

# IBM Performance 2011

MANAGEMENT OF STRATEGIC  
TRANSFORMATION PROJECTS  
AT OERLIKON GROUP

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# Content



1. Oerlikon Group – Facts & Figures
2. Where do we come from?  
Operational Restructuring program 2008-2010
3. Where are we heading to?  
Management of Strategic Transformation Projects
4. How does IBM Cognos TM1 support Project Management discipline?





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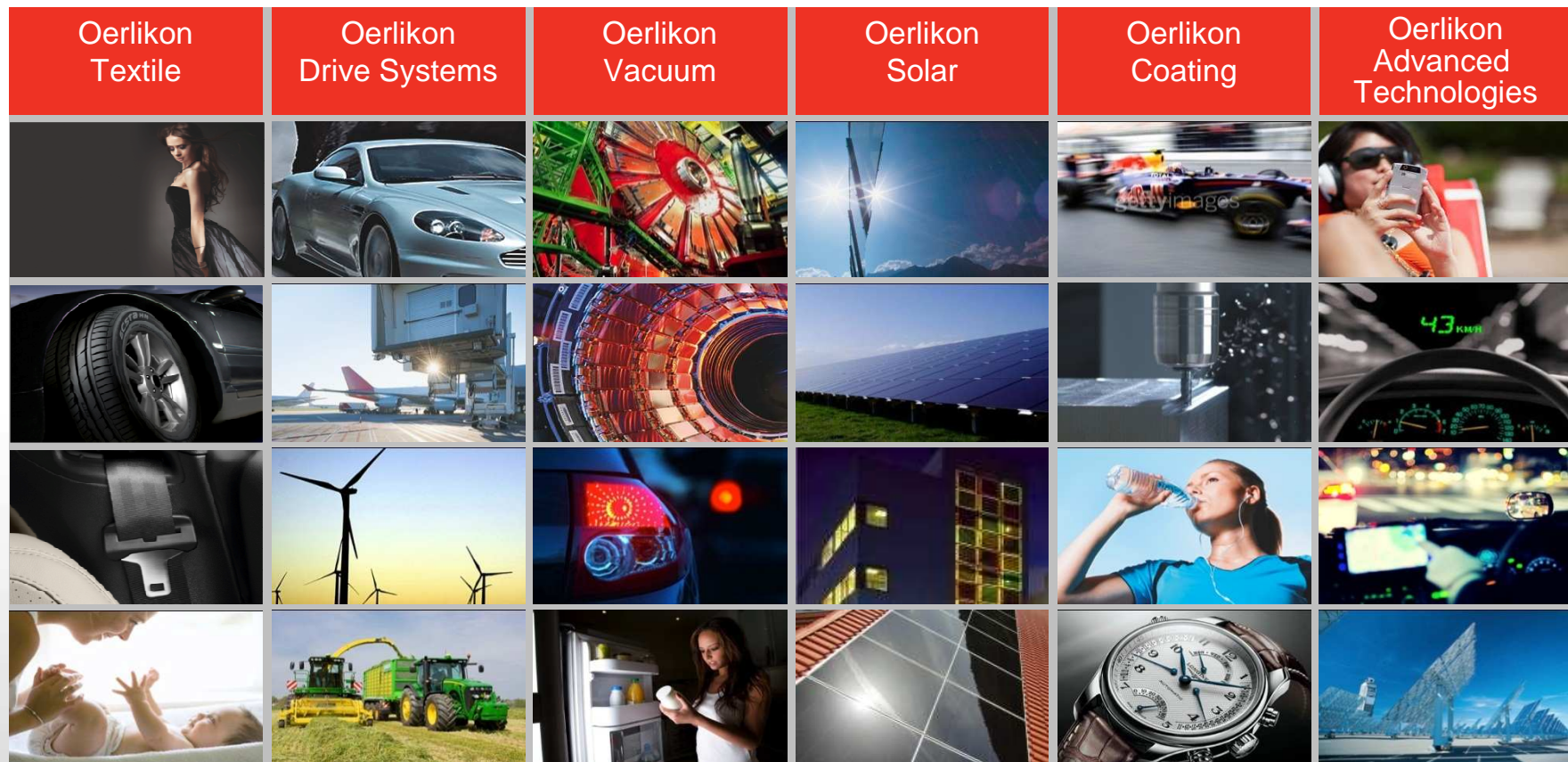
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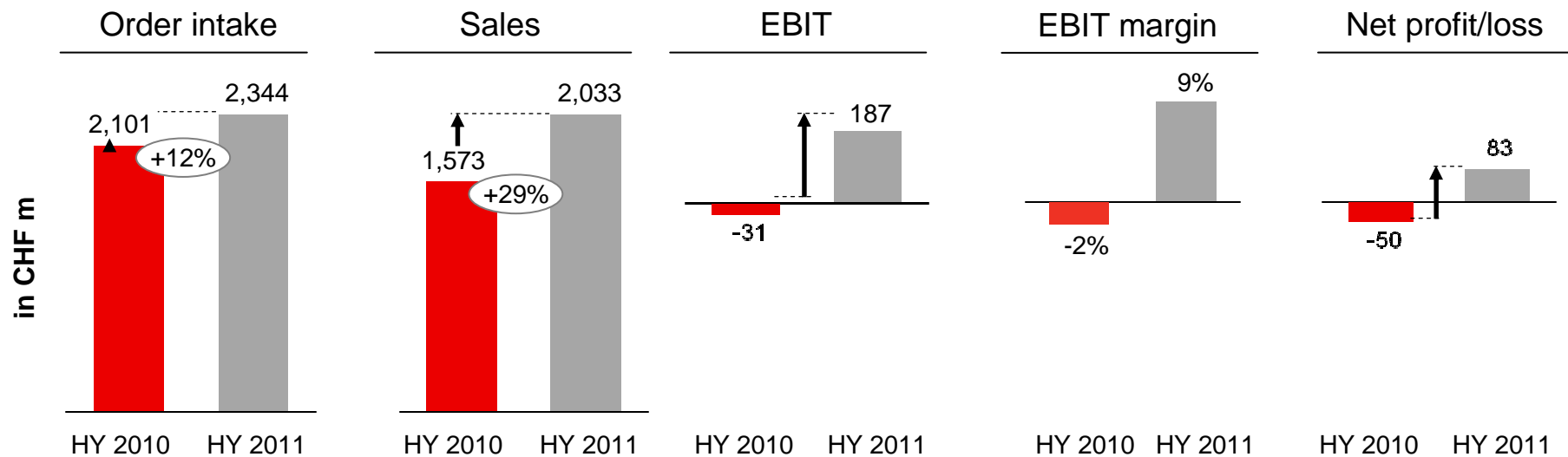
# Oerlikon Business Portfolio serves customers in a broad variety of markets



- Innovative technology conglomerate with more than 17,000 employees at over 150 locations in 38 countries
- High quality businesses with leading market positions in global markets
- Innovation is at the core of the business model across all segments



# Oerlikon Financial achievements HY 2011



New level of profitability

- Oerlikon Group emerged from the crisis stronger than before
- All Segments delivered substantial improvement in sales and profitability
- Oerlikon Textile, Vacuum and Coating delivered record EBIT margins
- Strong focus on operational excellence enabled margin increase
- Asia remained growth engine
- Currency impact on profitability margin limited due to strong global footprint

Oerlikon benefited from a global footprint, innovative products and disciplined execution of continuous improvement programs defined in the 3 Year Business Plan

# Key figures **Oerlikon** Group HY 2011



in CHF m

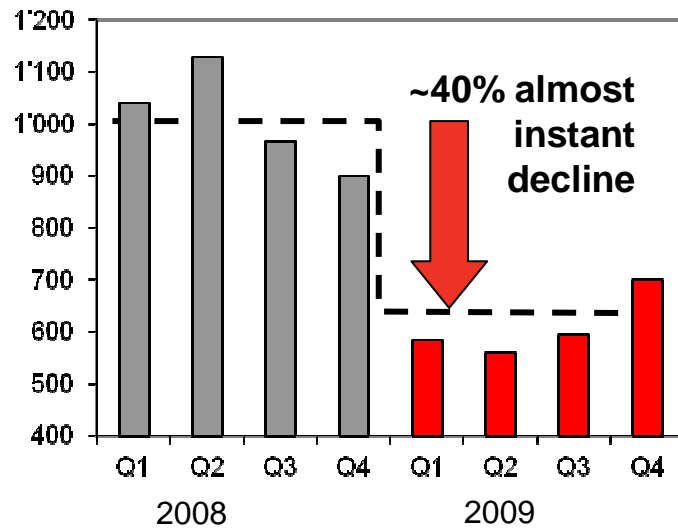
	HY 2011	HY 2010	Δ
Order intake	2,344	2,101	+243
Order backlog	1,912	1,430	+482
Sales	2,033	1,573	+460
EBITDA % of sales	276 14%	71 5%	+205
EBIT % of sales	187 9%	-31 -2%	+218
Cash flow from operating activities before changes in current assets	250	130	+120
Cash flow from operating activities	137	86	+51
Net Operating Assets (incl. goodwill)	2,162	2,628	-34

# Where do we come from?



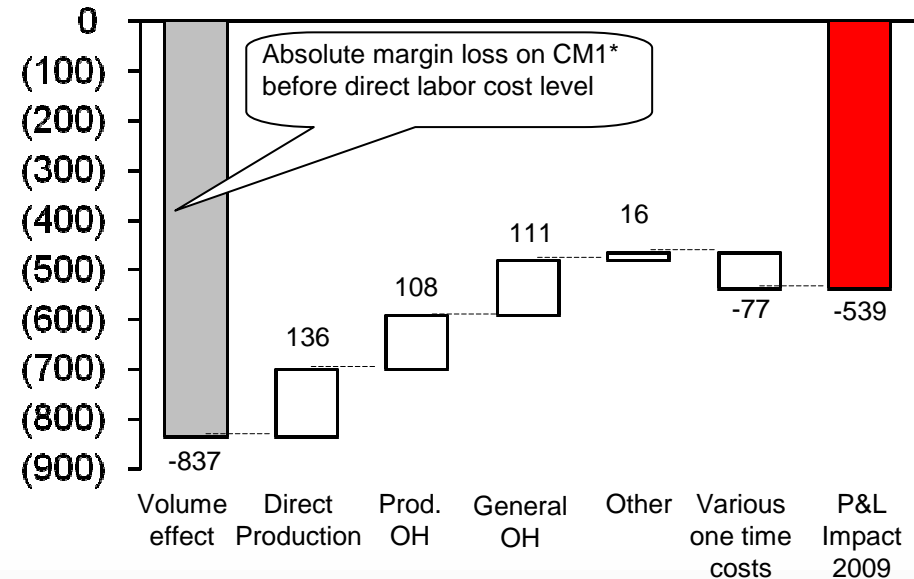
## Sales by quarter total Group (excluding Solar)\*

in CHF m



## EBIT impact from sales decline and cost reduction

in CHF m



- Rapid adjustment of direct production related costs
- Adjustment of production overhead
- General overhead reductions further lowering break-even

CHF 371m of EBIT hit compensated, partially offset by one-time costs

(1) continuing operations, 2008 restated

(2) Contribution Margin 1

(3) Savings calculated on all costs except direct material





# From Operational Restructuring to Strategic Transformation



## Operational Restructuring

- Focus on short/mid-term and cash effective measures
- 700+ individual initiatives defined on BU level
- “Smart-Excel” list in Cognos to monitor progress
- Restructuring program on Group level has been successfully completed
- Open initiatives have been integrated in 3YBP and/or in STaR

## STaR Projects

- Focus on continuous and sustainable performance improvement
- Selected strategic transformation projects; each with clear project mandate and EC sponsorship
- Project database to allow fact-based and systematic progress tracking and reporting
- Challenge, coaching and hands-on support
- Enable effective and consistent project management discipline

2008-2010

2010 onwards



# Enable effective and consistent Project Management discipline



Continuous focus on  
Risk and Issues Management

Systematic and transparent Progress Update, Tracking and Reporting

Effective and consistent structure  
for Project Planning

Effective Governance Structure  
with clear roles and responsibilities

Use of Project Charter for consistent  
definition and set-up of projects

# What do we expect from our Project Reporting Tool?



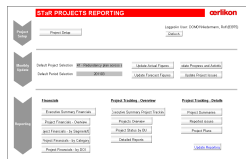
1. Provides a tool and a process to review, progress track and report multiple projects
  - a) No attempt to build a multi-project management tool
  - b) But it creates a clear and consistent framework for project management
2. Allows to define and document comprehensive project plans against which progress is measured
  - a) Project objectives
  - b) Project financials
  - c) Project plan (Projects, Sub-Projects, Activities)
3. Links project progress with financials (baseline, plan, actual, forecast)
4. Clearly defined access and user rights on Project, Segment/BU and Corporate level
5. Workflow fully aligned with review and tracking cycle of STaR Projects



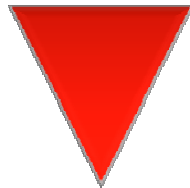
# Tool provides three key functionalities



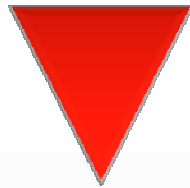
Entry Page



New Projects - Setup and Plans



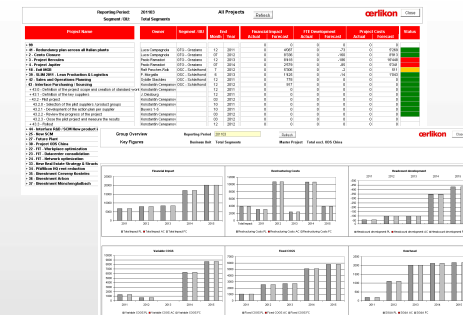
Monthly progress update



User specific reporting

Project Name	Start Date	End Date	Status
Project A	2011-01-01	2011-03-31	Active
Project B	2011-04-01	2011-06-30	Planned

Month	Actual	Target	Variance
Jan 2011	100	100	0
Feb 2011	120	100	20
Mar 2011	110	100	10



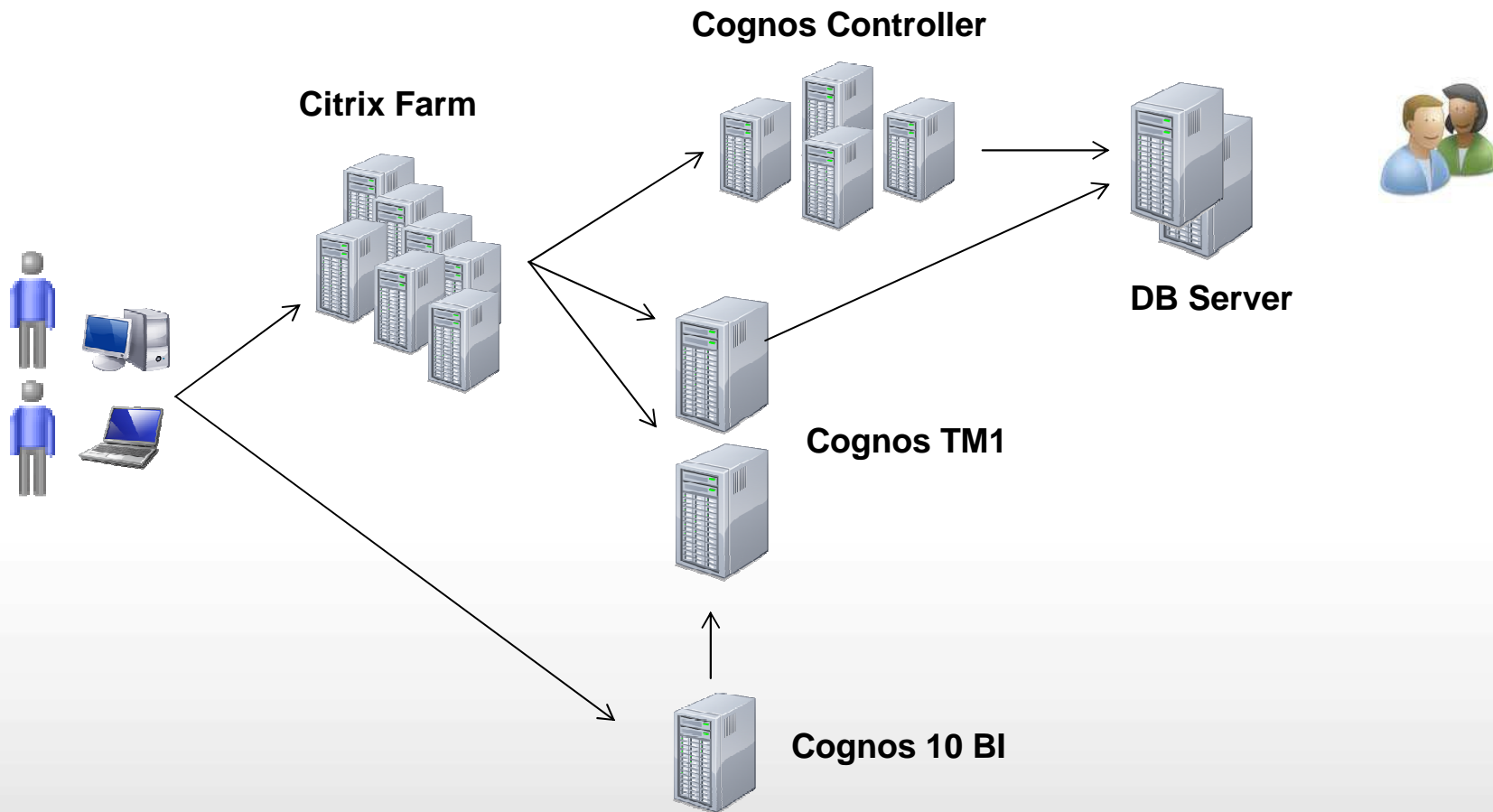
# Closing remarks



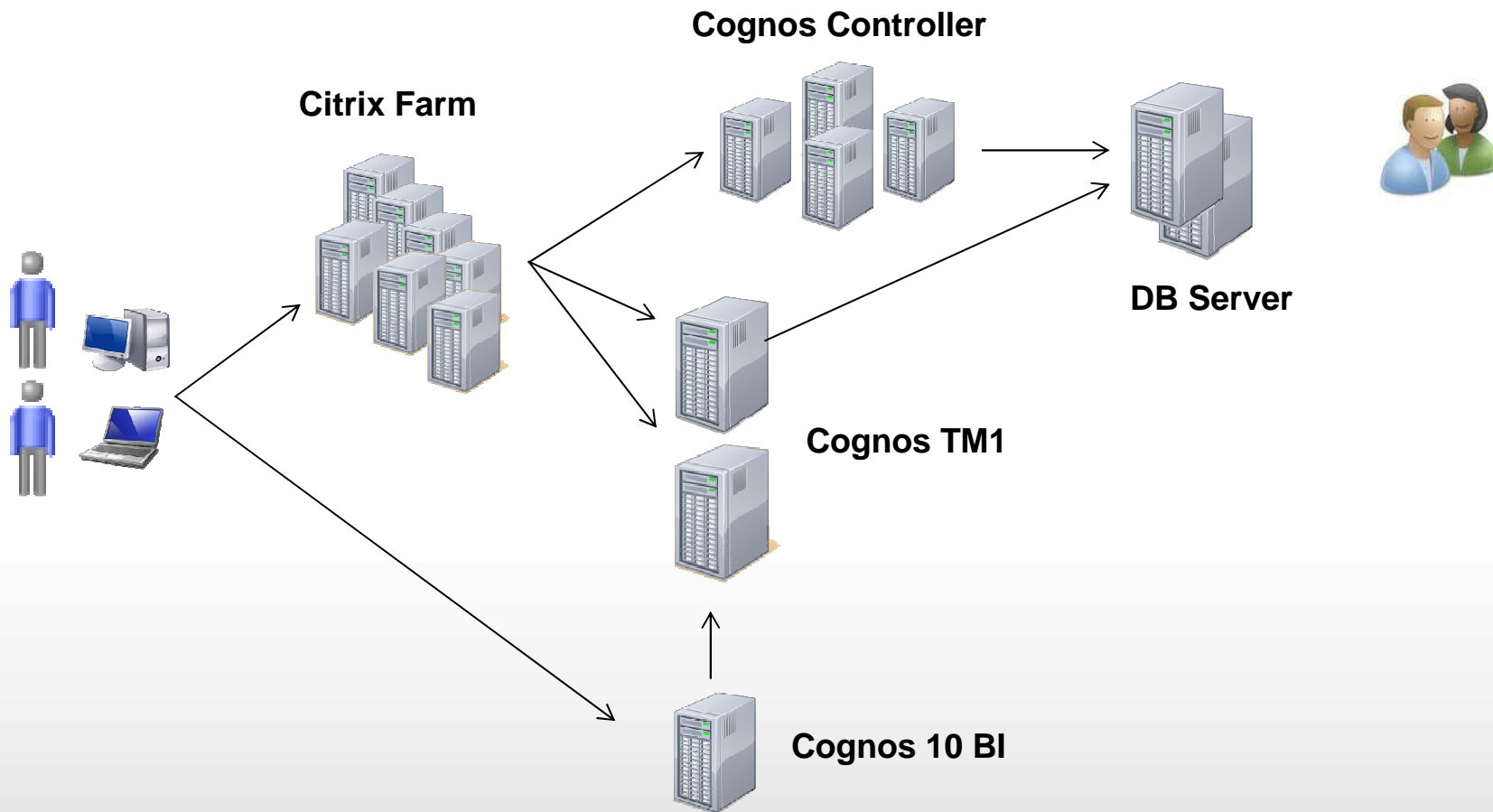
1. Don't start project work without clear and agreed upon Project Charter
2. What gets measured gets done!
  - set clear and measurable goals, which are ambitious but reachable
  - keep fact base / ensure transparency
  - ensure rigorous tracking mechanism
3. Less is more!
4. Role of the Center: "Smart PMO"
5. Role of the Center: Challenge, coaching and hands-on operational support



# Projekt Reporting – Infrastructure



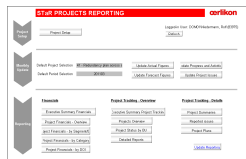
# Projekt Reporting – Infrastructure



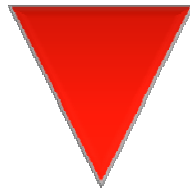
# Projekt Reporting with IBM Cognos TM1



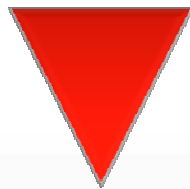
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New Projects - Setup and Plans



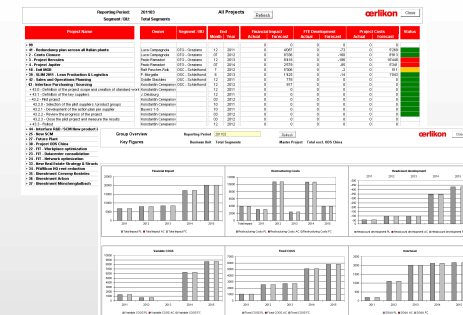
Monthly progress update



User specific reporting

Project Name	Start Date	End Date	Status	Manager
Project A	2011-01-01	2011-03-31	On Track	John Doe
Project B	2011-02-01	2011-04-30	Delayed	Jane Smith
Project C	2011-03-01	2011-05-31	On Track	Mike Johnson

Month	Project A	Project B	Project C
Jan 2011	10%	5%	15%
Feb 2011	20%	10%	25%
Mar 2011	30%	15%	35%





# Datastructure and Dataflow

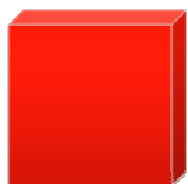


Monthly Update

Periods

Measures

Projects



Header information

Plan data

Release to reporting cycle



Header information



Actual & Forecast data

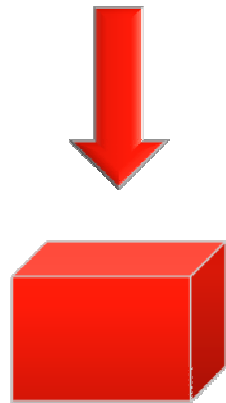
Measures

Projects



Reporting & Analysis (next Slide)

# Reporting & Analyse



Actuality  
Reporting Period  
Project Items  
Open / Closed Status  
Project status  
Master Project  
Currency Type  
Degree of Implementation  
Initiative Categories  
Business Unit  
Company  
Start Period  
End Period  
Project Data Timeline  
Measures

# IBM Cognos @ OC Oerlikon Gruppe



- IBM Cognos TM1
  - Financial Reporting
  - Headcount data collection and reporting
  - Project reporting
  - IT cost data collection and reporting
- IBM Cognos Controller
  - Legal and Management consolidation and reporting
- IBM Cognos 10 BI
  - MIS reporting project (currently on-going)