning. A single solution, but yet a modular approach. So, you don’t have to bite this all off at once. You want to have a big bold vision, you want to think big and think about having an interconnected solution, but you want to start small, and Cognos Express is that solution, purpose-built for midsize organizations.

And again, we really set out to overcome those barriers to mid-market adoption, making it very easy to install, to configure and to run. Everything you need is in the box, self-contained. We've made it very easy to use to empower business users to get out the information they need in a self-service fashion, to provide the right kinds of user interface to different users in the organization and finally make it easy to buy. This modular approach where you can start small, small number of users, pick a discrete project, show some value and then grow over time. This is definitely a recipe for success.

And again, from a capabilities perspective, what you really need to have is you need to have the full breadth of capabilities to go from information, insight and action. So, things like query and reporting tools, dashboarding and scorecarding, done with very compelling user interfaces that will excite both your executives and your line managers, to a very robust planning, budgeting and forecasting solution, all with a common underpinning of that single trusted set of information. And when you do that, you're really going to start to see the success like you've seen, Cordell speak about, and the example of U.S. Lumber and others.

So, I will leave you with that thought, the think big, start small. Regardless of what technology you buy, this is something, this is an approach that you really should think about. You should have that big vision of connecting BI and planning. That's where the real value is going to come from. And you want to think about, as you grow and as your company grows, how you can scale this up over time. But start small, pick a project, pick a discrete area where you can show some immediate value, get a success and then start to grow your deployment from there. And I think Cordell talked about it, the original quote at the beginning of his presentation. Once you start providing information to people inside the organization, you will be shocked how fast it grows and it kind of takes a life of its own. I mean, that's a good thing if done in a measured way.

So, take those things that are going to give you the quick wins and move on from there. So, with that, Joe, I will pass it back to you to moderate the Q&A.

Joe Fleischer: Thank you so much, Dan. And just for members of our audience, we will be letting you know about some aspects of upcoming events related to this particular Webcast. In the interim, we have time for a few questions from our audience. I am actually going to combine two related questions. One is "What is Empower doing to upscale people from number-crunchers to analysts?" — something Cordell you had alluded to. And combining that with regard to cultural change required to also perhaps involve an organization's approach to planning, say from annual planning to rolling forecasts, for example.

So, kind of combining those two questions, upscaling members of your organization from number crunchers to analysts and also involving your approach to planning, how would panelists address these questions?

Cordell Sweeney: In terms of the direct upscaling the staff and quite frankly, here at Empower it also starts with the senior staff and executive staff. We have got some founders who are used to running things one way. We now have a new CEO who is more, what I will call, finance-centric. So, it starts with an education top-down through the organization. I think it also gets to when the – as you interview and upgrade the organizations that you have, do you have the right people in place to do some of these activities? In that, some people are capable, some are not, and then to the extent that if that determination is made that the internal people are the ones that can do it, I think it's some training classes, it's one-on-one time, and it's showing how the tools can be utilized, and fundamentally gets back to, do you the understand the whys of why things changed, and I think that again that's a training exercise that it has to start, as soon as you start putting these things in, or hopefully you are there prior to implementation, is how I would address that.

Joe Fleischer: Thank you. I did want to make members of our audience aware of some upcoming events, a virtual summit as well as where to go for more information on IBM's website regarding IBM Cognos Express, and I do want to take a moment to acknowledge and thank our panelists as well as members of the audience.

Once again, I want to recap some upcoming events. On behalf of our guest speakers, once again, David Owens, Associate Director of Research with CFO Research Services; Cordell Sweeney, CFO with Empower RF Systems, who shared his perspective on implementing a business intelligence and planning solution; as well as Dan Potter, Midmarket Product Marketing Executive with IBM Business Analytics, we all very much appreciate your joining us for our Webcast, “Better Planning, Budgeting and Forecasting: Finance Executives Share Inside Tips on Success and Failure of IT Investments at Midsize Companies,” brought to you by CFO Publishing and by today’s sponsor, IBM.

We thank you for your time and we hope you enjoy the rest of your day.