

Mark Rolfe FCCA – Leader, European FPM

UK - 22 May 2013

Create an analytical culture: deliver stronger business insight

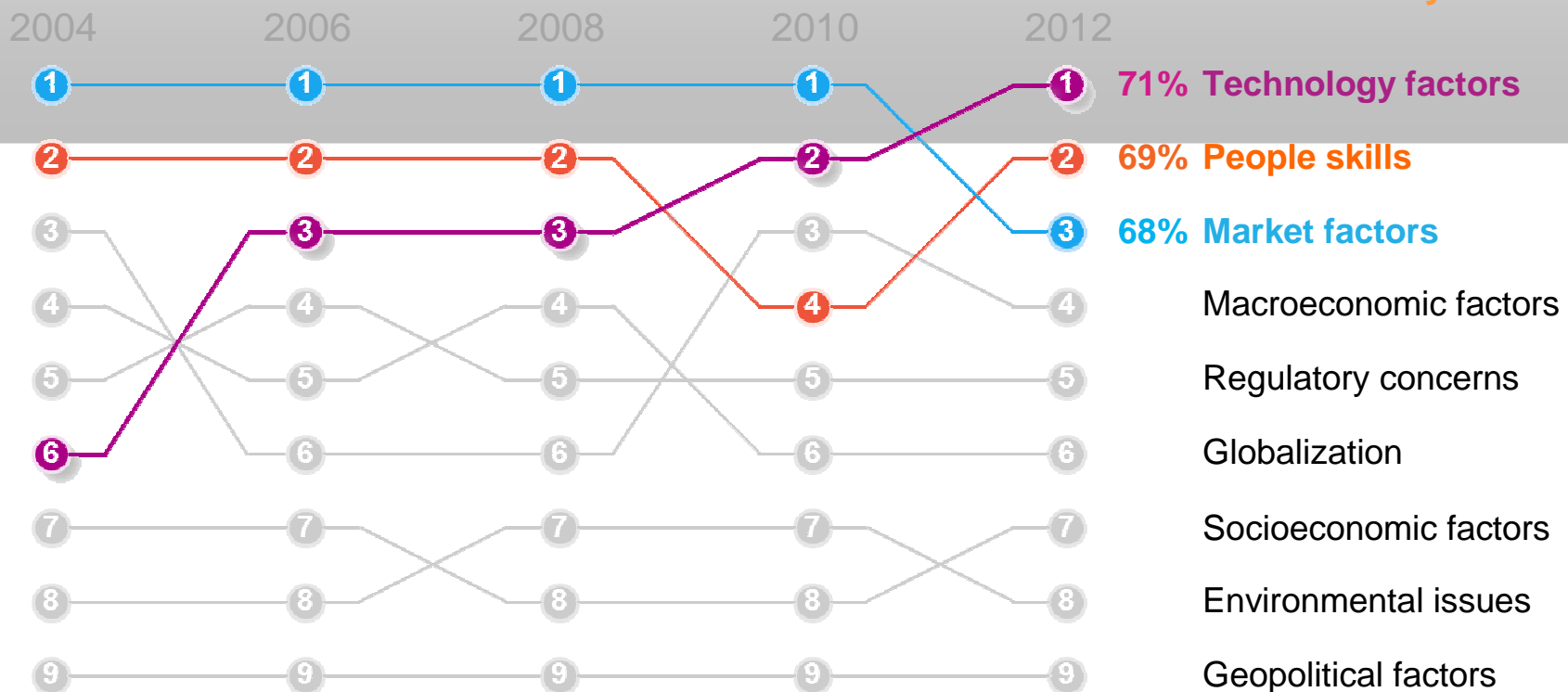


What external forces do global CEOs believe will affect the organization most significantly?



2012 IBM Global CEO Study

External forces that will affect the organization¹



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

New marketplace 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.³



Cloud computing

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



Mobile enterprise

By 2013, 80 percent of businesses will support a workforce using tablets.²



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 2015.³



Next-generation analytics

80 percent of data growth is unstructured.²



Compliance

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



Social business

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



Security

Security remains robust for supporting regulatory and policy compliance needs.³



CFOs' opportunity:
To drive a discipline of performance

² Gartner

³ IDC

⁴ Ponemon Institute, *The True Cost of Compliance*, January 2011.

How should CFOs lead?

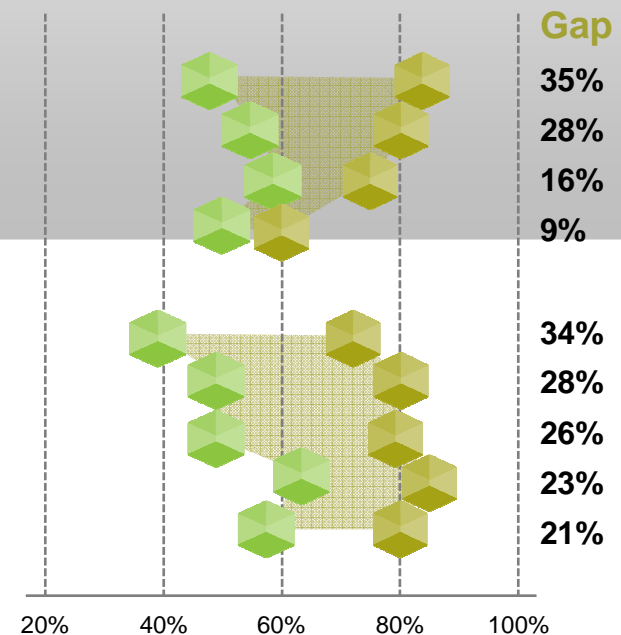
CFO agenda: importance versus effectiveness

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

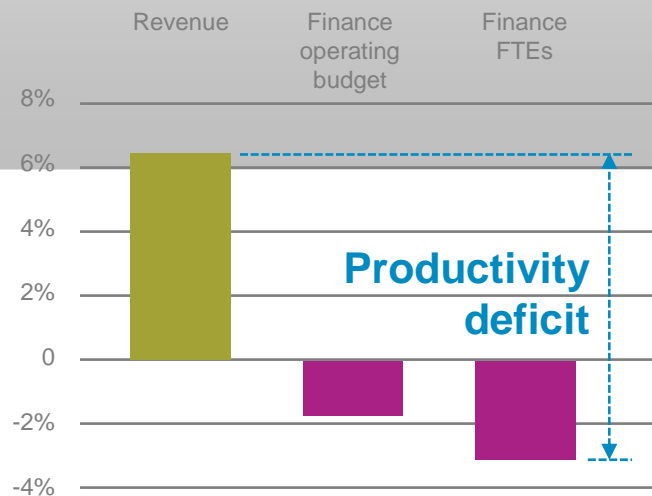
- Driving integration of information across the enterprise
- Providing inputs into enterprise strategy **1**
- Supporting, managing and mitigating enterprise risk
- Measuring and monitoring business performance **2**
- Driving enterprise cost reduction **3**



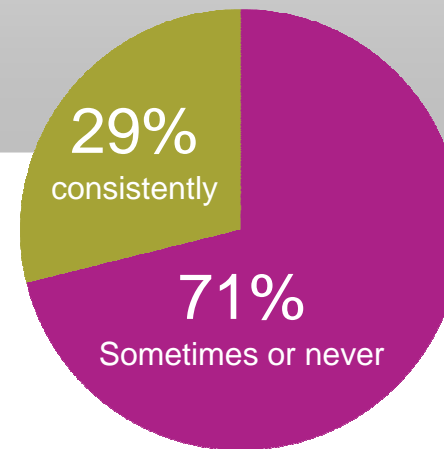
- # Importance rank
- Effectiveness
- Importance

In 2013, finance must overcome a productivity and an insight deficit

Anticipated changes in finance budget and full-time equivalent employees from 2012–2013⁶



Ability to use data to derive insights, percentage of respondents, March 2012⁷

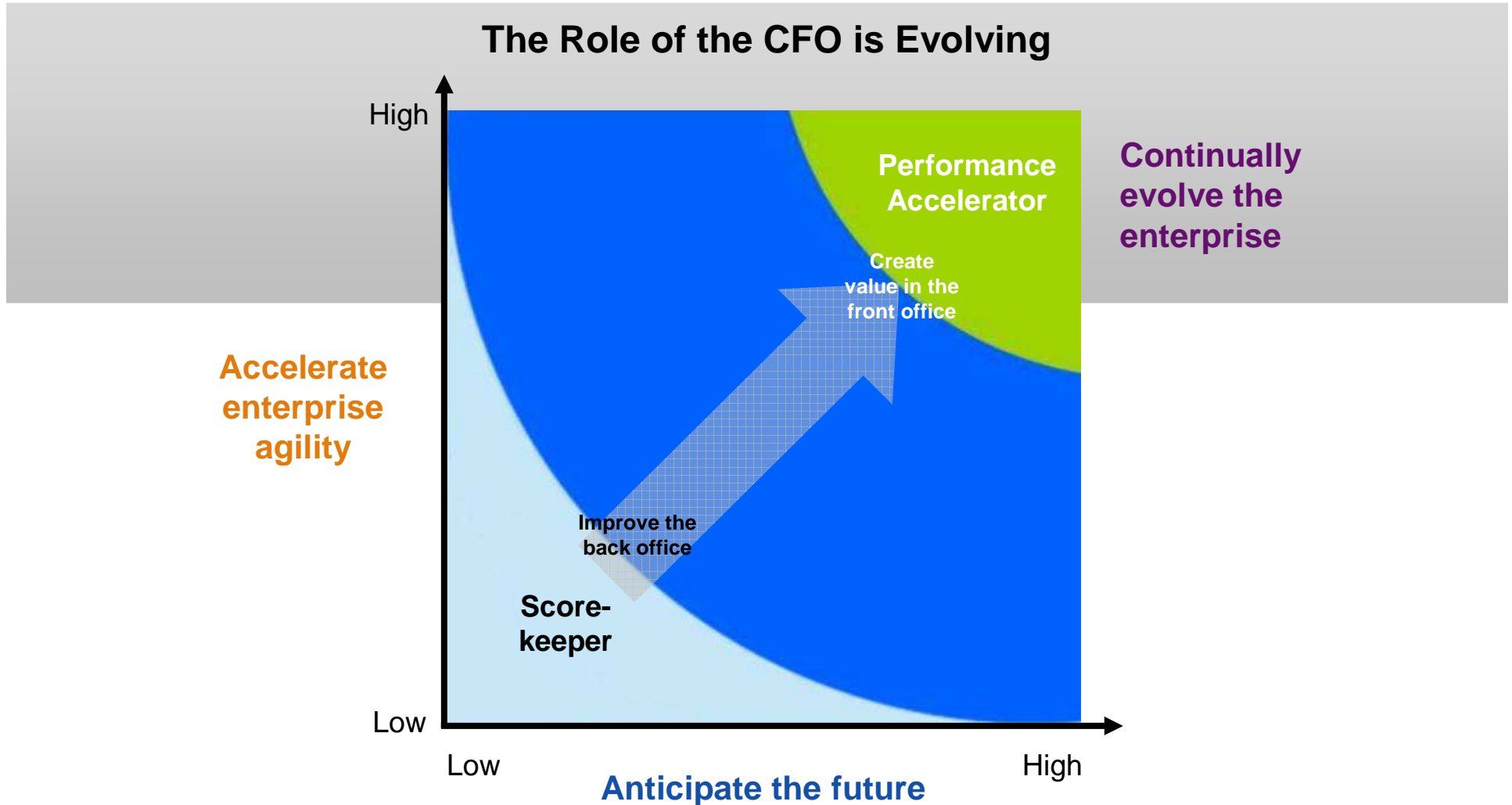


Productivity deficit ↔ Insight deficit

⁶ The Hackett Group, *Unlimited Options to Realize Borderless Business Services; Distilling the Key Issues of 2013*, Sean Kracklauer, Michael Janssen and Lynne Schneider, January 2013.

⁷ Anna Kipchuk, "The Insight Deficit in Finance," CEB Finance blog, May 30, 2012.

CFOs must drive a discipline of performance across the enterprise



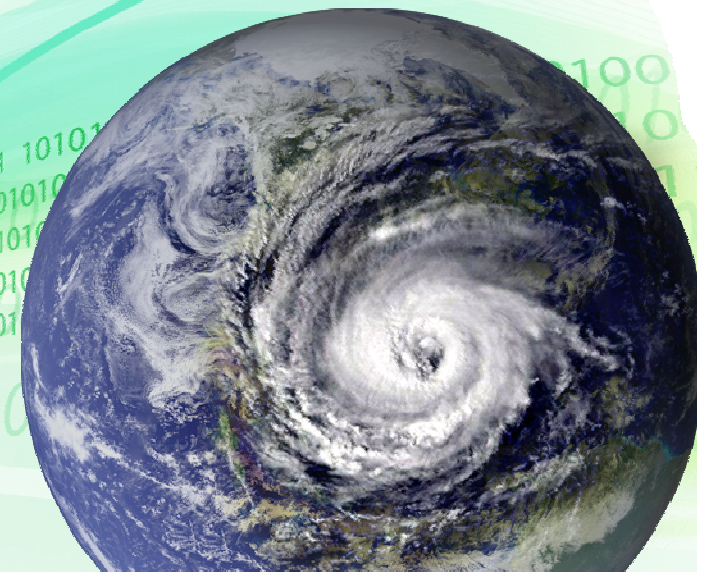
The Finance function has always had three **essential duties** in any organization:

Accelerate enterprise agility. All-functioning operating model.

Anticipate the future. Integrity.

Continually evolve the enterprise. resources.

Analytics



Finance must drive an analytical culture that delivers stronger business insight at the point of impact



Analytics quotient **AQ**

- Automate analytic processes
- Drive new insight and agility
- Advance analytic maturity

Agenda

Automate analytic processes

Drive new insight and agility

Advance analytic maturity



Financial analytics

Automate analytic processes



**automate
and transform
performance**



The Telegraph

HOME NEWS WORLD SPORT **FINANCE** COMMENT BLOGS CULTURE TRAVEL LIFE

Companies Comment Personal Finance Economics Markets Festival of Business Your

Business Technology Business Club

HOME » FINANCE » YOUR BUSINESS

Tech City firm storms spreadsheets to prevent 'London Whale' style losses

British firm ClusterSeven has created technology to clean up the world's spreadsheets and eliminate errors such as those that led to £3.8bn losses at JP Morgan.



London's so called 'Silicon Roundabout' is home to Europe's leading cluster of tech start-ups

By **Andrew Cave**
10:00PM GMT 30 Mar 2013

7 Comments

Risk managers have arguably never been busier, with economic, fraud, regulatory, climate change and cyberspace risks all prominent on their dashboards

Print this article

Share 41

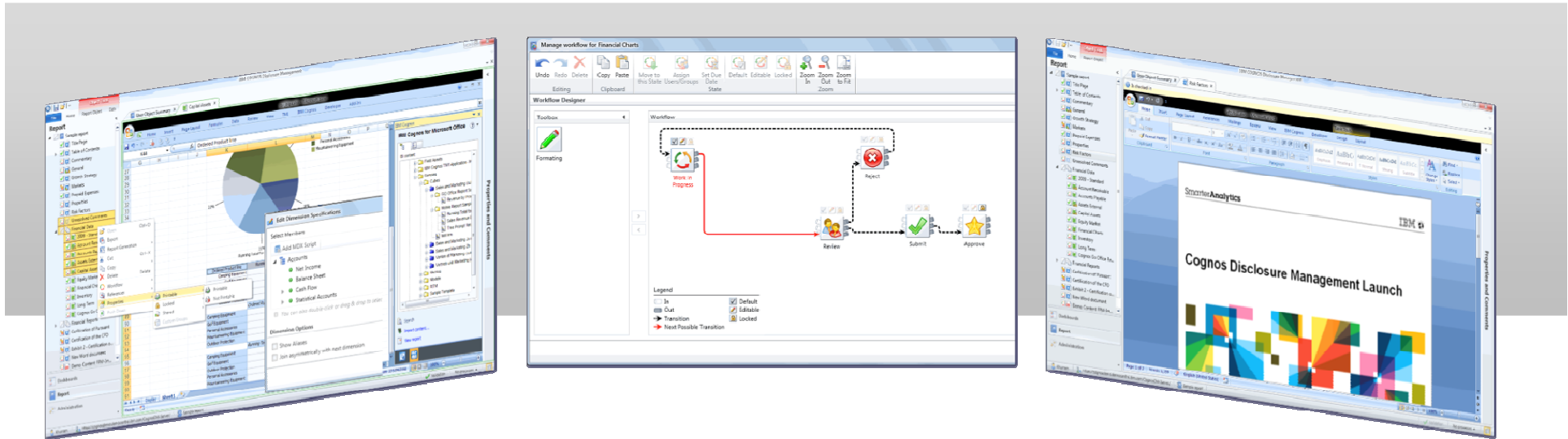
Facebook 11

Twitter 21

A report published in January stated that poor spreadsheet protocols were primarily to blame for JP Morgan's estimated \$5.8bn (£3.8bn) of trading losses racked up last year from credit default swaps, including by a trader nicknamed "The London Whale".

Financial analytics

Automate Narrative and collaborative performance reporting



- Load and leverage spreadsheets
- Connect easily to all data
- Design intelligent process and automation
- Integrate numbers with narratives



Regulatory | External reporting | Investor relations | Treasury | Tax | Financial planning and analysis

IBM Case Study - Accelerated External Reporting

Statutory Reporting

Tax Filing

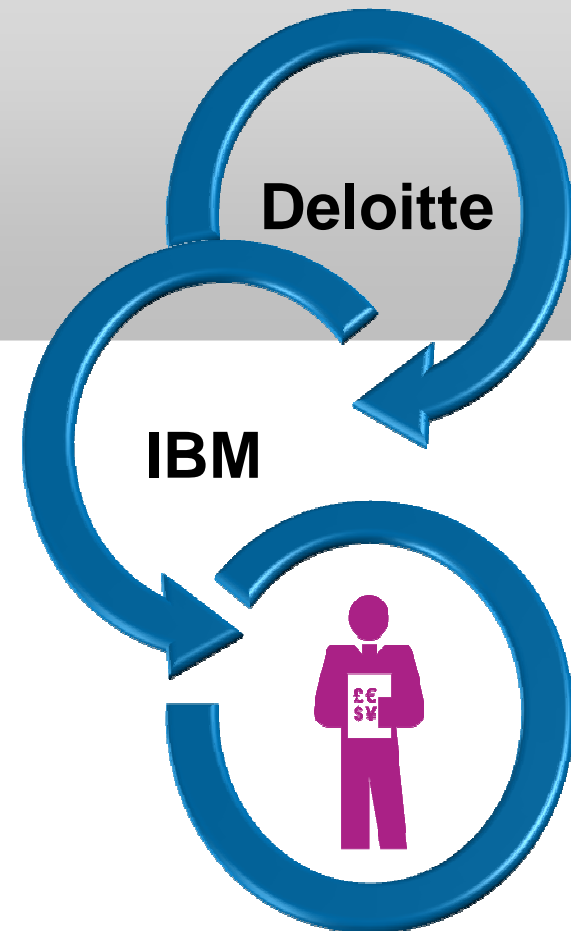
Accelerated External Reporting Solution Blueprint

- Prepare financial statements and tax filings
- Perform GAAP to IFRS mapping
- Facilitate data standardization and unify statutory and tax information systems

Cognos TM1

Cognos Disclosure Management

Sources

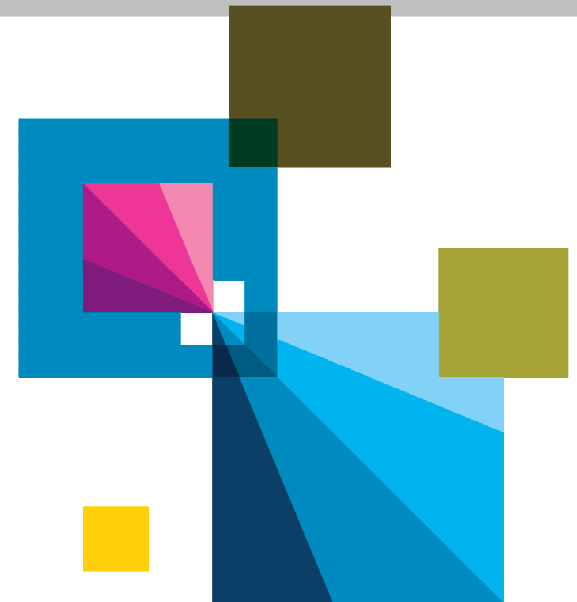


Agenda

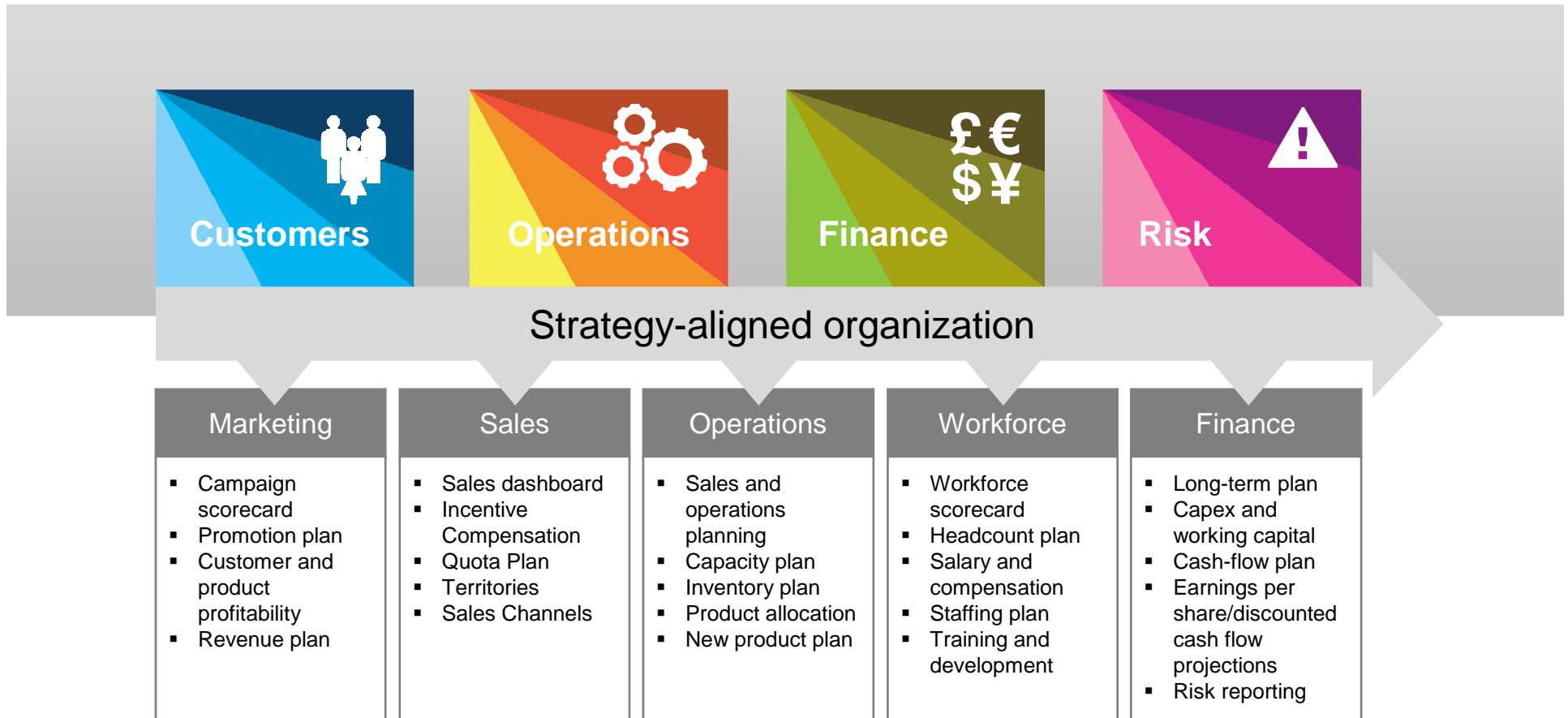
Automate analytic processes

Drive new insight and agility

Advance analytic maturity



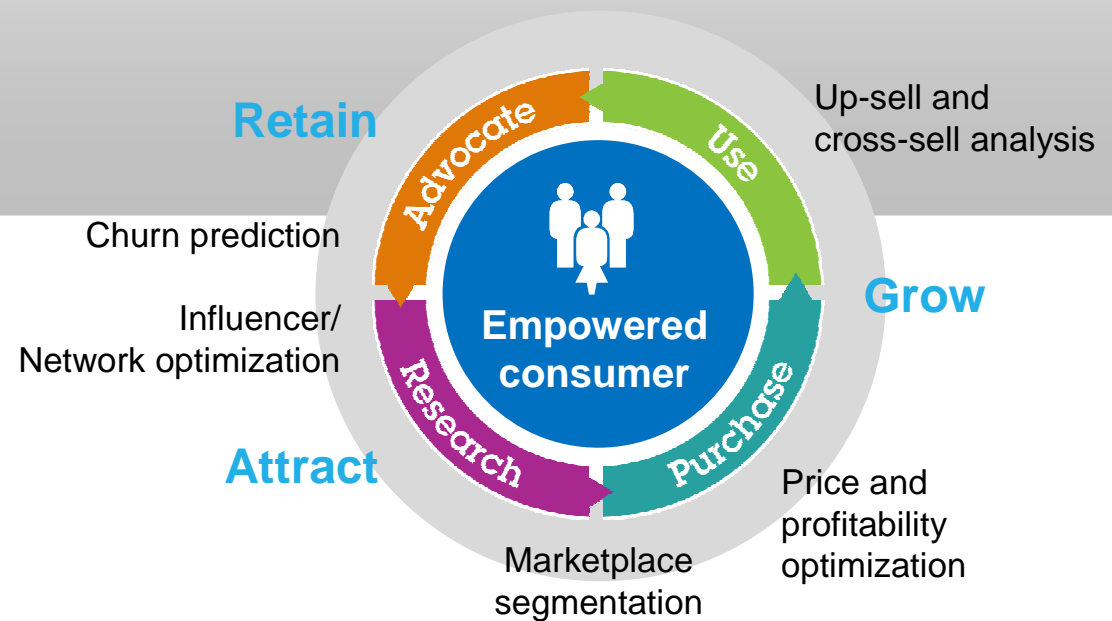
Drive new insight and agility



Customer analytics



IBM solutions provide actionable insights to attract, grow and retain **profitable** customers by **optimizing** the customer experience



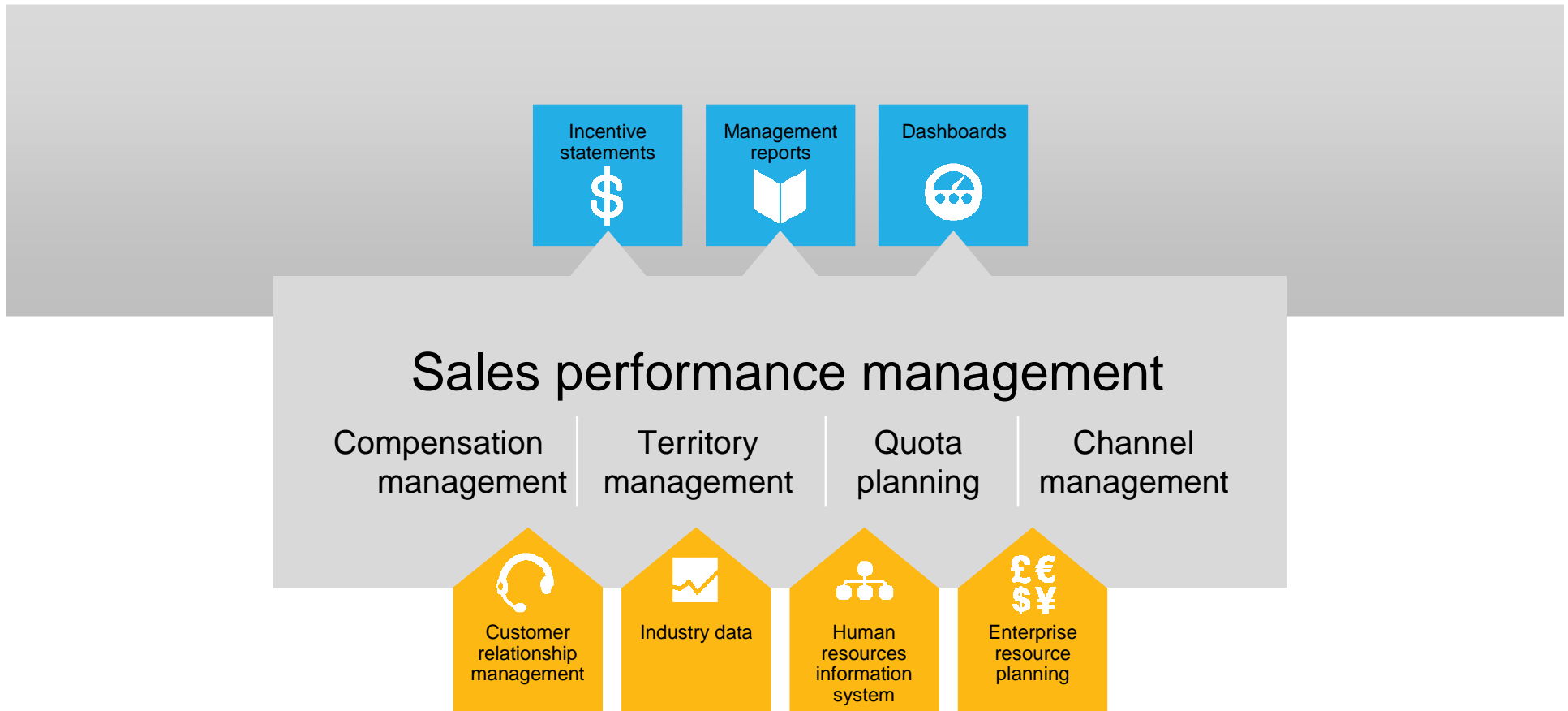
Operational analytics



efficiency **growth**



Sales performance management



Risk analytics



IBM clients leverage integrated risk management to enable **risk-aware decision making**—a source of competitive advantage





Financial Version

Actual

Budget

Forecast

Accounts

Revenue

Net Income before Tax

Gross Margin

COGS

Raw Materials

Other

Net Sales

Sales

Expenses

Operating Expenses

Selling Expenses

Distribution Costs

Labor Costs

Marketing n Promotions

RnD Expenses

Development

Income Tax

Depreciation Expenses

G&Administrative Expenses

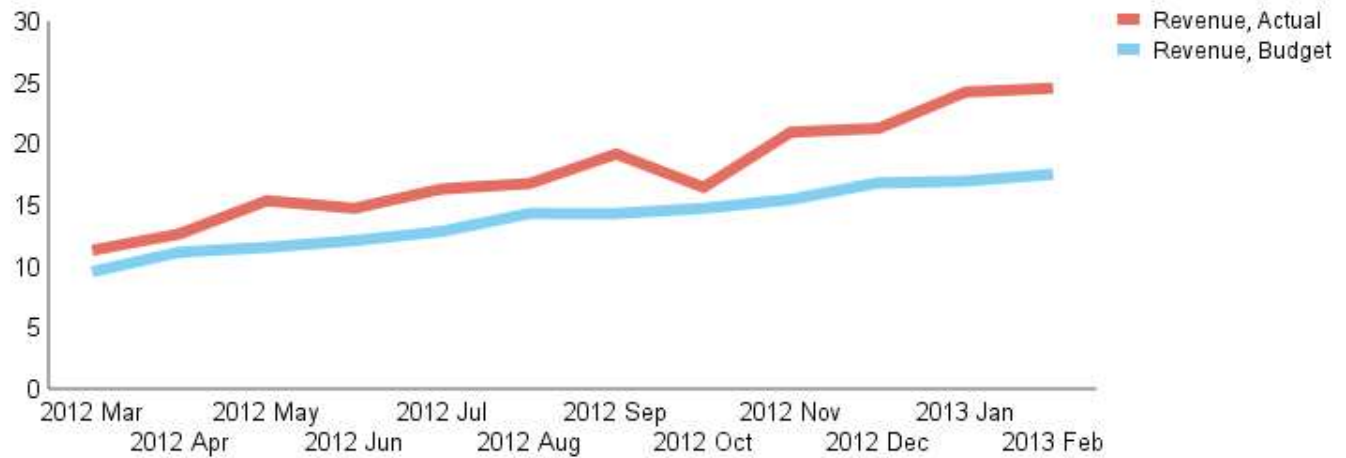
Travel

Income Statement Analysis- Trailing 12 Months (\$M USD)

		2012 Mar	2012 Apr	2012 May	2012 Jun	2012 Jul	2012 Aug	2012 Sep	2012 Oct	2012 Nov	2012 Dec
Revenue	Actual	11.30	12.65	15.35	14.72	16.31	16.73	19.16	16.44	20.94	21.24
	Budget	9.55	11.14	11.54	12.09	12.83	14.30	14.29	14.72	15.45	16.80



Income Statement Analysis - Trailing 12 Months Trends (\$M USD)





Ongoing Tasks x Month End Process x Manage Inquiries & Adjustments x Plan Modeling & Modification x Navigator

Tasks	Completed	User
<input type="checkbox"/> Review Automated Nightly Processes		
<input type="checkbox"/> Manage Data Tables (View, Edit, Add, Delete)		
<input type="checkbox"/> Manage Rate Tables (View, Edit, Add, Delete)		
<input type="checkbox"/> Manage Hierarchies		
<input type="checkbox"/> Run Off-Cycle Data Import		
<input type="checkbox"/> Administrator Reports		
<input type="checkbox"/> Run Off-Cycle Calculation		
<input type="checkbox"/> Review Composer Calculation Flow		

Process Overview

There are three types of structures within the data model; 1) Hierarchies, 2) Rate tables, and 3) Data Tables.

Typical examples of hierarchy tables include; Payees (Plan Participants - both internal and external), Customers, Products, and Territories.

Typical examples of rate tables include; tiers, weightings and multipliers.

Task Overview

Home Insert Design Animations Slide Show Review View IBM Cognos Developer

des Outline x

Future Chips
Executive Quarterly Review
Q1 of 2013

Overall Quarterly Summary

High Level Income Statement

Q1 Gross Profit

Future Chips
INTERNATIONAL

Executive Quarterly Review

Q1 of 2013

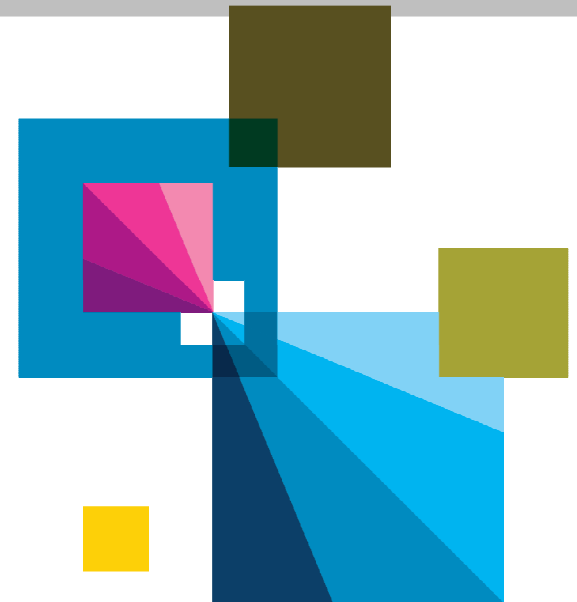
Click to add notes

Agenda

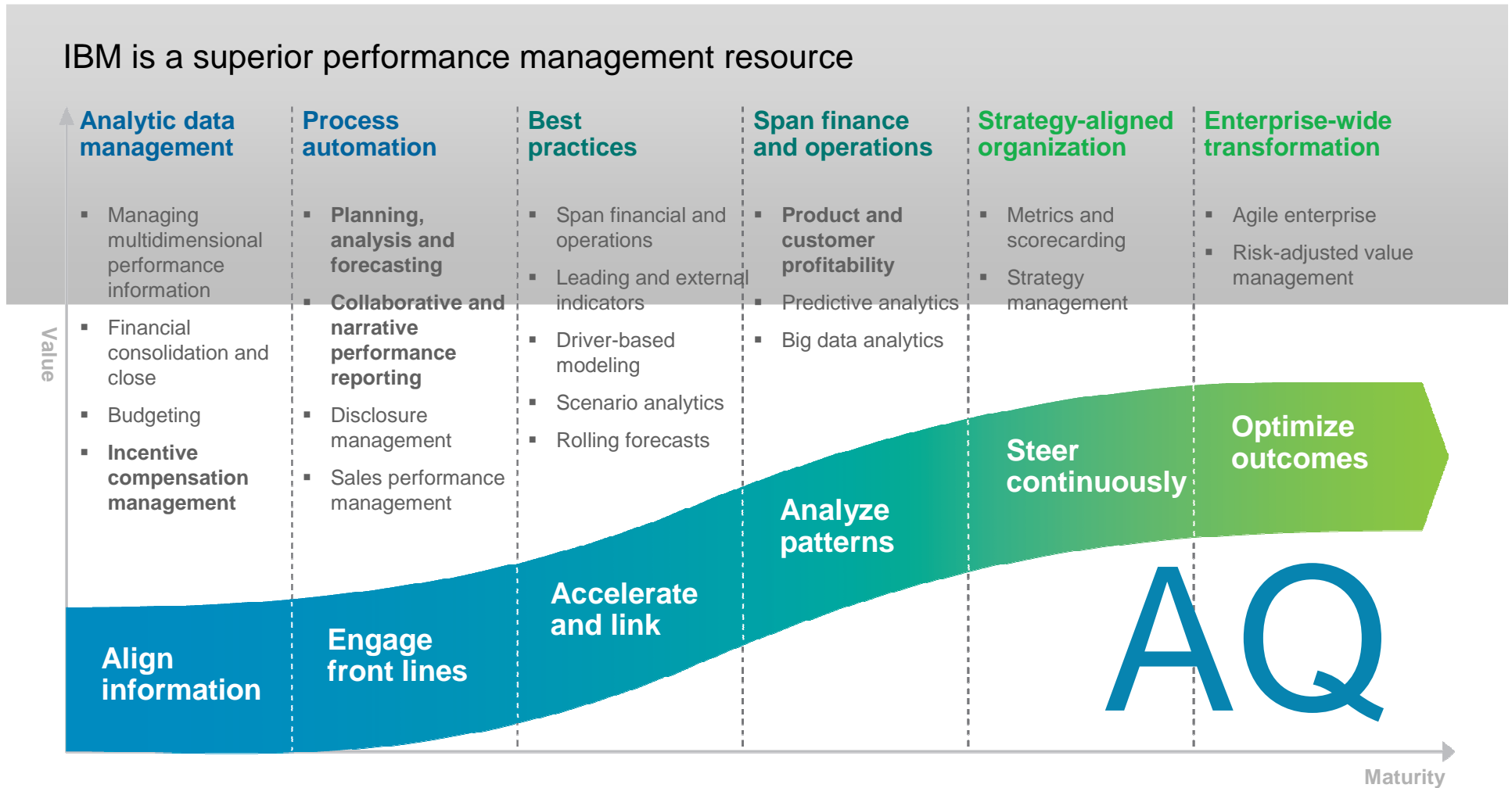
Automate analytic processes

Drive new insight and agility

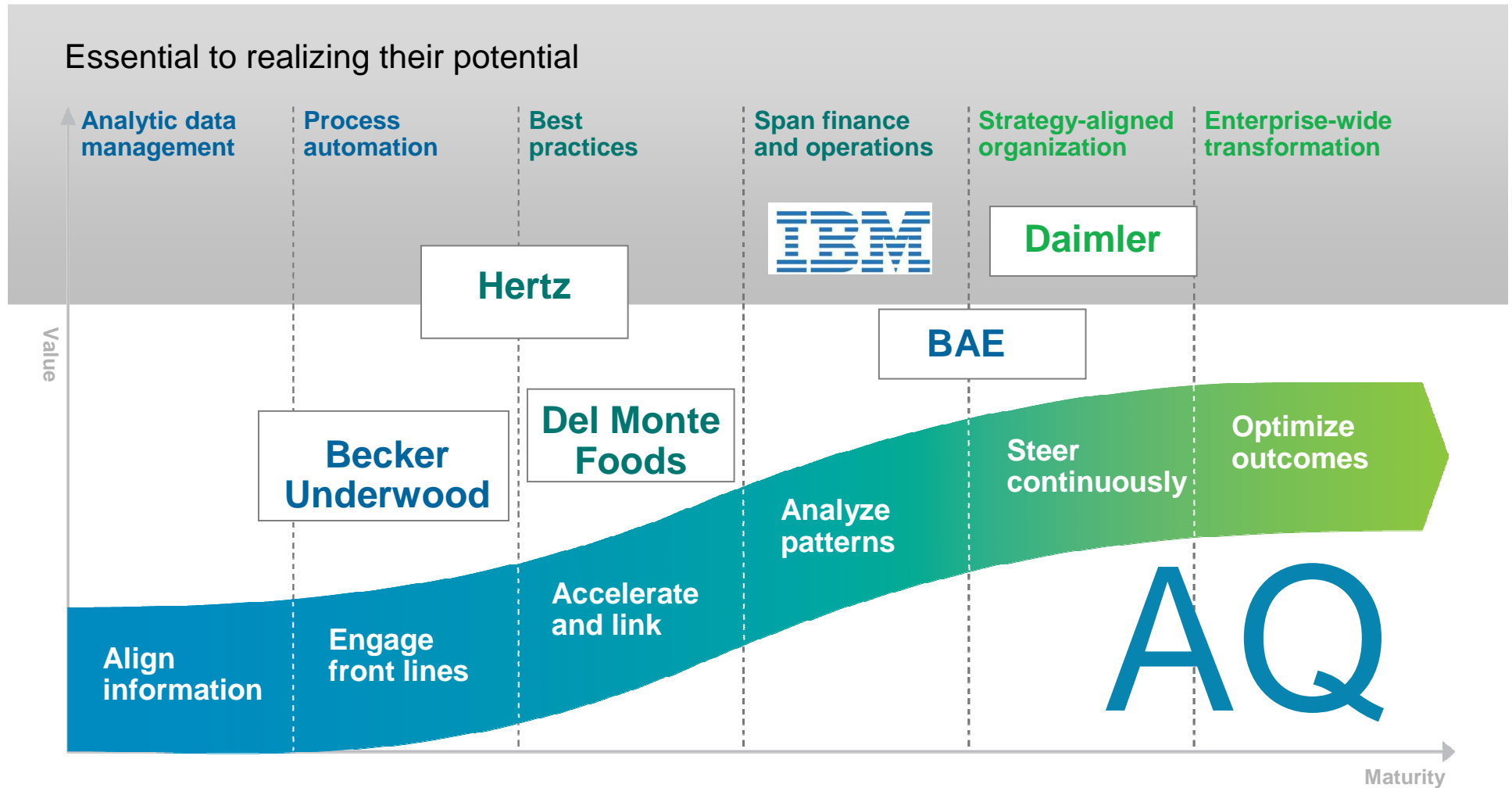
Advance analytic maturity



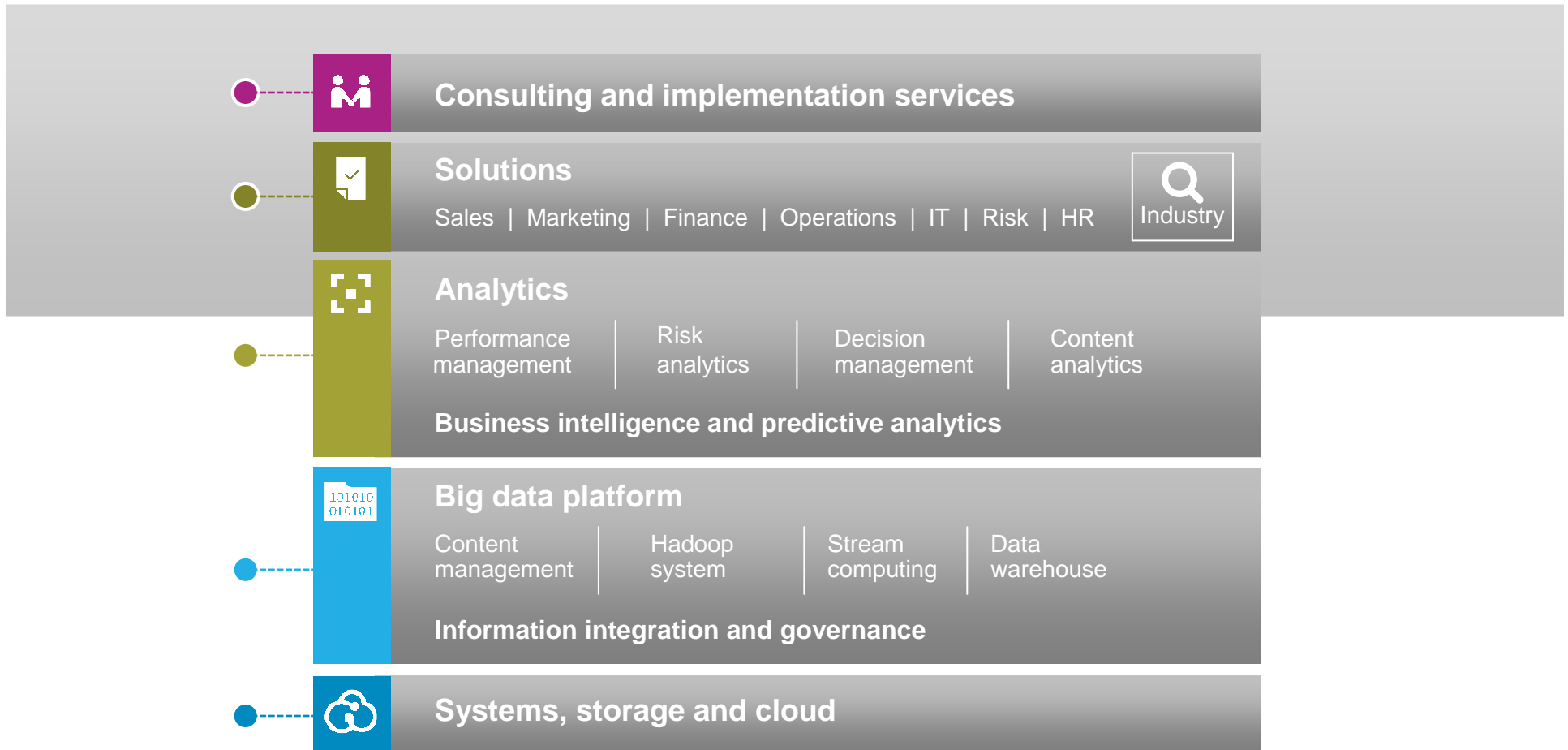
Performance Management Maturity Model



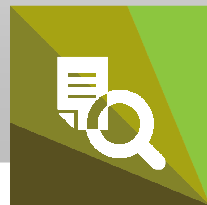
Performance Management Maturity Model



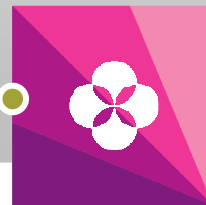
IBM business analytics: comprehensive capabilities



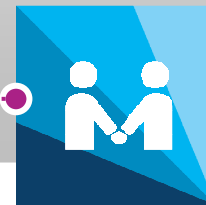
The best partner for your analytics journey



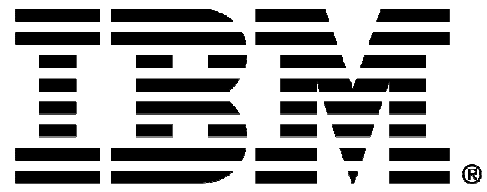
Evaluate
your finance
processes



Join
our analytics
workshops,
events and
roundtables



Meet
your local
IBM business
analytics team



Trademarks and notes

IBM Corporation 2013

- IBM, the IBM logo, ibm.com, Cognos, SPSS, Algorithmics, and OpenPages are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with the appropriate symbol (® or ™), these symbols indicate US registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the Web at “[Copyright and trademark information](http://www.ibm.com/legal/copytrade.shtml)” at www.ibm.com/legal/copytrade.shtml.
- Other company, product, and service names may be trademarks or service marks of others.
- References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.