

## Fundierte Einsichten gewinnen - mit dem CFO Dashboard



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### [SCRIPT]

Welcome to this presentation entitled “Driving Stronger Business Insight through a CFO Dashboard.”

My name is [FIRST] [LAST] and I am with IBM Business Analytics Software [or GBS BAO].

The purpose of this presentation is to describe new capabilities provided by the IBM Smarter Analytics Signature Solution – CFO performance insight (formerly known as the IBM Business Analytics and Optimization – CFO performance dashboard – advanced edition). This is a pre-configured solution asset offered by IBM GBS BAO built on IBM Business Analytics software.

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### Background:

- IBM Smarter Analytics Signature Solutions – CFO performance insight was publicly announced on March 20<sup>th</sup>, 2012 as part of the Smarter Analytics launch, along with two other Signature Solutions (Customer, Fraud).
- Signature Solutions are outcome-based analytics offerings that address critical business process and industry imperatives by bringing together IBM’s consulting intellectual capital, software, infrastructure, and research to turn insight into action at the point of impact.
- Correct nomenclature (note the use of lower case letters):
  - ✓ First instance - IBM Smarter Analytics Signature Solution - CFO performance insight
  - ✓ Second instance – IBM CFO performance insight solution

### Demos:

- Here is a youtube video of the solution:

<http://www.youtube.com/watch?v=KXfCLKHIUIE>

- Here is a link to mp4 versions of the same youtube video

<http://cattail.boulder.ibm.com/cattail/#view=tlevy@us.ibm.com/files/24604B908BE43DDC929D08AC093F23B6>



[http://de.wikipedia.org/wiki/Die\\_niederl%C4ndischen\\_Sprichw%C3%B6rter](http://de.wikipedia.org/wiki/Die_niederl%C4ndischen_Sprichw%C3%B6rter)

## Volatilität, Ungewissheit und Risiko



“...weniger als 15% aller CFO's sind davon überzeugt, dass sie über die nötigen Informationen für zukünftige Entscheidungen verfügen...”

- CFO Executive Board, März 2012

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### [SCRIPT]

Let's first review the business climate that is driving the priorities for Finance organizations. The last few years have seen a unique combination of systemic change driven by globalization, technology and increased environmental awareness combined with a number of seismic shocks to the global economic system in the form of the collapse of the global financial system, the resulting global credit crunch, and the subsequent impact on consumer demand, GDP, corporate performance and employment. The world has been transformed from a series of loosely connected economies with reasonably predictable flows between them to a complex web of relationships where the global impact of local events is felt almost instantaneously.

And while signs of recovery from the global recession abound, there is a sense that volatility, uncertainty and risk are going to be part of the new economic landscape for the foreseeable future. In fact, as illustrated in the right-side call-out, a poll of 400 senior finance leaders conducted by CFO Magazine in collaboration with Duke University [in September 2009] reveals that a 61% majority believed that when the recovery takes hold, heightened uncertainty will remain and become part of the 'new normal'.

Furthermore, the pace of business continues to increase as illustrated by the accelerating adoption of technology in the lower right chart. In all industries and geographies companies have to make more critical decisions in a shorter period of time than they have in the past.

Business as usual is not an option. Managers must therefore learn to succeed in a world where:

- Volatility will remain high due to the ever-increasing interdependence of customers, suppliers, regulators and markets.
- Events formerly viewed as extraordinary are now part of the normal course of business – the New Normal. All companies need to be able to understand how they will respond to unexpected material events, both positive and negative.

The pace of business continues to accelerate

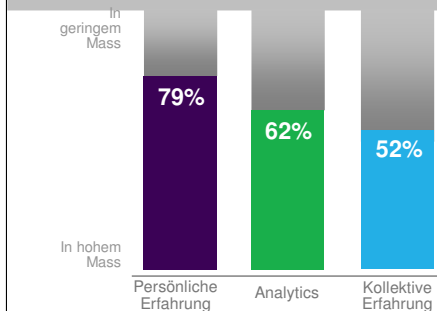
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## Die Unternehmenssicht hat „blinde Flecken“

**1 von 3** Führungskräften fällt geschäftskritische Entscheidungen ohne fundierte Informationen zu haben

**53%** aller Entscheider fehlen wichtige Unternehmensinformationen, um ihre Arbeit richtig zu unterstützen

Faktoren, die zur Entscheidungsfindung beitragen



- Die „richtigen“ Informationen stehen nur in beschränktem Umfang für Entscheider oder Mitarbeiter zur Verfügung
- Beschränktes Reporting aufgrund von schwer integrierbaren Datensilos
- Das aktuelle, IT-zentrierte Servicemodell ist zu teuer, ineffizient und skaliert nicht
- Business Analytics wird nur in begrenztem Umfang und nicht organisationsübergreifend eingeführt und eingesetzt

Quelle: Business Analytics and Optimization for the Intelligent Enterprise, April 2009.  
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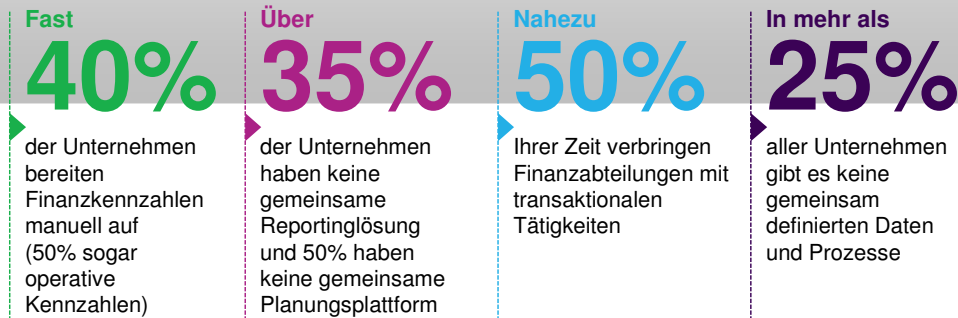
### [SCRIPT]

With a strong mandate to help drive enterprise decision making, we would hope that organizations would be well prepared. However, as these findings from an MIT Sloan Review study in collaboration with IBM indicate, 1 in 3 business leaders make critical decisions without access to the information they need. And 53% admit that they don't have access to the information across their organization needed to do their job on an on-going basis.

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## Unternehmen kämpfen mit struktureller Komplexität und haben Mühe, relevante Einsichten zu gewinnen

### Herausforderungen



Quelle: IBM Institute for Business Value, The Global CFO Study 2010  
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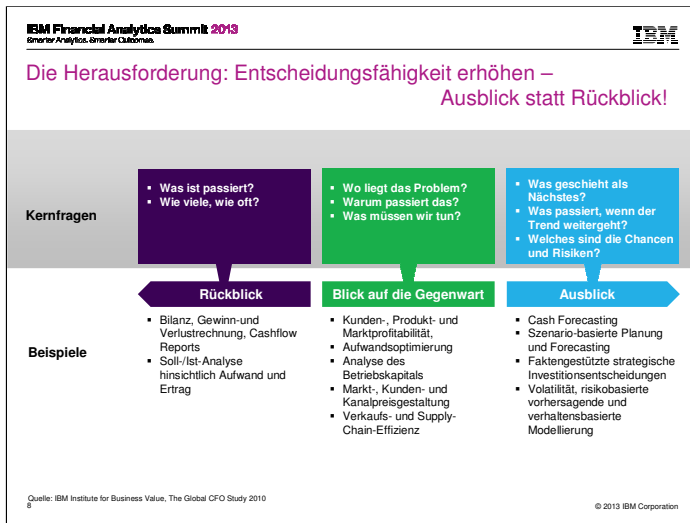
### [SCRIPT]

When we drill down deeper into root causes, we see from the IBM CFO Study that organizations continue to struggle with structural complexity and the delivery of business insight.

- 40% of participants still produce financial metrics manually, which today, given advances in financial systems and reporting technologies, is surprising.
- 50% of our participants indicated they source and produce operational metrics for analytical purposes manually. This is a derivative of lacking a common planning platform, as well as lacking a sufficient data layer - whether a datamart, data warehouse or other source of operational data to drive into planning and forecasting models. Manually preparing data that drives budget, plan and forecast projections is inefficient, inaccurate and slow, leading to longer cycle times, inconsistent plans and forecasts, and difficulty rolling up disparate plans from business units into an enterprise level aggregated view.
- 35% lack a common reporting platform – inconsistent preparation and delivery of financial reporting which is characterized by a higher percentage of rogue and ad hoc reporting, with a lot of spreadsheet based work going on, so also a lack of transparency, all of which typically results in multiple versions of the financial truth
- 50% of our participants indicated they lack a common planning platform. This means there is a combination of factors driving issues, such as using manual processes in budget and forecast preparation review and approval, the use of excel spreadsheets versus a planning system, and there is a lack of a standard budget and forecast models and data going into them – all resulting in longer cycle times, inconsistent results and general dissatisfaction with this most basic of business management tools. Again, like the discussion of common financial application systems, in this day and age of modern, sophisticated and well designed planning and forecasting applications, there's little excuse to be running a business of any significant size w/o a common planning platform. Most employees dread the planning process, and it's not surprising why...under these circumstances.
- 25% of participants indicated they still feel they lack the necessary common data definitions and processes that contribute to improved efficiency and common "truth"
- And lastly, on average, finance continues to spend nearly 50% of its time on essential but low value added finance transactional activities such as paying the bills, processing expense reimbursement, booking journal entries manually, etc.



[http://de.wikipedia.org/wiki/Die\\_niederl%C4ndischen\\_Sprichw%C3%B6rter](http://de.wikipedia.org/wiki/Die_niederl%C4ndischen_Sprichw%C3%B6rter)



[SCRIPT]

So let's discuss business insight in the context of Decision Support tools, in a little more detail so we are all on the same page with regards to what this means and what we are evaluating in the study.

Business insight is defined on a continuum of analytical capabilities that address key questions needed to drive better business management practices. This continuum spans rear view, historical results to forward-looking more predictive capabilities.

• **Rear view** leverages historical reporting such as balance sheet, P&L and variance analysis to understand and explain what happened.

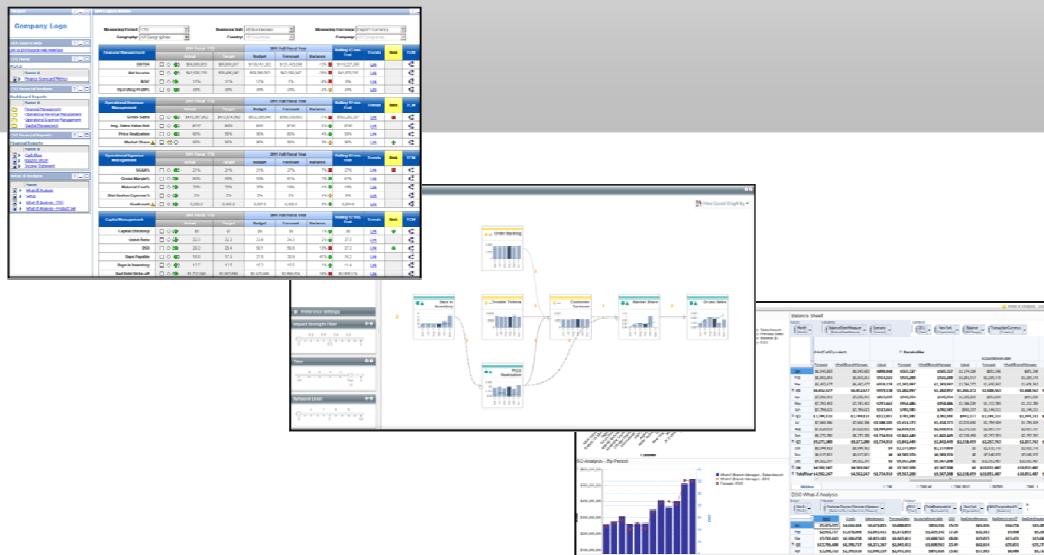
• **Current view** leverages historical data and trends and applies those experiences to manage the day to day operations, such as managing cash, collections, monitoring expense reimbursements and supply chain for fraud, and the like. Additionally, to the extent that more predictive capabilities have been designed, more sophistication can be layered into current view tools by anticipating or predicting the likelihood of something happening, for instance by examining employee expense report detail and looking for certain things, like consistently submitting expenses items just below the threshold requiring a receipt...an indication of potential abuse.

• **Forward looking** capabilities apply current and historical results to understand the impacts of good and bad performance experiences and use that to understand what will happen next, evaluate the impacts (positive and negative) of these continued trends and evaluating the risks and opportunities associated with them, from revenue, margin, bottomline, employee, market share, customer impact and other perspectives.

## IBM Smarter Analytics Signature Solution — CFO Dashboard Bestandteile



Vorkonfigurierte Berichte, Planungsmodelle und predictive Analytics auf Basis von IBM Cognos BI, IBM Cognos TM1 und IBM SPSS Modeler



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### [SCRIPT]

The IBM CFO performance insight solution is a pre-configured solution asset built on IBM C

- It allows clients to use their own ETL tools to extract data from source systems into their o
- The solution provides an online executive dashboard to visualize performance trends and
- Drill down and drill through to necessary levels of detail
- The predictive analytics module executes Temporal Causal analysis of historical data to di
  - Lead – lag characteristics between metrics.
  - Strength of relationships
  - And degrees of separate between the impact of metrics.
- This temporal causal modeling is integrated right into the executive dashboard so that use
- Finally, integrated what-if analysis capabilities allow you to assess the impact of alternativ

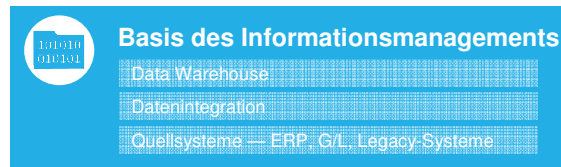
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### Performance-Messung und Überwachung

#### Integrierte Analytik

- Performance-Schwächen für kritische KPIs ermitteln
- Ursachenanalyse aufgrund von ermittelten kausalen Zusammenhängen
- Evaluierung der Auswirkungen von alternativen Szenarien
- Unterstützung einer effizienten Entscheidungsfindung



Leistungsstarke Analytik für mehr  
Transparenz, Einsicht und Kontrolle über die  
Performance



### Basis des Informationsmanagements

Data Warehouse  
Datenintegration  
Quellsysteme — ERP, G/L, Legacy-Systeme

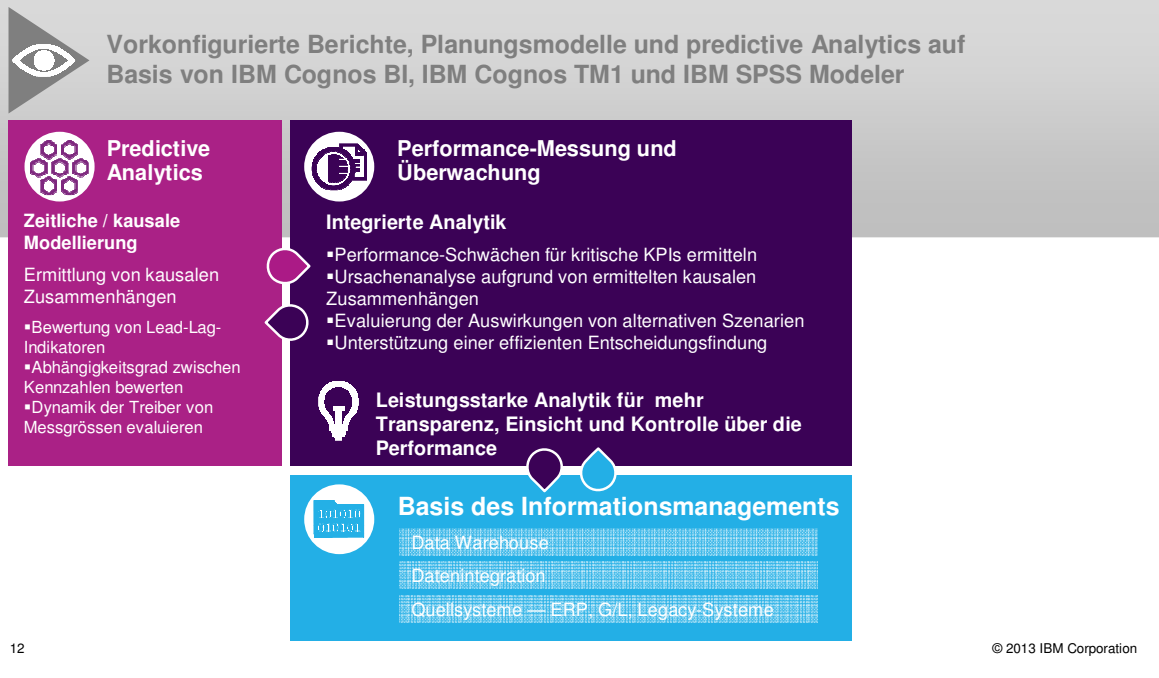
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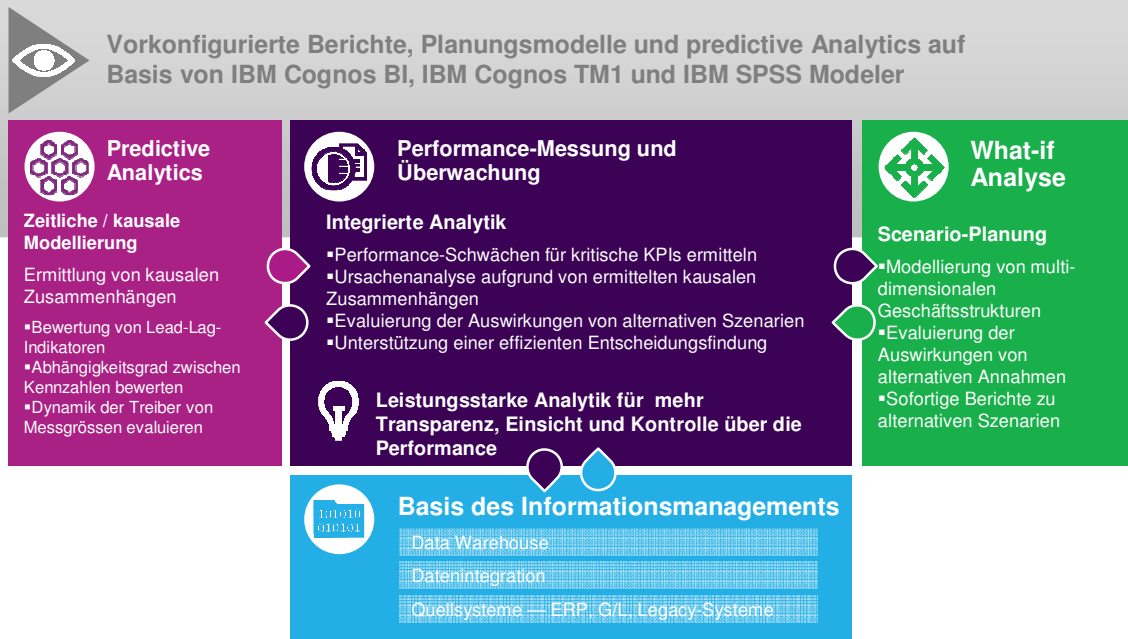
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## Finance Scorecard Quadrant



### [SCRIPT]

The IBM CFO performance insight solution is designed around four metrics quadrants.

- Financial management metrics answer “are we performing to shareholder expectations?”
- Operational Revenue Management metrics answer “are we driving revenue growth effectively?”
- Operational Expense Management metrics answer “are we managing operational expenses effectively?”
- Capital management metrics answer: “are we managing fixed and working capital effectively?”

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## IBM CFO Dashboard: Finance Scorecard-Messgrößen — 19 KPIs!

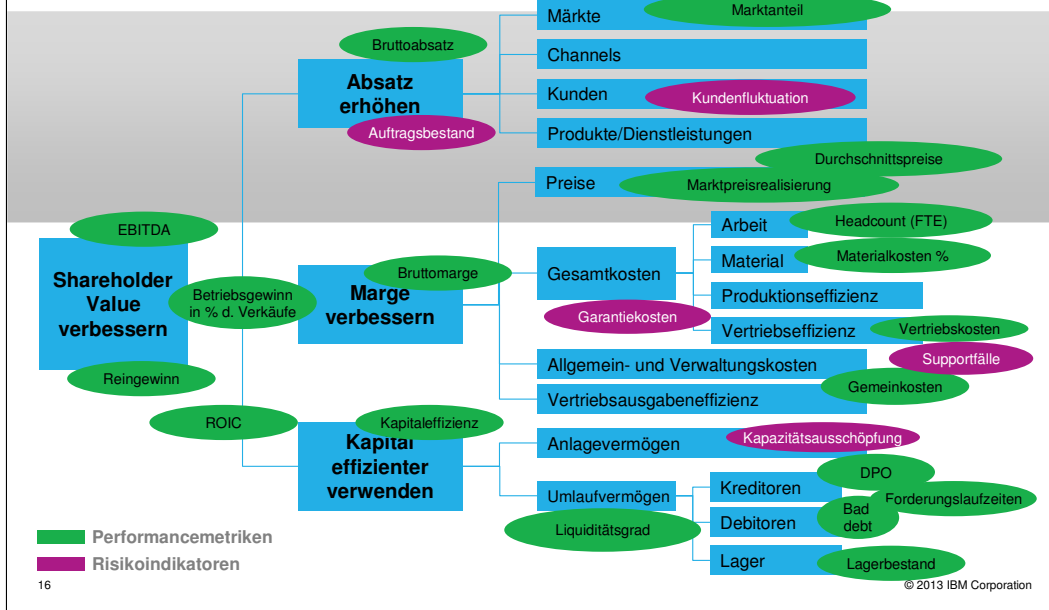
Finanzmanagement	Operatives Ertragsmanagement
<ul style="list-style-type: none"><li>EBITDA</li><li>Reingewinn</li><li>ROIC</li><li>Betriebsgewinn (in % der Verkäufe)</li></ul>	<ul style="list-style-type: none"><li>Bruttoabsatz</li><li>Durchschnittlicher Verkaufswert/Einheit</li><li>Preisniveau</li><li>Marktanteil</li></ul>
Operatives Aufwandsmanagement	Kapitalmanagement
<ul style="list-style-type: none"><li>Vertriebsgemeinkosten</li><li>Bruttomarge</li><li>Materialkosten (in % der Verkäufe)</li><li>Distributionskosten (in % der Verkäufe)</li><li>Personalbestand</li></ul>	<ul style="list-style-type: none"><li>Kapitaleffizienz</li><li>Liquiditätskoeffizient</li><li>Forderungslaufzeiten (DSO)</li><li>Verbindlichkeiten</li><li>Lagerbestand</li><li>Abgeschriebene Forderungen</li></ul>

### [SCRIPT]

And here are the 19 KPIs pre-configured with the IBM CFO performance insight solution. These can be customized for a client's specific requirements.

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## Werttreiber: 19 KPIs und 5 KRIs im Abhängigkeitsbaum

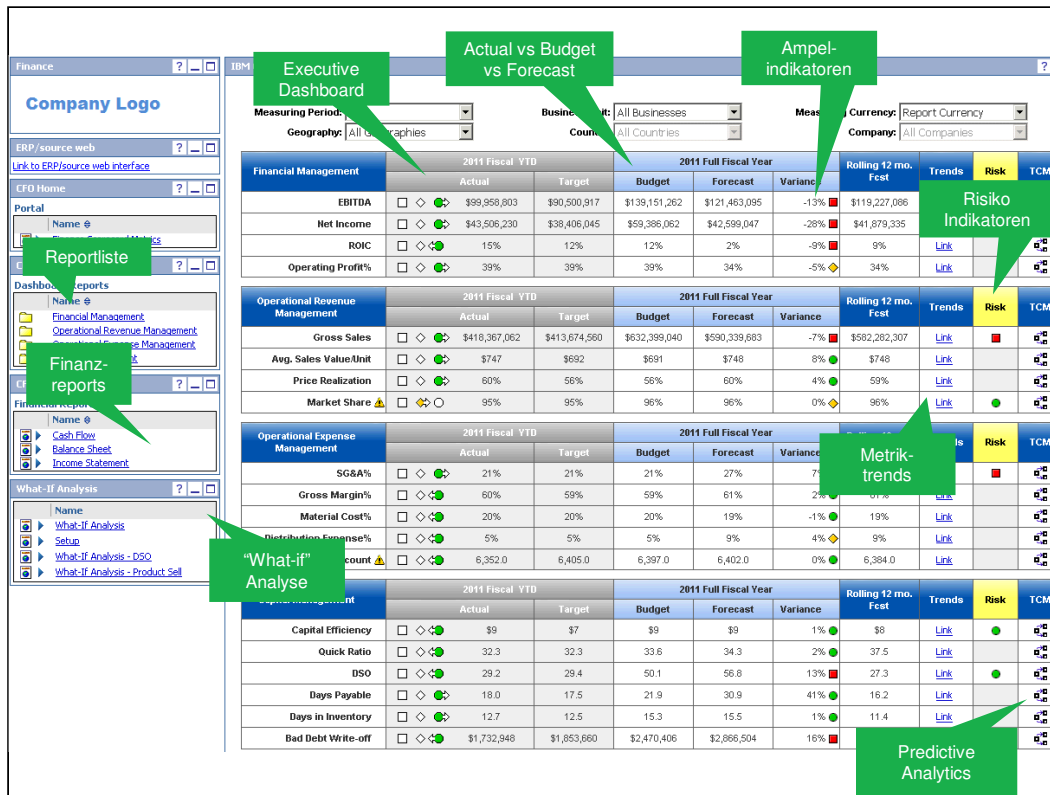


### [SCRIPT]

Metrics should be organized around value drivers that enhance total shareholder value. Notice that this solution includes 5 Key Risk Indicators (in purple). These operational metrics include external metrics such as customer turnover. These provide early alerts to risks and opportunities in the business.

While the solution is pre-configured with these metrics, these can be customized for client specific requirements.

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**[SCRIPT]**

The ability to assess performance gaps between actuals, targets and forecasts for important financial management, revenue, expense and capital management KPIs in an integrated, dynamic executive dashboard format can help senior finance executives anticipate and shape business outcomes more effectively.

This is a view of the IBM CFO performance insight solution.

- Company Logo
- Link to ERP Web Interface to access transaction data
- Report List of all the reports for each quadrant
- Financial reports – standard income, balance sheet and cashflow statements
- “What if” analysis – allows assessing the impact of alternative forecast assumptions
- Executive Dashboard layout – allows easy visualization of performance trends and gaps
- A strong framework of Actual vs Budget vs Forecast allows quick insights into gaps
- Traffic light indicators
- Metric trending

These are rendered using IBM Cognos Business Intelligence v10.1.

<<END>>



Financial Management	2011 Fiscal YTD		2011 Full Fiscal Year			Rolling 12 mo. Fcst	Trends	Risk	TCM
	Actual	Target	Budget	Forecast	Variance				
EBITDA	\$99,959,803	\$90,500,917	\$139,151,262	\$121,463,095	-13%	\$119,227,086	Link		
Net Income	\$43,506,230	\$38,406,045	\$59,386,062	\$42,599,047	-28%	\$41,879,335	Link		
ROIC	15%	12%	12%	2%	-9%	9%	Link		
Operating Profit%	39%	39%	39%	34%	-5%	34%	Link		

Operational Revenue Management	2011 Fiscal YTD		2011 Full Fiscal Year			Rolling 12 mo. Fcst	Trends	Risk	TCM
	Actual	Target	Budget	Forecast	Variance				
Gross Sales	\$418,367,062	\$413,674,560	\$632,399,040	\$590,339,683	-7%	\$582,282,307	Link		
Avg. Sales Value/Unit	\$747	\$692	\$691	\$748	8%	\$748	Link		
Price Realization	60%	56%	56%	60%	4%	59%	Link		
Market Share	95%	95%	96%	96%	0%	96%	Link		

Operational Expense Management	2011 Fiscal YTD		2011 Full Fiscal Year			Rolling 12 mo. Fcst	Trends	Risk	TCM
	Actual	Target	Budget	Forecast	Variance				
SG&A%	21%	21%	21%	27%	7%	27%	Link		
Gross Margin%	60%	59%	59%	61%	2%	61%	Link		
Material Cost%	20%	20%	20%	19%	-1%	19%	Link		
Distribution Expense%	5%	5%	5%	9%	4%	9%	Link		
Headcount	6,352.0	6,405.0	6,397.0	6,402.0	0%	6,384.0	Link		

Capital Management	2011 Fiscal YTD		2011 Full Fiscal Year			Rolling 12 mo. Fcst	Trends	Risk	TCM
	Actual	Target	Budget	Forecast	Variance				
Capital Efficiency	\$9	\$7	\$9	\$9	1%	\$8	Link		
Quick Ratio	32.3	32.3	33.6	34.3	2%	37.5	Link		
DSO	29.2	29.4	50.1	56.8	13%	27.3	Link		
Days Payable	18.0	17.5	21.9	30.9	41%	16.2	Link		
Days in Inventory	12.7	12.5	15.3	15.5	1%	11.4	Link		
Bad Debt Write-off	\$1,732,948	\$1,853,660	\$2,470,406	\$2,866,504	16%	\$2,858,174	Link		

**[SCRIPT]**

The ability to assess performance gaps between actuals, targets and forecasts for important financial management, revenue, expense and capital management KPIs in an integrated, dynamic executive dashboard format can help senior finance executives anticipate and shape business outcomes more effectively.

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Company Logo		Balance Sheet									
<a href="#">Back to default entry</a> ERP/Source web ? [?] [x] <a href="#">Link to ERP/Source web interface</a> FO Home: ? [?] [x] Portal Name @ Finance Scorecard Metrics FO Financial Analysis ? [?] [x] Dashboard Reports Name @ Financial Management Operational Revenue Management Operational Expense Management Capital Management FO Financial Reports ? [?] [x] Financial Reports Name @ Cash Flow Balance Sheet Income Statement What-If Analysis ? [?] [x] Name What-If Analysis Setup What-If Analysis - P&G What-If Analysis - Product Sell		Select Year: 2011 Select Scenario: Actual Currency: Report Currency Geography: All Geographies Country: All Countries Company: All Companies									
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug		
<b>ASSETS</b>											
Cash and Cash Equivalents		\$50,418,693	\$50,122,573	\$55,157,194	\$61,182,624	\$62,870,526	\$68,300,626	\$64,957,248	\$63,575,76		
Accounts Receivable		\$11,979,854	\$16,426,563	\$15,507,413	\$12,457,007	\$15,190,886	\$12,680,244	\$22,272,903	\$31,173,81		
Bad Debt Allowance		\$4,148,430	\$4,483,416	\$4,814,499	\$5,106,226	\$5,415,701	\$5,762,077	\$6,103,236	\$6,416,53		
Receivables		\$7,831,424	\$11,943,147	\$10,692,914	\$7,350,781	\$9,775,185	\$6,918,167	\$16,169,668	\$24,757,29		
Inventory		\$2,986,880	\$3,594,367	\$3,387,012	\$3,118,967	\$3,384,618	\$3,062,086	\$4,055,255	\$4,664,67		
Current Assets		\$61,236,997	\$65,660,087	\$69,237,120	\$71,652,372	\$76,030,329	\$78,280,880	\$85,182,171	\$92,997,73		
Property, Plant and Equipment - Cost		\$41,575,919	\$44,696,124	\$47,938,154	\$51,189,810	\$54,307,851	\$57,560,307	\$60,785,860	\$64,030,67		
Accumulated Depreciation		(\$1,851,384)	(\$1,982,175)	(\$2,113,302)	(\$2,229,564)	(\$2,359,364)	(\$2,473,775)	(\$2,632,424)	(\$2,817,71		
Property, Plant and Equipment		\$39,724,536	\$42,713,949	\$45,824,852	\$48,960,246	\$51,948,487	\$55,086,531	\$58,153,437	\$61,212,96		
Assets		\$100,961,533	\$108,374,036	\$115,061,972	\$120,612,618	\$127,978,816	\$133,367,411	\$143,335,608	\$154,210,69		
<b>LIABILITIES</b>											
Accounts Payable		\$4,328,095	\$4,958,052	\$4,961,101	\$4,397,849	\$4,978,736	\$4,388,306	\$6,020,357	\$7,023,93		
Interest Payable		\$370,534	\$396,824	\$424,374	\$448,885	\$475,616	\$497,015	\$533,677	\$568,51		
Payables		\$4,698,629	\$5,354,875	\$5,385,475	\$4,846,734	\$5,454,351	\$4,885,321	\$6,554,033	\$7,592,49		
Wages and Salaries		\$3,683,280	\$3,918,850	\$4,121,997	\$4,352,162	\$4,573,521	\$4,817,717	\$5,138,707	\$5,483,17		
Taxes and Fees		\$13,540,243	\$14,614,824	\$15,511,440	\$16,456,159	\$17,557,912	\$18,534,393	\$19,885,836	\$21,402,52		
Current Deferred Taxes		(\$6,021,880)	(\$6,495,477)	(\$6,893,974)	(\$7,313,847)	(\$7,803,520)	(\$8,237,509)	(\$8,838,149)	(\$9,512,23		
ETC		\$11,261,148	\$12,012,562	\$12,808,779	\$13,497,838	\$14,312,873	\$14,965,993	\$15,989,460	\$17,113,02		
Accruals		\$22,471,785	\$24,050,759	\$25,548,243	\$26,992,312	\$28,640,794	\$30,080,593	\$32,165,854	\$34,486,46		
Short-term Debt		\$403,723	\$440,046	\$474,196	\$506,528	\$537,287	\$566,003	\$597,702	\$628,63		
Current Liabilities		\$27,574,137	\$29,845,680	\$31,407,914	\$32,345,574	\$34,632,433	\$35,531,917	\$39,317,590	\$42,707,60		
Product Warranties		\$7,518,113	\$8,048,405	\$8,551,967	\$9,080,947	\$9,589,585	\$10,047,716	\$10,583,876	\$11,379,41		
Provisions		\$7,518,113	\$8,048,405	\$8,551,967	\$9,080,947	\$9,589,585	\$10,047,716	\$10,583,876	\$11,379,41		

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Gross Sales	◇ ◇ ●	\$418,367,062	\$413,674,560	\$632,399,040	\$590,339,683	-7%	\$582,282,307	Link	●	⊞
Avg. Sales Value/Unit	◇ ◇ ●	\$747	\$692	\$691	\$748	8%	\$748	Link	●	⊞
Price Realization	◇ ◇ ●	60%	56%	56%	60%	4%	59%	Link	●	⊞
Market Share	◇ ◇ ●	95%	95%	96%	96%	0%	96%	Link	●	⊞

Operational Expense Management		2011 Fiscal YTD		2011 Full Fiscal Year			Rolling 12 mo. Fcst	Trends	Risk	TCM
		Actual	Target	Budget	Forecast	Variance				
SG&A%	◇ ◇ ●	21%	21%	21%	27%	7%	27%	Link	●	⊞
Gross Margin%	◇ ◇ ●	60%	59%	59%	61%	2%	61%	Link	●	⊞
Material Cost%	◇ ◇ ●	20%	20%	20%	19%	-1%	19%	Link	●	⊞
Distribution Expense%	◇ ◇ ●	5%	5%	5%	9%	4%	9%	Link	●	⊞
Headcount	◇ ◇ ●	6,352.0	6,405.0	6,397.0	6,402.0	0%	6,384.0	Link	●	⊞

Capital Management		2011 Fiscal YTD		2011 Full Fiscal Year			Rolling 12 mo. Fcst	Trends	Risk	TCM
		Actual	Target	Budget	Forecast	Variance				
Capital Efficiency	◇ ◇ ●	\$9	\$7	\$9	\$9	1%	\$8	Link	●	⊞
Quick Ratio	◇ ◇ ●	32.3	32.3	33.6	34.3	2%	37.5	Link	●	⊞
DSO	◇ ◇ ●	29.2	29.4	50.1	56.8	13%	27.3	Link	●	⊞
Days Payable	◇ ◇ ●	18.0	17.5	21.9	30.9	41%	16.2	Link	●	⊞
Days Inventory	◇ ◇ ●	12.7	12.5	15.3	15.5	1%	11.4	Link	●	⊞
Bad Debt Write-off	◇ ◇ ●	\$1,732,948	\$1,853,660	\$2,470,406	\$2,866,504	16%	\$2,858,174	Link	●	⊞

**[SCRIPT]**

The ability to assess performance gaps between actuals, targets and forecasts for important financial management, revenue, expense and capital management KPIs in an integrated, dynamic executive dashboard format can help senior finance executives anticipate and shape business outcomes more effectively.

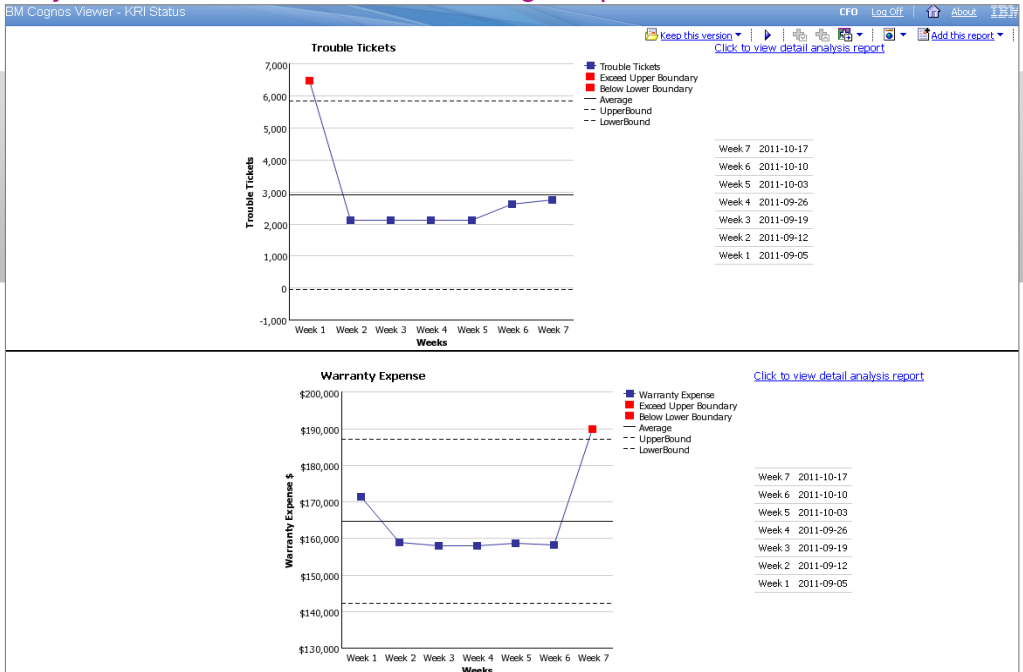
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- Traffic light indicators
- Metric trending

These are rendered using IBM Cognos Business Intelligence v10.1.

<<END>>

## Key Risk Indicators weisen frühzeitig auf potenzielle Schwächen hin



### [SCRIPT]

The solution illustrates tracking of KRIs against 3 sigma confidence limits above and below the mean. Within the confidence levels we believe the variation is normal. And outside of the confidence levels we identify systematic problems, or if there is a pattern of seven in a row this creates an alert of systematic errors. These are essentially Six Sigma practices.

<<END>>

Financial Management	2011 Fiscal YTD		2011 Full Fiscal Year			Rolling 12 mo. Fcst	Trends	Risk	TCM
	Actual	Target	Budget	Forecast	Variance				
EBITDA	\$99,959,803	\$90,500,917	\$139,151,262	\$121,463,095	-13%	\$119,227,086	Link		
Net Income	\$43,506,230	\$38,406,045	\$59,386,062	\$42,599,047	-28%	\$41,879,335	Link		
ROIC	15%	12%	12%	2%	-9%	9%	Link		
Operating Profit%	39%	39%	39%	34%	-5%	34%	Link		

Operational Revenue Management	2011 Fiscal YTD		2011 Full Fiscal Year			Rolling 12 mo. Fcst	Trends	Risk	TCM
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Gross Sales	\$418,367,062	\$413,674,560	\$632,399,040	\$590,339,683	-7%	\$582,282,307	Link		
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Price Realization	60%	56%	56%	60%	4%	59%	Link		
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Operational Expense Management	2011 Fiscal YTD		2011 Full Fiscal Year			Rolling 12 mo. Fcst	Trends	Risk	TCM
	Actual	Target	Budget	Forecast	Variance				
SG&A%	21%	21%	21%	27%	7%	27%	Link		
Gross Margin%	60%	59%	59%	61%	2%	61%	Link		
Material Cost%	20%	20%	20%	19%	-1%	19%	Link		
Distribution Expense%	5%	5%	5%	9%	4%	9%	Link		
Headcount	6,352.0	6,405.0	6,397.0	6,402.0	0%	6,384.0	Link		

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	Actual	Target	Budget	Forecast	Variance				
Capital Efficiency	\$9	\$7	\$9	\$9	1%	\$8	Link		
Quick Ratio	32.3	32.3	33.6	34.3	2%	37.5	Link		
DSO	29.2	29.4	50.1	56.8	13%	27.3	Link		
Days Payable	18.0	17.5	21.9	30.9	41%	16.2	Link		
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**[SCRIPT]**

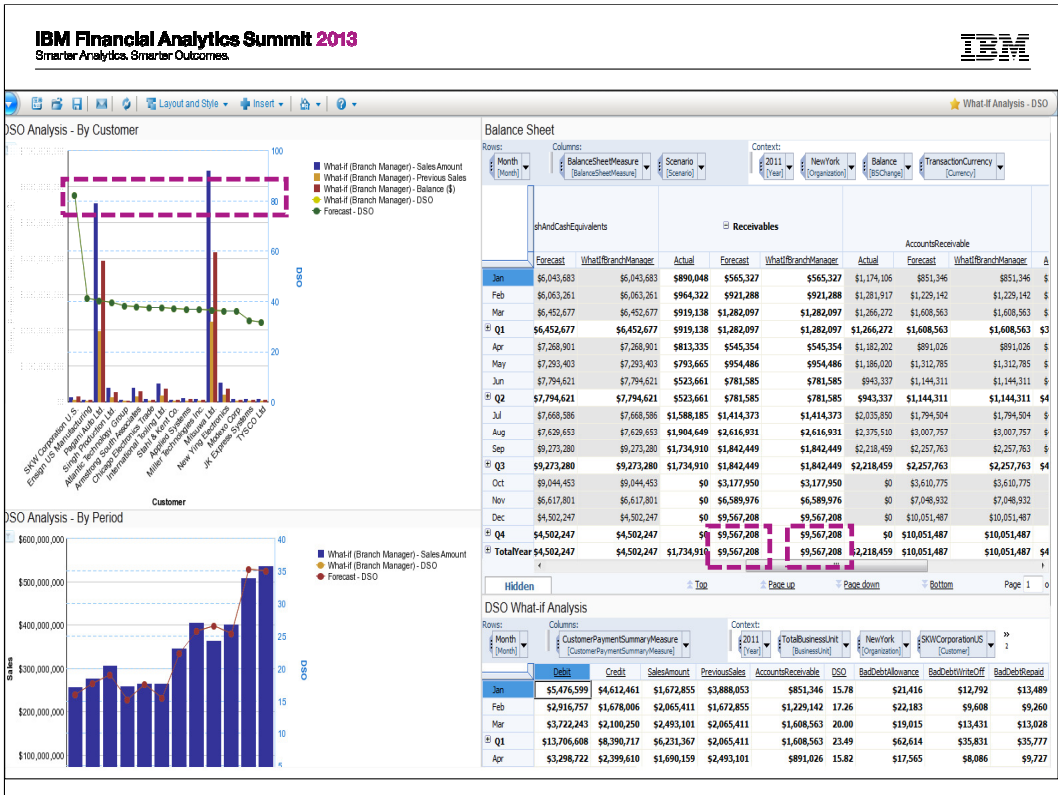
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These are rendered using IBM Cognos Business Intelligence v10.1.

<<END>>



**[SCRIPT]**

IBM CFO performance insight solution enables users to perform what-if analysis and easily assess the impact of alternative forecast assumptions reflected immediately in charts, reports and the main dashboard itself.

This is enabled with IBM Cognos TM1v10.1

<<END>>

DSO What-if Analysis

Rows: Month (Month) Columns: CustomerPaymentSummaryMeasure (CustomerPaymentSummaryMeasure) Context: 2011 (Year) TotalBusinessUnit (BusinessUnit) NewYork (Organization) SKWCorporationUS (Customer)

Month	Debit	Credit	SalesAmount	PreviousSales	AccountsReceivable	DSO	BadDebtAllowance	BadDebtWriteOff	Balance
Mar	\$13,706,608	\$8,390,717	\$6,231,367	\$2,065,411	\$1,608,563	23.49	\$62,614	\$35,831	
Q1	\$3,298,722	\$2,399,610	\$1,690,159	\$2,493,101	\$891,026	15.82	\$17,565	\$8,086	
Apr	\$3,030,933	\$1,705,597	\$2,139,907	\$1,690,159	\$1,312,785	19.02	\$11,956	\$12,551	
May	\$3,222,302	\$2,063,330	\$1,909,517	\$2,139,907	\$1,144,311	17.98	\$8,282	\$14,661	
Jun	\$9,461,826	\$6,168,537	\$5,739,583	\$2,139,907	\$1,144,311	18.14	\$37,803	\$35,298	
Q2	\$3,702,553	\$1,892,842	\$2,558,242	\$1,909,517	\$1,794,504	21.75	\$24,102	\$15,206	
Jul	\$5,261,292	\$2,239,100	\$3,466,788	\$2,558,242	\$3,007,757	26.90	\$15,944	\$14,436	
Aug	\$5,998,379	\$3,722,866	\$2,990,622	\$3,466,788	\$2,257,763	22.65	\$22,808	\$17,750	
Sep	\$12,237,954	\$7,854,808	\$9,015,652	\$3,466,788	\$2,257,763	23.04	\$62,854	\$47,392	
Q3	\$5,758,227	\$2,134,842	\$3,500,464	\$2,990,622	\$3,610,775	31.98	\$21,661	\$12,611	
Oct	\$7,375,297	\$3,181,531	\$3,764,522	\$3,500,464	\$7,048,933	38.17	\$22,937	\$7,834	
Nov	\$10,997,032	\$939,311	\$3,948,100	\$3,764,522	\$10,051,487	78.92	\$22,040	\$6,234	
Dec	\$17,211,465	\$3,392,683	\$11,213,086	\$3,764,522	\$10,051,487	82.47	\$66,638	\$26,679	
Q4	\$17,211,465	\$3,392,683	\$11,213,086	\$3,764,522	\$10,051,487	82.47	\$229,909	\$145,200	
TotalYear									

Forderungslaufzeiten werden im November und Dezember von 78.92 bzw. 82.47 DSO auf 35.00 und 35.00 verkleinert

DSO What-if Analysis

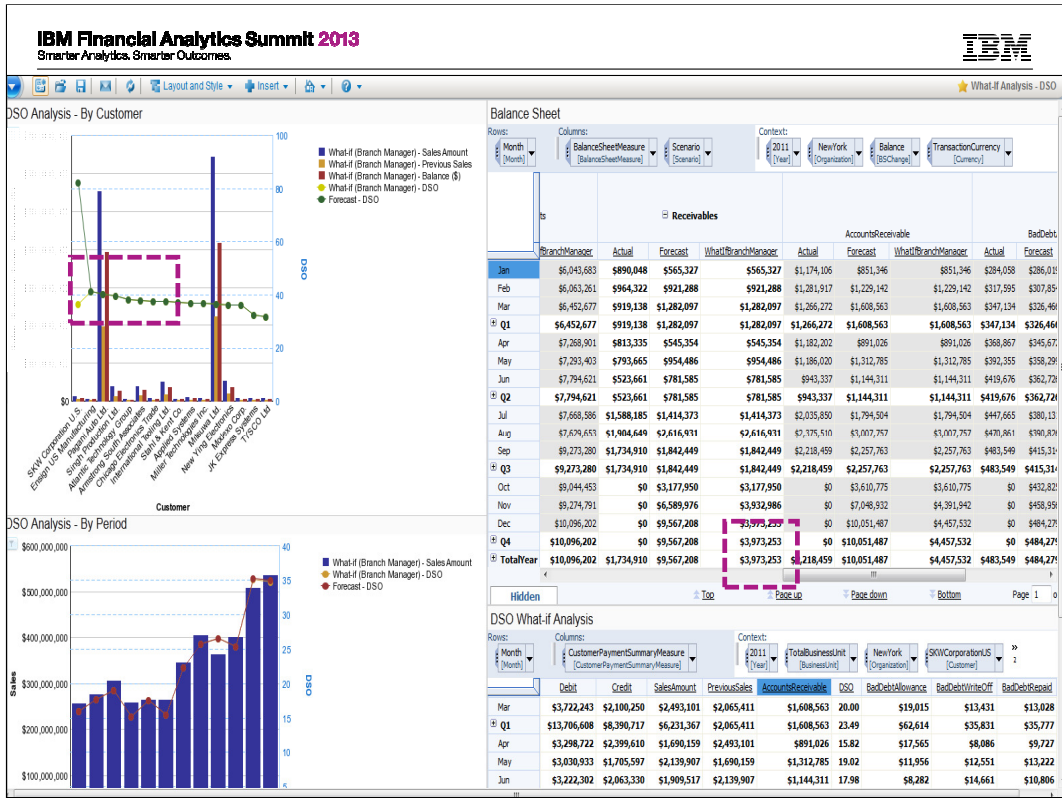
Rows: Month (Month) Columns: CustomerPaymentSummaryMeasure (CustomerPaymentSummaryMeasure) Context: 2011 (Year) TotalBusinessUnit (BusinessUnit) NewYork (Organization) SKWCorporationUS (Customer)

Month	Debit	Credit	SalesAmount	PreviousSales	AccountsReceivable	DSO	BadDebtAllowance	BadDebtWriteOff	Balance
Mar	\$3,722,243	\$2,100,250	\$2,493,101	\$2,065,411	\$1,608,563	20.00	\$19,015	\$13,431	
Q1	\$13,706,608	\$8,390,717	\$6,231,367	\$2,065,411	\$1,608,563	23.49	\$62,614	\$35,831	
Apr	\$3,298,722	\$2,399,610	\$1,690,159	\$2,493,101	\$891,026	15.82	\$17,565	\$8,086	
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Jul	\$3,702,553	\$1,892,842	\$2,558,242	\$1,909,517	\$1,794,504	21.75	\$24,102	\$15,206	
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Oct	\$5,758,227	\$2,134,842	\$3,500,464	\$2,990,622	\$3,610,775	31.98	\$21,661	\$12,611	
Nov	\$7,375,297	\$2,975,520	\$3,764,522	\$3,500,464	\$4,391,947	35.00	\$22,937	\$7,834	
Dec	\$8,340,042	\$3,876,276	\$3,948,100	\$3,764,522	\$4,457,532	35.00	\$22,040	\$6,234	
Q4	\$17,211,465	\$8,986,638	\$11,213,086	\$3,764,522	\$4,457,532	36.57	\$66,638	\$26,679	
TotalYear	\$17,211,465	\$8,986,638	\$11,213,086	\$3,764,522	\$4,457,532	36.57	\$229,909	\$145,200	

[SCRIPT]

Changes in DSO assumptions are reflected back into the balance sheet as in impact on accounts receivables.

<<END>>



[SCRIPT]

And then through Cognos Workspace we can see the changes reflected immediately in the DSO chart.

<<END>>



The screenshot displays the IBM Cognos Viewer interface for a financial dashboard. The main content area is divided into four quadrants, each representing a different financial management area. Each quadrant contains a table with columns for '2011 Fiscal YTD' (Actual and Target) and '2011 Full Fiscal Year' (Budget, Forecast, and Variance). The tables also include a 'Rolling 12 mo. Fcst' column, 'Trends', 'Risk', and 'TCM' indicators. The 'What-If Analysis' sidebar on the left allows users to select different analysis scenarios.

Financial Management	2011 Fiscal YTD		2011 Full Fiscal Year			Rolling 12 mo. Fcst	Trends	Risk	TCM
	Actual	Target	Budget	Forecast	Variance				
EBITDA	\$99,859,803	\$90,500,917	\$139,151,262	\$121,463,095	-13%	\$119,227,086	Link	●	⊞
Net Income	\$43,506,230	\$38,406,045	\$59,386,062	\$42,599,047	-28%	\$41,879,335	Link	●	⊞
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Gross Margin%	60%	59%	59%	61%	2%	61%	Link	●	⊞
Material Cost%	20%	20%	20%	19%	-1%	19%	Link	●	⊞
Distribution Expense%	5%	5%	5%	9%	4%	9%	Link	●	⊞
Headcount	6,352.0	6,405.0	6,397.0	6,402.0	0%	6,384.0	Link	●	⊞

Capital Management	2011 Fiscal YTD		2011 Full Fiscal Year			Rolling 12 mo. Fcst	Trends	Risk	TCM
	Actual	Target	Budget	Forecast	Variance				
Capital Efficiency	\$9	\$7	\$9	\$9	1%	\$8	Link	●	⊞
Quick Ratio	32.3	32.3	33.6	34.3	2%	37.5	Link	●	⊞
DSO	29.2	29.4	50.1	56.8	13%	27.3	Link	●	⊞
Days Payable	18.0	17.5	21.9	30.9	41%	16.2	Link	●	⊞
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**[SCRIPT]**

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These are rendered using IBM Cognos Business Intelligence v10.1.

<<END>>

## Zeitliche und kausale Modellierung: automatische Ermittlung von kausalen Zusammenhängen zwischen Treibern und KPIs

Die vom IBM Watson Research Center entwickelten Algorithmen helfen die folgenden Fragen zu beantworten:

### Welche Kennzahlen wirken sich am stärksten auf meine Performance aus?

- Auswertung von historischen Daten, um herauszufinden, welche Kennzahlen sich direkt oder indirekt am stärksten auf die jeweiligen Geschäftsziele auswirken
- Auswertung von historischen Daten zur Evaluierung des Abhängigkeitsgrads von benutzerdefinierten Kennzahlen-Korrelationen

### In welcher Art und Weise beeinflussen sich die Kennzahlen gegenseitig?

- Aufbereitung von historischen Daten, um signifikante kausale Beziehungen zwischen Kennzahlen aufzudecken: zeitlich verzögerte Auswirkungen, Abhängigkeitsgrad, Trennungsgrad

### Was treibt meine Performance voran?

- Studie von im Vorfeld ermittelten kausalen Beziehungen, um automatisch die Kennzahlenwerte zu ermitteln, die zur gewünschten Performance führen

### Wie steht es um meine zukünftige Performance, sofern sich nichts ändert?

- Nutzung des zeitlich-kausalen Modells zur Vorhersage der zukünftigen Performance auf Basis von historischen Daten



Predictive Analytics

- Zeitliche, kausale Modellierung
- Ermittlung von kausalen Beziehungen
- Beurteilung von Lead-Lag-Indikatoren
- Prüfung des Abhängigkeits- und Trennungsgrads der Kennzahlen
- Vorhersehen der Dynamik der Treiber von Messgrößen

[SCRIPT]

The IBM CFO performance insight solution uses proprietary statistical algorithms developed by IBM Watson Research Center to uncover causal relationships between the business drivers and financial KPIs based on historical data. These relationships need to be established so that the provided insights can be made actionable. The following is a list of questions that a business analyst / user typically would benefit from by using the system -

### Which metrics have the most impact on my performance?

Use historical data to discover those metrics that have the strongest impact on selected business objectives, directly or indirectly

Use historical data to evaluate the strength of user-specified metric relationships

### How do these metrics interact with each other?

Use historical data to discover significant causal relationships among metrics: time lag between metrics, strength, degrees of separation.

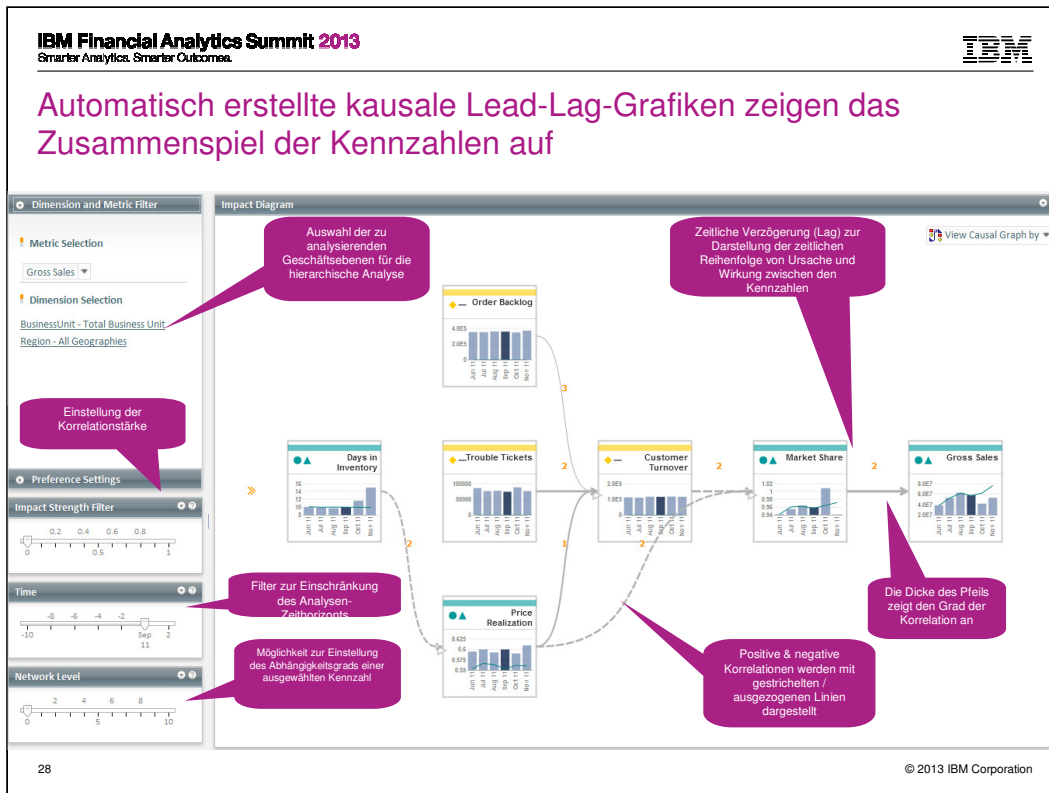
### What is driving my performance?

Use identified causal relationships to automatically discover the metric values driving observed performance

### If nothing else changes, what will my future performance be?

Use causal-temporal model to project future performance based on historical data

<<END>>



## [SCRIPT]

Here we see impact diagrams rendered using the Temporal Causal Modeling capabilities of the IBM CFO performance insight solution.

- The relationships are uncovered using historical data.
- The temporal lead/lag relationships are uncovered between business metrics.
- The strength of the relationship is uncovered
- And the degrees of separate – how many layers metrics are in between metrics, each with its own priorities.

<<END>>

## Highlights der Lösung

Zeitgerechte, zuverlässige Einblicke in Abweichungen zwischen Forecasts, Zielen und IST-Werten für geschäftskritische KPIs

Integrierte KRIs zur Ermittlung von Schwachstellen

Statistisches Modell zur automatischen Ermittlung der Beziehungen zwischen Treibern und KPIs auf Basis von historischen Daten und zur Erstellung von zuverlässigen Baseline Forecasts

Geführte Ursachenanalyse

Einfacher Zugang zu standardmässigen Berichten zu Debitoren-, Kreditoren- und Hauptbuchhaltung

Integrierte What-if-Analyse und Szenarienplanung

Wie kann ich  
Geschäfts-  
Ergebnisse  
vorhersehen und  
gestalten?



CFO Dashboard

- Mehr Transparenz, Einblick und Kontrolle über die finanzielle Performance
- Branchenübergreifend

### [SCRIPT]

In summary, the CFO performance insight solution helps your organization:

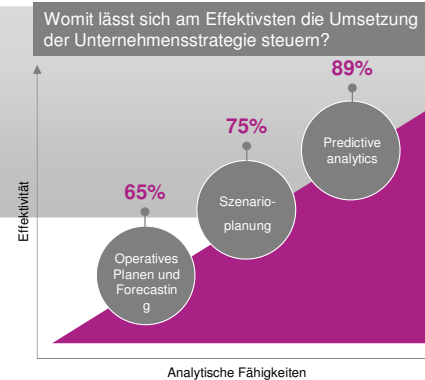
- Gain timely, reliable visibility into performance gaps between forecast, targets and actuals for critical KPIs
- Use built-in KRIs to identify areas of weakness with enough lead time to respond
- Leverage proprietary a predictive analytics model (developed by IBM Watson Research Center) to uncover relationships between drivers and KPIs based on historical data
- Use guided root-cause analysis to identify risks and opportunities quickly
- Easily access standard GL/AR/AP reports for detailed financial analysis
- Conduct integrated what-if analysis and scenario planning to anticipate the impact of alternative forecast assumptions.

<<END>>

Die Einführung einer integrierten Plattform wie dem CFO-Dashboard schafft signifikante Vorteile!

**85%** der Unternehmen, die erfolgreich ihre strategischen Ziele erfüllen konnten, setzen eine gemeinsame Reportingplattform ein

**79%** setzen eine integrierte Planungslösung ein



[SCRIPT]

The study also validated very important criteria for business analytics.

### **Technology Applications rationalization:**

Value integrators are more likely to have invested in the rationalization and delivery of a common reporting and planning platform.

Common reporting capabilities, methodologies and data management to support insight.

85% of value integrators have implemented a common reporting platform.

AND

Common planning platform to connect the entire organization, including operational and financial planning into a single cohesive plan for the future.

79% of value integrators have implemented a common reporting platform.

### **Advancing Analytics**

The other important characteristic of value integrators is their increased effectiveness compared to their peers when they do the following:

Connect operational and financial plans

Adopt scenario planning to fully evaluate options and select alternatives quickly

Embrace predictive analytics to understand the meaning in the data

For those of you who haven't read the study, I encourage you to go on line and download it. It is one of those studies that only comes along once in awhile that has some very important lessons and opportunities.

## Fragen und Antworten



### [SCRIPT]

This completes our presentation. I would now like to answer any questions in the time remaining.

<<END>>

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