

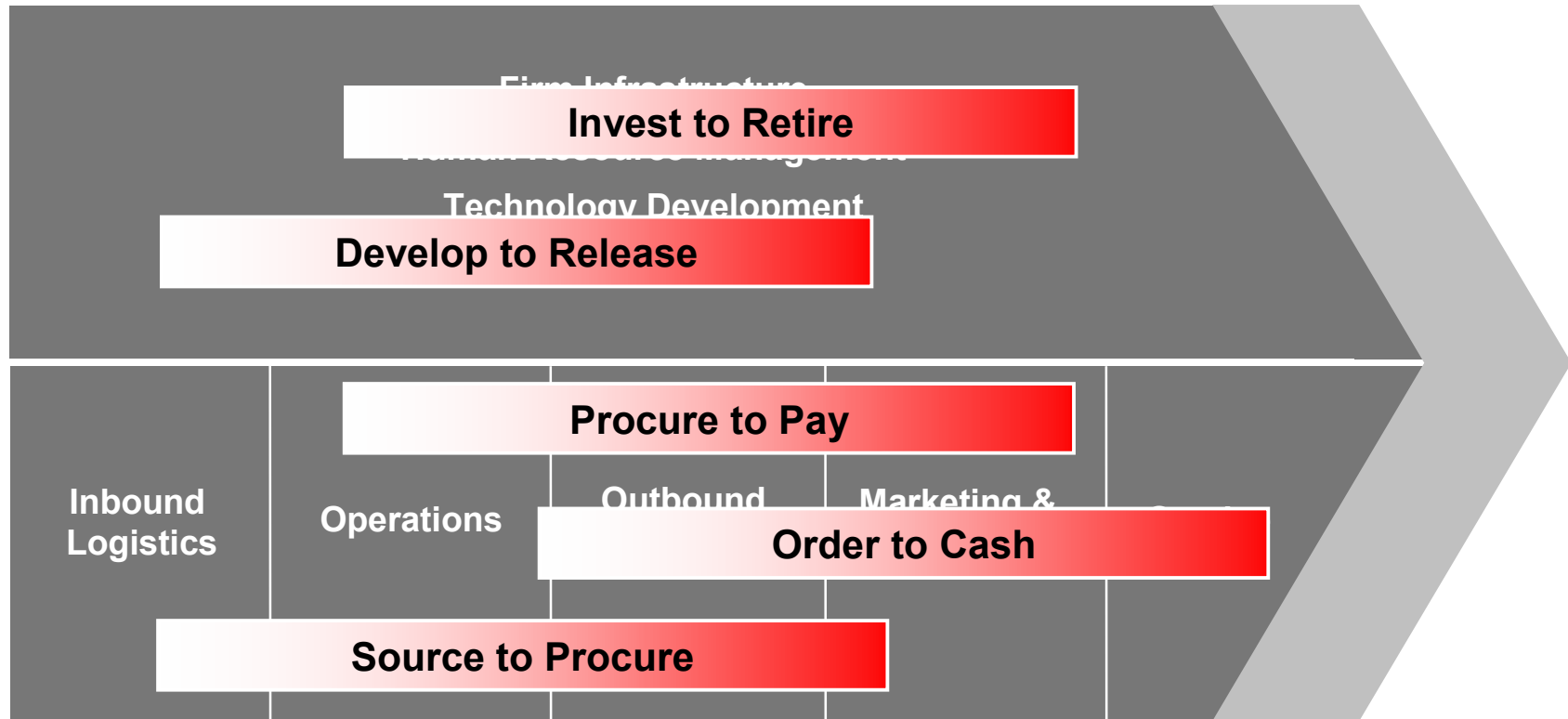
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Enterprise Performance Management Management Excellence : Strategy to Success

Nigel Youell

Product Marketing Manager – EPM Product Marketing

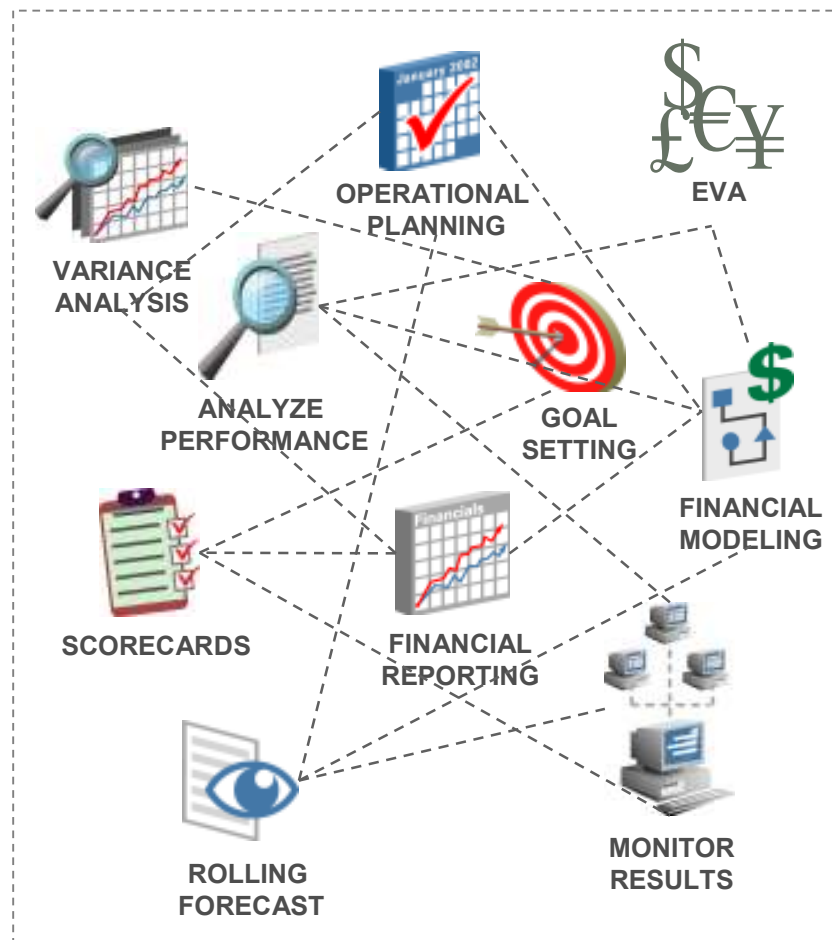
ERP Has Levelled the Playing Field Creating Operational Efficiencies



Based on Michael E. Porter's Value Chain

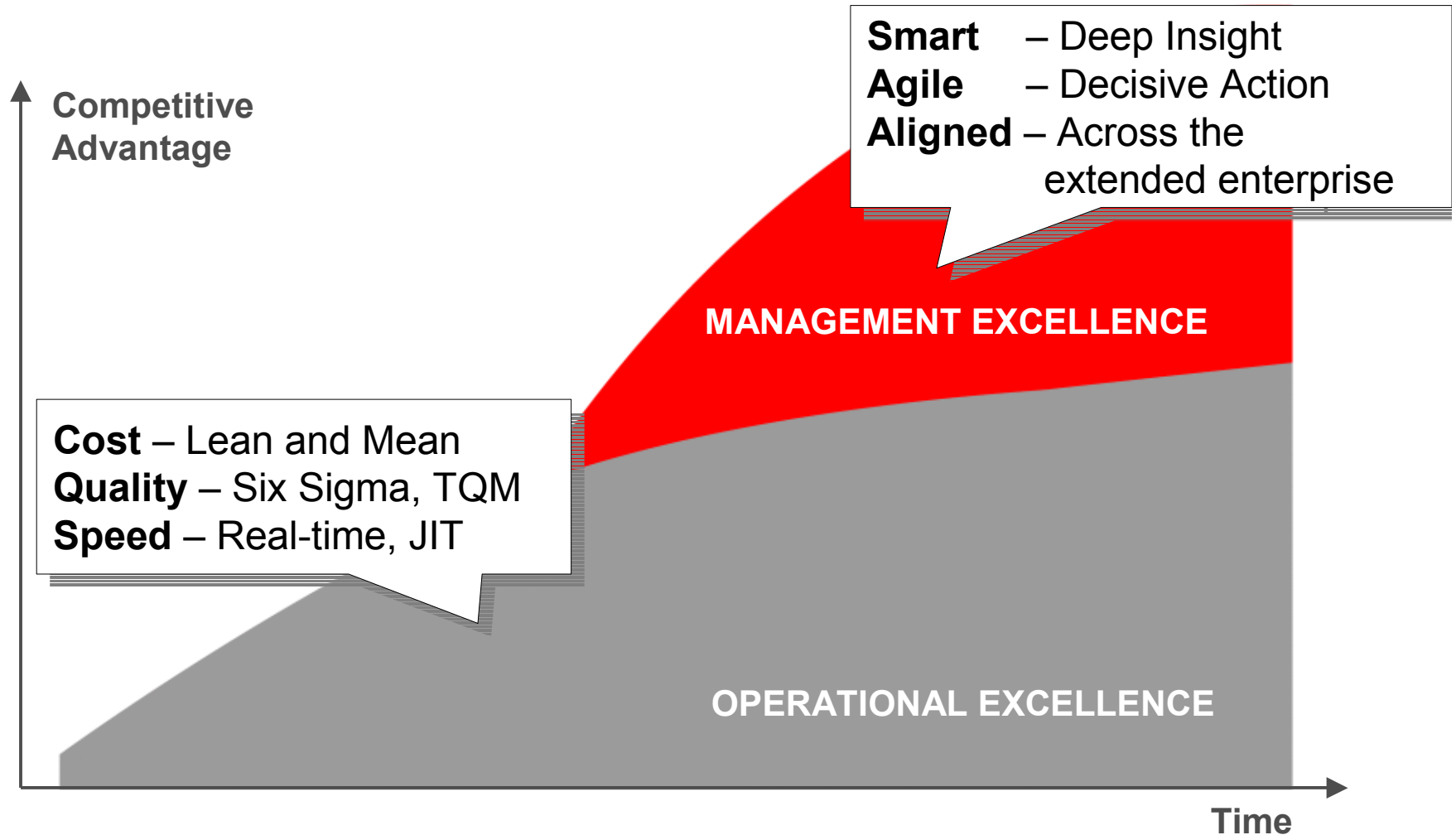
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Today's Reality: Management Processes Are Fragmented



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

Management Excellence: The Next Competitive Edge



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Definitions

Operational Excellence

a business strategy that aims to bring competitive advantage through reducing cost of business processes, improving quality of products and services and increasing speed of operations.

Management Excellence

expands on this strategy by focusing on competitive advantage through driving and detecting changes (smart), following up on those changes (agile) and sharing the lessons learned throughout the complete value chain (aligned).



Pillars to Achieving Management Excellence

SMART

Rationalize Your
Management Systems

AGILE

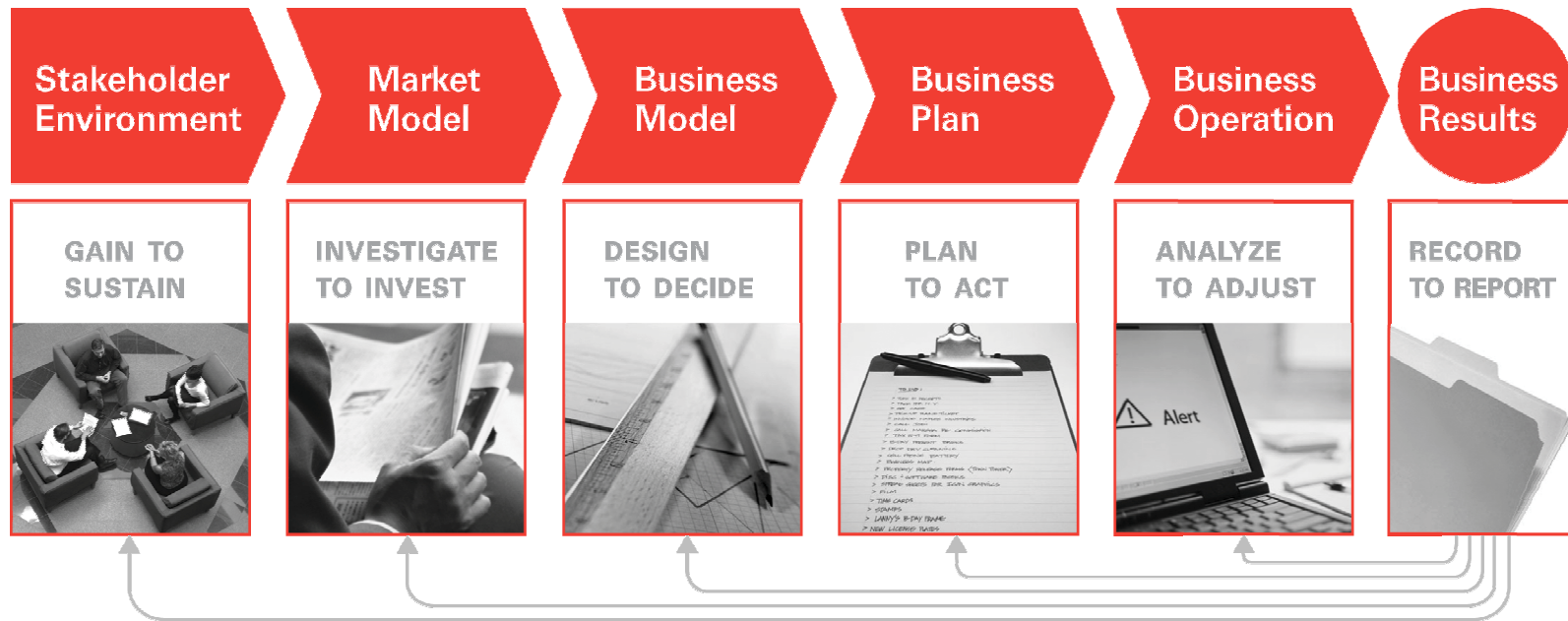
Integrate Management Systems
with Operational Systems

ALIGNED

Share Insights Across the
Extended Enterprise

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Oracle's Framework for Achieving Management Excellence



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Align Stakeholder Interests



GAIN TO SUSTAIN



Focus Areas:

- Sustainability Reporting
- Stakeholder scorecards
- Financial reporting

Performance Indicators:

- Stakeholder Added Value
- Customer satisfaction
- Investor turnover
- Sustainability index
- Employer attractiveness

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Excellence in Stakeholder Reporting

Service Analytics and Oracle BI Suite EE Plus



Citywide Performance Report

Citywide Theme	Number of Indicators	% Improving or Stable	% Declining
Citywide Administration	55	76.4%	23.6%
Community Services	116	74.1%	25.9%
Economic Development and Business Affairs	54	68.5%	31.5%
Education	48	95.8%	4.2%
Infrastructure	85	72.9%	27.1%
Legal Affairs	27	74.1%	25.9%
Public Safety	66	77.3%	22.7%
Social Services	122	74.6%	25.4%

“[Citywide Performance Reporting] provides anyone – government officials, reporters and most importantly everyday New Yorkers, with a wealth of regularly updated information on city government....CPR will let us use City data to indentify problems and improve service delivery.”

Michael Bloomberg, Mayor, City of New York

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Manage Market Opportunities



Focus Areas:

- Market analysis
- Benchmarking
- Competitive Intelligence
- Scenario Analysis

Performance Indicators:

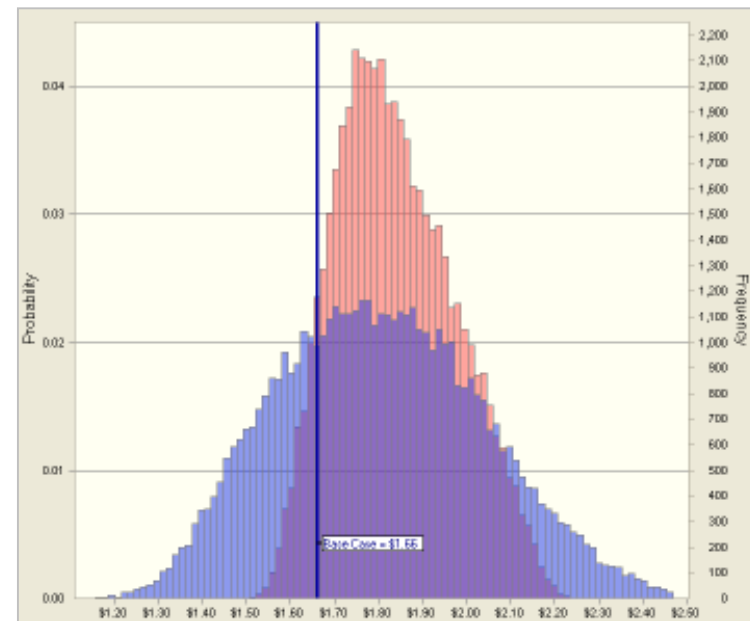
- Market share, growth and capacity
- Brand value
- Price sensitivity
- Buyer propensity to substitute

Excellence in Project Selection

Oracle Crystal Ball



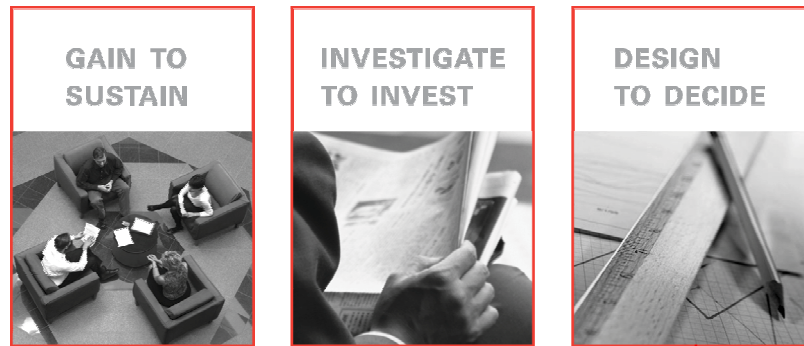
- Invest to increase the probability of project success
- Advanced financial modeling of strategic projects
- Model technical risk and cost uncertainty
- Combine the knowledge of marketing, finance, and engineering experts



take risks to be an industry leader while satisfying investor expectations

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Analyze Scenarios



Focus Areas:

- Predictive modeling
- Uncertainty management
- Funding analysis, financial modeling
- Portfolio analysis
- Strategy mapping

Performance Indicators:

- Financial: EVA, shareholder value, profitability
- Customer: loyalty, revenue growth
- Process: productivity, quality
- Learning/Growth: HR metrics

Excellence in Scenario Analysis

Oracle Hyperion Strategic Finance



\$22 Billion global provider of power and automation technologies



Before

- Lost investment-grade credit rating
- Needed recapitalize balance sheet
- No cash flow modeling capability
- No simulations at the divisional or business unit level

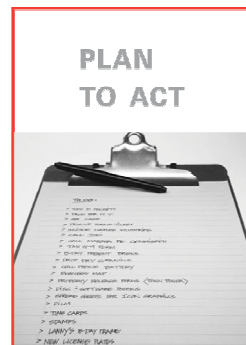
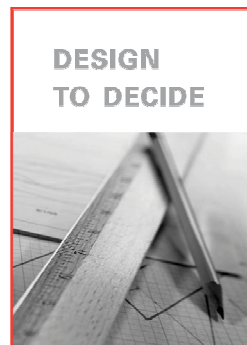


After

- Credit rating back to investment grade
- \$4 Billion debt restructuring
- Simulate capital structure and cash flow
- 97% accuracy in net income projection

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Allocate Resources Effectively



Focus Areas:

- Budgeting
- Integrated financial/operational planning
- Rolling forecasts
- Activity Based Costing

Performance Indicators:

- Planned and realized contributions to company goals
- Planning and realized contributions to other business domains
- Asset utilization rate (people, facilities)

Excellence in Product Allocation Decisions

Oracle Integrated Operational Planning



Seagate is the worldwide leader in the design, manufacture and marketing of hard disk drives

Before

- Hundreds of Excel templates with little consistency across planners
- Lack of visibility and coordination in demand-supply alignment
- Lack of business and financial impact analysis
- Limited scalability to handle growing business volume & complexity



After

- Consistent data and planning models shared across all planners
- Proactive management of supply hot-spots in response to demand variability
- Responsive decisions based on operational and financial impact analysis
- 40% gain in planner productivity leading to staffing efficiencies

Operational Agility



Focus Areas:

- Variance analysis
- Root cause analysis
- Line of Business specific analysis

Performance Indicators:

- Financial analysis
- Sales and Marketing analysis
- Logistics and manufacturing analysis
- HR analysis
- Procurement analysis

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Excellence in Operational Agility

Oracle BI Applications

charles SCHWAB

Leading discount brokerage firm. Initially deployed Oracle BI Sales Analytics for 200 users in 10 weeks. Now expanded to 1,700+ financial consultants.

BEFORE

- Lack of actionable intelligence resulted in missed opportunities
- Too much time spent gathering and formatting sales data
- Poor visibility into integrated sales performance



AFTER

- 5-9% of analytics-driven sales alerts result in new business opportunities
- 2,400 hours of unproductive work saved per week
- First forward-looking view of sales pipeline
- Consistent metrics for sales performance management
- Improved sales productivity and stronger value-based customer relationships

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Integrate Reporting Processes



Focus Areas:

- Management reporting
- Fast close, flash reporting
- Filings
- Audit trails

Performance Indicators:

- Management process efficiency
- Time to close, time to report
- Span of control
- Forecast accuracy

Excellence in Fast Close

Oracle Hyperion Financial Management



The world's leading producer of primary aluminum with \$23.5 billion in revenues with operations in 43 countries and 350 locations. Alcoa has over 131,000 employees.

Before

- 12+ days to close
- Many analytical technologies
- Complex reporting and forecasting processes
- Hours to create reports



After

- 5 days to close
- Global consolidation across 58 lines of business
- Global forecasting and reporting solution for 1,000+ users
- Minutes to access information







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Strategy to Success: Oracle's Framework for Achieving Management Excellence

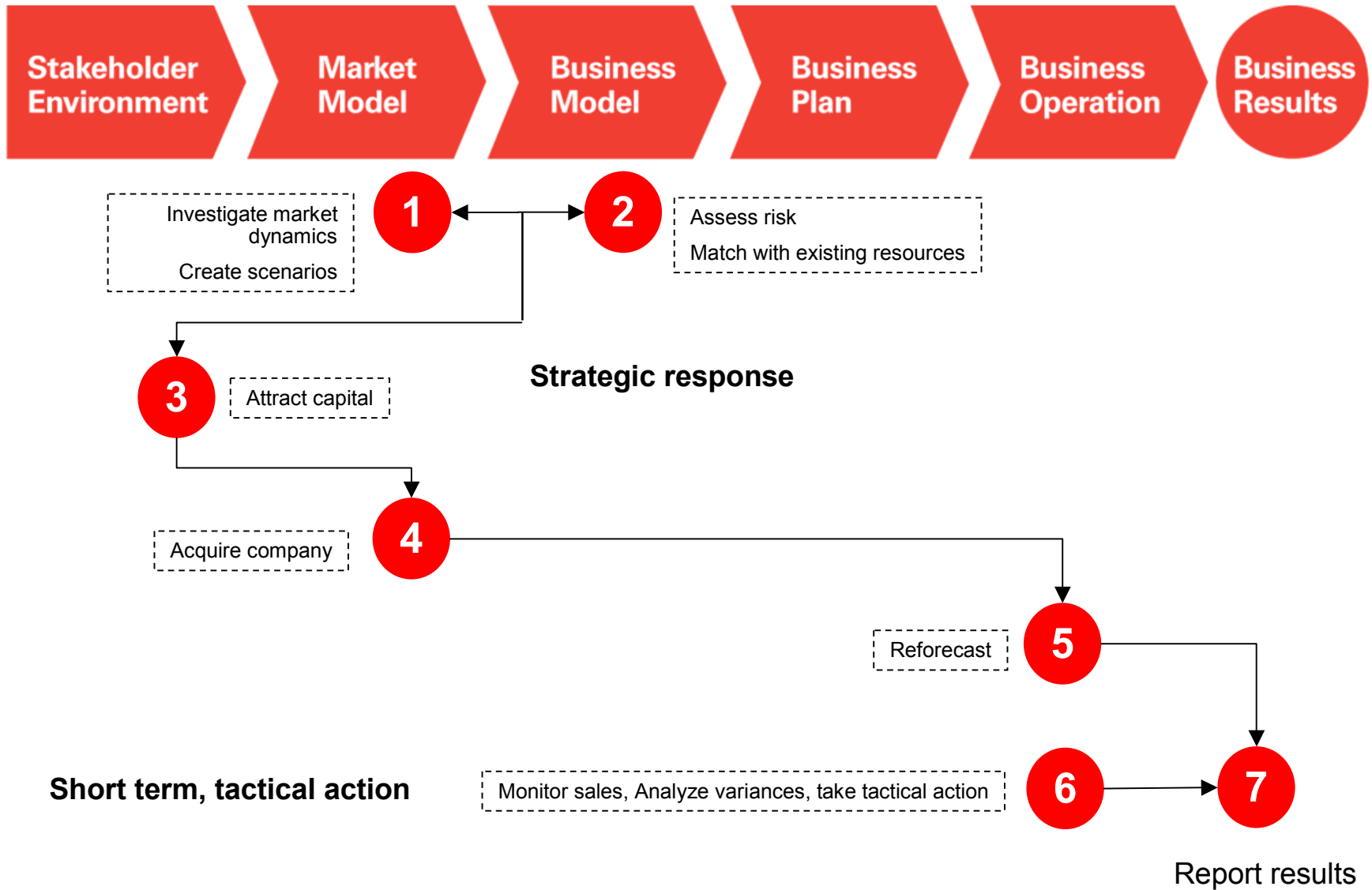


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Putting Management Excellence Into Practice

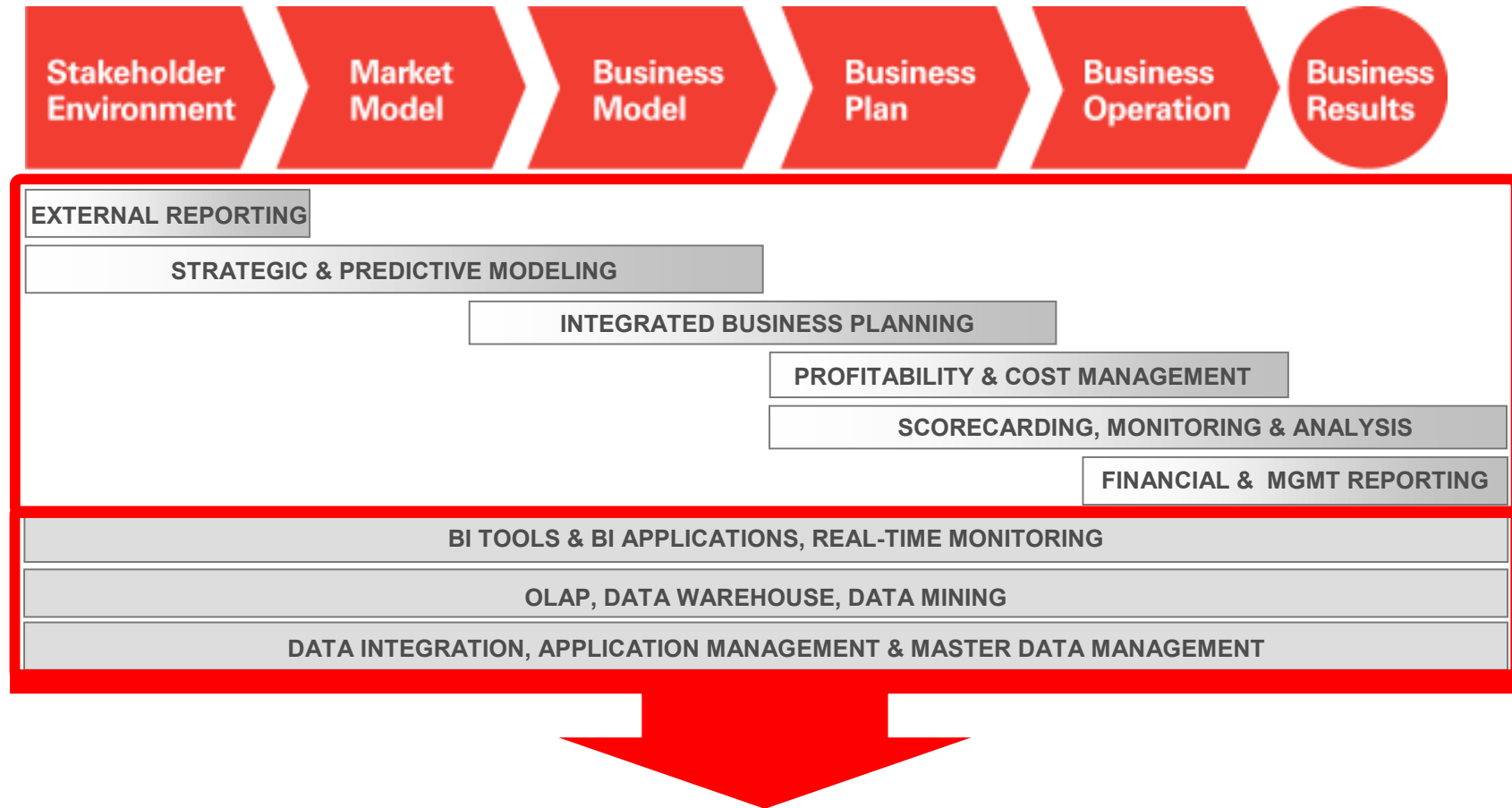
GAIN TO SUSTAIN 	Identify contributions requirements	Bridge conflicting requirements	Align corp strategy with stakeholders	Maximize stakeholder value	Continue stakeholder dialogue
INVESTIGATE TO INVEST 	Investigate market dynamics	Assess potential	Match with resources, assets, goals	Define portfolio and position	Invest/divest
DESIGN TO DECIDE 	Create scenarios	Create strategies	Assess Risks	Set aspirational goals	Decide on business model
PLAN TO ACT 	Agree on planning framework	Align cross-LOB	Commit	Allocate resources	Experiment continuously
ANALYZE TO ADJUST 	Continuously monitor variances	Perform root-cause analysis	Benchmark performance	Identify improvement opportunities	Reforecast
RECORD TO REPORT 	Extract data	Transform data	Determine presentation	Share	Moderate dialogue

Competitor Introduces A New Product



Oracle Provides Key Capabilities

Complete, Open & Integrated



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Further Reading

<http://www.oracle.com/epm>

Management Excellence White Papers:

- *How Tomorrow's Leaders Will Get Ahead*
Available Now
- *The Metrics Reloaded*
- *From Strategy to Success*
- *Techniques and Technologies*

Profit Online Podcast

- *Beyond Competitive Advantage: EPM and Management Excellence*

Publications

- *Journal of Management Excellence, Issue 1 to 4*



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