

IBM Smarter Analytics Signature Solution – CFO performance insight

Increase visibility, insight, and control over financial performance through predictive analytics.



Business Value:

- Measure and monitor performance with predictive capabilities delivered through an executive style dashboard
 - A proprietary lead-lag causal model developed by IBM Watson Research Center
 - Integrated “what-if” analysis to assess the impact of alternative forecast assumptions
 - Shifts financial management focus towards delivering stronger business insight on a foundation of trusted information
 - Delivers proven outcomes with solution built on a rich portfolio of analytics capabilities
 - Accelerates time-to-value with short-term projects that support the long-term roadmap
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On average, more than 70 percent of global Chief Financial Officers (CFOs) have at least an advisory or decision making role on the entire enterprise agenda. CFOs are frequently being called into more boardroom and executive level discussions around demand and price pressures, supply chain issues, impacts on revenue and margins, and liquidity/capital structure concerns.¹

CFO’s and finance executives must be in a position to execute with greater effectiveness across a large agenda of financial compliance and enterprise-focused activities including enterprise cost reduction and expense management. Finance needs to perform well; in essence it must be optimized and efficient.

In many organizations, senior finance executives and analysts do not have real-time access to reliable business information from across the organization. Existing reporting and analysis tools are often too IT-centric and prevent business users from accessing and interacting with their own reports and analysis.

The IBM Smarter Analytics Signature Solution – CFO performance insight increases visibility, insight, and control over financial performance and key financial performance indicators. It enables CFOs to measure, monitor, and anticipate business performance with a pre-configured solution that:

- Uncovers temporal-causal relationships between performance metrics using predictive analytics
- Enables guided root-cause analysis and what-if analytics through an executive-style dashboard
- Helps improve operational efficiency and delivers trusted financial information

IBM CFO performance insight solution helps finance executives drive profit and revenue growth through the strategic application of analytics.



“Finance organizations with strong business insight capabilities outperform on each of the key financial performance measures for revenue growth, earnings and return on invested capital.”

Understanding cause and effect

Understanding how to impact key performance metrics within today’s complex, global organizations requires business insights that dive deeper and look further ahead. While it remains critically important that CFOs stay abreast of the interwoven impacts found within the correlations of historical data, leading CFOs are focused on a deeper understanding of the casual and predictive relationships between performance metrics.

While historical data provides insights into what metrics may have the most impact on performance and how those metrics interact with one another, innovative CFOs want to know how performance is most likely to change if certain factors can be controlled. Rather than being satisfied with understanding why performance was poor last quarter, these CFOs are using Temporal Causal Models to determine the amount of change required to drive metrics in order to achieve targets. These models are based on a strong mathematical foundation to determine the cause and effect impacts between financial and organizational metrics. Understanding the relationships between these drivers, or variables and the associated outcomes are key to the decision making process of highly optimized organizations.

The IBM Smarter Analytics Signature Solution – CFO performance insight, includes a proprietary lead-lag causal model developed by IBM Watson Research Center that automatically uncovers causal relationships including time lag, strength and degrees of separation between drivers and key performance indicators (KPIs) based on historical data. This capability is used to guide root-cause analysis and establish baseline forecasts for the most material and volatile metrics. It also has the ability to integrate with external indicators, facilitating actionable insights.

Seeing creates understanding

The ability to act upon insights is a key differentiator among organizations in today’s competitive marketplace. The complexity and interdependencies of an organization’s key performance indicators become actionable when they are visualized. An executive-style dashboard established upon a base of trusted financial information are critical components to monitor performance gaps between forecasts, targets and actuals. It helps finance executive to focus on important financial management, revenue, expense and capital management KPIs.

The IBM CFO performance insight solution leverages temporal-causal modeling to enable analysts to learn key relations between financial and organizational metrics visually rather than through hours of tedious data work. Integrated and dynamic “what-if” analysis helps finance managers adjust forecast assumptions and immediately see the impact on business forecasts, detailed reports and KPIs in order to identify opportunities.



The solution has built-in performance and risk indicators that provide early warning signals of possible weaknesses in key areas of the business, to empower a finance executive to take corrective action through predictive business insight. This delivers a complete, consistent, and reliable view of information for the business, in near-real time, providing deeper insight into the performance of the organization.

By creating greater accessibility and visibility, CFOs can shift financial management focus towards delivering stronger business insight on a foundation of trusted information.

Why it's smarter?

IBM CFO performance insight solution combines predictive analytics with what-if analysis and strong visualization in a single platform with a solid information foundation. Finance executives are able to increase visibility, insight and control over the levers of financial performance with predictive capabilities. It leverages proprietary IBM Research algorithms for temporal-causal modeling in order to identify and understand relationships between performance metrics, and provides enhanced visualization of performance trends and gaps.

What makes IBM CFO performance insight solution smarter is its ability to enable CFOs to measure and monitor financial and operational business performance, anticipate performance gaps, understand root cause, and assess alternatives quickly and confidently. By generating timely, reliable answers to financial questions, it allows CFOs to provide more robust recommendations to the executive agenda. With its ability to deliver trusted financial information and better business insights, CFOs are able to drive more effective enterprise decision making in ways that can drive growth in revenues and profits, improve operational efficiency and increase the returns on invested assets.

IBM Smarter Analytics Signature Solutions

IBM Smarter Analytics is a holistic approach that turns information into insight and insight into business outcomes.

IBM Smarter Analytics Signature Solutions are a portfolio of outcome-based analytic solutions designed to address the most pressing industry and functional challenges clients are facing in today's evolving marketplace – a marketplace in which organizations need Smarter Analytics to stay ahead of their competitors. These solutions are built on the knowledge and experience of IBM's global team of researchers, consultants, sellers and software specialists. The solutions represent a portfolio of proven innovation that has been implemented at clients worldwide, and brings the best of IBM capabilities together to deliver break-away results for clients seeking to achieve transformation through Smarter Analytics.

For more information

To learn more about how IBM Smarter Analytics can help you optimize your financial performance, please contact your IBM representative.

Sources

1. The Global CFO Study 2010, IBM Institute for Business Value. 2010



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