IBM Finance Forum 2011

Anticipate and shape business outcomes

Transforming finance through analytics

David Hatt

Asia-Pacific Solutions Manager

IBM Financial Analytics

IBM

Businesses are challenged by rapid change

2 out of 10 of the largest companies in the world in 2000 remain on that list today

Supplier lead time is **62% faster** than just two years ago

Today's online business cycles are **3 - 7 times shorter**

Years to reach 50M users:

Radio	TV	Internet	Facebook
38 years	13 years	4 years	2 years

Better
outcomes

Smarter
decisions

Actionable
insights

Relevant
information

CFO's Technology Priorities for 2011

- Corporate performance management (CPM) tops the list of CFOs' technology investment priorities.
- CFOs would like to reduce ERP instances, and expressed a preference for "vanilla" implementations — i.e., implementations that do not require excessive customization.

Source: Gartner *"CFOs' Priorities for Technology Identified in the 2011 Gartner FEI Technology Study"* June 8, 2011

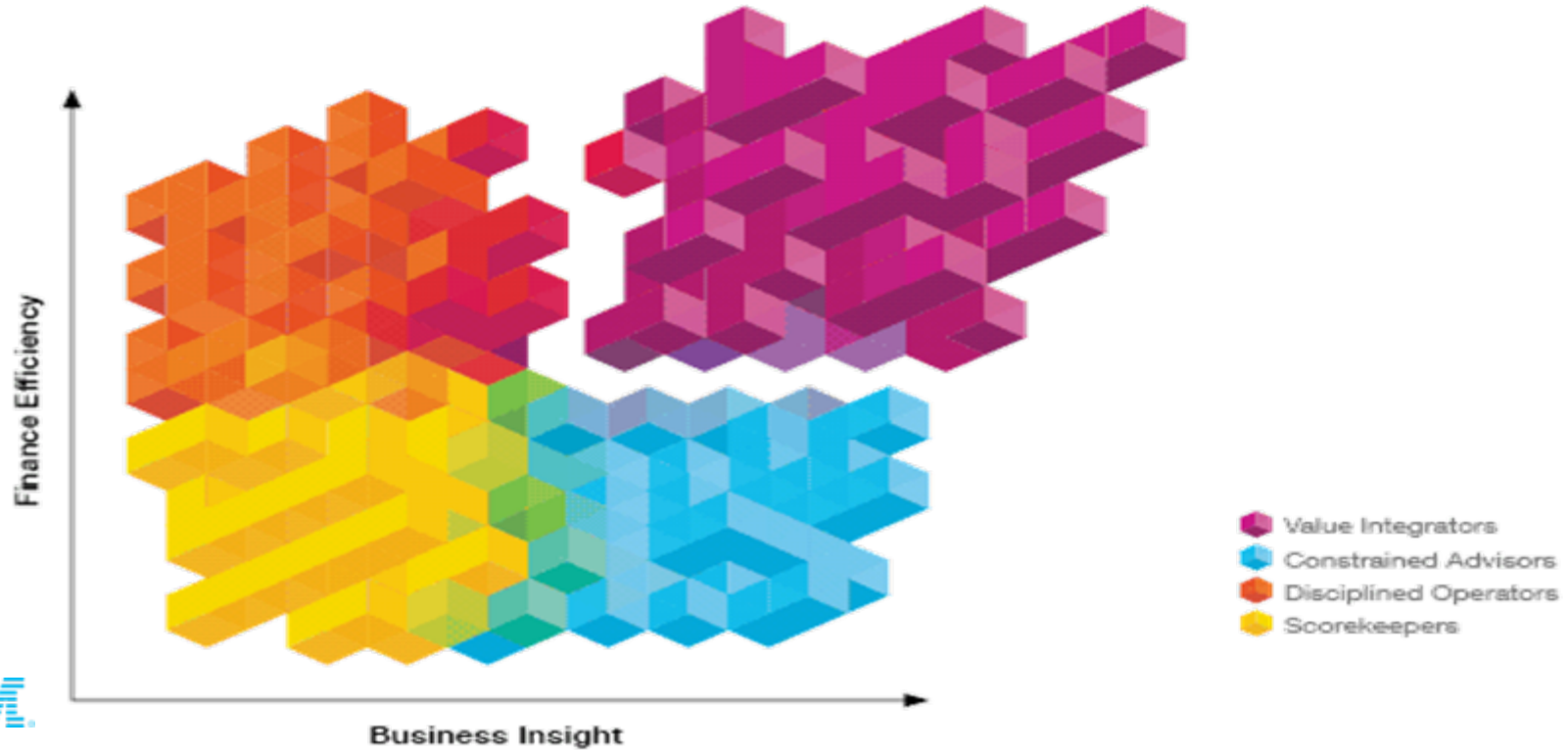
Agenda

- Latest Trends in Finance
- IBM Financial Analytics Solution Overview
- Product Update
- Financial Performance
- Compliance
- Risk
- Strategy & Conclusions

IBM CFO Study 2010

Value Integrators are closing the gap

Our research, however, also points to a bright spot – one group of Finance organizations with a particular combination of capabilities stands out from its peers. These organizations – which we call Value Integrators – are more effective in every area assessed, with significant advantages in managing enterprise risk, measuring and monitoring business performance and driving insight from information integrated across their companies and governments.

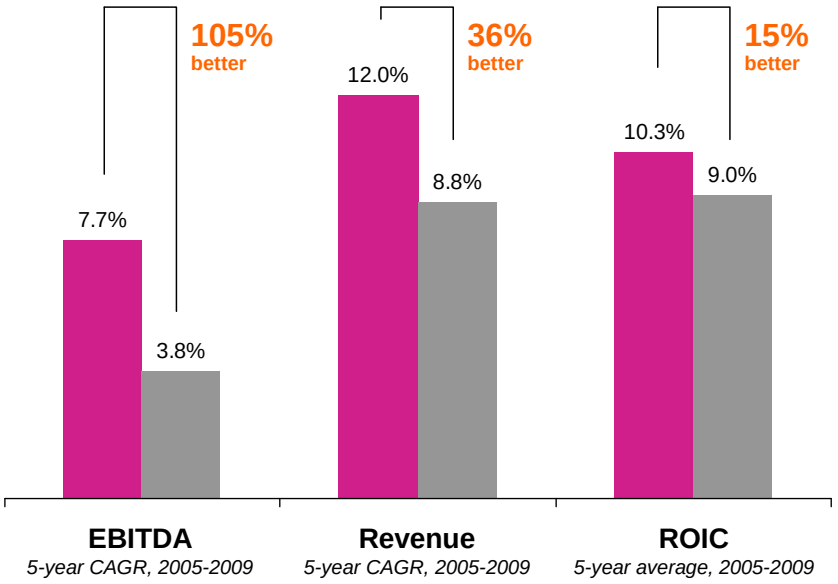


IBM CFO Study 2010

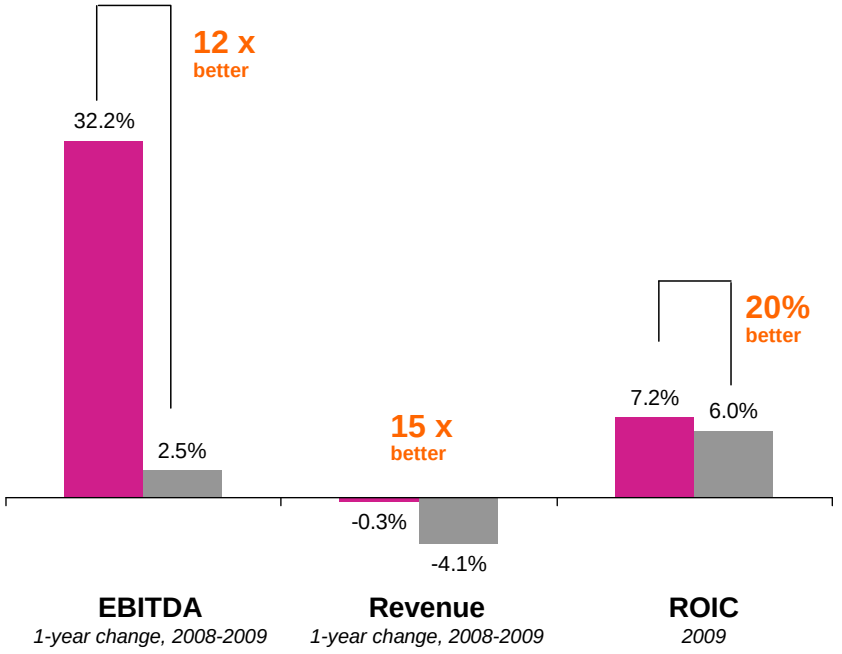
Analytics-driven organizations outperform

Efficiency & business insight contributes to better financial performance

Five years: 2005–2009



One year: 2008–2009



Value Integrators All other enterprises

Sources: IBM Institute for Business Value; 2010 IBM Global CFO Study.

Lessons from the Leaders

The "Best" Rely on Advanced Analytics

Source: IBM Institute for Business Value, 2010 IBM Global CFO Study (Adapted)

The more you infuse **analytics** into all areas of your business, the more **your business can outperform** its competitors.

Common reporting & planning

ANOTHER MEETING?

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Addressing critical processes in finance

Planning, Analysis and Forecasting

Profitability Modeling and Optimization

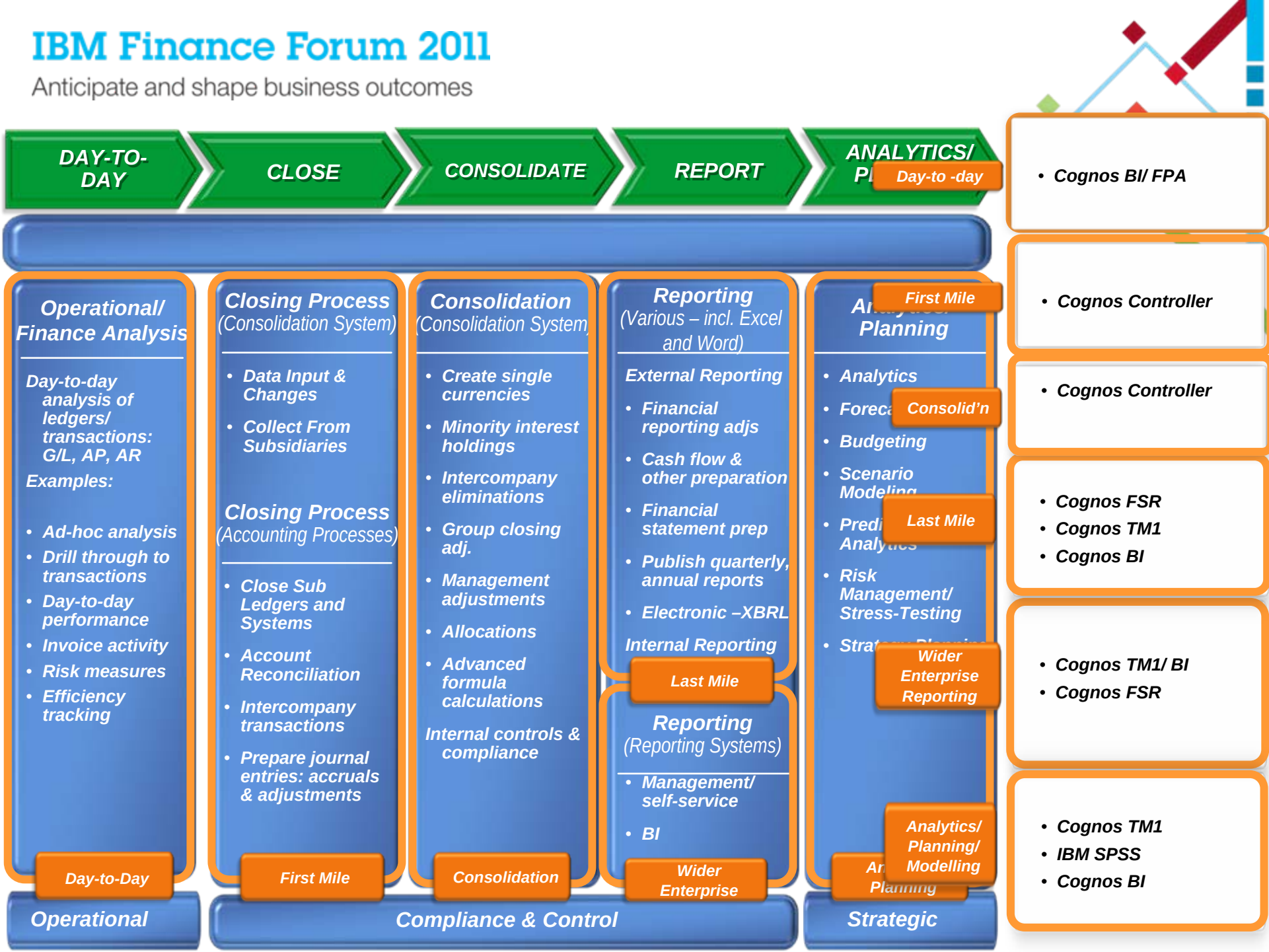
Close, Consolidation, and Reporting

Performance Reporting and Scorecarding

Governance, Risk, and Compliance

IBM Finance Forum 2011

Anticipate and shape business outcomes



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New IBM Business Analytics Acquisitions

OpenPages
an IBM® Company

Leading Provider of Enterprise GRC Platforms*

plus

CLARITY SYSTEMS
an IBM® Company

Fastest Growing CPM Vendor*

* Source: Gartner MQ; 2010 Gartner Dataquest Market Statistics report

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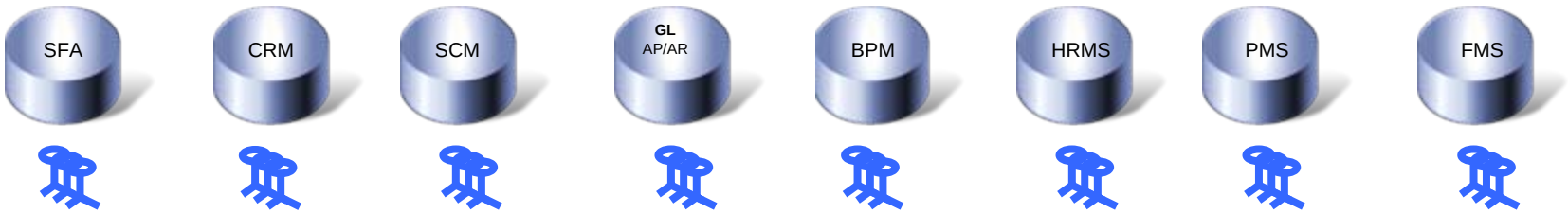
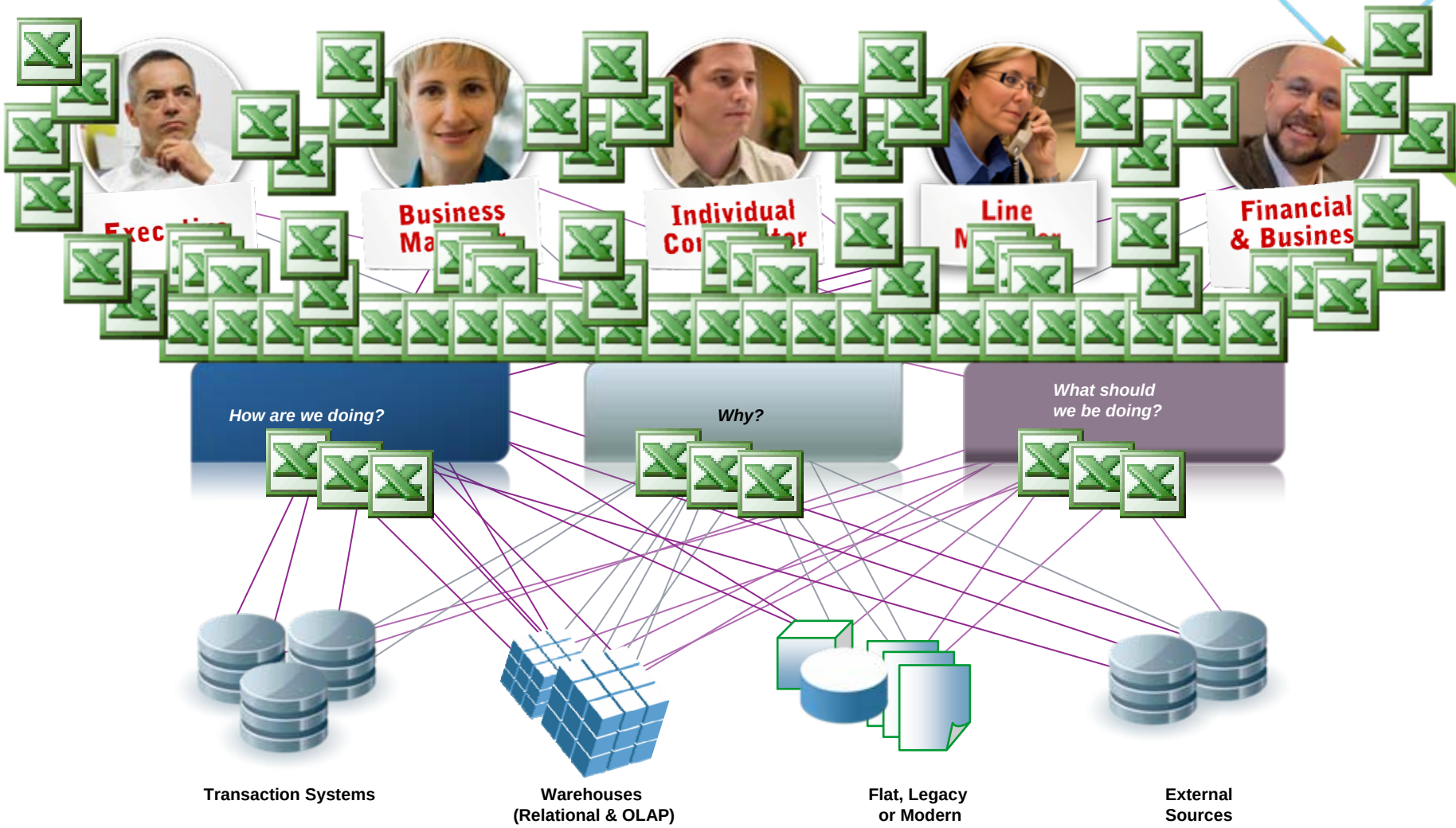
"We thought we already purchased Performance Management…!"

ERP

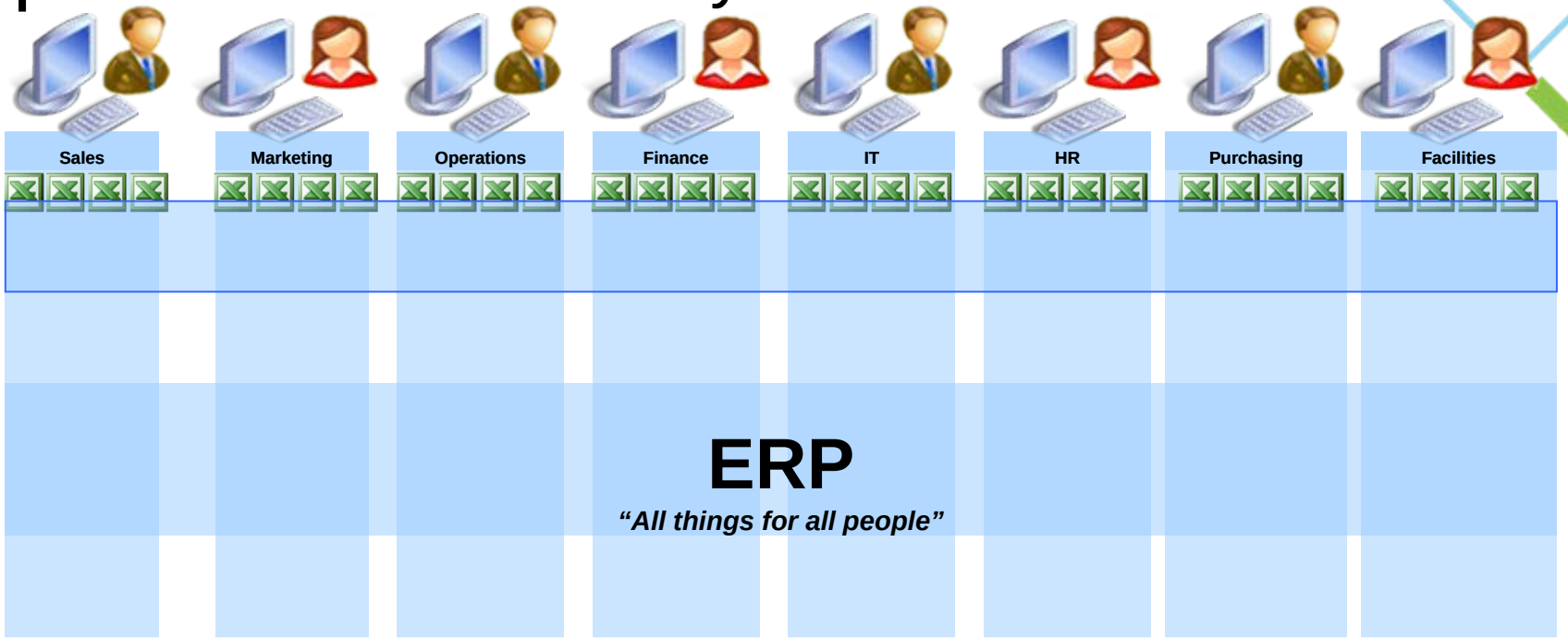
"All things for all people"

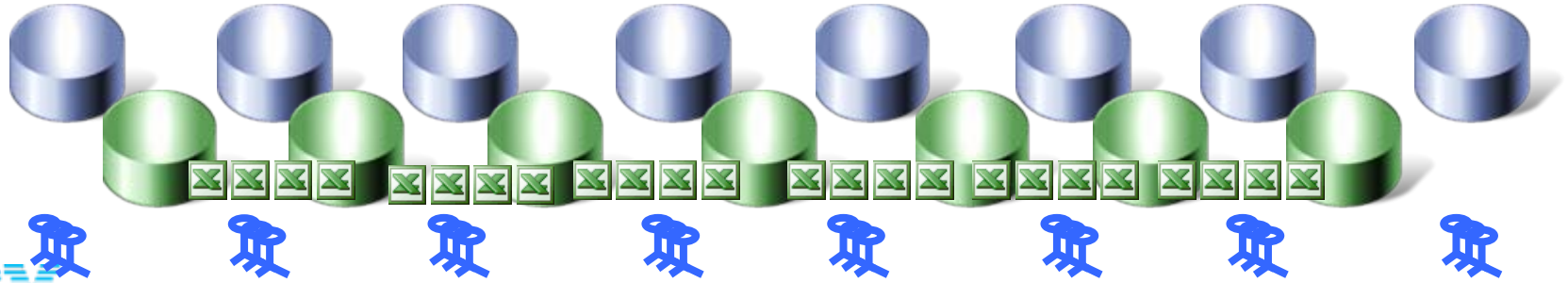


Performance Management: how decisions are made

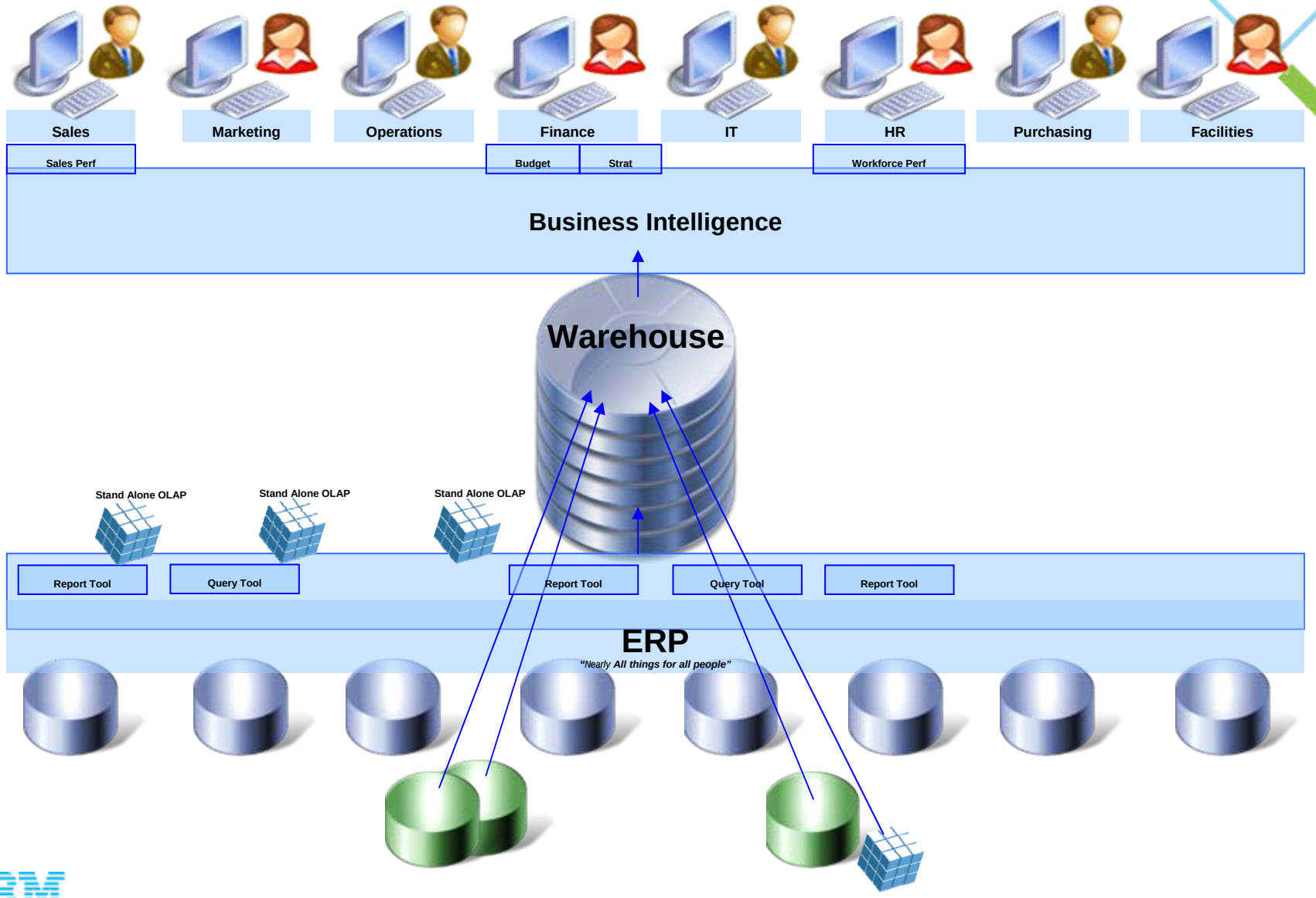


Spreadmarts are everywhere!

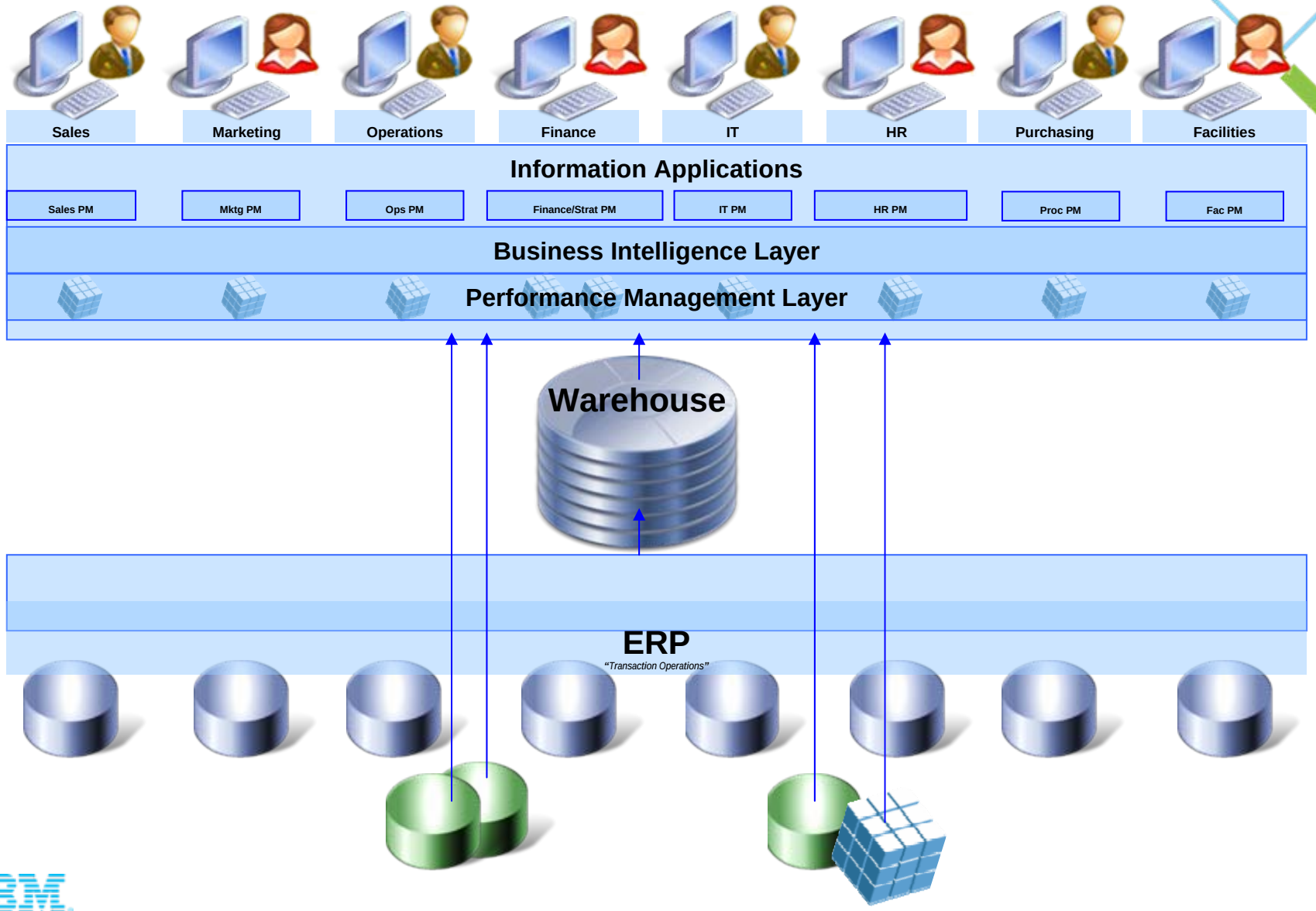




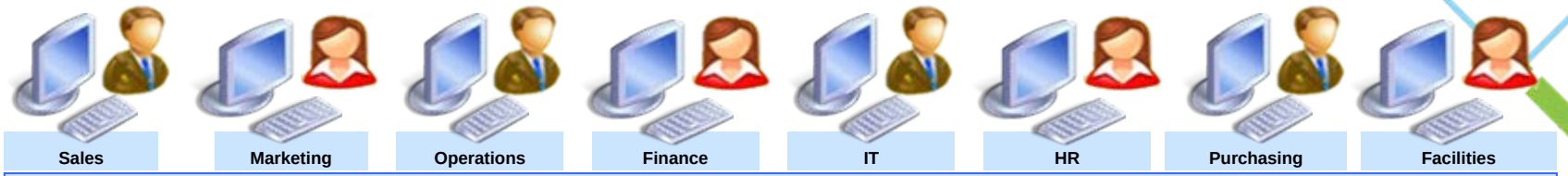
The ERP based solution for Performance Management



How IBM TM1 Fits Into Existing BI & Data Management Strategies



TM1 Information Applications – 1000s of solutions



Information Applications

Sales	Marketing	Operations	Finance	IT	HR	Purchasing	Facilities
Pricing	Web Analytics	Supply Chain Planning	Strategy	SLA	Workforce Optimisation	Contract Management	Premises Optimisation
Churn	Campaign Effectiveness	Logistics	Planning	Project Planning & Reporting	Talent Management	Renewals	Maintenance & Repair Planning
Customer Service	Campaign Planning	Sourcing	Budgeting	Resource Demand & Levelling	Hiring	Spending & Discount Optimisation	Demand
Sales Forecast		Procurement	Profitability	Scheduling	Retention	Demand	Lease Renewals
Customer		Inventory Optimisation	Costing, ABC	Asset Planning & Operation	Training	Supplier Management	Rentals
Channel		Production Forecasting	Allocations	Maintenance, Repair Lifecycle	Satisfaction		Contracts
Product		Scheduling	Governance, Risk & Compliance		Benefits		Utilisation Optimisation
		Shutdowns	Scorecards KPIs				Cost Effectiveness & Control
		Manufacturing Process Optimisation	Taxation Optimisation				
		Job Scheduling Optimisation	Statutory & Regulatory Reporting				

Business Intelligence Layer

Modelling | Analysis | Reporting
Dashboards | Workflow | Query

Performance Management Layer

TM1
Analytical Apps

Information Management Layer

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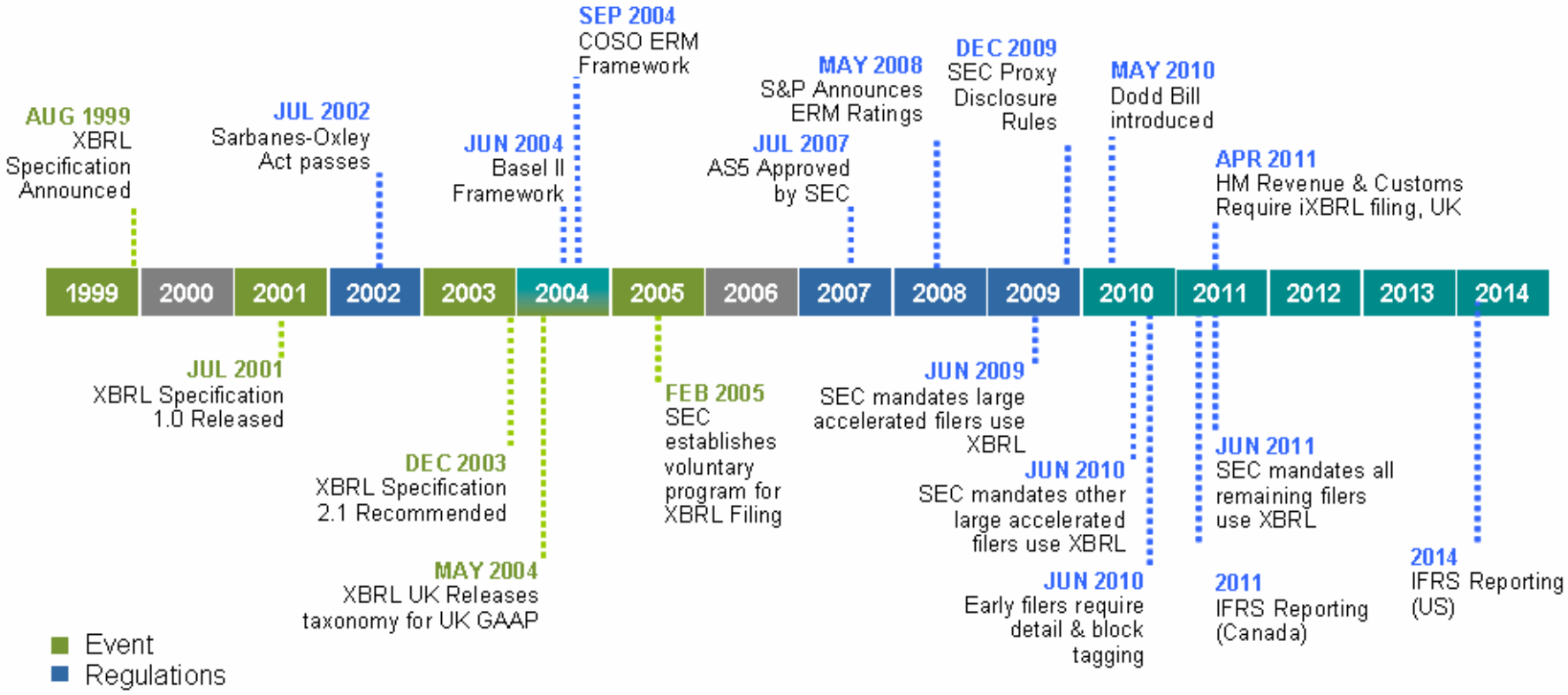
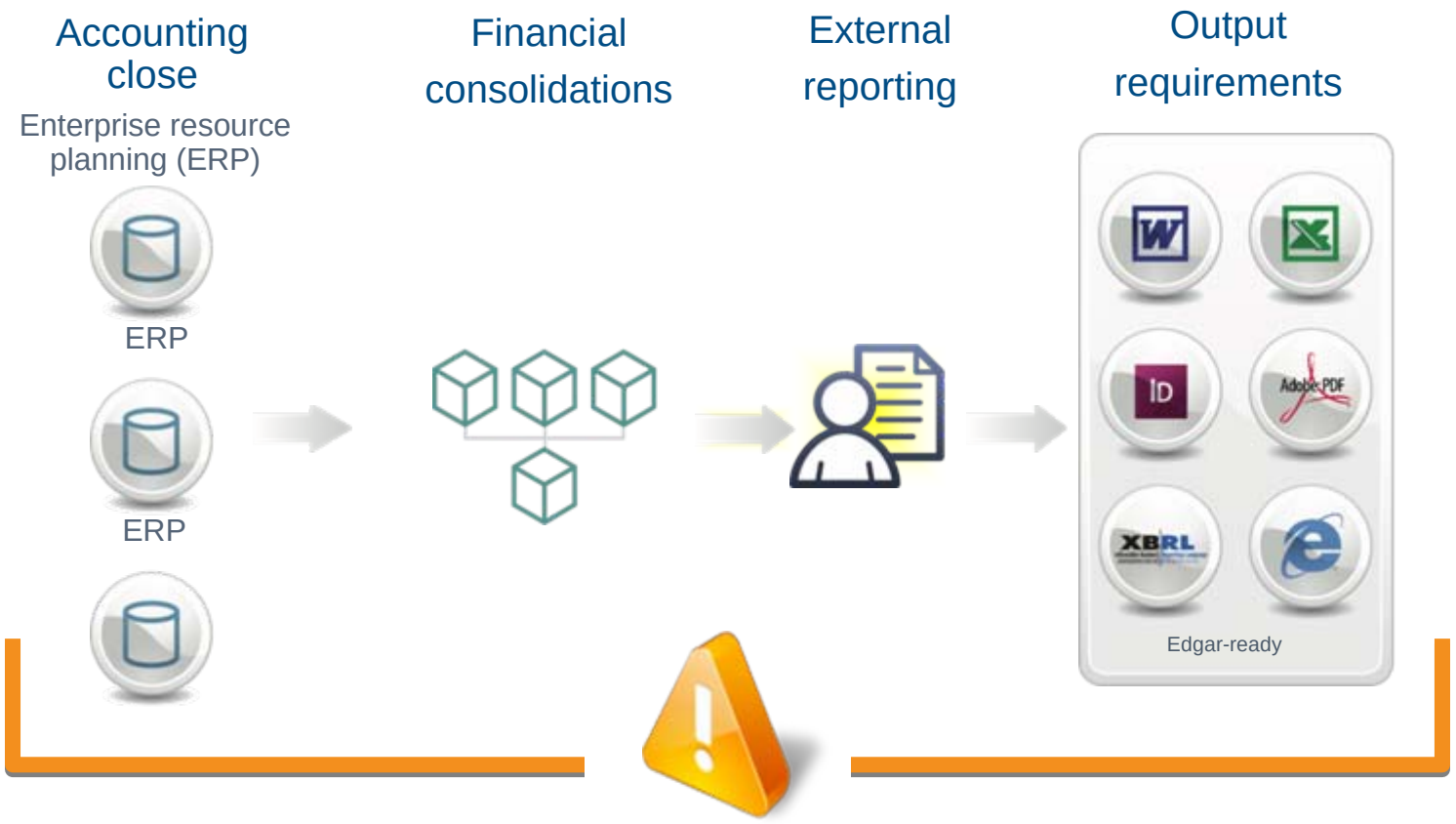
Regulatory mandates demand attention

- Transparency, rating agency and regulatory demands for risk and compliance information
- Compressed deadlines; electronically filing requirements

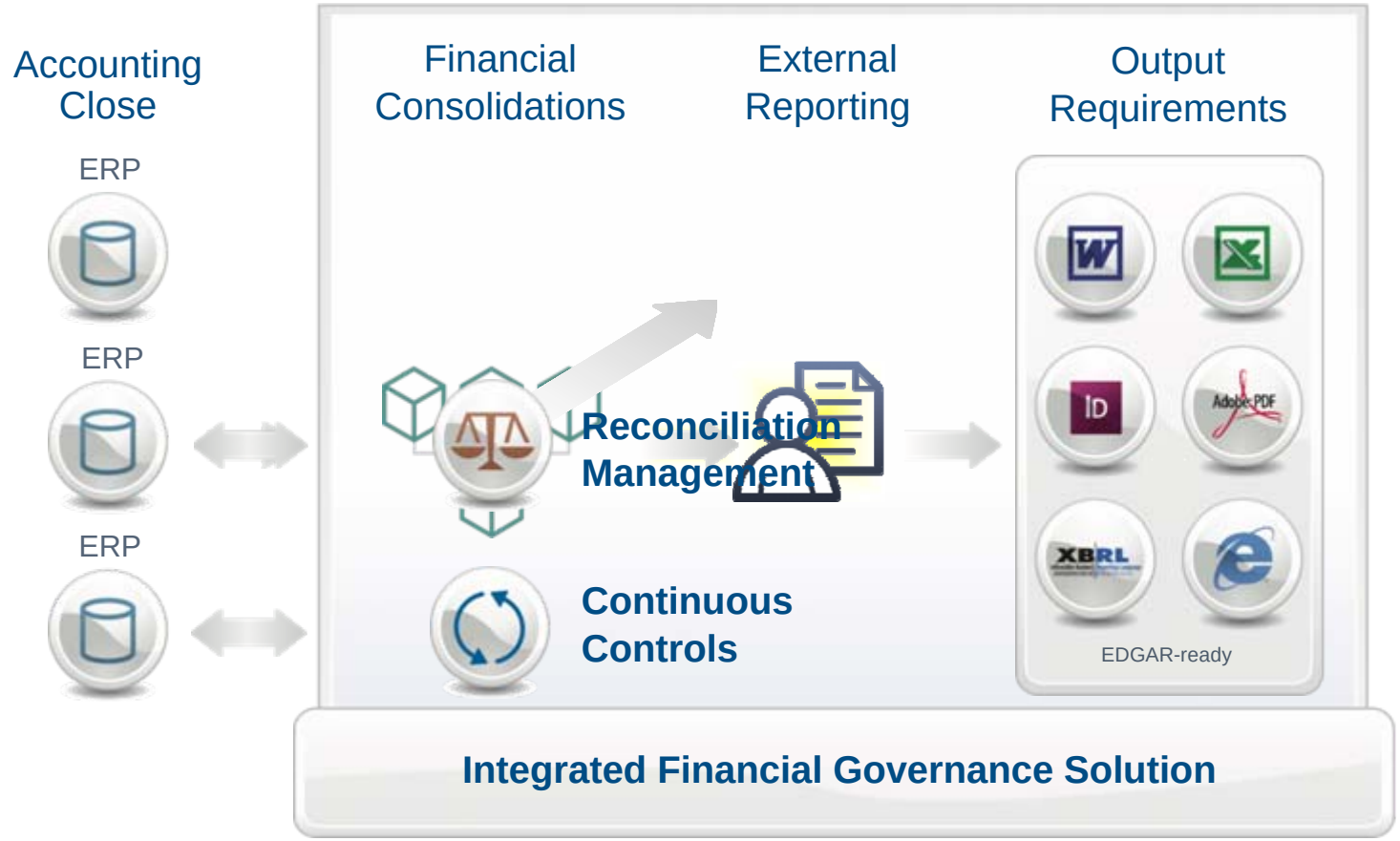


Manual processes dominate financial close

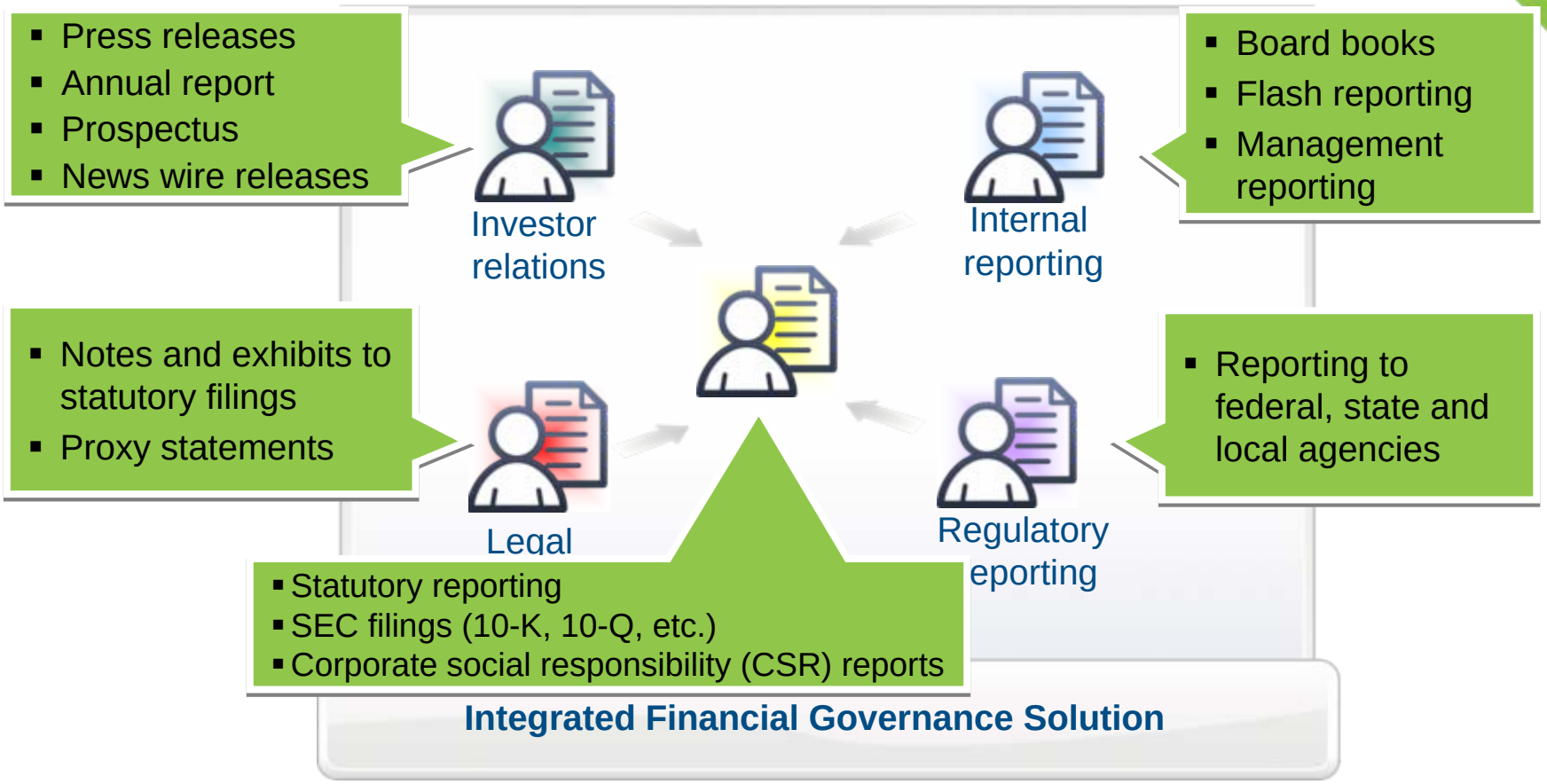


Risk of errors, late filing, insider leaks, noncompliance

Integrated financial governance



Effectively sharing sensitive information



Regulators' publically announced XBRL adoption

- Australian Federal Government (SBR)
- Banco de España
- Bank of Japan
- Bundesbank
- Committee of European Banking Supervisors (CEBS)
- China Ministry of Finance
- Chinese Securities Regulation Commission (CSRC) {sponsoring Shenzen and Shanghai exchanges}
- Danish Commerce & Companies Agency
- Dutch Tax Authority
- Dutch Water Authority
- Eurostat
- EU Commission – XBRL in Europe
- Financial Service Agency of Japan
- The Irish Revenue
- Reserve Bank of India
- Ministry of Corporate Affairs India
- Securities and Exchange Board of India
- Spanish Stock Exchange Commission – 3000 companies
- KOSDAQ – Korea
- National Tax Agency of Japan
- Patent and Registration Office (PRV – Sweden)
- U.S. Securities & Exchange Commission
- Shanghai Stock Exchange 800+ companies
- Shenzhen Exchange
- Tokyo Stock Exchange
- UK Financial Services Authority
- US Federal Financial Institutions Examination Council (includes FDIC)
- UK HMRC

Source: WWW.XBRL.ORG

XBRL: data standard for financial information exchange

XBRL can be though of as Accounting language for computer systems:

- The process can be though of as a self-describing “pipe” for financial data
- The self-describing format makes it impossible to just treat XBRL as just another output format like PDF, XLS, XML, etc.

- *Each regulator defines their own format/template (Taxonomy)*
- *Each filer needs to transform their data to the regulator’s business format before they can generate XBRL*
- *Most solutions just do the generation of the XBRL, not the transformation*

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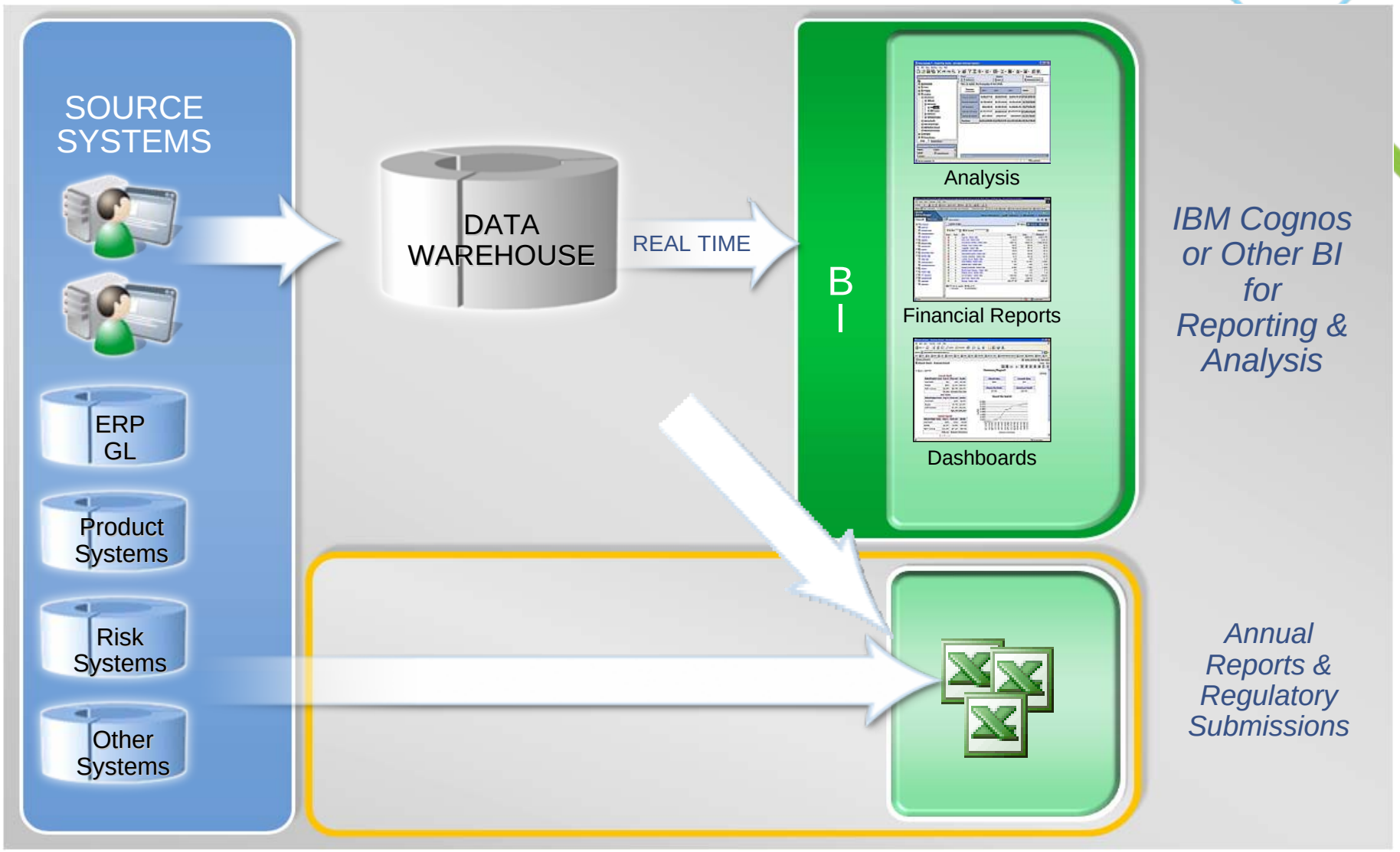
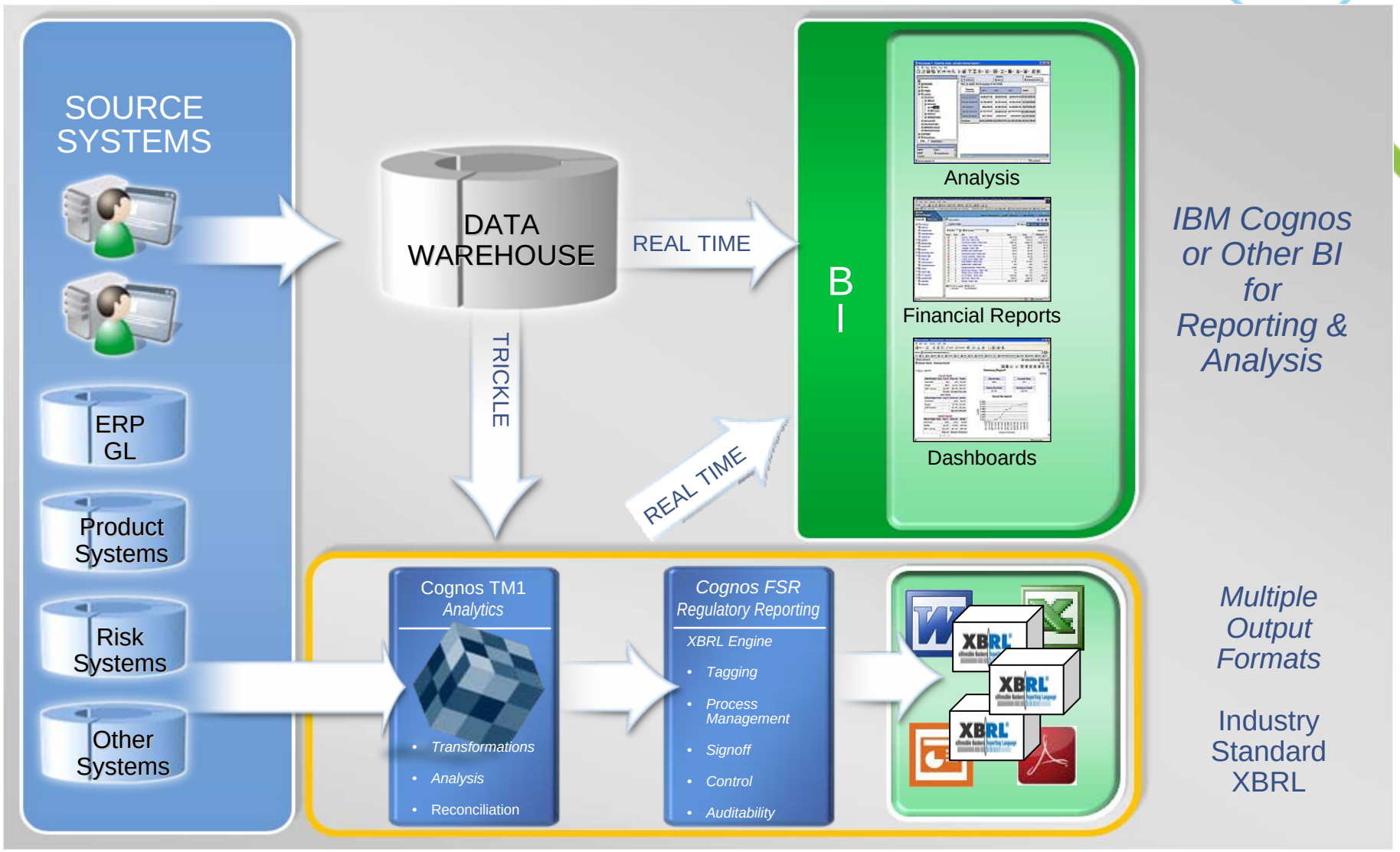
The Existing Process

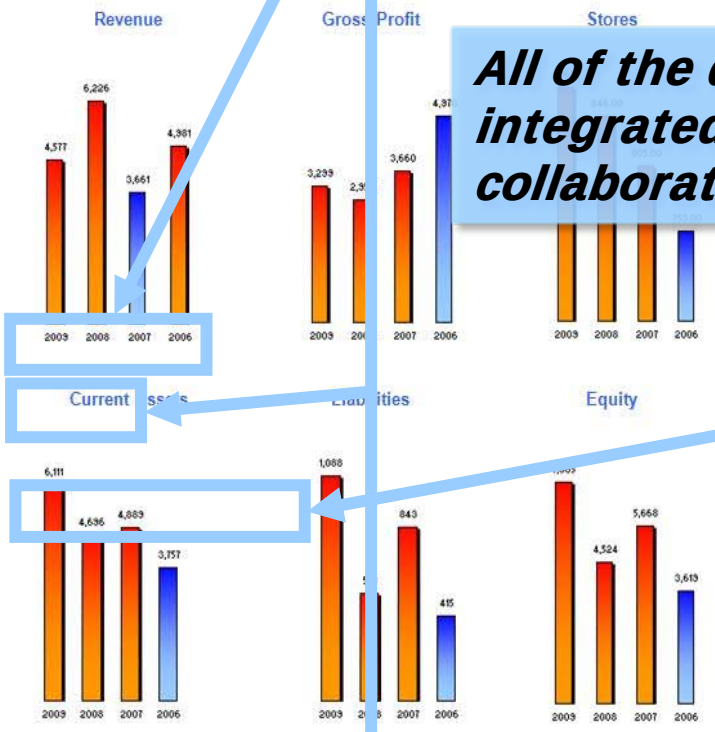


Solution Overview



ITEM 6. FINANCIAL DATA

(In thousands, except per share amounts, ratios and other)	2009	2008	2007
Summary of Operations			
Net sales	$ 4,576,528	$ 6,225,909	$ 3,661,222
Comparable store sales increase (decrease)	1.13	1.31	1.69
Gross profit	$ 3,299,130	$ 2,957,989	$ 2,639,304
Gross profit as a percentage of net sales	72%	48%	72%
Operating income	$ 2,287,684	$ 1,501,437	$ 1,830,139
Operating income as a percentage of net sales	50%	24%	50%



All of the document's separate elements integrated into one centrally managed collaborative report

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by, our forward-looking statements. Words such as "expects," "anticipates," "believes," "estimates" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could" are intended to identify such forward-looking statements. Readers of the Form 10-k of office supplies INC Corporation not rely solely on the forward-looking statements and should consider all uncertainties and risks throughout this report as well as those discussed under Item 1A. "Risk Factors" of the Annual Report on Form 10-K. The statements are representative only as of the date they are made, and the Corporation undertakes no obligation to update any forward-looking statement.

Possible events or factors that could cause results or performance to differ materially from those expressed in our forward-looking statements include the following: changes in general economic conditions and economic conditions in the geographic regions and industries in which the Corporation operates which may affect, among other things, the level of nonperforming assets, charge-offs and provision expense; changes in the interest rate environment and market liquidity which may reduce interest margins, impact funding sources and affect the ability to originate and distribute financial products in the primary and secondary markets; changes in foreign exchange rates; adverse movements and volatility in ... impact the value of financial ..., and other similar financial ... may adversely affect the ... litigation and regulatory ... or foreign tax laws; rules and ... interpretations thereof; various ... of Governors of the Federal ... Corporation, state regulators ...ations; competition with other ...stitutions; ability to grow core ...hancements, and gain market acceptance of such products; mergers and acquisitions and their integration into the Corporation; decisions to downsize, sell or close units or otherwise change the business mix of the Corporation; and management's ability to manage these and other risks.

Liquidity Risk

Liquidity is the ongoing ability to accommodate liability maturities and deposit withdrawals, fund asset growth and business ..., and meet contractual obligations through unconstrained access to funding at reasonable market ... Liquidity management involves forecasting funding requirements and maintaining sufficient capacity to meet the needs and accommodate fluctuations in asset and liability levels due to changes in our business operations or unanticipated events. A more detailed discussion of our liquidity risk is included beginning of the MD&A of the Corporation's 2008 Annual Report on Form 10-K.

The company maintains a cushion of excess liquidity that would be sufficient to fully fund the holding company and nonbank affiliate operations for an extended period during which funding from normal sources is disrupted. The primary measure used to assess the company's liquidity is the "Time to Required Funding" during such a period of liquidity disruption. This measure assumes that the parent company is unable to generate funds from debt or equity issuance, and no longer pays dividends to shareholders while continuing to meet nondiscretionary uses needed to maintain bank operations and repayment of contractual principal and interest payments owed. Under this scenario, the amount of time the company and its nonbank can operate and meet all obligations before the current liquid assets are exhausted is considered the "Time to Required Funding." ALCO approves the target range set for this metric, in months, and monitors adherence to the target. Maintaining excess company cash helps to facilitate the target range months for "Time to Required Funding" and is the primary driver of the timing and amount of the Corporation's debt issuances. As of March 31, 2008, "Time to Required Funding" was 20 months compared to 19 months at December 31, 2008. Our "Time to Required Funding" remained below our target range at March 31, 2008 primarily due to the funding of LaSalle and the impact of the market disruptions that began in the second half of 2006 on our earnings.

One ratio that can be used to monitor the stability of funding composition is the "loan to domestic deposit" ratio. This ratio reflects the percent of loans and leases that are funded by domestic core deposits, a relatively stable funding source.

Clarity FSR - [Report Design]

File Forms XBRL Tools Administration Window Help

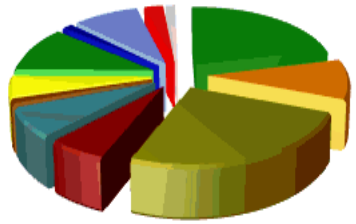
- Item 1 Business Overview
  - General
  - Growth Strategy
  - Growth Strategy - Not Printe...
  - Historical Growth
  - Store Remodeling
  - Footer
  - Comments and Links
  - Suggested Edits
  - Compliance Checklist
- Item 1B Unresolved Staff Comme...
- Item 2 Properties
- Item 3 Legal Proceedings
- Item 4 Submission of Matters
- Item 5 Market for Registrants
  - Markets
  - Equity Market
  - Compliance Checklist
- Item 6 Financial Data
  - Financial Data
  - Charts
  - Charts
  - Compliance Checklist
- Item 7 Managment Discussion an...
  - MANAGEMENT'S DISCUSSION...
  - Liquidity Risk and Capital Man...
  - Dividends
  - Credit Risk Management
  - Income Statement
  - APPLICATION OF CRITICAL ...
  - Labor Agreements
  - Assets
  - Market Risks and Hedging Act...
  - FORWARD-LOOKING STATEM...
  - Compliance Checklist
- Item 8 Financial Statements (TOC)
- Item 8 Financial Statements
- Assets
- Liabilities
- Income Statement
- Cash Flow

Document Summary

Entity	External Reporting
Period	December 31, 2009
Document Name	10-K - Current Year
# Working Days before Due Date	-307
Overall document sign-off	0

Workflow and Status Views provide visibility into the process

Document Status



Internal Auditor - 2.4 % Reviewer - 8.4 % Assistant Controller - 1.2 % Data Contributor - 10.8 % Manager - 4.8 %
External Auditor - 1.2 % Legal - 7.2 % Chief Accounting Officer - 6.0 % Director Financial Reporting - 25.3 %
Controller - 9.6 % XBRL Tagging - 21.7 % Test Workflow - 1.2 %

Status by Object

Drag a column header here to group by that column

Assigned To	Section Name	Report Object	Status	Object Type	Content
irector Financial Reporting	Variable Management	Variable List	Manager	Normal	MS-Excel
irector Financial Reporting	Front Cover Page	Cover Page	Director Financial ...	Normal	MS-Word
eviewer	Print Default Settings	Default Page Setup	Reviewer	Page Setup	MS-Word
eviewer	Shareholders Message	Header	Reviewer	Header	MS-Word
ssistant Controller	Shareholders Message	Shareholder Page Setup	Assistant Controller	Normal	MS-Word
eviewer	Form 10-K Cover Page	Header	Reviewer	Header	MS-Word
irector Financial Reporting	Form 10-K Cover Page	Default Page Setup	Manager	Page Setup	MS-Word
irector Financial Reporting	Form 10-K Cover Page	Form 10K	Director Financial ...	Normal	MS-Word
irector Financial Reporting	Table of Contents	TOC	Director Financial ...	Normal	MS-Word
	Item 1 Business Overview	General	Test Workflow	Normal	MS-Word
ata Contributor	Item 1 Business Overview	Growth Strategy	Data Contributor	Normal	MS-Word
ata Contributor	Item 1 Business Overview	Growth Strategy - Not Printed and Hard Coded	Data Contributor	Normal	MS-Word
ata Contributor	Item 1 Business Overview	Historical Growth	Data Contributor	Normal	MS-Excel
Data Contributor	Item 1 Business Overview	Store Remodeling	Data Contributor	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Footer	Data Contributor	Footer	MS-Word
Data Contributor	Item 1 Business Overview	Comments and Links	Data Contributor	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Suggested Edits	Data Contributor	Normal	MS-Word

No. objects: 83

What Is Cognos FSR?

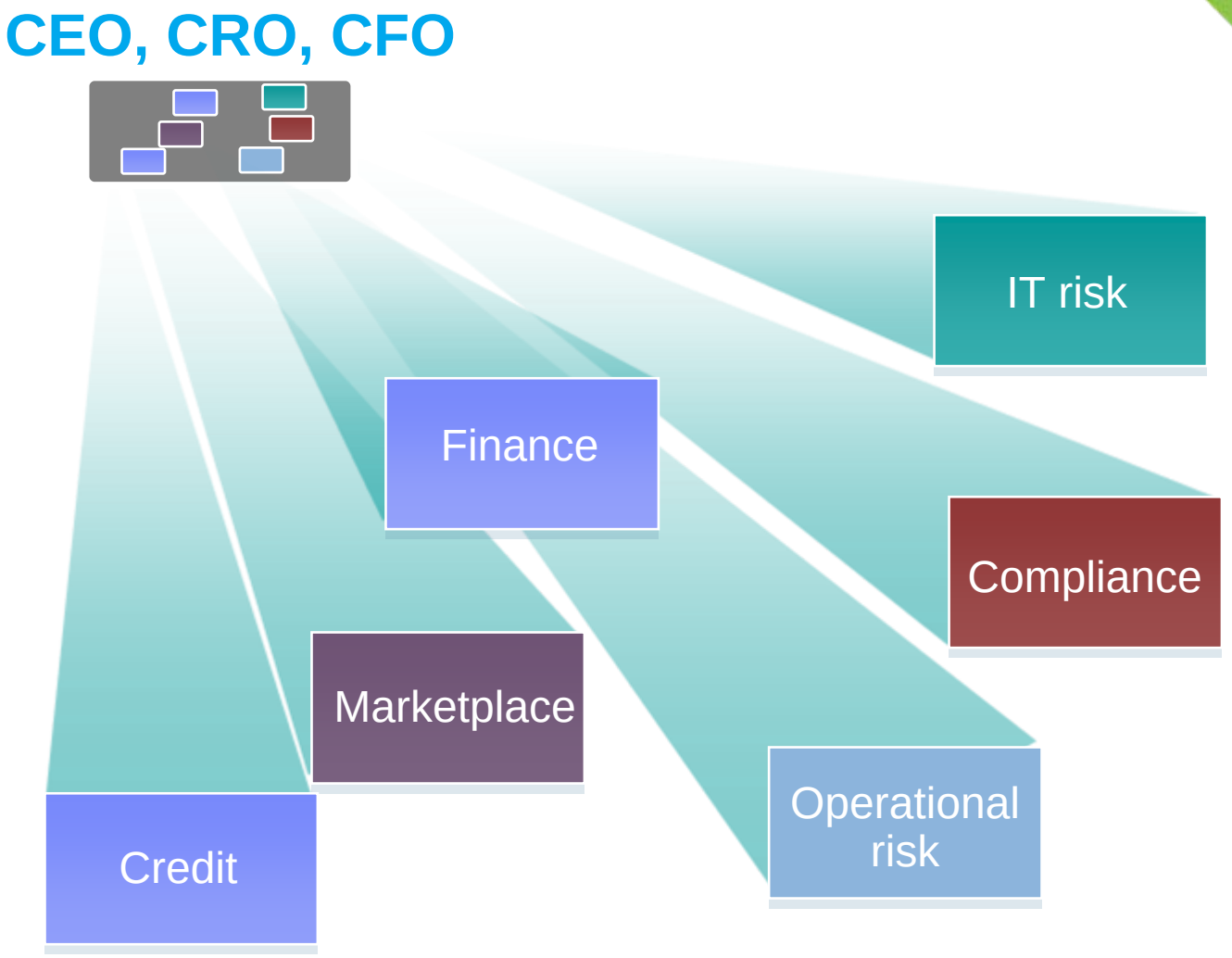
Automates Financial Reporting, Improving Efficiency And Data Quality

- **Key features:**
  - Reports are dynamically driven, with data seeded from a central database
  - Word used for narrative input and formatting options, automatically linking Excel calculations and charting options within a single application framework
  - Workflow and version control are built in for report approvals and reviews
  - Complete control over timelines and filings
  - Controlled / secure user access with full audit trails
  - Central library for compliance checklists
  - Multiple output options
  - Fully integrated XBRL and iXBRL tagging as well as taxonomy management

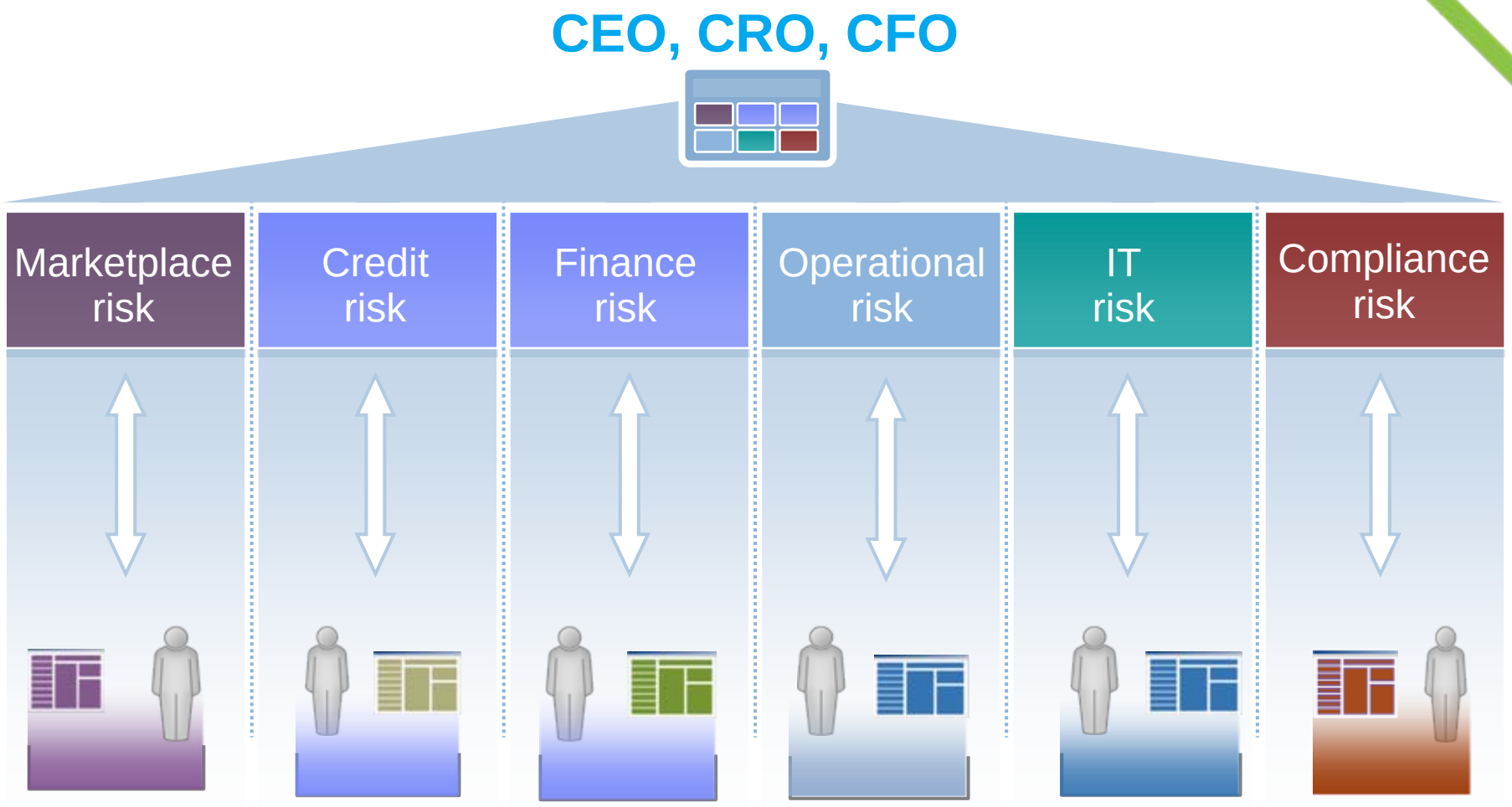
Agenda

- Latest Trends in Finance
- IBM Financial Analytics Solution Overview
- Product Update
- Financial Performance
- Compliance
- Risk
- Strategy & Conclusions

Struggle with fragmentation of risk information

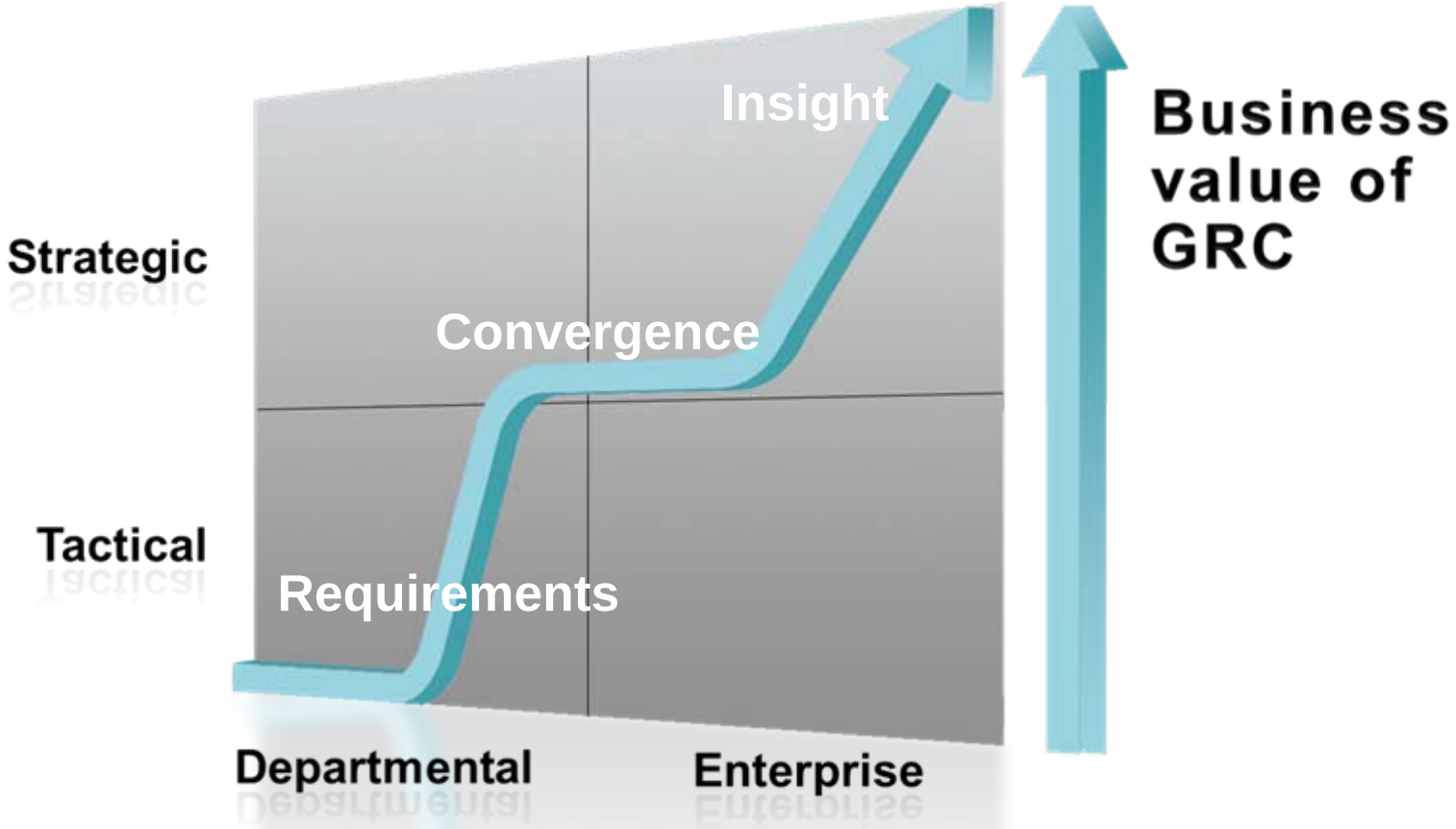


Integrated approach facilitates transparency



Governance, risk, and compliance (GRC) management evolves to insight

Satisfy → Leverage → Perform



United Technologies

Increase confidence

… eliminate risk and accelerate reporting

- Single, auditable process
- Twenty percent savings, efficiently address new demands

BARCLAYS

Better control

… of risk and opportunity

- Reduced cost, improved efficiency and effectiveness
- Better overall view of risk and compliance posture

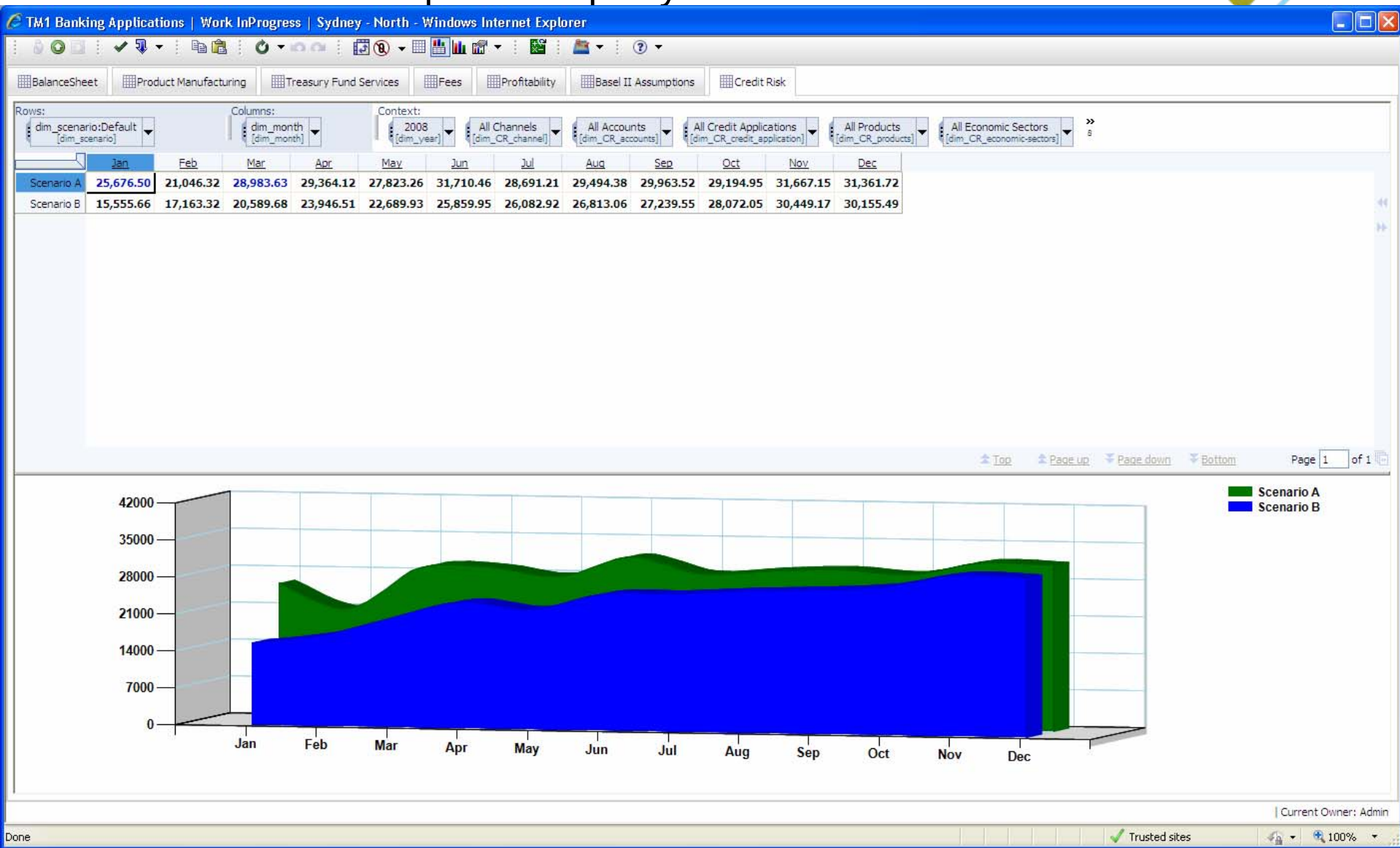
IBM

IBM Finance Forum 2011

Anticipate and shape business outcomes

Risk Management with IBM TM1

Basel II Credit Risk Capital Adequacy + Basel III Stress Test Scenarios



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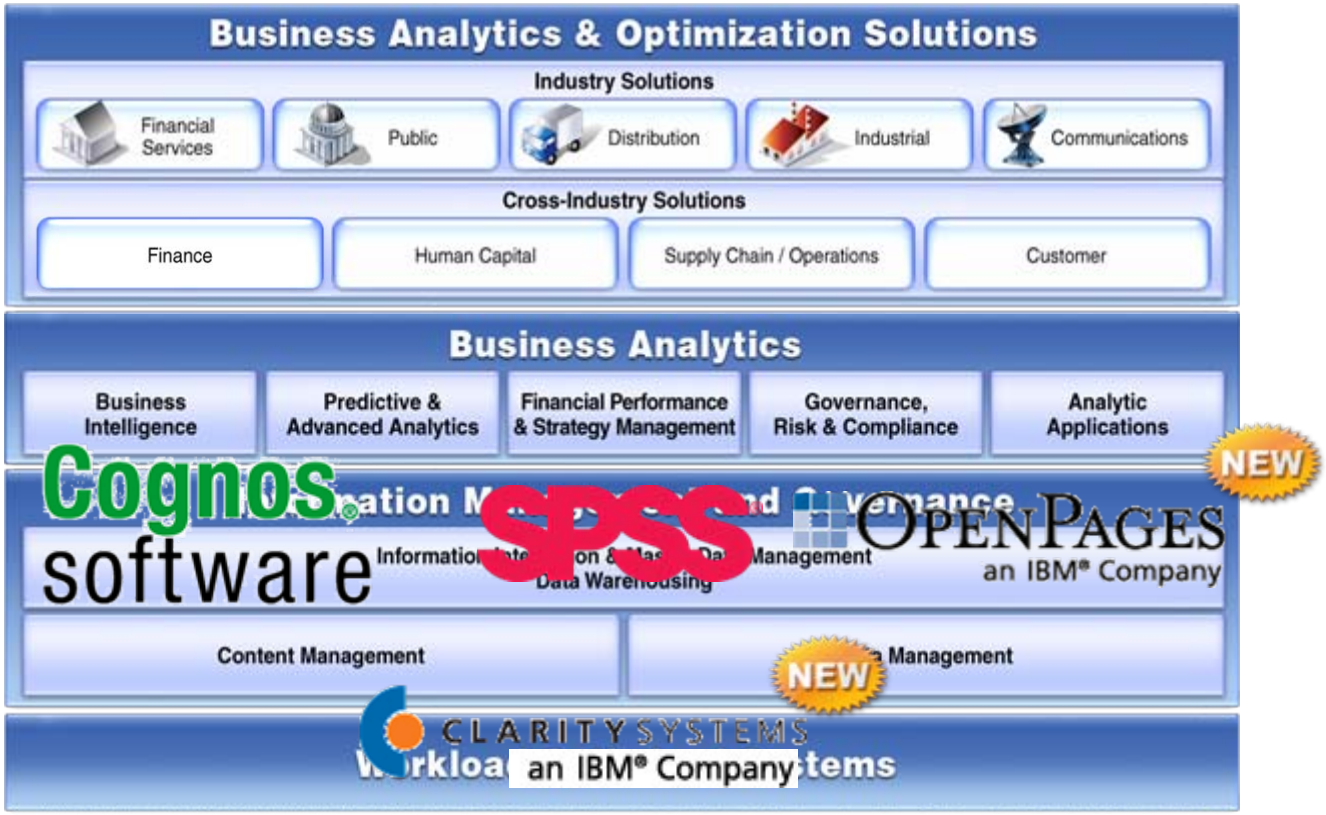
An exceptional business analytics partner



An exceptional business analytics partner

Transforming finance through analytics

- Analytics-driven organizations outperform
- Finance is a catalyst for higher performance and effective, efficient regulatory response
- Count on IBM to be your ultimate provider:
  - —Software and systems
  - —Services
  - —Global financing

Leading the transition to a smarter planet

Today, IBM is helping our clients to **change the way the world literally works** – and to make the planet not just smaller and "flatter," but **smarter.** IBM is applying its expertise, global scope and creativity to build the backbone of 21st century industries and public institutions.

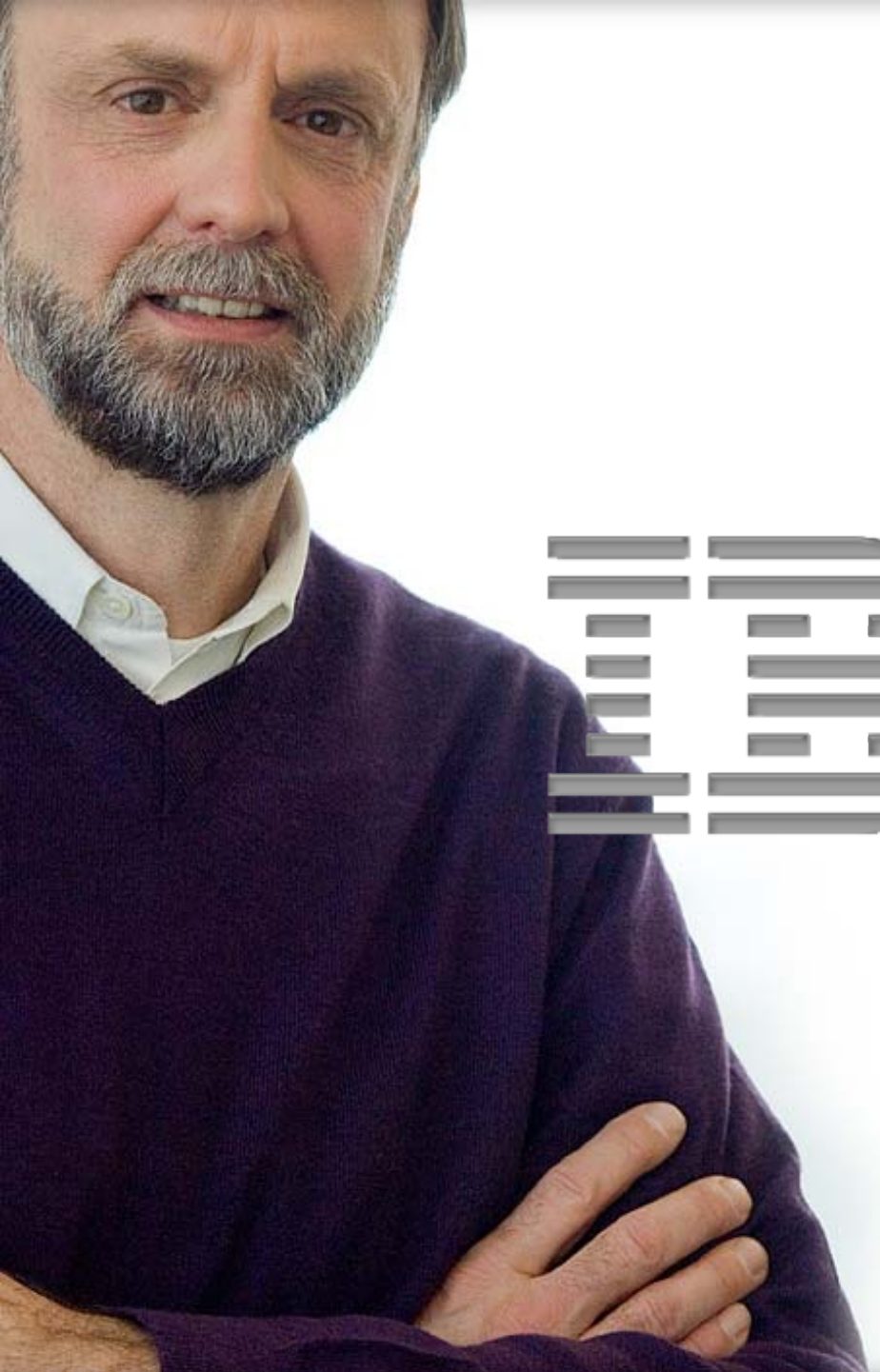
Our world is becoming
INSTRUMENTED

Our world is becoming
INTERCONNECTED

Virtually all things, processes and ways of working are becoming
INTELLIGENT

IBM Financial Analytics Plays a Central Role for Smarter Business

Thank You



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