IBM WHITE GLOVE EVENTS

Moderator: Tim O'Bryan
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(Ryan):   Welcome to today's Financial Performance Insider web cast. My name is
                 (Ryan) and I'll be your event specialist today. Following the presentation,
                 we'll have a short question and answer session. You can ask questions at any
                 time during the presentation. Click the 'Ask a Question' button, type in your
                 question in the open area, and click 'Ask Question' to submit. If you should
                 need technical assistance, please type your inquiry in the tech support box on
                 the left hand side of your screen and click the 'Send' button.

                 It is now my pleasure to turn the web cast over to your speaker, Tim O'Bryan.
                 Tim, the floor is yours.

Tim O'Bryan: Thank you very much. And welcome, everyone, to this installment of the
                 Financial Performance Insider web cast series brought to you by The
                 Innovation Center for Business Analytics. Today's presentation is on
                 leveraging SPSS and enterprise planning and forecasting. We're pleased to
                 have Dr. Chris Ilacqua, Director of Product Marketing for Business Analytics,
                 joining us to deliver this presentation – who will soon be joining us in a
                 minute.

                 First, I just wanted to make everyone aware of the group that's bringing you
                 this web cast, because we've got a number of assets that you as an IBM
                 customer can leverage to help you into pulling successfully your business
                 analytic solutions. Whether they be (inaudible) solutions – whether they be
                 our financial consolidation or planning, budgeting and forecasting – or
                 predictive analytic solutions. We've got a number of different assets starting

with a number of live workshops that we deliver literally around the globe around strategy management and scorecarding – around forecasting and planning and budgeting best practices – around working capital management and other areas where we're bringing together customers to share these best practices, learn from each other how they're utilizing our technologies to perhaps leverage those lessons learned to get the fullest capability out of our solutions.

We also do a number of web casts every month, including the Financial Performance Insider. This isn't the only one we deliver – there are others. We also produce the IBM Cognos Performance Blueprints and these are pre-built data process and policy models built around specific business practices along functional lines. So think of different functional processes that you have capital project planning, workforce planning, (head comp compensation planning), and many others. We've got pre-built data models and process models that you can leverage at no cost, by the way, that are built within our TM1 and Cognos planning solutions. They also have a (VI layer) as well.

We've got a number of industry-based blueprints as well. For example, in retail we've got store operations planning blueprints – we've got merchandise planning blueprints – many others that you can leverage depending on which industry you're in. And certainly in follow up coming out of this web cast we'll make sure you get information on how to find out more about those blueprints.

We also deliver Customer Success pod casts. We've got a number of articles authored by subject matter experts across the whole spectrum of what we call business analytics. That is subject matter experts around planning, budgeting, and forecasting, strategy management, financial consolidation, reporting and analytics, predictive analytics – a lot of great stuff for you to leverage.

We also run the customer advisory boards, which is a great opportunity to connect with our product management and product development folks to hear more about our product direction. And perhaps speak with those individuals that are able to influence product direction and basically have yourself heard

and be able to play a greater role in how our products are produced and delivered.

And we've got a number of benchmarking tools that you can leverage as well. So a lot of things coming out of The Innovation Center. A real simple way to stay connected is to through our Widget, and that is a little multimedia custom desktop application that would just sit in the background and you can filter it by all the live events – web casts – customer success stories – the pod casts I mentioned – the blueprints – a lot of On-demand web casts in there – a link to our LinkedIn group, our Twitter account and our online community – tons of great stuff. Again we'll get you that information coming out this web cast.

So just wanted to give you that information for your benefit. Again make sure the follow up communication you get all the details on how to access that information. And before I hand the microphone over to my colleague, Chris Ilacqua – Dr. Chris Ilacqua, I wanted to put a couple of poll questions to ask you all. A few questions, which will really help Chris deliver kind of a custom, tailored presentation as well based on your answers. (It'll kind of) help him understand who the audience is and what your specific needs might be and he can tailor the content appropriately.

So the first question is, "How are your baseline forecasts generated today?" And there's four different answers. And one is, "We use the zero-based forecast approach, so no baseline is required."
Or B, "Set baseline based on last year's actuals." Or C, "Use TM1's (spreading) capabilities." Or D, "None of the above." OK, that's great.

And then the second question is, "Are you currently using a statistical package for baseline forecasts?" And the answers are: "Yes, it is an established practice enterprise-wide," "Yes, for operational planning only," "No, but there is demand building," and then lastly "No, with no plans in the near future."

OK and the third one is, "Does your company use rolling forecasts to do their go forward forecasting? If not what are the reasons?" "Does your company use rolling forecasts to do their go forward forecasting? If not what are the reasons?" One, "Lack of executive sponsorship," two, "Lack of time to

support this initiative," three, "Incapable technology," four, "See little business value in this practice," or five, "Other." OK? Thank you.

And then the last one, I promise. "Does your organization employ finance and operations in the budgeting and forecasting process? Or do these activities still remain designed and executed within finance? And if these are still financentric activities, what are the reasons for not making these more collaborative with the entire enterprise participating?" So if this is still an activity – planning and forecasting, budgeting – if it's still financentric – the answers would be – is it because – if it's not expanded beyond finance because of one, "Too much effort to get everyone involved," or two, "Not sure how to get started in the roll out of this practice across the enterprise," or three, "Don't see the value in greater participation," or lastly, "Lack of resources to get this done."

OK. Well, thank you everyone for filling out those poll questions – really appreciate it. And without further ado, it's my pleasure to introduce Dr. Chris Ilacqua, Director of Product Marketing for Business Analytics. Chris, you have the floor.

Dr. Chris Ilacqua: Thanks so much, Tim. And thank you all for joining us today. Again my name is Chris Ilacqua. I'm a member of the FPM Product Marketing Team. And today we're going to talk about how to extend your planning solutions with SPSS. So we'll start off with a review of some of the challenges and what's driving us to look for extended tools to help manage the challenges and changes we see in the marketplace and meeting the challenges of forecasting.

Second, we'll do a quick overview of our performance management product portfolio, which I will focus primarily on SPSS and TM1. We'll talk about some of our analytical solutions, some proof points we see within both IBM and (external stake holders) that help validate the requirements for an analytical solution that requires statistical forecasting.

We'll do a demonstration I hope will be informative that combines both TM1, SPSS and Cognos BI to help a market manager manage their programs specifically around optimizing both revenue, pipeline and most importantly

profitability. We'll finish off with a Q&A, as well as a summary. So with that we've got a lot on the agenda, so let's get to it.

For most of you, if you're not aware, we're living through some very volatile times, which is becoming the new norm that we have to operate under as a business. And 60 percent of our financial executives believe that as recovery times take hold heightened uncertainty will continue and remain. As we see, most recently, that it was nice enough for the government to tell us that the recession's over. I don't know about you, but I don't feel that way and I'm sure organizations are still struggling with allocation resources and meeting the requirements of our business.

Sixty percent of our finance organizations believe that they have to make major changes to respond to either growing industries, sector pressures that we are all living under. These are all apart of our IBM CFO Study that I recommend you download if you haven't seen it yet.

So what is this doing? This is really helping drive smarter enterprises and helping us require to be more agile, right? We see a growing requirements for finance organizations to provide more synergies to the organizations.

So with these challenges, we are meeting to elevate both finance and IT demands, both for executives to create more informed and engage in align with our business user community. But also from the IT perspective to empower business you would both cost effectiveness is also meeting the requirements for performance, conformance, scalability and compliancy throughout the organization.

This requires us to improve financial efficiency and business insight. So these are the two dimensions that we all wrestle with on a daily basis, you know. We have the (finest) efficiency of getting our budgets out on time, our forecasts out on time, but also providing business insight to the rest of the organization, which is the result of our processes within finance. So we're rated within an organization on both.

So how do we lead to get to this information transformation – and really move from a series – and respond to being more predictive and actionable

information? You know, move to a more real time, fact driven decision process that includes everyone and become a point of impact. And at the end of the day move from an automation to optimization of our activities within the organization.

So with that let's take a look at how IBM helps address this to our FPM portfolio. Cognos has a specific from within IBM of performance management that have been specifically designed to meet the organization requirements of finance. This includes the number of software capabilities starting with (Express of the Midmark), our analytical applications that are pre-packaged reporting and analysis systems, specifically optimized for particular areas within your organization – we have (Controller) for the consolidation and corporate financial reporting requirements to external stake holders, statutory reporting requirements – we have TM1 for on-demand planning and analysis, which we'll be covering today, combined with SPSS to extend TM1's capabilities with predictive capabilities around statistical modeling. So think of this as an extension of TM1's modeling capability and building statistically relevant baseline forecasts. It helps improve that capability within your solution set, within your organization.

Then we also have our BI solutions around reporting and analysis, scorecarding (inaudible) to communicate. The results (inaudible) our forecasting, as well as marry that to our actual reporting to create a holistic view of the performance of your company.

And finally we have a Business View Point, which helps us with the dimension (inaudible) and extend our modeling capabilities to make sure we are compliant with constant definitions across the organization.

So when we look at this in the context of FPM, or what we call Financial Performance Management, it's really around driving around your strategy for both the planning forecasting to analyze and optimize to close and report.

So some of the things we've heard from you as well as from the industry really center around – you know – some of the pain points of building a holistic forecasting process. You know, we know that you can not do sales

forecasting without looking at both revenue, inventory and receivables. And with organizations struggle with weak top down and bottom up coordination, they're challenged with governance around spreadsheet only systems or spreadsheet systems that are patching the current system around their forecasting process across the organization.

So really our goal really is to improve forward view of the business by creating a statistically relevant baseline forecast and linking drivers to enterprise future plans. For our members in the organization, we know that you – you know – you purchased TM1 for a particular reason for both analysis, as well as forecasting capabilities both around driver-based and judgment-based. Right? So the ability to use our drivers for rolling forecast that Tim mentioned earlier. But also augment that with judgment base, where you override that driver, because of disruptive things that are happening outside your business that haven't impacted actual data yet.

But there's a third tool to bring to the table, as I like to call the trilogy of capabilities, around statistical forecasts to make sure that you have a specifically relevant baseline forecast. Not just last year's actuals, but also be able to (data mine) that information using advanced alga rhythms to say, look, this is what is important to your organization as well as helping you understand what are those drivers and how to incorporate those assumptions in a forward looking process. So today we're going to talk about how SPSS adds that capability to your forecasting process.

So TM1 brings to the table this incredible OLAP engine that's specifically designed for read/write with compact data storage and exceptionally fast performance. It's modeled, designed and data accessed presented in very familiar formats – the hallmark of our Cognos products that is owned by finance, as well as around (inaudible), thanks to this development environment that uses sophisticated applications, but no need for programming or traditional IT. So again, around the notion that this is a product that can be owned by finance, but let's not forget our IT friends in helping us to govern the actual data that feeds the important forecasting we do.

Now let's combine that with SPSS. And specifically here we're going to talk about SPSS modeler, all right? That is the portion of the SPSS portfolio that informs business decisions with predictable intelligence helping organizations proactively identify opportunities that maximize both profit and minimize cost, right? So it allows us to analyze our information, or our data historical, to help drive greater insight into what are those relationships, what are those assumptions that are embedded in that data, how does that change our driver-based approach? Maybe some of those assumptions that we've always thought of are no longer valid given the actual performance of the company.

So the SPSS modeler combines and enterprise scale (text mining) with extensive integration capabilities that allows businesses' stakeholders to create powerful predictive models and visually and intuitively. And we'll show a demonstration on how that can help thrive and build rich baseline data that can be fed directly into TM1 to augment your current planning processes.

So predictive forecasts with planning for (optimum) outcomes allows (SPSS) to forecast future outcomes based on hysterical – I'm sorry – hysterical – historical data – sometimes depending on performance it could be funny – data and driving factors. It allows us to pre-populate TM1 with statistically significant forecasts as a baseline guide, all right? So think of this as an augmentation to your process – not overriding those rich drivers that you've identified in your organization or overriding a judgmental call that has to be done and owned by business users. But really to provide additional context and really triangulate bottoms up plans with top down objective. And statistical forecasts to create risk adjusted forecasts. Again providing insight into the data that you may or may not have known.

So within that, let's take a look at some enterprise planning and advanced analytic solutions. So what we see within our (sole base) within our customers, really is around this evolving customer requirement. You know, planning does not happen in a vacuum, right? It's an amalgamation of processes. One is around an analysis that allows you to inform someone who's creating this forecast and create an opinion. Once that opinion is formed to analysis – all right – a go forward model has to be developed to encompass not only what has happened in the past, but how does this impact

our future decisions. So there's a process around modeling what the future should look like.

And then finally, once that model is established, publish that out to a community for them to contribute, to validate the model, as well as use that as a vehicle for gathering new information around your business, as well as your forecast plans and meeting your corporate goals.

So predictive analytics helps extend that to allow us SPSS to forecast teacher outcomes with historical data and driving factors. So this is not only about creating a baseline forecast of data, but also to challenge and validate the drivers that are helping collect the new information. SPSS allows them to do both and adds value in both areas.

So within SPSS modeler we have a number of different model types. One around clarifications to generate statistical baseline forecasts, which we'll see today. One around association to understand – you know – the association between your data. Think of it in terms of purchasing patterns – you know – if somebody purchases – you know – the old razor blades and handles, what are complimenting products, how should you group your products together, what products will drive other consumption of other products around that? Then there's also segmentation to help you better understand your both your customers buying habits and help you better target areas with products. So you're – SPSS provides three areas to help you better fine tune your forecasting process.

Now combine that richness with the TM1 analysis capability, that allows you to take the output of SPSS and encompass that into your forward facing driver, in terms of methodology of collecting new information, as well as the ability to analyze the result sets, because SPSS will turn true – you know – up to (inaudible) data to find these relationships. How do we boil that down into those result sets to put into the hands of the masses so that people can now interrogate that information, use that baseline to drive future decision processes. OK?

TM1 provides additional capabilities on top of that, not only from an analysis point of view, but also the ability to create personal scenarios, have a contribution work flow so we can manage this process, as well as a quicker and easiest solution to (deployment). So you can push this out to the breadth of your organization.

We also provide analysis scenario models. So given this baseline, how do we extend that capability within SPSS? Right? So I've got baseline. That baseline now can be generate multiple scenarios. So taking the baseline, I can create a best case, a worst case and maybe a (inaudible) case. So you can create multiple scenarios around that. And again these scenarios can be done by the end user. They don't have to be pre-modeled within a solution. OK?

Second phase, now as we move out of the analysis phase, is around modeling. And really is around the centralized (meta data) modeling capabilities of both TM1 – that again is owned by the office of finance (closest to business) and supports best practices around driver-based planning and rolling forecasts. OK?

TM1 modeling uses an expression-based modeling environment that allows you to find future planning and analysis assumptions. And most critically those driver-based assumptions that will govern the data that's not only entered but how that impacts the information across the particular model and submission of that person. It's integrated with the historical SPSS data forecasts that can be imported into TM1 – and we'll show a demonstration of that in just a couple of minutes – as well as provides an on demand interactive simulation to test your business scenario in real time prior to …

These capabilities allow us to a fusion of both analysis and judgmental-based forecasting. It allows us sophisticated what-if capabilities and allows us to combine both (meta data), data and business rules definition. And at the end of the day, it allows us to go much more agile model, but also the ability to better meet the requirements and model the organization, and both from an external perspective as well as an internal perspective.

And finally let's move onto contributions, because what would be the smartest model in the world without being able to share it to the rest of the world and capture that rich data that's embedded in everyone of your business users. And really TM1 provides a number of key interfaces in this area.

We provide a familiar both web and Excel-based deployment, we have rich work flow that allows us to monitor the process and really help us to understand how mature each forecast is as it is submitted. It also provides statistical baseline for personal scenario. And we're able to create application linkage so that we can start small and link multiple solutions as your organization requirements grow.

So let's talk about these two approaches that can be married within one solution. One is an Excel-based contribution – so you can have your cake and eat it too – both continue to use Excel, but also make sure that that is a governed process in terms of both data and submission process. We use TM1 Server Explorer for power users to maintain dimensions, cues, rules and integration. We have TM1 Excel to create both rich planning and (inaudible) solution. So you can develop this within Excel. And then deploy it via TM1 web. So the organization gets to use both Excel as well as custom interface with TM1 web. And then you can extend this with Cognos 8 BI for both enterprise level analysis, scorecarding and reporting.

We also have a managed contribution that allows you with both rich work flow, (inaudible), undo/redo, as well as personalization and an end user capability. Key point is this managed contribution is built on the same objects that have been developed within TM1, so you can – you know – build one and deploy multiple different ways, whether that be through the managed contribution client or the Excel-based client.

Let's talk a little bit about some proof points here. As we look at some of the challenges we face, let's take a look at within IBM and how we use both TM1 and SPSS in terms of interest expense optimization. We've been able to increase a predictability of interest expenses while optimizing over a longer term in five years. So part of the challenges were around short term... I'm sorry – this is – I'm having some interference here... Short term focus on

interest rates as well as accounts were up through (a 8 to 5 percent as opposed to) IBM PTI. Our analytical approach allowed for both data integration and both (inaudible) as well as on a chart – I'm sorry. I'm going to have to bring up another copy here guys for one moment if you could pause with me, because I can't see the slides very well.

OK. Let's start again and I apologize. So our business challenges are around short term focus, interest expense, which accounts for 8 to 10 percent of IBM PTI, and the current forecasting processes only tries to provide point estimates over expenses over the next four to eight quarters.

There's also complex data interaction. Both interest expense forecasting, which requires a collection of both data and (inaudible) sources. So we took an analytical approach that uses data integration from our (DV2) platform, which runs on a cloud infrastructure, and integration being done by building different system (connections) to import data into one common platform. We use data visualization and funding planning around Cognos interphase as a one stop shop. And then we use interest rating modeling to simulate (inaudible) to predict interest rates.

So what are some of our business impacts? They center around the ability to manage interest expanse with an acceptable variability, while managing liquidity, financial flexibility and keeping the expenses lower over a longer period. We also, being built on top of the IBM Research Risk Institute which within twelve weeks completed a (inaudible) design and prototype development for both research and treasury. There were four weeks where we were testing operations in both finance and IT, and at the end of the day from four to eight weeks we were able optimize this process.

Let's take a look at another success story here. This one's centered around a GAP initiative, which provided an analytical assistance to performance by modeling relationships between sales capacity and revenue. Who doesn't have that issue here? Right? So the GAP Resource Capability model enabled analysis and modeling of historical productivity – we were able to test and simulate variability of old sales plans and targets and hiring plans and targets relative to different assumptions. This provided the ability to determine the

optimal size of sales force, determine best deployment across various regions, make accurate financial target and determine the GAP to target. At the end of the day we'd be able to get a true picture of infrastructure of the sales force and productivity in the region by brand. This runs scenarios to access optimal actions needed to make targets and expense reallocations of productivity improvements.

And finally let's take a look at our final around statistical tracking of assessment and revenue. Our business challenge really centered around early and continuous forecasting of end quarter results of highly critical activity to enable rapid shifts of focus and resources to close gaps. The forecasting is a manual intensive effort involving a wide range of considerations of both input. Additionally, (there were biased subjective perceptions) by analysts and managers that have some – that sometimes result in surprise myth toward the end of the quarter. All right? So this is really centered around a revenue assessment and pipeline assessment.

So what was the impact? We were able to efficiently generate a revenue assessment by eliminating the manual effort above bottoms up revenue forecast. This lacked of objectivity and lack of bias in our assessment. We were able to gain accuracy and consistency for greater accountability. We were able to improve our encumbered assessment as a measure by the average deviation from the actuals over the last seven quarters. So these are just a little taste of what some of the things we're using both internally in our – at IBM for both forecasting using both statistics as well as TM1 for our driver-based plans.

At this point let's take a look at a demonstration that I mentioned earlier. OK? In this demo we'll see how TM1 with SPSS and Cognos 8 BI are combined to allow a marketing manager and executive to plan and manage campaigns end at optimizing revenue and profitability. OK?

Here we see a dashboard of a business analyst who shares the same information that's used by his management team. Like the people he supports, he can quickly and easily see at a glance the performance of major marketing programs. To begin his analysis, he opens up a campaign by year cue. Using

this intuitive interface the analyst can explore the major differences of any campaign his company runs using simple mouse clicks and drag and drop gestures. The analyst wishes to review the consistency of sales of a specific product across time. He knows that the company's seasonal campaigns are typically run each year, so he drills into the area to begin his investigation. He chooses to focus on Summer Blitz campaign, as he knows it has been one of the company's top revenue generators for the past couple of years.

Having isolated a campaign as a basis for his analysis, the analysis next wish is to explore the numbers based on the sales channel. He is looking into campaigns specifically to his company's retail sales channel, so he simply drags and drops that onto his analysis. Note that he does so, the current context of Summer Blitz campaign is maintained automatically. He drills into the family (electronics) store members, because he wishes to focus on a specific channel, in this case the San Francisco office. So now with the base context for his analysis set Summer Blitz campaign sales in the San Francisco store, the analysis can begin to focus on the reality – the really interesting details he has as which products are generating most revenue for his company.

After adding his product (lines) the analyst simply right clicks on the set that was added and expands what's displayed to show the individual products his company sells. And we see which of these products are high potential revenue generators. He again right clicks and chooses to display the top ten products sold in the San Francisco for the Summer Blitz campaign. Immediately the analyst notes that the vast majority of high revenue products, those generating the most revenue for his channel and campaign, are high margin receivers and flat panel televisions.

At this point, he's looking at the budget numbers and he needs to confirm the top products for actual revenue. So he quickly adds the scenario to the analysis context. He also wishes to see the top ten products in terms of their revenue performance against budget, so he adds that to his cross tab. He notes that for this measure, there are few – far few receivers and flat panels in the top ten mix. So somehow budgeted numbers for the sales of flat panel televisions and receiver is not performing as well as it could.

So he turns to SPSS where he has imported records from the simple IBM Cognos report, then has saved in Microsoft Excel format. He quickly previews this file using a simple matrix of order numbers and products – where one indicates the product listed above the top was purchased as part of the order or zero means that the product was not included in the order. These values have fed into a type note where the analysis can be specified by which product he wishes to include as part of the analysis.

And attached to this type note are two additional model notes. Both which have been added simply by dragging and dropping them to the pallet of note across the bottom. These two notes provide the analyst with the easy access to data mining alga rhythms that find associations in the data that fed into them. The two models used in this case are (Apeora) model and a (Karma) model, both of which can find associations between sales based on kinds of input records we just saw.

Having already run the numbers through his alga rhythms, the analyst has derived results in the form golden nuggets of information. Here we see the results the (Apeora) model showing clear supporting confidence between the flat screen televisions and receivers. The terms here antecedent and consequent, simply mean that people who buy – who buy the antecedent also tend to buy consequent – purchase the consequent. The (Apeora) result are encouraging and the analyst proceeds to view the results from a second alga rhythm, where again he sees that there is a strong support between many of the same products. What this confirms is that the products in the question are likely great candidates for campaigns aimed specifically at cross sales of companies of high margin receivers and flat panel televisions.

Back in the dashboard where the analyst can see these numbers in a far more consumable manner with IBM Cognos Business Intelligence, the analyst can then quickly filter the report to see that those are the greatest degree of association. And view these numbers as a chart concurrently to cross sale candidates clearly.

So let's recap. We using a simple and intuitive web-based analysis interface, a business analyst has very quickly identified high revenue products in a stable sales channel for a reoccurring campaign. The analyst then is fed information about the sales of high revenue products into SPSS where he learned that they were a high degree of association between specific model flat screens and receivers. The customer who buys the former also tends to buy the latter.

With this in mind, let's take a look at TM1, the analyst can begin to do some what-if modeling directly in his dashboard. Here we see a couple of views into the marketing sales campaign as well as information intro-income statement measures related to marketing. Armed with this knowledge that the specific products sell well together, the analyst can then begin by focusing on specific cross selling campaigns, where it's expected that cross promoting these products will generate new revenue.

Next the analyst can focus on driving measures from sales in this channel, which in this case was San Francisco store. Note that because the campaign cue share the same dimensions with the income cue, when the analyst changes dimension in one place it is automatically updated in the other.

The analyst can then focus on promoting pricing for the specific products he wishes to cross sell, in the case 65 inch class 1080p flat panel television to which he can easily apply a percentage change spread to reduce his price on an average (inaudible) percent. The cross selling product is a 1400 watt 10.2 channel receiver, which is higher in both revenue and margin than the flat panel television that tend to drive combined sales.

The analyst again spreads the data, lowering the unit price there by only four percent. And while there are steps not included here, like adjusting costs for running up a large campaign or adjusting prices for other models, those can easily be incorporated into a scenario as well. With the baseline prices adjusted, the analyst can then go to his campaign planning cue and up his planning unit sales based on cross promotion of highly associated products at reduced prices.

And even with these changes to only two of these associated products, the analyst can see a positive impact on the net income and the income statement below. From here, the analyst can easily create a (inaudible) effectively branch this analysis of the current view and continue to adjust prices.

There's (inaudible) a foundation for successfully marketing campaign that initiative cross sell of products not on intuition, but rather on predictive analysis and planning that confirm which product are most likely generate combine revenue. Using these kinds of numbers, data analysts can constantly advise and guide the management and executive team they support. Business executives can easily track the results of campaigns planned and executed. And the managers can participate in all aspects of the campaign planning and management.

So let's summarize here, OK? What we seek really to do is move from an enterprise planning analysis process from a limited low reach to a high participation, high frequency. Move from both financial only to driver-based as well as statistical, (inaudible), financial and operations. Move from both static and long horizons to rolling, dynamic horizons. And from inconsistent data definitions to consistent data definitions that are owned by finance, but to our IT standards. With that, let's move to our Q&A session and see how people are doing? So Tim I think we had some questions come through?

Tim O'Bryan: We do. Thank you, Chris. That was a great presentation and we've got a couple of questions here. You know, I'll leave out asking you anything about hysterical data.

Dr. Chris Ilacqua: OK. I don't know if that was a Freudian slip or the state of our economy, right?

Tim O'Bryan: I couldn't let that go unnoticed. Had to bring that up.

Dr. Chris Ilacqua: At least I wasn't aggravating the data.

Tim O'Bryan: You know what? I just wanted to point something out and maybe you can clarify it first further, Chris ...

Dr. Chris Ilacqua: Sure.

Tim O'Bryan: And that is – you talked earlier – but forecasting is a practice, if you had to sum it up into a statement it would be what the future will most likely look like at a given point in time. And you talked about that definition or that understanding what it will most likely look like – that's the forecasting side – now the analytics comes into play and that's where you're really doing those questions around within SPSS modeler – what are the relationships, what are the assumptions. Is that sort of the scenario planning side so you got the planning and analytics side is where is SPSS modeler comes into play?

Dr. Chris Ilacqua: Exactly. And a great point – you know – these are just indicators of futures. You know – this is the old argument – you know – from 'The Terminator' – if anybody's a fan of 'The Terminator' series – you know – you can forecast the future, but the future isn't written so – you know – this is just another indicator to understand your relationships of historical data, as well as what has changed since the collection of that data. So think of it as another tool set to help you generate baseline forecasts and provide more discipline around the baseline forecast. But then the next step is to now extend that baseline with driver-based capabilities to help you better anticipate the future requirements, as well as judgmental where you actually enter in the new data based on (inaudible) and provide a hybrid of both statistical, driver-based forecasts, as well as judgment-based forecasts. So it will allow you to override all of it if need be based on disruptive events …

Tim O'Bryan: OK. And I think it's a perfect lead into this question, because you're talking about the forecasting practices, at least primarily based in TM1 and maybe that analytics side scenario what-if analysis is more within the SPSS modeler tool. I guess the question would be, "How integrated is SPSS into the Cognos platform?"

Dr. Chris Ilacqua: Great question, right? Because there's different places that you can do your what-if modeling, right? And again, it depends on what your data source is. So this is one of the value proposition IBM brings to the table in terms of the Cognos portfolio, all right? SPSS was purchased about six months ago; we've been hard at work at integrated it. So as of now SPSS integrated with our

Cognos 8 platform to framework manager for our Cognos customers that are on the line today.

So framework manager is the same tool you are using to build your report; it's the same tool you can use to (inaudible) into TM1, with the latest version of TM1 9.5.1. Where as turbo integrator can now read a Cognos package, which is framework manager. It is the same tool set. Think of SPSS as just another data source that you can either build a report or populate TM1 with as well.

So you've got a great opportunity. We've also got some best practices that are available to show you what are the best ways to get SPSS data into TM1, as well as being able to spin off new cues. So think of it now as it is tightly integrated, but you'll see some new things coming this Fall too as well, but I can't talk about those yet. But hopefully we'll see you all at IOD so we can announce some of them as well come this Fall.

Tim O'Bryan: Right. And another question here, "Can SPSS create TM1 cues directly?"

Dr. Chris Ilacqua: Yes, it can. We have a number of best practices – and I mentioned earlier – around that process, right? So it would be a combination of both SPSS and the ability to (call) TM1's to spin off new cues. Which we've already mapped that out and we'd be glad to share with you best practice documents that our engineering team, as well as our project manager team has put together just to support that particular activity. So we can spin directly TM1 cues from SPSS.

Now the next step would be, "How do you want to integrate that?" Right? And we have some best practices around what those cues would look like and how do you add that on top of an existing application, so great question. Thank you, Tim.

Tim O'Bryan: Sure, Sure. Well, Chris, I think that's it for the questions today. Thank you very much for the presentation today, Dr. Chris Ilacqua, Director of Product Marketing for IBM Business Analytics, showing us a great presentation and a bit of a demonstration of leveraging SPSS and enterprise planning and forecasting. Thank you, Chris, appreciate your time. I want to make everyone aware also – Chris mentioned it – Information On Demand Conference. Now this is IBM's massive user conference, global user

conference in Las Vegas, Nevada at the end of October – I believe it's October 25ththrough the 28th , that's that Monday through Thursday – and coupled with that as a co-located is what we are calling Business Analytics Forum. It's the old Cognos forum, we're bringing an SPSS, you'll hear a lot about open pages as well. Pretty exciting time.

The great thing about this is that when you sign up for Business Analytics Forum you get automatic into the Information on Demand Conference. And there's over 900 customer delivered sessions at Business Analytics Forum and Information on Demand Conference. A great way to stay connected. Not only with IBM staff, the IBM Cognos folks, the IBM SPSS folks, but it's also a great way to connect with other customers. And a lot of the feedback we get – you know – is very positive about the sessions and connecting with IBM staff, but also connecting with other customers. And there's a ton of different industry-based birds of a feather lunches – they call them – to bring companies together within the same industry to network. Tremendous opportunities to get to know other users of our technologies so you carry those relationships beyond the conference.

So really encourage you to take a look at that conference and see whether or not you can attend and I believe there are some discounts available, but the easiest way to find out about it, everyone, is just go out to IBM.com. It's right there on the main page, you can't miss it. Other great information within the office of finance if you just go to IBM.com forward slash CFO or even IBM.com forward slash CIO, it's within the IT space. Incredible resources out there, including the global CFO study that Chris mentioned earlier. All of the information around different different web casts and live events and web stories and leadership coming out of the Innovation Center and the Widget, I'll make sure you get a copy of as well.

Thank you everyone for your time. We hope this was a valuable use of your time and most importantly if you all have particular topic that you'd love to see us present around please let us know. My email is tim.obryan@us.ibm.com. Email me anytime and let me know what particular subjects you're interested in I guarantee we'll try and make that a part of our

offerings. So thank you again everyone, appreciate your time and enjoy the rest of your day.

(Ryan): We'd like to thank everyone for joining us. This does conclude today's program, you may now disconnect.

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