

Insight & Control for better Business Performance
 SAP BusinessObjects Enterprise Performance Management

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Performance Management is more than a dashboard



How are we performing against strategic goals and targets?

Why are we underperforming?

How can we optimize performance?



Performance Management is more than a dashboard

What are our strategic goals?

How are we going to translate our strategic goals into plans?

How will every unit within our value chain contribute?

How are we performing against strategic goals and targets?

Why are we underperforming?

How can we optimize performance?

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The scope of Performance Management

Performance Management provides the methodologies, processes, metrics and technologies that enable the enterprise to manage, monitor and measure business performance

Performance Management is:

- Culture
- Communication
- Optimization
- Visibility
- Technology

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Lack of Accurate Insight Impairs Business Performance

Executive Management

- Inability to cascade strategy across organization
- Concern about information accuracy and timeliness
- Impeded speed of decision-making

CFO / Finance

- Fragmented planning and forecasting inhibits alignment, accuracy and transparency
- Long closing process
- Lack of visibility into true cost impacts profitability
- Long cycles inhibit forward-looking analysis

Marketing Management

- Concerns around profitability of markets, customers and products
- Misalignment of resources against corporate strategy
- Lack of analysis leads to poor decision-making

Production / Operations Management

- Inaccurate planning and forecasting
- Cost-to-serve and procurement costing issues
- Misalignment of resources against corporate strategy

Procurement

- Fragmented buying data
- Multiple purchasing groups
- Limited insight into spend cost

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Resulting in inaccurate decision-making

FIGURE 3. FORECASTS ARE IMPORTANT FOR MANAGING PROFITABILITY AND PERFORMANCE, BUT FORECAST QUALITY FALLS SHORT.

To what extent do you agree or disagree with the following statements concerning forecasts at your company?

Statement	Percentage of respondents agreeing
Our forecasts are important to our efforts to improve profitability.	85%
Business unit managers rely on our forecasts to help them meet performance targets.	72%
Our forecasts are high quality (i.e., timely, relevant, and accurate).	52%

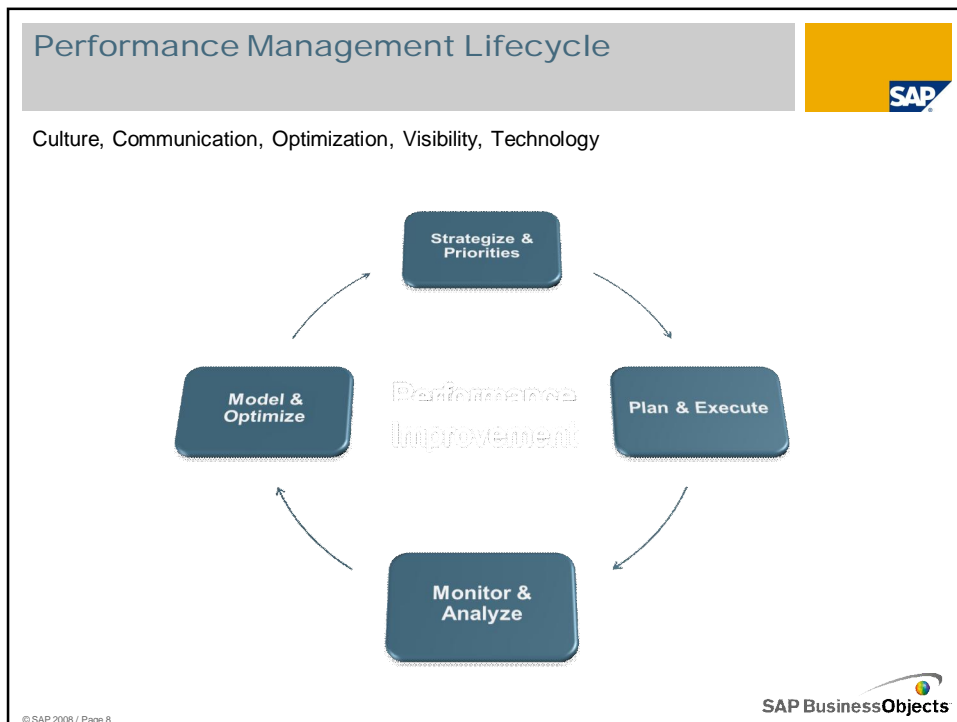
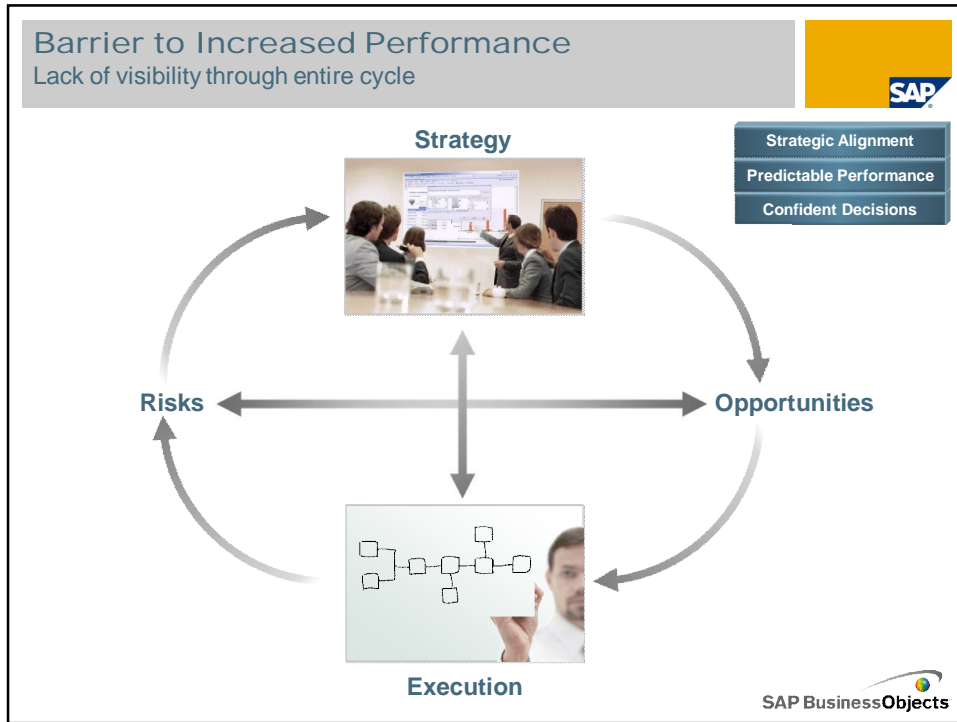
“Over the last three years, only one percent of firms have hit forecast exactly, and just 22 percent have come within five percent either way. On average, forecasts have been out by 13 percent.”

Source: KPMG Advisory / Economist Intelligence Unit : Forecasting With Confidence – 2007

Percentage of respondents agreeing with the statement

Source: “In search of clarity: Unraveling the complexities of executive decision-making”, Economist Intelligence Unit – 2007

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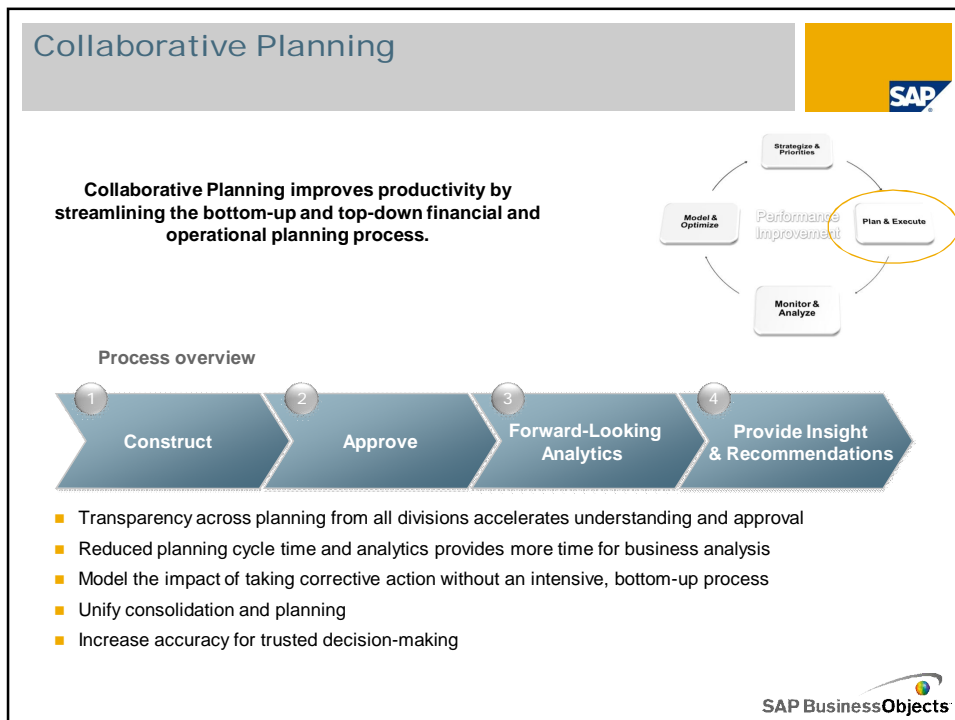
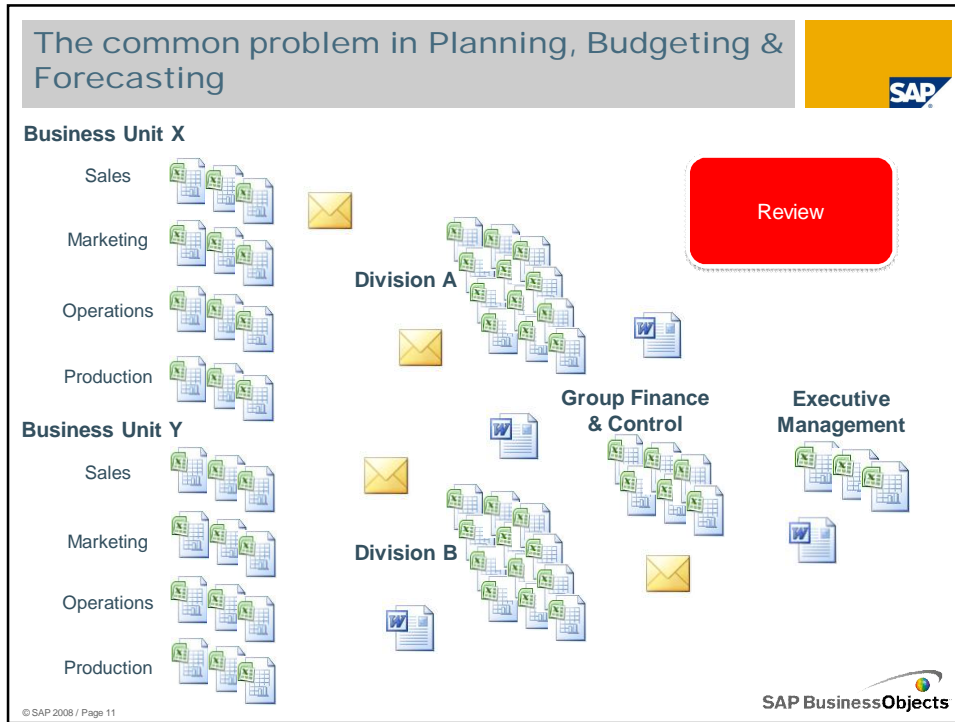
Align & Cascade Strategy across Organization

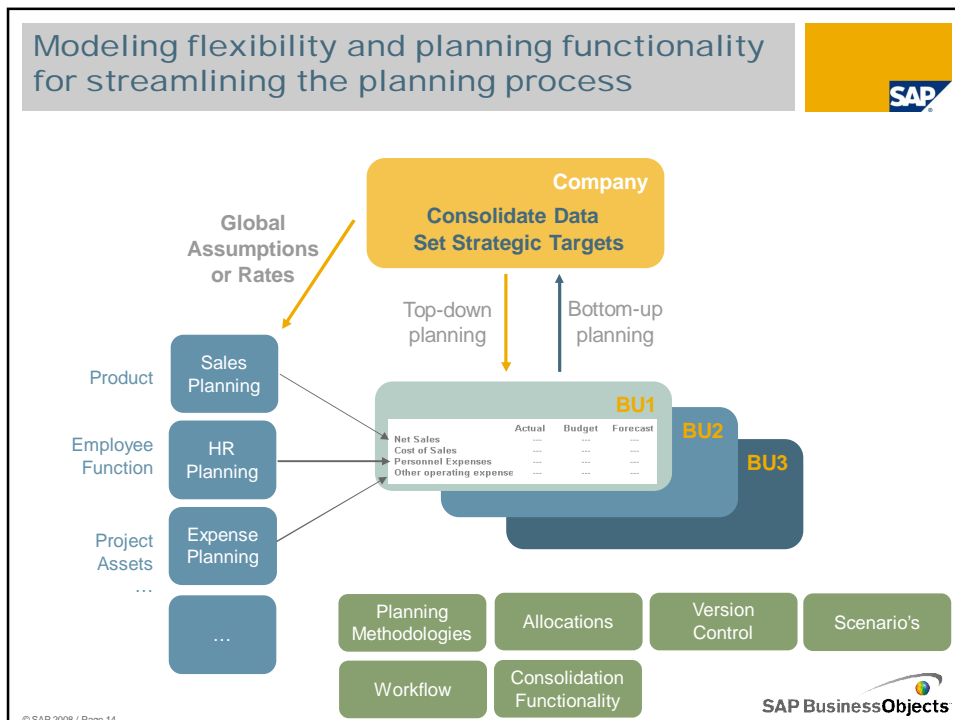
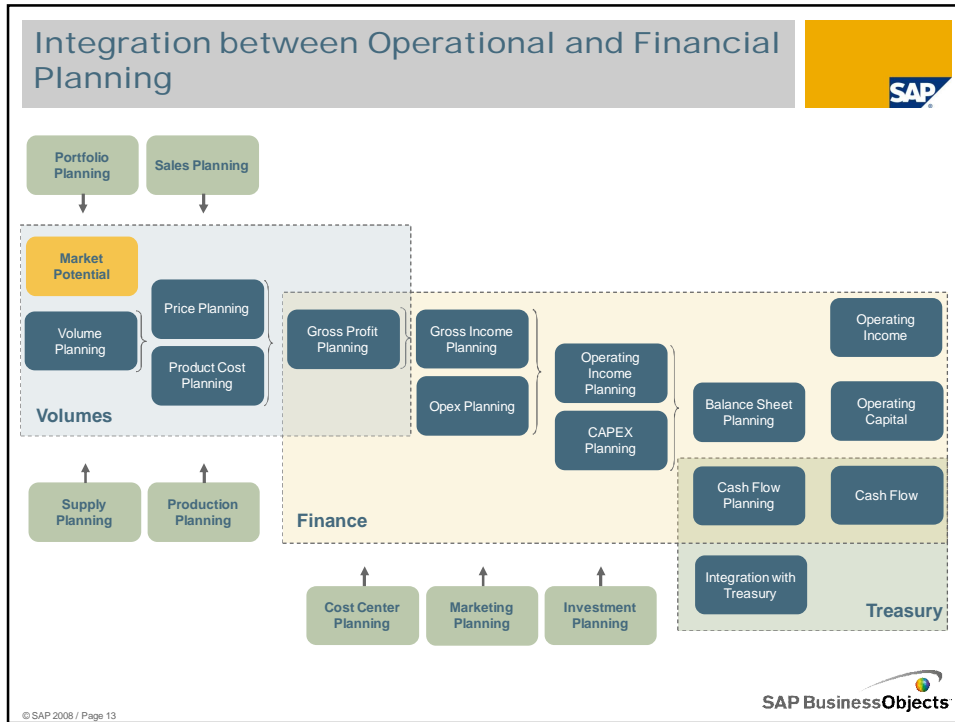
Aligning and Cascading Strategy empowers business users at all levels to rapidly align resources to execute on strategies, understand risk, and drive effectiveness

Process overview

- Help companies improve performance and align execution with strategy by connecting goals, initiatives and metrics
- Ensure individuals understand how they can impact strategic goals and how they impact others
- Show how an organization is performing towards their strategic goals
- Focus on the initiatives that will have most impact and allocate resources appropriately

Strategy Management





Improve Consolidation and Compliance

Improve Consolidation and Compliance allows Finance to improve management reporting cycle times for the enterprise, driving compliance with regulatory and financial standards, helping reduce external audit costs.

Process overview

- Close the books faster and with greater accuracy
- Eliminate recurring bottlenecks such as intercompany reconciliation
- Improve speed and compliance by automating manual processes
- Instill confidence and reduce business risk
- Monitor results for better performance and decision-making

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Model & Optimize Profitability and Costs

- Which products and customers are profitable and which are loss making?
- What exactly should I do with the loss making ones?
- Do we understand the true drivers of cost and profitability in our organization?
- How can I cut costs without compromising service?
- Are there any pockets of excess capacity I should be targeting?
- Do we understand what is driving the growing cost of Shared Services – and are they being cross charged equitably?

Detailed Profitability Reporting
(Product | Customer | Channel)

Process Costing
(Tasks | Activities | Processes)

Services Costing and Cross Charging
(IT | HR | Finance)

Profitability & Cost Reporting

↓

Scenarios & Plans
Decision-making

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Rolling Re-forecasting

Rolling Re-forecasting provides the agility to rapidly adapt budget resources to take advantage of changes market conditions and business opportunities.

Process overview

- Use insight to drive performance
- Model the impact of taking corrective action without an intensive, bottom up process
- Rapidly re-align resources to address market conditions
- Enable more calculated decision making by incorporating risk-adjusted planning

Incorporating Risk Management

Find the balance between risk & opportunities

Insurance and compliance

Core risk management

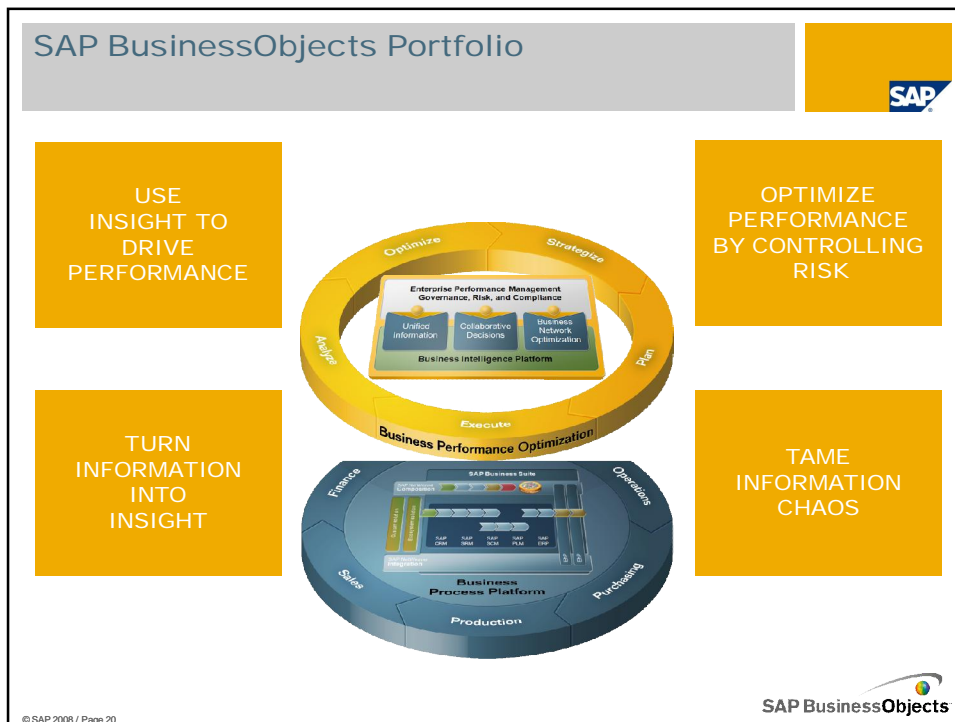
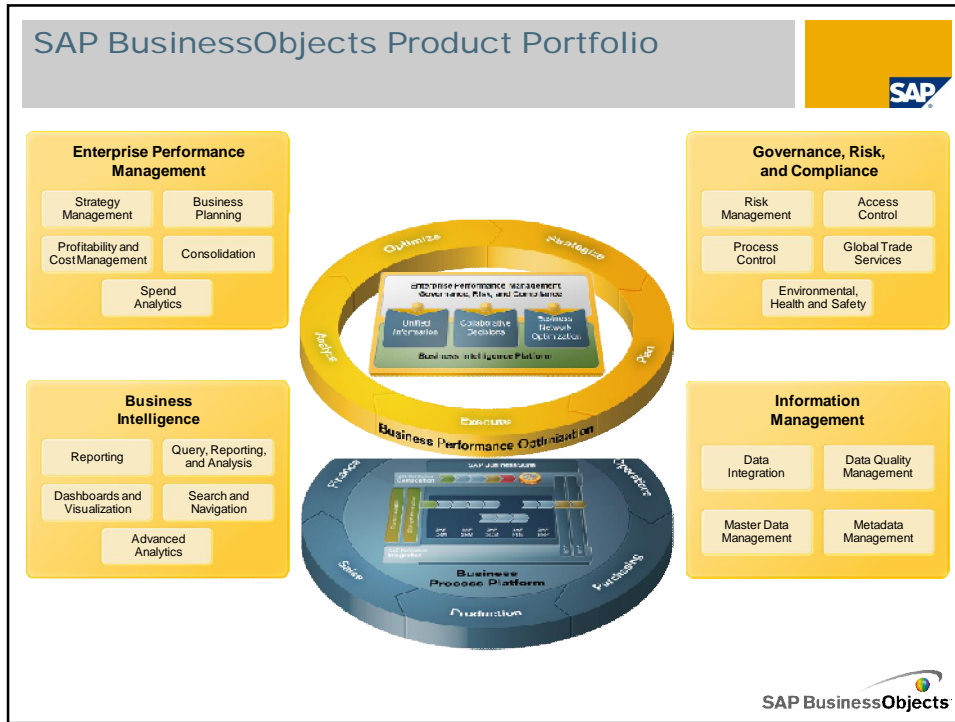
Risk-return optimization

Value added for company

Degree of sophistication

— Typical development path
 - - - Enhanced development path

Source: Oliver Wyman; Enhancing Risk-Return Management
http://www.oliverwyman.com/ow/pdf_files/OW-EN_Uilities_2008_ERM.pdf



Thank you!

<http://www.sap.com/solutions/sapbusinessobjects/index.epx>


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