

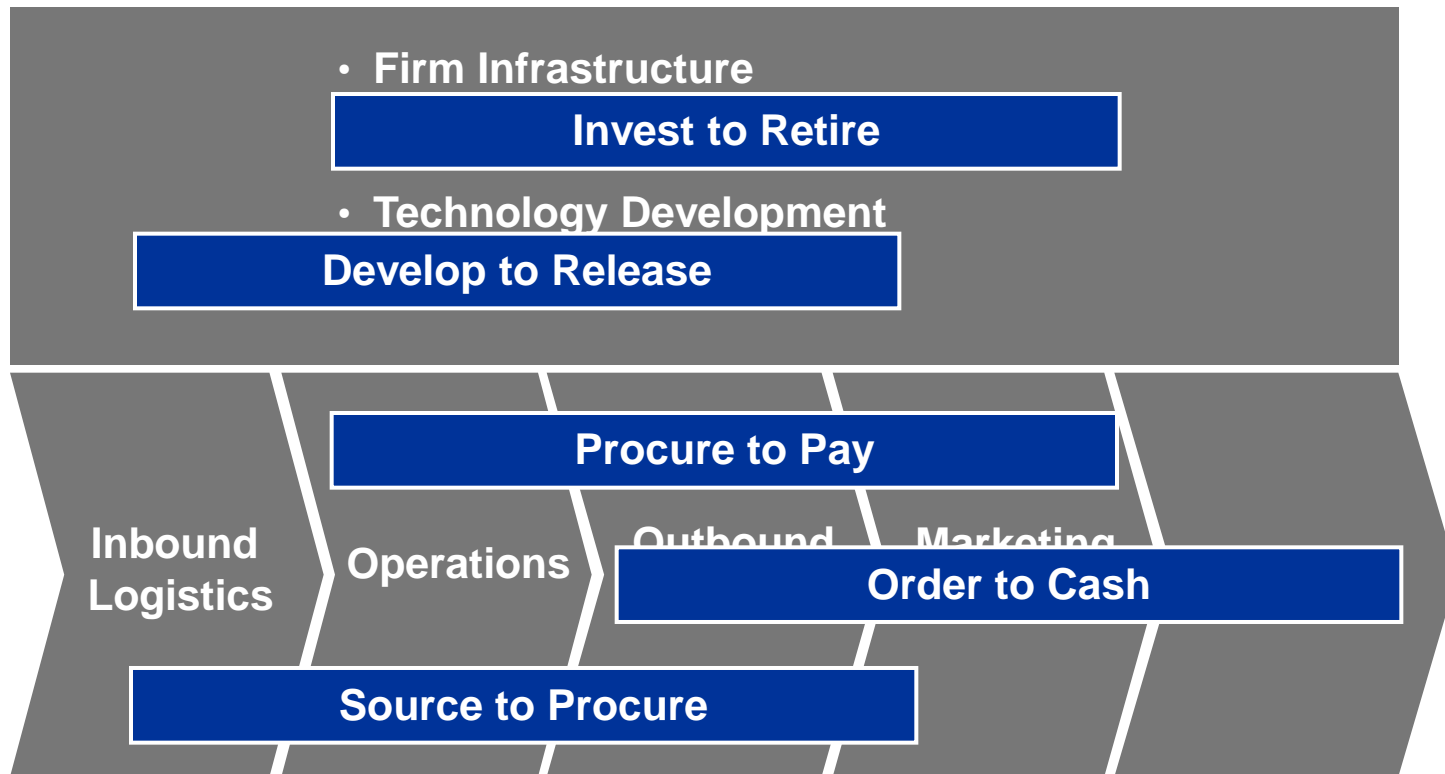


**ORACLE<sup>®</sup>**

**The Future Of BI And EPM:  
The Next Competitive Edge**

Frank Buytendijk  
Vice President and Fellow

# Operational Excellence...What Comes Next?



Based on Michael E. Porter's Value Chain



What is the  
**Management**  
**Process**  
Called?



# Today's Reality: Management Processes Are Siloed

6 $\sigma$

SIX SIGMA



VARIANCE ANALYSIS



GOAL SETTING



FINANCIAL MODELING



OPERATIONAL PLANNING



MONITOR RESULTS



ROLLING FORECAST



ANALYZE PERFORMANCE



SCORECARDS

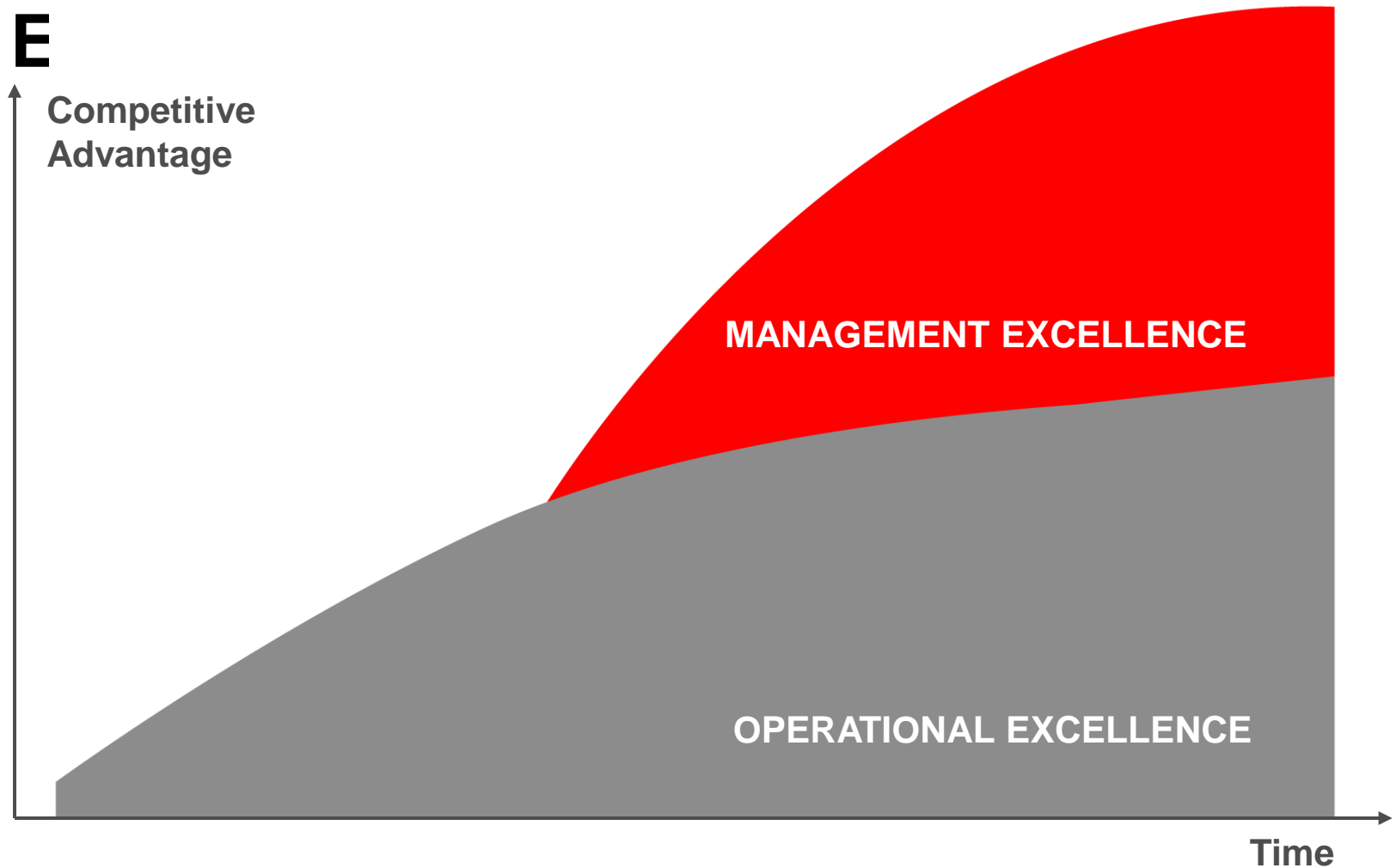


FINANCIAL REPORTING

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# Oracle's EPM Vision: Extend Operational Excellence to Management

**E**



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# Management Excellence Provides Competitive Advantage

## SMART

All organizations have access to the same data. The difference is in *insight*: deeper and faster than the competition.

**Call to Action: RATIONALIZE**



## AGILE

Insight needs to be *actionable*. Even more important than being fast, is being agile: implementing changes throughout the organization.

**Call to Action: INTEGRATE**

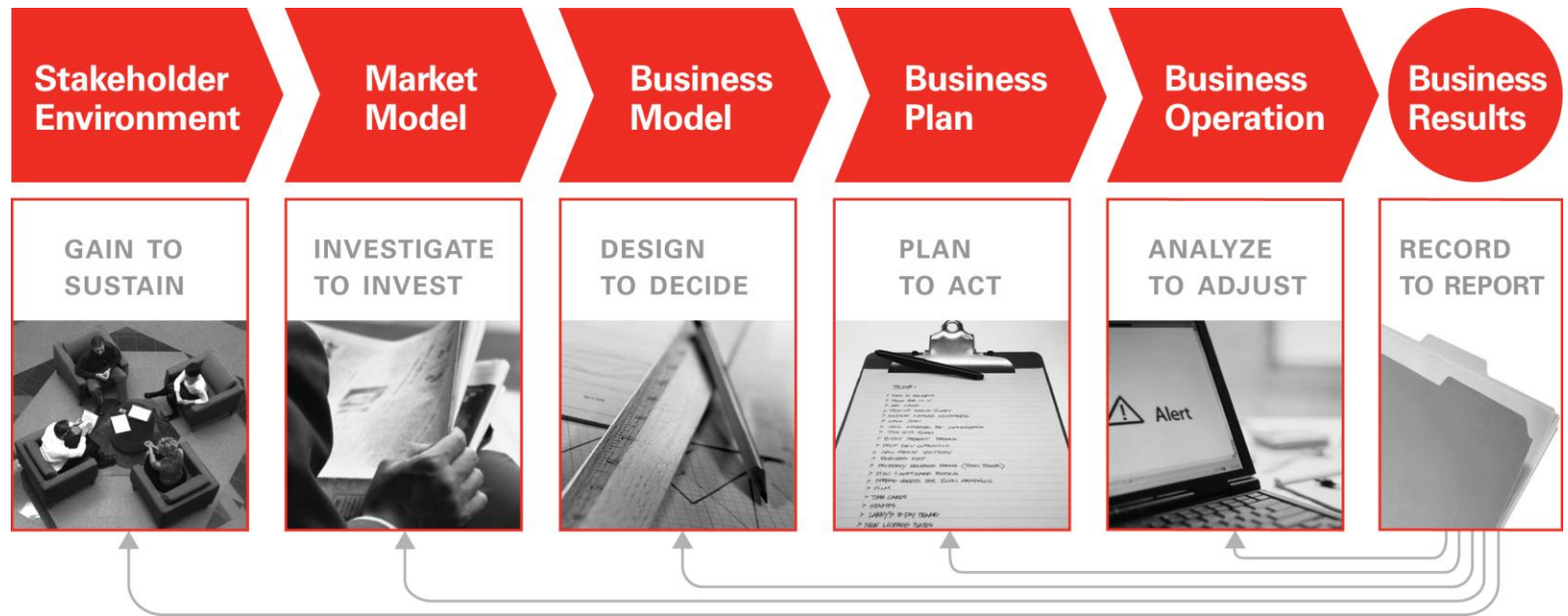


## ALIGNED

To *optimize results* alignment across the value chain is needed. Organizations must leverage the contributions of all stakeholders, while fulfilling their requirements.

**Call to Action: SHARE**

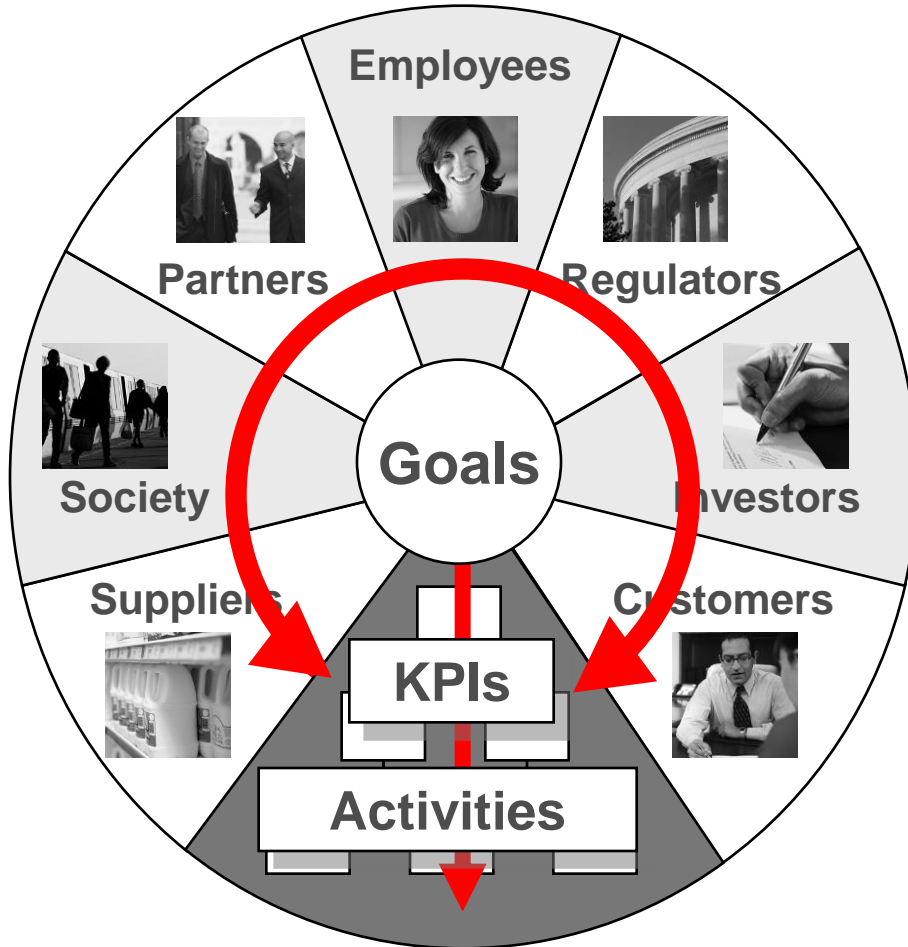
# Strategy to Success: Oracle's Framework for Achieving Management Excellence



# Stakeholder Environment



## Gain to Sustain



**SHARED**

**Goals**

- Collaborative Planning

**Processes**

- Process management

**Information**

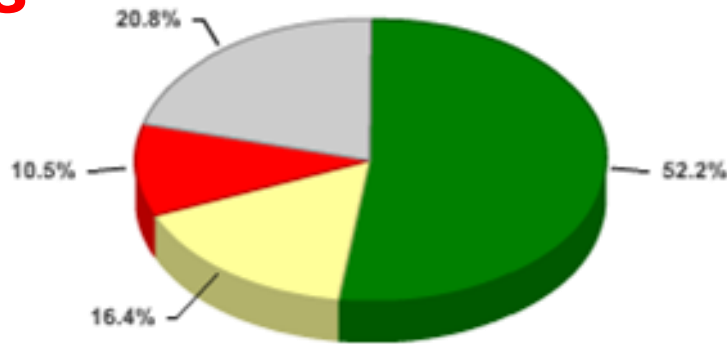
- Collaborative Scorecards

**Culture**

- Trust and transparency

# Excellence in Stakeholder Reporting

## Service Analytics and Oracle BI Suite EE Plus



Status	# of Indicators
Performance Improving or Stable	248
Performance Declining (< or = 10%)	78
Performance Declining (> 10%)	50
New Indicator or Data Not Available	99
No Desired Direction (Neutral)	51



### Citywide Performance Report

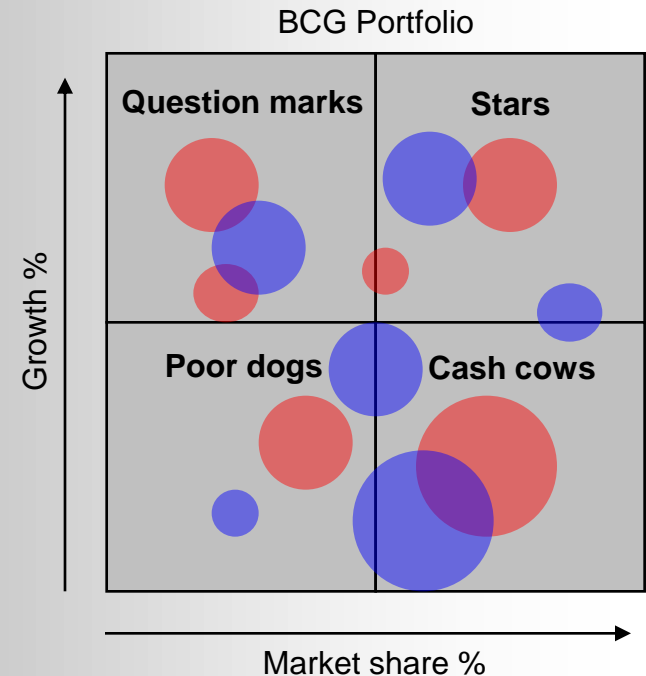
Citywide Theme	Number of Indicators	% Improving or Stable	% Declining
Citywide Administration	55	76.4%	23.6%
Community Services	116	74.1%	25.9%
Economic Development and Business Affairs	54	68.5%	31.5%
Education	48	95.8%	4.2%
Infrastructure	85	72.9%	27.1%
Legal Affairs	27	74.1%	25.9%
Public Safety	66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

# Market Model



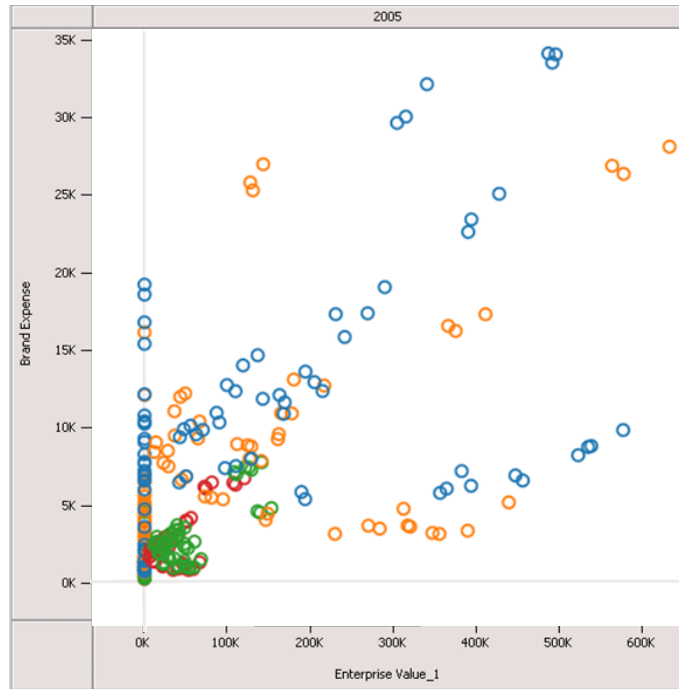
## Investigate to Invest

- Understand Market development
- Evaluate Market penetration
- Analyze Market share
- Assess Market attractiveness
- Perform Customer segmentation
- Explore competitive landscape



# Excellence in Brand Portfolio Management

## Oracle's Hyperion Strategic Finance

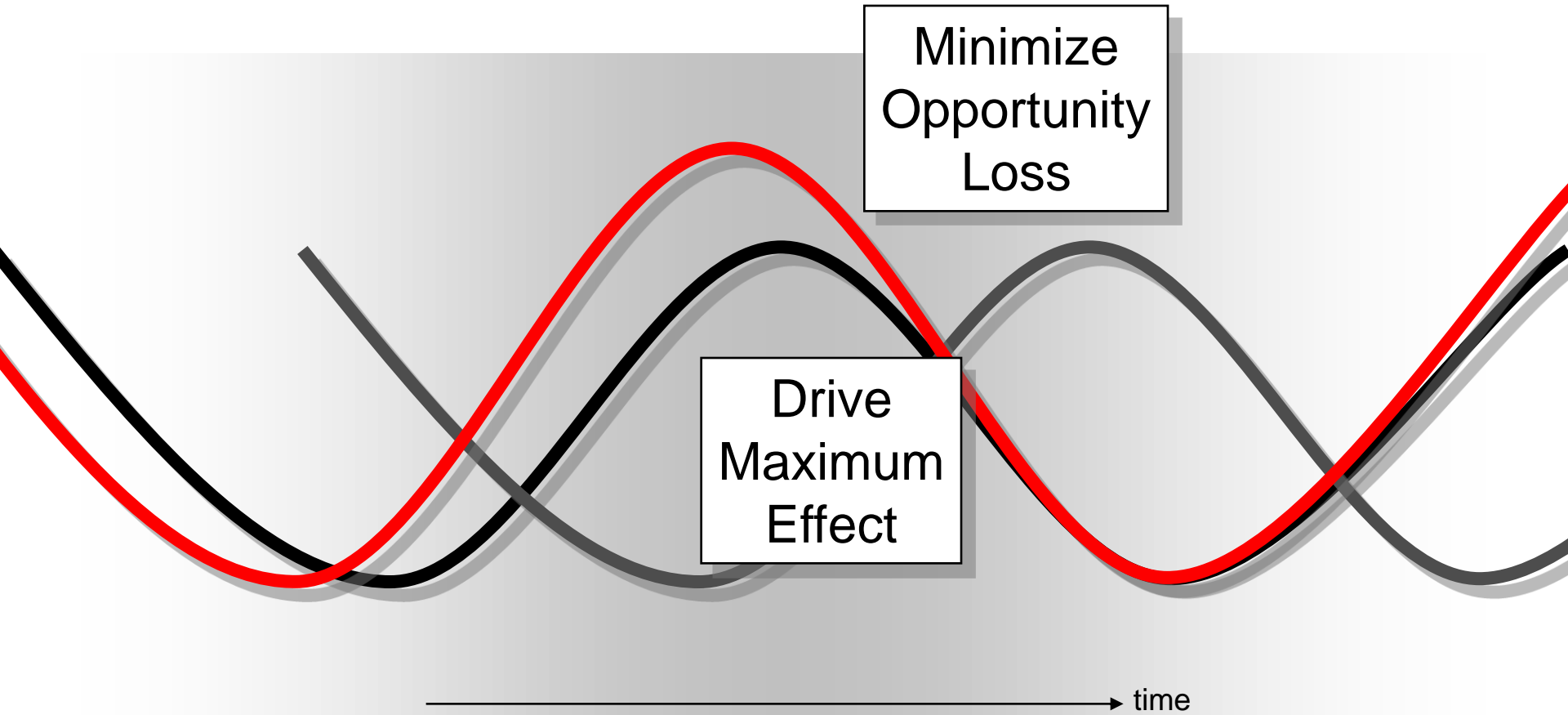


- Calculate value at the brand level
- Assess impact of scenario's on brand value
- Compare value contribution by brand
- Evaluate new brand introductions
- Optimize brand portfolio

# Business Model



## Design to Decide



# Excellence in Managing Capital Structure

## Oracle's 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

# Business Plan



## Plan to Act

- Objectives and targets are being set
- Performance is measured
- Comparisons between actual results and original targets are made
- Information on the variance provides strategic feedback.

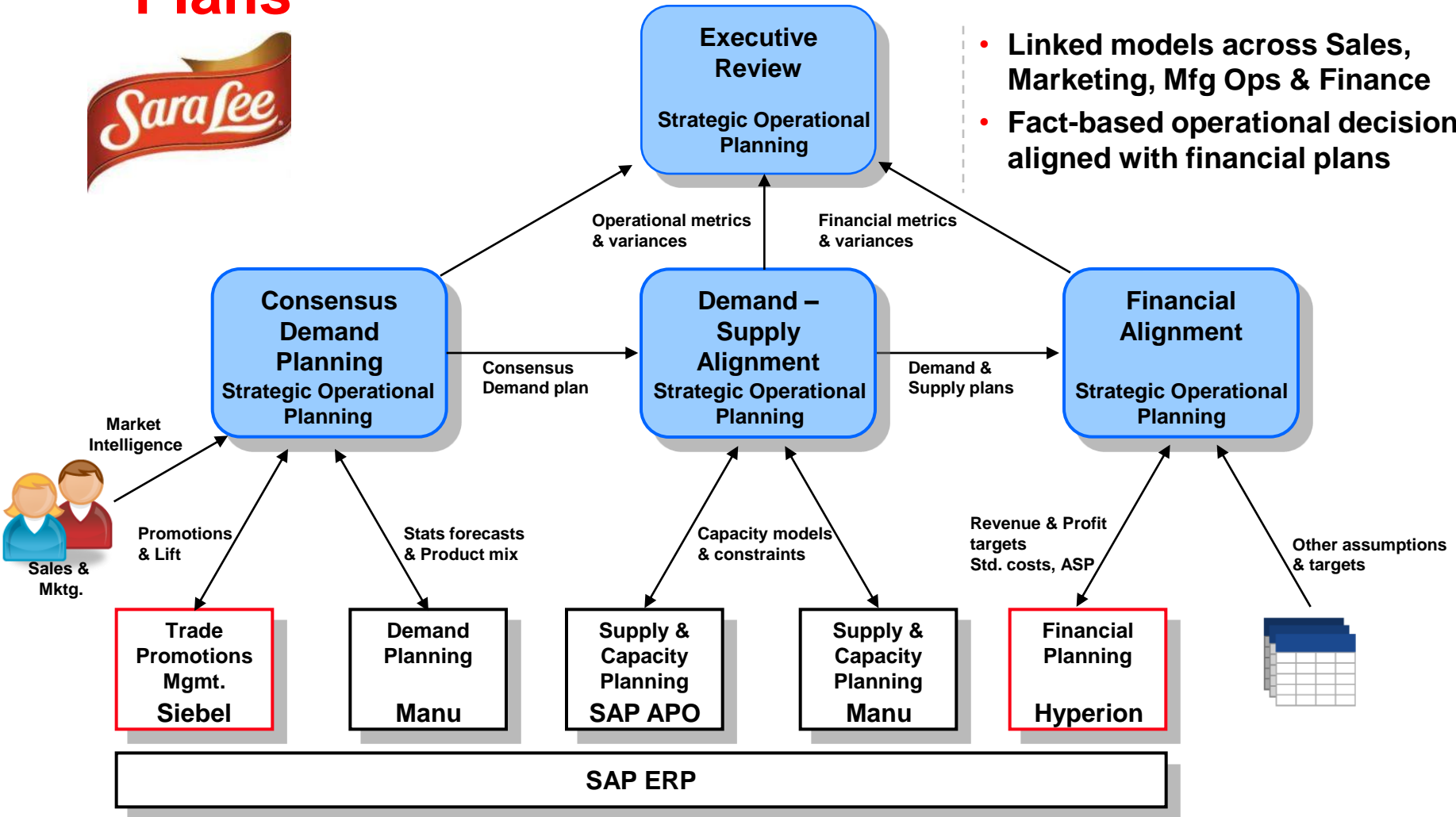


# Excellence in Aligning Enterprise Plans

## Functional Plans Aligned With Financial Plans



- Linked models across Sales, Marketing, Mfg Ops & Finance
- Fact-based operational decisions aligned with financial plans



# Business Operation



## Analyze to Adjust

Sales	Service & Contact Center	Marketing	Procurement & Spend	Supply Chain & Order Management	Financials	Human Resources
Pipeline Analysis	Service Effectiveness	Campaign Effectiveness	Direct / Indirect Spend	Revenue and Backlog	General Ledger	Employee Productivity
Forecast Accuracy	<b>Customer Satisfaction</b>	Customer Insight	Buyer Productivity	Inventory	Accounts Receivable	Compensation
Sales Team Effectiveness	Resolution Rates	Product Propensity	Off Contract Purchases	Fulfillment Status	Accounts Payable	Compliance Reporting
Up-sell/ Cross-sell	Service Rep Efficiency	Loyalty & Attrition	Employee Expenses	Customer Status	<b>Cash Flow</b>	Workforce Profile
Cycle Times	Service Cost	Market Basket Analysis	Purchase Cycle Time	Order Cycle Time	Profitability	Retention Analysis
Lead Conversion	Churn & Service Trends	Campaign ROI	<b>Supplier Performance</b>	BOM Analysis	Expense Management	Return on Human Capital

# Excellence in Sales Analysis

## Sales Analytics and Oracle BI EE Plus

*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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# Business Results



## Record to Report

### IMPERATIVES

- Extract data from transactional systems
- Transform to meaningful strategic, financial and operational performance indicators, for each strategy-to-success framework step
- Determine best way of presenting information, based on the type of performance indicator and the users' personal preference and security
- Share with appropriate internal and external stakeholders
- Moderate stakeholder dialogue

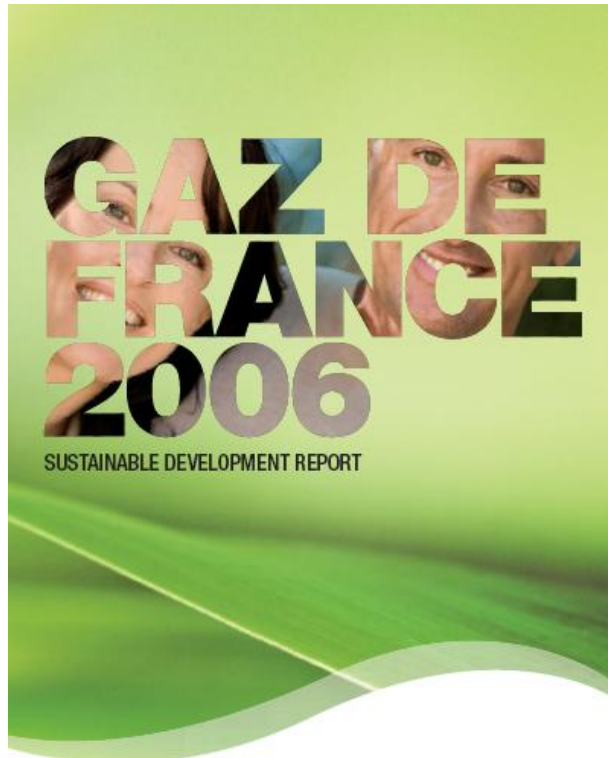


### ORACLE EPM SYSTEM

- Integrate financial and non-financial data from source systems into a single reporting environment
- Perform complex financial consolidations, comply with regulations and ensure the quality of financial information
- Report financial and non-financial information to management and stakeholders in a complete, timely and accurate manner
- Create a consolidated, strategic view of the business' financial and operational metrics

# Excellence in Sustainability Reporting

## Hyperion Financial Management

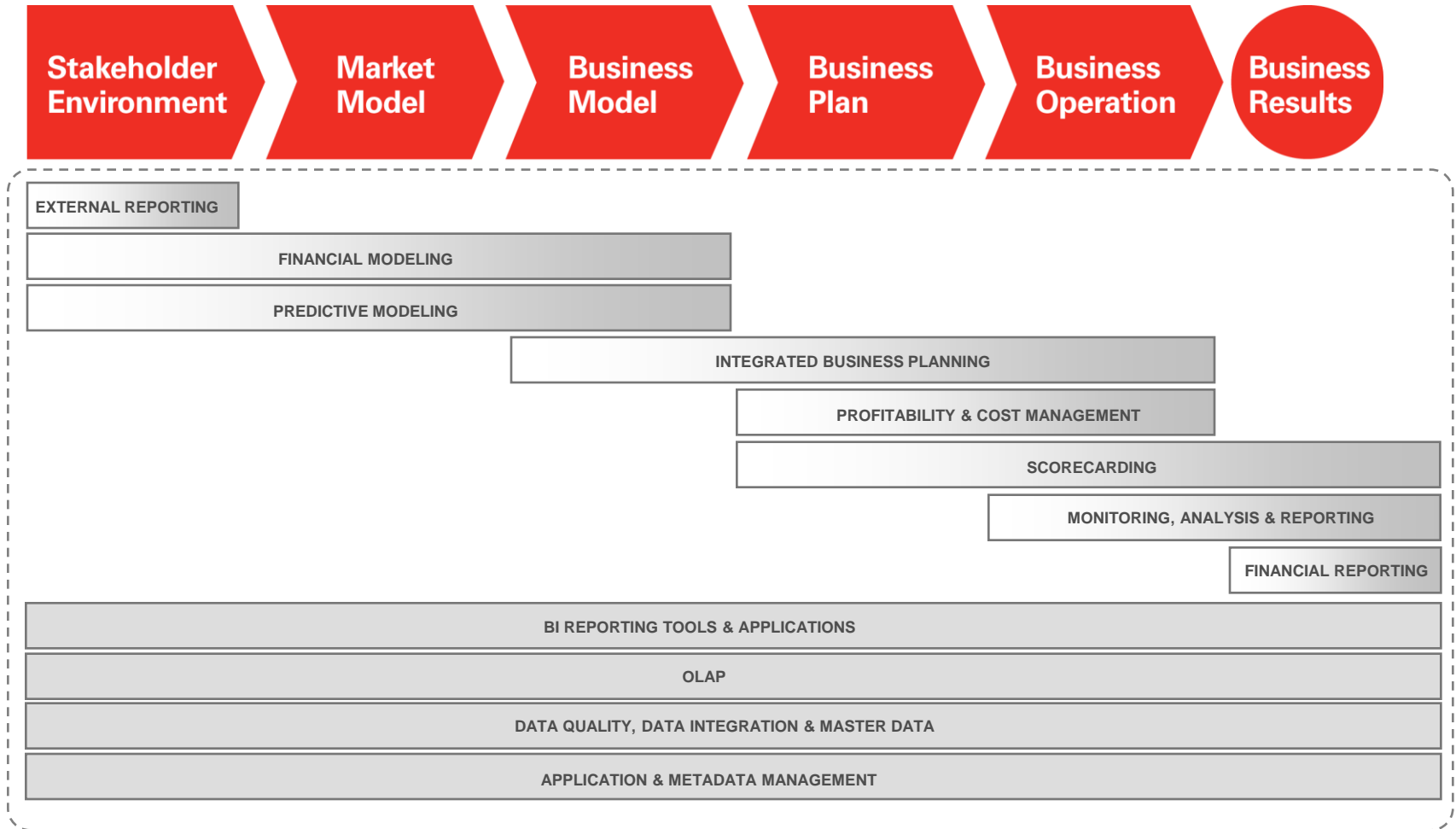


### Environmental, Safety and Social Metrics

Global Compact reference	GRI Indicator	Unit	Page	External verification*	2004	2005	2006	2004 (base 2003)**	Base covered**	
<b>QUALITY PERFORMANCE INDICATORS</b>										
PR6	Maintenance of certifications acquired	%	20		-	-	100	-	100%	
PR6	% of processes rated A or higher (operating entities)	%	20		-	-	79	-	100%	
PR6	% of processes rated A or higher (functional entities)	%	20		-	-	69	-	100%	
PR6	External perception of sustainable development	%	24		-	-	62	-	100%	
PR8	Index of retail customer satisfaction - supply - network	%			84.3	84.3	90.3	90.3	100%	
		%			90.3	91.5				
PR8	Index of corporate customer satisfaction - network	%			-	-	77.0	-	100%	
PR8	Index of satisfaction of key accounts - commercial relations	%			-	-	6.8	-	100%	
S01	Index of satisfaction of local governments - network	%	49		95.5	92.7	94.8	94.8	100%	
EC1	Total research budget dedicated to the environment, new technologies and safety	thousand euros	25		-	38,274	43,166	43,166	100%	
EC1	% of total research budget dedicated to the environment	%			-	33	37	37	100%	
EC1	% of total research budget dedicated to new technologies	%			-	20	25	25	100%	
EC1	% of total research budget dedicated to safety	%			-	15	16	16	100%	
<b>SAFETY PERFORMANCE INDICATORS</b>										
LA7	Accident frequency rate	(a)	41	v	7.5	7.1	8.6	5.7	83%	
LA7	Accident severity rate	(b)	41		0.3	0.3	0.3	0.2	83%	
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>										
GC8	EN3	Total energy use at industrial facilities (excluding commercial activities) <sup>(1)</sup>	GWh	42	v	12,589	15,234	14,516	14,594	100%
GC8	EN3	% of electric energy used	%			3	3	4	-	100%
GC8	EN3	% of gas energy used	%			95	96	95	-	100%
GC8	EN3	% of fuel oil energy used	%			2	<1	1	-	100%
GC8	EN5	Withdrawals of ground and surface water for industrial use <sup>(2)</sup>	10 <sup>6</sup> m <sup>3</sup>	42	v	140	194	718	234	100%
GC8	EN5	% of water withdrawn returned to source <sup>(2)</sup>	%			100	100	99.7	99.7	100%
GC8	EN5	Industrial water use (excluding commercial activities)	10 <sup>6</sup> m <sup>3</sup>			β	-	406	406	100%
GC8	EN8	Greenhouse gas emissions from industrial activities (excluding commercial activities): CO <sub>2</sub> et CH <sub>4</sub> <sup>(1)</sup>	metric ton CO <sub>2</sub> e	30	v	4,499,613	5,227,466	4,916,939	4,972,364	88%
GC8	EN8	Greenhouse gas emissions by business (Exploration and Production) <sup>(2)</sup>	g CO <sub>2</sub> e/MWh		v	5,371	6,035	4,512	4,519	100%
GC8	EN8	Greenhouse gas emissions by business (Transmission) <sup>(3)</sup>	g CO <sub>2</sub> e/MWh		v		1,084	1,139	1,139	100%
GC8	EN8	Greenhouse gas emissions by business (Storage France <sup>(4)(5)</sup> )	g CO <sub>2</sub> e/MWh		v	1,640	2,188	1,623	1,623	100%
GC8	EN8	Greenhouse gas emissions by business (Terminals) <sup>(4)</sup>	g CO <sub>2</sub> e/MWh		v		288	259	259	100%
GC8	EN8	Greenhouse gas emissions by business (Distribution) <sup>(4)</sup>	g CO <sub>2</sub> e/MWh		v	4,946	4,840	4,590	4,590	60%
GC8	EN8	Greenhouse gas emissions by business (Services) <sup>(4)</sup>	g CO <sub>2</sub> e/MWh		v	303,697	344,508	331,753	331,753	100%
GC8	EN10	NO <sub>x</sub> emissions from industrial activities <sup>(1)</sup>	metric ton	30	v	5,240	5,743	3,855	3,860	100%
GC8	EN10	NO <sub>x</sub> emissions by business (Exploration and Production) <sup>(2)</sup>	mg / MWh		v	11,561	15,763	12,317	12,413	100%
GC8	EN10	NO <sub>x</sub> emissions by business (Transmission) <sup>(3)</sup>	mg / MWh		v		2,138	902	902	100%
GC8	EN10	NO <sub>x</sub> emissions by business (Storage France <sup>(4)(5)</sup> )	mg / MWh		v	5,082	12,767	7,393	7,393	100%
GC8	EN10	NO <sub>x</sub> emissions by business (Terminals) <sup>(4)</sup>	mg / MWh		v		114	178	178	100%
GC8	EN10	NO <sub>x</sub> emissions by business (Services) <sup>(4)</sup>	mg / MWh		v	205,049	216,120	189,567	189,567	100%

# Integrating Key Management Processes

## Oracle EPM System



# Enabling Management Excellence

Traditional Performance Management

Smart



Agile



Aligned



# Management Excellence Delivered

GAIN TO  
SUSTAIN



INVESTIGATE  
TO INVEST



DESIGN  
TO DECIDE



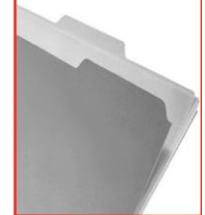
PLAN  
TO ACT



ANALYZE  
TO ADJUST



RECORD  
TO REPORT



"Especially valuable....I recommend reading Frank's book first—  
before all other books on the subject."  
—Howard Dresner, author of *The Performance Management Revolution*

# PERFORMANCE LEADERSHIP



The Next Practices to  
Motivate Your People,  
Align Stakeholders,  
and Lead Your Industry

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