

IBM White Glove Events

Moderator: Rhonda Reksted
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Operator: Good day, and welcome to today's web conference. During today's event, all participants have been muted to prevent background noise. If you require technical support at any time, please press star, then zero on your touchtone phone and someone will assist you. This event is being recorded.

There will be a question and answer session after the formal comments. You may submit questions electronically throughout today's presentation using the question and answer feature on the web. To do so, you will first need to exit full-screen view by pressing the escape key on your keyboard. Select the question and answer option located to the left of your screen under meeting features and simply type your question into the area provided and submit. Please note that your web questions are private and only the presenters will see them. We will gather your questions throughout the presentation and adjust them as time permits during the Q&A session.

Again, today's session is being recorded. We will pause for a moment to initialize the recording. Please stand by.

We would like to welcome everyone to today's web event titled, "Financial Performance Insider Webinar." At this time, it is my pleasure to turn the floor over to Mr. (Tim O'Brien). Mr. (O'Brien), you have the floor.

(Tim O'Brien): Thank you, and welcome, everyone, to this installment of the Financial Performance Insider brought to you by the IBM Cognos Innovation Center. Today's Financial Performance Insider webcast is on driving a smarter enterprise, a guide for IBM Cognos customers and the business insight

mandate. Our featured presenter today is (Doug Barton), who heads up product marketing for IBM's financial performance management and analytic applications. Without further ado, we've got a lot of ground to cover, a lot of great stuff to share with you all, so I'm going to quickly hand the microphone over to (Doug), who is going to share some of these insights with you all throughout the next hour. (Doug), you have the floor.

(Doug Barton): Great. Thanks so much, (Tim), and thanks, I guess in this case, for the short introduction. It's really a pleasure to be with everyone today. I'm actually joining in and contributing actually from the site of our IOD EMEA and Business Analytics Conference. It is also the venue for the SPSS Directions Conference, and there is literally thousands of folks gathering, customers, partners, analysts, and IBM'ers who are really here for a great week in Rome, so I'm thrilled to be able to join in from the other side of the ocean.

You know, it's been a busy time for us. We've been out with many of you in over 70 cities and 10,000 of your colleagues with the finance form series, sharing some of the insights from the 2010 CFO study, which is actually one of the topics that I have the opportunity of presenting today. And I just want to say a special thanks to the Innovations Center for Performance Management, and the FPI, the Financial Performance Insider, series and (Tim's) leadership here. You know, this is a great way for you all to get a, kind of an inside track on what's new and what's exciting about what we're up to at IBM and hopefully put some of the insights to work. So, you know, it's really a pleasure, my honor really, mm-hmm, excuse me, to represent the entire business analytics team who is working so hard here at IBM Software.

Let me, without further ado, share with you what the road map is we have for today. You know, here's our agenda for our time together. We're going to start with a brief introduction, a few words really, in what IBM is up to and where we're leveling the efforts of – of so many within our company, and then we'll turn our attention to the 2010 CFO study, and finally wrap up with some ideas about driving a smarter enterprise and leveraging the existing investments you likely have in place in your company. I see the slides took a little bit to refresh there, so I'll keep an eye on that.

So really we're going to start here. You know, it's hard I guess not to notice that the world is changing, or perhaps to hear IBM's opinion on that matter. You know, you can't turn out for a golf tournament, watch a ball game on TV, or even catch a Sunday morning program, without hearing about IBM's commitment to a smarter planet. But what do we really mean when we talk about a smarter planet? Well, there are really three things that I wanted to kind of share with you at the highest level. The world we live in is becoming increasingly instrumented. You know, they forecast that by the end of 2010 there will be a billion transistors per human and each one costing one ten-millionth of a cent, and those instruments, especially when interconnected, can drive an awful lot of network things, cars, roadways, pipelines, appliances, pharmaceuticals, even livestock. And the amount of information they create from those interactions really grow exponentially.

And in the midst of all this, you know, things can become more intelligent. Algorithms, math, powerful systems can analyze and turn those mountains of data into actual decisions and actions that make the world better, make the world smarter. And we do this not only because we can, right, we have the capacity to do it, but we also do it because we must. It's the only way we can manage against the competing priorities of making our world more efficient and more effective to make sure we're being sensitive to the environment and many other important demands on our society.

But let's talk a little bit about the role that software plays in this. You know, intelligence is being infused into the systems and processes that make the world work, and it's with this knowledge we can better reduce costs. We can cut waste, and we can improve efficiency, productivity, and the quality, from everything from companies, our companies, to our cities. And this idea isn't just a metaphor. It's a, not a vision, or – or a mere proposal. It's a rapidly emerging reality, a practical way to address the kinds of problems that seized the world in the last few years and still command our attention. So the most important aspect of smarter systems is the actionable insights and the related smarter decisions and smarter outcomes that that data can ultimately reveal.

Now I'm thrilled you tuned in with us. You know, this slide here that I've just put really sums up why I'm so excited you've decided to join in, to take time

out of your busy day. The lack of insight that is a challenge for so many organizations means that companies who have invested in improving their ability to gain business insights are more likely to achieve better performance. In fact, as we're going to spend some today, some of today, proving, these high performers can dramatically outperform their peers. We call this cluster of high performers that is characterized here in this chart value integrators, and they literally outperform on all financial measures that we examined in completion of the 2010 CFO Study, compared to all other profiles and companies combined.

You know, just to take a quick glance at some of these. They had a 20 percent greater EBITDA growth, or earnings growth. They had nearly a 50 percent greater revenue growth than their peer companies, and they had almost a 30 percent greater return on invested capital or in actual or nominal returns three percent, and you know if that doesn't seem like a lot, think about it for a second, how much capital your business has tied up in driving your franchise and business, and three percent can drive an awful lot of cash to the bottom line. So these are some phenomenal results. Now, the rewards that I'm noting here are – are the result of efficiencies driven into transaction processing systems, but also are amplified by business insight that helps contribute to that outperformance.

Now, what I want to spend just a moment doing here is, what is IBM up to? You know, what's our stake in this game? And I want you to know that IBM is dedicated to helping you drive these sorts of extraordinary results. You know, we've invested over 12 billion dollars in software investments, some notably through acquisition of Cognos Software and SPSS. We continue to drive one of the largest math departments in private industry, a strong and growing partner ecosystem, as well as an entire division dedicated to the outcomes we're talking about in business analytics. And have, within IBM itself, over 4000 dedicated business analytics and optimization consultants.

I think what this qualifies us for, right, is IBM is the partner best able to support a complete data infrastructure in the process expertise to enable enterprise business insight, or those smarter decisions and better outcomes.

So, let's turn our attention to the 2010 CFO Study, and we'll see what that study holds for us as we learn about, you know, what's going on for many of the world's largest – largest companies.

So that brings us to the second part of our talk today. Once again, just waiting for the slides to rebuild. But as that comes up, you know, look, the last few years have really seen a unique combination of systematic change driven by globalization, technology, even increased environmental awareness, and they've all combined with a number of perhaps less predictable seismic shocks to the global economic system, the collapse of the global financial system and its restart. And it's in this environment that the 2010 CFO Study was conducted. Now, if you're anything like us, you probably see those early signs of recovering from global recession. But there's a sense that there's volatility and uncertainty and risk that are going to be with us for some time. Recently a poll of over 400 senior finance leaders conducted by CFO Mag, Magazine, in collaboration with Duke University, revealed that 61 percent, in fact a strong majority, believe that when the recovery takes hold, the heightened uncertainty will remain and become part of what is being called around the water cooler the new normal. You know, so it should come as no surprise that when we surveyed the CFOs that participated in the 2010 IBM CFO Study, we found that 60 percent of finance organizations plan to make major changes to keep up with the growing industry and sector pressures they feel.

Now, before we go too fast, I want to take just a moment to take stock of who participated in that study, so you can get a sense of the composition of those that participated. You know, so first off, it was a global study. It's the largest CFO study of its kind. It included over 1900 participants. And you'll note as you look at the chart as it comes up for you here, that there's a strong representation across all geographies, company sizes, and industries. Seventy-eight percent of the participants were senior finance exec's such as CFOs or deputy CFOs and directors. Over 57 percent represented their enterprise as a whole, as opposed to perhaps a business unit, a segment or region, maybe even a country.

So this is a predominantly senior level and enterprise-wide representation, and perhaps it suggests that our findings carry that perspective of the most senior finance executives in companies around the world. So we're going to use it, right, to provide some valuable insight, and let's really begin with the first finding from the study. And that is that CFOs are taking a more prominent role in enterprise decision making. Think of this as an elevated role of finance. They're spending more time in the board room than they have ever, providing key inputs into enterprise cost reduction strategies, selection of key performance indicators, perhaps prioritization of resource allocation, decision making, and the like. These are all important, important sort of facets of how the role of CFO has changed in recent times. In fact, as I bring this chart back up, you'll recognize that all of these areas that the role of CFO is either as an advisor or a decision maker in, in nearly 70 percent of the time in the companies surveyed here on these important topics.

So, perhaps, you know, with this view on the expanding role of finance, how would we say they are doing against that objective? And that would bring us to this assessment. This assessment here tells us that, you know, finance needs to improve its effectiveness on the enterprise agenda. You know, specifically, I think my connection has been disconnected. Can we just be sure we're on slide 18, and I'll call out some slide numbers?

So we could have hoped, perhaps, that these findings would have found that the CFOs had made greater progress, you know, performing better than they have in the past, given the elevated role and increased challenges of the last several years. However, the study itself reveals that, on average, the opposite is true. Most finance organizations have a significant gap in their effectiveness across the entire finance agenda, not just in the broader enterprise areas that we noted in the last slide, but also in core finance, the day-to-day running of the finance operation. You know, similar to past year studies, our findings indicate that everything is important, and importance is increasingly, dramatically, particular in enterprise-focused areas. The trending over the past years shows that the effectiveness gap is widening. Effectiveness has been largely flat and the increasing gaps are being driven by increasing importance, so as the CFO and finance take on more, it implies that effectiveness must improve in order to keep up.

Now, for the first time this year, we also asked the CFOs to force-rank their top three priorities, and you'll see this on the left hand side. And you'll notice that of the nine areas, spanning core finance and enterprise focus finance, that all three are enterprise-focused. Now, you might ask yourself, 'why is this important?' Well, we think it actually speaks to the shift to be more enterprise-focused, to be a catalyst for better performance through some difficult and challenging times. Now, just looking at the relative importance over these categories, you know, one might conclude that running core finance well is equally important to CFOs. However, the force-ranking kind of reveals the opposite.

If you turn to slide 19, let's take a look at some of the things that are holding finance back. You know, finance is struggling with the structural complexity due to several issues. Forty percent of the respondents still produce financial metrics manually. And, you know, which is really out of step with the advances in financial systems and reporting technology and quite surprising. Thirty-five percent report that they lack a common reporting platform. And this then characterizes the higher percentage of rogue and ad hoc reporting, a lot of spreadsheet-based work, which eats at the efficiencies and also the effectiveness. A third finding, 35 percent of participants indicate they feel they lack the necessary common data definitions to contribute to improved efficiency or that common truth. And, lastly, on average, finance continues to spend nearly 50 percent of its time essentially on low-value added financial transactional activities such as paying the bills. That's much below what the finance has indicated in prior years they had forecast their targets to be.

On slide 20, we can turn our attention to business insight and what challenges that lie there. You know, first off, you can see 50 percent lack a common planning platform. This often means longer cycle times, inconsistent results, and a general, I guess, dissatisfaction with the most basic of management tools, the budget plan and forecast process. Secondly, over 50 percent of our participants indicated that they source and produce operational metrics for analytic purposes manually. Once again, the same challenges in the operational area in trusting the one version of the truth or wasted effort. Third, 55 percent of participants indicated they're not satisfied with again

their most basic managerial toolkit, operational planning and forecasting. And finally, 44 percent are poor to average at anticipating external forces, and in fact we've had an abundance of external forces, whether it was the volcano I flew over to get here to Europe this week, or, you know, other challenges that perhaps were unforeseen or unforeseeable. That is a real challenge to have little ability to anticipate and respond to external forces.

Now, the study was not just about really kind of reflecting upon what's challenging today. In fact, the study intended to go so much further. Our 2010 study was about more than that high-definition view of the problems. Instead, it was a commitment to learn how those that lead actually do so.

Now, on slide 21, let's take a look at our analytic framework for this, and it was really built around two dimensions. The first dimension is noted on the left hand side of the chart, on 21. It's finance efficiency. And the second dimension is business insight. Now, you know, we used an objective financial measure, an outcome, of EBITDA growth, really, as a metric that we would use as an indicator of the performance of the enterprises within our study. We performed a multiple discriminate analysis, or a multiple regression, looking for a correlation between this financial performance metric, which was the most frequently cited metric by the companies in the survey, and the other factors that were reported. We found the seven factors noted on the left hand side, and on the bottom, to be those that most highly correlated with the financial performance, with response, with the responses to the study questions. Now, this is an important point. We did not make up these factors. The factors actually define the framework. So what we can say is that there is an insight here, and that is that companies who perform at high levels exhibit certain characteristics that are highly correlated with, and our job today is really to examine what can we learn from those high performers and apply to our business?

If we turn our attention first to slide 22, once again, expanding the set of financial performance indicators out, I know this audience probably fluent in finance, can really appreciate the characteristic of this higher performance. It's not just earnings growth, but it indeed is revenue growth and return on invested capital as we noted a little bit earlier. And I want to point out in the

lower right hand corner, there is a call-out to a couple of other qualitative characteristics that are worthy of note. Seventy-five percent of these value integrators believe they can anticipate external forces well, and that was compared to just 45 percent of the scorekeepers who said the same thing. Also, 85 percent of those value integrators believe they can react to external forces well. There is sort of an ability to anticipate and respond that is just not present at the same levels in the other companies in the study.

Let's go on to slide 23. And this, this slide does a great job at trying to identify what is it that value integrators do so decidedly different than their scorekeeper peers, their disciplined operator peers, or their constrained advisor peers, who are effective but perhaps not effective on both dimensions of efficiency and business insight. And I'm just going to call out a couple of them here. But you'll notice, of course, the value integrator is the far right. Think of this as the gold medalist, and the constrained advisor oftentimes as the silver medalist, and disciplined operator as the bronze. But what they seem to do that really stand out on this chart is the following: They drive integration of information across the enterprise. They measure and monitor business performance at much higher levels than the baseline of scorekeeper. And I'll just point one other one that, you know, got a, got a significant, showed a significant gap over the second best, and that is supporting, managing, and mitigating enterprise risk. One of the things we saw jump decidedly in this survey, you know, and remember the survey is one of four we've done over the last eight or so years, is the increasing role of risk and risk management. But these are exciting findings 'cause this tells us again where to look for the qualities, characteristics, perhaps the better practices or leading practices that are being employed by value integrators.

So let's turn our attention to the slide 24, and this is really a great segue for us, right. The goal of the remainder of our time together today is really to learn from these leaders, learn how to drive a smarter enterprise, how to get better at anticipating and drive better business outcomes, and while it is difficult to read each of these slides independently, there is additional findings that we're going to call out as we go on and really map this what is likely to your circumstance have an existing investment in IBM or IBM Cognos Software

and looking for ways to have the sort of impact that these companies have had in their business.

So, that turns our attention really to the last part of our presentation, driving a smarter enterprise, and let me begin on slide 26. Now, slide 26, as it, as it builds out here, just showcases our commitment to financial performance and strategy management within the office of finance. You know, one of the things our customers tell us is that our software helps structure and automate their repetitive and sustainable plan, forecast, and control processes, the analysis and optimization process, the close, consolidate, and report process, and to have that all be linked together with strategy management and performance reporting. That is what's kind of pictured off to the right. This of course has to cover all the topical areas that are important to put together the strong discipline and governance around financial outcomes, revenue, expense and capital, workforce, and even operations planning to improve lead time to respond. It also often requires a coordination across domains.

For example, workforce and supplier and procurement, and customer and sales often contain information that will impact future plans, resource commitments, analysis of most profitable customer product market channel, etc. So this is the part of IBM's commitment to instrument and support a sustainable financial performance management process.

Now, we're going to take these processes apart one by one here, but then take insights from the CFO study. So, on slide 27, is a real first finding. In the area of planning, forecasting, and control, we find that those that do it best, those that enjoy the greatest outcomes in earnings growth and revenue growth and return on invested capital, had a, had a level of satisfaction, a level of capability around operational planning and forecasting that really stood out. Now, these percentages that are noted on the chart before you are the percentages relative to the scorekeeper baseline that you may remember from a previous chart. Scenario planning was an advancement for many of those value integrators. Integrating scenario planning into the planning enterprise forecasting has been something that has yielded considerable improvement in performance as well, and finally predictive analytics seems to be something that's highly correlated with performance as well. We would think of this as

advancing analytic capabilities and their impact on improving the value integrators' effectiveness.

Now, so what I'd like to spend a moment doing is let's take each of those in turn and see if we can kind of translate that into an opportunity for all of us to improve the performance of our company. Slide 28 showcases that value integrators implement a common planning platform to a much greater extent than their peers, the disciplined operators, the constrained advisors, and scorekeepers. You'll notice the length of the long fuchsia bar on the top of the common planning platform at 79 percent with scorekeepers implementing the common platform nearly, merely 27 percent of the time. I think what you can learn from this is that that is part of the instrumental in driving the effective operational planning and critical linkages to the financial planning. Value integrators leverage a strong foundational process in data as well. They capture and distribute the right financial and operational KPIs to all the relevant finance and business managers that enables them to monitor performance in a consistent and complete view and allows them to plan and forecast, right, linking operational insight and financial effect. This permits them to reallocate resources to optimal opportunities and perhaps, you know, with that it should be no surprise that those value integrators report that ability to anticipate and shape business outcomes at an exceptional level.

I want to give you just a quick example of this, one that we're showcasing in many of the finance forum cities, almost 70 cities around the world right now, and that's the example of Qualcomm. So, on page 29, you'll see some of the details, some of the challenges they face as a fast-growing enterprise, and the impact of the thoughtful investments of Rob Loreto and the team there. Qualcomm operates in what I think we all can understand must be one of the most competitive and dynamic environments in the business world, and it is impacted constantly by changing economic climates but also technology obsolescence.

You know, they provide a wireless chip set that powers the majority of the 3G devices commercially available. What IBM does for them is we provide the performance management system that helps prepare the data for performance measurement, planning, that reaches all the stakeholders to connect the

forward views of the business, help match the supply and demand, monitor performance against target, analyze results, and, you know, it's really this cycle of continuous improvement and performance improvement that helps, helps drive Qualcomm's high-level performance.

So let's turn our attention to the second leading practices, as it were, here on slide 30. You know, specifically, this is about scenario planning, and using scenario planning both to identify risks and opportunities, and you know, it's clear that value integrators benefit from scenario planning. Slide 31, quickly, if we, if you just look at that quick, you know, planning is a practice that naturally has to cope with the uncertain futures, right. It's all about uncertainty, after all. It oftentimes, in the creation of our plans, is about cataloging what is both material and volatile or potentially changing. It's often the first step, also, to getting everyone to coordinate around a common vision of the future. What business activity levels are there going to be that we should coordinate our business around? Step two is likely kind of raising the intuition about what if the business activity levels or drivers or the conditions aren't what we expected them to be? What would I change?

As the business manager, that thought process in itself has value. And then, finally, you know, when change is necessary, having a system that can promote that sort of agility, the realignment that's inevitable as new targets need to be cascaded deep into the organization and managers need to refine budgets and plans and initiatives, you know, those are ultimately the sort of capabilities that the best take advantage of.

But, let's talk, before we go too far, about scenario planning. If we move ahead here to slide 33, one of the single biggest advances we put together with the latest release of TM1 last fall, was the advances to support personal scenarios. Think of personal scenarios as really almost like a personal sandbox of scenarios that I might construct as a business manager, perhaps all plausible, all feasible, perhaps ready to respond to new conditions. Scenario planning, you know, is one of those significant tools that management uses to cope with uncertainty, and now this scenario planning can happen even at the lowest levels of the organization. It's not only for the burled walnut boardroom, but actually is something that each manager can engage on,

without having to take and extract the data and manipulate it in their desktop in an Excel spreadsheet.

You know, one of the other things I'll just mention as we're here, we also innovated with the latest release of TM1, TM1 9.5, is we added contribution workflow capabilities, and these contribution workflow capabilities look a lot like the contributor client that many of our Cognos planning customers have taken advantage of, and that was by design. We really wanted to make sure we took advantage of, you know, every bit of know-how that we had internally to provide high participating planning clients, manage planning clients, but also for those customers like Qualcomm, who use a mix of TM1 to address operational planning demands, but also Cognos planning in parts of its performance management system, that there was a rewarding sort of intuition about the interfaces as they might touch the same end-user in particular processes. That's a great boon as well.

So that's a little bit about scenarios and supporting scenarios really at multiple levels of the organization. Now, I want to turn our attention here, in, still in the planning and forecasting, for just a moment to predictive analytics, and I do this because predictive analytics was the most up and to the right advanced technique that these leading companies engaged in, and it was most driving, or most correlated with effective input into enterprise strategy.

So, on page 34, I just want to say a few things about predictive analytics, as we're very excited about the addition of predictive analytics to our business analytic portfolio, and, you know, for those of you who perhaps don't know, you know, it's about predicting future events and proactively acting upon that insight. They use, often use data that may be collected direct from customers or suppliers or employees about their attitudes and opinions. It may even use statistics applied to text and data to uncover maybe previously undiscovered patterns within unstructured data.

We can apply that advanced statistical analysis to raise our confidence in conclusions, perhaps. I have a great example of that on the next, on the next page. If you'll advance the slide to page 35, a terrific example of predictive analytics applied to finance concerns, is a project known as Star.

It's part of IBM's own initiative to create a smarter IBM, and there is no other way to say this, but imagine managing a hundred billion dollar company and each quarter fighting the battle to ensure the finance team has a great handle on revenue, on expenses, on costs, on investments, and Star helps deliver quarter-end revenue estimates for the worldwide as well as the Geo and brand levels of the organization.

It's applying predictive analytics to revenue, so it uses statistical techniques to analyze historical pipeline and contract data at a detailed level and come up with an assessment on a weekly basis that is independent of the collaborative forecast. You think of it, perhaps, as defining a starting point for the business, which then adds its intelligence about maybe supply constraints, major announcements, detailed knowledge of the largest deals, the work with customers or governments, and what-have-you, but the benefits here are objectivity, confidence, and lead time to act, you know, should the results indeed not support such a perhaps rosy conclusion. It's a great example of augmentation of collaborative forecasting with statistical, statistical forecasting.

So, let me turn our attention now to slide 36. I want to kind of summarize the first area we've been going through. It's by far and away the richest one that I wanted to share with you with predictive analytics, the advances we've made on scenario, and also just this connection between operational and financial planning. So, in summary, I'm not going to recap everything on the left hand side of this slide. I want to focus on the right, but indeed, many of you today have already perhaps significantly impacted your planning processes and made them more fast, perhaps made them more participative, more dynamic over rolling horizons, connected them to the front lines, perhaps even used scenario analytics. But for each of you, I would ask if you haven't, consider it.

You know, let me give you a few for instance, and I have one more slide to drive this point home. If you're a Cognos Planning customer today, I'd like for you to consider coming up on the latest releases, 8.4.1. was just released in this April, and it's really, you know, another entry in a long series of

advances that we have with Cognos Planning. It's more easy to sustain large deployments in Cognos Planning than it's ever been. A new Planning client was introduced in 8.4, making it easier to reach, in a very intuitive and personalized way, your end-users in your planning.

But what also, what 8.4.1 also did, is permit you to extend your planning environment with TM1 for perhaps scenario analytics. There's an introduction, and I'll take you through the details in a little bit, of an equivalent contribution rights, or equivalent contributor rights, that if you hold the license to Cognos Planning contributor and would like to also have that same user be a contributor to a TM1-based operational plan, you have the right with the purchase of an analytic server, a database, to support that application. That's new, and we hope that many of our customers will take advantage and extend their reporting and analytic environment with TM1.

I also want to mention, before I leave here, if you're a Cognos TM1 customer, be sure to take advantage of the advances with version 9.5, really exciting stuff that will speed up, will drive financial and operational planning, analytics, and surround that analytic solution with stronger contribution and workflow.

Now, if you're in either camp, I also want to suggest that there are great opportunities, as I, as I illustrated here with predictive analytics, but also business viewpoint to help manage, centralize the governance, over hierarchies that are used to plan, report, analyze, and score your performance.

Now, I've got to touch quickly on this, due to time constraints, but I'd like you to look at slide 37 quickly. You know, specifically this has to do with your IBM Cognos 8 Planning rights and entitlements. Specifically, there's a new entitlement that comes with Cognos 8.4.1, and that is the equivalent contributor rights, and you know I'd suggest that you should learn more about this opportunity for you, talk with your account manager, learn more in the May Support Link article that's available on the web. You can see the URL in the lower right hand corner. You can also learn more at the customer support online about the unique definition of that contributor rights, and see how you

can take advantage of it to extend your, uh, your use of business analytics in a planning context.

Now, let's turn our attention to the, the second area we want to cover quick today, and that is that on slide 38 value integrators implement a common reporting platform to a greater extent. Perhaps you saw this finding a little bit earlier when we were focusing on planning, but it probably comes as no surprise that there are great rewards to doing so. You know, 85 percent of those value integrators actually have a common reporting platform, and that's one of the foundations, if you will, of having trusted information. This is an area that IBM is uniquely suited, really, establish a common standard to cost-effectively deliver information from all sources, but certainly from your performance management sources.

If you'll go ahead to slide 39, let's put this in the context of the study, and also of the close, consolidate, and report process. You know, what role does common reporting play in the organization? Well, when we review the complex nature of the demands, we see there's a couple of complex challenges. You know, first we need to support the needs of many. I'm kind of going to work top-down on the graphic on the left hand side. Users have different skills. They have different needs, perhaps different access points. You know, they may be on the road and, you know, interfacing with data through a mobile device.

Second, we need to deliver the information in the format required. Some are going to be, you know, heavy with charts and tables and dashboards and textual commentary even, and still others may be, may be interacting with that in a different, more detailed way through an Excel add-in. You know, third, we need to consider all the infrastructure and systems and applications that capture and prepare that first line of data. Spanning those sources is vital, if we're going to get a complete, comprehensive view. And, in many cases, you know, if we're going to truly live up to the potential of measuring our performance across these critical agendas in an enterprise-focused way, we have to be considerate of all those. You know, only then will we achieve what's on the right hand side of this chart, is those business insight

accelerators, common definitions, you know, and automation and creating operational and financial metrics that can have an impact.

So, I've got some ideas for you here. Page 40. Think about stronger automation for complete business insight in your close, consolidate, and report processes. You know, for example, let's move beyond fragmented or first generation consolidation, financial consolidation projects and products, and let's think about functionally rich and purpose-built systems. Cognos Controller is a fantastic example of that. Let's make sure we also extend the reporting and be comprehensive and thoughtful. We can see that good results come when we provide feedback to the organization on how it is performing, well beyond the financials alone. So, on the right hand side, let's talk quickly. If a Cognos Controller customer, take advantage of the latest releases there. Version 8.5 actually included an ability for financial analytic publishing, where the Controller data store publishes out on a trickle or as specified interval, to a TM1 cube for extended analytic reporting, an exciting extension to a connected and strong analytic data environment to support reporting and analysis. Also, consider extending Controller with analytic applications. I'm going to say a little bit more about that later, so I'm going to move quickly past that. But think of it as packaged business intelligence that can quickly get you up and running with fantastic and improved insight.

And finally, down here, if you're a Cognos TM1 customer, and you haven't taken advantage of Cognos Controller or Cognos BI, for that matter, to distribute data more widely or address that critical performance management process of consolidation, financial consolidation and reporting we strongly would ask that you consider it. It's going to take full advantage of your analytic data infrastructure on TM1. In fact, if you'll turn the slide to slide 41, there's a quick snapshot of what that architecture looks like. Just to describe this real quick, source systems on the left often multiple trial balances coming from different ERP and GL systems, into Cognos Controller, consolidation entries and closing the books happen in Cognos Controller, and that authentic performance management data is published with a TM1 cube generated automatically, incremental updates as specified, even meta data and data is synchronized, fantastic post-close reporting analytic environment to extend

the usefulness of that information. That's available with version 8.5 of that product, which was released last December.

And that really brings me to the final area, and this is on analysis and insight. You know, what we found when we saw some of these findings from the CFO study a little bit earlier, but I recounted them here, with a special focus on the one on the bottom here. It's really vital, as success criteria, to establish nonfinancial data standards. You know, governance of data is essential here, and that begins with the ownership and definition of data and information standards, and as it turns out, you know, just having an agreed-to calculation on values and metrics is a really key element to that, which really brings me to an opportunity that I'd like to share with you on page 43.

Specifically, this is about IBM Cognos analytic applications for what we can call comprehensive business insight. You know, it's clear that faster insights can drive time to action, you know, and time to value, and ultimately we can respond faster when we know where the problem lies. This permits a consistent measurement of business strategy and business performance and ultimately more effective management of risks and controls. Think of analytic applications as accelerating that and really creating a bedrock for better business decisions.

Now, I just want to, before I leave this chart, I want to just mention that our analytic applications span customer, workforce, finance, and supply chain. Recent entries brought procurement, sales analytics, and talent management to the portfolio, and we're very, very excited about both the depth and breadth of this, and many of our customers are picking these up to help build out their analytic infrastructure. Slide 44 just quickly shares some of those latest releases in procurement and sales and talent management analytics and gives you another look at that real quick.

As you move to 45 you just see some examples of how our companies are using workforce analytics or financial analytics to, you know, drive their, drive their performance and decision making environment. It's having significant impact and something that, you know, is a useful way of extending

your business insight in a way consistent with the insights from the 2010 CFO study.

Now, on page 46, I would be remiss if I didn't acknowledge and really celebrate the fact that many of you on this call probably put TM1 to work for your companies, and there's a terrific example that's noted here on page 46, of an impact as reported by an industry analyst by the name of IDC, and IDC is a regular, you know, industry pundit and expert, and (Brian McDonough) from IDC wrote of the advances that (Alfred Angelo), one of our customers, reported to him in a recent series of interviews. You know, they had performance pains like many of our companies, understanding performance. They were entering a new business, which brought new risks and new challenges for the analytic maturity and analytic data foundation, and yet through this all, through a modest investment with TM1, they were able to reduce their annual staffing hours in the business, not running the system but actually in the business. They were able to enjoy cost savings from better inventory management and ultimately make this transition to being both a manufacturer and a retailer. What an exciting outcome, what a key enabler, right? So, if you haven't looked to TM1 for deep analytic, dimensional, calculation-intensive applications, I'd get on it because it can have a really great effect in this environment.

And, finally, before I get to my kind of capstone slide on this last, last section on analysis and optimization, I just want to stop on page 47. You know, these are two applications or solutions that go great together. Think of analytic applications as providing a common analytic foundation. It's ready-made. It's relevant. It's got trusted content for decision makers that come together around customer, workforce, finance, and supply chain. And you have TM1 there for extended analytics and "what if" and scenario planning. We're finding that really catch people's eye and bring together a set of necessary and exciting capabilities.

So this last section is summarized here on page 48. You know, look, we're trying to get from inconsistent analytic data models to standard, sustainable, cross-domain analytics, the kind of insight that addresses that information integration challenge. Remember that gap that was so large? You know,

many CFOs said it was important, but significantly less, I think less than half, said that they were effective at it. Well, this is one of those technology investments that can immediately close that gap. And yet you need instant, you know, instant gratification in creation of business scenarios, where technology like TM1 comes in so handy.

So, in summary, look, if you're a Cognos Controller customer, take advantage of the recent advances in Controller, certainly. That gives you that, that kind of opening to publish direct to TM1, and by the way that TM1 instance that is created is included in the license rights and entitlements of Cognos Controller on version 8.5. Extend that environment with analytic applications. You can effectively instrument your business from GL, AR, accounts receivable, accounts payable, the entire close, consolidate, and report process, with a combination of analytic apps in Controller as well as address many other areas. And, finally, if you're a Cognos TM1 customer, consider analytic apps as a new bedrock for the analytic platform. You know, they refresh data direct out of the transaction systems, knowing how to connect to those systems and regularly source new data into those apps, and it's a great sort of sourcing strategy as well.

Page 49. Now, time is short, right? I hope you've seen a couple of ways on how you can drive business insight like a value integrator with IBM software. I hope this has been thought-provoking for you. There's a lot more to say. You know, stay tuned. We have additional innovation that's in the labs now. We'd love to bring it to you first. You know, (Tim) does a fantastic job with his team, making sure that we get with you on a regular basis. I hope you'll take full advantage of all the great sessions that are already recorded but certainly sessions as we have them going forward, so stay tuned for that.

So really, in wrap-up, this is nearly my parting thought on page 50. You know, IBM software business analytics capabilities is really the capstone of IBM's information analytic strategy, and we're dedicated to one outcome, you know, smarter business decisions, which bring with it smarter enterprises and, uh, greater performance. I think we've tried to share some of those insights with you today. Only IBM can lay claim to leadership position across a full range of information management, BI performance management, assessment

by industry analysts, and while we're really proud of that work, we're really proud of the work we do with folks like you, and, you know, in many ways it's your conviction that has helped power our know-how and our expertise, and that's my segue to slide 51.

You know, many of you have taken advantage of investments that go beyond product, and, you know, today's webinar indeed was brought to you by the Innovation Center, but I encourage you to continue to use the resources that we have put together for you within the Innovation Center so you can drive the sort of outcomes that we've talked about here today.

So, if you'll go ahead and advance the slide to 52 you know, that's really the last words I have on behalf of all the IBM'ers that it's my pleasure to represent here today. We'd love for you to find a way, or really to help power this new level of business insight and results like a value integrator that we shared a little bit later, so now we have just a little bit of time, but it's time really to take your questions.

(Tim O'Brien): Okay, great, (Doug). I think we have time for, for one quick question. You know, I saw this question come in from a few different people, and so this perhaps is the appropriate question as the one question we'll cover, and that is what is the future of Cognos Analyst? Apparently there's a lot of interest in this.

(Doug Barton): Yeah, there should be. You know, Cognos Analyst was one of those core, or is one of those core capabilities of Cognos Planning environments that really set a standard for business modeling. And, we're completely committed to that capability in the portfolio. I think we have some exciting things going in the labs but it continues to be a very important part of the Cognos Planning portfolio, but also I think what can be lost on occasion is how important that capability that really served the business modelers' intuition really effectively, is in the portfolio, and so I'm really excited about the future that that capability and that product has as we, as we go forward here.

(Tim O'Brien): Okay, great. Great. That, that's great, (Doug). Appreciate that. Unfortunately, everyone, we don't have time for any more questions, but a lot

of information that we were able to pass on to you. (Doug Barton) runs our financial performance management and analytic applications product marketing team. Really appreciate your time. Spent a lot of time, everyone, talking about the information gleaned from the 2010 IBM Global CFO Study. If you want to find the study, as well as other information around the office of the CFO, office of CFO, you can simply go to ibm.com/cfo. You'll see the CFO study there and many other nuggets that I think you'll find very valuable to take a look at.

If you have any webcast-related questions that (Doug) covered today around just overall financial performance management, predictive analytics, and analytic applications, and if you want to learn more about our solutions, whether it be enterprise planning, business analytics, consolidation, or inter-product integration points across the solutions, please let us know, certainly, and one way to do so is to simply reach out to, of course, your IBM Cognos or business analytic rep to schedule a demo of these solutions. I'm sure they would be more than happy to come out to your site and show you some of these solutions, a nice demonstration of them. Or, if you just have some general questions about the webcasts that we deliver, or you're wondering how to identify the appropriate person within IBM for a specific product-related, or even perhaps a services or support-related question, just ask the Innovation Center, and in all of our followup communications my contact information is supplied. So, certainly reach out to me. That's probably the easiest way to do it, and I'll make sure I point you in the right direction.

So I know we went a little over budget on time today. I hope that's okay with everyone. Really appreciate your time. Thanks for joining, and enjoy the rest of your day.

Operator: This concludes today's presentation. You may now disconnect.

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