

Creating an Analytical Culture

in today's turbulent times.

Brett Ison – Sales Leader – Performance Management
Growth Markets Unit – Software Group



Agenda

1.

Analytics state of play
and new pressures
faced

2.

Introduce our point of
view for the CFO

3.

The IBM experience
and advantage

4.

Getting started

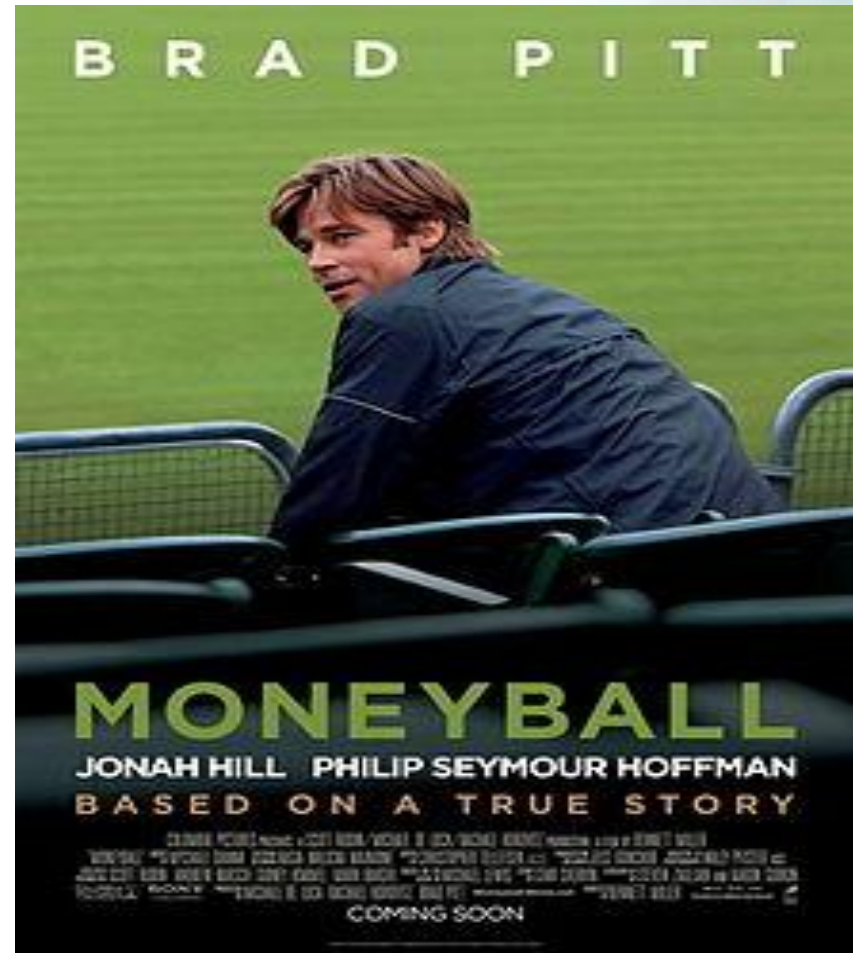
The art of winning an unfair game

Setting the Scene - At the beginning of the 2002 season Oakland A's was poorest team in baseball league with salary spend of 41M vs New York Yankees's 125M.

Central premise – conventional baseball wisdom was flawed and the success metrics were wrong ie runs batted in, batting average

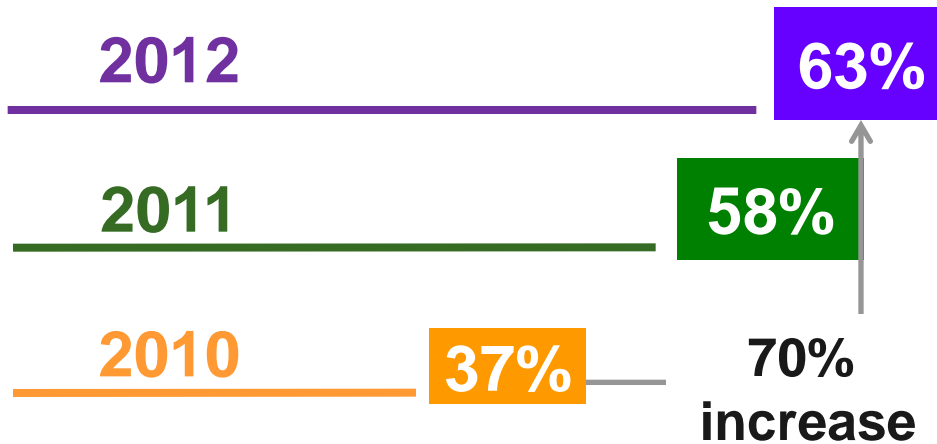
Approach: By applying analytics and insight to the process Billie Bean and his team came up with new set of success metrics ie on-base %, slugging % and then signed up players which scored well on these metrics.

Outcomes: In 2002 they won 21 straight games and made the play-offs in that year and in 2003.



Analytics has evolved from business initiative to business imperative

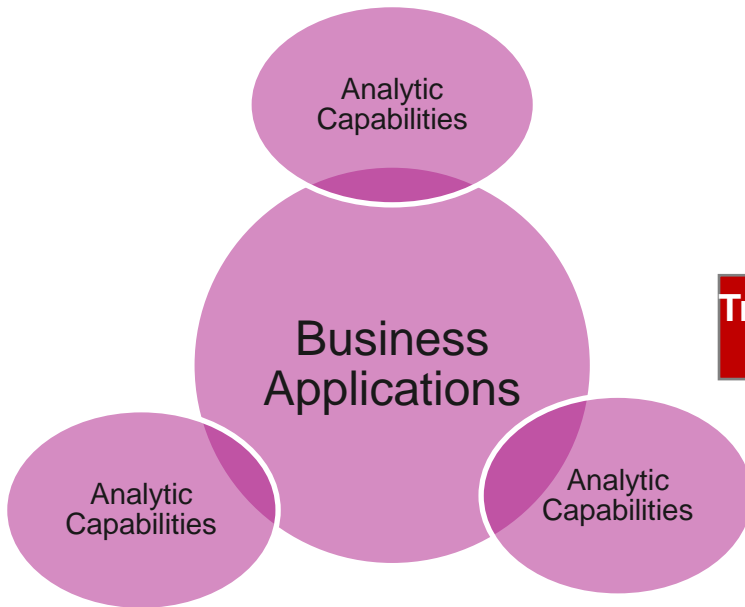
Percentage of respondents who cited a competitive advantage from the use of information and analytics^{1,2}



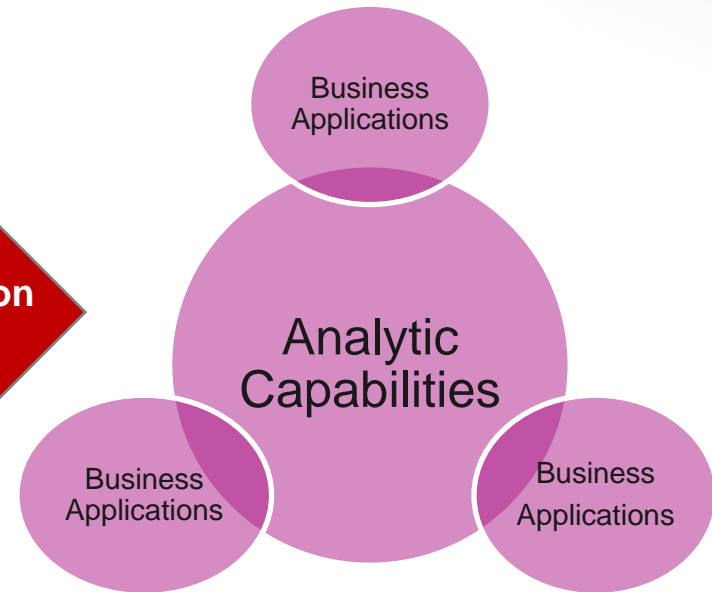
Likelihood of organizations competing on analytics to outperform their peers²



Application-Centered Today



Business Analytics- Centered Tomorrow



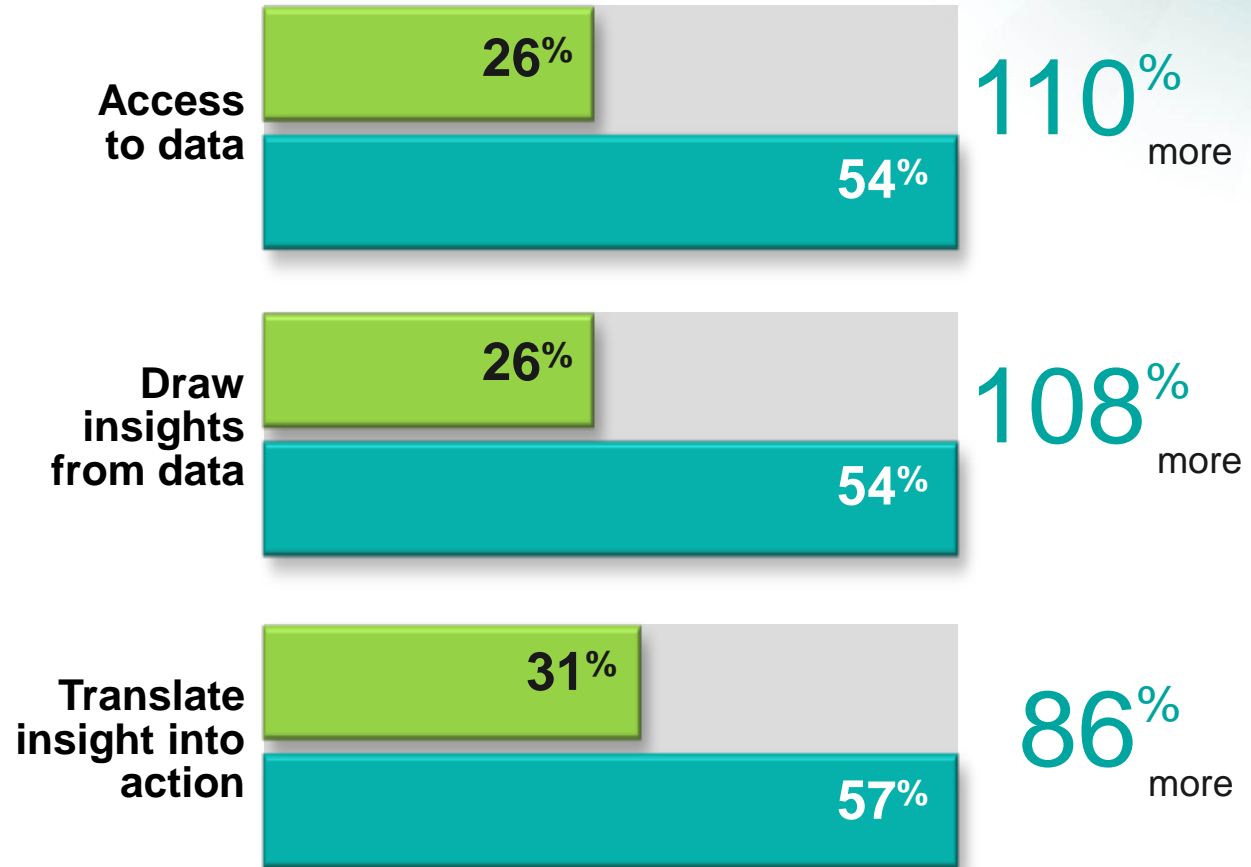
Source: Gartner, 2012

Outperformers have a higher Analytics Quotient

% of CEO's
who believe their
organization is
good at driving
value from data

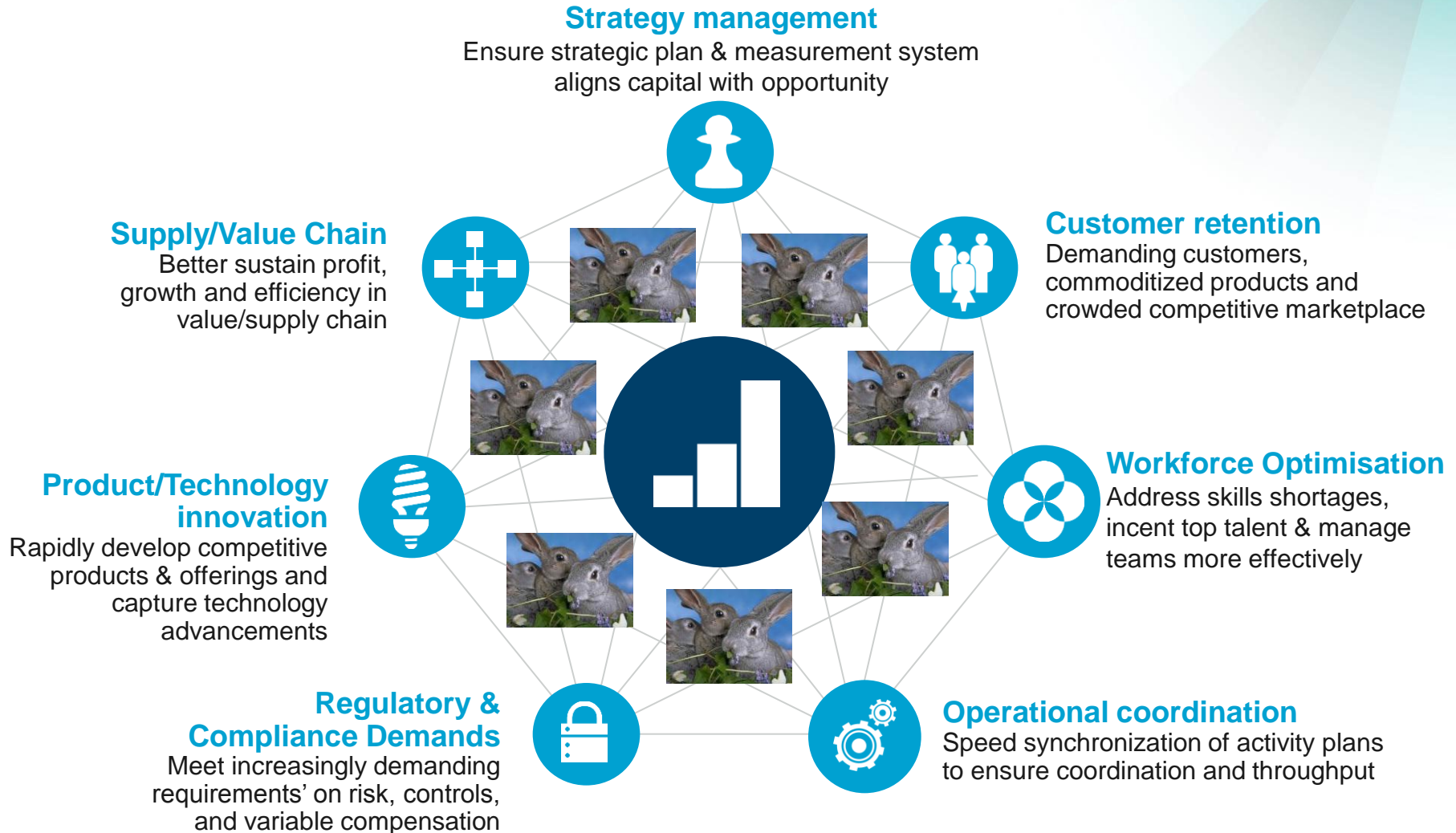
Underperformers

Outperformers



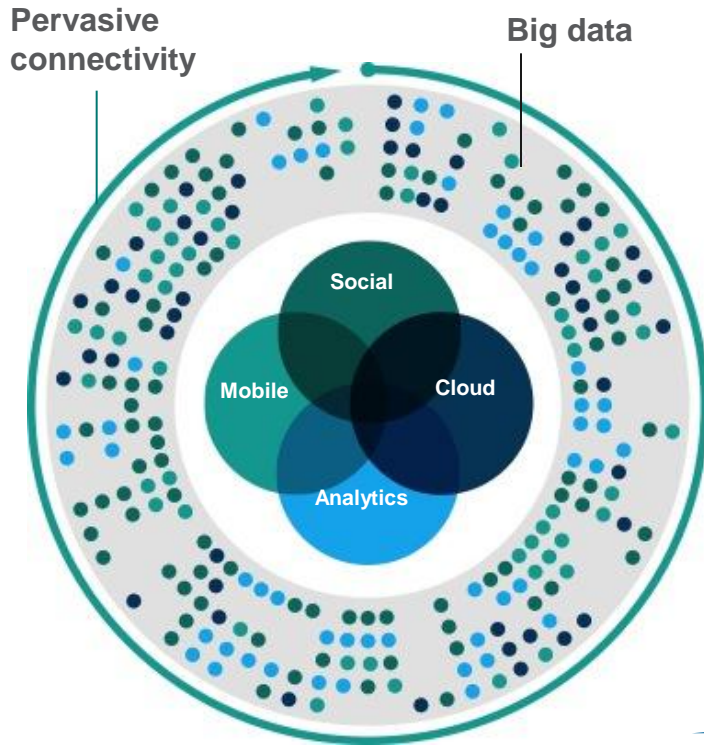
Source: IBM CEO Study, 2012. Q22 “How good is your organization at driving value from data? [Today]” (n=631 to 636)

For the Office of Finance “business as usual” is no longer an option

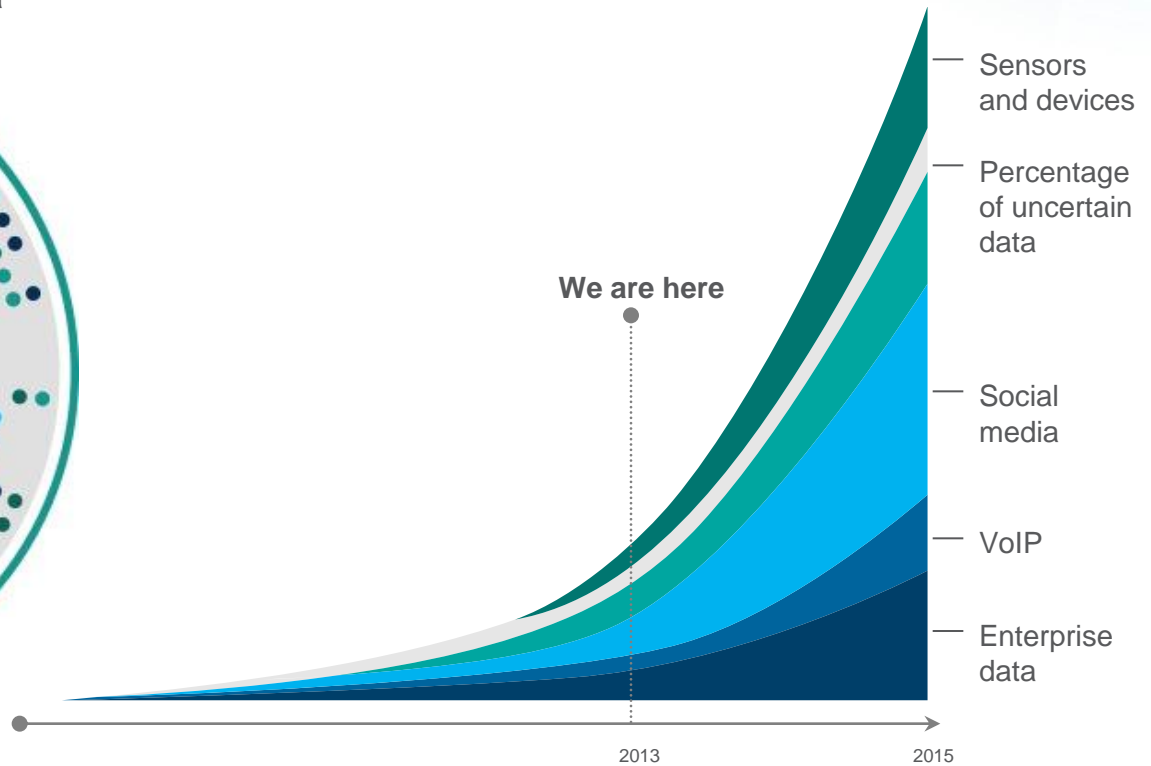


The emergence of **transformation forces** are fundamentally changing how we live, work and interact...and fueling **an explosion of data**—a new economic asset that has become the basis of significant opportunity

Transformation forces



New economic asset



As a result, leaders are redefining their agendas and reprioritizing investments

73% of CEOs

are prioritizing investments in customer insights

74% of CIOs

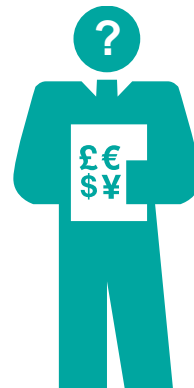
say mobile solutions are part of their vision for increasing competitiveness

70% of COOs

identify supply chain visibility as the top challenge in delivering on their agendas

82% of CMOs

plan to increase the use of social media

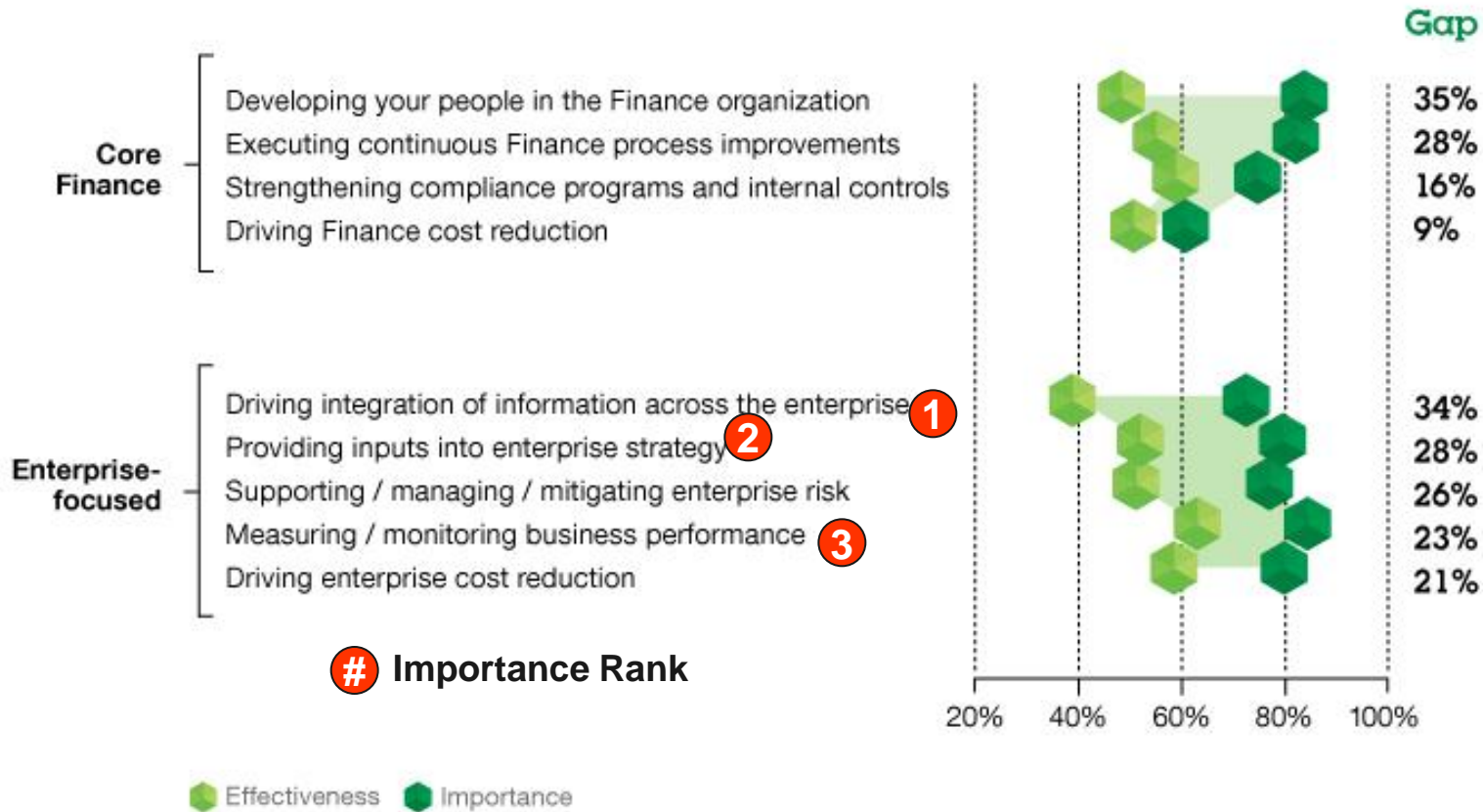


CFOs' role?

The emerging influence of the CFO on the enterprise



Importance vs. Effectiveness



While timeless responsibilities remain, Finance leaders are **redefining imperatives** and how they approach them

1 Create effective and efficient financial operations

2 Leverage trusted information to understand the state of the business

3 Protect enterprise viability through careful cash and capital management

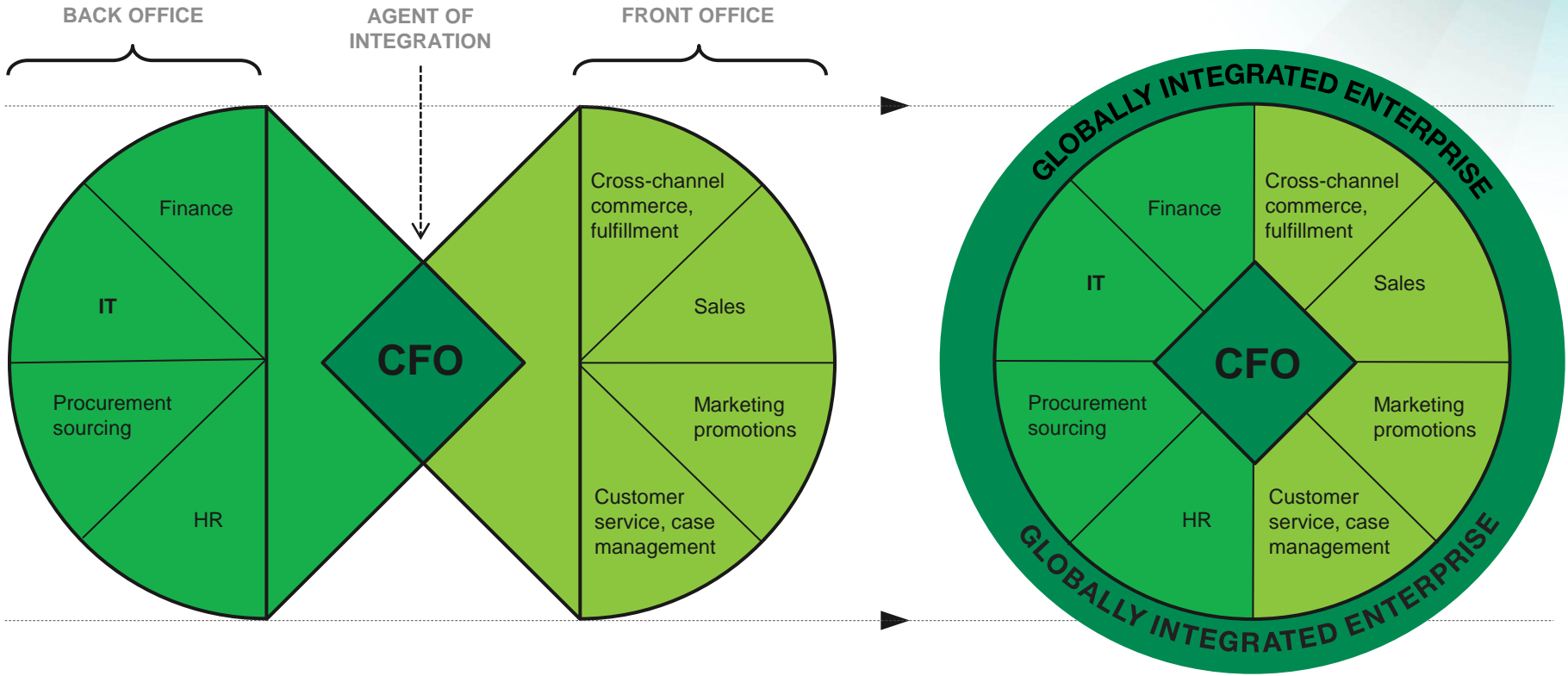


I Drive agility through enterprise integration

II Help the business make better decisions by anticipating the future

III Lead business model innovation through a new discipline of performance

Drive agility through enterprise integration:



KEY CHARACTERISTICS

<i>Integrate end-to-end processes and resources</i>	<i>Streamline and automate workflows</i>	<i>Optimize processes, executing each in its ideal location</i>	<i>Work from data that provides a single version of the truth</i>	<i>Continually move talent to highest value activities</i>
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Unilever drives enterprise agility



CHALLENGE

- Achieve **cost efficiencies** and build platform for revenue growth with focus on brand called “One-Unilever”

SOLUTION

- **Simplified its complex finance organization** across 24 countries and 18 **ERP systems**
- Implemented **standardized finance processes** and innovative **technology**
- Leveraging asset-based process models and **global delivery capabilities**

RESULTS

- **Integrated the company** and created a more **flexible operating** and financial model
- **Greater efficiency and operational savings** contributing to €700M annual savings for the company



Unilever

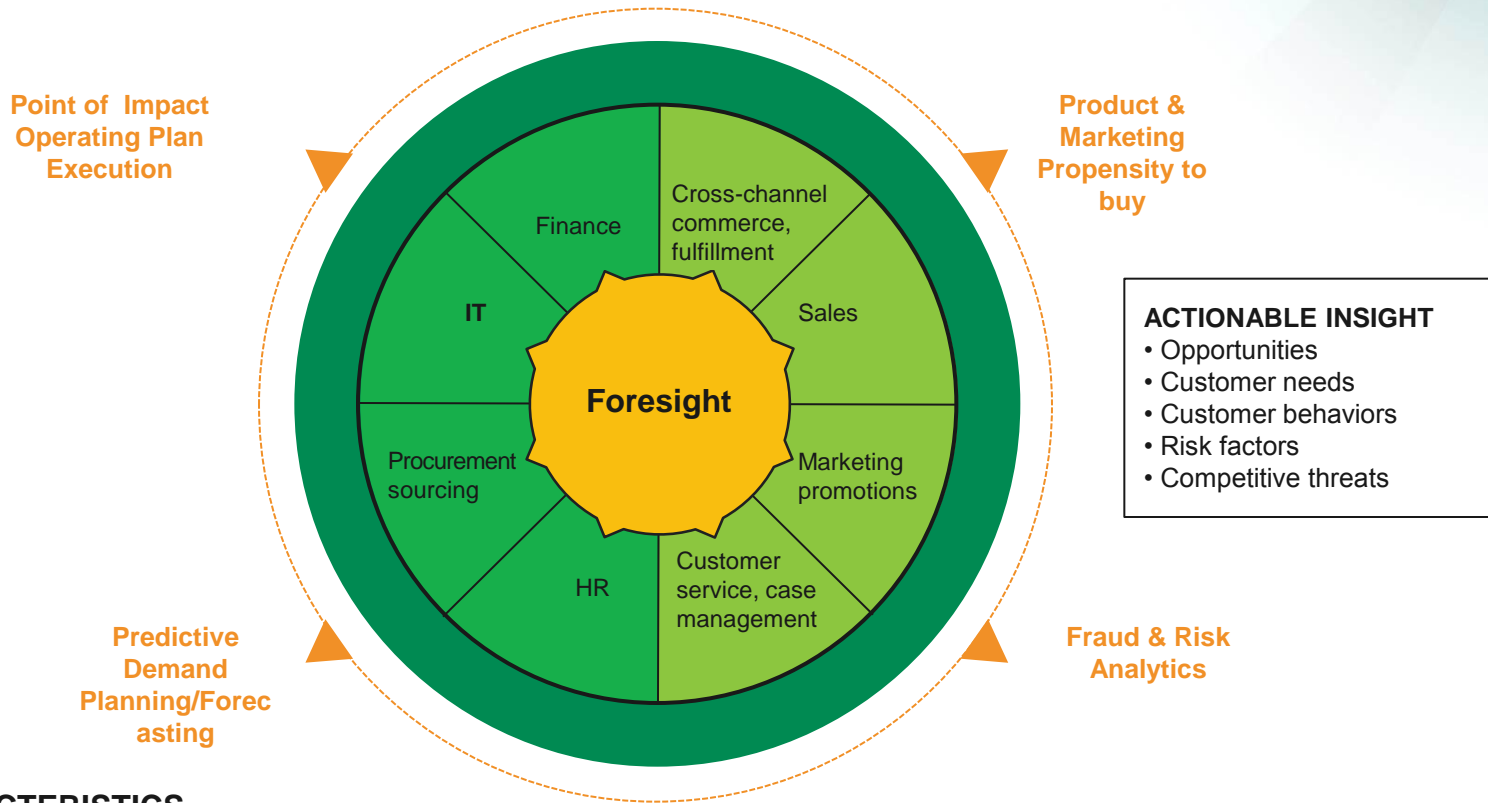
“The successful partnership between IBM and Unilever Europe, along with an ambitious transformation agenda, will continue delivering significant and sustainable benefits for Unilever Europe.”

Christian Kaufmann

*Vice President, Global Finance Services
Unilever*

Unilever: Global consumer goods company including foods, beverages, cleaning agents and personal care products with 51+ billion euro in 2012 revenues.

Help the business make better decisions by **anticipating the future:** Shaping the future



KEY CHARACTERISTICS

<i>Consistently apply analytical rigor to new and emerging data sources</i>	<i>Integrate financial and operational information to create insight</i>	<i>Apply predictive analytics to find anomalies, optimize decisions and business processes, and deliver foresight to the business.</i>	<i>Remain ahead of new, emerging compliance requirements</i>
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Becker Underwood transformed its planning and performance management



CHALLENGE

- Corporate expansion through acquisitions and organic growth resulted in **lack of visibility** and **consistency**.

SOLUTION

- Implemented planning to achieve quick, high-impact **results focused on sales** and **order/refresh** process
- Incorporated customer and product-level plans into a 12-month rolling forecast for **greater visibility**

RESULTS

- **Resolved supply chain issues** resulting in 50 percent decrease over three years
- Incorporated **order data into the forecast process** and increased accuracy by up to 15 percent
- Better **access to information** across the organization has led to better customer service and shorter lead times

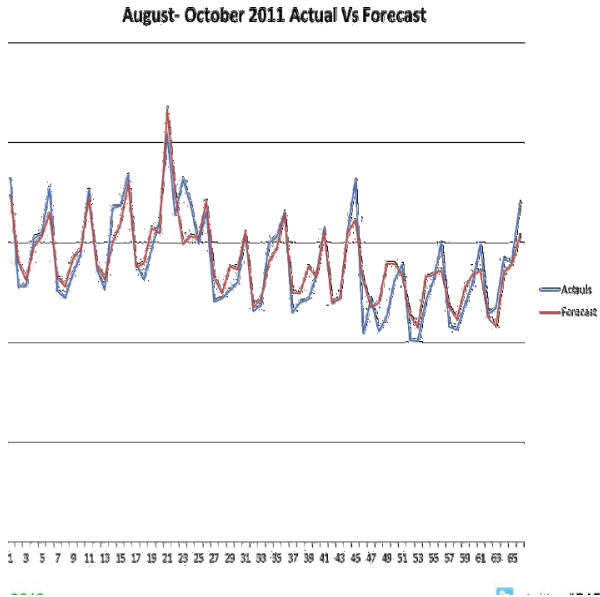


Becker Underwood produces specialty bio-agronomic and colorant products. Founded in 1982 and headquartered in Ames, Iowa, the company's annual revenues are more than \$240 million.



Anticipate the future

Example outcomes:

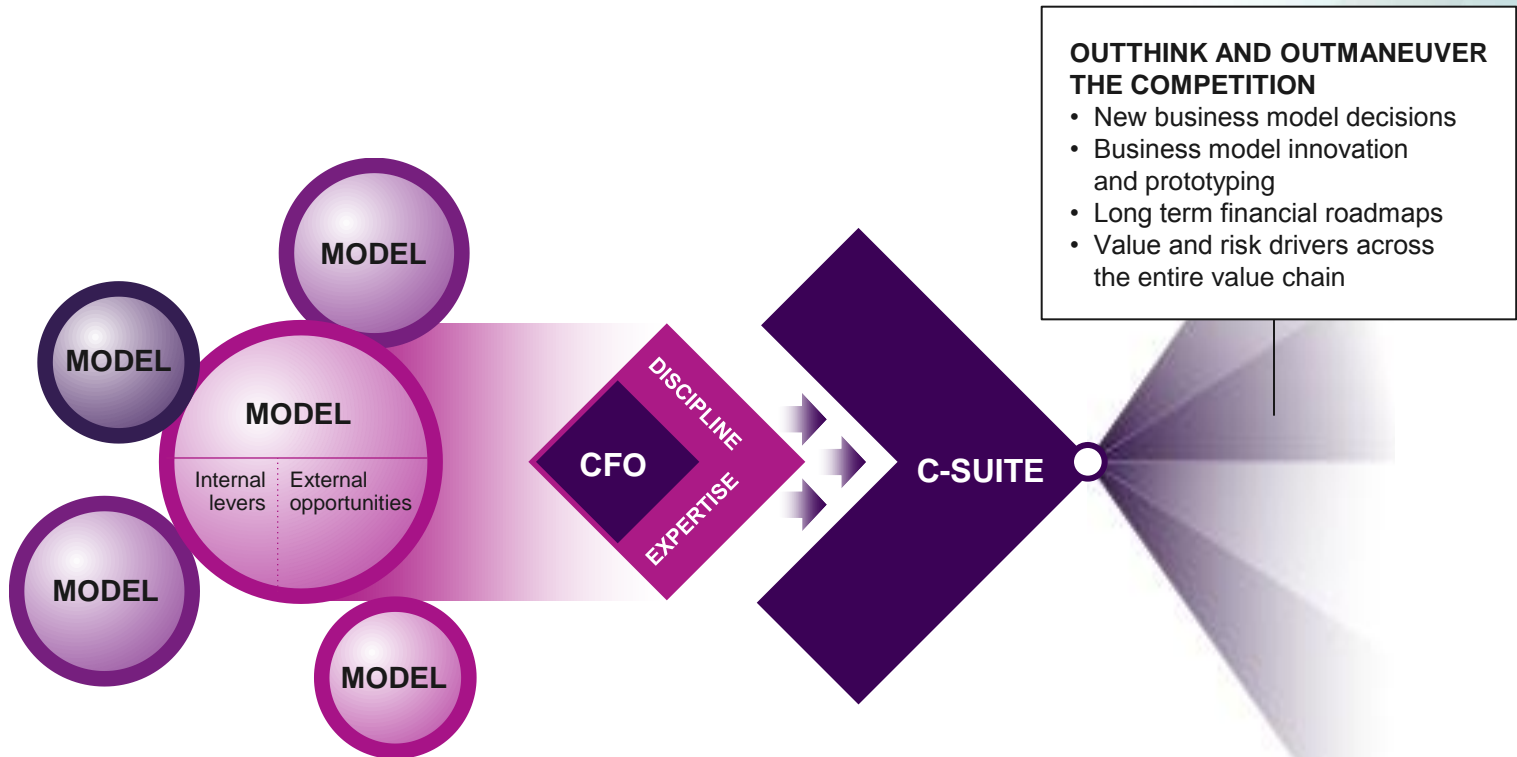


Australia Post's objective was to forecast its daily cash flows in order to maximise investment returns



The solution for treasury cash flow was combined with daily P&L from SAP with the historical cash flow forecast combined with the daily agency cash flow. A predictive model was then overlayed on to the cubes to provide what the daily position would be ...

Lead business model innovation through a new discipline of performance: Creating the future



KEY CHARACTERISTICS

<p><i>Clearly understand value and risk drivers</i></p>	<p><i>Rigorously and continuously realign resources to new opportunity</i></p>	<p><i>Use advanced analytics to identify the right actions to capitalize on market and technology changes</i></p>	<p><i>Integrate data and innovate across multiple business units</i></p>	<p><i>Create long term financial roadmaps encompassing business model transformation</i></p>
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McCormick protects profit with detailed understanding of customer value and price volatility



CHALLENGE

- Significantly **reduce the profit at risk** due to volatile commodity input prices

SOLUTION

- **Collect and analyze** sales plan data by customer and across over 30,000 SKUs
- **Evaluate** the resulting profit contribution of product input in the “bill of material”

RESULTS

- **Diagnosed profit improvement moves** ahead of time; commodity price increases can be passed on to consumers or renegotiated with industrial customers
- **Conducted value engineering** with operations to reformulate flavors using commodities from different regions and suppliers
- **Recorded \$56 million in cost savings** from their Comprehensive and Continuous Improvement program with TM1 and Cognos



McCormick is a global leader in flavor. With more than \$4.0 billion in annual sales, the company manufactures, markets and distributes spices, seasoning mixes, condiments and other flavorful products to the entire food industry—retail outlets, food manufacturers and food service businesses in more than 110 countries.

Borghetti's co-pilot flying high at Virgin

- Virgin Australia's CFO Sankar Narayan has helped chief executive John Borghetti transform the airline from a low-cost carrier to a premium brand.

- The airline's business efficiency project is on target to **deliver gains of \$60m this year, rising to \$200m in two year's time.**

- "We took out the whiteboard in the meeting room next door and put a giant screen in there which connected to the laptops. We didn't want to deal with paper reports any more because they have a time gap, a time delay. You need to be able to click through in real time. It changes the level of engagement.



That is a mind-shift change. You can hold people accountable for the micro outcomes as opposed to the top-level outcomes," Narayan says.

Source: DAMON KITNEY THE AUSTRALIAN MAY 06, 2013 12:00AM

Three imperatives guide today's most effective CFOs

Drive agility through enterprise integration

CFOs design integrated operating models and processes that are the foundation of a globally integrated enterprise that proactively adapts and continually **positions for the future.**

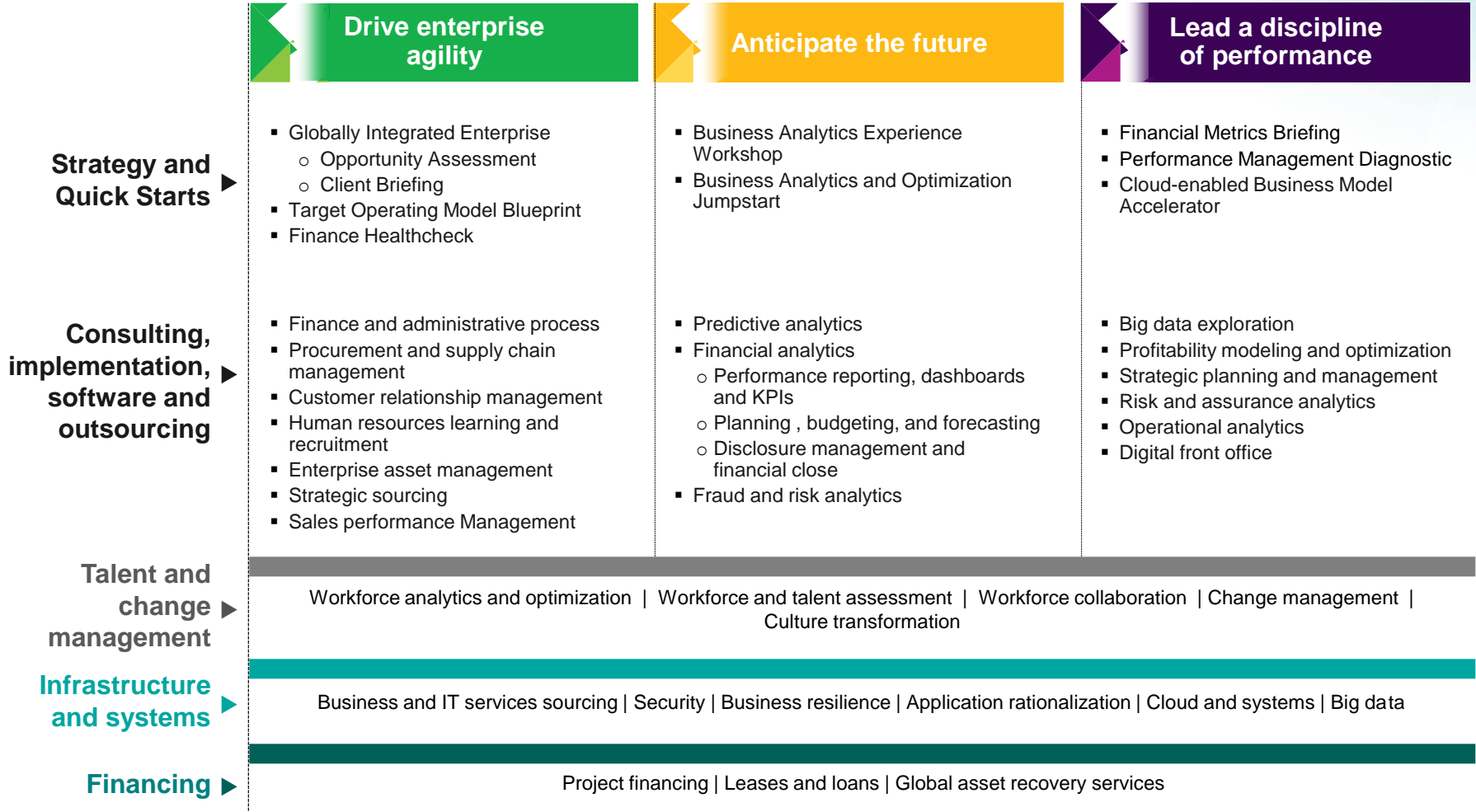
Help the business make better decisions by anticipating the future

New analytics and data sources enable CFOs to offer predictive and prescriptive insights and drive a forward-looking culture that permeates the organization and better **shape the future.**

Lead business model innovation through a new discipline of performance

CFOs are guiding the evolution of the organization's value creation engine with profit opportunities to **create the future.**

Delivering on the imperatives will require closer collaboration between finance and IT



IBM brings the **deepest experience and broadest set of capabilities** to guide you on this journey

Unrivaled expertise and capabilities

- More than **120,000 consultants** based in over **170 countries**
- Deep expertise in **17 industries** and across functions like finance, HR, supply chain, and IT services
- **Three-tier delivery model**—spanning on-site, globally integrated capabilities and centers of competency to meet shifting client needs around the world
- Robust **business process sourcing** including marketing, finance, human resources, procurement and supply chain
- **Unmatched software portfolio** enhanced with \$17B in acquisitions since 2005

Proven transformation success

- **Leader rankings in Business Consulting, Strategy Consulting, Finance, Software and others** as assessed by Gartner, Forrester, IDC and 13 other analyst firms from 2011 to 2013
- Predictable and compelling business outcomes delivered through **thousands of engagements** around the world
- Delivered **\$8 billion in productivity gains** over the last ten years of IBM's own transformation, driving efficiency and fueling our growth strategy
- **Assessment services and accelerators** to jumpstart and expedite business value

Breakthrough research and innovation

- A leader in technology for over **100 years** with **Nobel Prize-winning innovation**
- First-of-a-kind breakthrough innovations including **IBM Watson**
- **Analytics Solution Centers** delivering new capabilities at the intersection of mobile, social, analytics and cloud
- Award-winning thought leadership and insight from **IBM Institute for Business Value**, developed based on face-to-face interviews with **thousands of finance and C-suite executives**

How can we help you achieve your objectives?

Next steps


Develop a roadmap with Business Value Accelerators



Meet an expert by taking part in a Scoping Session



Go deep with a Solution Briefing



Focus on innovation at a peer to peer briefing with an IBM Finance Ambassador

