Siebel Analytics Enterprise Applications User Guide

Version 7.7.2, Rev. A
September 2004

Siebel Systems, Inc., 2207 Bridgepointe Parkway, San Mateo, CA 94404

Contents

1 What's New in This Release

What's New in Siebel Analytics Enterprise Applications User Guide, Version 7.7.2, Rev. A

Table 1 lists changes described in this version of the documentation to support release 7.7.2 of the software.

Table 1. New Product Features in Siebel Analytics Enterprise Applications User Guide, Version 7.7.2, Rev. A

Topic	Description
Added new Sales module See "Siebel Enterprise Sales Analytics" on page 13.	This new module includes the following applications: ■ Sales Revenue ■ Sales Revenue and Fulfillment ■ Sales Revenue and Pipeline Analytics
Added new Financial General Ledger application See "Siebel Financial Analytics: General Ledger" on page 27.	This new application allows controllers and other finance managers to ■ Monitor general ledger management ■ Provide financial reports on demand ■ Manage cash flow and cash cycles
Added new Operations application See "Siebel Workforce Management Analytics: Operations" on page 41.	This new application allows workforce management professionals to access information in the following functional areas: ■ Employee turnover and terminations ■ Employee demographics ■ Compliance with government requirements

Table 1. New Product Features in Siebel Analytics Enterprise Applications User Guide, Version 7.7.2, Rev. A

Topic	Description
Added new Compensation application See "Siebel Workforce Management Analytics: Compensation" on page 43.	This new application allows compensation managers and payroll administrators to institute and maintain pay programs.
Added new Retention application See "Siebel Workforce Management Analytics: Retention" on page 45.	This new application allows workforce management professionals to manage retention. Key functional areas include: ■ Turnover and termination trends ■ Demographics of terminations ■ Retention and development of top performers

2 Introduction

The Siebel Analytics Enterprise Applications encompass several different analytic modules, integrating information from multiple systems throughout the enterprise. These modules provide insight across the entire organization, including customer profitability, sales and service performance, supplier performance, supply chain optimization, and financial performance. This guide provides an overview of each of the product areas. With the flexibility of Siebel Analytics Enterprise Applications, you can either implement business analytics across the entire value chain, or focus on a specific business area.

The following product families and modules are offered (see the subsequent chapters of this book for more information):

Siebel Enterprise Contact Center Analytics

- Customer Service
- Contact Center and Agent Performance
- Service Delivery and Costs
- Sales

Siebel Enterprise Sales Analytics

- Sales Revenue
- Sales Revenue and Fulfillment
- Sales Revenue and Pipeline

Siebel Financial Analytics

- Accounts Payable
- Accounts Receivable
- Profitability
- General Ledger

Siebel Supply Chain Analytics

- Supply Chain Planning
- Inventory
- Sourcing

Siebel Workforce Management Analytics

- Operations
- Compensation
- Retention

3 Siebel Enterprise Contact Center Analytics

Overview of Contact Center Analytics

Siebel Enterprise Contact Center (ECC) contains targeted reports and metrics that allow you to analyze your entire contact center and determine how your organization is servicing customers while maintaining costs. Service reports and metrics support the retention of customers by allowing you to examine key performance indicators dealing with service requests, agent performance, and contact center performance through interaction channels such as telephone, email, chat, and Interactive Voice Response (IVR) systems.

The Service module is divided into three functional areas:

- Customer Service
- Contact Center and Agent Performance
- Service Delivery and Costs

This chapter introduces the key features of ECC and the three functional areas, as well as its application to contact center goals and issues.

Key Features of Customer Service

Service contains targeted reports and metrics that allow you to analyze your entire contact center and determine how your organization is servicing customers while maintaining costs. Service reports and metrics support the retention of customers by allowing you to examine key performance indicators dealing with service requests, agent performance, and contact center performance through interaction channels such as telephone, email, chat, and Interactive Voice Response (IVR) systems. This chapter introduces the key features of Customer Service and its application to contact center goals and issues.

Service applies to all industries that have implemented contact centers to handle customer service requests and other interactions. Customer Service provides insight into factors that determine successful customer service from any channel, including email, telephone, or chat. Key performance indicators include first and final: the number of requests that are completed during first contact, agent rates of request closure, and resolution times. Customer Service also looks at all the contact center activities. This means you can look at your contact center as a service provider as well as a revenue generator, and look at such key concepts as Service Levels, agent and call routing efficiency, IVR exit points, and abandonment rates for all channels. Each of these areas of analysis become increasingly critical as the contact center plays a larger and larger role in your organization’s success.

Looking at both the contact center and service requests, the Service module allows you to identify an incoming contact, track every activity performed to fulfill it, and answer questions about the agent who completed it regardless of whether source information comes from telephony systems, Customer Relationship Management (CRM) systems, Workforce Management systems, or other aspects of your data warehouse.

Key Features of Contact Center and Agent Performance

Contact Center and Agent Performance looks at every aspect of your contact center, from staffing to technology, call abandonment to top serviced products. This functional area can help you with the following success factors:

- **Actuals, Internal Targets and External Benchmarks:** Sample metrics that help you determine your success in analyzing contact center performance include:
  - **Service Level:** This metric calculates the percentage of calls answered before the queue hold time threshold defined by your organization. This is a key performance indicator, as it affects the customers' levels of satisfaction with the service they receive. This can also be compared to industry-defined service-level benchmarks.
  - **Call Abandonment Rate:** This metric identifies the rate at which customers are hanging up before they speak to a service representative. This is another key performance indicator that can be compared to other external benchmarks for your industry.
- **Channel Optimization:** Metrics that address channel performance can help determine if you are managing costs by fulfilling customer requests through the most economic means. For example, these metrics help determine if your customers are using a new channel, such as chat, to make service requests. Key metrics include:
  - **IVR Exit Point Volume:** This metric determines the number of times customers opted to speak with a service representative or simply hung up, rather than work with the IVR system. This represents increased real cost to your organization if the customer chose to speak to a representative, which is the highest costing contact channel. Or, if the customer hung up and called back, that also increases the contact cost.
  - **Email Volume:** These metrics let you see how many actual contacts are handled via email. This metric helps determine your organization's effectiveness in directing customers to use the email channel.
  - **Chat Abandonment Rate:** Similar to Abandonment Rate for telephone calls, this metric identifies the rate at which the customers are abandoning chat sessions before their request was fulfilled. This metric measures the chat channel performance, which can enable you to make improvements to optimize the channel's use.
- **Agent and Contact Center Effectiveness:** Contact Centers perform many tasks in addition to answering service requests. The metrics in Contact Center and Agent Performance help identify overall factors that influence staffing decisions and bandwidth for additional projects. These metrics include:
  - **Total Staffed Time (in Hours):** This metric determines the actual time, in hours, that representatives are staffed in the contact center. Comparing Total Staffed Time in Hours with Actual Work Time highlights problems such as schedule adherence.
  - **Agent Transfer Percent:** This metric calculates the percentage of all calls that a service representative transfers. A high number of transfers may indicated that your telephony system is routing calls inappropriately, or that agents are not properly trained to handle customer requests.

- **Average Handle Time:** This metric determines the average amount of time a service representative spends handling a customer request, including the initial telephone call and all after-call work such as research, additional customer interaction and consultation with other contact center associates.

Key Features of Service Delivery and Costs

Service Delivery and Costs provides insight into the performance of your service organization. This functional area can help you address the following success factors:

- **Profitability:** Decision makers in any contact center must manage costs while leveraging revenue potential with every customer contact. Metrics that support this initiative include:
  - **Contact Cost:** This metric calculates the cost of each contact handled by your center. It also allows you to look at contact costs across all channels, enabling you to identify those with the greatest return on investment. This information can help you determine which channel should be promoted in your organization's messaging.
  - **Contact Profitability:** This metric determines profits generated from a contact by subtracting the cost of the contact from the revenue generated. This metric can be applied to contacts that turn into upsell opportunities, or outbound call campaigns launched from the contact center that generate sales.
  - **Total Chat Revenue:** This metric calculates the sales revenue occurring through the chat channel.

4 Siebel Enterprise Sales Analytics

Overview of Enterprise Sales Analytics

The Sales organization is tasked with creating and maintaining a viable opportunity pipeline, so that they can produce a steady flow of revenue. An opportunity pipeline is a source of data for sales forecasts, for evaluating representative performance, and for lead generation. Once an opportunity is won, the customer completes an order and the fulfillment function needs to then execute on that order for the organization to realize the revenue. By evaluating specific opportunities in the pipeline or orders in the fulfillment process, analysis can reveal key business issues, such as a slow-down in a particular product's sales or a bottleneck in the sales or fulfillment processes.

To support this process, Siebel Enterprise Sales Analytics breaks down into the following applications:

- Sales Revenue
- Sales Revenue and Fulfillment
- Sales Revenue and Pipeline Analytics

This chapter contains information about the functionality provided by the Siebel Enterprise Sales Analytics applications and related functional areas.

Overview of Sales Revenue Analytics

Your enterprise's profitability depends on a clear picture of product sales and revenue. The Sales Revenue Analytics application allows you to understand your product sales in terms of volume and value, by examining how much of your product you are selling, and how much you are selling it for. Specifically, you can analyze the breakdown of your sales revenues into discounts given to customers and cost of goods sold as well as measure sales team performance.

Key Features of Sales Revenue Analytics

Sales Revenue Analytics enables sales professionals to understand the revenue streams of their organization, team or customers. The segments of revenue sales professionals can analyze are Orders, Invoices and General Ledger Revenue.

Orders and Invoices

Orders and Invoices functionality provides insight into the ratio of bookings and billings in your enterprise. Sales orders are the entry point for the order process and once an order has been fulfilled, an invoice is generated that marks the end of the order process. With Order and Invoice functionality, you can look at each of these areas individually, or at the relationships between them to understand how your organization is providing and fulfilling revenue by product, customer segment or sales area.

Sales Revenue

Sales Revenue functionality provides insight into the revenue captured by the organization in its orders and realized by the organization in its general ledger. These two logical entities comprise the end points of the revenue recognition process and by analyzing these areas, users can understand what products and customer segments drive the most volume and revenue.

Other features

The Siebel Sales Revenue Analytics application also includes rich, focused insight into Orders, Bookings and Invoices.

Overview of Sales Revenue and Fulfillment Analytics

The Sales Revenue and Fulfillment Analytics application allows you to view data for your orders, invoices, and backlog, individually or side by side, in monitoring revenue. Each of these areas has its own business value: Orders content lets you view the net change in your sales order lines; invoices content lets you see everything you have invoiced to date; and backlog content shows you what has been ordered but still resides in backlog (operational backlog, financial backlog, and so on). Bookings are generated from sales orders, and a backlog record is created as soon as a booking is created and remains until the item is invoiced. Billings are synonymous with invoices and constitute the exit point from the fulfillment process.

While you can examine orders, invoices, and backlog individually, the most striking impact comes from examining your order bookings as they relate to your invoice billings and your backlog. It is the ratio of these three that is interesting: Is the proportion of each element to the other two what you want it to be, and does this ratio remain consistent over time? The ideal orders-invoices-backlog ratio varies from one industry to another. A retail business, for instance, is likely to strive for a lower proportion of backlogged items than a manufacturing business is typically able to achieve. Order bookings, invoices, and backlog are discussed individually in the following sections.

In addition, Sales Revenue and Fulfillment allows you to analyze the efficiency and effectiveness of your order fulfillment processes. You can gain insight into the success and failure encountered in your fulfillment process by evaluating cycle times, on time performance, and backlog trends.

Key Features of Sales Revenue and Fulfillment Analytics

The Sales Revenue and Fulfillment Analytics application is comprised of several functional areas including orders and bookings, backlog, invoices, inventory and revenue. In addition, this application enables analysis of scheduled fulfillment, picked items and the overall fulfillment process.

Orders and Bookings

Orders and bookings represent the net change in your sales order data. Any alteration to an existing sales order results in a new booking, whether its contribution is positive or negative. Transaction systems handle bookings differently, and Siebel Enterprise Sales Analytics can be configured to reflect these differences.

Invoices

Invoices represent the net value of the sales invoices for a given time period, and are analyzed using the invoices data. Billings/invoices content provides the ability to view invoiced sales by any combination of product, business organization, customer and time. In addition, by incorporating standard costs into this area, the Sales Revenue and Fulfillment application enables users to analyze gross profit. It is important to note that profit information in invoices is based on standard, and not actual costs and does not consider overhead costs.

Backlog

The six types of backlog can be split into two main categories: financial and operational. Financial backlogs occur between the time that an order is created and the time it is invoiced. Operational backlogs occur between the time that an order is created and the time it is shipped. A record can be marked as being financially and operationally backlogged at the same time; the two flags are not mutually exclusive. Businesses selling intangible goods, such as services, may only show financial and never operational backlog.

Operational backlog can be further broken down into four additional types of backlog:

- **Scheduled.** A record flagged as a scheduled backlog simply denotes that a ship date has been set, whether it is in the future or in the past. The flag does not imply that the ship date has been met or missed.
- **Unscheduled.** A record flagged as a scheduled backlog indicates that a ship date has not been scheduled for the order. This has no relation to the ship date requested by the customer (the request date), which may or may not have passed.
- **Delinquent.** A record flagged as a delinquent backlog indicates that the order is delinquent in relation to the customer's requested ship date. Because the delinquency flagged is from the customer's perspective, a record can be delinquent whether or not a ship date has been scheduled.
- **Blocked.** Some detail in the order process prevents the order being shipped. A blocked backlog usually means that the shipment is held intentionally.

Backlog results from sales order lines, schedule lines, and pick lines. Because Siebel Enterprise Sales Applications recognize different types of backlog (as discussed previously), information from sales order, sales schedules, and picking documents is used to determine those backlog types. A backlog is created for every line on a sales order as soon as the sales order is created. Sales orders also determine whether a backlogged item is flagged as delinquent. If the customer request date on the sales order has passed and the item has not been shipped, it is flagged as being delinquent.

Sales Revenue

Sales Revenue functionality provides insight into the revenue captured by the organization in its orders and realized by the organization in its general ledger. These two logical entities comprise the end points of the revenue recognition process and by analyzing these areas, users can understand what products and customer segments drive the most volume and revenue.

Backlog and Inventory

Siebel Sales Revenue and Fulfillment Analytics enables sales professionals to monitor and manage their customer relationships more effectively by providing them insight into the organization's current backlog and inventory levels. This insight helps them to set appropriate customer expectations and to identify and resolve issues on the customer's behalf. In addition, this insight helps sales operations professionals unlock the revenue of critical orders that reside in the backlog.

Order Fulfillment Process

Order Fulfillment Process functionality provides sales and sales operations professionals insight into the fulfillment cycle for various products at various fulfillment locations so that they can more effectively manage internal revenue expectations and external customer expectations.

Accounts Receivable

The Accounts Receivables functionality provides sales professionals insight into the current Accounts Receivables for their customers. This insight helps them to manage the customer more effectively and to address outstanding balances pro-actively.

Other Features

In addition to the features above, Siebel Sales Revenue and Fulfillment Analytics provides rich, targeted insight into Orders, Bookings, Backlog, Backlog Trends, Invoices, Fulfillment Schedules, Product Pickings and Invoices.

Overview of Sales Revenue and Pipeline Analytics

The Sales organization is tasked with creating and maintaining a viable opportunity pipeline, producing a steady flow of revenue and managing customer relationships. In order to do this effectively, the sales organization needs rich insight into its customer base, its pipeline and the fulfillment process - and Siebel Sales Revenue and Pipeline Analytics provides them exactly that. By providing a holistic view of the sales process, from lead generation all the way to cash collection, this application enables sales professionals to manage revenue generation and realization as well as customer relationships.

Key Features of Sales Revenue and Pipeline Analytics

The Sales Revenue and Pipeline Analytics application is comprised of several functional areas including revenue and pipeline, orders, backlog, invoices, inventory and revenue.

Sales Overview

Sales Overview functionality provides insight into the potential revenue of the company captured in its opportunity pipeline as well as the revenue captured by the organization in its order system and fulfilled by the organization in its invoicing system. These three logical entities comprise the three main points of the revenue generation and fulfillment processes and by analyzing these areas together, users can understand sales performance in the context of the entire sales process from lead to invoice. In addition, users can gain insight into what sales organizations, products and customer segments drive the most revenue and gross margin.

Sales Revenue and Pipeline

Sales Revenue and Pipeline functionality provides insight into the potential revenue of the company captured in its opportunity pipeline as well as the revenue captured by the organization in its order system and realized by the organization in its general ledger. These three logical entities comprise the three main points of the revenue generation and recognition processes and by analyzing these areas, users can understand what products and customer segments drive the most volume and revenue.

Orders and Bookings

Orders and bookings represent the net change in your sales order data. Any alteration to an existing sales order results in a new booking, whether its contribution is positive or negative. Transaction systems handle bookings differently, and Siebel Enterprise Sales Analytics can be configured to reflect these differences.

Invoices

Invoices represent the net value of the sales invoices for a given time period, and are analyzed using the invoices data. Billings and invoices content provides the ability to view invoiced sales by any combination of product, business organization, customer and time. In addition, by incorporating standard costs into this area, the Sales Revenue and Fulfillment application enables users to analyze gross profit. It is important to note that profit information in invoices is based on standard, and not actual, costs and does not consider overhead costs.

Backlog and Inventory

Siebel Sales Revenue and Fulfillment Analytics enables sales professionals to monitor and manage their customer relationships more effectively by providing them insight into the organization's current backlog and inventory levels. This insight helps them to set appropriate customer expectations and to identify and resolve issues on the customer's behalf. In addition, this insight helps sales operations professionals unlock the revenue of critical orders that reside in the backlog.

Pipeline, Pipeline Trends and Forecasts

The pipeline and pipeline trends functional area allows you to analyze the number of opportunities, and their various states, within your sales pipeline. Your sales pipeline allows analysis of your sales pipeline, pipeline movement, pipeline trends and lead generation activities.

In addition, estimates of future revenue (forecasts) are made of future sales trends from your opportunity pipeline, for both internal and external reporting. With this information you can support your report to the financial community, as well as ensure that you have sufficient product demand to support your employee numbers.

Accounts Receivable

The Accounts Receivables functionality provides sales professionals insight into the current accounts receivables for their customers. This insight helps them to manage the customer more effectively and to address outstanding balances proactively.

Other Features

In addition to the features above, Siebel Sales Revenue and Pipeline Analytics provides rich, targeted insight into orders, bookings, backlog, backlog trends and invoices.

5 Siebel Financial Analytics: Payables

Overview of Payables

The Payables Department plays an integral role in the financial health of your enterprise. In addition to ensuring that relationships with suppliers and business partners are well maintained, Payables also supplies vital information for managing cash flow. Siebel's Payables module focuses on information that is key to materials and procurement managers by supporting the Payables function and providing the tools with which to:

- Track balances due, coming due, and past due
- Analyze purchasing costs
- Identify monthly trends

With Siebel Payables Analytics, Procurement Managers can utilize dashboards to monitor the most important receivables issues at a glance.

Payables focuses mainly on supplier-related financial transactions. The following section discusses the key features of the module

Key Features of Payables

As mentioned, the Payables module provides information about your accounts payable information and identifies the cash requirements to meet your obligations. In addition to the reports and information available at the topmost level of the module, there are three functional areas: Payables Due, Payments, and Payables Turnover (Figure 1).

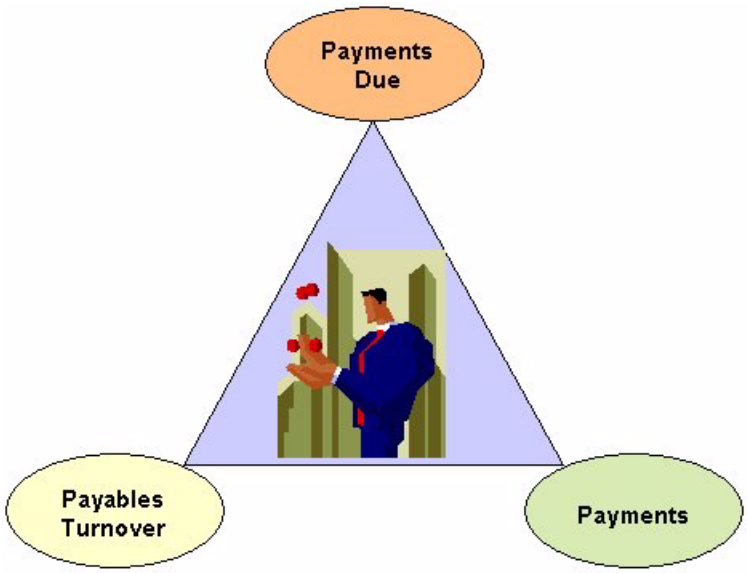

Figure 1. Payables Module Processes

The Payables module provides reports and metrics that support the management of your payables, which is essential to having good relationships with your partners and suppliers. These reports and metrics are available for current and historic analysis. They offer information at various levels of granularity, from high level reports that provide an overview of your payables, to detail reports that drill down to specific organizations, locations, or departments within the enterprise. With the Payables module you can move back and forth from Payables balances to transaction level detail, and from invoice to actual purchase orders. Some of the key information covered at the topmost level of the module include:

- Accounts payable analysis
- Purchase cost analysis
- Supplier aging

6 Siebel Financial Analytics: Receivables

Overview of Receivables

The Accounts Receivable Department plays an important role in ensuring the presence of adequate cash flow to run an enterprise. Siebel Receivables Analytics supports that role by focusing on the needs of credit and collection management. The possession of critical information and analysis about receivables is important when negotiating additional sales, responding to audits, and identifying trends in customer payments.

Siebel Analytics supports the Receivables function by providing the tools with which to:

- Track balances due
- Analyze credit requirements
- Track payment history
- Identify trends in receivables

With Siebel Receivables Analytics, accounts receivable or credit and collections managers can create their own dashboard to monitor the most important receivables issues at a glance.

This chapter contains information about the features covered in the Receivables module. This module contains reports and metrics which include customer history, customer payment, and receivables turnover.

Key Features of Receivables

The Receivables module provides information to support your customer's credit management and collections activities, along with the ability to monitor and identify potential receivables problems (Figure 2).

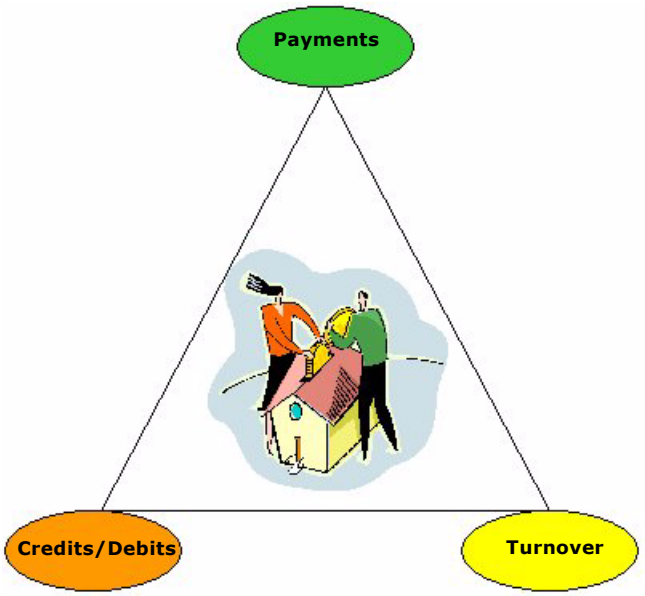

Figure 2. Receivables Module Processes

The Receivables module provides reports and metrics that support the management of one of the most important assets of any enterprise, its receivables. Managing your receivables well is key to overall profitability and maintaining a competitive edge in the market place. These reports offer information at various levels of granularity, from high level reports that provide an overview of receivables for your entire enterprise, to detailed reports that drill down to specific organizations, locations, and customers within the enterprise, as well as examining accounts receivable balances by invoice. Some of the key information covered at the topmost level of the module include:

- Accounts Receivable (AR) analysis
- Current customer due balances
- Customer balance aging analysis

7 Siebel Financial Analytics: Profitability

Overview of Profitability

Siebel Profitability Analytics focuses on the needs of Sales and Finance management by providing the information required to be on the pulse of profit centers. Tracking profit and loss and its contributing factors is an invaluable internal resource for your financial management team. This information can be used to project future performance and cash requirements, as well as prioritize product groups and identify customers for additional growth. Siebel Profitability Analytics supports this function by providing the tools with which to:

- Compare profit and loss between different time periods
- Identify cost components
- Measure revenue
- Evaluate Customer and Product Profitability

With the Profitability module, Chief Financial Officers, Vice Presidents of Finance, or Controllers can review dashboards to monitor the most important financial issues at a glance.

This chapter contains information about the features provided by the Profitability module.

Key Features of Profitability

The Profitability module enables the user to examine details of cost of goods sold, product and customer revenues, and sales performance, along with a true picture of the profitable operations/ products and services of a company (Figure 3).

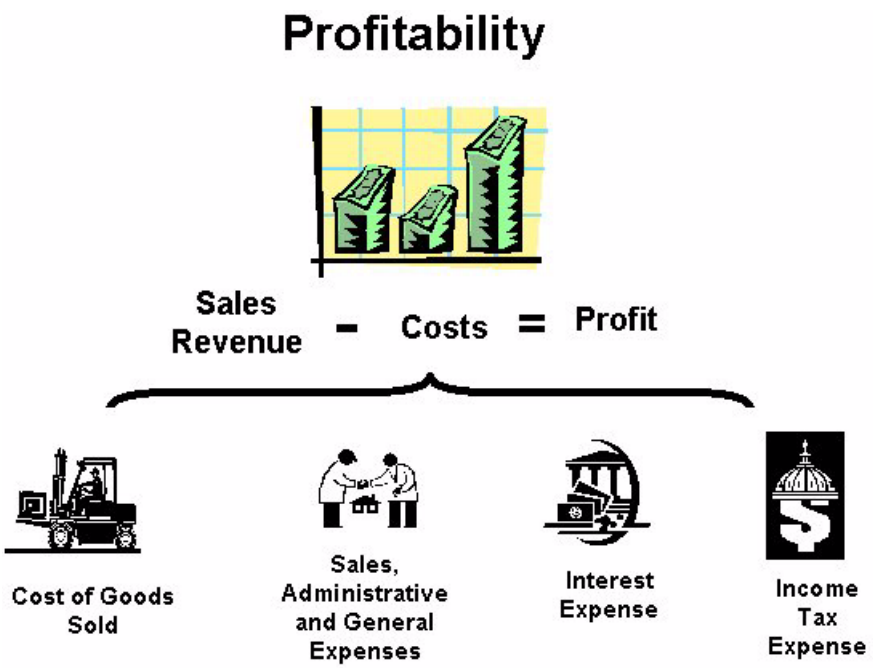

Figure 3. Key Elements of Profit and Loss

The module enables your financial management team to produce accurate income statements with the most current information available. The prepackaged reports offer information at various levels of granularity, from high level reports that provide an overview of profit and loss, to detailed reports that drill down to sales and cost information at specific organizations, locations, or departments within the enterprise.

The Profitability functional area provides reports and metrics that focus on net margins, gross margins, profitability indices, etc., enabling you to analyze costs associated with revenue generating operations, and identify revenue trends. Some of the key information covered in Profitability area includes:

1. Profit and loss statements for various periods
2. Return on investments
3. Profitability of products and customers
4. Revenue analysis
5. Cost analysis

The Profitability functional area provides your enterprise and financial management with the tools to analyze the profit and loss information from a variety of dimensions, and to identify the contributing factors to improvements or declines.

8 Siebel Financial Analytics: General Ledger

Overview of General Ledger

The General Ledger module focuses on the needs of your chief financial officer, controller, and securities reporting staff by allowing timely and easy tracking of financial information, balances, and factors contributing to your cash flow and balance sheet. Siebel Analytics provides reports and metrics that enable you to view and gain insight into your financial information when you need it, without waiting for period end or closings. The General Ledger module supports financial management by providing the tools with which to:

- Monitor general ledger management
- Provide financial reports on demand
- Effectively manage cash flow and cash cycles

With the Siebel Analytics General Ledger module, controllers and other finance managers can create their own dashboard to monitor the most important financial information at a glance. Dashboards are Web interfaces that enable managers to set up alerts, provide key business indicators, and share reports.

Key Features of General Ledger

The General Ledger module provides information to support the maintenance of your balance sheet, insight into your enterprise's chart of accounts, management of cash flow, and identification of how you are managing your expenses and revenues, as shown in Figure 4.

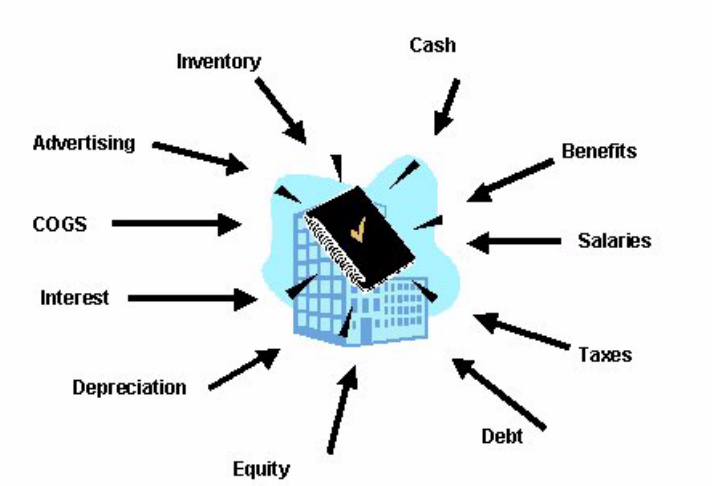

Figure 4. Sample Contents of the Chart of Accounts

The General Ledger module provides reports, metrics, and data that support the management of your assets and liabilities and the production of financial reports required of your enterprise. These reports offer information at various levels of granularity, from high level reports that provide an overview of a particular area of finance, to detailed reports that drill down to a specific organization, location, or department within the enterprise. Some of the key information covered at the topmost level of the module include:

- Balance sheet information
- Working capital analysis

9 Siebel Supply Chain Analytics: Inventory

Overview of Inventory

Inventory is a considerable cost to most organizations, but it is important to adequately serve customer sales. The Inventory module provides information related to your inventory, both for finished goods and materials. In addition, this module provides Bill of Materials as a functional area to support inventory management.

Key Features of Siebel Inventory Analytics

Siebel Inventory Analytics contains targeted reports and metrics that allow you to analyze your organization's inventory to maintain a tight operating and audit control.

Inventory is a considerable cost to most organizations, but is important to adequately serve customer sales. Effectively managing and minimizing your organization's inventory investment can reduce costs, and ultimately contribute to the competitiveness of your organization. Because operating at the lowest cost while maintaining customer service allows for competitive advantage, minimizing your inventory costs can help your organization find leverage in the marketplace.

Inventory is the value of materials that an organization has available to support production (raw materials and work in process items), supporting activities (maintenance, repair, and operating supplies), and customer service (finished goods and spare parts). Effectively managing an organization's inventory requires knowledge of supply and demand's functions and constraints. Inventory costs can be a large contributor to the overall cost structure of most companies, with the goal of most organizations being to reduce inventory costs while increasing order volumes.

The Inventory module contains targeted reports and metrics that allow you to analyze your organization's inventory to maintain a tight operating and audit control.

Inventory management is a core component of the procurement process. Referring to Figure 5, you can see that in most cases inventory is the final destination of purchased items, and inventory levels help drive purchasing activity.

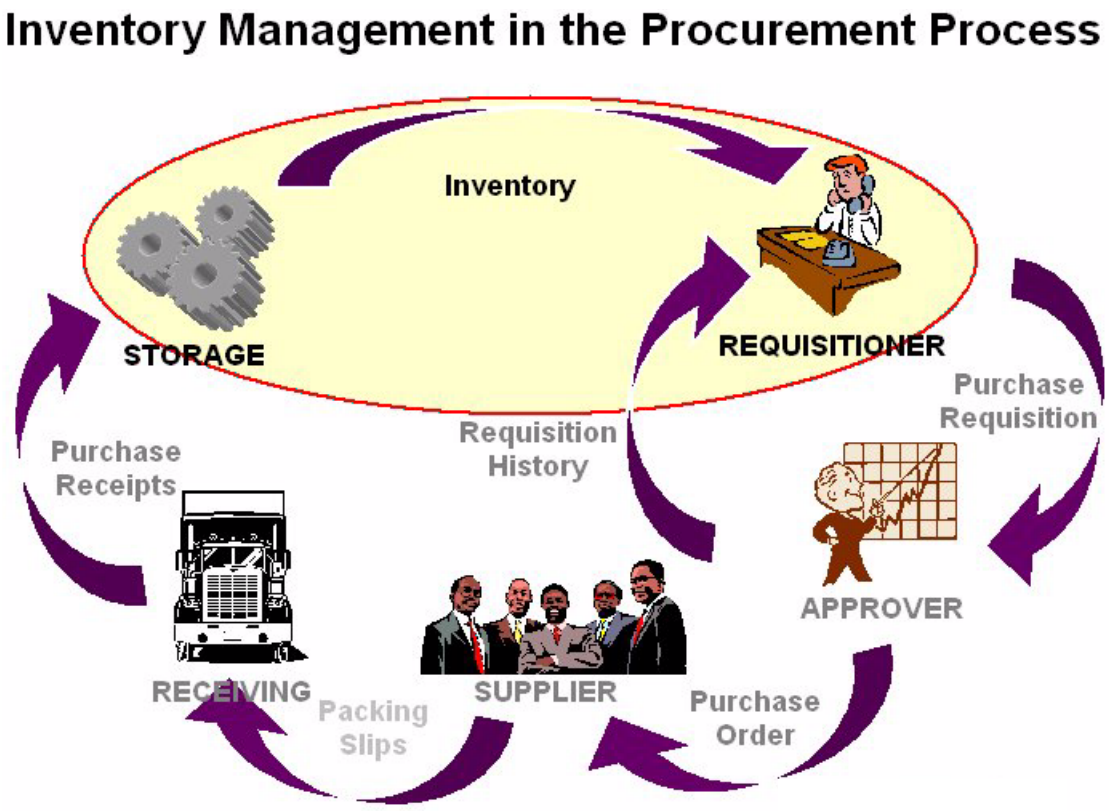

Figure 5. Inventory Management

The reports at the top level of the Inventory module address key areas of concerns such as:

- Quantities Received
- Value for Quantities Received
- Products Available

Key Features of Bill of Materials

Within the main Inventory folder is the Bill of Materials (BOM) functional area. BOM contains targeted reports and metrics that allow you to determine the profit margin of the components that comprise the finished goods. BOM enables you to keep up with the most viable vendors in terms of cost and profit, and to keep your sales organization aware of product delivery status, including shortages. In addition to querying BOM to find out which components constitute a parent product, you can also query to identify all the parents in which a given component is used.

Key Metrics of the Inventory Module

Table 1 lists some of the key metrics used in the Inventory module.

Table 2. Key Metrics of the Inventory Module

Metric	Definition
Issue quantity	This metric is useful in determining the output or production of materials from an organization or production facility over a chosen period. This metric is often used in conjunction with Actual Receipt Quantity to determine the net output over time. The metric can also be analyzed by movement type to highlight the usage of the material
Receipt quantity	This metric is useful in determining the throughput of materials flowing into an organization or production facility over a chosen period. This metric is often used in conjunction with Actual Issued Quantity to determine the net throughput over time. It can also be analyzed by movement type to highlight the usage of the material.
Available quantity	This metric is an important component for understanding historical inventory fluctuations, stockouts, and allocation situations. By analyzing available inventory activity over time, slow-moving and obsolete materials can be identified. This metric is also useful in determining Inventory Turnover and other management ratios.
Consignment quantity	This metric is used to understand the exposure of inventory in the possession of a third party. The Consignment Quantity metric can be analyzed over time to determine the optimal consignment levels to keep at each partner or customer location.
Restricted quantity	This metric is useful in determining the amount of material that is on reserve for future production or customer orders.

Table 2. Key Metrics of the Inventory Module

Metric	Definition
Available quantity value	This metric calculates the available inventory in stock in terms of its cost. It enables a firm to study inventory usage over a period of time.
Quantity required	This metric is useful to determine the amount of product required at each level in the bill of materials. At an aggregate level, this quantity can be used to determine supplier demand for raw materials or components. This metric can also be used as a link in the supply/demand chains to help determine the suppliers of raw materials used in finished products and vice versa.

The reports and metrics referenced above are examples of those available in the Inventory module. For a complete list of reports and metrics, see *Siebel Analytics Enterprise Data Warehouse Data Model Reference*.

10 Siebel Supply Chain Analytics: Sourcing

Overview of Sourcing

Siebel Sourcing Analytics provides information related to an organization’s spending habits, from requested and actual spend, to employee expenses. This module helps you understand where and how spending occurs across your entire organization and to evaluate the price, quality, and delivery timing in procuring materials. To support this activity, the Sourcing module is divided into three functional areas:

- Expenses
- Spend
- Suppliers

The Sourcing Model

The Sourcing module contains targeted reports and metrics that allow you to analyze your organization’s spend as well as supplier relationships.

The Sourcing module helps you understand where and how spending occurs across your entire organization, from your business unit in Germany to your headquarters in the United States. Furthermore, it allows you to evaluate both direct and indirect spending and procurement.

Direct procurement is the purchasing of raw materials and parts used to manufacture finished goods. Direct inventory includes those materials or supplies that are used to create an organization’s products. Analyzing direct procurement can help you find ways to reduce cycle times and allow your organization to be more responsive in the marketplace. It can also help you reduce shortages of essential goods and materials and reduce supply chain inventories. Furthermore, the sourcing module can help produce key insights that result in better sourcing decisions and more proactive sourcing behavior.

Indirect procurement is the purchasing of goods for use in daily non-manufacturing operations. Indirect spend, or indirect procurement, is usually referred to as maintenance, repair, and operations (MRO). Although MRO may be a significant cost to most organizations, it is often overlooked and mismanaged. Because it is often expensed at the time of purchase, MRO can be stored for later use, which can often lead to it being overlooked. Although MRO may seem to account for a small percentage of a company's purchases, it can actually account for a significant amount of purchases and inventory, and in some cases, the majority of a company's purchases.

Employee expenses are also considered a form of indirect procurement, because your employees acquire goods and services then request reimbursement from your organization. Expenses provides reports and metrics for examining employee expense reports, which can contribute significantly to overall corporate cash flow. Travel expenses, in particular, can spiral upwards if company-wide policies are not followed. Towards this end, Expenses allows you to identify where your employees spend their travel dollars and determine how that spending can be targeted to specific suppliers for improved terms and reduced costs.

Supplier performance is also a critical component of effective supply chain management. Supplier performance analysis facilitates a deeper understanding of your organization's suppliers by providing the details you need to effectively manage those suppliers. Timeliness, reliability, cost, and quality of goods or services all impact supplier performance and affect your overall satisfaction with each supplier. Analyzing the information that impacts the relationship with your suppliers can help you develop strategies to reduce costs and improve reliable delivery.

The Sourcing module enables you to evaluate costs by a myriad of prepackaged metrics. Using best practice metrics recognized by the Supply-Chain Council and the Institute of Supply Management, you can analyze data on cycle times, requisition bottlenecks, maverick spending, product rejections, and more. Additionally, the Sourcing module gives you the ability to track all of your sourcing events. Because this module tracks the entire sourcing process, users can analyze potential spend by supplier performance as well as track the internal performance of the purchasing departments.

Through visibility into this complex data, you can reduce spending, intelligently select suppliers, and achieve a new balance and flexibility in your sourcing. The Sourcing module gives you a 360-degree view of your spend behavior and allows you to continuously monitor and improve on your processes to create an efficient and cost-effective operation.

Key Features of Expenses

Expenses provides metrics and reports that examine travel and expense costs in relationship to your organization's overall spending patterns. In contrast to analyzing direct spending patterns where you may look at purchasing, Expenses examines indirect spending: the cost of expenses. For example, with Expenses, you may see that your consulting unit's expenses recorded in your general ledger have grown by two million dollars in the last year. On further analysis, you discover travel expenses contributed 80% of increased costs. Using prepackaged reports and metrics, you can determine that expense policy violations have also grown, indicating that your employees are spending more than allowed when they travel. By looking at expenses by type, you discover that airfare costs cause the most frequent violations because your corporate travel agency regularly books employees into business class flights. Having identified a key cause in your expense growth, you may now take corrective action with your corporate travel agency. Once action is taken, you can monitor employee expense reports to ensure airfare costs decline.

Expenses Analysis helps you achieve results by examining a variety of factors in the expense reimbursement process. As shown in Figure 15-2, you can study each step of this process, from initial expense account submission, through approval, to eventual reimbursement recorded in your general ledger.

Time-Based Analysis

While understanding steps in your expense reimbursement process is critical, it is also important to understand the timing of your expense cycle as a whole. Toward this end, Expenses allows you to identify patterns in expense reimbursement cycles. For example, you may see that your organization takes an average of three months to completely process a submitted expense report. This costs your organization in two ways: a large number of workforce hours may be required to handle expense reimbursement requests, and reimbursements may enter your general ledger at different intervals, making expense planning difficult. Specifically, large gaps between report submission and actual expense dates can occur in different quarters, affecting your overall financial reporting. By shortening expense report cycle times, your workers' overall productivity grows and you can better plan when cash outlay will be recorded in your general ledger.

Key Features of Spend

Spend contains targeted reports and metrics that allow you to analyze both direct and indirect spend in detail, to enable complete visibility of spending across your organization.

Direct Spend can be analyzed across the entire direct spend process which includes Requested Spend, Committed Spend, and Actual Spend. Indirect Spend (also known as maintenance, repair and operations—MRO) can also be analyzed for further insight into your spending. MRO includes those supplies that are used in an organization's operations, but do not become a part of that organization's product or service.

As shown in Figure 6, the direct spend process begins with a purchase request (requested spend). A purchase request is created and an approver approves or denies the request. If approved, a purchase order is created (Committed Spend). A purchase order is submitted to a supplier and a purchase schedule is created. The agreed-on dates of receipt for every line item on the purchase order constitute the purchase schedule lines. A purchase receipt is issued when a supplier delivers an item. Once goods have been received from the supplier, the purchase receipts are submitted to accounting for payment (Actual Spend).

The following sections discuss each phase of the direct spend process.

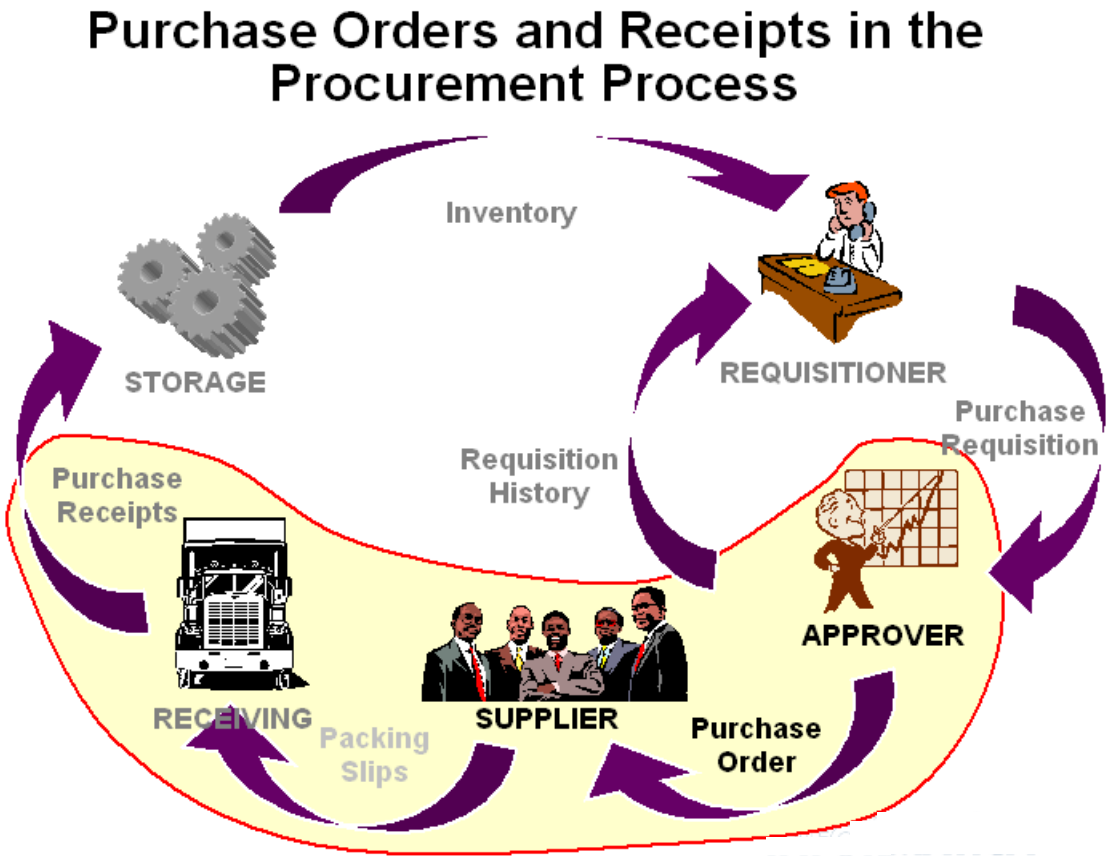

Figure 6. Purchase Order and Receipts in the Procurement Process

Requested Spend (Requisition)

When an employee requests that an item be purchased for their organization, a purchase requisition is created. Once a requisition is approved, a purchase order is created. One requisition can result in multiple orders. Figure 7 depicts the content within a purchase order and the source from which it originates.

The purchase requisition document contains a unique identifier. The purchase requisition is dated, has an overall status, and overall approval information. The request line is a singular supply request, and contains information on details such as the quantity, material, supplier, price, needed-by date, line status, line approval, etc. It may contain one or more request lines.

NOTE: If you are extracting your procurement transactions from Ariba Buyer 7.x or 8.1, you will find yet a finer level of detail under the purchase order line: the accounting line. The accounting line enables you to break up a singular purchase order by billing it to numerous cost centers.

Using Siebel Sourcing Analytics, you can view the change in your requisitions over time.

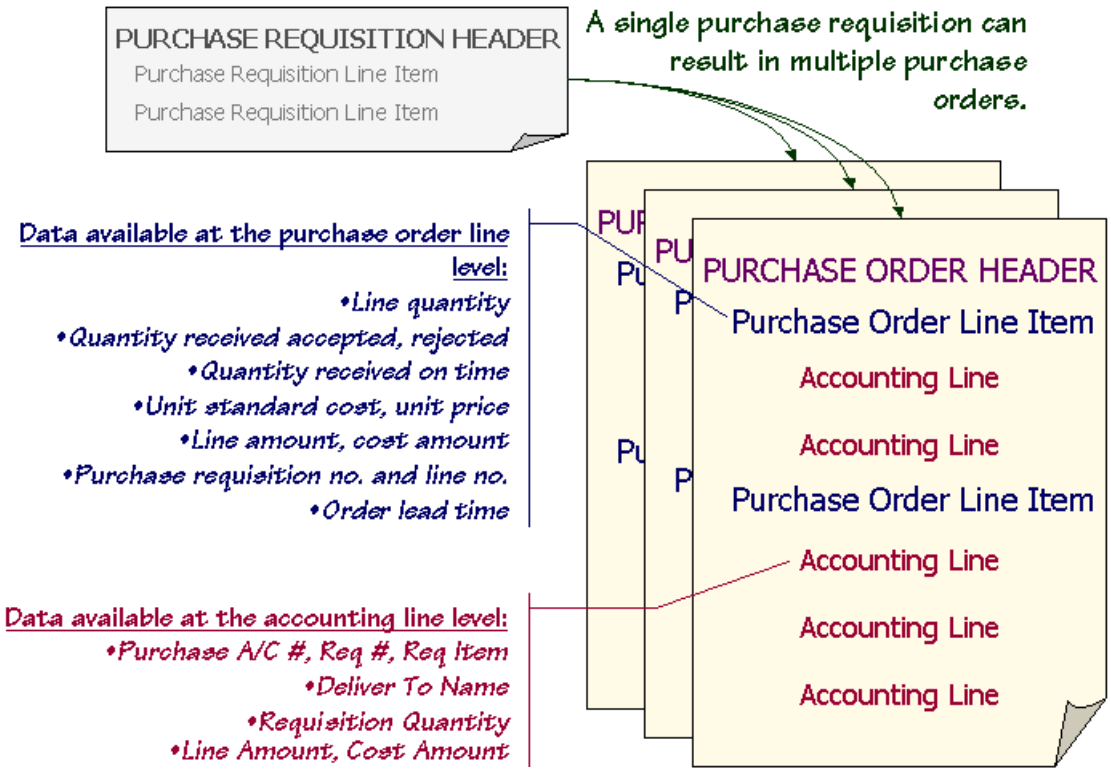

Figure 7. Purchase Requisitions

Committed Spend (Purchase Order)

Committed spend (purchase order) results from a purchase requisition once the requisition has completed its approval cycle. A purchase order is submitted to a supplier and a purchase schedule is created. The agreed-on dates of receipt for every line item on the purchase order constitute the purchase schedule lines. A purchase receipt is issued when a supplier delivers an item. There are usually corresponding purchase schedule lines, purchase requisition line items, and purchase order items created earlier in the process for each line on a purchase receipt. The purchase receipt is then passed on to the accounting department so that accounts payable can issue payment to the supplier for goods received.

Using the Spend functional area of the Sourcing module, you can analyze spending habits. You can also analyze how the spending pattern varies across departments. An unusually high spending pattern from a particular cost center could be a cause for alarm. By comparing spend patterns over different time periods, better cost control measures can be established.

In addition to analyzing costs on purchase orders, looking at the quantities and amounts distributed to various costs centers allows you to analyze spending patterns and cost allocations.

Actual Spend (Receipt)

Once goods have been received from the supplier, the purchase receipts are submitted to accounting for payment. Actual Spend, or goods receipt, represents this part of the procurement cycle.

As a part of analyzing your procurement activities, it is important to determine price variations of a supplier from order to order. This allows you to evaluate the effectiveness of a supplier, particularly when combined with information about quality and on time performance.

Maintenance, Repair and Operations (MRO)

Another important part of Spend is maintenance, repair and operations (MRO). MRO includes those supplies that are used in an organization's operations, but do not become a part of that organization's product or service. For example, consider a company that manufactures pencils. The raw wood used in manufacturing the pencils would not be considered MRO, since it is part of the product. However, a part used to repair a wood cutting machine would be considered MRO, since it is used in the manufacturing operation, but is not a material used to make the pencils. Additionally, pencils and other office supplies used by the organization in the conduct of general business operations are considered MRO.

Although MRO may be a significant cost to most organization, it is often overlooked and not adequately managed. Because it is often expensed at the time of purchase, MRO can be held in inventory for later use, which can often lead to it being overlooked. Although MRO may seem to account for a small percentage of a company's purchases, it can actually account for a significant amount of purchases and storage, and in some cases, the majority of a company's purchases.

There are two types of MRO: consumable and non-consumable. Consumable MRO inventory includes office supplies, tools, machine lubricants, and industrial supplies. Consumable MRO usually has a high turnover, and is usually low in cost. Non-consumable MRO inventory includes things such as machine parts. This type of MRO is usually expensive and has a low turnover.

Using the Spend functional area of the Sourcing module, you can analyze your MRO to effectively manage and minimize this investment. The Sourcing module can help you identify cost-cutting areas for your organization's MRO.

Key Features of Suppliers

Suppliers contains targeted reports and metrics that allow you to analyze the timeliness, reliability, cost, and quality of goods provided by your suppliers. Analyzing the information that impacts the relationship with your suppliers can help you develop strategies to reduce costs and improve delivery.

Often an organization has employees from different business units purchasing goods and services from a wide range of suppliers, without coordinating their information. In many instances, the company does not provide those employees with information about its suppliers. Using Siebel Sourcing Analytics, you can obtain a 360-degree view of your suppliers. This information can greatly improve decision making about suppliers, such as the advantages of using a particular supplier. This information not only strengthens your organization's decision making, but also your relationship with your suppliers.

It is also important to constantly evaluate your suppliers to identify those who are the most efficient and those who are repeatedly fail to meet promised delivery dates. Detailed data about that supplier's efficiency and timeliness will help you decide whether you should reevaluate your relationship with a particular supplier. For example, the Sourcing module provides the Supplier Scorecard metric. This metric compares suppliers using a scoring system. The score is calculated using the product of PO Committed Value, PO Received On-Time Rate, PO Acceptance Rate, and PO Cost Variance. This data may be important when comparing suppliers and choosing to order from high scoring suppliers in the future. Sharing this type of data with suppliers on a regular basis will encourage suppliers to improve their performances.

Another important aspect of your relationship with your supplier is the quality of materials or services. It is important to identify which suppliers consistently deliver a quality product and which do not. After evaluating your suppliers, you may find that you are relying too heavily on an undependable supplier for one of your organization's key products, or that shipments of a product are being affected by the poor quality of a supplied item.

Using the Suppliers functional area of the Sourcing module, you can better predict an optimal supplier strategy. Depending on your findings, your strategy can be to diversify or consolidate suppliers. In addition, this information can point you to possible supplier partnership decisions, and can be used as leverage when negotiating with suppliers. Having the capability to intelligently select supply partners based on criteria such as service level, quality of product, capacity, and financial health will provide for better results and ensure high customer service levels and long-term supplier relationships.

Key Expenses Metrics

Use Expenses metrics to answer a series of business questions regarding employee spending practices. For example, you may have been tasked with reducing overall employee expenses. Before you can implement an expense-reduction solution, you must determine certain facts, such as:

- Cost center expenses
- Types of items expensed
- Suppliers of frequently purchased items
- Common expense policy violations

Featured Metrics

Your understanding of expenses by cost center can be enriched by examining employee counts, expense cycle times and vendor occurrence counts. This kind of data can identify long expense cycle times that result in expense reimbursements posting to your general ledger unevenly, or explain the nature of large expense line items. Table 3 lists relevant metric definitions.

Table 3. Metrics for Examining Total Expenses

Metric	Definition
Total expenses	Measured against cost center, supplier/vendor, or individual employee, this metric breaks down total approved expenses to provide an overview to spending behavior.
Outstanding expenses	By identifying how much cash is currently dedicated to reimbursing employees for expenses, you can forecast upcoming liability as well as forecast future spend rates.
Time value cycle time	Identifies the amount of time between when the employee incurred the actual expense and the date the expense was paid. Helps determine if spending has grown or expenses are simply late being processed.
Average employee expenses	Determines average employee expenses by job function. This lets you identify problematic spending with individual employees, as well as identify job functions with a high spend rate.

11 Siebel Workforce Management Analytics: Operations

Overview of Operations

The demands on workforce management cross many areas of expertise. Siebel Analytics applications bridge many areas of interest to workforce management professionals in the Operations module, while providing information regarding compensation and deductions separately in its Compensation module. Some of the concerns covered in Operations and the functional areas within it include:

- Employee turnover and terminations
- Employee demographics
- Compliance with government requirements

With Operations, vice presidents or directors of workforce management can create a custom dashboard to monitor the most important workforce management information at a glance. Dashboards are Web interfaces that enable managers to set up alerts, provide key business indicators, and share reports.

Key Features of the Operations Module

The Operations module and its three functional areas address sensitive and nonsensitive information about your employees separate from the Compensation module, which focuses on compensation and deductions. Some of the key concerns of management that are addressed in the Operations application are shown in Figure 8.

Figure 8. Operations Functional Areas

The Operations module integrates key information about your employees and the make-up of your workforce to provide both high-level and detailed reports that reveal important data about employee-related costs, the success of your hiring and promotion policies, support for producing government compliance reports, and tracking employee performance and opportunities. Information covered at the topmost level of the module includes:

- Employee terminations
- Employee demographics
- Workforce profile

12 Siebel Workforce Management Analytics: Compensation

Overview of Compensation

The primary role of a compensation manager or payroll administrator is to institute and maintain pay programs that meet the following criteria:

- Equitably structures the components of the pay program so that it does not discriminate against any group of employees, locations, or organizations within the enterprise
- Links to criteria such as employee performance and skill as stated by workforce management policy
- Minimizes and controls labor costs
- Provides performance incentives to employees

With the Compensation module, compensation managers and payroll administrators can create their own dashboard to monitor the most important compensation-related issues at a glance. Dashboards are web interfaces that enable managers to set up alerts, provide key business indicators, and share reports.

Key Features of Compensation

Figure 9 shows some key concerns for compensation.

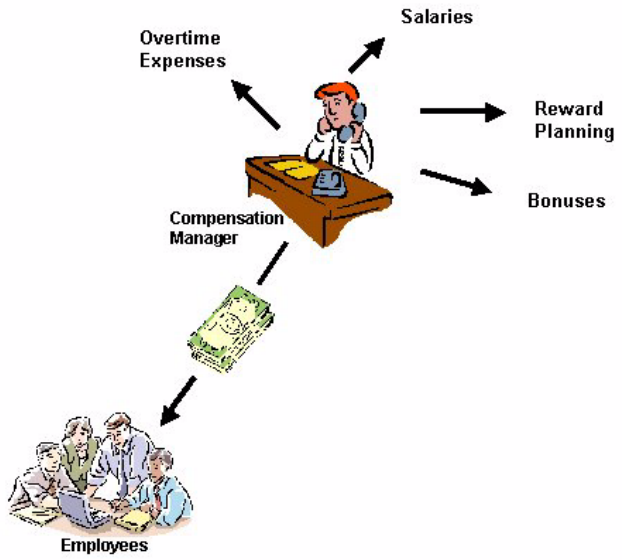

Figure 9. Key Concerns for Compensation

Over or under compensating employees can both have serious effects on your company's ability to maintain a competitive edge. The Compensation module provides the information your workforce management department needs to manage compensation costs effectively by enabling them to identify emerging trends within the organization, or within specific areas of compensation, and to evaluate the effectiveness of the level of compensation as an incentive.

13 Siebel Workforce Management Analytics: Retention

Overview of Retention

The human resource organization plays the key role in managing an organization's retention and termination programs. These programs need to ensure that the current head count and future head count meet the demographic profile that the organization desires as well as meet the technical and professional skills necessary to ensure the organization's success. The retention application helps the human resource executive and analyst manage retention by focusing on key areas:

- Turnover and termination trends
- Demographics of terminations
- Retention and development of top performers

With the Retention module, human resource executives and analysts are better able to manage retention of the entire organization and proactively prevent the termination of top performers. Dashboards and drill downs enable users to determine why people are leaving the organization and how the organization can better retain their best employees.

Key Features of Compensation

The Retention module provides in-depth analysis into three functional areas.

Turnover and Termination Trends

- Voluntary and involuntary trends
- Layoffs, retirements, and rehires
- Reasons for turnover
- Trends in different demographics

Demographics of Terminations

- Termination by EEO and AAP categories
- Termination in different regions or jobs
- Reasons for voluntary and involuntary departures by job, region, demographic

Retention and Development of Top Performers

- Top performers at risk based on compensation issues
- View of recent regrettable losses and reasons

- Trends in retention of top performers

The Retention module views all aspects of employee position changes from hire to promotion to layoff to retirement to termination to rehire. It takes an inclusive look at retention so that your organization can better manage the costs of turnover while retaining your top performers.

Index

R

S

T