Supporting Corporate Reporting, Controlling and Strategy Management in a single Framework

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Senior Consultant Oracle Business Intelligence
Pain Areas in **Controlling & Strategic Management**

**Link** strategies to plans and execution,

**Monitor** financial and operational results against goals, and applying analytics to

**Drive** enterprise-wide performance improvement.
Market Pressures Demand Effective Performance Management

Today’s Reality: Management Processes Are Fragmented

- Lack of business alignment
- Low predictability in performance
- Inconsistency in business decisions

ECONOMIC VALUE ADDED (EVA)
ANALYZE PERFORMANCE
GOAL SETTING
FINANCIAL MODELING
SCORECARDS
FINANCIAL REPORTING
OPERATIONAL PLANNING
VARIANCE ANALYSIS
ROLLING FORECAST
MONITOR RESULTS
Priorities and Pressures on the CFO

Agility

Visibility

Efficiency

Business Transformation

ENVIRONMENT

COMPETITION/CUSTOMER CHOICE

REGULATORY

OPERATIONAL EXCELLENCE
Driving improvements Dominates the CFO Agenda

What is the strategic priority of the following key issues on the finance agenda for 2011?

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving forecasting capability in an uncertain environment</td>
<td>55%</td>
</tr>
<tr>
<td>Improving integration of cash management between treasury, controlling, and ops</td>
<td>44%</td>
</tr>
<tr>
<td>Enabling better decision support to get to the ‘so-what’ elements of analysis</td>
<td>38%</td>
</tr>
<tr>
<td>Rationalizing ERP(s) instances and supporting finance applications</td>
<td>37%</td>
</tr>
<tr>
<td>Ensuring availability of leadership talent</td>
<td>31%</td>
</tr>
<tr>
<td>Reevaluating access/need for capital requirements to fund business initiatives</td>
<td>31%</td>
</tr>
<tr>
<td>Driving increased end-to-end enterprise standardization of policy and process</td>
<td>30%</td>
</tr>
<tr>
<td>Cleaning up legal entities to reduce ‘complexity creep’</td>
<td>24%</td>
</tr>
<tr>
<td>Strengthening risk management capabilities and evaluating new risk elements</td>
<td>23%</td>
</tr>
<tr>
<td>Supporting evolution of finance service delivery model from country/regional to regional/global</td>
<td>21%</td>
</tr>
<tr>
<td>Preparing the business for an increasingly regulated environment</td>
<td>16%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>

Top 3 are not ERP Related

Source: 2010 Hackett Key Issues Performance Study
Five Core Management Processes

- **Goal setting**
  - Strategic Objectives
  - Value Drivers
  - Success metrics
  - Targets

- **Planning**
  - Cascade targets
  - Top-down allocations
  - Bottom-up planning
  - Budget dev.

- **Management Reporting**
  - KPIs
  - Variance analysis
  - Ad-hoc analysis
  - Decisions and actions

- **Analysis**
  - Scenario modeling
  - What-if analysis
  - Simulations
  - Predictive analytics

- **Financial Reporting**
  - Data validation
  - Consolidation
  - Audits and controls
  - Financial stmts, and compliance
Impact of poorly integrated Management Processes

- Can’t align corporate goals with plans and execution  
  **Lack of Alignment**

- Each business has its own data. No single version of the truth  
  **Lack of Confidence in the data**

- Systems for setting goals, monitoring progress and taking action are disconnected  
  **Lowered ability to proactively course correct**

- Organizational systems are not agile enough to meet changing disclosure requirements  
  **Lack of Transparency**

- Limited integration with transactional systems  
  **Poor visibility into detail**

- Advanced analytical capabilities are missing or disconnected  
  **Lowered ability to “compete on analytics”**

- Separate maintenance streams  
  **Higher Total Cost of Ownership**
Time spent coping with change

7
On average, how many weeks does it take to add a new source of data to your data warehouse?

6.7
On average, how many weeks does it take to create a report or dashboard with about 20 dimensions, 12 measures, and 6 user access roles?

4.7
On average, how many weeks does it take to change a hierarchy?
IT & Business: Divided by Common Goals

The need for synergy

**IT PERSPECTIVE**
- Information Management
- Data quality & consistency
- Robust data architecture
- Data Integration
- Rapid deployment
- Ease of maintenance

**BUSINESS PERSPECTIVE**
- Heterogeneous & ubiquitous access
- Fast access to new information
- Information in context with business processes
- Ease of use, intuitive, self service

Information management represents value

Information consumption represents value
Closing the gap between the Business and IT

*Increase the value of information to your business*

- **Making BI more valuable**
  - Insight delivered to the right person at the right time, in context
- **Make Information a strategic resource**
  - Consistent, reliable & secure
- **Design for change**
  - Speed of change - Agility
- **Make the impossible possible**
  - Ask the questions they haven’t even thought of yet!
Is your Information a Business Asset?

**Distraction**
- Information overload
- Unsolicited
- Not actionable
- Cannot be interpreted

**Liability**
- Not trustworthy
- Inconsistent, Inaccurate
- Not secure
- Too expensive
- Too late
- Too difficult to change

**Asset**
- Complete, consistent, accurate, trustworthy
- Enriched
- In context, relevant, timely
- Secure
- Actionable
Insight Driven workflows

Controlling Environment

Orders placed

1. Large Order alert
   Checks for large order.
   Identifies and notifies sales reps.
   Passes info. to a Chained Inventory alert

2. Low Inventory alert
   Detects insufficient inventory
   Notifies impacted Managers
   Initiates Alt Sourcing alert

3. Alt. Sourcing alert
   Identifies alternative suppliers that can fulfill impacted Orders.
   Notifies impacted sales and distribution management

Orders placed

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   Notifies impacted sales and distribution management

Sales Reps
Receives an e-mail notifying him of the large order placed by Best Value, one of his accounts.

Distribution & Logistics Mgr
Receives e-mail message detailing option of filling impacted orders by alternative suppliers
Reality: No Single Tool Spans the BI Pyramid

- Inefficient processes
- Inconsistent data
- Inaccurate conclusions

- What-if
- Scenarios
- Allocations

- Predictive Analytics
- Allocations / Aggregations
- Set-based Analysis

- Slice and Dice
- Parameter-driven
- Self-service

- Dashboards
- Publishing
- Pixel-perfect
BI Foundation – filling the gaps

BI Foundation

*Power to answer any question*

*Pervasive delivery channels*

*Performant on an enterprise scale*

**Standardised Reporting**
- Dashboards
- Publishing
- Pixel-perfect

**Ad-hoc Query & Reporting**
- Self-service
- Predictive Analytics
- Allocations / Aggregations
- Set-based Analysis

**Advanced Analytics**
- Slice and Dice
- Parameter-driven
- Scenario-based Analysis
- Allocations / Aggregations

**Modeling**
- What-if
- Scenarios
- Allocations
Complete Enterprise Analytic Foundation
Best in class functionality provides consistent view of business performance

Integrated Analytic Processes
Easily leverage analytics to drive better decision-making across the organization to improve performance continuously

Powers Packaged Applications
Performance Management, Operational Analytics, Industry and Partner Applications
Integrated.
Oracle Business Intelligence 11g

Common Enterprise Information Model

- Common Metadata Foundation across all Data Sources
- Common Security, Access Control, Authorization, Auditing
- Common Request Generation and Optimized Data Access Services
- Common Clustering, Workload Management, & Deployment
- Common Systems & Operational Lifecycle Management
Complete Enterprise Analytic Foundation Oracle Business Intelligence 11g
"OBIEE 11g has features which make all enterprises running Oracle applications think twice before looking somewhere else for their enterprise BI platform. Having said that, there's nothing in the OBIEE architecture that requires tight coupling with Oracle's applications and middleware. 11g is a huge release, bringing tons of important new features to the OBIEE platform."

Forrester: Boris Evelson July 2010
The New Standard for Enterprise Analytics
Oracle Business Intelligence 11g

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Integrated Analytic Processes
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Integrated Analytic Processes
Oracle Business Intelligence 11g

- Standards-based process execution
- User-centric process design
- Closed-loop process metrics

- Data-driven alerts
- Mobile devices
- Scorecard / KPI’s

- Ad-hoc OLAP query
- Interactive visualization
- Role-based dashboards

- What-if scenarios
- Write-back
- Predictive analytics
Dashboards and Scorecards

Complimentary Perspectives

Past
- Business results
- Operational and strategic
- Root cause analysis
- Guided navigation

Future
- Strategy deployment
- People & team
- Accountability maps
- Management processes
- Initiative tracking
- Cause & effect
- Collaboration

Alerting
Benchmarking
Metrics
Graphics
Reporting
Metadata

Dashboards
Why did I miss my goal?

Scorecards
How do goals support our strategy?
Communicate Strategy - Detect Variances from Goals
Oracle Scorecard and Strategy Management

• Integrated BI component, not a silo
  – KPIs as core metadata
  – Thresholds, owners, history
  – Auto-generated interactive analyses
  – Linked objectives & initiatives

• Automatic detection
  – KPI alerts triggered by thresholds

• Strategy visualization
  – Strategy Maps and Trees
  – Cause and Effects
  – Watchlists
  – Annotations & override

• All methodologies
  – Balanced scorecard, six sigma, Baldrige
Oracle Scorecard and Strategy Management
Oracle Scorecard and Strategy Management Offers

KPI Management

• Performance Tracking
  – Against Target / Trending
  – Threshold Assessment

• Ownership Definition

• Collaboration
  – Threaded Discussions
  – Related Documents
  – Action Links
  – Agents
  – Drill to Analysis
  – Watch Lists
Oracle Scorecard and Strategy Management Offers
Strategy Management

• Graphic Visualizations of Strategy:
  – Strategy Maps
  – Strategy Trees
  – Cause and Effect Maps
  – Custom Visualizations
• Scorecards
• Collaboration
  – Initiatives
  – Threaded Discussions
  – Related Documents
  – Action Links
  – Agents
Oracle Scorecard and Strategy Management Offers
An Interactive, Collaborative Environment

Dashboard integration
– Embed scorecard visualizations into dashboards to foster broad interactive analyses

KPI Agents
– To monitor performance even when you can’t

KPI & Scorecard Actions
– Align day-to-day decisions with your corporate strategy

Annotations & Overrides
– Collaborate and document exceptions to prevent future recurrences
Self Assessment
Oracle Scorecard and Strategy Management
## Self Assessment

<table>
<thead>
<tr>
<th>Key Challenge</th>
<th>OSSM Helps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do I have established financial and non-financial key performance indicators?</td>
<td>• KPIs built on existing data warehouse</td>
</tr>
</tbody>
</table>
| Would I like to be able to pro-actively monitor the performance of KPIs through continuous feedback and real-time alerts? | • Answers  
• Agents                                                           |
| Am I satisfied with how my corporate goals and measures are communicated to the organizations? | • Strategy Maps  
• Cause and Effect Maps  
• Strategy Trees  
• Custom Strategy Visualizations                                      |
| Do I have a need to translate strategic initiatives into objectives, actions and performance measures? | • Scorecard Hierarchies to detail levels and interrelationships of artifacts |
| Would I like to increase employee participation, collaboration and accountability for results? | • Annotations / Related Documents  
• Subjective Overrides  
• Explicit Ownership  
• Initiative Tracking                                                 |
Oracle Scorecard and Strategy Management Values Offered

• Merge Enterprise Performance Management and Operational results
• Build KPI definitions based on existing BI structure
• Present strategy in terms that can be understood and acted upon
• Make high-level, strategic information accessible and actionable across the extended enterprise
Key Benefits of Oracle Scorecard and Strategy Management

- **Insight**
  - Strategy Artifacts present visibility and insight into strategy performance
  - Better decisions, actions, control at all levels
  - Respond faster to opportunities and threats
  - Identify and replicate best practices

- **Alignment**

- **Leverage**
Key Benefits of Oracle Scorecard and Strategy Management

- **Insight**
  - Gain a single, consistent view of enterprise information across functions & data sources

- **Alignment**
  - Align strategy and execution across functions
  - Use guided analytics and best practice analytic workflows to drive the best actions

- **Leverage**
Key Benefits of Oracle Scorecard and Strategy Management

- **Insight**
- **Alignment**
- **Leverage**
  - Do more with less - deploy BI more broadly with fewer IT resources than custom-build
  - Accelerate time-to-value, lower TCO and risk
  - Increase the utility of existing data and applications, including CRM and ERP
Strategy Management
Unites EPM and OBI
Oracle EPM Connects Management Processes

Common Reporting & Interaction

Strategic Planning

Financial Close

Planning & Forecasting

Profitability Management

Common Integration & Analysis
Data Quality and Consistent Dimensions
Supporting a World Class Enterprise Planning Process

- Run models based on key strategies
- Seed targets to annual operating plan
- Start annual process
- Validate operational feasibility to financial plan
- Evaluate resource and capital requirements
- Update forecast with latest budget and actuals
- Update long-term strategic plan

Assess and Manage Risk
Oracle Strategy and Scorecard Management Offers Integration with existing EPM and BI

- Consolidate EPM information:
  - Set goals & targets in Essbase
  - Take in Actual results from Hyperion Financial Management
  - Include Budgets/Forecasts from Planning/Essbase
  - Expose long-term planning hypothesis from Hyperion Strategic Finance
  - Incorporate Profitability/Costs details from Hyperion Profitability and Cost Management

- Integrate with Oracle ERP suites for operational details from BI Server / BI Apps
The value of Modeling & Planning
Deeper insights – to decide next course of action

<table>
<thead>
<tr>
<th>REPORTING</th>
<th>ANALYSIS, MODELING, PLANNING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which customers spend the most?</td>
<td>Which customers are most profitable?</td>
</tr>
<tr>
<td>What did this customer buy?</td>
<td>What is the customer likely to buy next?</td>
</tr>
<tr>
<td>What is the Q4 revenue forecast?</td>
<td>What if demand falls short of forecast?</td>
</tr>
</tbody>
</table>
Oracle Essbase
Powerful OLAP Server for Business Scenario Modeling

• Rich Business User Experience
  • Powerful & Intuitive tools for the business user
  • Integrates into Excel as a *front-end*
  • “Speed of thought” response

• Models complex business scenarios with advanced calculation Engine
  • Comprehensive library of functions
  • Extensive financial and time intelligence
  • A complimentary extension to the BI platform

• Custom Business Analytic Environment
  • Optimized storage
  • Enterprise scale forward looking applications
  • Premium performance
Oracle BI 11g Foundation
Single, Integrated Solution

Common Enterprise Information Model

- Role-based Interactive Dashboards
  - Proactive alerts
  - Scorecards & Strategy Communication
  - MS Office and Excel integration

- Simplified logical view of data

- Powerful query processing, modeling, planning, what-if analysis

- Synchronized Relational & OLAP cubes

- Federated enterprise data sources

- Integrated analytical solution for Strategy Reporting, Modelling/Planning & Operational BI

- Shared metadata, calcs, dimensions, security
“Business intelligence (BI) is moving into the context of the business process, not just to make users’ information experience more effective, but also to allow for business process optimization.”
Integrating Insights with Business Processes
BI as part of Operational Day to Day Activities

THE OLD WAY
Disconnected. Open Ended.

THE NEW WAY: Action Framework
Integrated. Closed Loop.
The New Standard for Enterprise Analytics
Oracle Business Intelligence 11g

Complete Enterprise Analytic Foundation
Best in class functionality provides consistent view of business performance

Integrated Analytic Processes
Easily leverage analytics to drive better decision-making across the organization to improve performance continuously

Powers Packaged Applications
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Oracle Business Intelligence 11g

- Financials
- HR
- Procure & Spend
- Projects
- Supply Chain
- Order Mgt
- Logistics
- Sales
- Marketing
- Service
- Contact Center
- Price
- Loyalty
- Scorecard
- Strategic Planning
- Financial Close
- Planning & Forecasting
- Profitability Management
- Financial Services
- Communications
- Healthcare
- Retail
Integration with Packaged EPM Applications

Oracle Business Intelligence 11g

Industry leading Performance Management Applications for Oracle, SAP and other systems
### Brodest Analytic Application Coverage

**Oracle BI Applications**

#### CRM Analytics
- **Sales**
  - Pipeline Analysis
  - Forecast Accuracy
  - Up-sell/Cross-sell
  - Cycle Times
  - Lead Conversion
  - Sales Team Effectiveness

- **Marketing**
  - Campaign Effectiveness
  - Customer Insight
  - Product Propensity
  - Market Basket Analysis
  - Campaign ROI

- **Service & Contact Center**
  - Service Effectiveness
  - Customer Satisfaction
  - Resolution Rates
  - Service Rep Efficiency
  - Service Cost
  - Service Trends

#### ERP Analytics
- **Financials**
  - General Ledger
  - Accounts Receivable
  - Accounts Payable
  - Cash Flow
  - Profitability
  - Expense Management

- **Procurement & Spend**
  - Direct & Indirect Spend
  - Buyer Productivity
  - Contract Compliance
  - Supplier Performance
  - Purchase Cycle Time
  - Employee Expense

- **Supply Chain & Order Mgmt**
  - Revenue & Backlog
  - Inventory Analysis
  - Fulfillment Status
  - Customer Status
  - Order Cycle Time
  - BOM Analysis

#### Price
- **Price Segments**
- **Price Waterfall Analysis**
- **Deal Life Cycle**
- **Deal Desk Analysis**
- **Product Pricing Performance**

#### Loyalty
- **Member Demographics**
- **Program Revenue**
- **Membership Trends**
- **Promotion Effectiveness**
- **Points Analysis**

#### Projects
- **Project Funding and Budget**
- **Product Cost**
- **Project Revenue**
- **Project Billing**
- **Project Profitability**

#### Human Resources
- **Employee Productivity**
- **Compensation**
- **Talent Management**
- **Recruiting Analysis**
- **Learning Analysis**
- **Workforce Profile**

**Oracle Business Intelligence**

*Source Adapters: Oracle, PeopleSoft, Siebel, JD Edwards, SAP & Other Operational and Analytic Sources*
Hardware and Software
Engineered to Work Together