IBM Performance Management Roadshow

James Melville FCCA

12th March 2013

Agenda

9:15	-	**Introductions**
9:35	-	**Close, Consolidate, Report & File**
10:35	-	*Break*
10:50	-	**Operational & Financial Planning**
11:50	-	*Break*
12:05	-	**Sales Performance Management**
13:05	-	**Wrap up**
13:15	-	**Lunch**

Introduction

James Melville FCCA
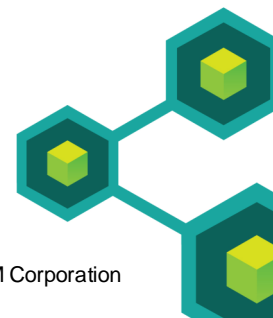Business Analytics Specialist Architect

Andrew Chubb FCCA
Financial Performance Management Specialist

Sunil Jayakumar Nair
Performance Management Solutions Specialist

Greg Scortis
Sales Performance Management Specialist

Business Analytics software

IBM

Issues and Challenges

Volatility

Expense

Risk

Growth

Reporting

Forecasting

Cash Flow

Shareholders

Revenues

Regulation

Transparency

Uncertainty

Working Capital

Capital

Profitability

Variability

Manual

Long Cycle Times

Errors

4

IBM

The pressures on organizations are at a point where analytics has evolved from a business initiatives to a **BUSINESS IMPERATIVE**

More organization are using analytics to create a competitive advantage

Respondents who believe analytics creates a competitive advantage

2010   **37%**   **57%** increase

2011   **58%**
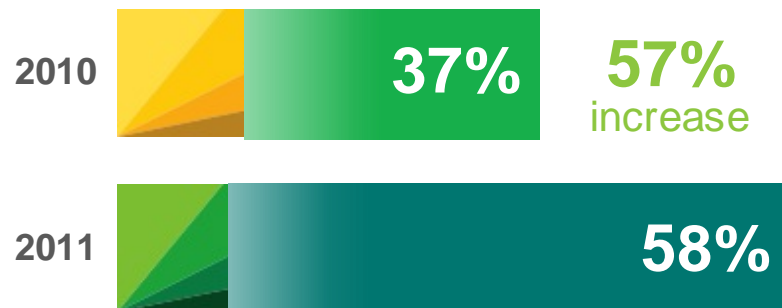
Source: The New Intelligent Enterprise, a joint *MIT Sloan Management Review* and IBM Institute of Business Value analytics research partnership. Copyright © Massachusetts Institute of Technology 2011

And leaders are outperforming their competitors in key financial measures

1.6x Revenue Growth

2.0x EBITDA Growth

2.5x Stock Price Appreciation

Source: *Outperforming in a data-rich, hyper-connected world*, IBM Center for Applied Insights study conducted in cooperation with the Economist Intelligence Unit and the IBM Institute of Business Value. 2012

Follow the Value Integrators

Drive data and process standards

Automate production of metrics

Manage Risk

Drive common planning and corporate and management reporting

Advance analytics

Source: 2010 IBM Global CFO study

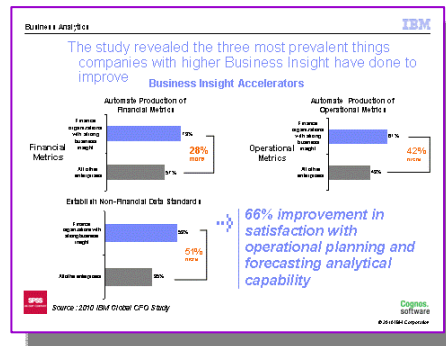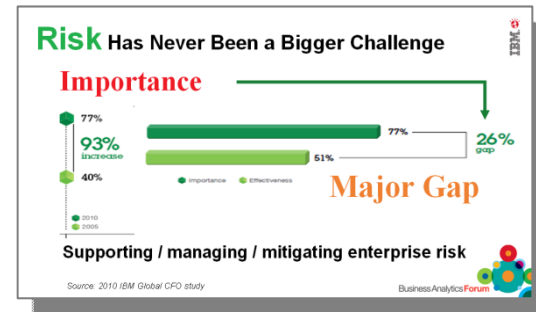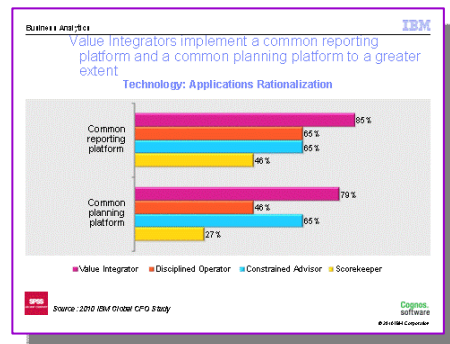# Investing to Enable Our Customers

- **$16B+** in 30+ Acquisitions Since 2005
- **10,000+** Technical Professionals
- **7,500+** Dedicated Consultants
- **Largest** Math Department in Private Industry
- **27,000+** Business Partner Certifications
- **8** Analytics Solutions Centers
- Optimized hardware and software offerings
- **100** analytics-based research assets; almost **300** researchers
- Significant marketing investment worldwide through Smarter Planet

2012

Compensation & Sales Performance Management
Supply Chain Optimization
Price & Promotion Optimization
Advanced Security Analytics
Risk and Regulatory Analytics
Social Analytics/Consumer Insight
Workload Optimized Systems
Advanced Case Management
Content Analytics
Decision Management
Stream Computing
Pervasive Content
pureScale
pureXML
Deep Compression
Developer Productivity
Autonomic Operations

2005

VARICENT
tealeaf.
Emptoris
DEMANDTEC
1 Labs
Algorithmics an IBM Company A²
CLARITYSYSTEMS
PSS
unica
NETEZZA
OPENPAGES
Vivísimo
Datacap
Coremetrics
Sterling Commerce
Initiate
Guardium
SPSS
ILOG
solid.
princeton softech
COGNOS
FILENET
Ascential

Performance Management

Smarter Analytics Signature Solution   CFO performance insight

Enterprise Performance Management   Planning Analysis & Forecasting
Profitability Modeling & Optimization
Performance Reporting & Scorecarding

Finance

- Financial Close
- Financial Consolidation
- Tagging & External Filing (XBRL, HMRC, etc)

- Expense Planning & Control*
- Workforce & Comp Planning*
- Initiative (Project) Planning*
- …

Finance   Human Resources   IT

Operations

- Sales and Ops Planning*
- Product Profitability*
- Capital Expenditure Planning*
- Capital Project Planning*
- Initiative (Project) Planning*
- …

- …Industry Specific Performance Management*

Product Development   Operations

Sales

- Incentive Compensation Management (Varicent)
- Territory & Channel Management (Varicent)
- Quota Planning (Varicent)
- Cross-Sell and Up-Sell*
- Customer Profitability*

- …Industry Specific Performance Management*

Customer Service   Sales   Marketing

* IBM Cognos Performance Blueprints are pre-defined data, process and policy models that address a number of functional process areas and the needs of specific industries. (links available in slide show mode)

Finance

Andrew Chubb FCCA
Financial Performance Management Specialist

Financial Close Management
Reporting Efficiently with Confidence to Stakeholders

Account Analysis & Close

Consolidation Reporting & Analysis

Compliance & Regulatory

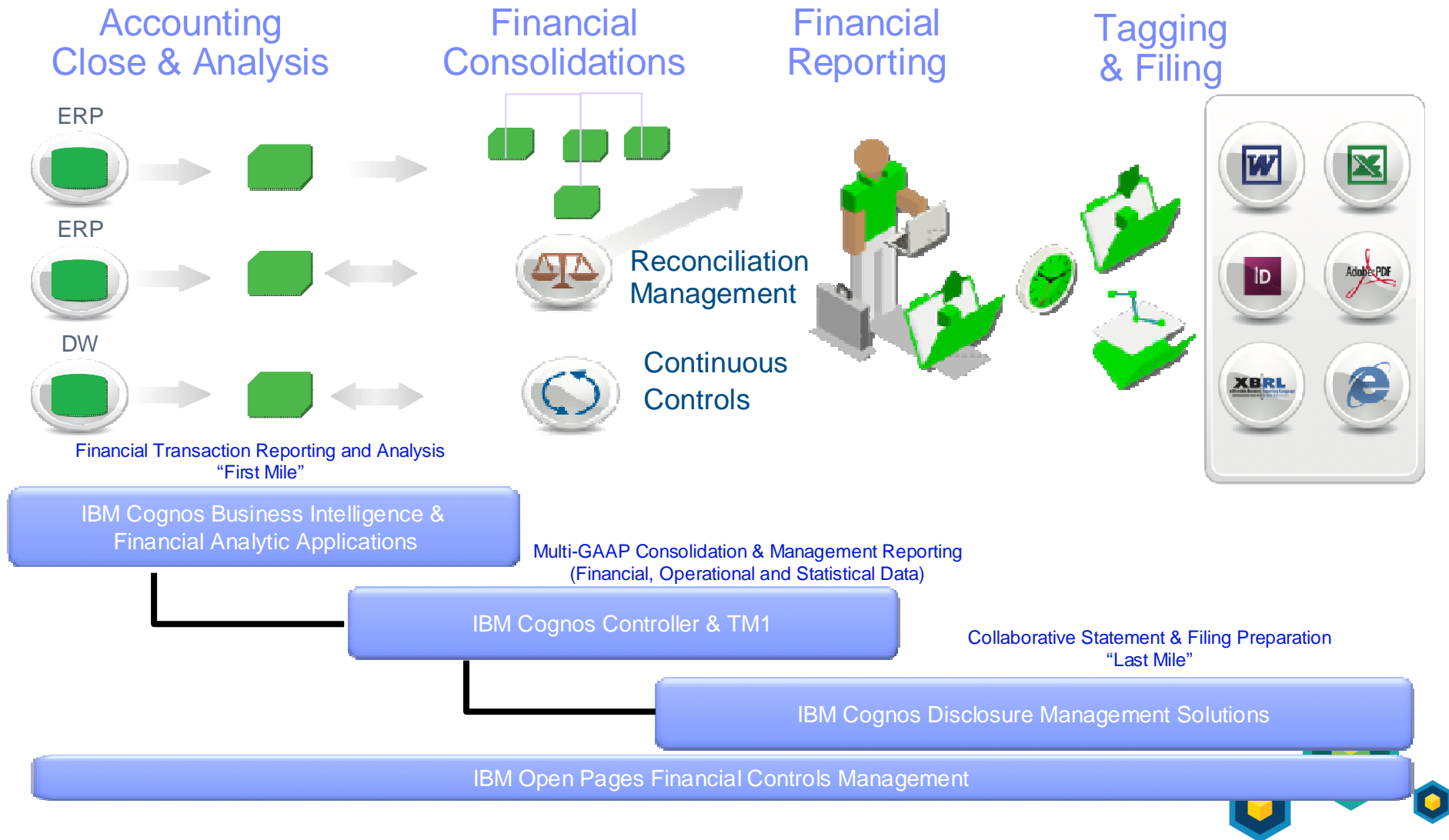**Disclosure Management**

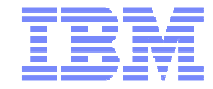Common Information & Technology Platform

New!

- Enhanced process visibility & high fidelity integration
- **Extended integrated tagging for IFRS, SII, COREP & FINREP, et al**
- Cognos Disclosure Management

IBM Confidential: References to potential future products are subject to the Important Disclaimer provided earlier in the presentation

IBM Business Analytics FCM Solution:
Complete Coverage of Financial Governance Processes

Accounting Close & Analysis

Financial Consolidations

Financial Reporting

Tagging & Filing

ERP

ERP

DW

Reconciliation Management

Continuous Controls

Financial Transaction Reporting and Analysis "First Mile"

IBM Cognos Business Intelligence & Financial Analytic Applications

Multi-GAAP Consolidation & Management Reporting (Financial, Operational and Statistical Data)

IBM Cognos Controller & TM1

Collaborative Statement & Filing Preparation "Last Mile"

IBM Cognos Disclosure Management Solutions

IBM Open Pages Financial Controls Management

Demonstration

Operational & Financial Planning, Budgeting, Forecasting & Analysis Demonstration

Sunil Jayakumar Nair
Performance Management Solutions Specialist

Time Horizon

Participation

Modelling

Risk & Uncertainty

Process Measurement

Culture

Planning, Analysis & Profitability Modeling
IBM Cognos TM1

➡ A 64-bit read-write in-memory planning and analytic engine

➡ Multidimensional and multi-cube

➡ Excel-based modeling experience

➡ Familiar Excel & web contribution interfaces

➡ Sophisticated scenario analytics and spreading input methods

➡ On-demand analytics
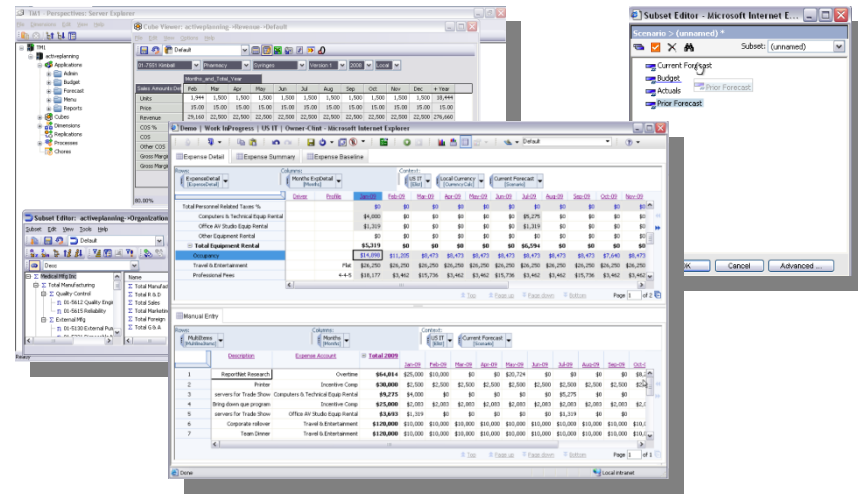
- High Data and User Scalability
- Flexible, Model-Based Approach
- Supports Best Practices
- Fusion of Analysis & Planning
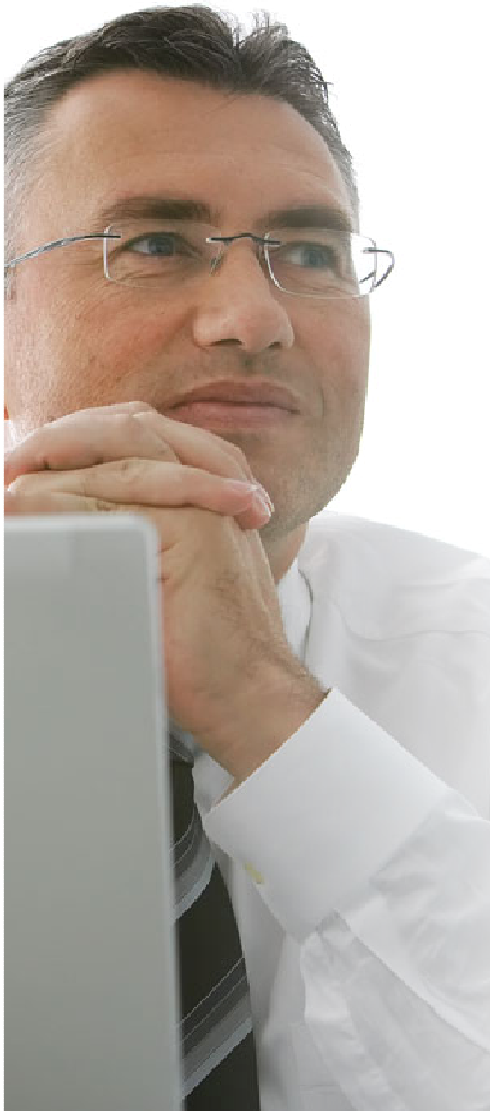- Owned by Finance

IBM Cognos TM1 model building blocks

- Dimensions

  Specialties, Chart of accounts, Suppliers, Years, Versions etc….

- Cubes

  Two or more dimensions

- Rules

  Your business logic

  Excel : = (AT9-AS9)/Sheet1!AS9

  TM1   : ['Margin %'] =[Margin]\['sales'];

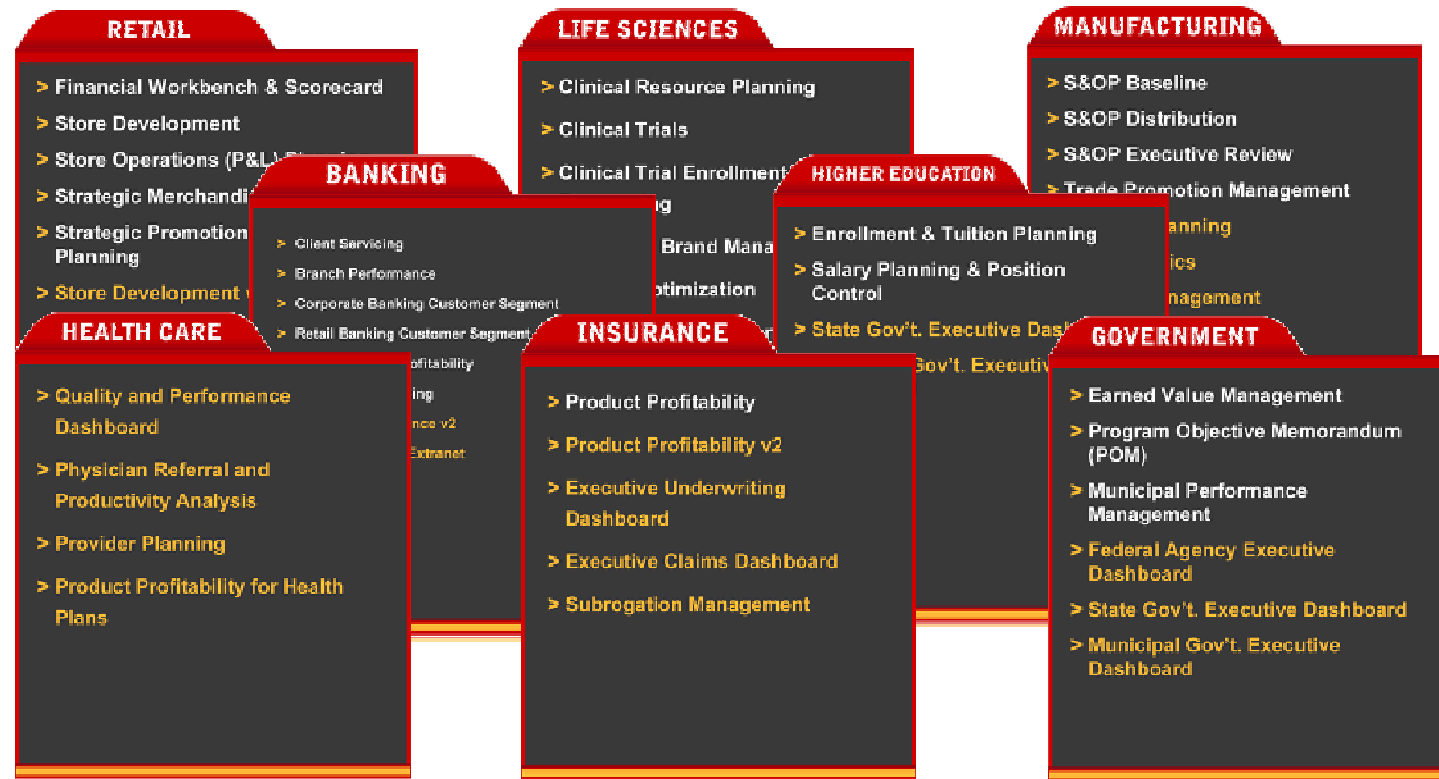- TI (Extract Transform and Load)

TM1's unique advantages

- **FAST:** Results at the **Speed of Thought,** intelligent calc engine, direct write to cubes, no need to run batch processes, allocations possible in near real-time

- **SCALABLE:** no limits on size, incredibly efficient storage of data, operates across multiple cubes & multiple servers (if required)

- **FLEXIBLE:** What-if Analysis, Modelling, make changes in realtime with system online

- **SPREADING:** top down, unlimited flexibility, extremely fast

- **BUSINESS OWNED:** single architecture, business modelling rules not programming, no need for MDX, SQL, VBA, etc

- **USER SELF SERVICE:** end users can create own reports, analysis, views, do own top-down changes (where allowed)

- **BEST BUSINESS INTELLIGENCE:** Cognos BI fully integrated

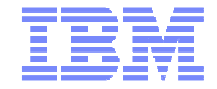- **LARGEST R&D OF ALL PM VENDORS:** security & investment of IBM

FUNCTIONAL

Performance Blueprints from IBM
- Forge *effective, dynamic connections* between strategy and execution, finance & ops
- *Deploy quickly* — with an integrated, performance management process
- *Reduce risk* — streamline implementation

RETAIL
> Financial Workbench & Scorecard
> Store Development
> Store Operations (P&L)
> Strategic Merchandi
> Strategic Promotion Planning
> Store Development

LIFE SCIENCES
> Clinical Resource Planning
> Clinical Trials
> Clinical Trial Enrollment
> Brand Mana
> otimization

MANUFACTURING
> S&OP Baseline
> S&OP Distribution
> S&OP Executive Review
> Trade Promotion Management
> lanning
> ics
> nagement

BANKING
> Client Servicing
> Branch Performance
> Corporate Banking Customer Segment
> Retail Banking Customer Segment
> ofitability
> ing
> nce v2
> Extranet

HIGHER EDUCATION
> Enrollment & Tuition Planning
> Salary Planning & Position Control
> State Gov't. Executive Das
> Gov't. Executiv

HEALTH CARE
> Quality and Performance Dashboard
> Physician Referral and Productivity Analysis
> Provider Planning
> Product Profitability for Health Plans

INSURANCE
> Product Profitability
> Product Profitability v2
> Executive Underwriting Dashboard
> Executive Claims Dashboard
> Subrogation Management

GOVERNMENT
> Earned Value Management
> Program Objective Memorandum (POM)
> Municipal Performance Management
> Federal Agency Executive Dashboard
> State Gov't. Executive Dashboard
> Municipal Gov't. Executive Dashboard

Demonstration

IBM Cognos
Sales Performance Management

Greg Scortis
Sales Performance Management Specialist

Sales Performance Management

Comprehensive solution that helps organizations drive sales alignment from strategy through to execution…

| Territory Management	Quota Planning	Channel Management	Incentive Compensation Management
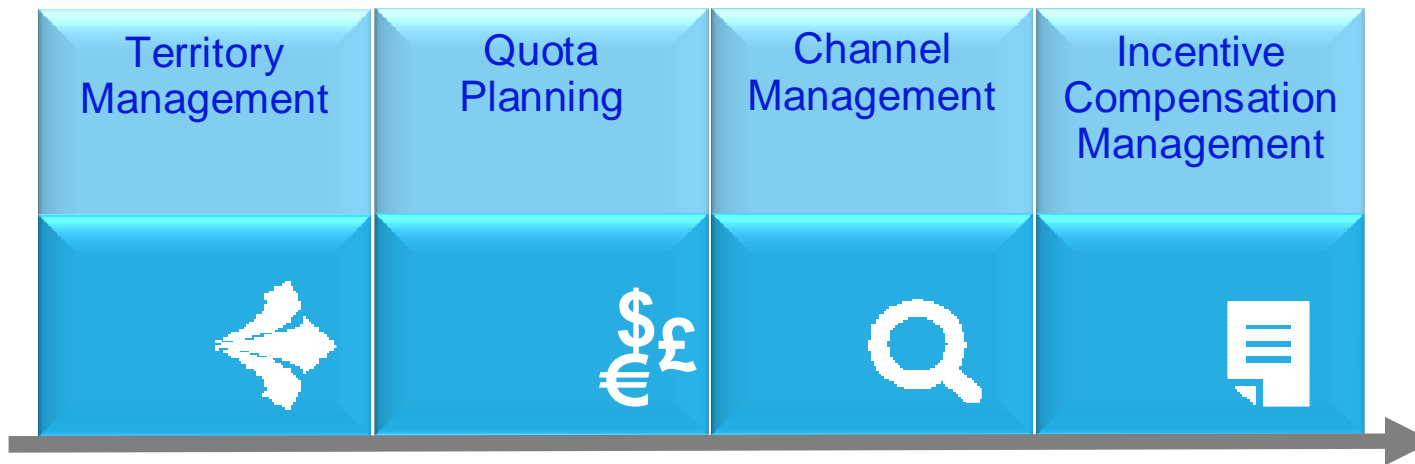
…ultimately leads to better management and utilization of sales resources

Cognos SPM Customers Have Realized Tangible Results

ENABLE & MOTIVATE SALES TEAMS

► Added 5-6 hours of selling time per rep per month

► Cross-sell ratio (products owned per customer) increased from 2 to 5.66
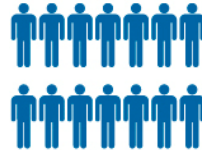
BOTTOM LINE IMPROVEMENTS

► Over $1 million in reduced commission overpayments lead to system payback in 1st year

► Improved plan management increased profit margins by 25%
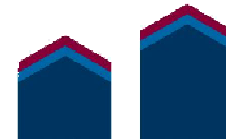
DRIVE OPERATIONAL EFFICIENCIES

► Payout process reduced from 2 weeks to 2 days.

► Went from hundreds of spreadsheets with manually entered data to one simple system

FLEXIBILITY TO ADAPT

► Reduce times to set up new plans by 250 hours annually

► Modeling allows simulation of plan changes or adding new components prior to rolling out
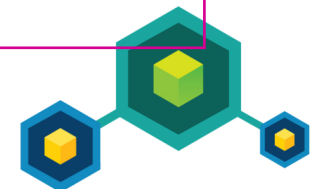
Sales Performance Management (SPM) technology is a recognized route to efficiency and accuracy

Organizations adopting SPM technologies {

Reduce errors by more than

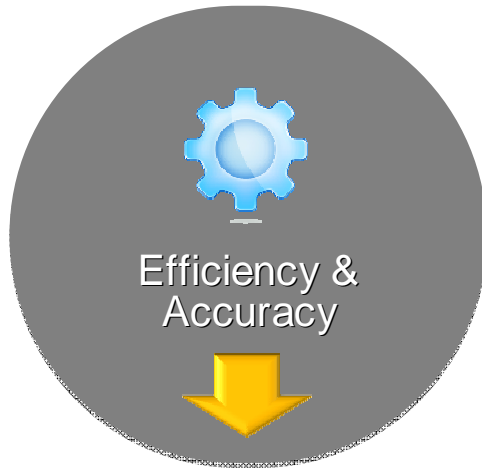**90%**

Reduce processing times by more than

40%

Reduce IT/Admin staffing by more than

50%

Gartner

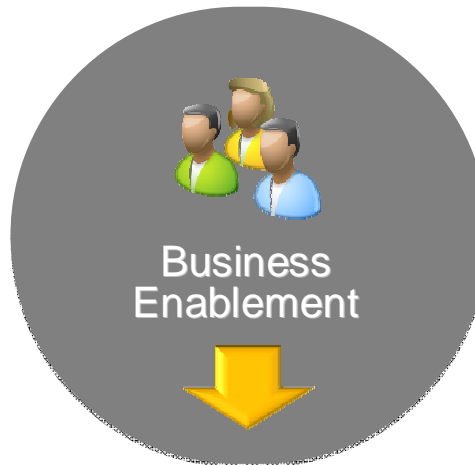Gartner MarketScope for Sales Incentive Compensation Management (2010)

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Drivers of change

Efficiency & Accuracy	Business Enablement	Risk Reduction
Reduce Errors	Mergers & Acquisitions	Internal Audit
Shorten Cycle Times	New Compensation Plans	SOX Compliance
Replace Technology	Business Reorganizations	Dodd-Frank

Leading Firms Choose Cognos SPM

Three Contrasting Case Studies

Payees

5,000

Marketing Firm
- 100,000 transactions per month
- Single view of compensation
- Model & forecast impact

Credit Card Processor
- 500 million transactions per month
- Reduced payment process from 2 weeks to 2 days
- Millions of dollars in reduced overpayments

National Retailer
- 50 million transactions per month
- Efficiently manage channels

150

100,000   50,000,000   500,000,000

Monthly Transactions

What's Different About Cognos SPM?

1 **Flexibility**

- For commissions, MBOs, etc.
- Flexible data model
- Multiple deployment options

2 **Performance & Scalability**

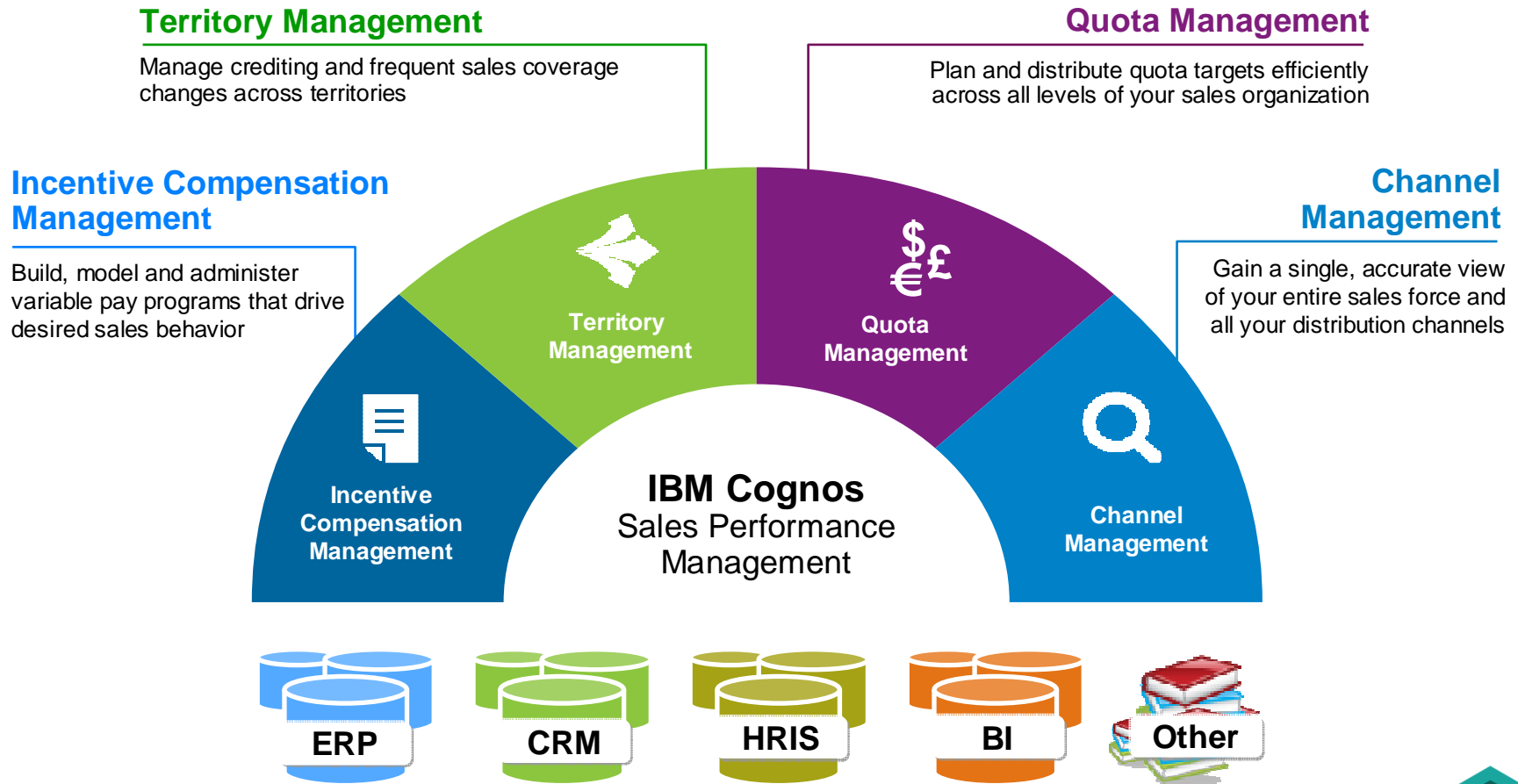- Built for high transaction volumes
- Imports, calculations, concurrent users

3 **Business User Friendly**

- Configure vs. code
- Process Lists
- Visual flow approach

IBM Cognos Sales Performance Management

Territory Management

Manage crediting and frequent sales coverage changes across territories

Quota Management

Plan and distribute quota targets efficiently across all levels of your sales organization

Incentive Compensation Management

Build, model and administer variable pay programs that drive desired sales behavior

Channel Management

Gain a single, accurate view of your entire sales force and all your distribution channels

Territory Management

Quota Management

Incentive Compensation Management

Channel Management

IBM Cognos
Sales Performance Management

ERP   CRM   HRIS   BI   Other

Addressing the Pain Points of Several Business Constituents

1 **Sales Reps**
- How does my comp plan work?
- How much can I make?
- If something is wrong on my commission statement how can it get it fixed quickly?

2 **Management & Executives**
- Is the sales organization aligned with the business?
- Are the comp plans working?
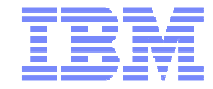- Which people I should focus my energy on?
- Am I in compliance?

3 **Sales Ops & Comp Admins**
- Manual calculations and adjustments take forever!
- Modifying the comp structure is difficult
- Management is asking for better reporting & auditability

Demonstration