



# Driving a Smarter Enterprise: Putting Insights from the IBM 2010 Global CFO Study to Work

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IBM Business Analytics

Business Analytics **Forum**  
@ Information On Demand 2010

Thursday 4 November  
3.30pm - 4.30pm  
Room 6.

# Agenda



Introduction



Insights from the Global CFO Study



Driving a Smarter Enterprise



# Uncertainty – The New Normal

## Velocity and Volatility



***“Over 60% of Finance executives believe that when the recovery takes hold, the heightened uncertainty in the business will remain”***

**CFO Magazine/Duke University Business Outlook, September 2009**

***“Both empirical and anecdotal evidence indicates that economies and industries have become structurally more risky and volatile, translating into higher levels of business risk for individual companies.”***

**The Hackett Group, September 2010**





# Anticipate and Shape Business Outcomes



**Better  
Outcomes**



**Smarter  
Decisions**



**Actionable  
Insights**



**Trusted  
Information**



# Agenda



Introduction



Insights from the Global CFO Study



Driving a Smarter Enterprise



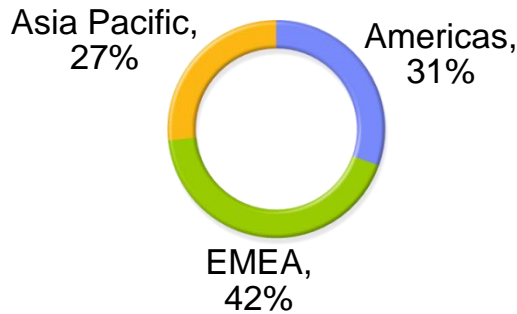


# 2010 IBM Global CFO Study

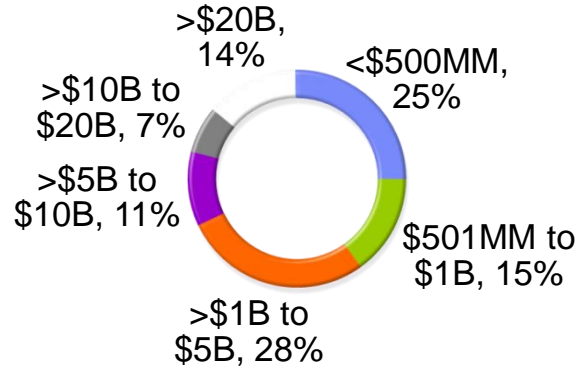
## The largest CFO-level study of its kind

### CFO Study 2010 Firmographics (>1900 Participants)

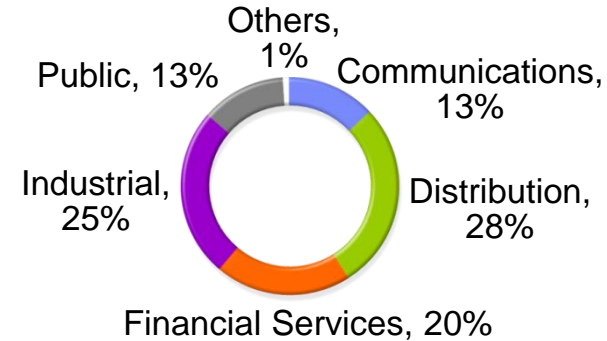
#### Geography



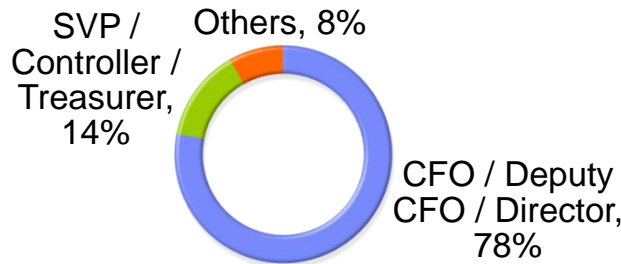
#### Enterprise Size



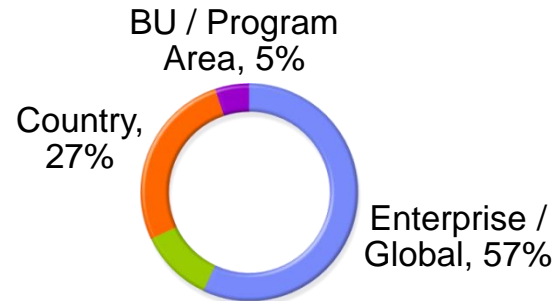
#### Sector



#### Title



#### Scope of Role



Source: 2010 IBM Global CFO study

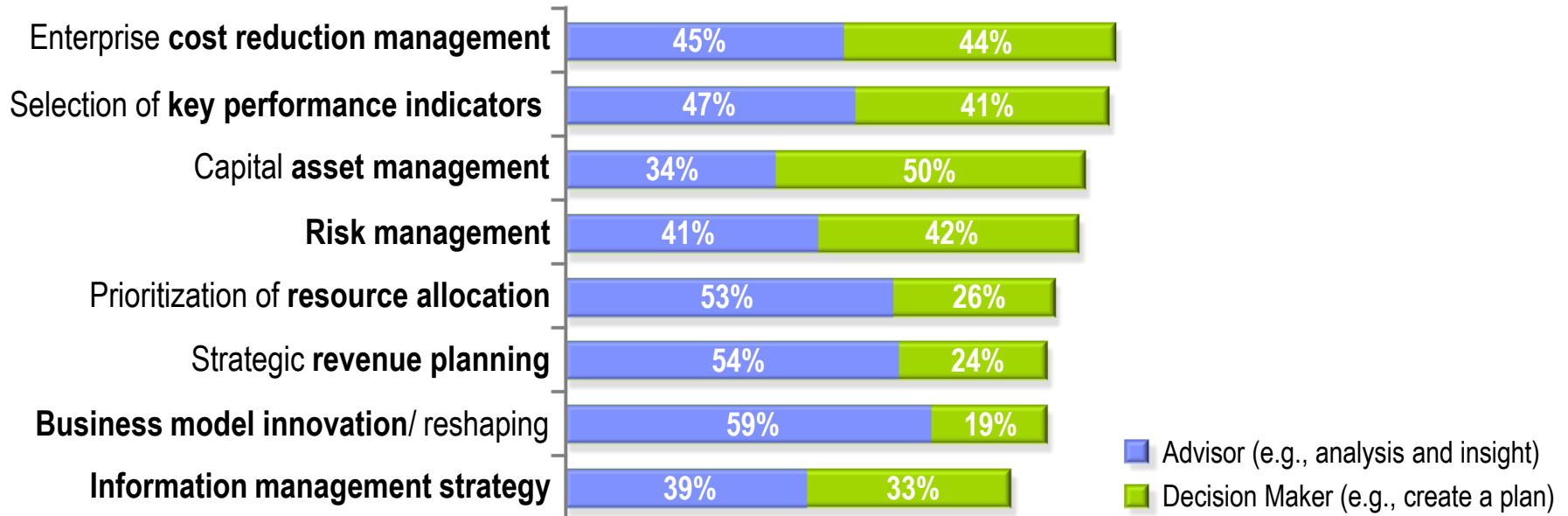




# CFO's are taking a more prominent role in enterprise decision making

## Elevated Role of Finance

*Role of Finance in Driving Decisions Across the Enterprise*



*Over 70% of CFOs believe they have an advisory or decision making role on the Enterprise agenda.*

Source: 2010 IBM Global CFO Study

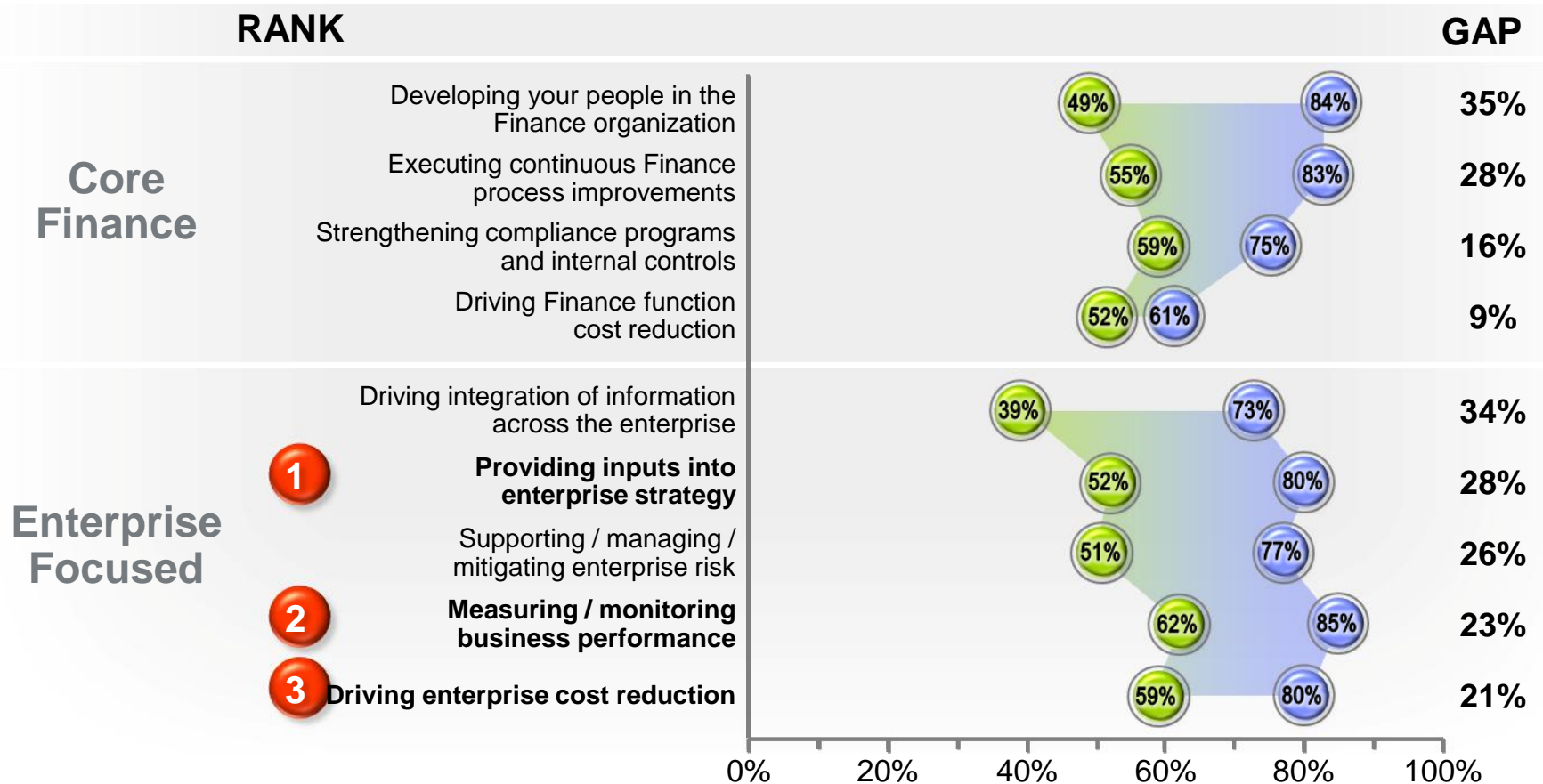




# However, Finance needs to improve effectiveness on the enterprise agenda

## CFO Agenda: Importance vs. Effectiveness

● Importance  
● Effectiveness



Source: 2010 IBM Global CFO Study







# Finance continues to struggle with structural complexity due to issues related to automation and standards

## Efficiency Challenges

**Nearly 40% of enterprises produce financial metrics manually**

**Finance continues to spend nearly 50% of time on transactional activities**

**Over 35% lack a common reporting platform**

**Over 25% lack the necessary common data definitions and processes**

Source: 2010 IBM Global CFO Study





# The majority of enterprises are not able to effectively deliver business insights

## Business Insight Challenges

**Nearly 50% lack a common planning platform**

**Over 50% manually producing operational metrics**

**55% not satisfied with their operational planning and forecasting analytical capability**

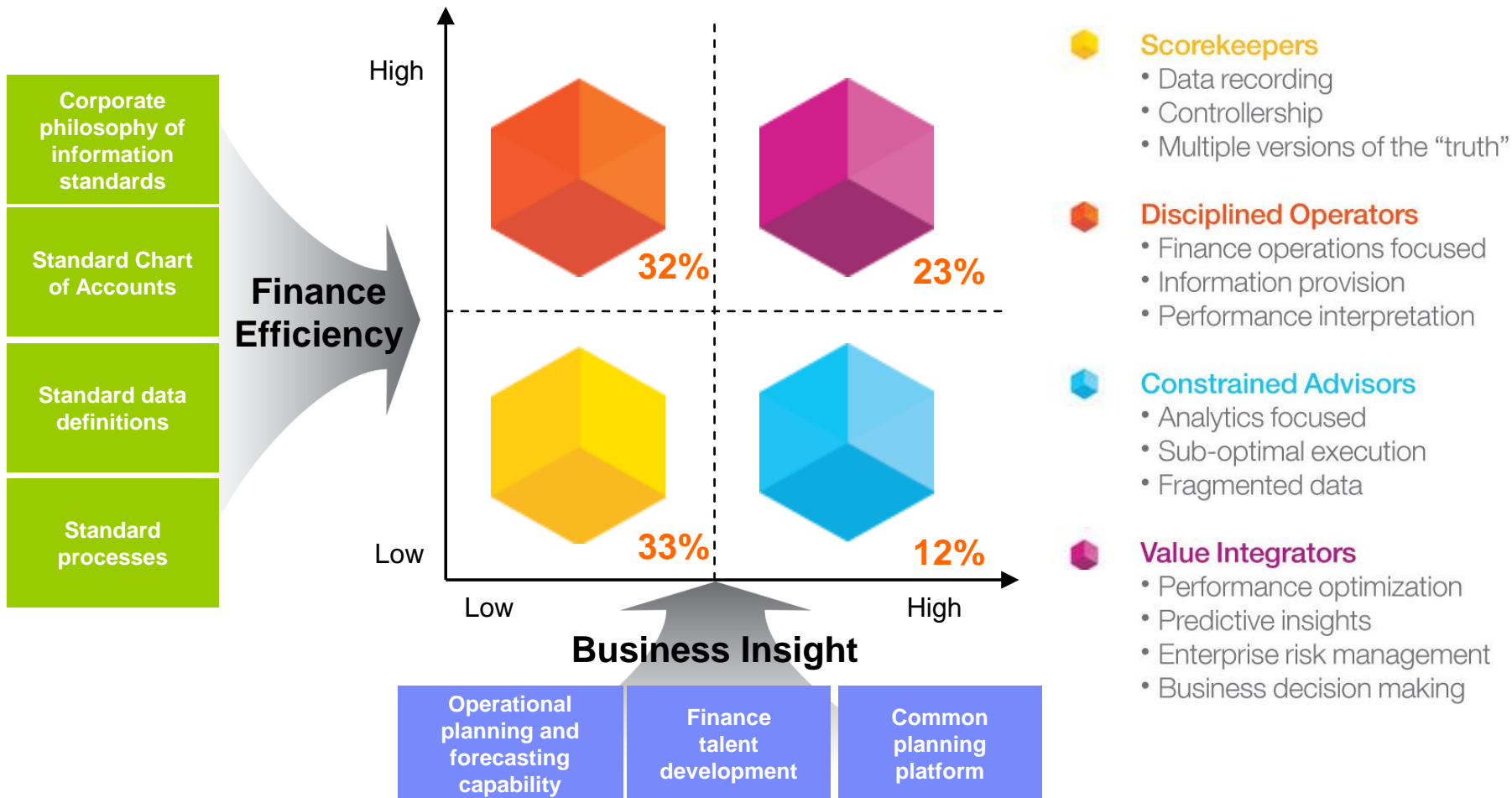
**44% are poor to average at anticipating external forces**

Source: 2010 IBM Global CFO Study





# Four Finance profiles become apparent when participants are segmented by efficiency and business insight



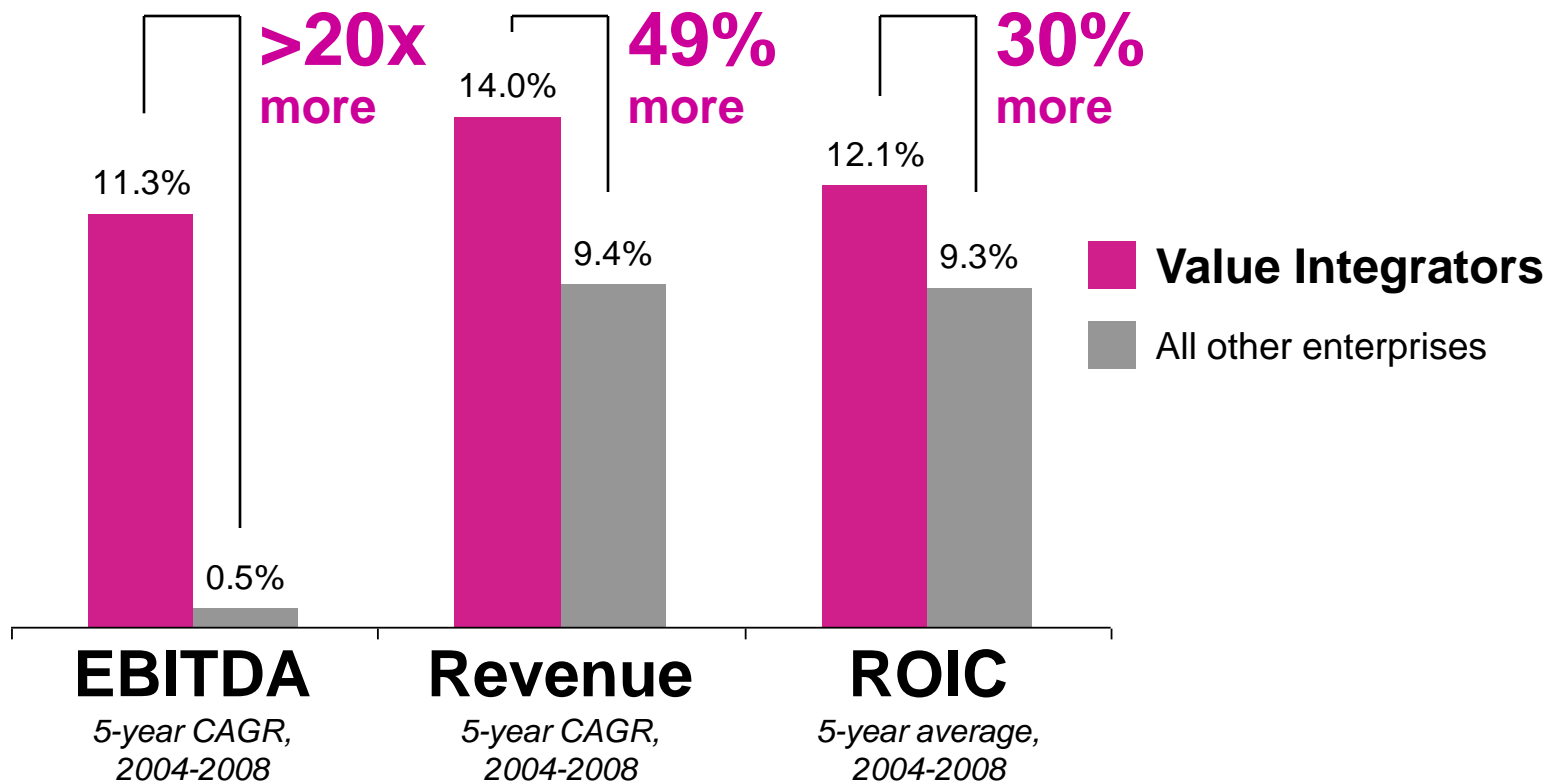
Source: 2010 IBM Global CFO Study





# Rewards Are Significant

Efficiency + Business Insight Contributes to Outperformance



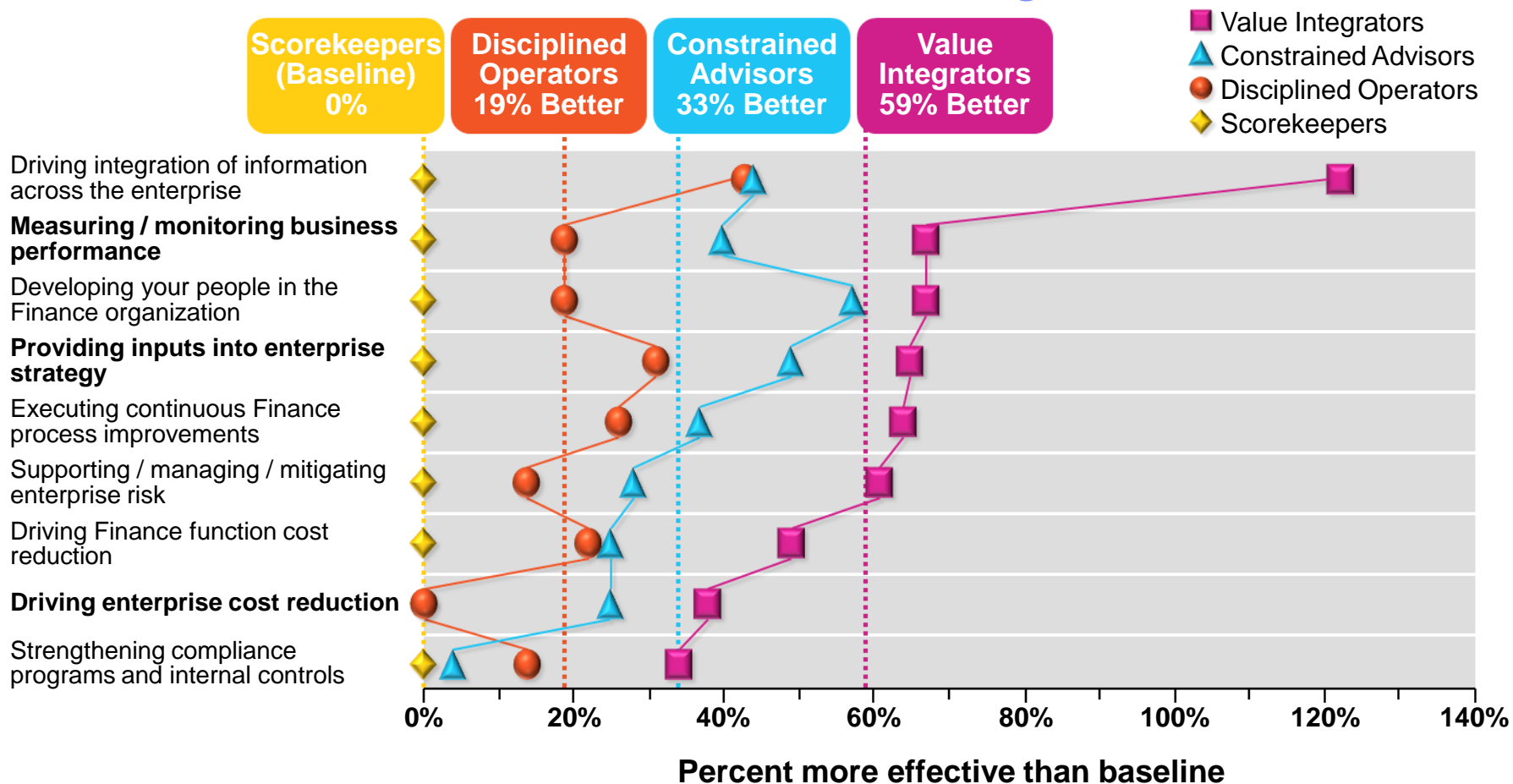
Revenue Growth: N = 580; EBITDA: N = 531; ROIC: N = 501;  
Source: IBM Institute for Business Value, The Global CFO Study 2010





# Value Integrators are more effective on enterprise agenda

## Effectiveness Across the Full CFO Agenda



Source: 2010 IBM Global CFO Study



# Agenda



Introduction

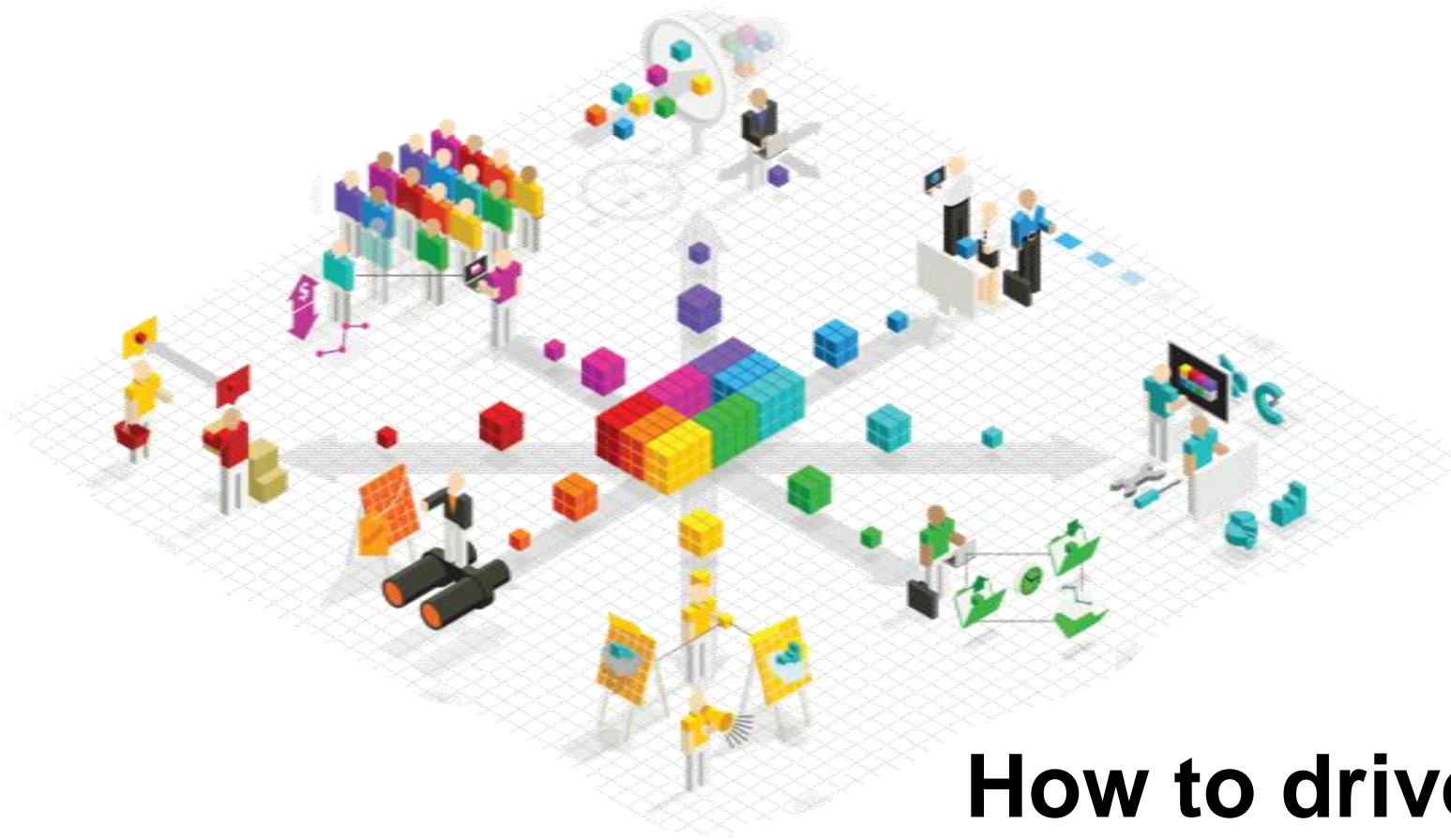


Insights from the Global CFO Study



Driving a Smarter Enterprise



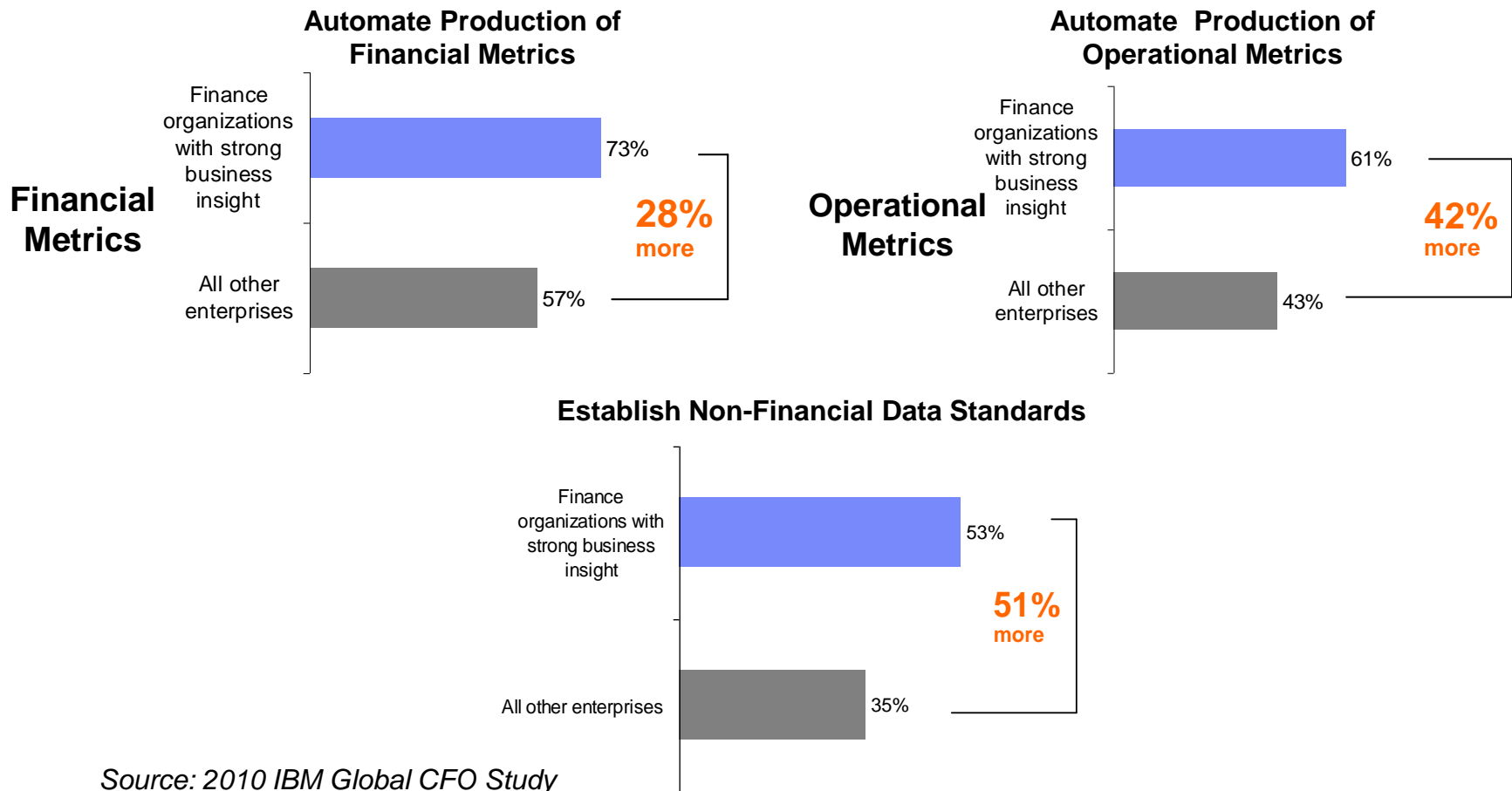


# How to drive Better Outcomes like a **Value Integrator**

# Business Insight is driven by **standards and automation**



## Business Insight Accelerators



Source: 2010 IBM Global CFO Study



# Automate performance monitoring

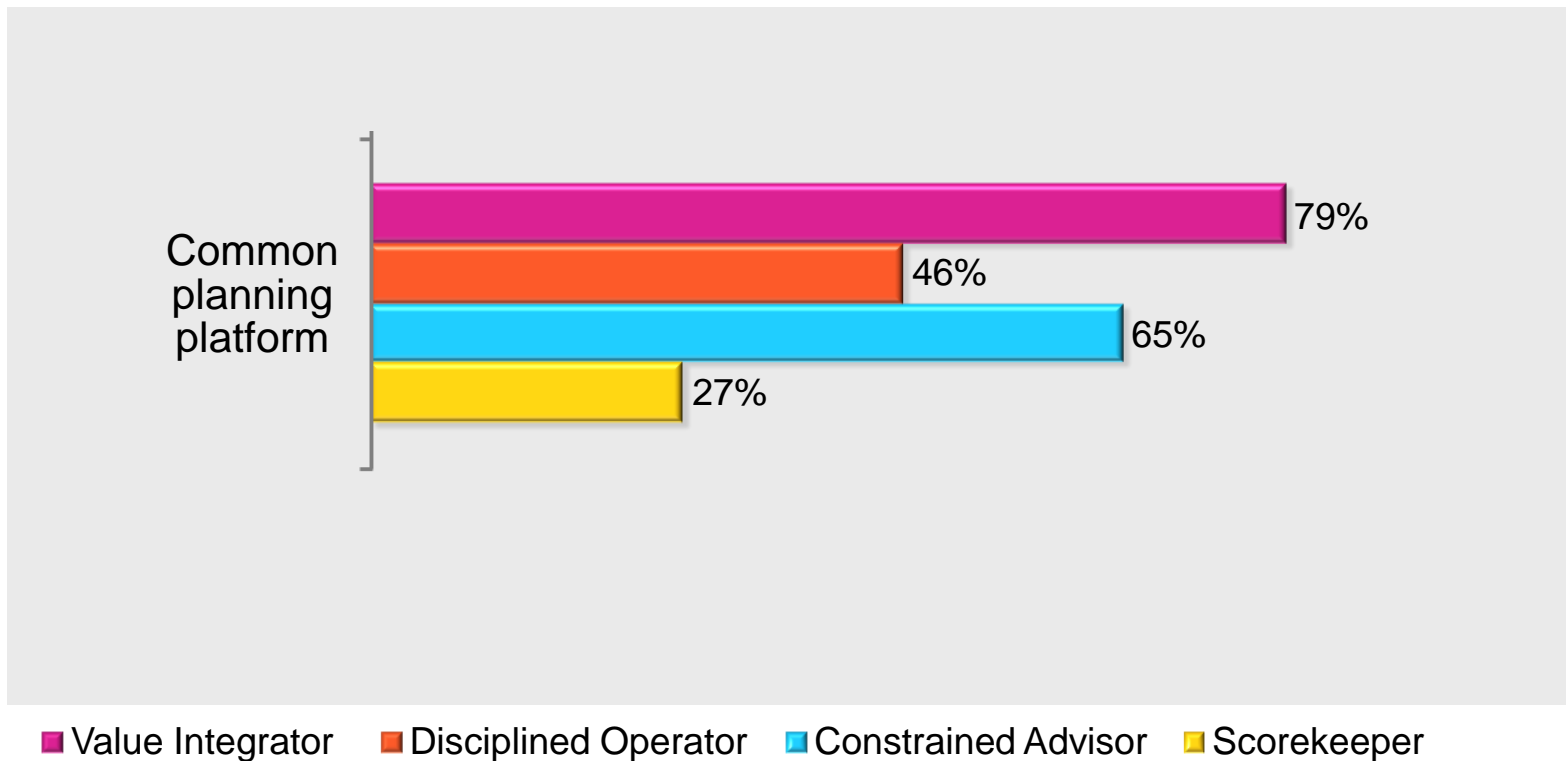


- Automate production of key financial and operational metrics
- Dynamic reporting
- Ad-hoc Analysis
- Drill-through to transaction detail
- Business self-service



# Value Integrators implement a **common planning** platform to a greater extent

## Technology: Applications Rationalization



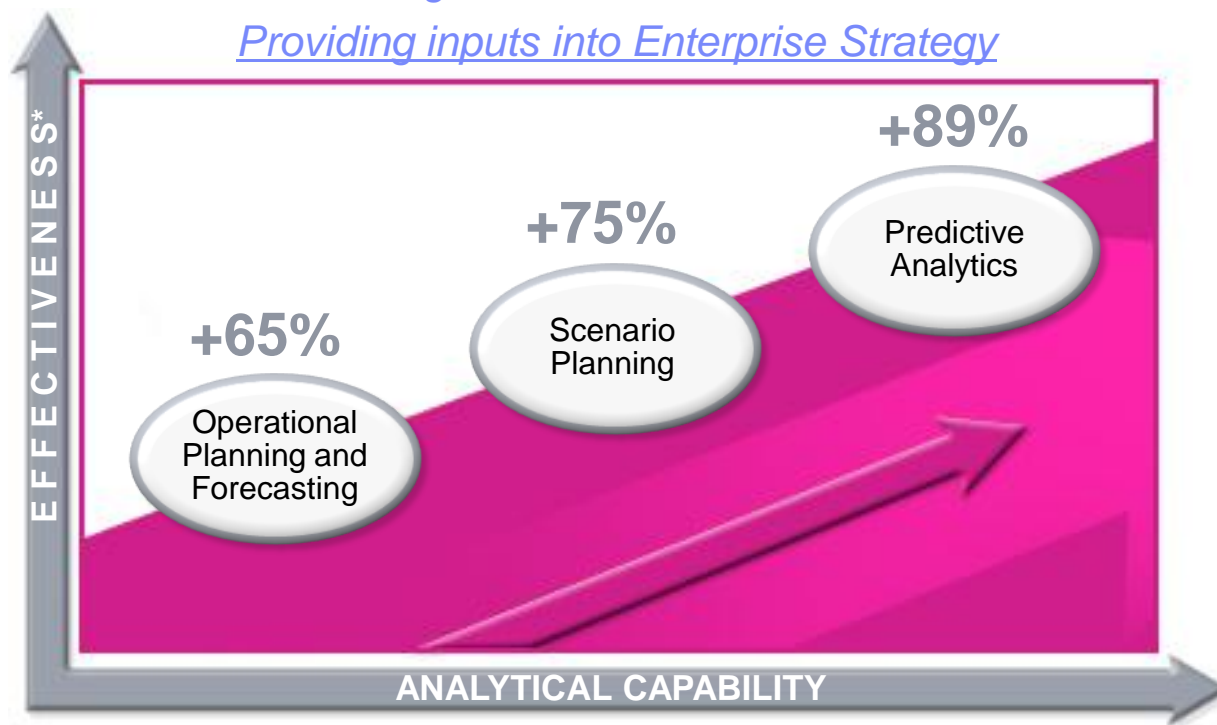
Source: 2010 IBM Global CFO Study



# Advancing analytical capabilities improve the Value Integrator's effectiveness against the #1 CFO agenda priority



*Evolution of Analytics and Value Integrator's Effectiveness in Providing inputs into Enterprise Strategy*

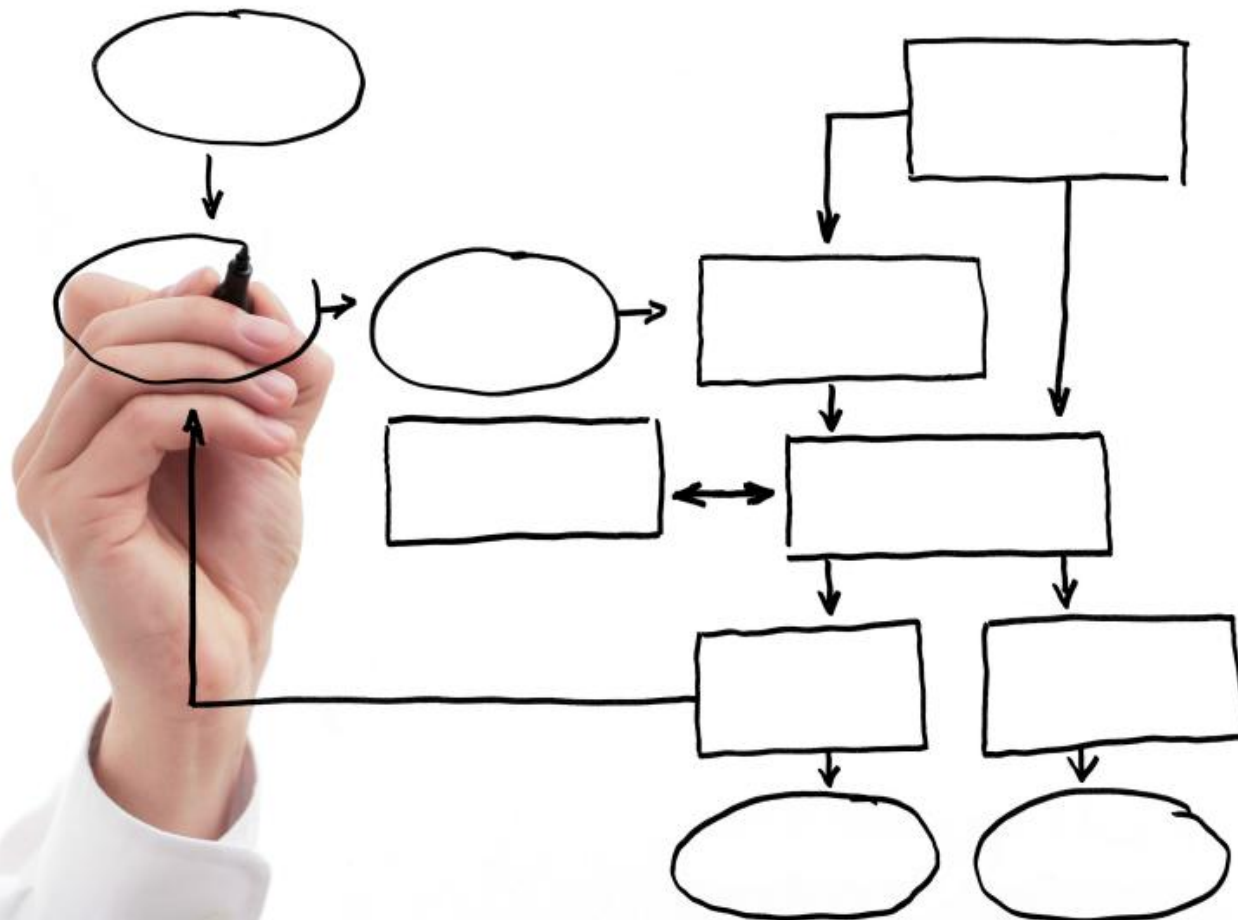


\* Percent more effective than baseline (Scorekeepers)

Source: 2010 IBM Global CFO study



# Identify risks & opportunities with Scenario Planning



**Place  
Your Bets**

**What if?  
What if?**



**Deep  
Recession**

**Zero  
Growth**

**Modest  
Recovery**







# Identify risks & opportunities with Scenario Planning



**SALES**



**CUSTOMER SERVICE**



**MARKETING**



**PRODUCT DEVELOPMENT**



**OPERATIONS**



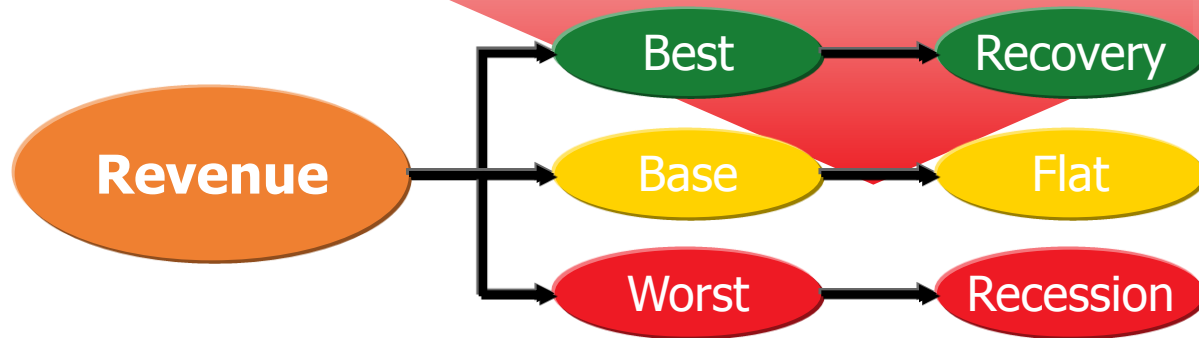
**IT**



**FINANCE**



**HR**



CASH FLOW			
	Actual	Plan	Forecast
Net Income	3.6	4.0	3.8
Cash Flow from Operations			
Depreciation			
Changes in			
Total			
Cash Flow			
Capital Ex			
Assets:			
Cash	9.0	9.9	9.4
Investment			
Receivables	5.4	5.9	5.6
Inventory			
Total			
Cash Flow			
Change in			

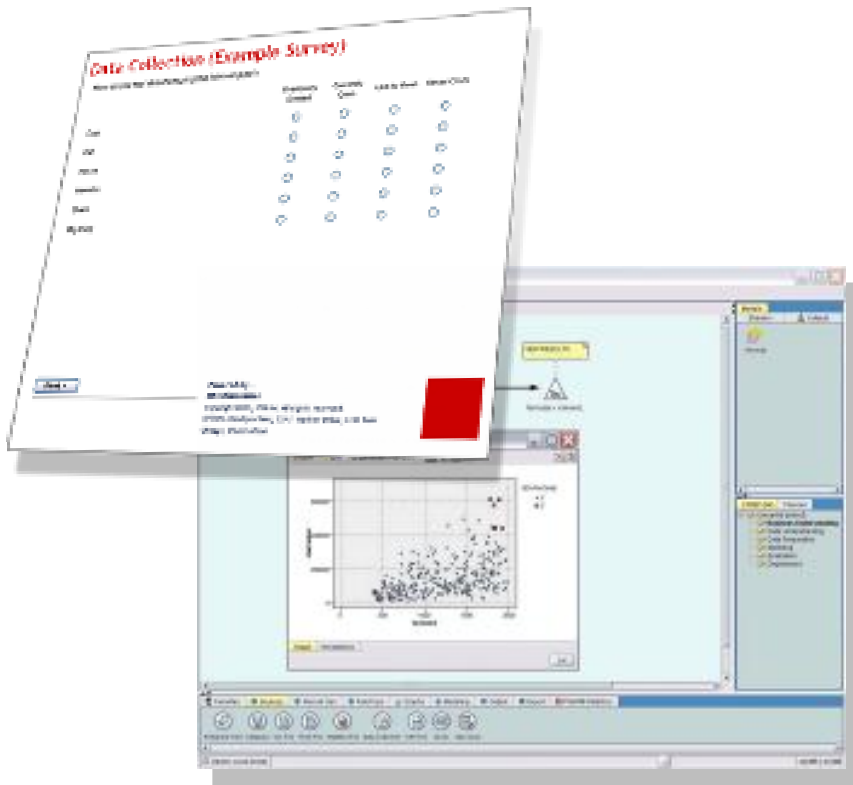
BALANCE SHEET			
	Actual	Plan	Forecast
Assets:			
Cash	9.0	9.9	9.4
Receivables	5.4	5.9	5.6
Inventory			
PP & E			
Total Assets			
Liabilities			
Payables			
Other Liabilities			
Total Liabilities			
Net Worth			
Total Liabilities & Stockholder			

P&L			
	Actual	Plan	Forecast
Revenue	53.9	61.5	58.4
Cost of Sales	45.9	50.5	48.0
Gross Margin	10.0	11.0	10.5
Expense			
Profit	3.6	4.0	3.8
EPS	1.2	1.3	1.3

Advanced planning & analysis capabilities  
across a finance and operations spectrum

# Predictive Analytics drives more effectiveness for “inputs into enterprise strategy” (#1 CFO Concern)



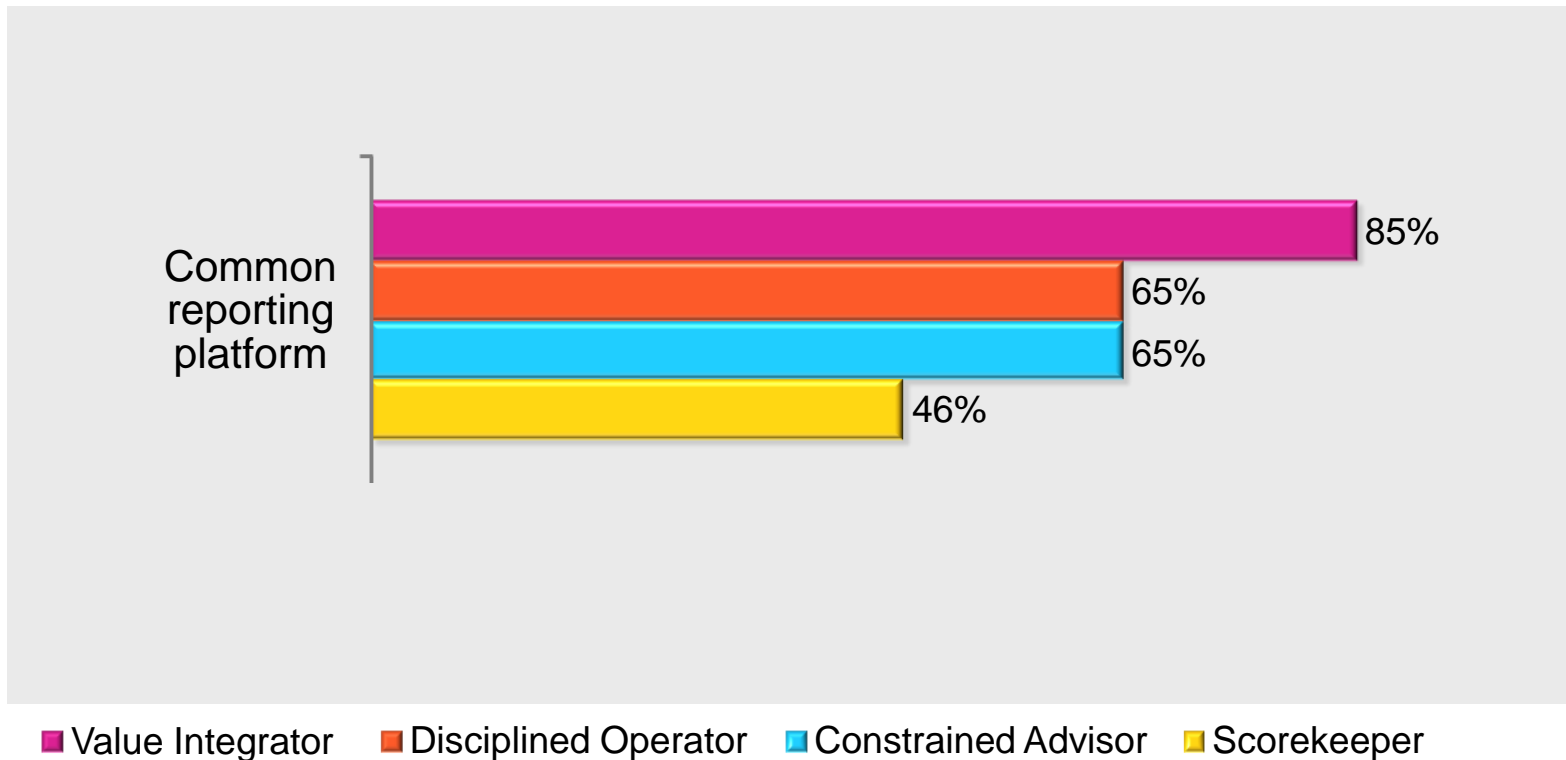
- **Capture** attitudes and opinions
- Apply text and data **mining** to uncover new patterns
- Apply **advanced statistical** analysis to raise confidence
- **Deliver KPPs** with other BI content to enrich reporting and analysis





# Value Integrators implement a **common reporting** platform to a greater extent

## Technology: Applications Rationalization



Source: 2010 IBM Global CFO Study



# Manual Processes and Poorly Integrated Systems Make **Common Financial Reporting** difficult

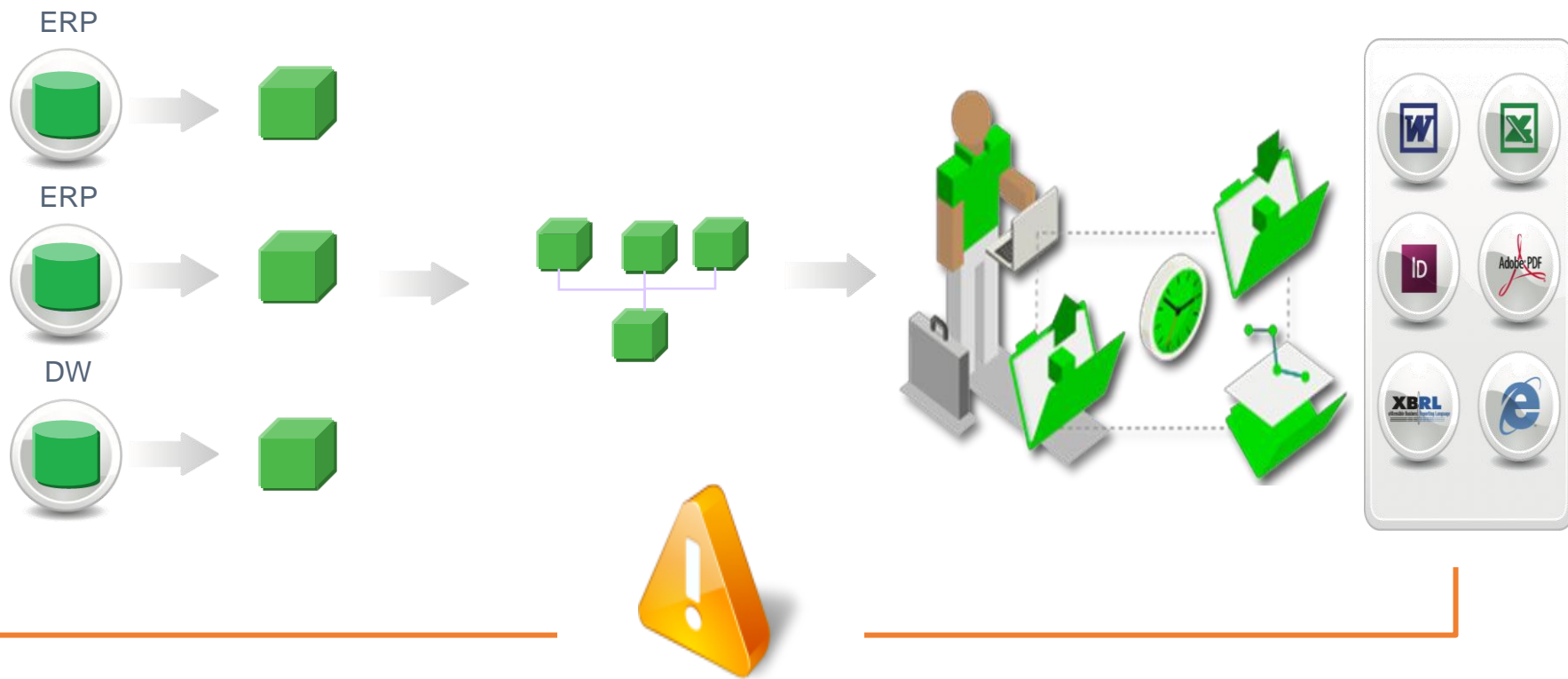


Accounting  
Close & Analysis

Financial  
Consolidations

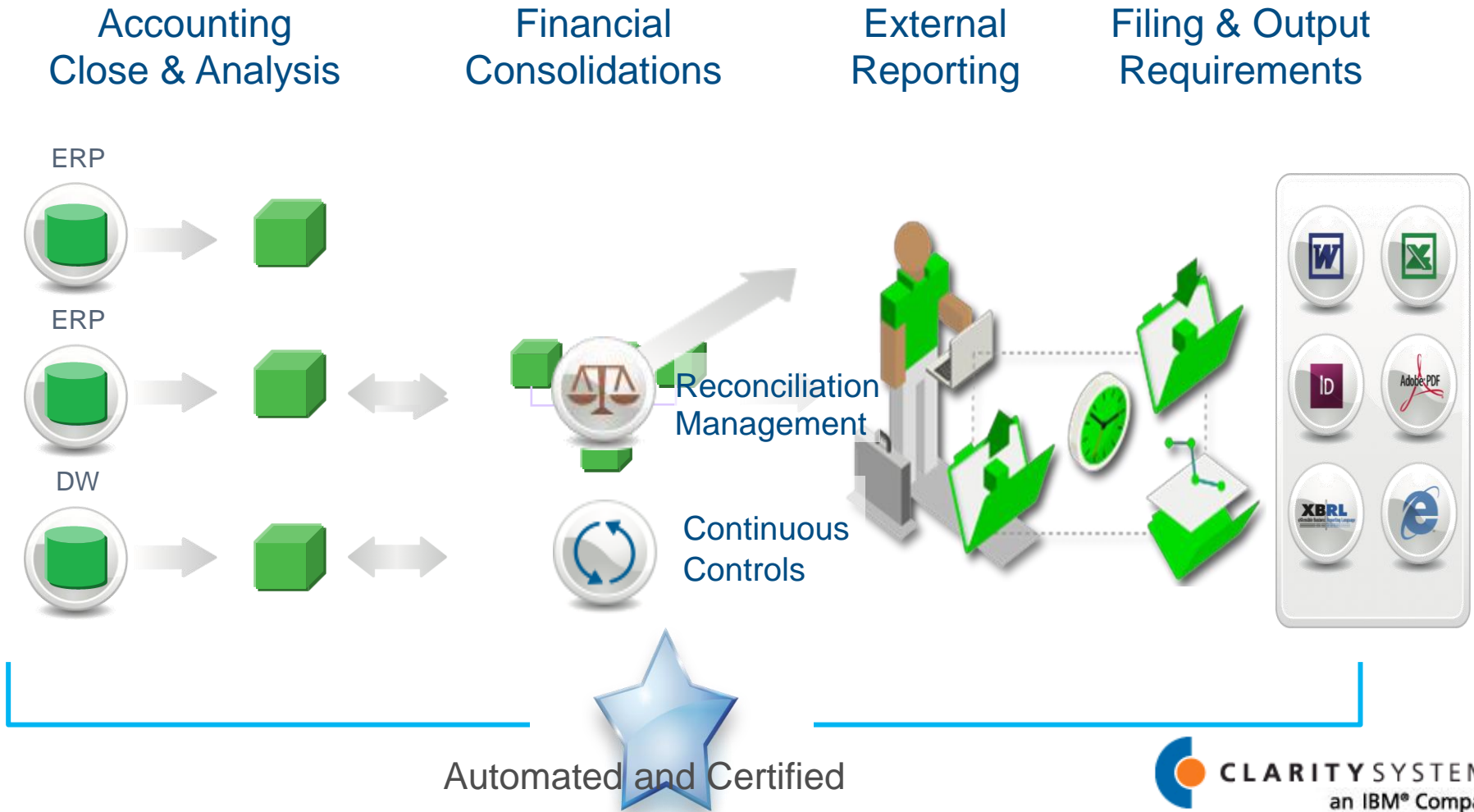
External  
Reporting

Filing & Output  
Requirements



Risk of Errors, Late Filing, Insider Leaks, Non-compliance

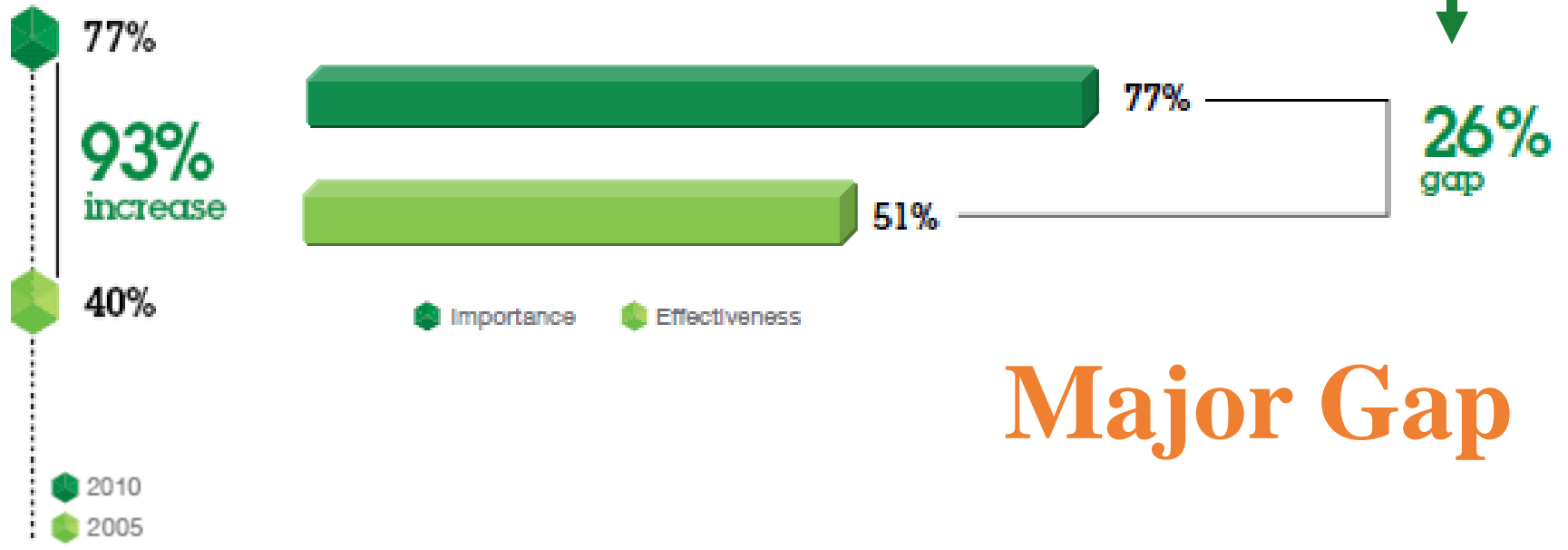
# Common Financial Reporting Platform Drives Efficiency and Business Insight



# Risk Has Never Been a Bigger Challenge



## Importance



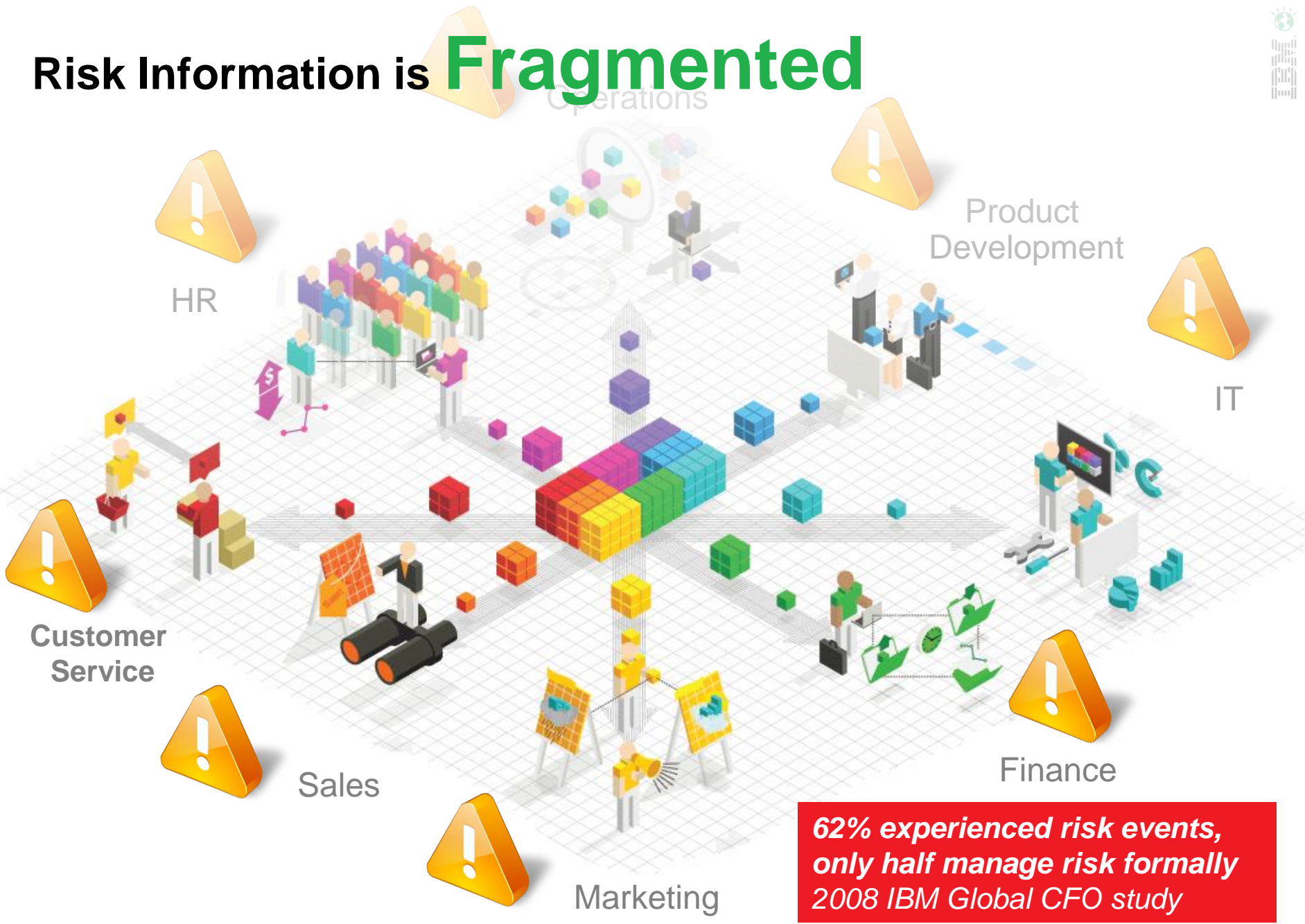
# Major Gap

## Supporting / managing / mitigating enterprise risk

Source: 2010 IBM Global CFO study



# Risk Information is **Fragmented**

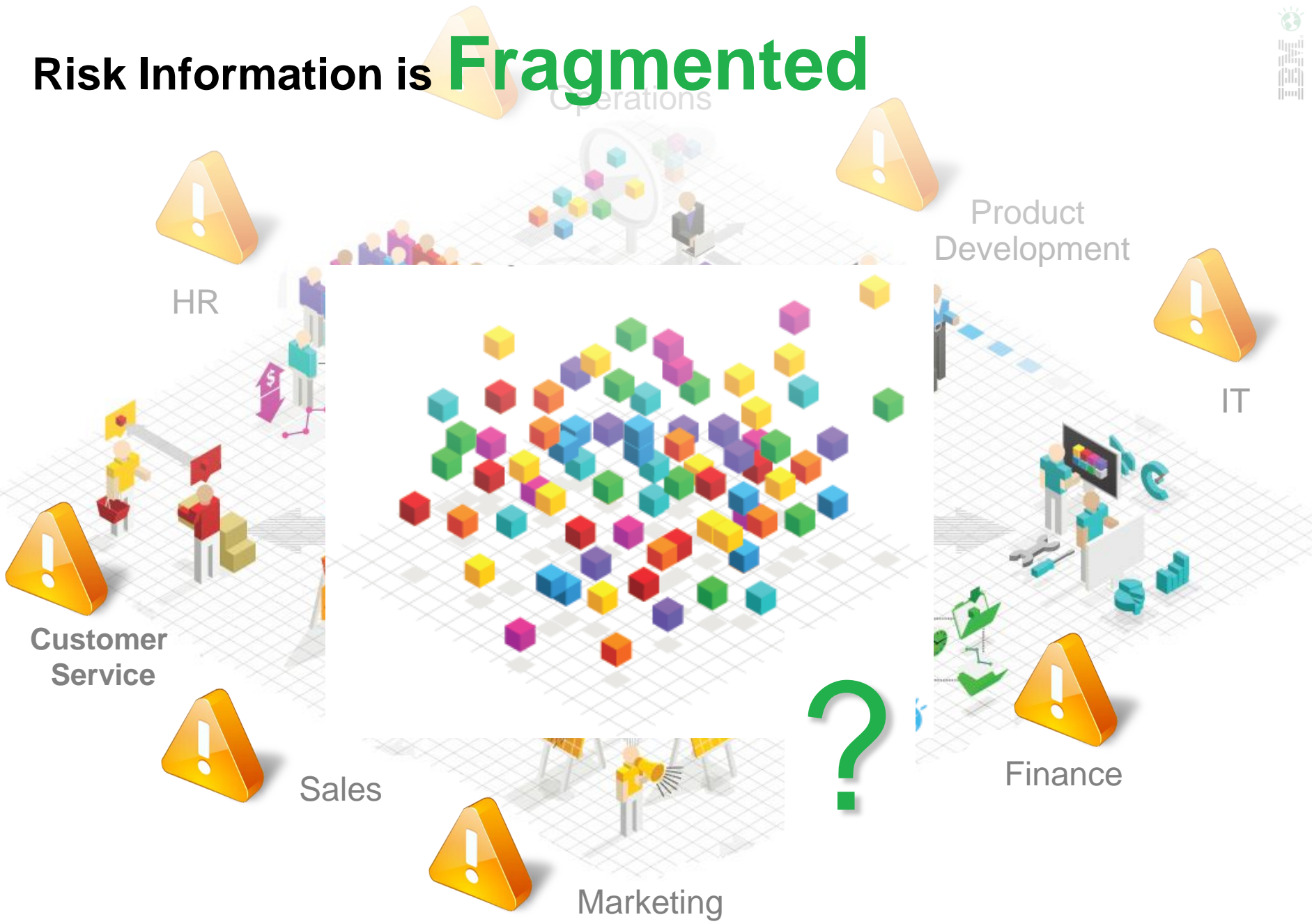


**62% experienced risk events, only half manage risk formally**  
*2008 IBM Global CFO study*





# Risk Information is **Fragmented**



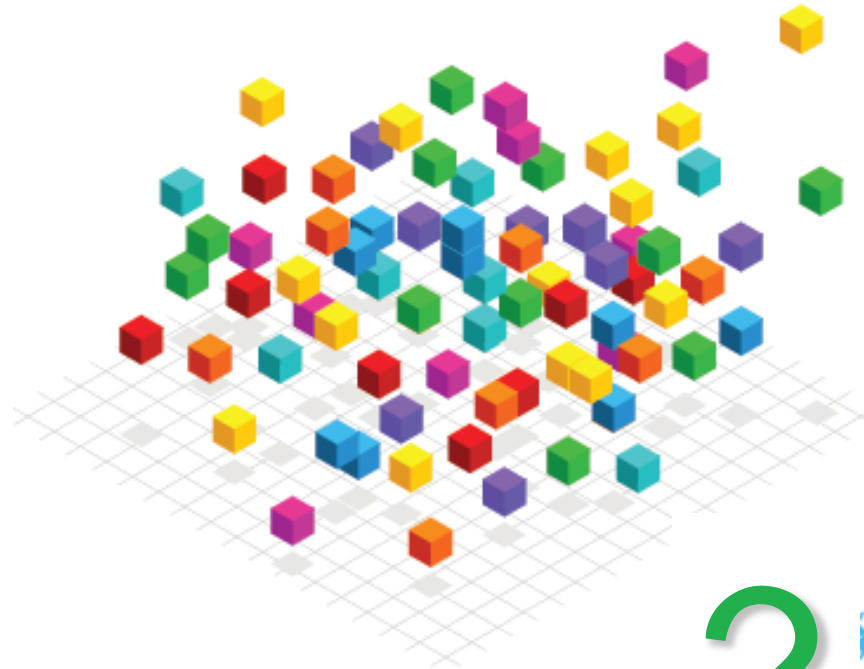


# Integrated Compliance and Risk Management

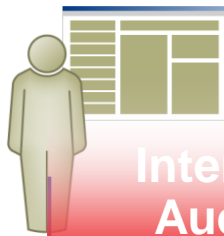


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**Finance**



**Internal Audit**



**Risk Management**



**Regulatory Compliance**



**IT Operations**



# Summary: Follow the Leaders

- Automate performance monitoring
- Deliver fast & reliable reporting
- Connect enterprise plans
- Improve operational insight
- Manage Risk

**Business Analytics** **IBM**

The study revealed the three most prevalent things companies with higher Business Insight have done to improve **Business Insight Accelerators**

Automate Production of Automate Production of

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**Business Analytics** **IBM**

Value Integrators implement a common reporting platform and a common planning platform to a greater extent **Technology: Applications Rationalization**

Common 85%

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**Business Analytics** **IBM**

Advancing analytical capabilities improve the Value Integrator's effectiveness against the #1 CFO agenda priority - providing inputs into enterprise strategy

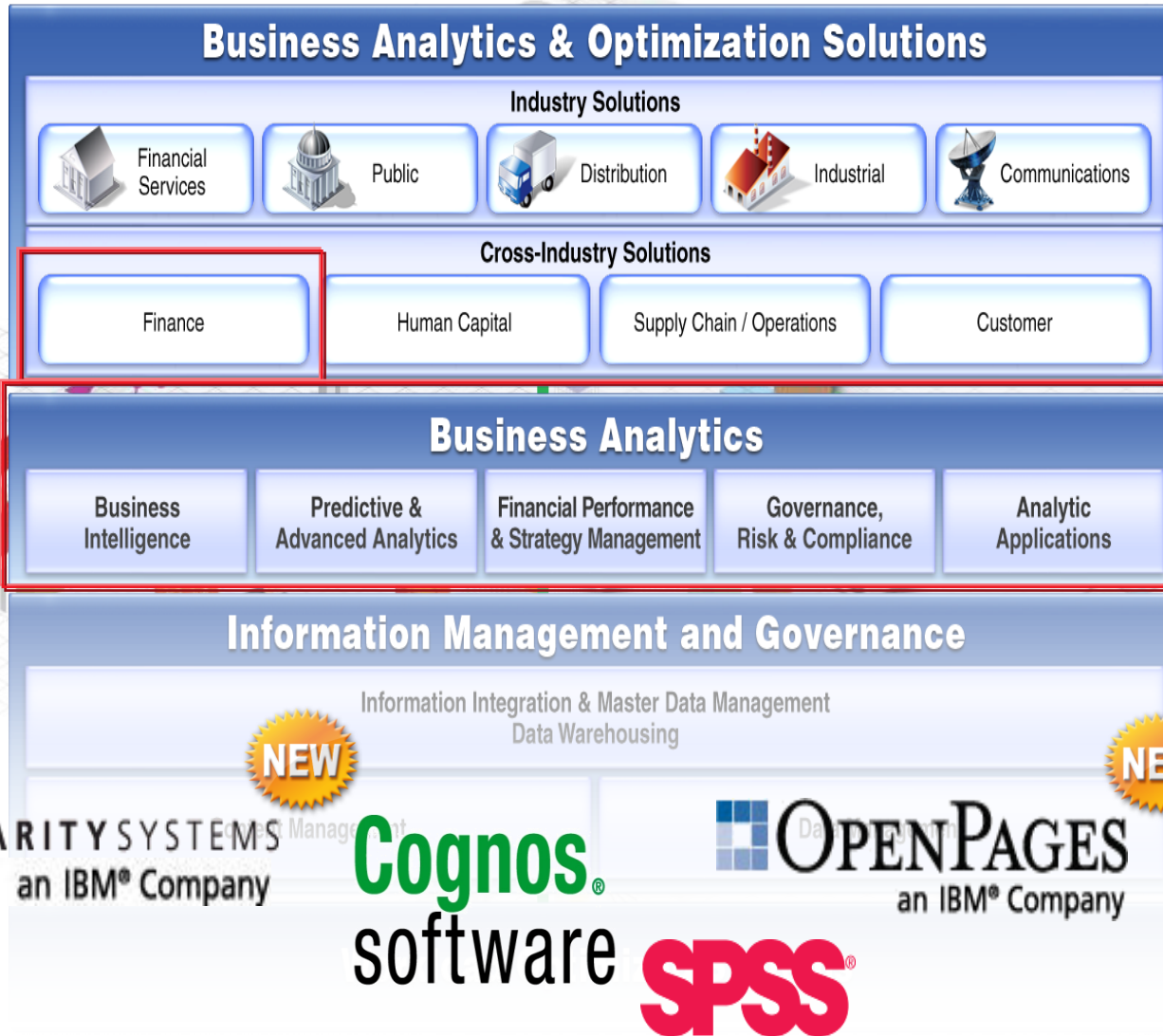
**Evolution of Analytics and Enterprise Value**  
*Integrator's Effectiveness in providing Inputs into Enterprise Strategy*

Source: 2010 IBM Global CFO Study





# That's how to drive Better Outcomes like a Value Integrator





# Question and Answer

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