



Information Management



IBM Information On Demand Conference 2009

Strategy Management with Cognos 8 BI Scorecarding

Ivan Mak

Advisory I/T Specialist

IBM Software Group, Hong Kong

Agenda

- Performance Management
- Strategy Execution Failure
- Scorecarding Maturity Level
- IBM Cognos 8 BI Scorecarding Value
 - Addressing Strategy Management & Scorecarding Issues
- Customer Success: Eneco
- Product Demo: IBM Cognos 8 BI Scorecarding
- Conclusion
- Q & A



Performance Management

Plan, Understand and Optimize Performance



How are we doing?

What should we be doing?

Why?



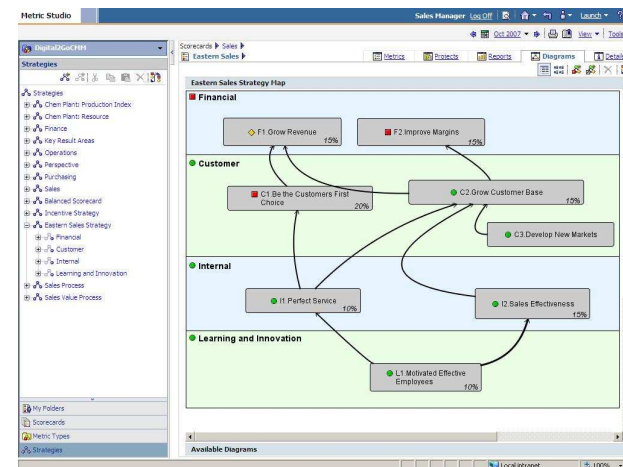
Strategy Execution Failure

- Less than 10% of companies successfully execute their strategy (Fortune Magazine)
 - Mediocre growth
 - Lost market share
 - Lower profitability



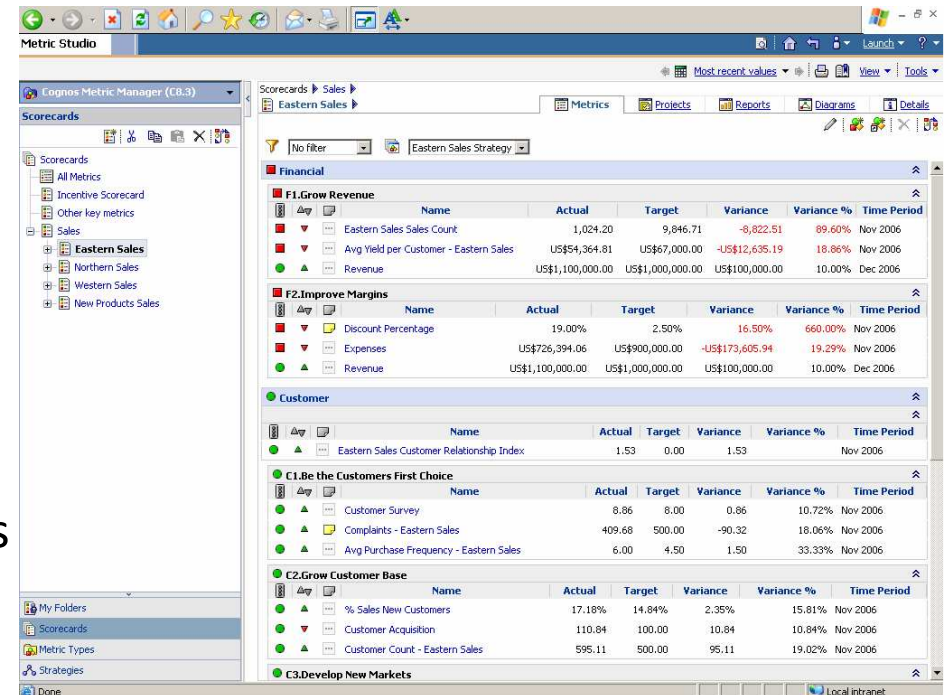
Reasons for Strategy Execution Failure

- Lack of strategy communication
- Lack of ownership & accountability
- Lack of focus on strategic objectives
- Lack of a comprehensive business view
- Lack of strategic initiatives



What is a Scorecard?

- Captures strategic and tactical objectives
 - Improve revenue by 20%
 - Reduce costs by 10%
 - Increase market share by 5%
- Provides a status of how an organization/LOB/Dept is performing against objectives
 - Red, Yellow, and Green indicators
- Use KPIs to provide objective status
 - Single metric
 - Multiple metrics in a weighted average



The screenshot shows the Cognos Metric Manager (CB.3) interface. The main window displays a scorecard for 'Eastern Sales' under the 'Sales' category. The scorecard is organized into several sections, each with a set of metrics. The metrics are presented in a table format with columns for Name, Actual, Target, Variance, Variance %, and Time Period. The status of each metric is indicated by a colored triangle (Red, Yellow, or Green).

Section	Metric Name	Actual	Target	Variance	Variance %	Time Period
Financial	F1.Grow Revenue					
	Eastern Sales Sales Count	1,024.20	9,846.71	-8,822.51	89.60%	Nov 2006
	Avg Yield per Customer - Eastern Sales	US\$4,364.81	US\$67,000.00	-US\$12,635.19	18.86%	Nov 2006
	Revenue	US\$1,100,000.00	US\$1,000,000.00	US\$100,000.00	10.00%	Dec 2006
F2.Improve Margins						
	Discount Percentage	19.00%	2.50%	16.50%	660.00%	Nov 2006
	Expenses	US\$726,394.06	US\$900,000.00	-US\$173,605.94	19.29%	Nov 2006
	Revenue	US\$1,100,000.00	US\$1,000,000.00	US\$100,000.00	10.00%	Dec 2006
Customer						
	Eastern Sales Customer Relationship Index	1.53	0.00	1.53		Nov 2006
C1.Be the Customers First Choice						
	Customer Survey	8.86	8.00	0.86	10.72%	Nov 2006
	Complaints - Eastern Sales	409.68	500.00	-90.32	18.06%	Nov 2006
	Avg Purchase Frequency - Eastern Sales	6.00	4.50	1.50	33.33%	Nov 2006
C2.Grow Customer Base						
	% Sales New Customers	17.18%	14.84%	2.35%	15.81%	Nov 2006
	Customer Acquisition	110.84	100.00	10.84	10.84%	Nov 2006
	Customer Count - Eastern Sales	595.11	500.00	95.11	19.02%	Nov 2006
C3.Develop New Markets						

Scorecarding Maturity Level

- Visualize metrics in a report or dashboard
- Metrics not strategically aligned
- Basic performance monitoring

Metrics Monitoring

Project Scope

Performance Management Impact



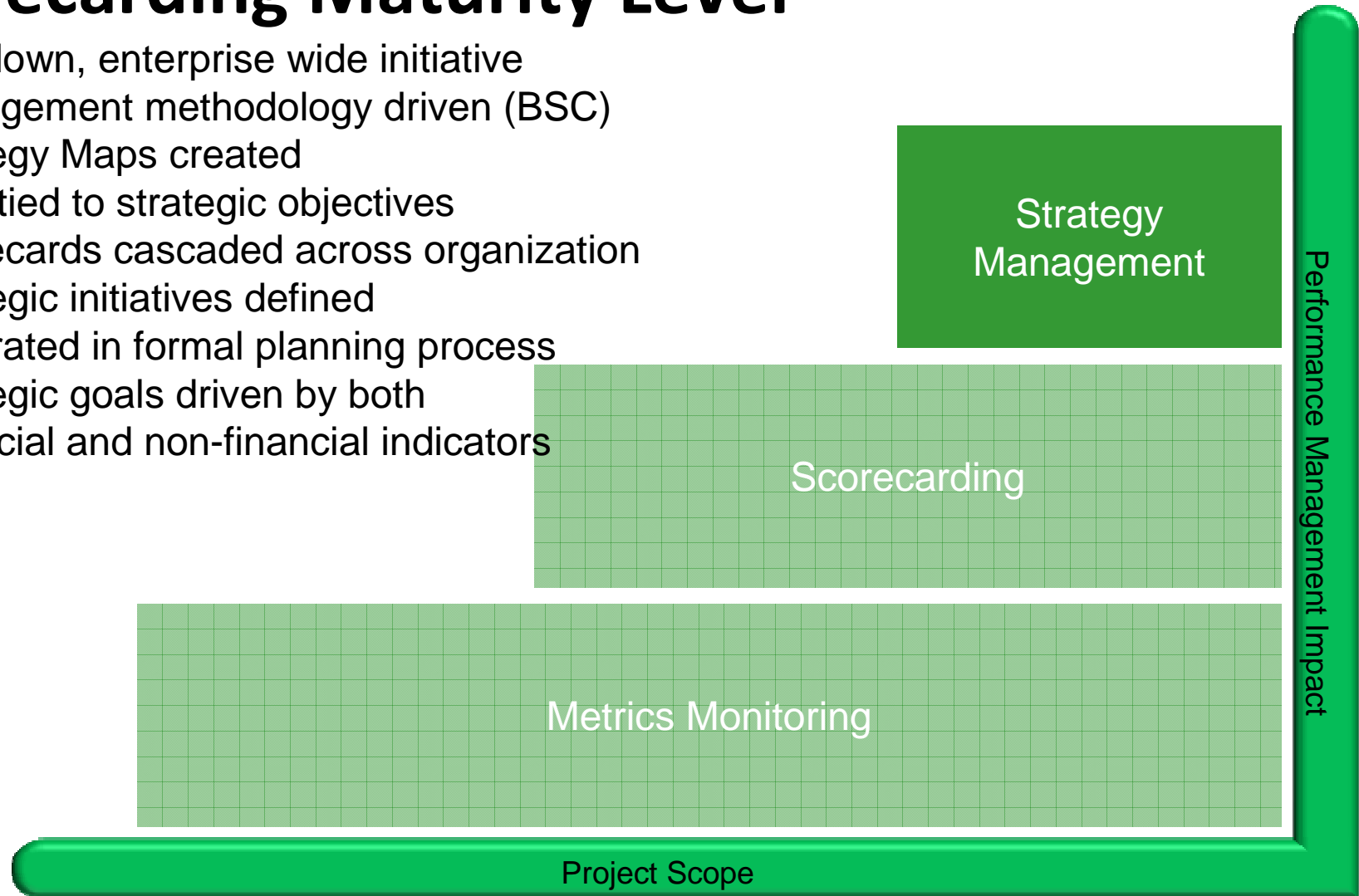
Scorecarding Maturity Level

- Standardized metrics
- Departmental or across teams/franchises
- Metric ownership and accountability
- Common metrics framework
- Metrics linked to BI reports and analysis
- Not part of top down, enterprise initiative

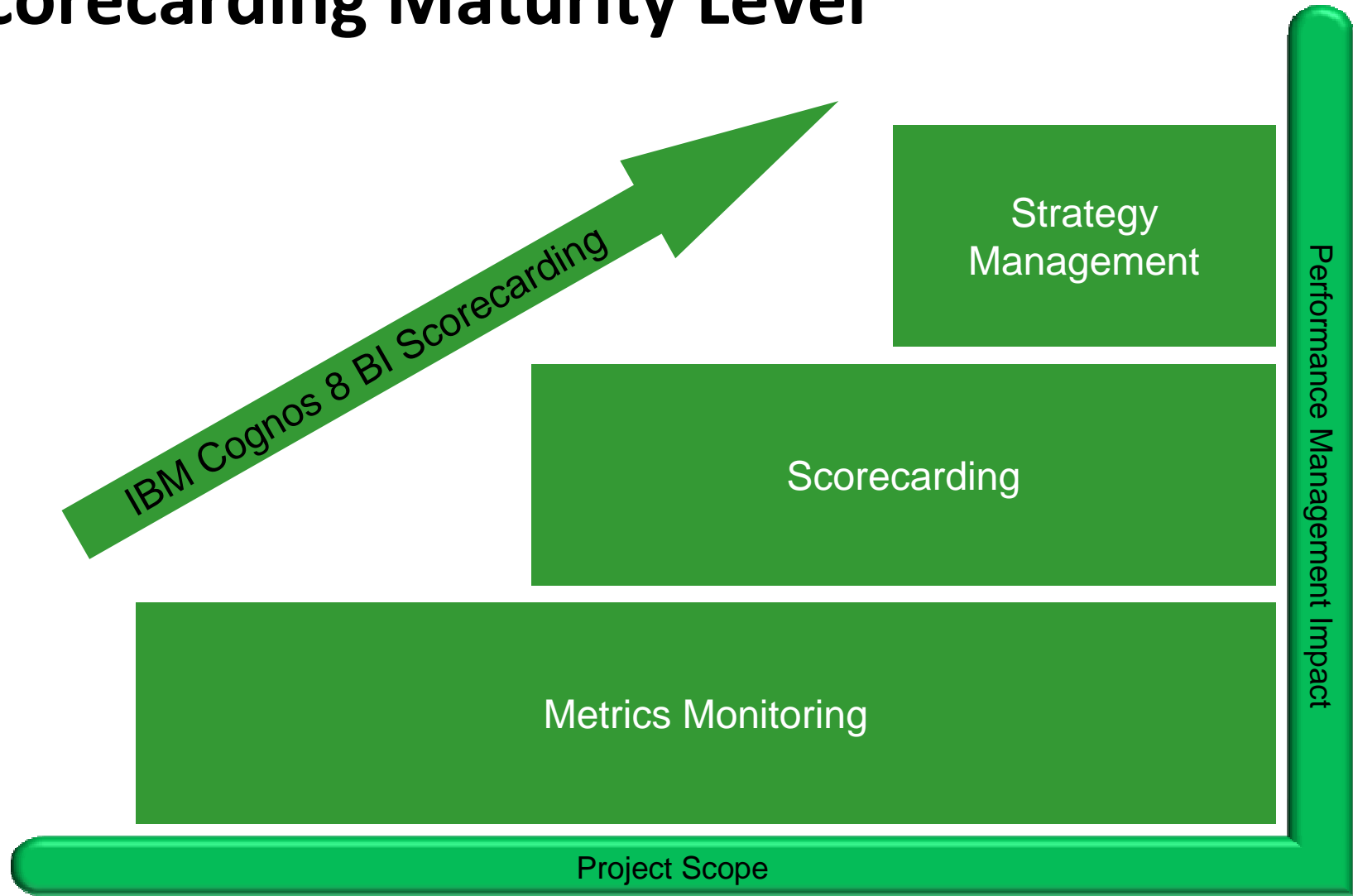


Scorecarding Maturity Level

- Top down, enterprise wide initiative
- Management methodology driven (BSC)
- Strategy Maps created
- KPIs tied to strategic objectives
- Scorecards cascaded across organization
- Strategic initiatives defined
- Integrated in formal planning process
- Strategic goals driven by both financial and non-financial indicators



Scorecarding Maturity Level



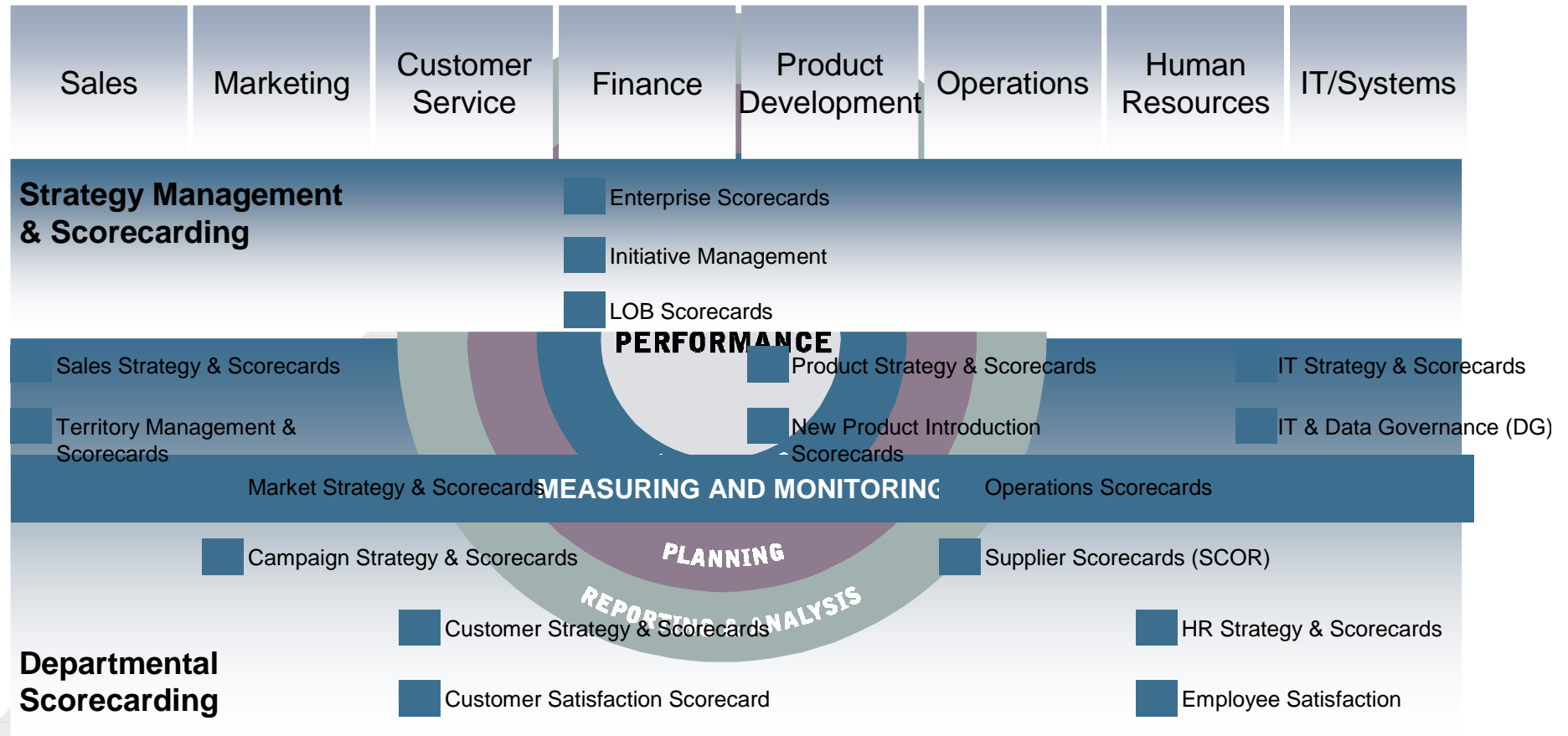
IBM Cognos 8 BI Scorecarding

- Automates the strategy management and scorecarding process allowing an organization to link strategy to execution
 - Metrics monitoring
 - Provides a common metric framework
 - Metrics monitoring by leveraging BI platform (dashboards & reports)
 - Scorecarding
 - Tracks performance against departmental and/or tactical objectives
 - Ensures accountability and ownership
 - Provides departmental and employee focus
 - Scorecard metrics linked to BI reports and analysis for diagnostic detail
 - Create metrics with consistent business rules defining thresholds and targets
 - Strategy Management
 - Tracks performance against strategic objectives
 - Communicates the strategy across the organization
 - Scorecards cascaded across organization
 - Links strategy to resource management (budgeting) through strategic initiatives



Strategy Management & Scorecarding

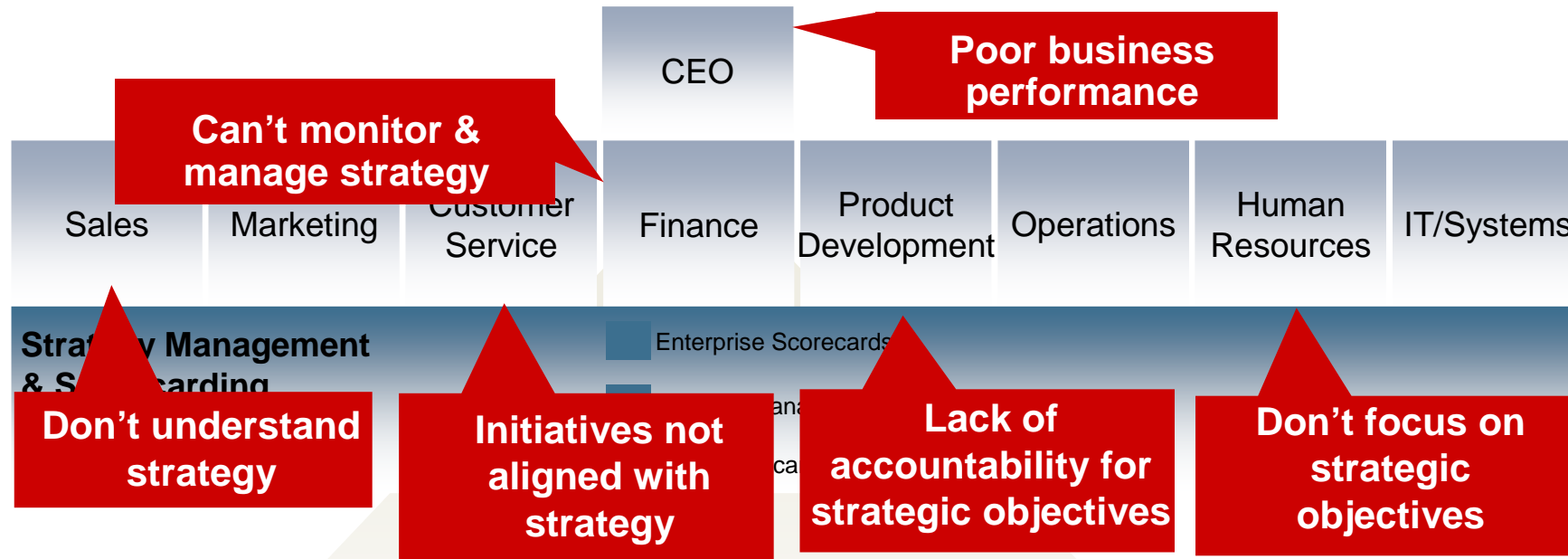
Plan, Understand and Optimize Performance



Financial Performance Management

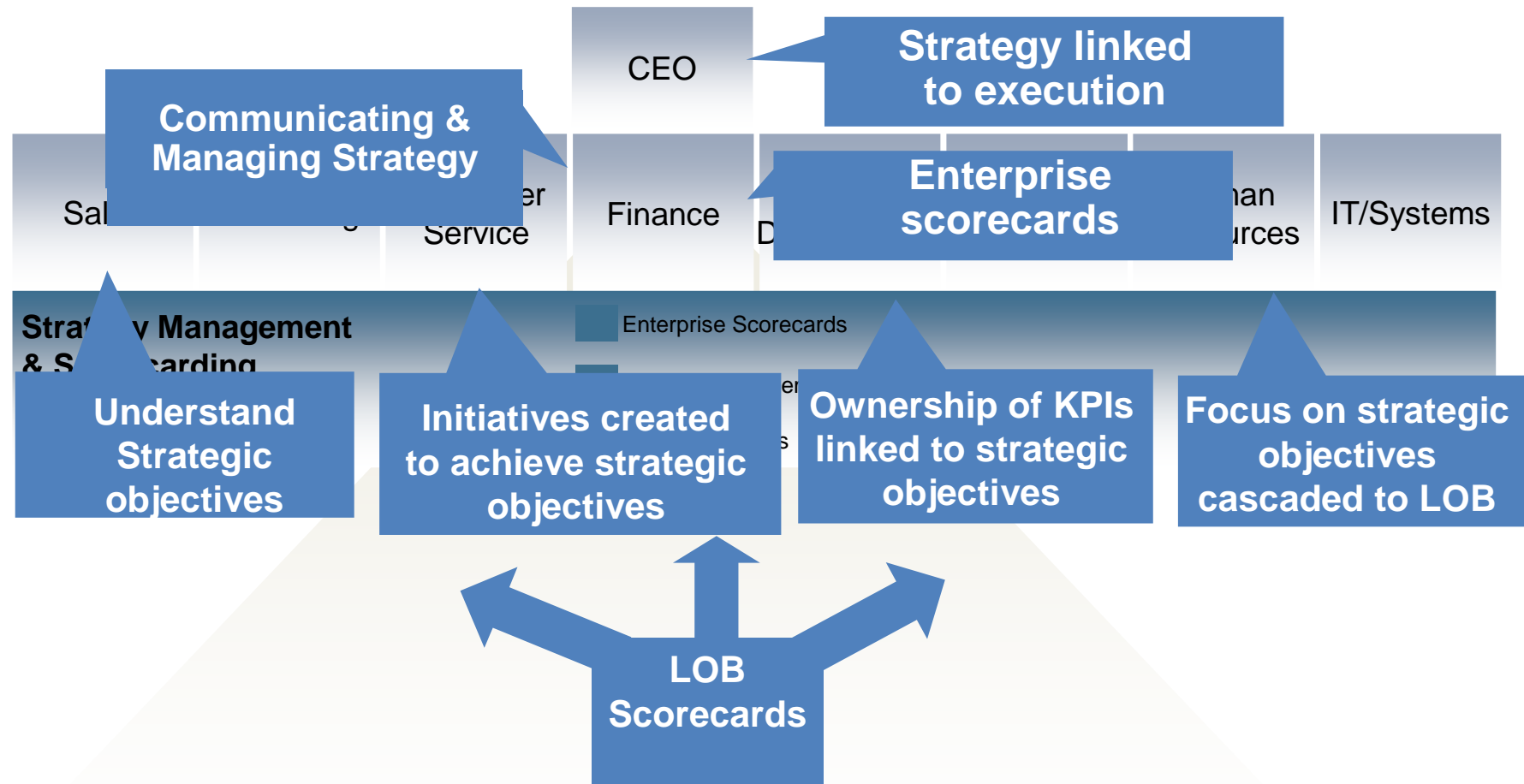


Challenges: Strategy Management & Scorecarding



PAIN: Inability to link strategy to execution. Can't communicate, monitor and manage strategy effectively. Department's don't understand strategic objectives and don't align activities/initiatives/projects to support them. Resulting in lackluster performance.

Challenges: Strategy Management & Scorecarding



IMPACT: Strategy is monitored and communicated. Enterprise and LOB scorecards are created. Employees, initiatives & budgets are aligned to strategy.

Eneco



- Accounts receivable decreased by €10 million
- Annual savings of €1 million in direct mail costs
- Increased marketing conversion rate from 10% to 65%
- Savings of €2.5 million in customer contact center and billing department

Gartner



Performance Pain

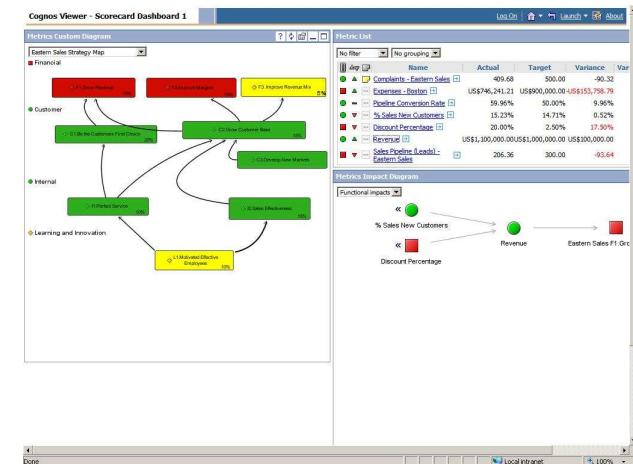
- Delivering profitable revenue growth
- Growing profitable customers
- Focusing business goals on operational excellence

IBM Cognos Solution Impact

- Strategy communicated across the enterprise
- Linked strategic operational measures to financial outcomes
- Monitor progress against strategic objectives and adjust strategy as needed

IBM Cognos 8 BI Scorecarding v8.4

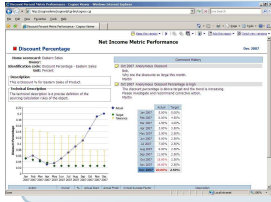
- Strategy Map & Impact Diagram portlets
 - Strategic scorecard information now available in portal based dashboards
- IBM Cognos Go! Dashboards
 - Scorecards and metric lists available



You can communicate scorecards & strategic information more easily to a wider audience

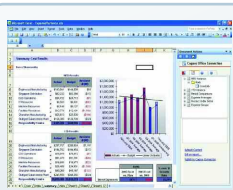
Create Once, Consume Anywhere

Managed Reports



> Scheduled personalized pre-authored scorecard reports

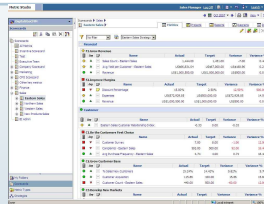
Go! Dashboard



> Dynamic and customizable dashboards based on trusted scorecard data

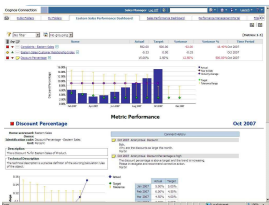


Scorecarding



> Interact with and customize all scorecard information


Portal Dashboard



> Scorecard info via portlets

Go! Mobile

> View and consume scorecards on Mobile Devices



Supports Open Standards

- IBM Cognos 8 BI Scorecard portlets support WSRP
 - Can be viewed in non-IBM Cognos portals

The screenshot shows a Microsoft Internet Explorer browser window displaying a Cognos BI dashboard. The browser address bar shows the URL: http://vottcps-shp2k7w/Pages/CMM.aspx. The dashboard content includes:

- Metric Studio Watch List (Package: cmm):** A table listing various metrics with columns for Name, Actual, and Target.

Name	Actual	Target
Customer Satisfaction - Global	113.39	
Inventory - Global	US\$534,729.34	US\$5
Return Goods - Global	US\$152,442.24	US\$1
Revenue - Global	US\$2,724,000.88	US\$2.9
- Cognos Metric List:** A table showing metrics with columns for Name, Actual, Target, Variance, Variance %, and Time Period.

Name	Actual	Target	Variance	Variance %	Time Period
Sales Discount %	18.30	18.00	0.30	1.67%	Dec 2006
Sales Sales Dept. Motivations (vs. Plan 1 year. Ch.)	20.6	13.0	7.6	58.4%	Nov 2006
Number of Leads	560.0	400.0	160.0	40.0%	Dec 2006
Win.Sale. (%)	44.4	45.0	-0.6	-1.4%	Dec 2007
Pipeline Revenue per.Sep	7,100.0	5,000.0	2,100.0	42.0%	Dec 2006
Pipeline	7,245,000.0	8,000,000.0	-755,000.0	-9.4%	Dec 2007
- Cognos Metric History Chart:** A line graph showing 'Sales Revenue' from April 2007 to February 2008. The Y-axis ranges from 6,800,000.0 to 9,000,000.0. The chart includes data for Actual, Default Benchmark, and Target/Tolerance Range.
- Office Sales KPIs:** A gauge chart for 'Sales for New York' showing a value of 2,910,000. The gauge has a target range and a 'Exceed' indicator. Below it is a bar chart for 'Selected Office Sales KPI' with a total value of \$2,910,000.00 and a scale from \$0.00M to \$5.00M.
- Sales Opportunity for Selected Office:** A table listing sales opportunities with columns for Opportunity, Account, Representative, Amount, Stage, Product, Date Initiated, Expected Closed, and Day Span.

Opportunity	Account	Representative	Amount	Stage	Product	Date Initiated	Expected Closed	Day Span
AER System maintenance	AER Systems	Wallace Hawke	\$1,429,750.00	4	Acme Lite	10/08/2006	10/20/2006	12
Saling Shipping maintenance	Saling Shipping	Clark Hess	\$685,000.00	2	Acme Pro	02/10/2006	02/20/2006	10
Deabar System maintenance	Deabar Systems	Elaine Johnson	\$565,670.00	4	Acme Pro	06/12/2006	07/01/2006	19
2 Miles studio update	2 Miles studio	Matt Ayer	\$324,350.00	2	Acme Enterprise	09/12/2006	10/01/2006	19
Riverside record new account	Riverside record	Elaine Johnson	\$562,960.00	3	Acme Pro	07/20/2006	10/01/2006	73

Role Based Views: C-Level Execs

- Display strategic objectives in a strategy map
- Monitor strategic performance in dashboards
- Bring strategic reports to management meetings
- View strategic reports & dashboards on their mobile devices

The screenshot displays the Cognos Performance Center interface. At the top, there is a 'Strategy Map' titled 'Eastern Sales Strategy Map' with nodes for 'F1 Grow Revenue', 'F2 Improve Margins', 'C1 Be the Customer's First Choice', 'C2 Grow Customer Base', and 'C3 Develop New Markets'. Below this is a 'Metric Performance' dashboard for 'Discount Percentage' for 'Oct 2007'. It includes a table with columns for Name, Actual, Target, Variance, and Variance %.

Name	Actual	Target	Variance	Variance %	Time Period
Compliance - Eastern Sales	92.00	900.00	92.00	10.22%	10-10/10/2007
Eastern Sales Customer Relationship Index	-0.33	0.00	-0.33	-33.00%	Oct 2007
Discount Percentage	15.00%	2.50%	12.50%	500.00%	Oct 2007

Below the table is a bar chart showing 'Discount Percentage' from Feb 2007 to Dec 2007. The chart shows actual values (blue bars) and target values (green line). A detailed view of the 'Discount Percentage' metric is shown below, including a description, technical description, and a detailed table of actual vs. target values.

Month	Actual	Target
Jan 2007	5.00%	5.00%
Feb 2007	6.00%	4.50%
Mar 2007	4.50%	4.00%
Apr 2007	3.00%	3.50%
May 2007	3.50%	2.50%
Jun 2007	5.00%	2.50%
Jul 2007	7.00%	2.50%
Aug 2007	9.00%	2.50%
Sep 2007	11.00%	2.50%
Oct 2007	15.00%	2.50%
Nov 2007	18.00%	2.50%
Dec 2007	20.00%	2.50%

At the bottom right, a BlackBerry mobile device is shown displaying a simplified version of the dashboard data on its screen.

Role Based Views: VPs & Managers

- Display departmental objectives in strategy maps
- Monitor departmental performance against operational objectives
- Use impact diagrams for insight into operational performance
- View operational reports & dashboards on their mobile devices

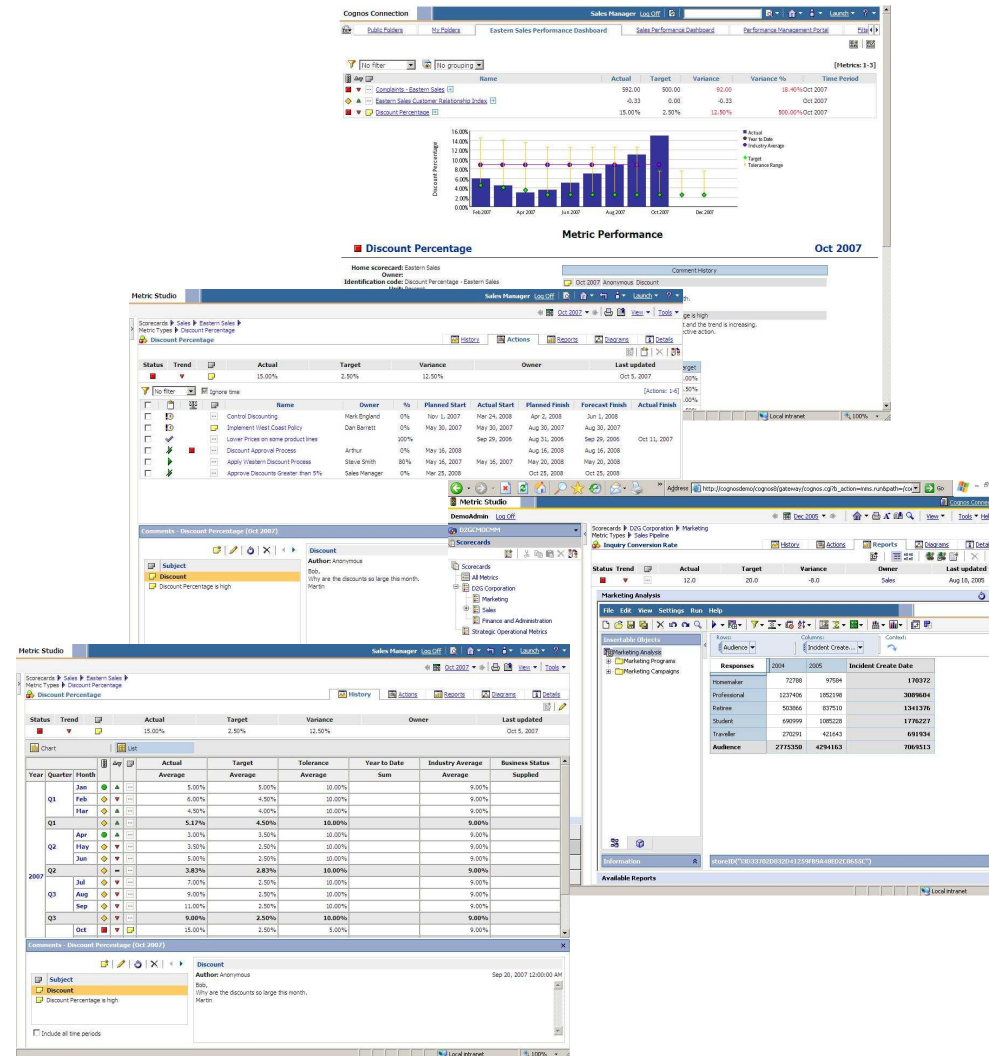
The image displays three screenshots of Cognos performance dashboards and a BlackBerry mobile device. The top screenshot shows a 'Sales Manager' dashboard with a table of metrics and a bar chart. The middle screenshot shows an 'Impact Diagram' for 'Discount Percentage' with nodes for 'Avg Purchase Frequency - Eastern Sales', 'Assesse days - Eastern Sales', 'Backorder count - Eastern Sales', 'Customer Survey', 'Complaints - Eastern Sales', 'Discount Percentage', 'Avg Yield per Customer - Eastern Sales', and 'Positive Conversion Rate'. The bottom screenshot shows a 'Net Income Metric Performance' report for 'Discount Percentage' with a table of monthly data and a trend chart.

Month	Actual	Target
Jan 2007	5.00%	5.00%
Feb 2007	6.00%	4.50%
Mar 2007	4.50%	4.00%
Apr 2007	3.00%	3.50%
May 2007	3.50%	2.50%
Jun 2007	5.00%	2.50%
Jul 2007	7.00%	2.50%
Aug 2007	9.00%	2.50%
Sep 2007	11.00%	2.50%
Oct 2007	15.00%	2.50%
Nov 2007	18.00%	2.50%
Dec 2007	20.00%	2.50%

The BlackBerry device shows a mobile version of the dashboard with a bar chart and a pie chart.

Role Based Views: Analysts

- Use dashboards to track performance against departmental objectives
- Respond to actions created by manager to improve metric performance
- Use reports & analysis to get diagnostic details on metric performance
- Edit/update company & departmental scorecards



IBM C8 BI Scorecarding Demonstration



Conclusion

- IBM Cognos 8 BI Scorecarding
 - Core component for Performance Management
 - Automates the strategy management and scorecarding process
 - Addresses customer requirement across the scorecarding maturity level
 - Version 8.4 enables organizations to get scorecard information out to a wider audience
- Top down approach – IBM Cognos 8 BI Scorecarding
 - Links strategy to execution
 - Communicates strategy
 - Provides employee focus
 - Ensures accountability and ownership
 - Link strategy to resource management (budgeting)





Ivan Mak
ivanm@hk.ibm.com



Information Management



IBM Information On Demand Conference 2009

Thank You!