



Liberty Technology Advisors, Inc.

CPM Overview

Corporate Performance Management (CPM) - An Introduction

The Business Drivers

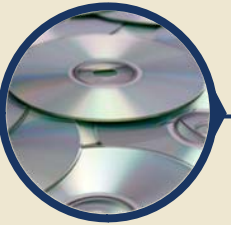
Common challenges corporations face today . . .



Increasing demand for corporate accountability from stockholders and regulators



Increasing pressure for improved performance and predictable financial results



Surge in data volumes available from sources inside and outside the enterprise



Accelerated planning cycles

The Corporate Landscape

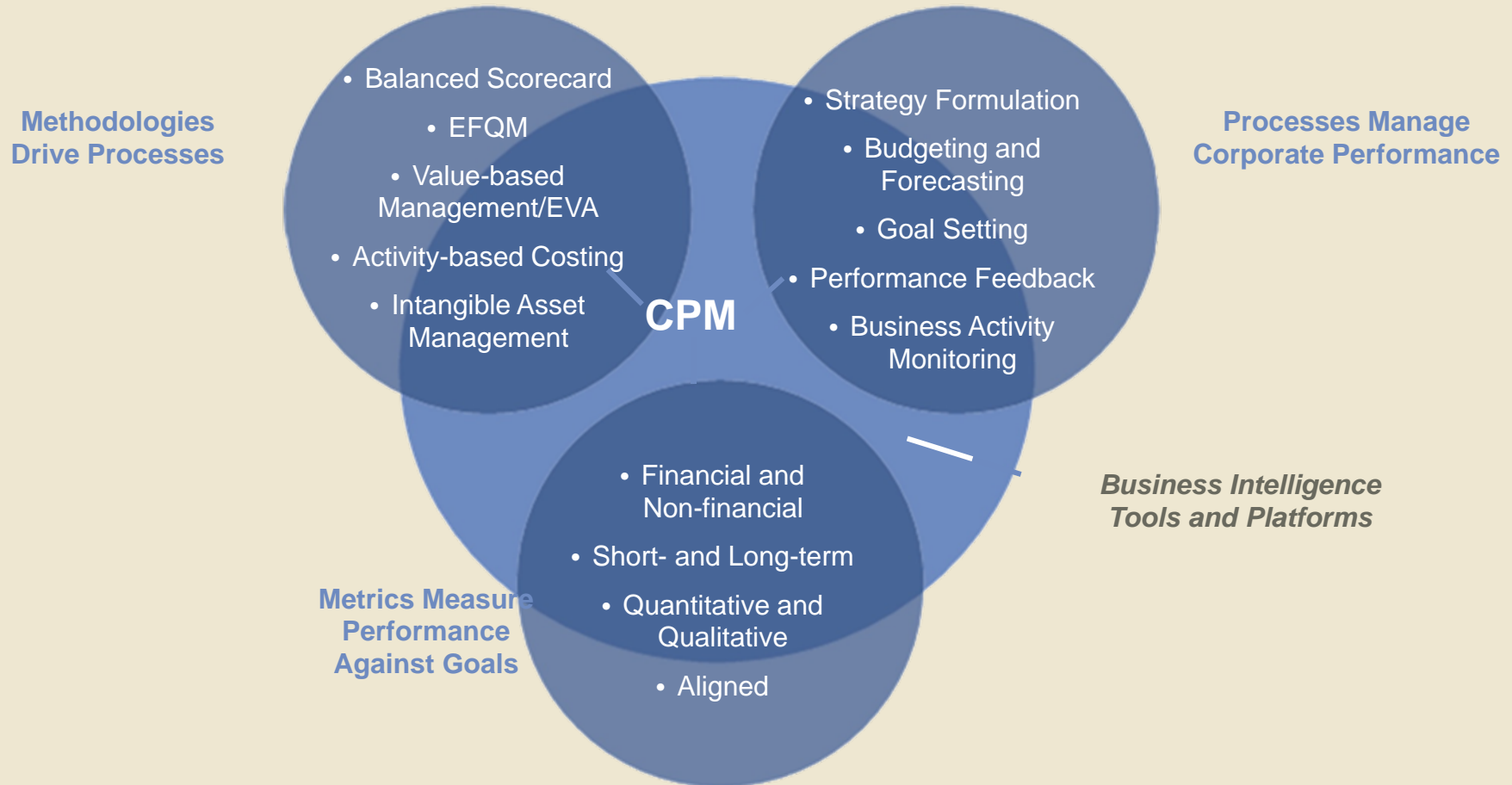
CPM needs illustrated by statistics...

- **Misdirected Spending**
 - 64% of resource activities are misaligned with the firm's current priorities (*Gartner*)
 - 32% of projects are cancelled before completion (*Gartner*)
- **Inadequate Tools**
 - Only 9% of \$1B firms that implement dashboards send threshold alerts to action-takers (*Forrester*)
 - The average \$1B firm operates 2.7 Enterprise Resource Planning (ERP) systems and 48 financial tools, yet 47% still rely primarily on spreadsheets for financial reporting (*Hackett Group*)
- **Elongated Planning Cycles**
 - Companies spend 25,000 person-days of effort on financial planning per \$1B in revenue (*Hackett Group*)
- **Sarbanes-Oxley Non-compliance**
 - 93% of CIOs are unaware of their Section 404 IT control responsibilities (*Obian*)
 - "Software-related internal controls" issues are the #2 problem encountered during Section 404 compliance work (*PricewaterhouseCoopers*)
 - 50% of firms lack IT representation on their compliance team (*Hackett Group*)

Corporate Performance Management (CPM)

CPM is an umbrella term that describes the methodologies, metrics, processes, and systems used to monitor and manage the business performance of an enterprise.

Source: Gartner Group



Corporate Performance Management (CPM)

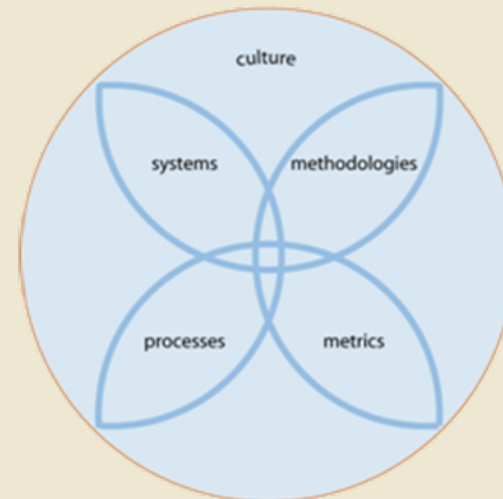
CPM aligns the critical components of a corporation to improve overall performance.

A comprehensive CPM strategy goes beyond pure Business Intelligence to create business alignment through the use of:

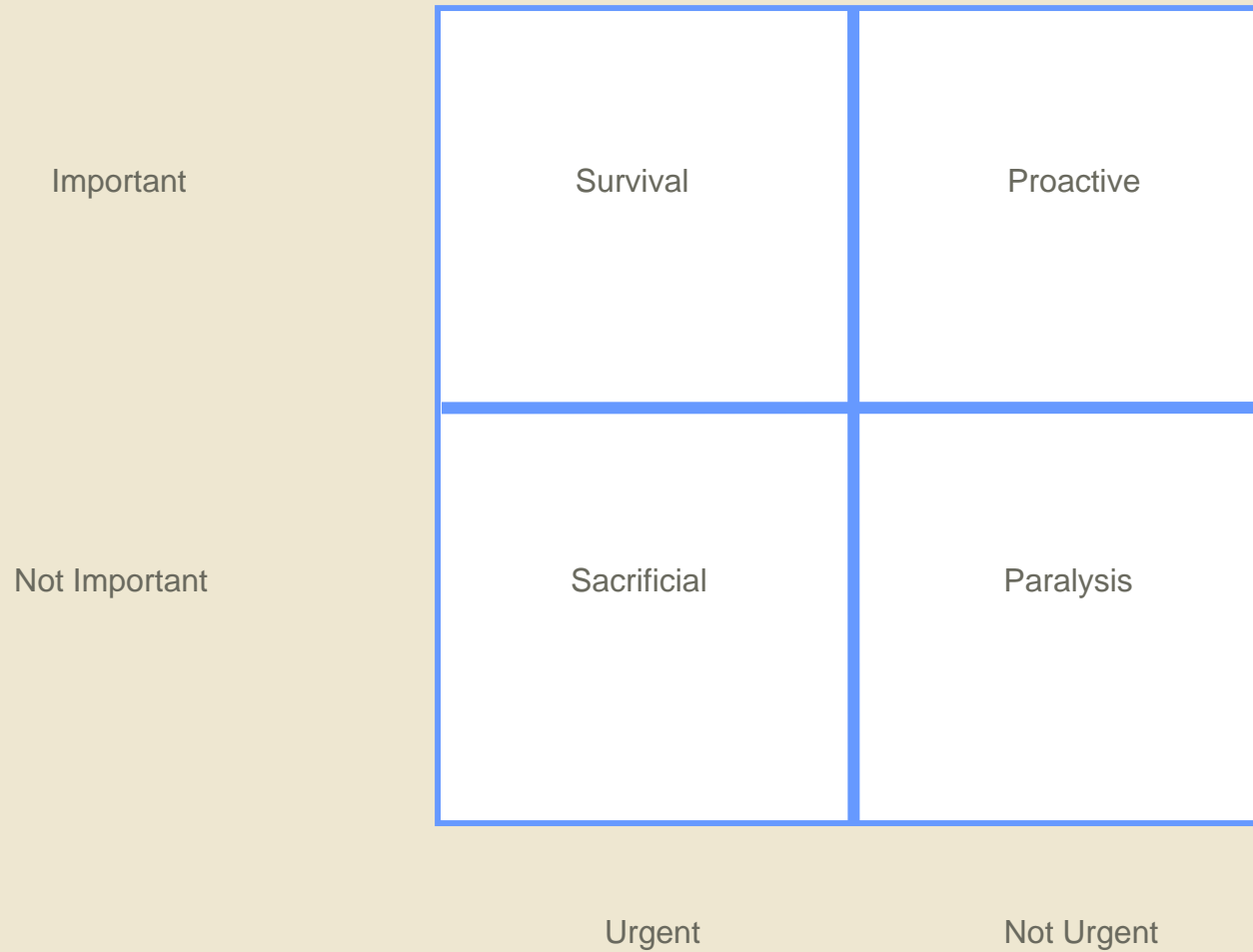
- Technologies
- Metrics
- Processes
- Methodologies
- Culture

The Goal of CPM:

Deliver the right information
to the right people
at the right time
in the right context
with the right priorities.



Organizational Decision Modes



CPM Solutions improves a corporations bottom line by:

- Ensuring accountability at every level
- Increasing productivity and corporate agility/responsiveness
- Improving predictions of future results to stockholders / investors
- Enabling compliance with regulatory statutes
- Providing better information for proactive decision making (including early warning signs of future difficulties)
- Creating one version of the truth

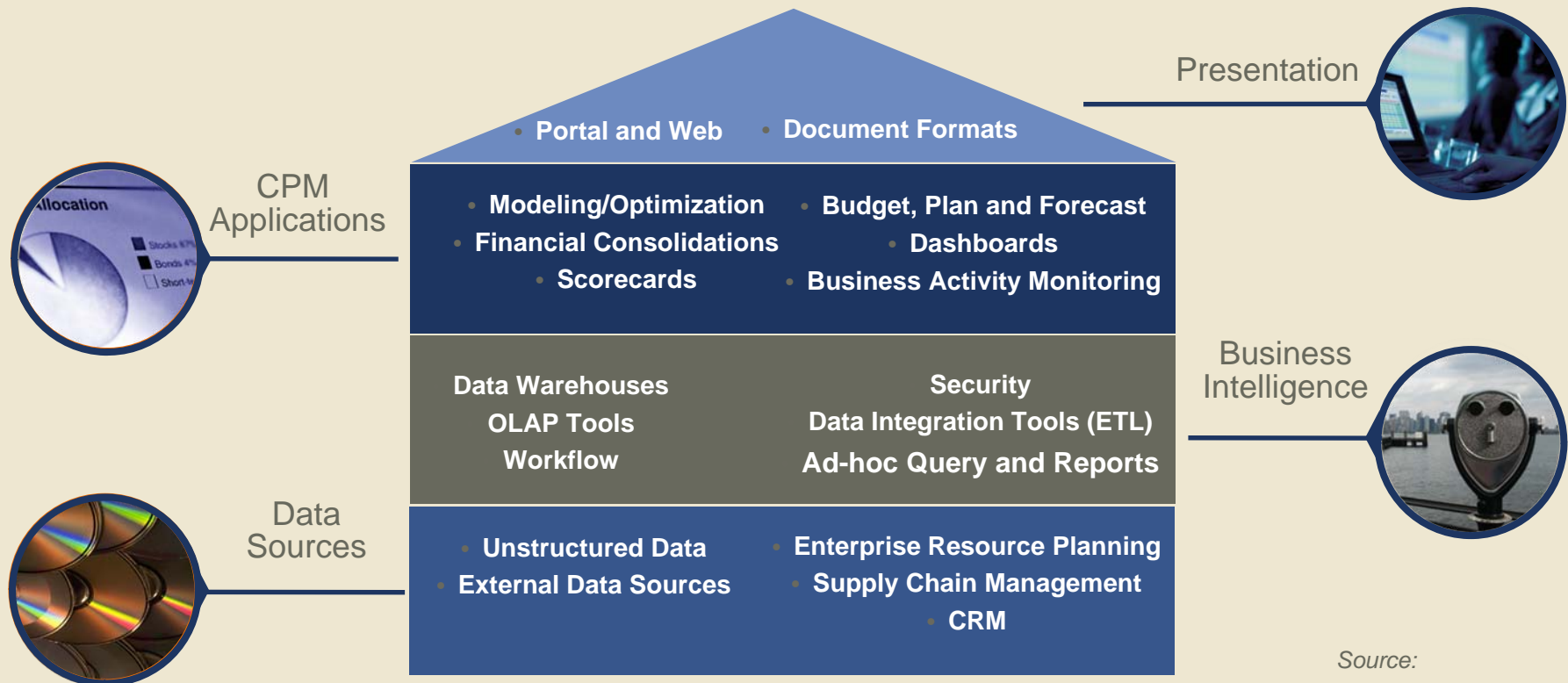


SOA enables corporations to focus on business issues, versus IT infrastructure. SOA supports CPM by:

- Leveraging existing investments
- Saving time and money through reuse
 - Building in flexibility
- Streamlining and automating processes
- Eliminating the technical barriers that creates information silos and processing delays

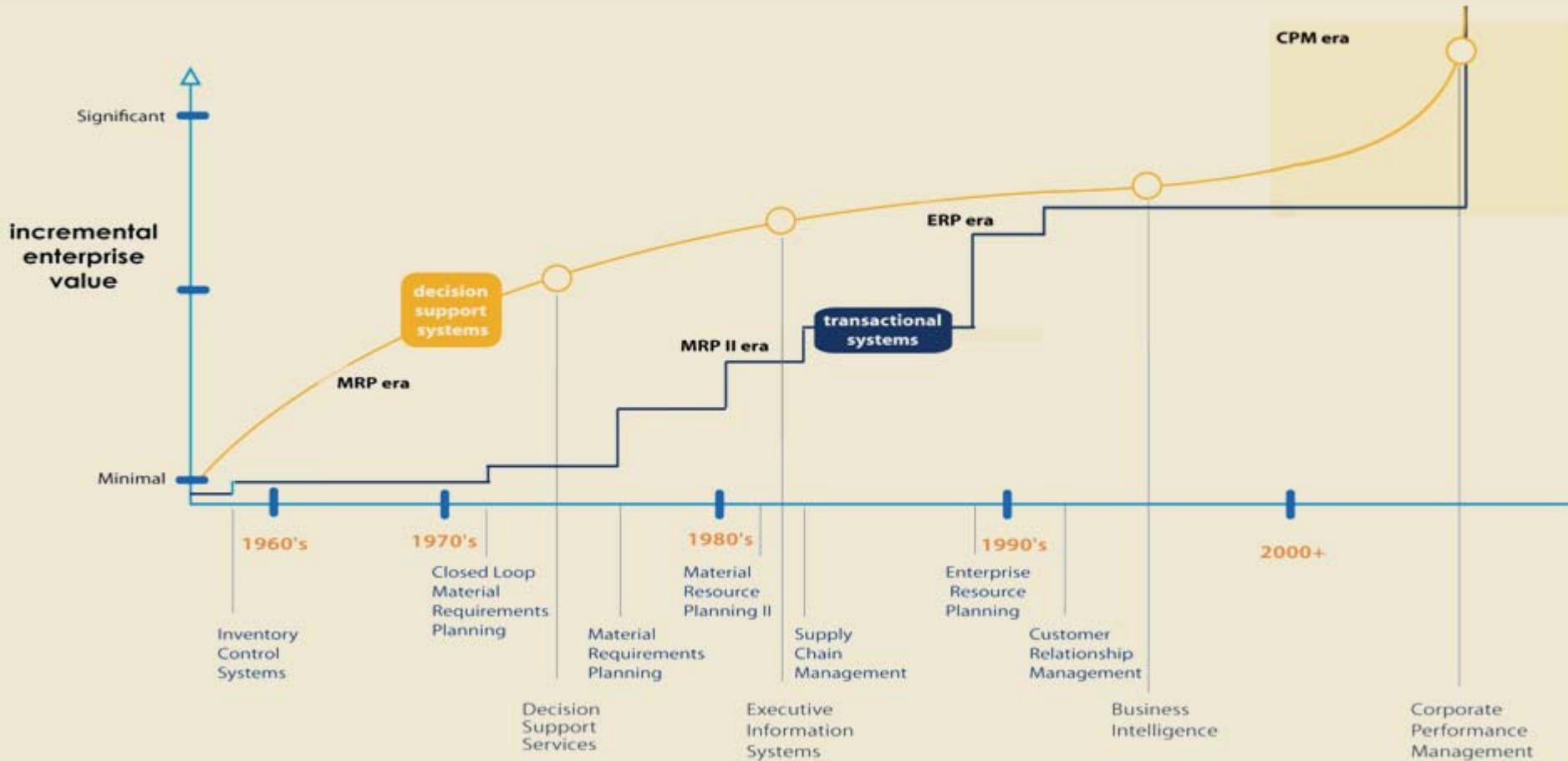
CPM Conceptual Architecture

CPM is not about re-inventing the existing technology infrastructure, but plugging into and harnessing that infrastructure.



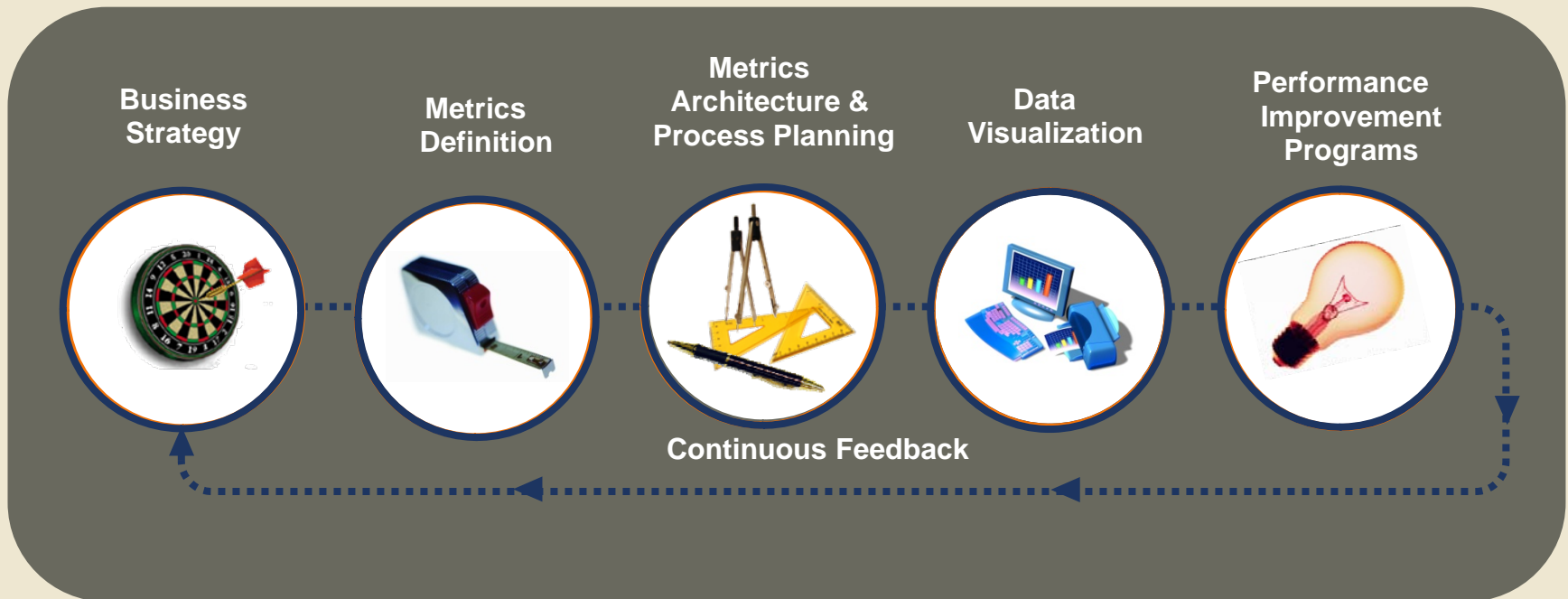
Source:
Giga Information Group

CPM Competitive Advantages – A Natural Innovation with IT Advancements



CPM Service Offerings

The Performance Measurement Cycle provides an end-to-end framework for defining and developing solutions that enable you to monitor results in terms of how they relate to your business strategy, and then take appropriate actions for improvement.



Methodologies and metrics may vary across enterprises, but the process is consistent.

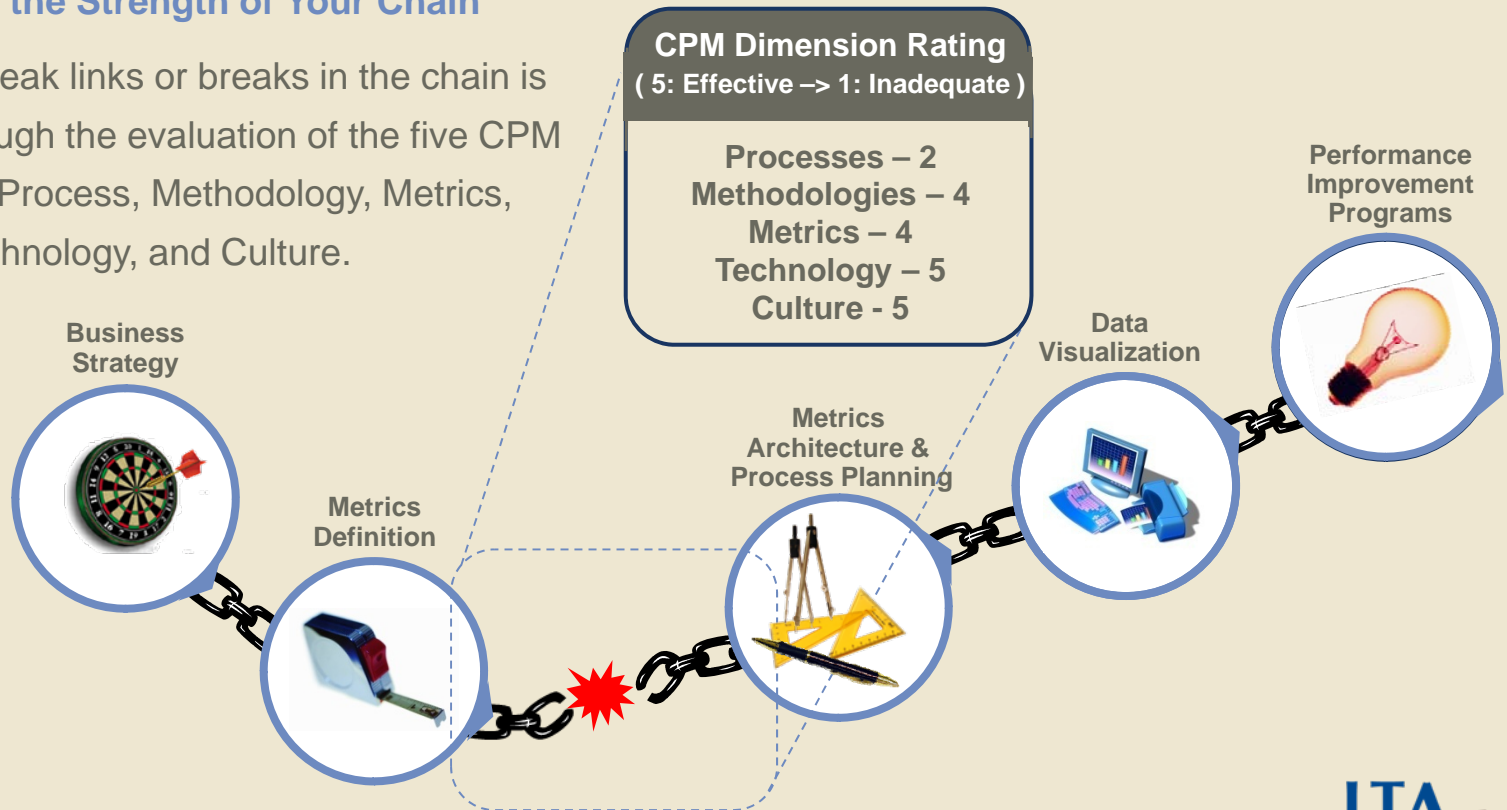
Confront Reality

A Dependency Chain

To move an organization into a proactive mode, it is necessary to ensure a strong overall CPM value chain, and less desirable organizational modes equate to breaks in the chain that must be addressed.

Measuring the Strength of Your Chain

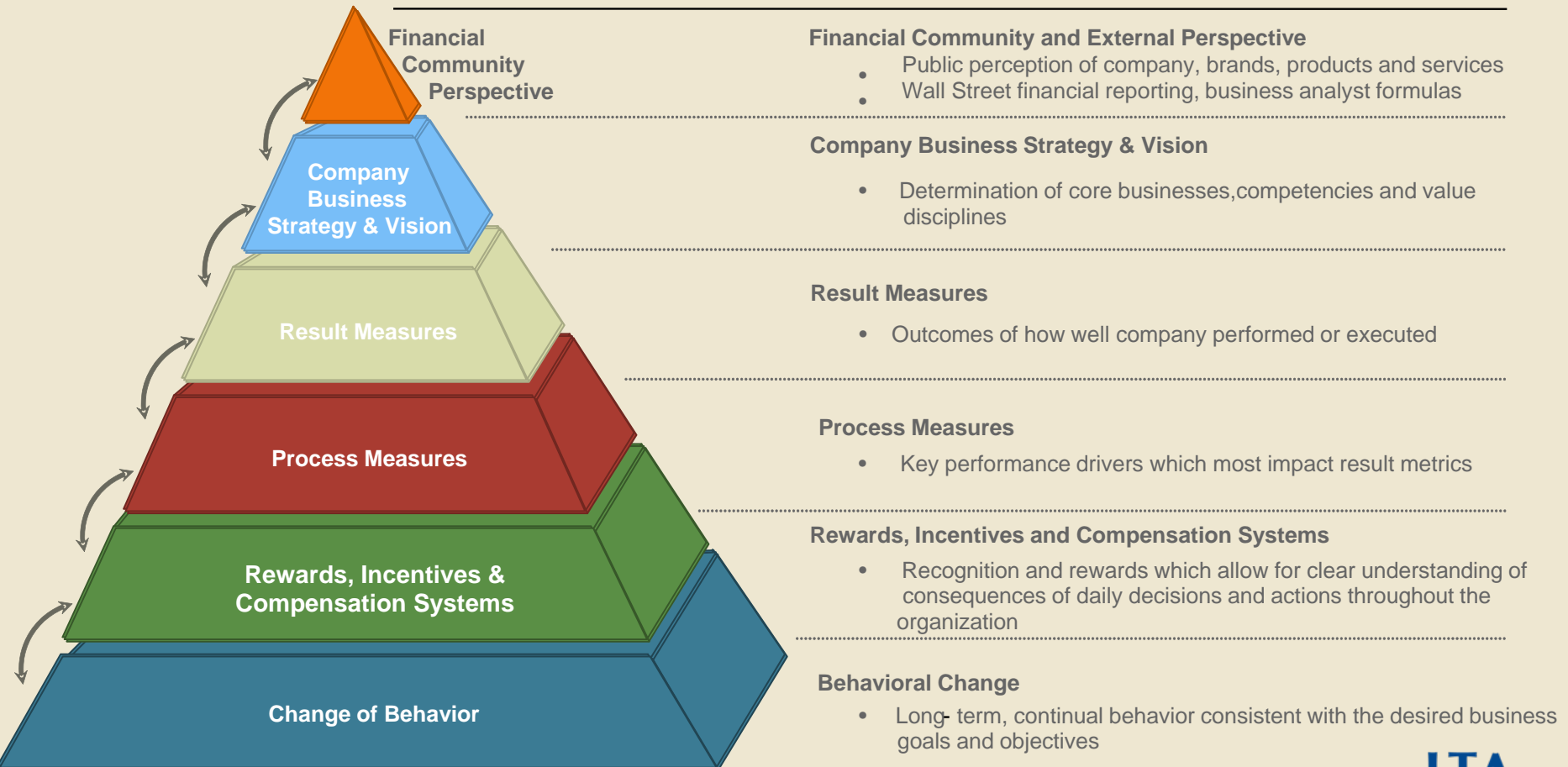
The cause of weak links or breaks in the chain is determined through the evaluation of the five CPM Dimensions: Process, Methodology, Metrics, Technology, and Culture.



Measure Results & Take Action

Measuring and reporting overall performance provides the input for process improvement and “drives” behavioral change. The measures must be aligned with the strategy across all levels of the organization.

Business Performance Pyramid



Manage Process vs. Departments

Manage your core processes. Core processes are ones that add value for the external customer, create inputs that enable value-adding processes or govern other core processes.



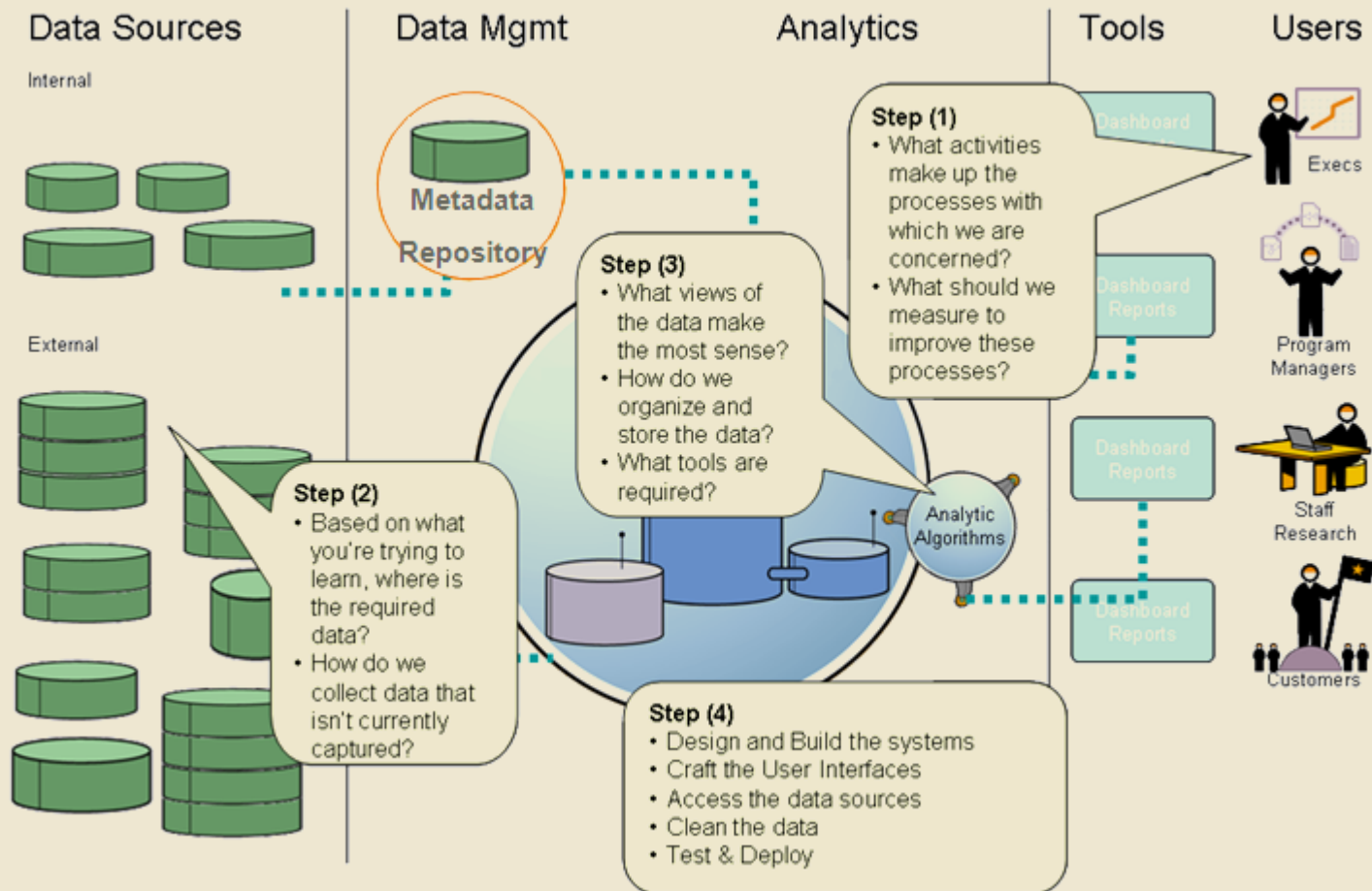
Process Management Essentials

- Process Owner
- Cross functional Process Team
 - Shared data
- Workflow management
- Process performance measures
 - Activity based costing
 - Shared incentives
- Methodology for continuous improvement

Measure Results & Take Action

Accessing and presenting the required data is a complex and critical element in implementing performance measures. SOA greatly facilitates this task.

Metrics Architecture and Process Planning Approach

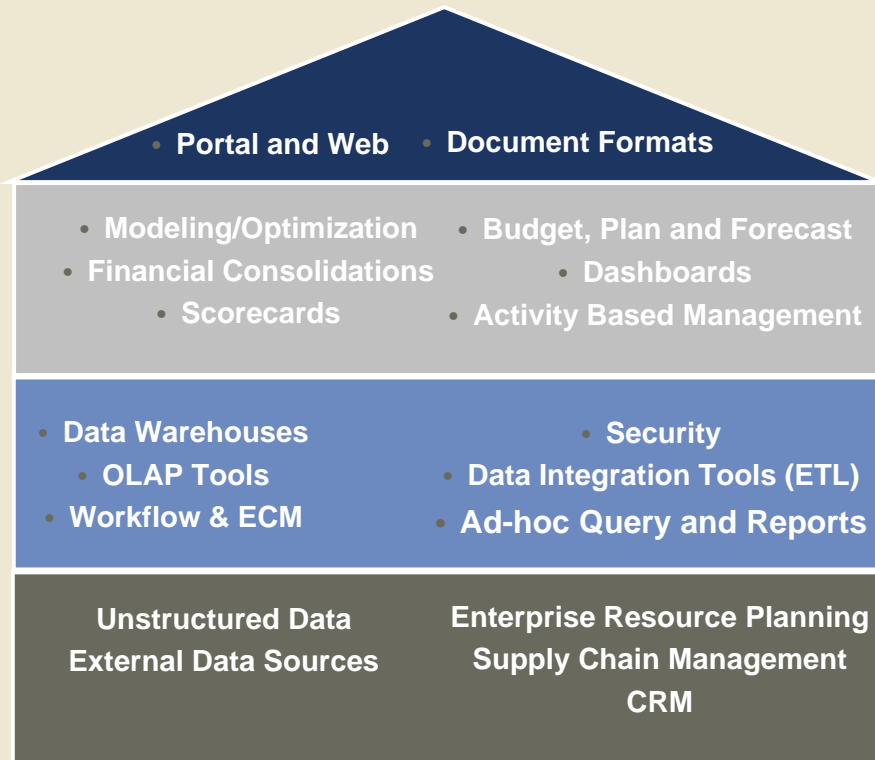


The Link Between CPM to SOA

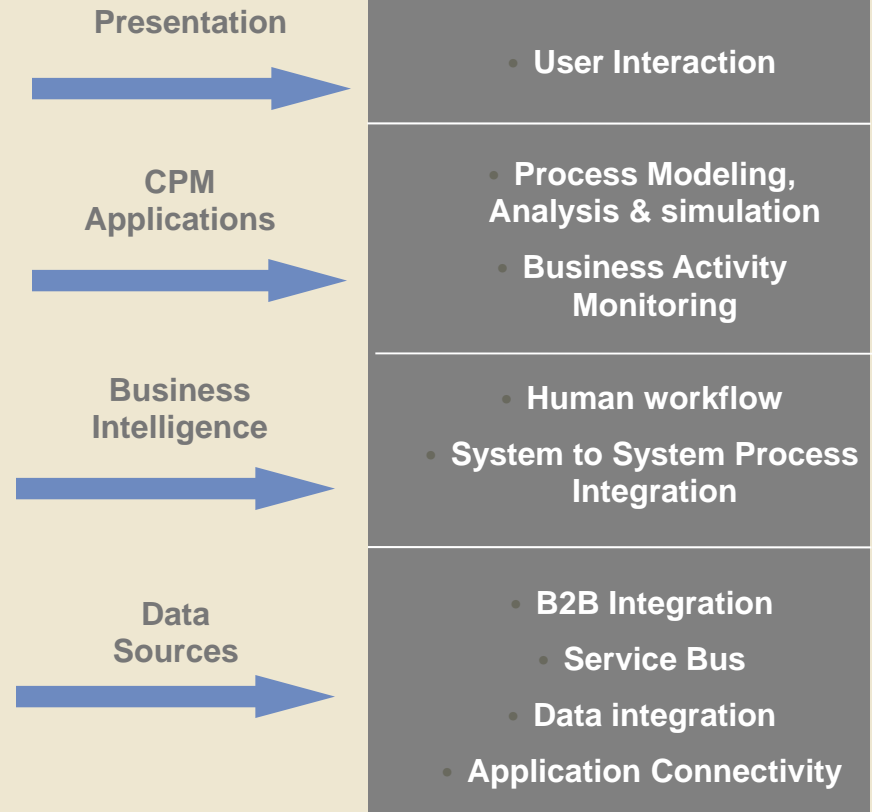
expose & enable

The Aberdeen Group found that “commitment to and interest in both SOA and BPM spells the difference between Best in Class organizations and the rest.”

CPM Conceptual Architecture



SOA Functionality



Make the Information Accessible and Actionable

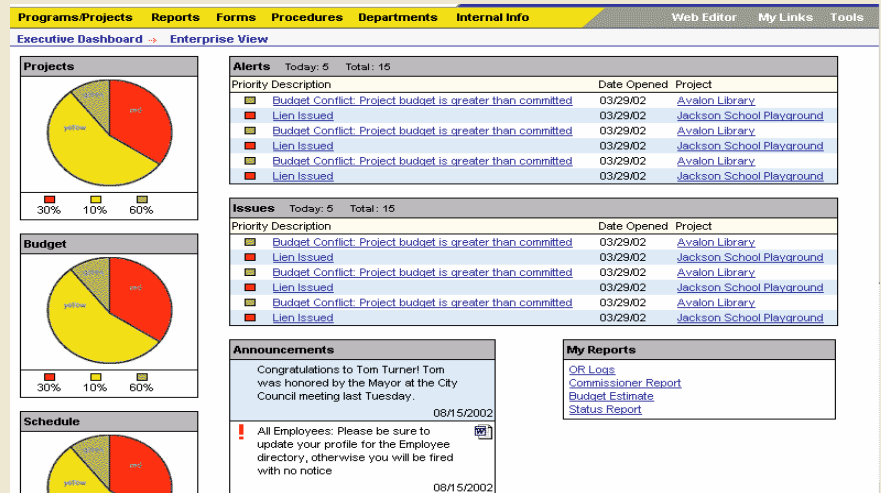
A portal is generally the primary “presentation” vehicle to support CPM using SOA.

Portals provide a great way to:

- present the right information to the right people at the right time to support reduced timeframes, managed costs, and improved quality
- provide access to drill down capabilities to find the root cause of issues
- eliminate internal battles by presenting “one version of the truth”

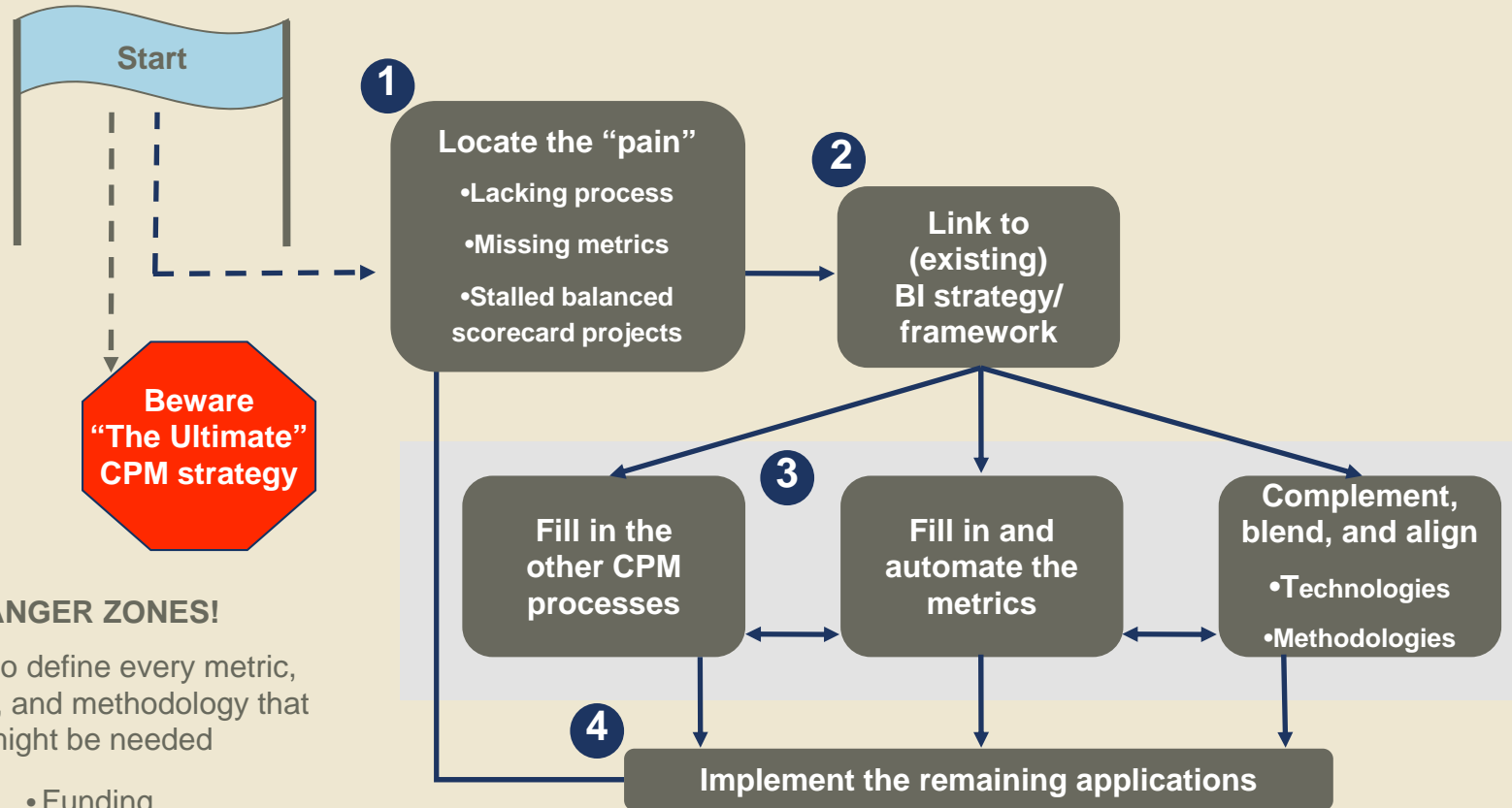
The portal should provide access to:

- Workflow Management
- Real-time Alerts
- Digital Dashboard / Scorecards
- Ad-hoc Query & Reporting



Get the “Big Picture” – Take Small Steps

Quickly develop a framework for CPM then focus on implementing rapid releases that generate benefits and build the CPM strategy



DANGER ZONES!

- Trying to define every metric, process, and methodology that might be needed
 - Funding
- Cross-functional rivalries and turf wars
- Methodologies “du jour”

Source: Gartner

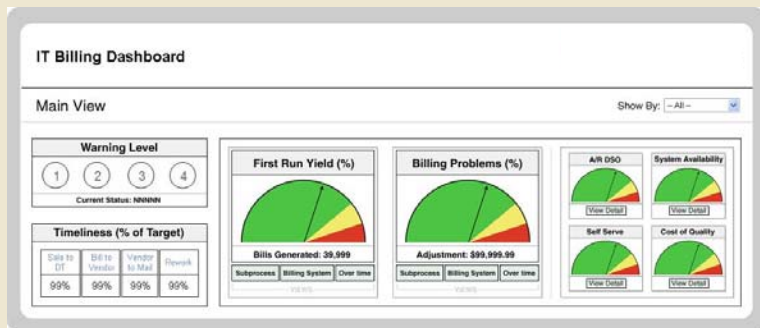
The Needs & Challenges

Balance is important in all aspects of a CPM solution:

- The new approach must provide both structure and agility
- The process requires both a knowledge of the details and a holistic view of the corporation in order to provide the most value.
- Knowledge of the current process is critical to success, but attachment to current processes is deadly.
- Reduction of manual processes provides efficiency and quality, but generating saving often requires retraining and/or organizational changes.
- Performance metrics must provide an understanding of the day-to-day processing as well as a method to drive the business forward.
- Alerts and escalation rules keep transactions moving through the process, and appropriate controls keep management informed. However, they can also add inefficiencies if not properly designed.

Case Study: Metrics Definition

This client is one of the nation's leading providers of wireless communications with one of the largest nationwide wireless voice and data networks and approximately 42 million customers.



Challenge:

- Define objectives and identify supporting metrics to measure business performance against the client's goals to produce timely, accurate, monthly bills for telecommunications services, thereby increasing customer satisfaction and decreasing costs.

Solution:

- Used the Six Sigma methodology to define nine quantifiable objectives, including:
 - Increase first run yield by eliminating fallout in the ordering, provisioning, rating, billing, and account creation processes
 - Reduce customer-identified billing issues and service cancellations
 - Reduce the need for, and costs directly associated with, quality assurance activities
 - Reduce end-to-end, order-to-cash process cycle time
- Developed the data dictionary encompassing the tier 1, tier 2, and tier 3 metrics supporting the objectives and identified the data sources.
- Delivered a proposed architecture for a digital dashboard, a prototype (developed with Fuego BPM software), and an implementation plan for build out.

Result:

Through analysis of the metrics data, SBI identified opportunities to:

- Increase customer satisfaction and reduce the customer disconnects by over 10%, increasing revenue by over \$6 annually.
- Reduce billing issues, decreasing customer service inquiries by over 10% and saving the client approximately 1M annually.

Mortgage and Credit Solutions

Case study from an International Investment bank

Challenge

- Develop a method of processing mortgages that's less time-consuming than traditional methods
- Create an online mortgage product system that's easy for their financial advisors to navigate and understand
- Integrate supporting information related to mortgage processing, which resided on a combination of legacy back-end systems and new server based platforms

Solution

- Created a Web-based framework leveraging BEA products to apply complex business rules to customer-provided information
- Designed the automated process for recommending the appropriate mortgage product based on client assets under management and stated preferences
- Integrated with back-end systems to provide access to needed mortgage rates, closing costs, and product information

Results

- Easy-to-use Web mortgage advisory and application used by over 15,000 Financial Advisors
- Process efficiency and increased sales revenues through effective, interactive tool
- Also serves as unique training tool



Case Study: Sarbanes-Oxley Compliance

This manufacturer mines and processes minerals, producing a range of products supplying the consumer, industrial, agriculture, mining, construction, and environment management industries. The company generates an annual revenue of over \$350 million through its operations in Europe, Asia, Australia, and North America.



Challenge:

- Address control deficiencies identified in a preliminary audit of this manufacturing company's IT division, completing remediation efforts as quickly as possible while minimizing the affect on ongoing operations.

Solution:

- Implemented a Sarbanes-Oxley Project Management Office (PMO) utilizing SBI's proven PMO expertise, tools, and methods.
- Led the scoping and testing of controls for 28 financial applications including payroll, journals, cash flow, and commissions, encompassing four separate corporate entities across the United States and Europe.
- Managed the completion of control policies, procedures, and remediation for the following IT components and processes:
 - Logical access
 - Data center and network
 - Vendor management
 - Financial database security
 - Change control
 - Development
 - Production turnover

Result:

- Completed all remediation and documentation efforts within targeted timeframes, enabling the company's IT staff to remain focused on its ongoing operations responsibilities.
- Significantly reduced the risk of unauthorized access to corporate financial data.
- Prevented the independent auditor from attaching comments to the quarterly report filed with the SEC citing significant IT control deficiencies per section 302 of the Sarbanes-Oxley act.

CPM Improvements

Faster Cycle Times

- Reduced costs
- Faster revenue recognition
- Improved customer satisfaction

Improved Controls and Metrics

- Reduced Risk
- Better workload balancing leading to lower costs

Compliance Built into the Process

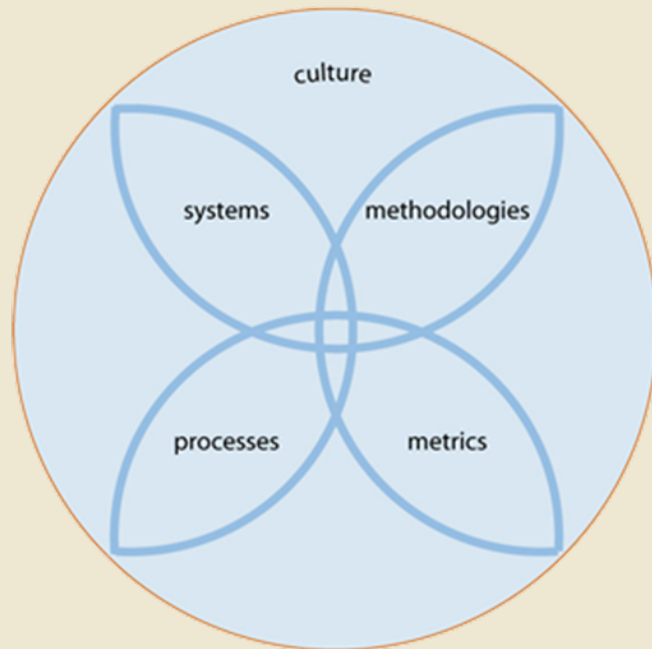
- Reduced risk
- Improved reporting
- Lower time and cost to support government regulations

Support for the Entire Process versus a Single Role

- Improved Customer Service through timely access to information
- Reduced Number of Days of Sales Outstanding / Delinquency

Conclusion

CPM identifies and creates business efficiencies that fund IT investments with fast and substantial Returns on Investment



Symptoms of CPM Needs

- Business issues come to light only after the issues have affected financial results
 - Costs are rising faster than revenue
 - Inconsistent “information” reported across the organization regarding performance, productivity and error rates
 - Difficulty finding the root cause of problems leading to the treatment of business symptoms versus the elimination of problems

Thank You

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