



# IBM LeadershipConnect

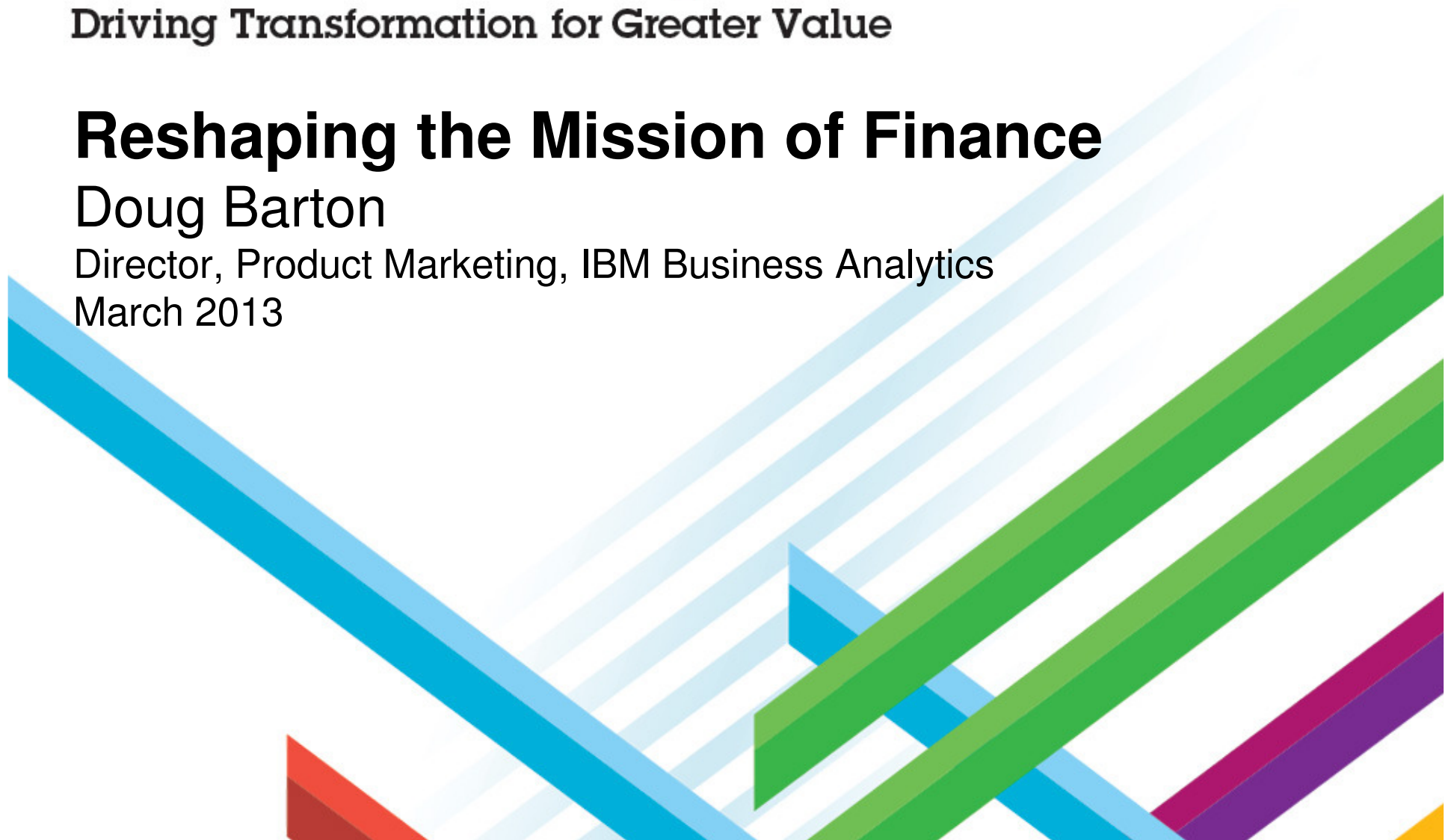
Driving Transformation for Greater Value

## Reshaping the Mission of Finance

Doug Barton

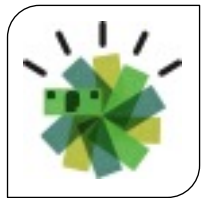
Director, Product Marketing, IBM Business Analytics

March 2013



# Our perspective is built to meet this need Across business and IT needs by industry and role

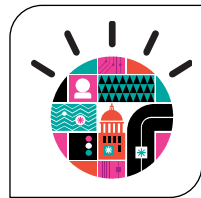
## Industries



Banking



Energy



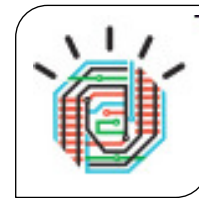
Government



Healthcare



Education



Transportation

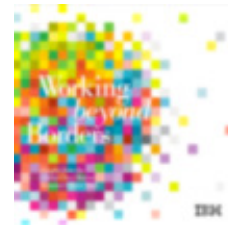


Retail



Communi-  
cations

## Functions/roles

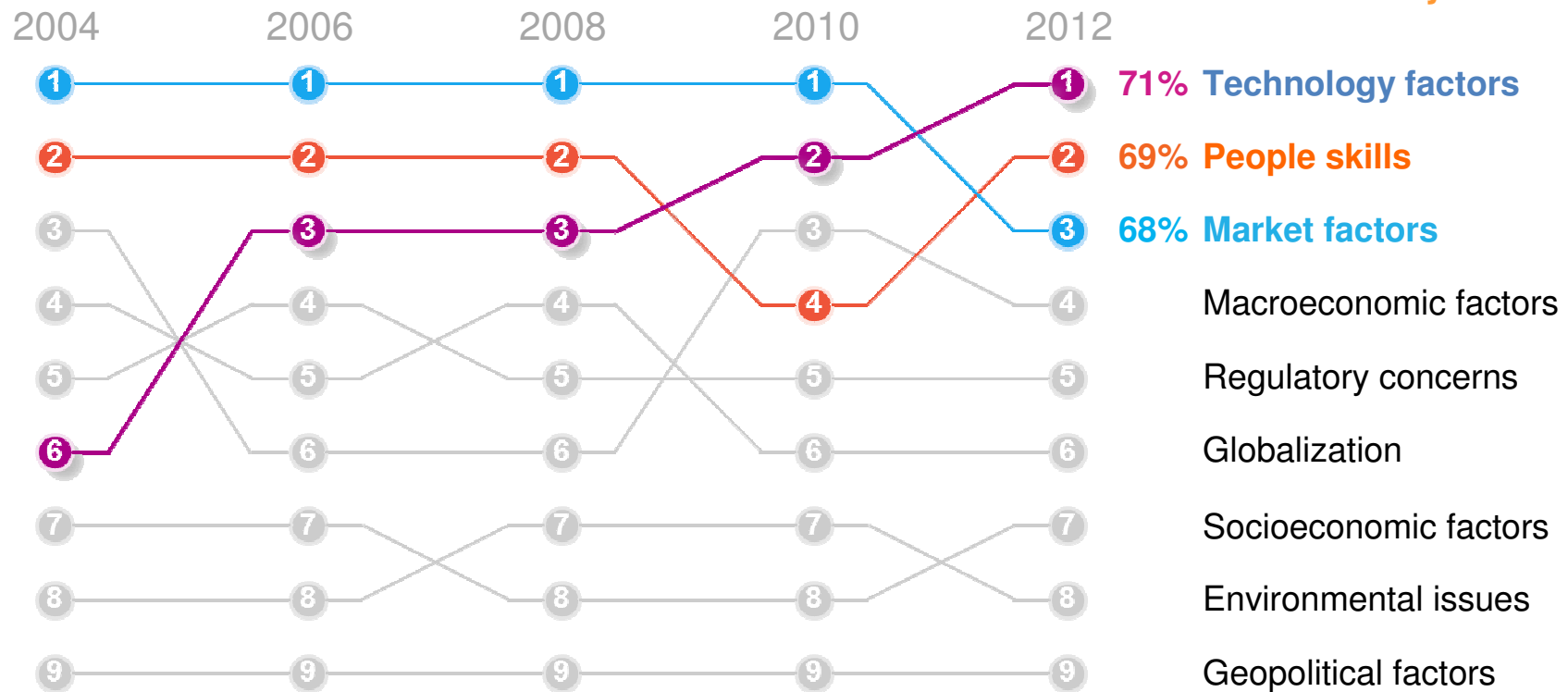


# What forces do global CEOs believe poses the biggest opportunity and challenge?

External forces that will affect the organization<sup>1</sup>



2012 IBM Global CEO Study



<sup>1</sup> IBM, *Leading Through Connections: Insights from the IBM Global Chief Executive Officer Study*, May 2012

# New dynamics force enterprises to transform

## Emerging market growth

Emerging marketplaces, led by China, fuel 2.6 times the growth rate of developed marketplaces, contributing more than 50 percent of all new growth.<sup>3</sup>



## Cloud computing

2011 spending on private cloud services is \$13 billion. ... Growth over the next four years will exceed 26 percent annual growth.<sup>3</sup>



## Mobile enterprise

By 2013, 80 percent of businesses will support a workforce using tablets.<sup>2</sup>



## Big data

The digital universe will grow to 1.8 zettabytes (ZB) in 2011, up 47 percent from 2010 and rocketing toward more than 7 ZB by 2015.<sup>3</sup>



## Next-generation analytics

80 percent of data growth is unstructured.<sup>2</sup>



## Compliance

The cost of noncompliance—fines, legal fees and disrupted services—was almost three times the cost of compliance.<sup>4</sup>



## Social business

By 2015, 40 percent of large enterprises will have a corporate “Facebook” for circulating business and personal data.<sup>2</sup>



## Security

Security remains robust for supporting regulatory and policy compliance needs.<sup>3</sup>



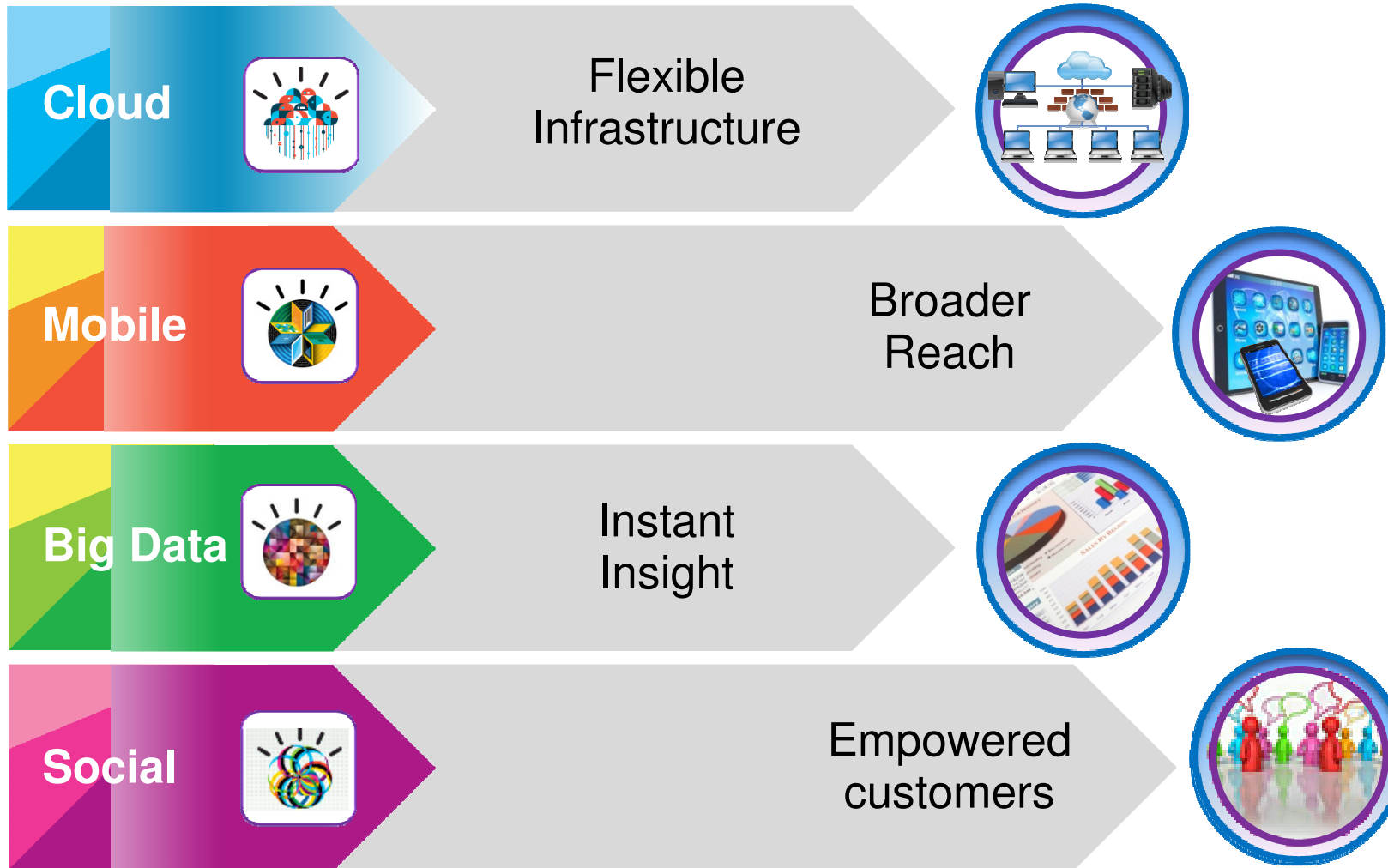
**CFOs' opportunity:**  
Be the agent of innovation, profitable growth and transformation of your enterprise

<sup>2</sup> Gartner

<sup>3</sup> IDC

<sup>4</sup> Ponemon Institute, *The True Cost of Compliance*, January 2011.

# Technology innovations are creating opportunities



# How should CFOs lead?

## CFO agenda: importance versus effectiveness

### Core finance

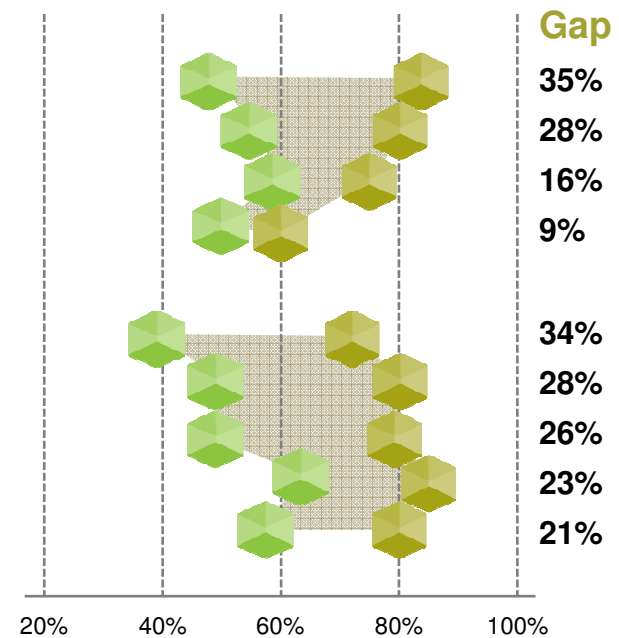
- Developing your people in the finance organization
- Executing continuous finance process improvements
- Strengthening compliance programs and internal controls
- Driving finance cost reduction

### Enterprise focused

- Driving integration of information across the enterprise
- Providing inputs into enterprise strategy **1**
- Supporting, managing and mitigating enterprise risk
- Measuring and monitoring business performance **2**
- Driving enterprise cost reduction **3**



- #** Importance rank
- Effectiveness
- Importance



# CFOs must invest in efficiency and business insight....

## Addressing the Broader Enterprise Focused Role of Finance

### ***Demands on Finance***

- Help drive enterprise cost reduction
- Improve access *to* and reduce cost *of* capital
- Support risk management
- Provide performance insight and anticipate
- Partner in strategy and value creation

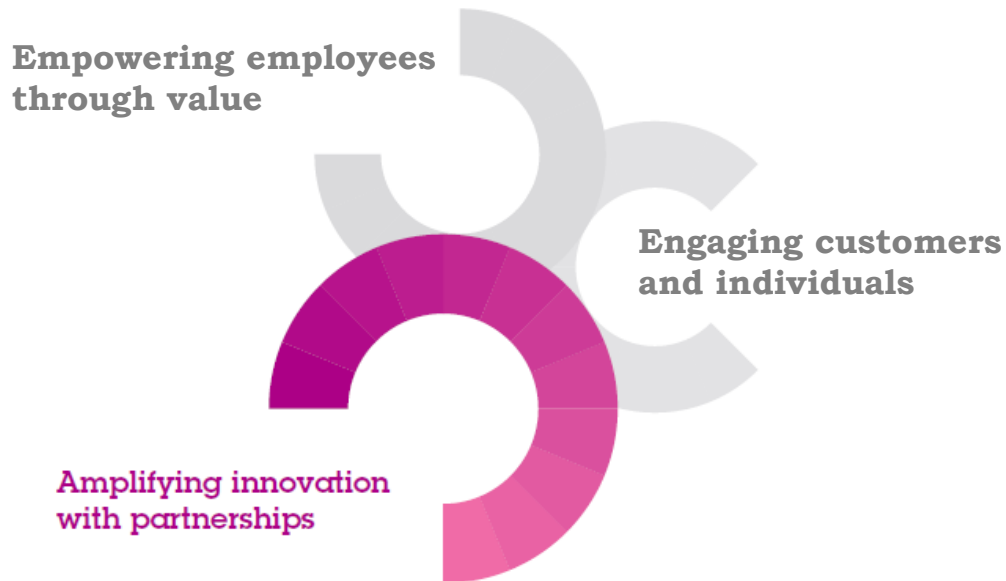
### ***Finance Capabilities Needed***

- Finance Efficiency
- Business Insight



# Outperformers innovate, disrupt, and derive revenue from new sources

## Top 3 CEO Priorities:



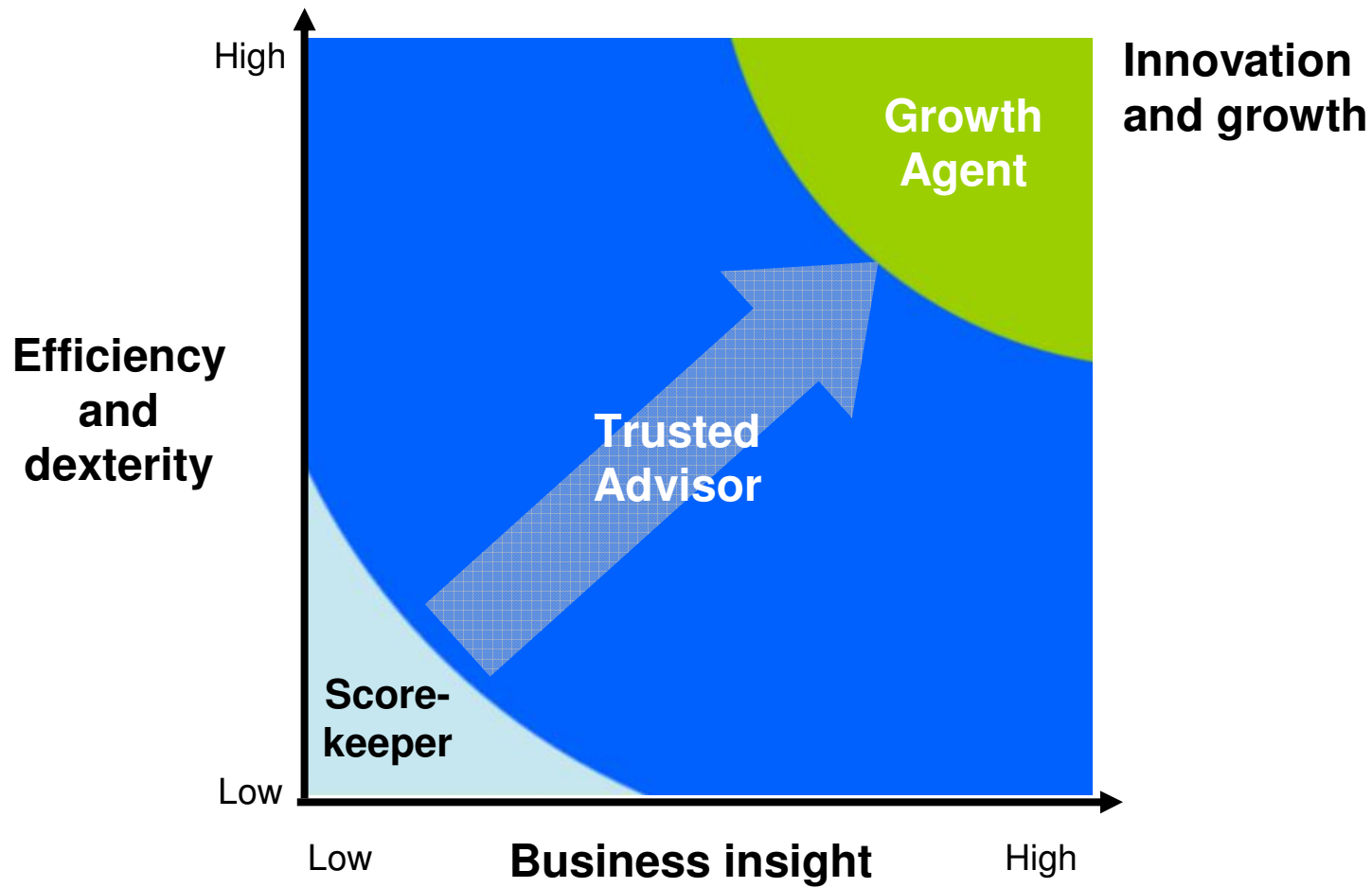
Commitment to external partnering has grown significantly

Virtually all organizations now partner, creating new avenues for innovation

**Outperformers are more likely to partner to innovate, disrupt, and derive revenue from new sources**



# CFOs help drive innovation and growth as trusted advisors





**As we look to the future role of finance, we must remember the timeless responsibilities of the function.**

## **The timeless responsibilities of finance**



**CFOs have always optimized finance processes for transparency, efficiency and effectiveness.**



**CFOs have always been driven to make decision based on historical facts.**



**CFOs have always managed risk, protected enterprise investments and preserved the bottom line.**



**Today, these fundamental responsibilities provide the foundation for the three new imperatives.**

## The three imperatives of finance

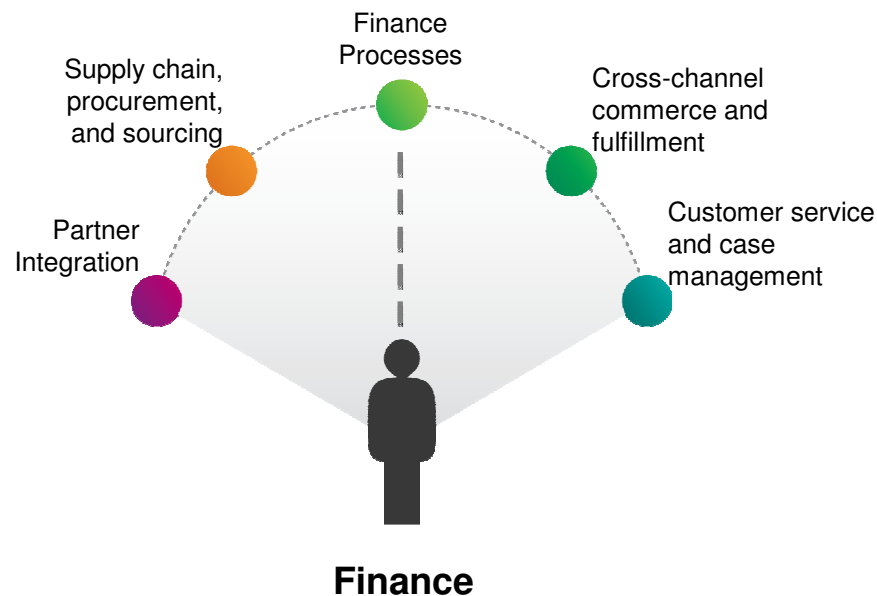
**Accelerate enterprise transformation**  
CFOs have always optimized finance processes for transparency, efficiency and effectiveness.

**Anticipate and shape the future**  
CFOs have always been driven to make decision based on historical facts.

**Drive a discipline of growth**  
CFOs have always managed risk, protected enterprise investments and preserved the bottom line.

## Imperative One: Accelerate enterprise transformation

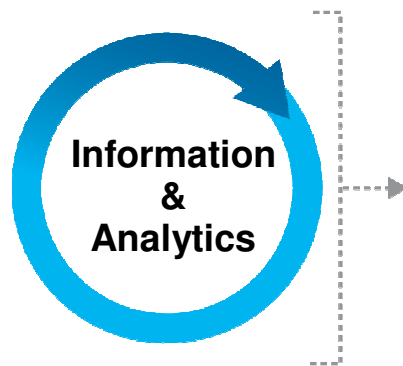
# Shift responsibility to enterprise-wide business processes and a seamless operating model



- **Integrating** functions provides a single view of support costs – making it possible to understand where to invest and reduce
- Consolidating ownership and **standardizing** tasks helps spread best practices while automating and eliminating work
- **Optimizing** labor and delivery models reduces costs while focusing resources on higher value
- **Elevating and extending** finance and business processes with analytics and across the value chain

## Imperative Two: Anticipate and shape the future

Provide a forward looking perspective, by driving a culture of insight-based decisions fueled by analytics.



### Align

your organization around information

### Anticipate

see, predict and shape business outcomes

### Act

with confidence at the point of impact to optimize outcomes

### Learn

from solutions that get smarter with every outcome

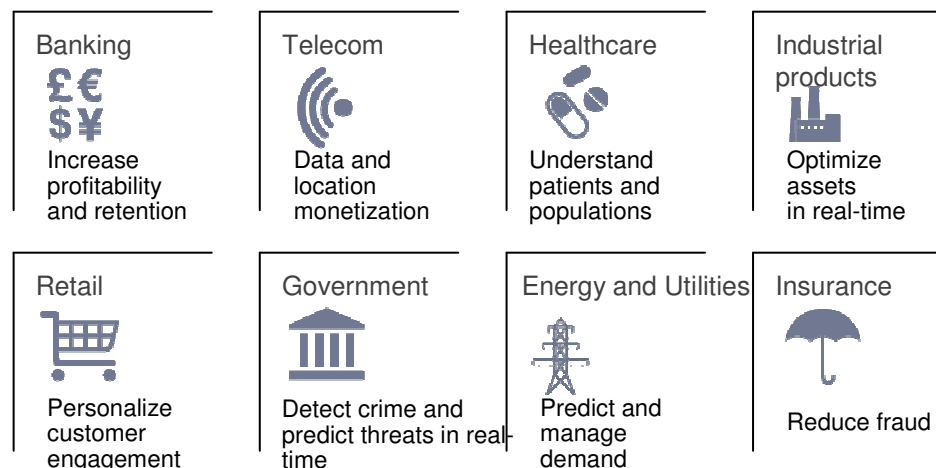
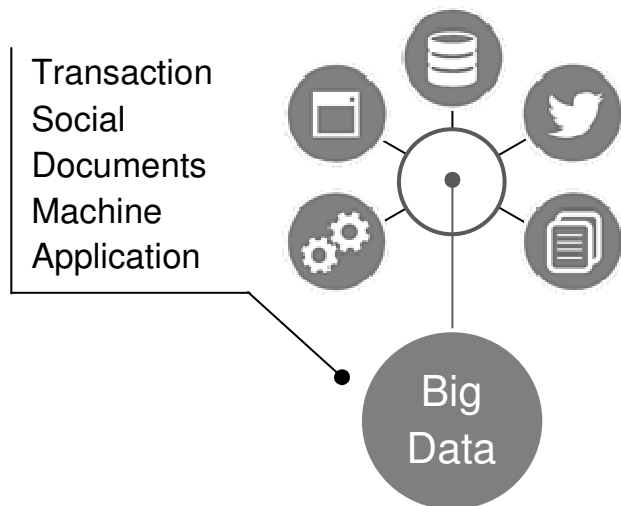
### Transform

through analytics for breakaway results

## Imperative Three: Drive a discipline of growth

# Align resources to new engines of profitable growth.

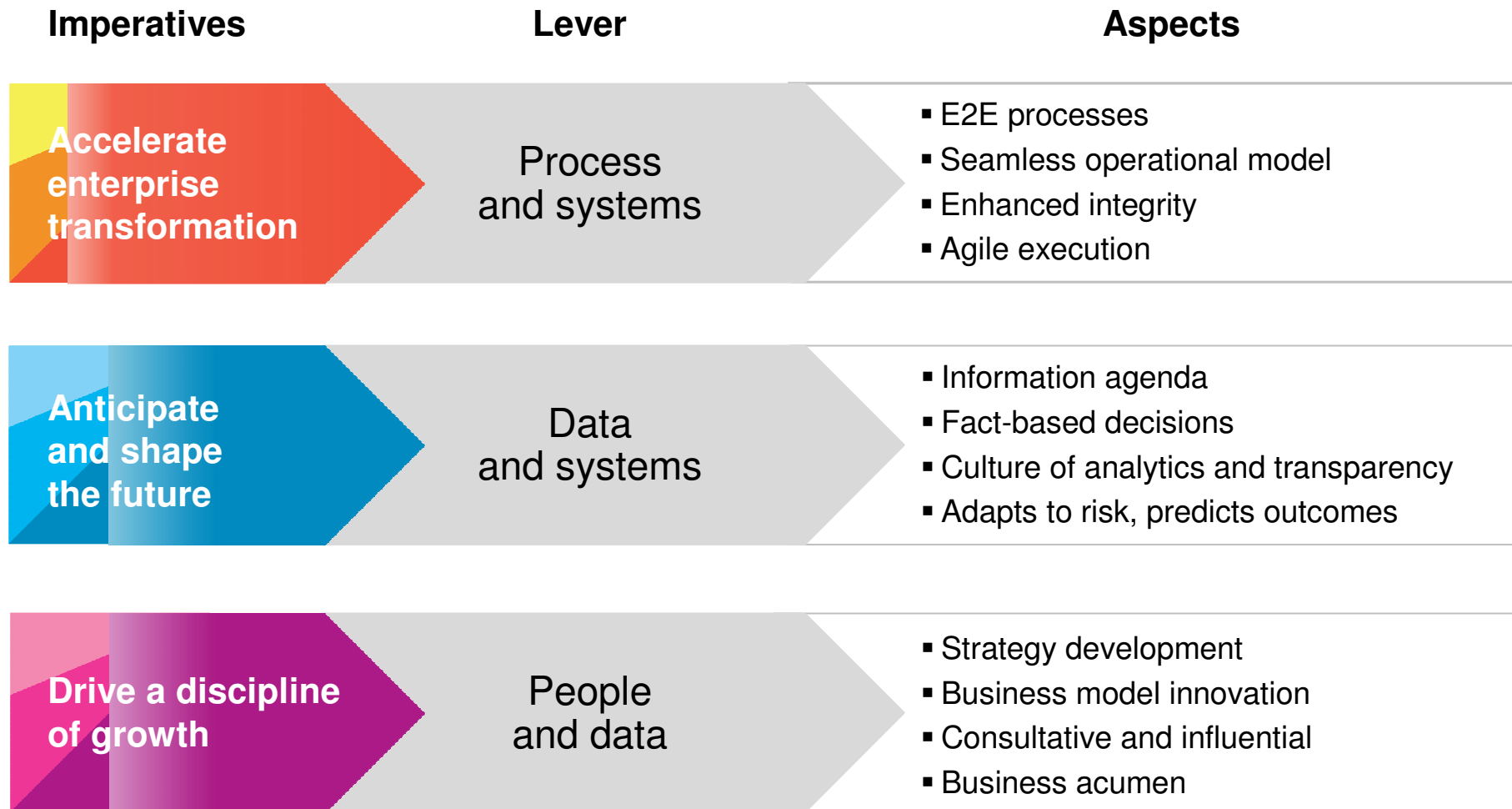
Forward thinking CFOs will leverage **technology disruptors** like big data for business model innovation



- Delivering **new insights** and new possibilities
- Improving current processes and **performance**
- Creating **new revenue opportunities**



# CFOs must reshape the mission of Finance by focusing on process, technology, data and analytics, and people





## Accelerate Enterprise Transformation

### Example outcomes

**10%**

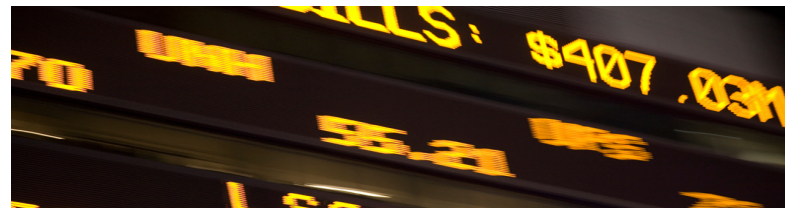
Savings



A global bank realized **10% savings in the first five months** with IBM Global Process Services standardized the procurement processes, and transformed business controls and performance measurements.

**15%**

Improved collection effectiveness



A global financial services organization **improved collection effectiveness by 15%** with the order-to-cash analytics capabilities and a single view of its customer base to identify past-due payments. Significant improvements in loss mitigation, forecast accuracy and effective capacity planning resulted in **over \$1 million in operational savings.**

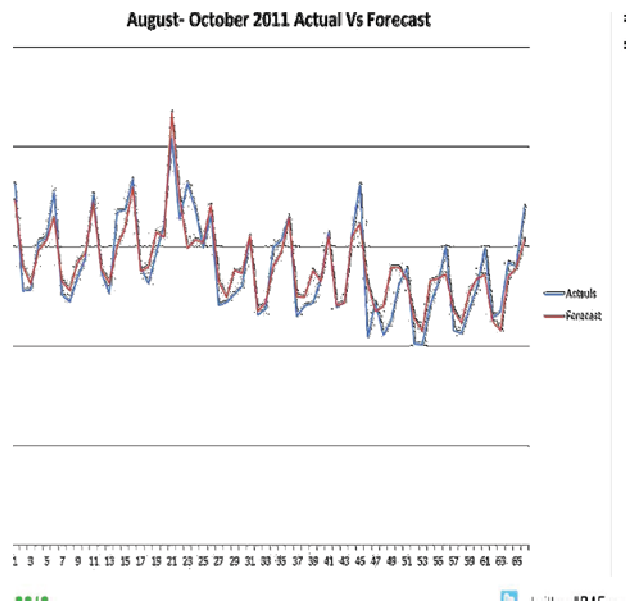
**\$1 Million**

Operational savings



## Anticipate the future

Example outcomes:



Australia Post's objective was to forecast its daily cash flows in order to **maximise investment returns**



*The solution for treasury cash flow was combined with daily P&L from SAP with the historical cash flow forecast combined with the daily agency cash flow. A predictive model was then overlayed on to the cubes to provide what the daily position would be ...*

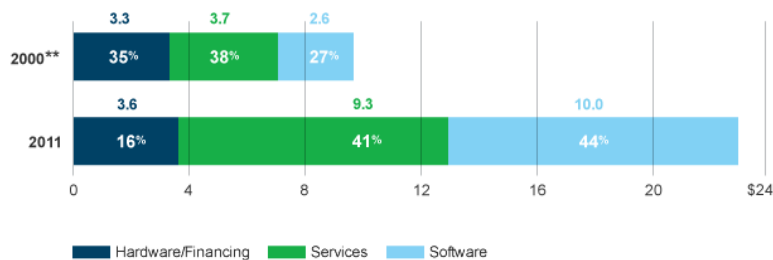


# Drive a Discipline of Growth

**IBM changed its business mix toward high-value, more profitable technologies and markets**

- Exited commoditized businesses:
  - PCs/ hard disk drives/ printing systems
- Strengthened position in:
  - business consulting/ software
- Mergers & acquisitions:
  - 60 companies over the last 5 years/ \$18B invested
- Global shared services:
  - business process excellence/ IT simplification & integration
- Growth market leadership:
  - 22% of revenue (30% by 2015)

Segment Pre-Tax Income\*  
(\$ in billions)



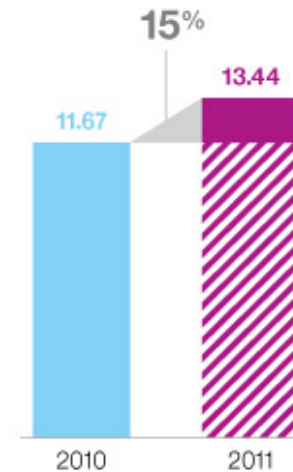
\* Sum of external segment pre-tax income not equal to IBM pre-tax income.

\*\* Excludes Enterprise Investments and not restated for stock-based compensation. 2000 Segment PTI is reclassified to conform with 2011 presentation.

2011 a record year...

**\$13.44**  
operating earnings per share\*

up 15 percent, the ninth consecutive year of double-digit growth  
\*non-GAAP



**\$107 billion**  
revenue

up 7 percent from 2010

**\$16.6 billion**  
free cash flow

up for the ninth consecutive year

**\$16.3 billion**  
operating net income\*

up 9 percent from 2010

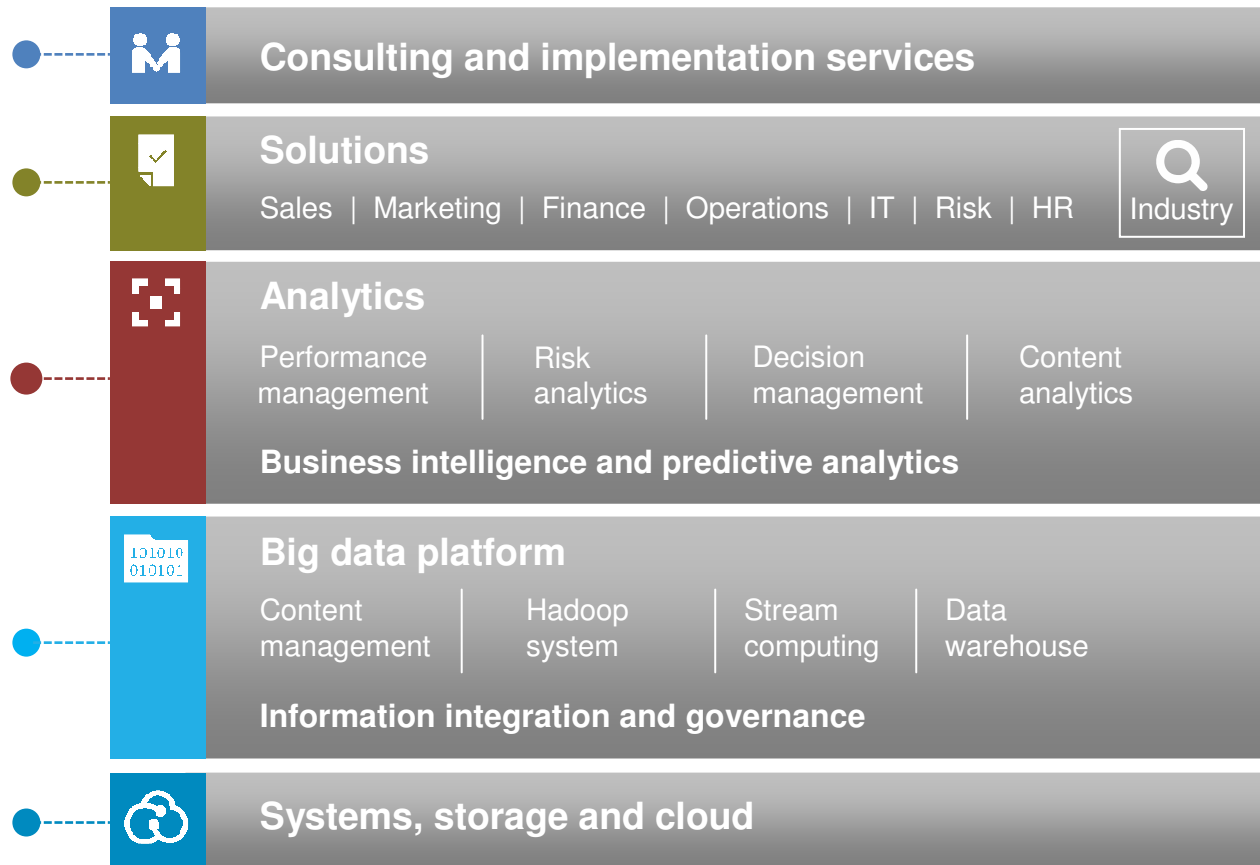
\*non-GAAP

**\$18.5 billion**  
returned

in share repurchases and dividends

# Innovation and experience

weaving change, technology, and systems into the fabric of your business to deliver value for CFOs

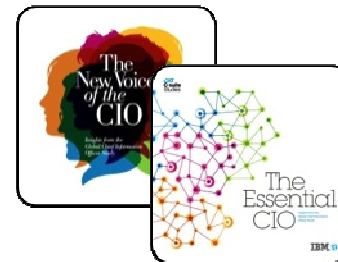


# Exclusive Offer !! Participate in the 2013 Global C-Suite Study

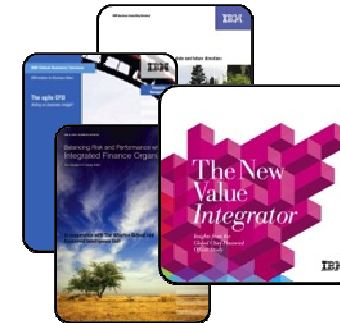
5500+ CEOs



5500+ CIOs



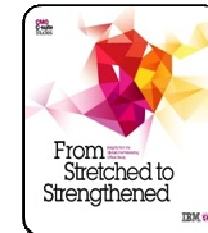
4000+ CFOs



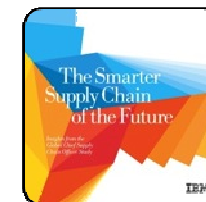
1250+ CHROs



1700+ CMOs



400+ CSCOs





## Add your voice to the discussion

### Get involved and enjoy the benefits

- Receive a copy of the full report containing the research analysis and findings
- Receive a customized report aligning your responses to your industry peers and others in your region
- Engage in a follow-up conversation with an IBM executive to discuss the study and implications for your organization

### 2013 Global C-Suite Study

CMO CFO CSCO CIO CEO  
CFO CEO CMO CHRO CIO CSO  
CIO CMO CSCO CEO CFO C  
CHRO CEO CFO CIO CSCO CI  
CEO CSCO CIO CFO CHRO

Ensure your voice is heard!

Interviews are being conducted from February 4 through April 30, 2013



**Thank you!!**





**IBM®**



# Graveyard

## Imperative Two: Anticipate and shape the future

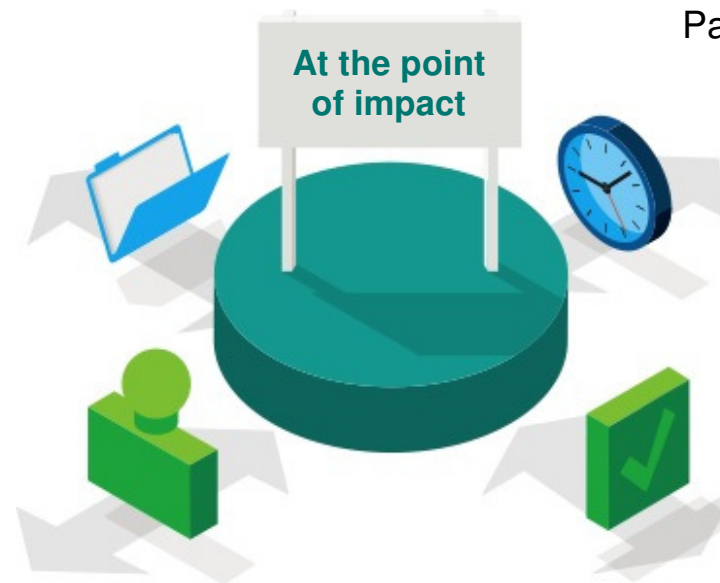
Provide a forward looking perspective, by driving a culture of insight-based decisions fueled by analytics.

### All information

- All information
- Transaction data
- Application data
- Machine data
- Social data
- Enterprise content

### All people

- All departments
- Experts and non-experts
- Executives and employees
- Partners and customers



### All perspectives

- Past (historical, aggregated)
- Present (real-time)
- Future (predictive)

### All decisions

- Major and minor
- Strategic and tactical
- Routine and exceptions
- Manual and automated

## Capturing the total IBM smarter analytics opportunity



IBM Business Analytics grows to \$20B by 2015

A broad, deep set of analytics offerings, *integrated by design*

● Market-leading analytics services with almost 9,000 consultants, 8 solution centers and expertise from thousands of client engagements.

● Unmatched research investment combined with the world's largest private math department produced 500+ analytics patents in 2011.

● An enterprise-class big data platform that supports an end-to-end analytics, information and decision management foundation.

● Integrated analytics capabilities that embed predictive analytics into organizational processes to improve decisions and outcomes.