

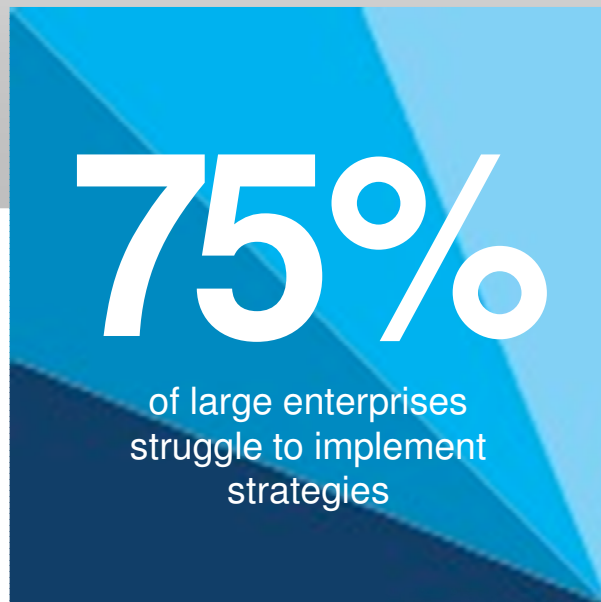
Going Beyond Budgeting

How Strategic Performance Management and Integrated Financial Planning Can Help You Deliver the Future Ready Enterprise



Jason Kapp & Neeta Solanki – Client Technical Specialists

Strategy execution is a struggle



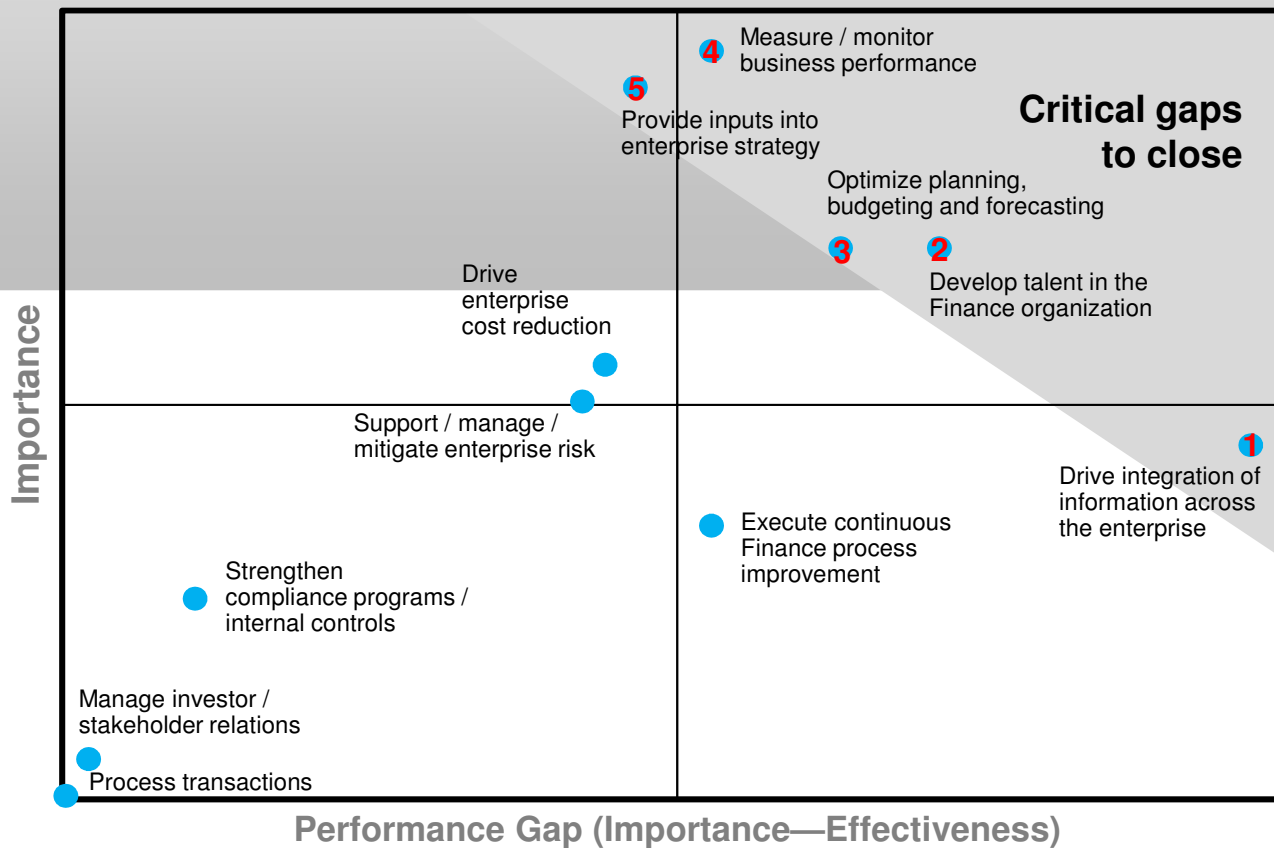
Only **9%** of managers say they can **rely on colleagues in other functions** and units all the time, and just half say they can rely on them most of the time

30% cite **failure to coordinate across units**, making that a close second to failure to align (40%)

One-third of managers cite **difficulties adapting** to changing market circumstances

Yet finance must address critical gaps

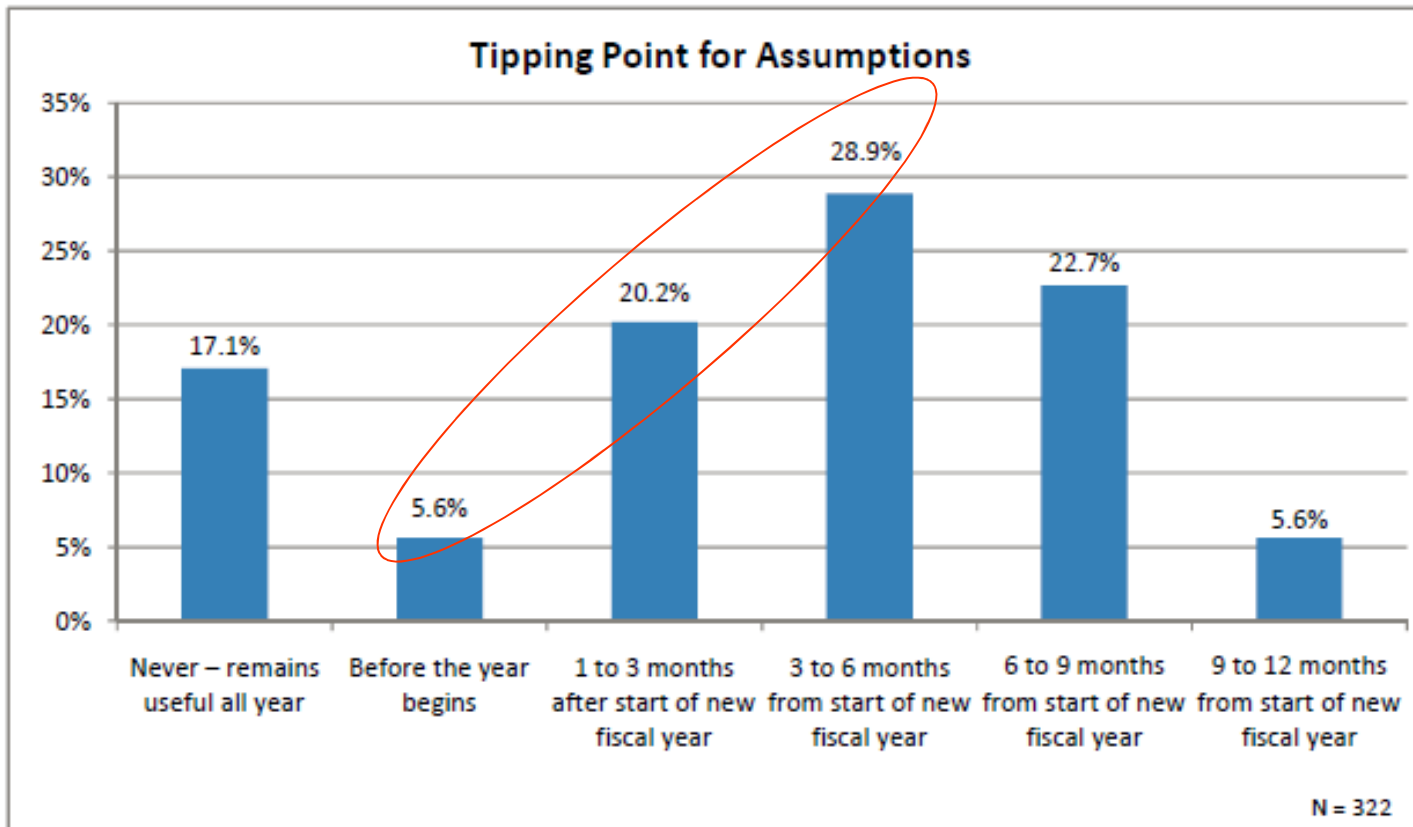
Importance vs. Performance Gap for finance activities



Source: IBM Institute for Business Value, The Global C-suite Study 2014

For 55% of companies, their budget assumptions are useless by 2nd quarter in the new year.

At what point in the year do the assumptions used become so materially different that the budget loses its usefulness?



Source: APQC Planning and Forecasting Research

...Business as usual is not an option

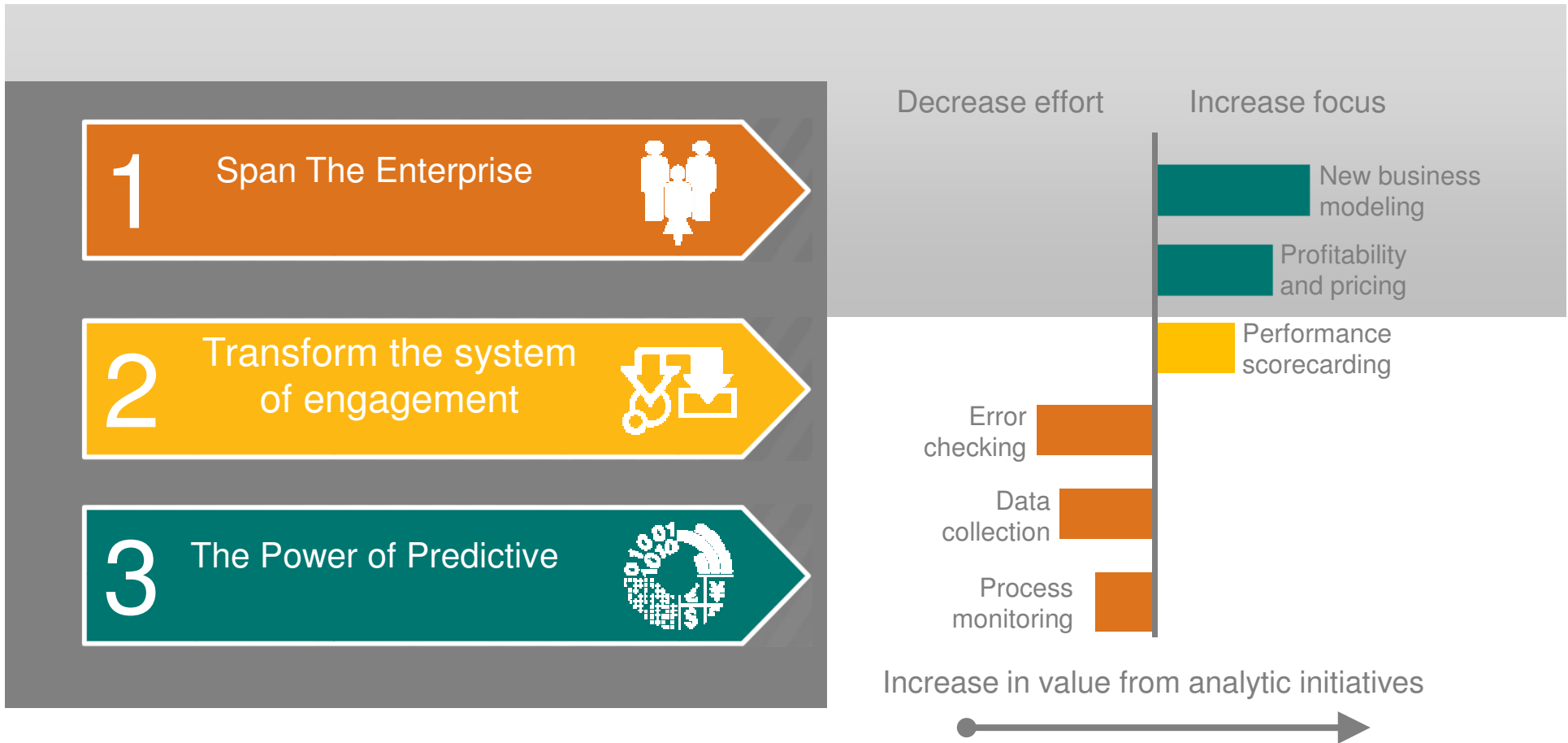


*Best in Class Organizations go ‘**Beyond Budgeting**’ by implementing Strategic Performance Management Systems that Deliver Integrated Financial Planning*

The three analytic imperatives for strategic performance management



Three imperatives for improving management outcomes



1 - Span finance & operations to align operational plans with business objectives



Span finance & operations

Establish one comprehensive, analytic strategic performance management platform

Strategy and activity-aligned organization

- Campaign scorecards
- Promotion plans
- Customer and product profitability
- Revenue plans

- Sales dashboards
- Sales forecasts
- Incentive compensation
- Quota plans
- Territories
- Sales channels

- Operational KPIs
- Strategy and operations plans
- Capacity and inventory plans
- Product allocation
- New products

- Workforce KPIs
- Headcount plans
- Salary and compensation
- Staffing plans
- Training and development

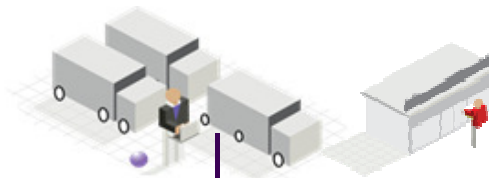
- Enterprise scorecards
- Strategic financial plans
- Profit and loss
- Balance sheets
- Cash flow



Marketing



Sales



Operations



HR



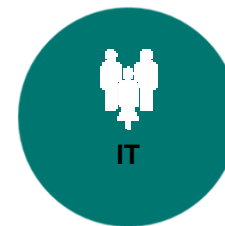
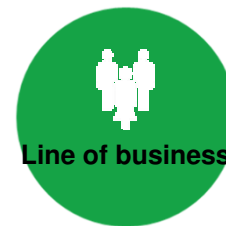
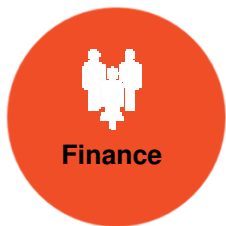
Finance

2 - Transform the system of engagement



Engage all the right people when needed

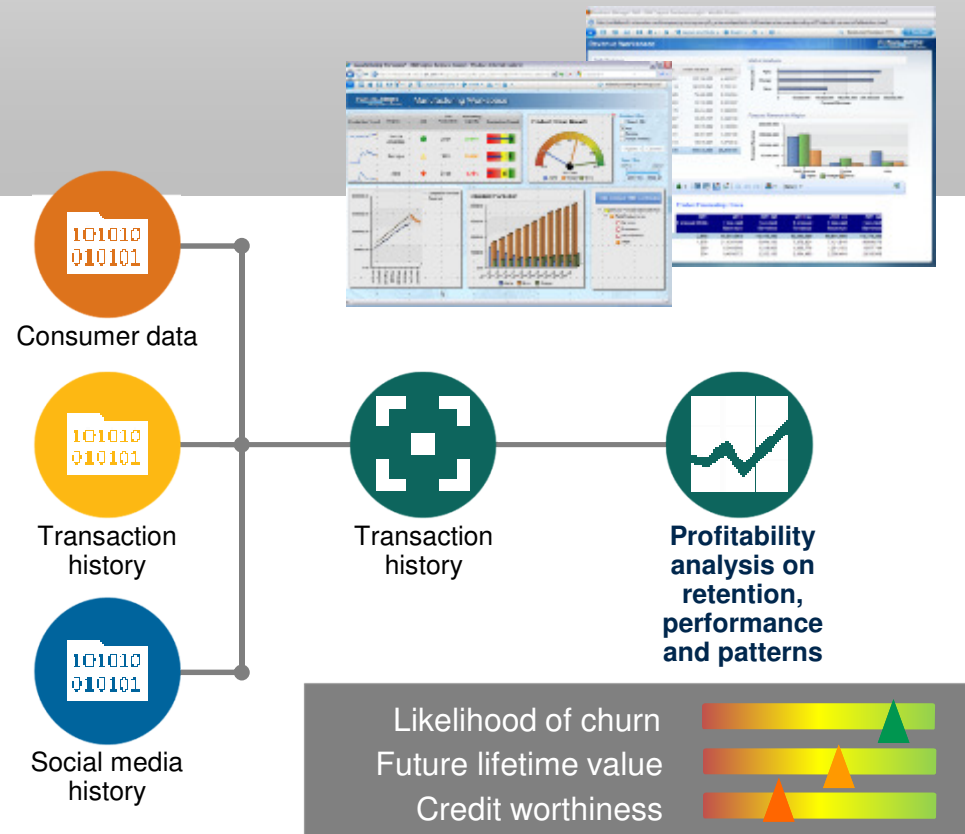
- Model changing business conditions in real time
- High participation and greater frequency
- Guided business process engagement
- Integrated social collaboration



3 - Infuse scenario and predictive intelligence



- Model multi-dimensional operational and financial business structures
- Integrate predictive models for statistical impact - examples
 - Customers most likely to buy specific products or services
 - Customer most likely to turn to a competitor
 - Employees most likely to succeed
- Incorporate predictive outputs into scenario models and plans

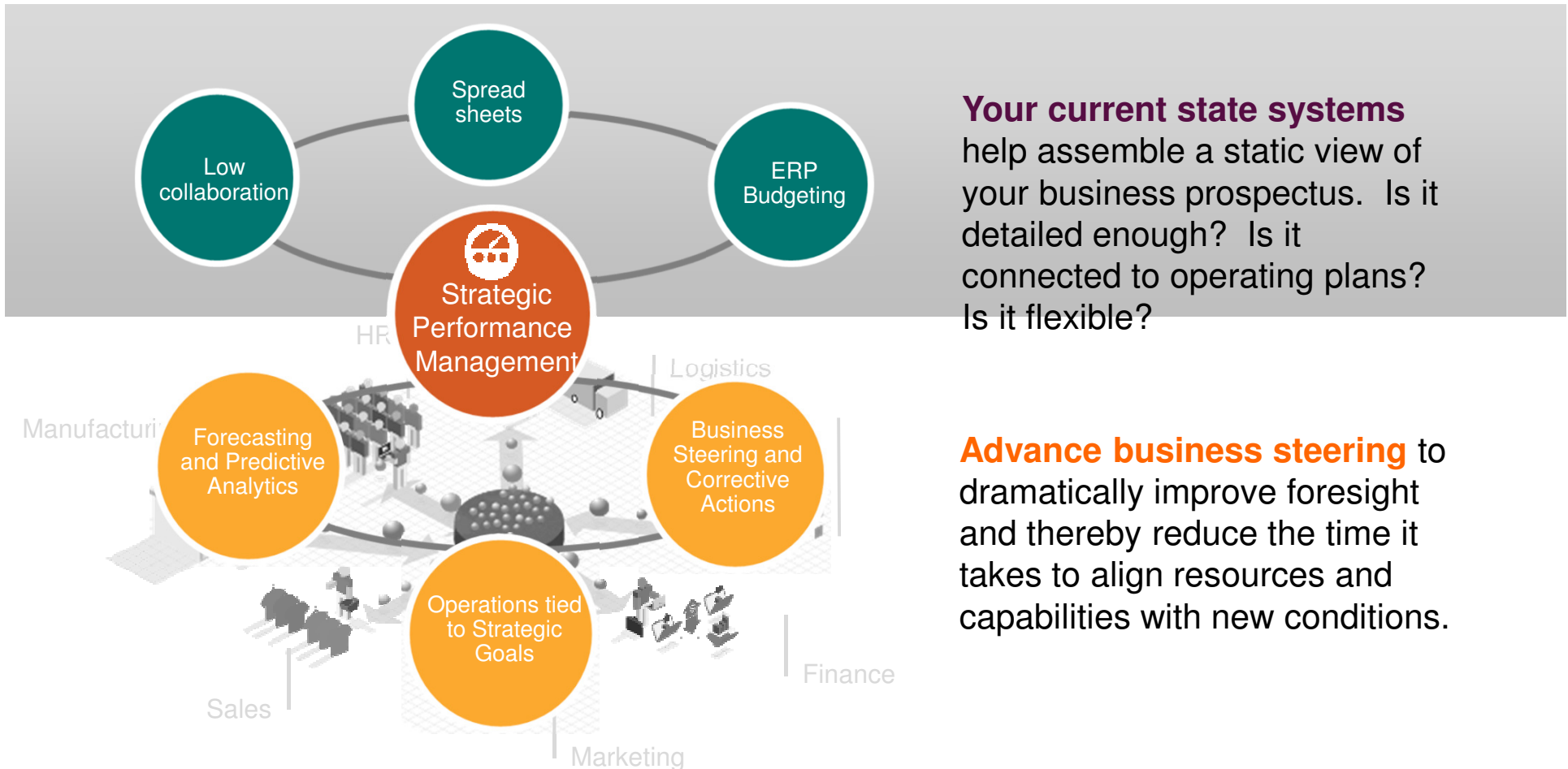


Neeta Solanki

Solution Presentation



Driving a Future Ready Enterprise with Strategic Performance Management – IBM’s Integrated Financial Planning



Your current state systems help assemble a static view of your business prospectus. Is it detailed enough? Is it connected to operating plans? Is it flexible?

Advance business steering to dramatically improve foresight and thereby reduce the time it takes to align resources and capabilities with new conditions.

Many companies use ERP systems and spreadsheets for core-Finance processes like budgeting, forecasting, etc.

Today's Challenges

- Difficult to model
- Budgets don't adjust to changing conditions
- Data not Aggregated
- Version control
- Operational plans are out of alignment with financial goals

Tomorrow's Direction

- Embedded analytics
- Incorporating in Predictive Modeling
- Real time response rates
- Operational plans tie directly to Strategic/Corporate goals
- Flexible business models

With average returns on analytics investments of 968%, organizations at the strategic level achieve higher returns as a result of more pervasive use of analytics....* *Research Note: The Stages of an Analytic Enterprise – March 2012*

Top Performers were twice as likely to outperform their net industry averages when compared to the rest of the study peer group. *Hackett Group

CPM is trending toward **improving visibility, strategic decision-making, and productivity** across the whole enterprise. – Nucleus Research **Research Notes: Technology Value Matrix 2H 2014 CPM*

Transform the way you work - Anytime, Anywhere

- Built-in Collaboration and Guided Process Lists
- Scorecarding
- Real time analytics
- Integrated Narrative reporting
- Mobile, Excel, Web, and Desktop user interfaces



Conversations

salesexpense

Cathy Sinkevich 30 mins ago
I think this will do more harm than good. We've had a lot of changes and need time together to educate. #2014plan #salesexpense

Andrew Wilson 1 hour ago
Hi Team, I'd like to suggest we postpone sales training until next quarter to help cut costs. What do you Think? #2014plan #salesexpense

Postpone sales training until Q1? 5 votes

Yes: 1
No: 4

#2014plan, #salesexpense

Daniel Rodrigue 10 mins ago
I've updated our #newmarket estimates and #exchangerate projections. Please let me know if you want to discuss any of my



Jason Kapp

Solution Presentation



Feature Overview – IBM Planning within Excel

- Crosstab Creation
- Dimensional Analysis
- Ad-hoc quick analysis

Explorations

Year	Actual Last Year-1	Variance LY v L1
3.3%	5.9%	High
-4.1%	5.8%	Low
-4.2%	7.3%	High
4.3%	4.3%	High
7.4%	7.4%	High
4.8%	4.8%	High

- Type-in or Copy/Paste
- Excel Formulas
- Spreading (Break back)

Write-back

Full Year	Jan	Feb	Mar	Apr	May	Jun
48,200	1,428	1,499	1,199	1,807	1,542	1,8
29,412	1,428	2,499	1,182	1,827	2,542	1

- “Formula Free” direct access
- Multiple views per sheet over multiple models
- Natural Excel environment

Flex Views



Mueller, Inc. uses advanced business analytics to transform its business model, becoming an information-driven enterprise

113% return on investment

through use of business analytics

20–30% reduction

in scrap metal manufacturing waste

20% return on assets

resulting from rapid identification and tracking of business process improvements



Business challenge: A shift in business strategy from manufacturing to retail drove a comprehensive cultural transformation within U.S. manufacturer Mueller Inc. The company needed to analyze its business processes and performance to assess how well employees were adapting to its new business strategy.

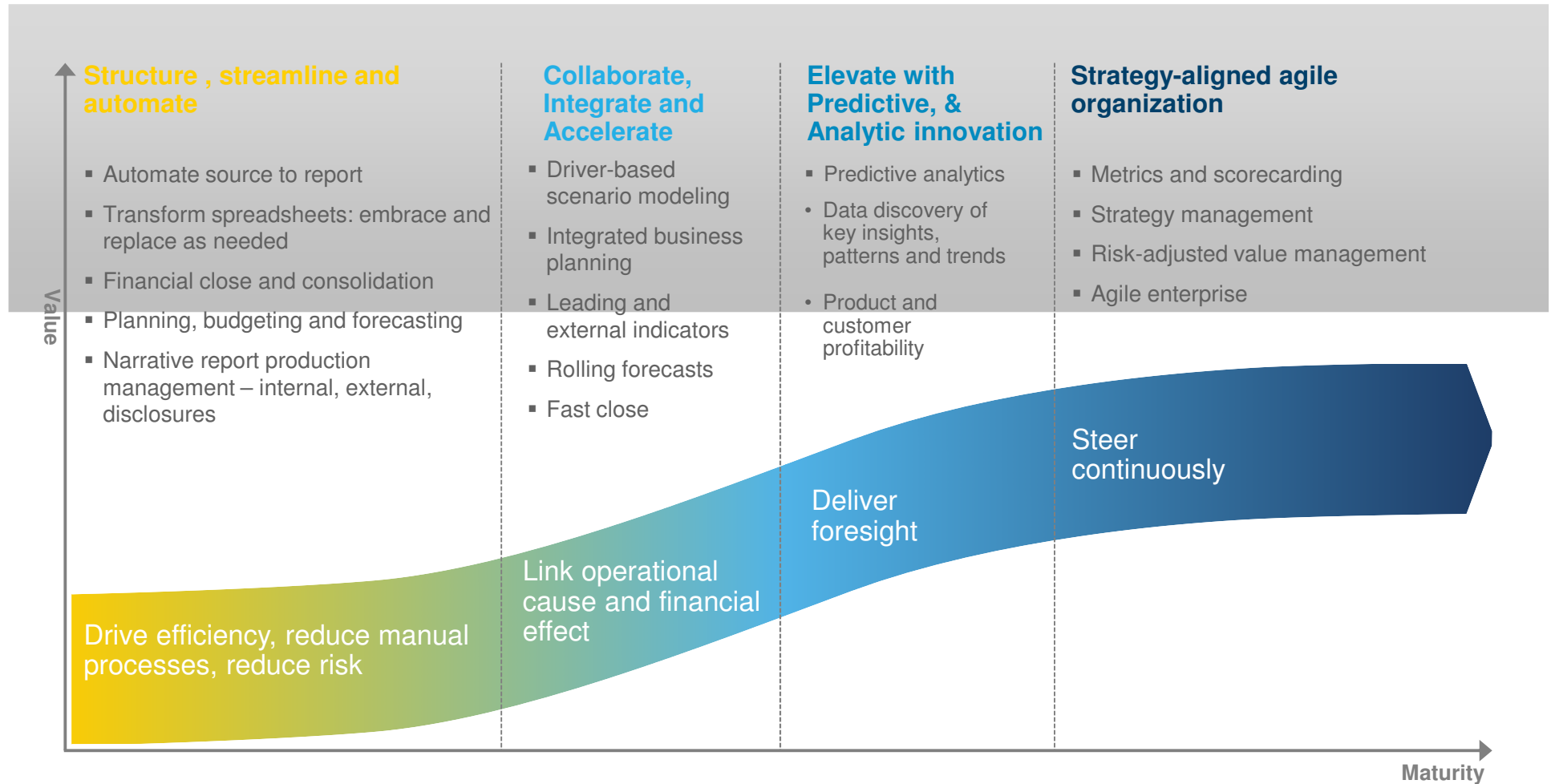
The smarter solution: Mueller implemented business analytics technology that enables company employees to view and analyze company data in near-real time, empowering workers to measure individual performance and assess how their work affects the bottom line.

“We can show sales teams exactly how they are contributing to the business and explain what they need to do to improve their metrics...a much more effective way of driving the changes in behavior that are vital for business transformation.”

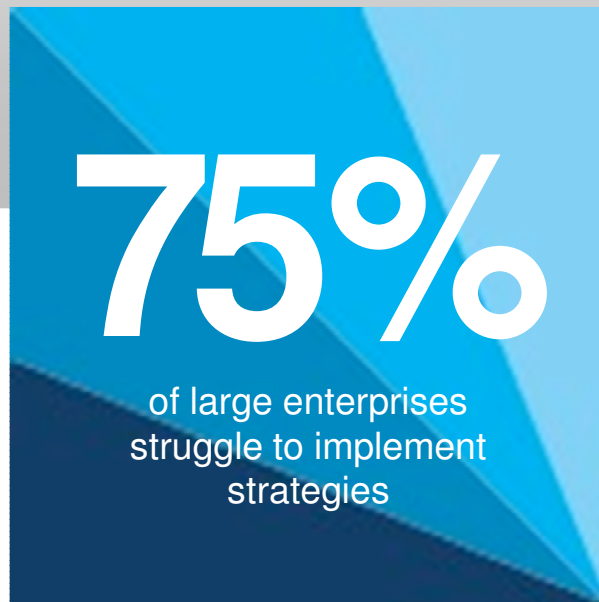
—Mark Lack, manager of strategy analytics and business intelligence

IBM Performance Management journey

A partner in your performance management maturity



Strategy execution is a struggle

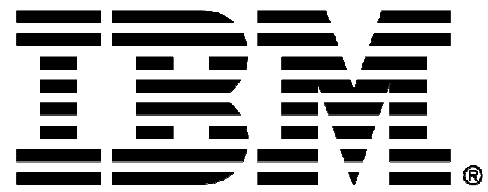


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Thank You



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