

# The New Value *Integrator*

*Insights from the Global Chief Financial Officer Study*

Business Analytics & Optimization

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Thursday, May 21, 2010





# Why Business Analytics and Optimization (BAO) Now?

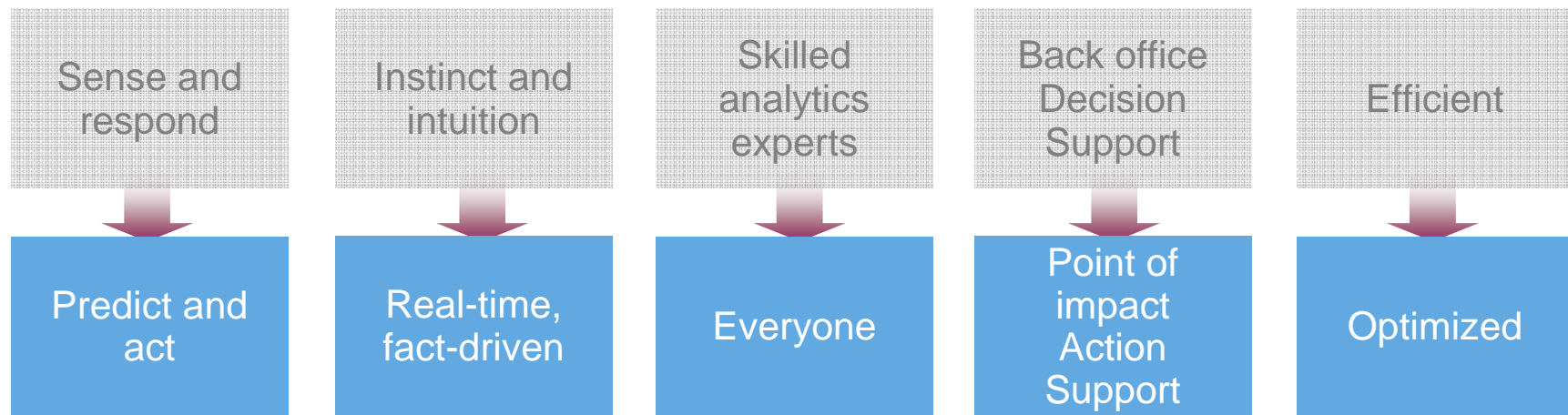
# Competitive insight requires information access and speed



4 in 5 business leaders see **information** as a source of **competitive advantage**

1 in 2 don't have **access to information** across their organizations needed to do their jobs

1 in 3 business leaders frequently make **critical decisions without information** they need



# Companies experience common challenges and issues:



## Business Challenges

- Cost Complexity due to Acquisitions
- Need Data Simplification
- Operating expense too high

Analytics and Data Optimization

## Business Challenges

- Need for risk transparency
- Losses due to unmanaged Risk
- High rates of Fraud and Abuse
- Increased regulatory oversight

## Business Challenges

- Limited access to customer data
- Need for customer loyalty & profitability
- Need for revenue assurance

Advanced Customer Insight

Cost take-out and efficiency

Intelligent profitable growth

Proactive risk management

Risk and Fraud Analytics

Business Analytics and Optimization



Using analytics to succeed  
in the “new normal” of  
today’s complex world.

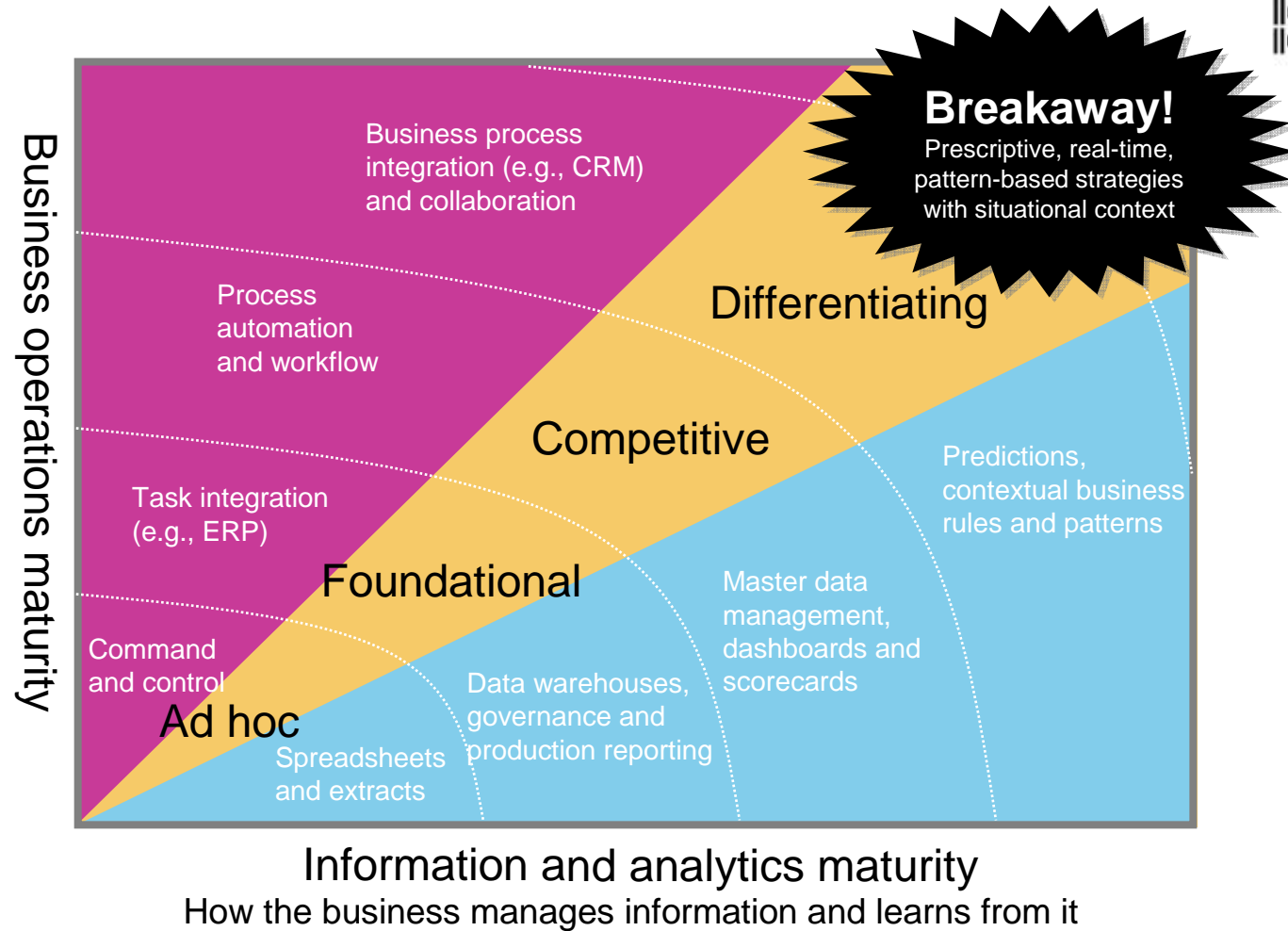
# Businesses today have an entirely new way to compete

Most businesses have yet to take analytics the full distance.



How the business applies information to achieve its goals

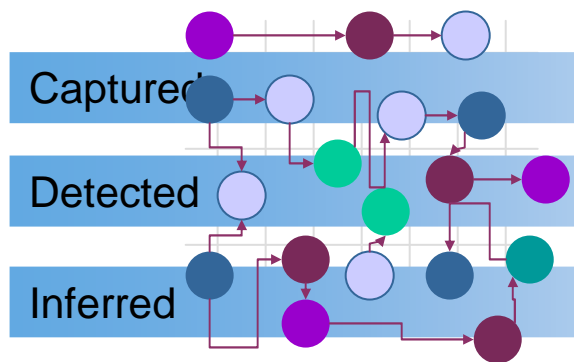
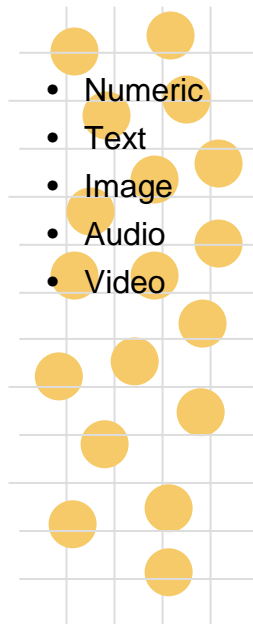
- Policies
- Business Processes
- Organization



# Increasing analytical sophistication creates breakaway capability



Use Structured Data & Unstructured Data



Made consumable and accessible to everyone, optimized for their specific purpose, at the point of impact, to deliver better decisions and actions through:

Analytics Sophistication →



# Three types of analytics programs provide value-driven benefits



Areas of Benefits	Analytic Solutions	Benefits
<p><b>Infrastructure Productivity</b></p> <p>Take-out cost and improve efficiency</p>	<p>Analytics Simplification / BAO Foundation</p>	<ul style="list-style-type: none"> <li>• Reduced repository footprints and data model objects</li> <li>• Reduced number of data integration programs and tools</li> <li>• Rationalized the disparate reporting tools and maintenance</li> <li>• Reduced analysts data gathering time</li> <li>• Eliminate multiple data silos</li> <li>• Enhanced trust level of data and broadened access</li> <li>• Increased data accuracy</li> <li>• Increased capability through cross-functional correlations</li> </ul>
<p><b>Business Productivity</b></p> <p>Improve control, bottom line and stop losses</p>	<p>Finance/Risk/Fraud Analytics</p>	<ul style="list-style-type: none"> <li>• Lower Finance costs as a % of revenue</li> <li>• Transactional activity cost reduction</li> <li>• Headcount reduction</li> <li>• Higher productivity of finance FTEs via IT enablement</li> <li>• Maximize ROI – tactical and strategic cash improvement opportunities</li> </ul>
	<p>Supply Chain/Ops Analytics</p>	<ul style="list-style-type: none"> <li>• Improved demand visibility and management</li> <li>• More accurate supply chain management</li> <li>• Better customer channel management</li> <li>• Increased global operations alignment</li> </ul>
<p><b>Return to growth</b></p>	<p>Advanced Customer Analytics</p>	<ul style="list-style-type: none"> <li>• Increased sales</li> <li>• Eliminated unproductive marketing spend</li> <li>• Reduced non-productive customer contacts</li> <li>• Increased customer lifetime value</li> <li>• Improved advertising reach and effectiveness</li> <li>• Reduced attrition</li> </ul>
<p>Intelligent profitable growth</p>	<p>Human Capital Analytics</p>	<ul style="list-style-type: none"> <li>• More effective deployment of headcount</li> <li>• Improved productivity in sales and field force</li> <li>• Optimized sales activities</li> <li>• More effective service agents</li> </ul>



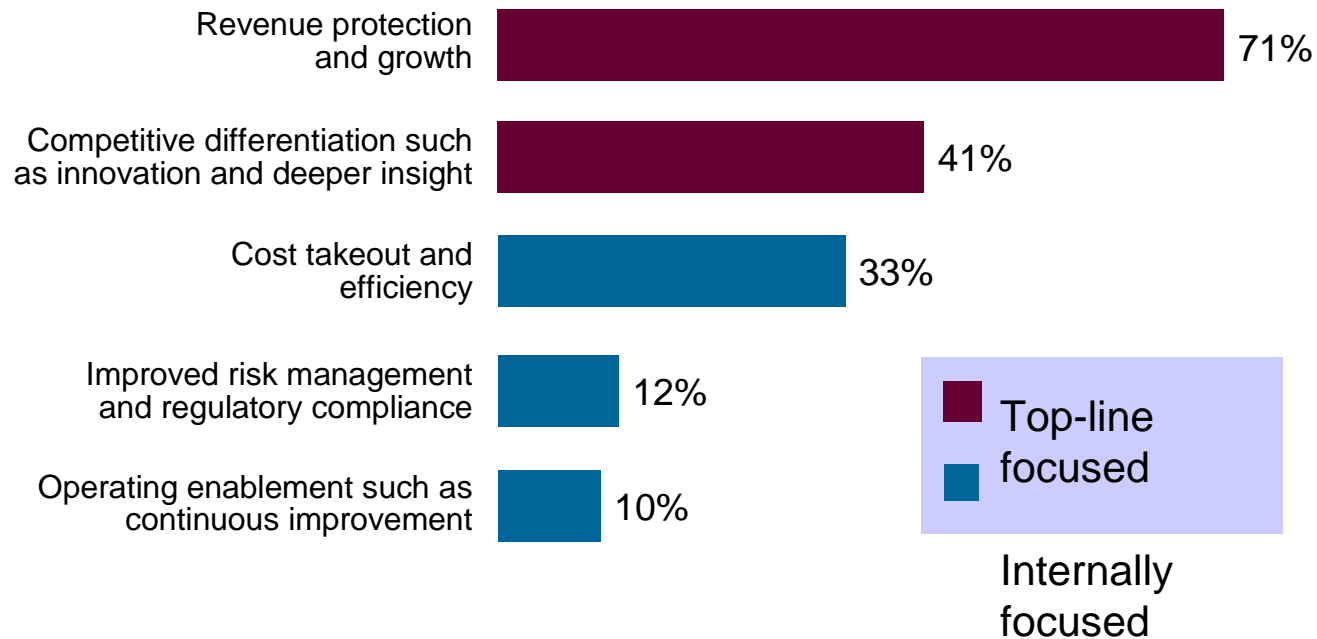
Where are the  
opportunities for  
breakaway improvement?

# IBM's 2009 survey of 398 executives worldwide

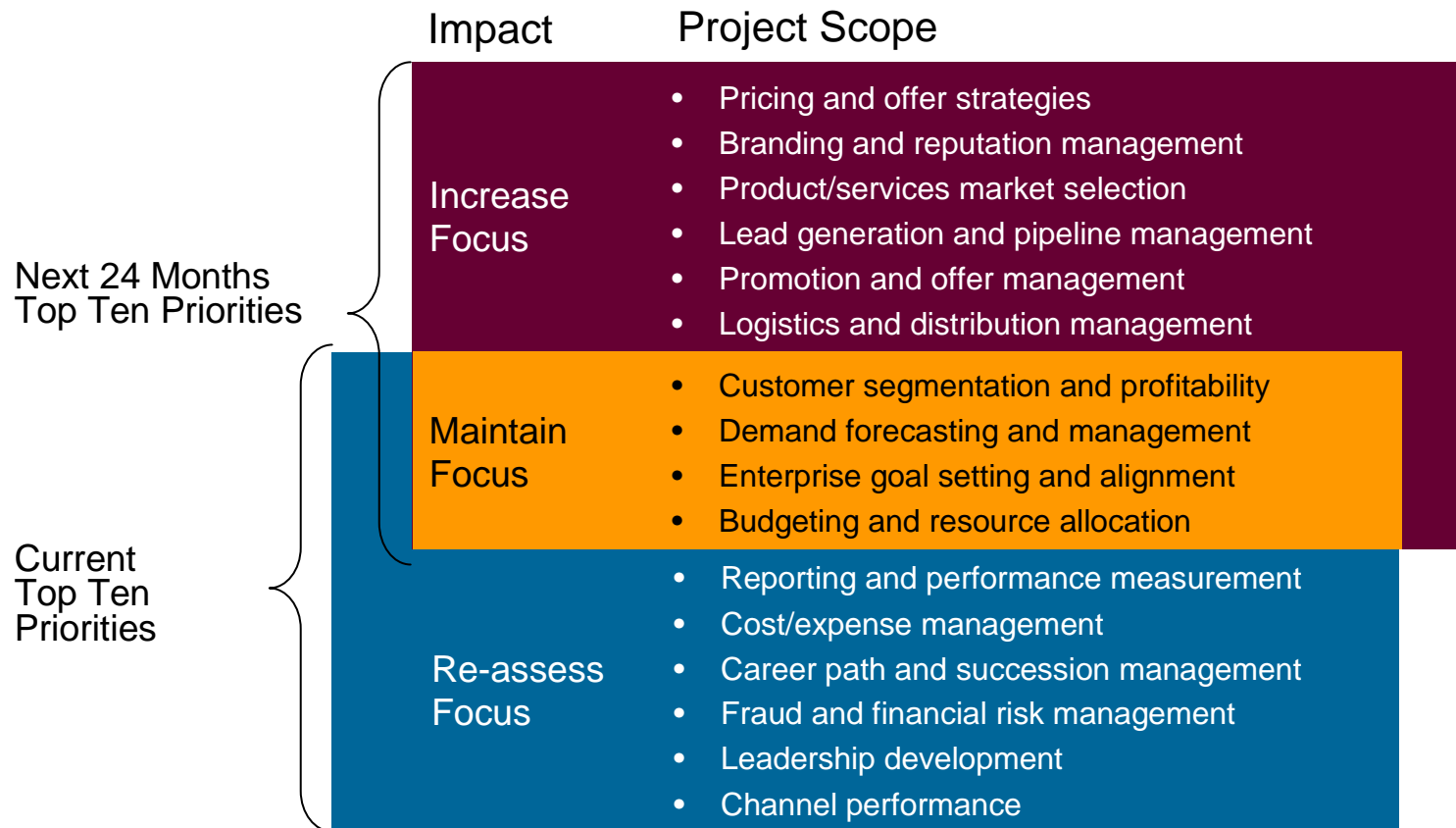
Our research shows top-line focus is back and it's a global phenomenon



## Business Objectives for 2010-2011

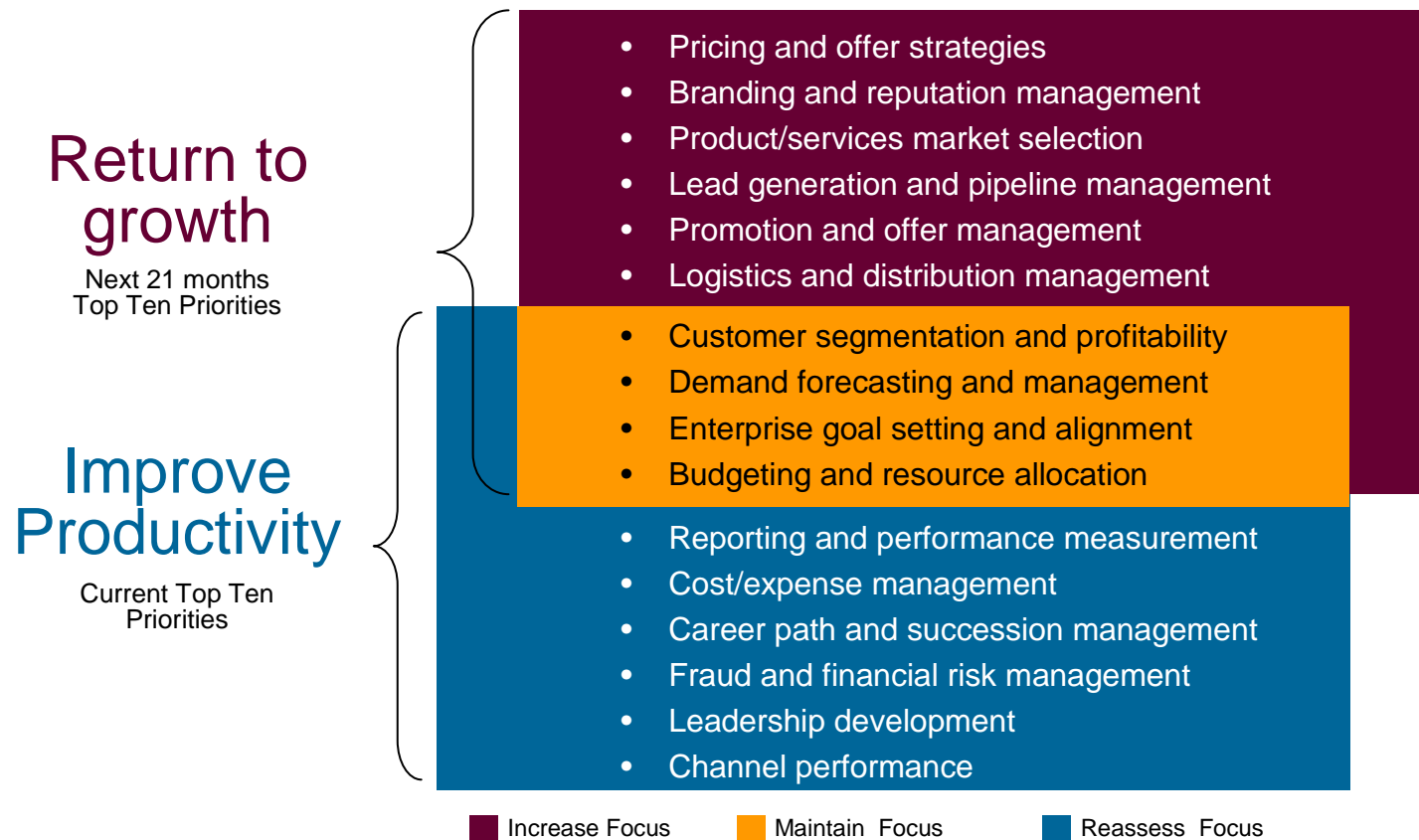


# Getting started means aligning existing and future priorities



Primary improvement focus : ■ Top-line ■ Top-line and Productivity ■ Productivity

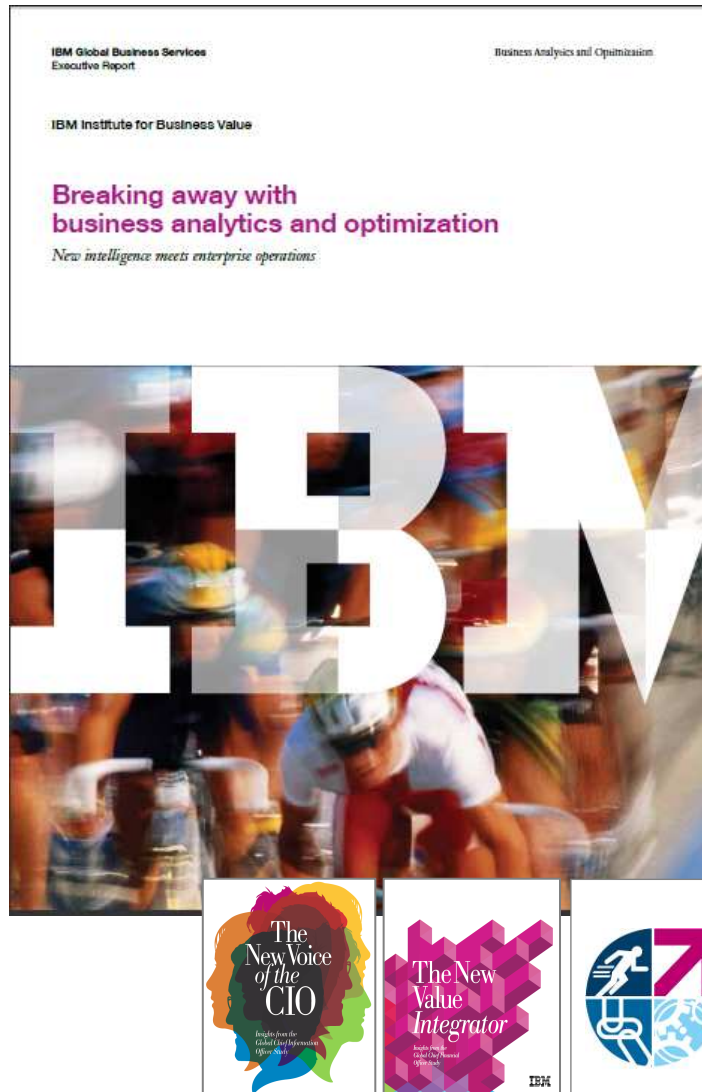
# 400 C-level executives are leveraging analytics for for growth





How are industry top  
performers able to  
break away?

# Our study probes deeply into understanding “breakaway” companies



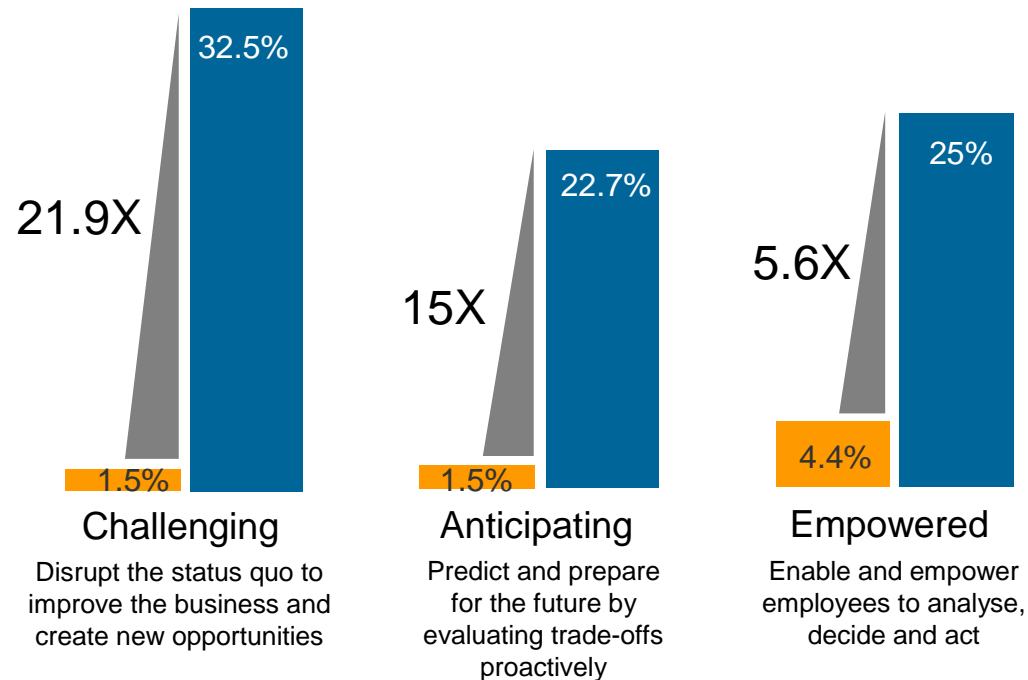
- Based upon an independent, worldwide, cross-industry survey undertaken in August 2009 with 398 respondents
  - Roughly 60% of respondents were C-level executives
  - Roughly 80% of respondents were business executives representing
    - General management
    - Finance
    - Supply chain
    - Sales and Marketing
    - Human resources
  - Roughly 50/50 mix between product-based and services based industries
- Study segments respondents based upon business performance relative to industry peers
  - Top performers were in the 1<sup>st</sup> quintile
  - Lower performers were in the 4<sup>th</sup> and 5<sup>th</sup> quintiles

Source: *Breaking Away with Business Analytics and Optimization: New intelligence meets enterprise operations* at [www.ibm.com/gbs/intelligent-enterprise](http://www.ibm.com/gbs/intelligent-enterprise).

# Top performers are able to seek, evaluate and act on opportunities



## Winning Characteristics



## Top Performer Advantages

**3X** High quality information

**3.2X** Strong decision support toolset

**2.5X** Keen focus on driving business change

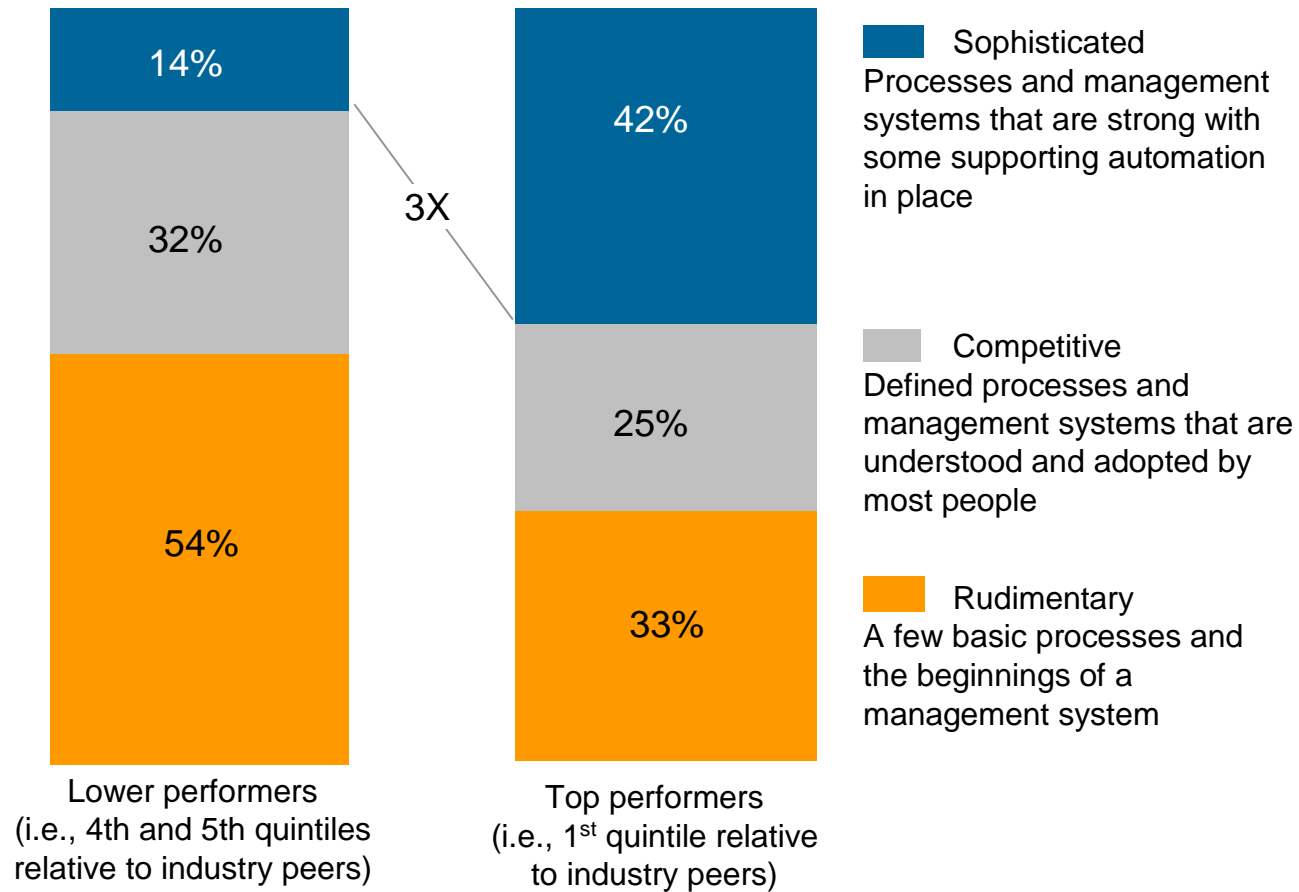
Chart shows differences at the highest achievement levels

- Key: ■ Top performers (i.e., 1st quintile relative to industry peers)
- Lower performers (i.e., 4th and 5th quintile relative to industry peers)
- Relative difference of top performers to lower performers

# Data governance helps top performers move faster and collaborate



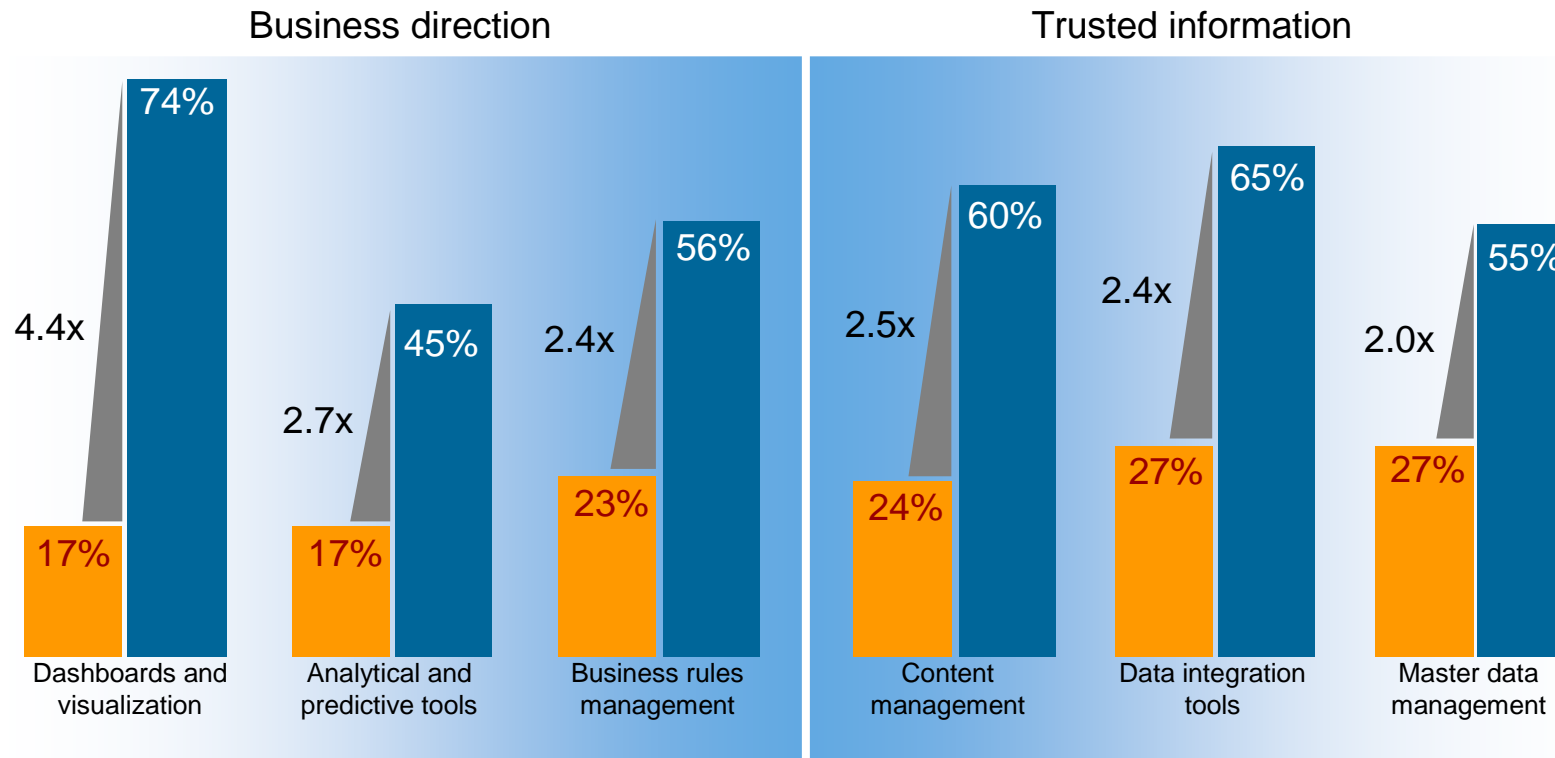
## Data Governance Levels



# Top performers are armed with state-of-the-art tools



## Above average BAO platforms and toolsets



Key:   
 ■ Top performers (i.e., 1st quintile relative to industry peers)   
 ■ Lower performers (i.e., 4th and 5th quintile relative to industry peers)   
 ■ Relative difference of top performers to lower performers

# Focus on making the value-driven operational changes that matter



## Beating the odds for success

# 2.5X

Top performers nearly triple their odds of success through their keen focus driving change

# 2X

Focusing on driving change is more than twice as important to success as having a well run project

### Best

Driving change

- Culture and people change
- Data governance
- Business process change
- Organizational alignment

### Better

Well run project

- Program governance
- Project objectives
- Multi-phased roadmap

### Good

Sound justifications

- Sponsorship
- Capability assessments
- Funding process management



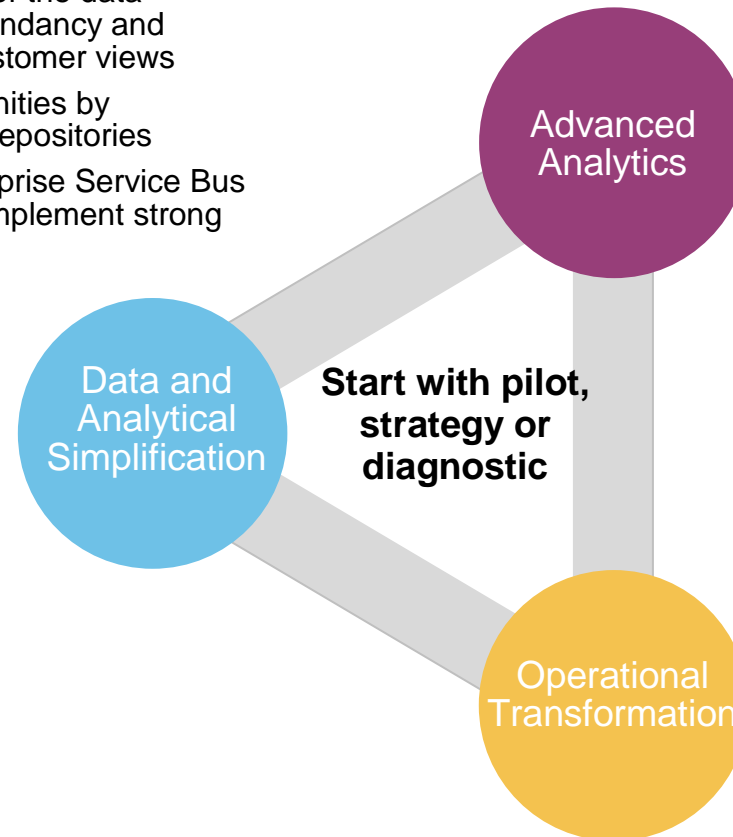
# How do you get started with Business Analytics and Optimization?

# BAO leverage points for value creation



## **IT leadership**

- Widen and Increase agility of the data platform by eliminating redundancy and creating comprehensive customer views
- Create self funding opportunities by rationalizing ETL and data repositories
- Establish a Customer Enterprise Service Bus to increase efficiency and implement strong governance



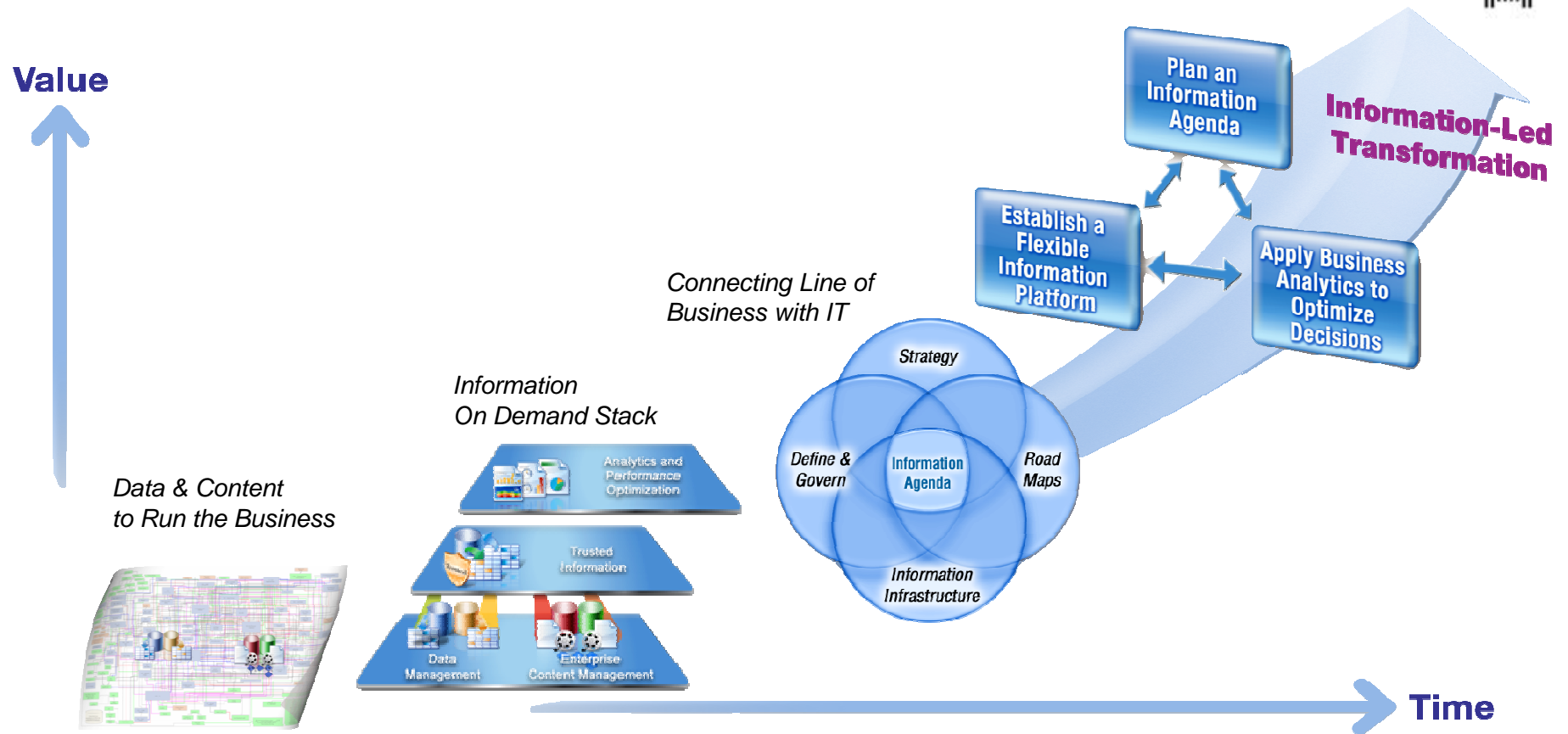
## **Business/IT leadership**

- Answer hard data-intensive business questions such as next best product, retention strategies, marketing spend optimization
- Business Intelligence Generator with dashboards, analytical data-marts and business treatment rules
- Advanced Analytical Decision Support System for consumer clustering development and management

## **Business leadership**

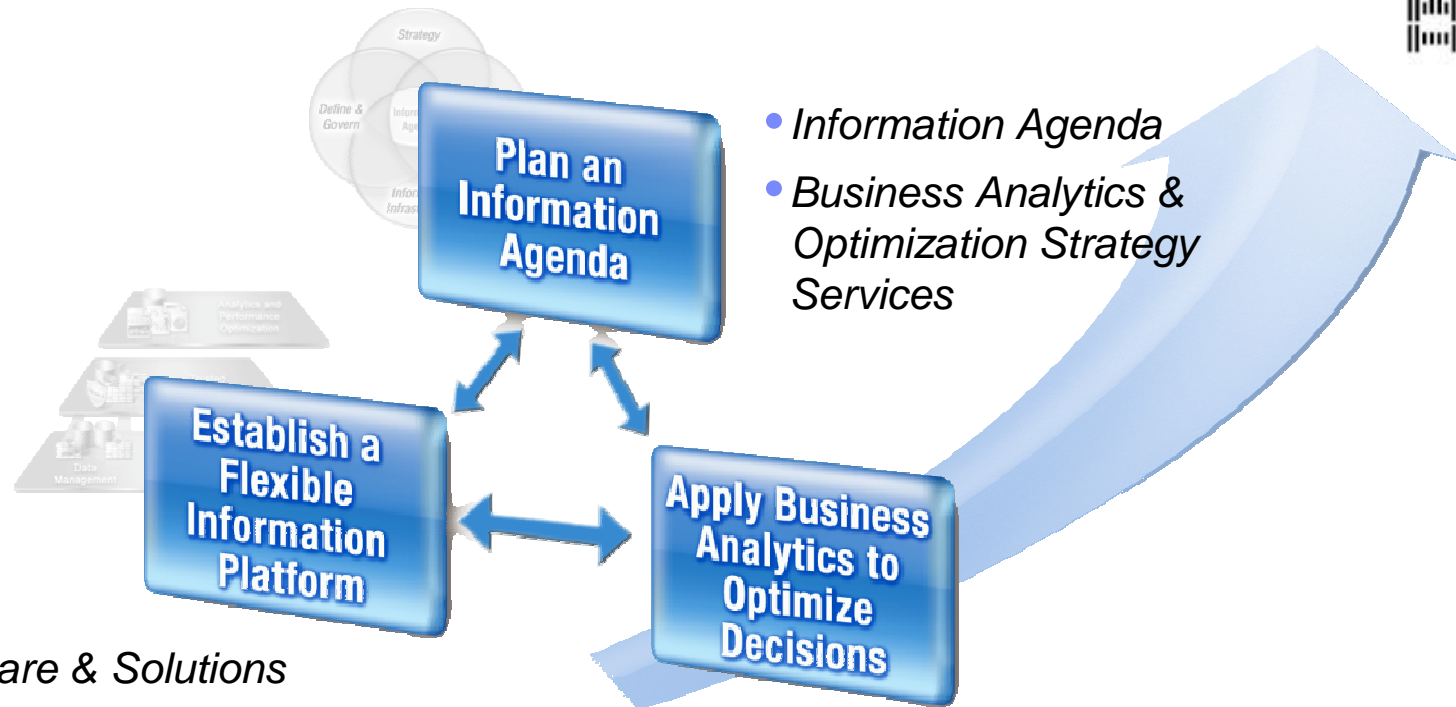
- Strategic culture change for competitive differentiation
- Clearly articulated end state across process, organization and technology enablers for all stakeholders
- Realistic understanding of the complexity of transformational change and a comprehensive approach to addressing adoption

# Leveraging information for business optimization...





## Information-Led Transformation

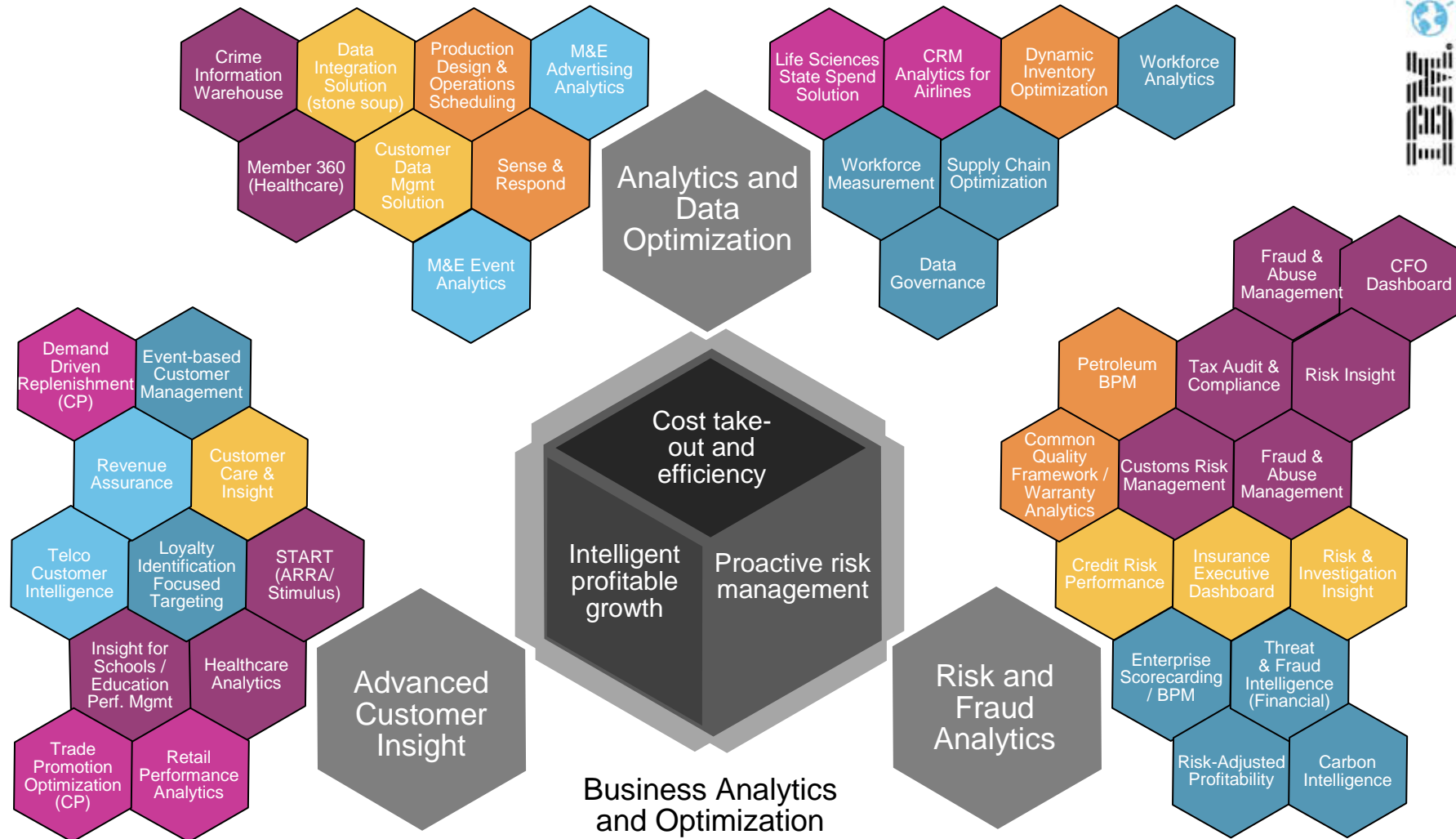


- *IOD Software & Solutions*
- *Information Infrastructure*

- *Information Agenda*
- *Business Analytics & Optimization Strategy Services*

- *Analytics & Performance Management*
- *Advanced Analytics & Optimization Services*

# Industry-based solutions to help our clients grow intelligently



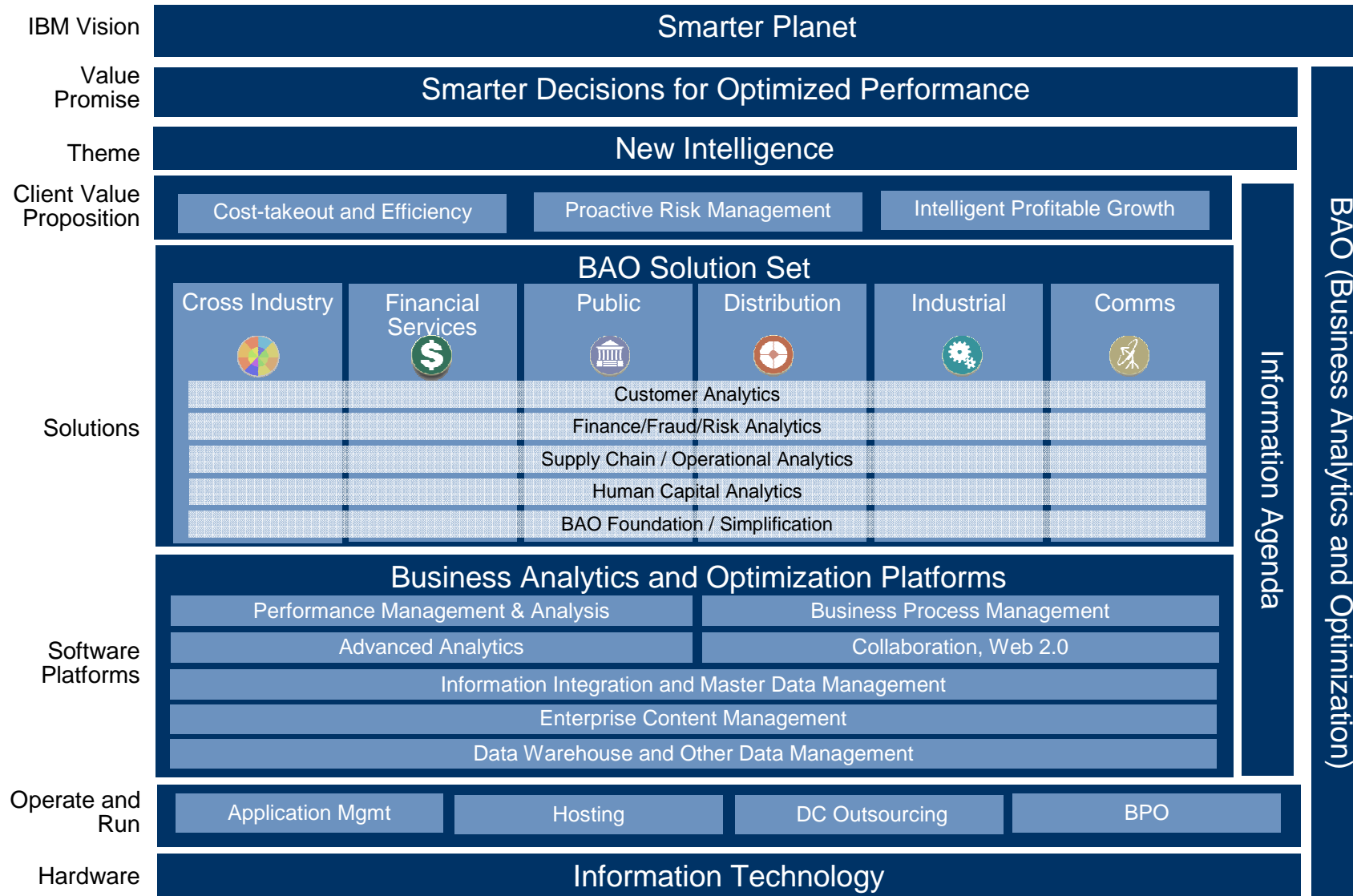
Cross-sector	FSS	Public	Distribution	Industrial	Communications
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# Core BAO capabilities from end-to-end



Service Areas	BAO Strategy	Business Intelligence & Performance Management	Advanced Analytics and Optimization	Enterprise Information Management	Enterprise Content Management
Role	<ul style="list-style-type: none"> <li>Identify and prioritize opportunities for improvement</li> <li>Change business processes and operations to exploit analytics</li> <li>Implement management systems to maintain control and achieve goals</li> </ul>	<ul style="list-style-type: none"> <li>Report outcomes of business processes and programs</li> <li>Automate management dashboards and scorecards</li> <li>Create planning, Budgeting, &amp; Forecasting tools</li> </ul>	<ul style="list-style-type: none"> <li>Apply advanced statistical and regression analysis upon historical data for predictive decision-making</li> <li>Integrate optimization algorithms and technology into operations</li> </ul>	<ul style="list-style-type: none"> <li>Ensure robust and trusted data is available when needed and is easy to consume</li> <li>Provide a consolidated and efficient information platform to support optimization initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Manage document &amp; records, including archives</li> <li>Manage structured and unstructured content</li> <li>Manage digital assets &amp; rights</li> <li>Provide efficiency and transparency to complicated workflows</li> </ul>
Key Words	<ul style="list-style-type: none"> <li>Strategy and Roadmap</li> <li>Information-led BPR</li> <li>BAO and data governance</li> </ul>	<ul style="list-style-type: none"> <li>Cognos</li> <li>Dashboards &amp; scorecards</li> <li>Data visualization and management</li> </ul>	<ul style="list-style-type: none"> <li>Infosphere streams and iLog</li> <li>Predictive models</li> <li>Advanced Analytics</li> <li>SPSS</li> <li>CBO Assets</li> </ul>	<ul style="list-style-type: none"> <li>MDM server</li> <li>Information server</li> <li>Data warehouse</li> <li>Data Integration</li> <li>Data Quality</li> <li>Data Architecture</li> </ul>	<ul style="list-style-type: none"> <li>FileNet</li> <li>Content mgmt</li> <li>Records and archiving mgmt</li> <li>Digital assets and Rights mgmt</li> </ul>

# Client oriented view of BAO



Information Agenda  
 BAO (Business Analytics and Optimization)



# Questions