

EXPLOITING FINANCIAL SERVICES DASHBOARDS TO DELIVER ACCURATE PERFORMANCE VISIBILITY

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EXECUTIVE SUMMARY

As increasing regulatory pressures and tightening economic conditions now dominate the banking landscape, financial institutions are now looking to make swift operational changes to maximise new market opportunity and recoup sub-prime driven losses.

Key to success in this challenging environment will be the provision of excellent, real time information to improve operational decision making across the board. However, while most financial institutions have developed a strong culture of information based decision making, many have struggled to deliver that information to business users in an appropriate, easily digested format.

This information gap between IT perception and business adoption is becoming a major Achilles heel. There is a growing recognition that business users need highly visual tools that provide a top level view of operational performance, with drill down to more detailed reporting to attain greater insight into specific areas.

Key performance indicators are proven levers for improving performance and ensuring business activity is closely aligned with operations. By identifying and displaying those key performance drivers in a way that reflects the demands of specific roles, organisations can drive up performance and ensure business goals are being achieved at every level of the organisation.

It is this adoption of visual tools such as dashboards that will enable the financial services sector make the key shift from report centric to metric centric information. It releases business users in the front, middle and back office from the need to understand complex corporate systems, enabling them to exploit familiar Microsoft based Excel and PowerPoint or Adobe Acrobat tools without recourse to IT.

By providing business users with tailored dashboards that reflect in real time key performance indicators (KPI), from sales to human resources, organisations can achieve a fundamental shift in approach. Combining alerts with red, amber and green KPI measures enables highly effective management by exception and drives proactive, rather than reactive, management.

Not only does this real time performance information drive fact based decision making across the business, it also provides the opportunity for scenario planning that delivers unprecedented and necessary understanding of risk exposure in both new and existing markets.

To deliver the required 360 degree business view and support all KPI measures, the dashboard must be underpinned by highly accurate, robust business intelligence systems that consolidate multiple operational data sources. The dashboard must also reflect actual business user requirements; from delivering risk based KPIs required by the Chief Risk Officer, to customer trend and promotional performance to support the marketing team.

This paper outlines the key steps required to create accurate, consistent information, deliver highly visual, dashboard based reporting for business users and create a highly focused organisation that can align strategy with execution and empower business users to take the decisions required to drive growth and profitability and meet fast evolving business goals.

CHANGING BANKING ENVIRONMENT

The retail, investment and corporate banking sectors are beginning to emerge from the most extraordinary period of turmoil in many decades. As organisations globally continue to count the cost of the US sub-prime crisis, there is a pressing need to embark upon new, profitable strategies to recoup past losses whilst also driving down operational costs where possible.

As economies in the US and Europe continue to teeter on the edge of recession and rising inflation, most banks are turning their focus towards the huge opportunities now presented by fast expanding economies in China and India.

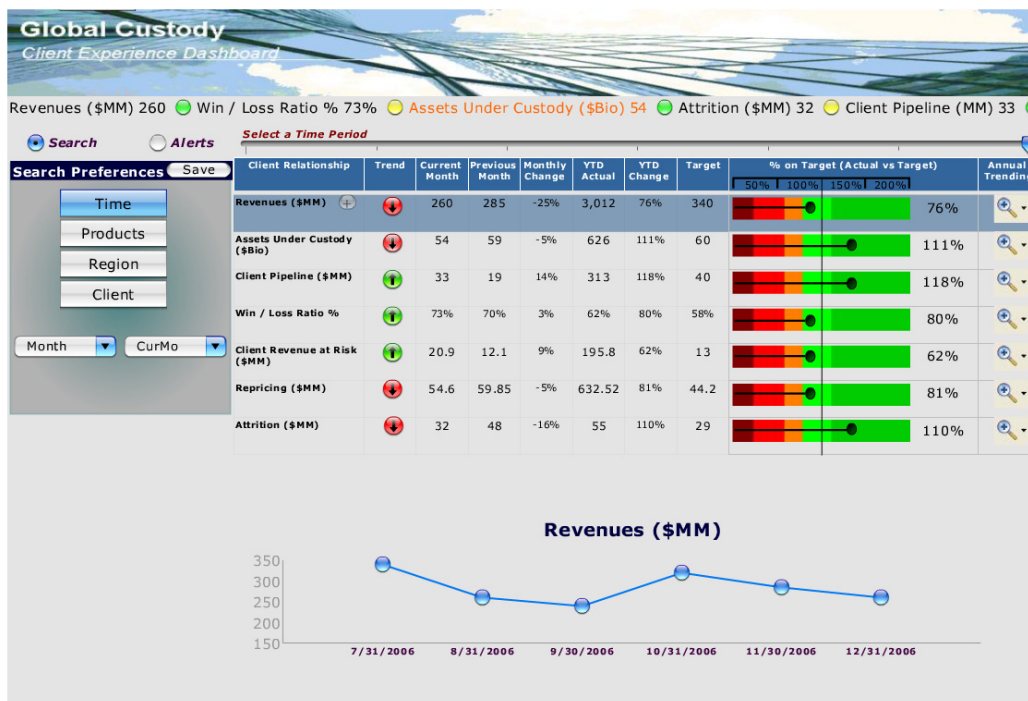
At the same time, organisations are looking to refocus attention within home markets, moving away from areas such as investment and mortgage and loan acquisition towards savings products, wealth management and foreign exchange that are still experiencing good, profitable growth.

These financial organisations are having to change focus with unprecedented speed and better align goals and strategies with execution in field operations. This is putting huge pressure on business managers to monitor new strategies and identify key performance drivers and the levers for improving performance. Furthermore, this shift in focus comes at the end of an extraordinary decade of change. Widespread financial deregulation prompting the development of innovative new products and financial instruments has meant an explosion in the amount of structured and unstructured data that has to be analysed and transformed into knowledge to aid decision making.

In addition to identifying and tracking the key sources of revenue and profit, banks are looking to drive down operational costs. They are also looking to attain a far better ability to mitigate risk in existing and new markets to minimise potential future losses.

To manage effectively this extraordinary change and drive new levels of profitability, these organisations require intuitive access to real time information held in back office operational applications. Yet, while the depth and complexity of business insight and three dimensional analysis has improved significantly in recent years, too many business users are still struggling with self service access to critical information without support from IT.

If, in the year ahead, revenue projections are to be met in developed, developing and emerging markets, banks need to ensure business managers have far more self service access to real time, highly visual tools that provide rapid access to information; real time performance management and clarity of risk exposure.



INFORMATION PERCEPTION GAP

Is the banking sector geared up to delivering this real time information in a style that truly supports effective day to day decision making? Certainly business intelligence remains a top priority for CIOs – indeed it is the top priority for the third year in a row according to Gartner. But does the IT department truly understand the information demands of the business?

According to a survey undertaken by Business Week Research Services in 2007 there is a huge information perception gap between IT and the business: whilst only 24% of IT people believe that it is difficult to find information, over half (55%) of business users insist that information is difficult to locate. Indeed, only 22% of business users say the right amount of information is available, as opposed to 32% of IT respondents.

There is little doubt that IT is delivering huge amounts of information to the business. But managers are struggling to make sense of this information deluge. In reality, it appears that information is not being provided in a format that is easy to digest. Business users need highly visual information that provides an 'at a glance' view of top key performance indicators. They simply do not have the time or inclination to learn complex tools, trawl through detailed reports or pull together diverse information sources to attain the information required to support rapid decision making.

Indeed, according to an IDC study, the number one barrier to greater adoption of business intelligence within organisations is the lack of simplicity and ease of use, especially for the less technically savvy employees. These individuals want to use familiar tools such as Microsoft PowerPoint or Adobe Acrobat that require no training. And, for the new generation now entering business, familiar with the speed of information provided by Google, eBay or travel websites and the intuitive ease of use of the Apple iPhone, wading through pages of in depth reports is anathema.

Everyday casual technology users are making decisions based on relevant, timely information. They download directions from mapquest, plan activities based on online weather forecasts and change the route to work based on real time traffic updates.

Is it any wonder these individuals feel let down by the style, timeliness and quality of information available to support key business objectives? Today these business users do not have personalised views of their performance; nor can they easily consolidate information to make rapid and relevant assessments of risk exposure.

Individuals at every level of the banking sector are under massive pressure to perform and respond to huge change. They require personal, relevant information that provides an immediate, visual view of the six or seven key metrics that determine their weekly, monthly and quarterly performance.

This information needs to be tailored to specific job roles: whilst senior managers need an overview of corporate performance, encompassing top level financials, key human resources measures and customer metrics; a branch manager requires information on local product sales, cross selling and profitability by line. With alerts and management by exception, users can then drill down through the information to understand the source of the problem – or opportunity – and take appropriate action.

Furthermore, by providing role based personalised dashboards, organisations can enable users to determine their own preferred view of data that reflects daily priorities.

Organisations also want to be able to take this information and undertake rapid scenario testing to assess, for example, the potential impact of an interest rate rise or cut. It is this easy visualisation and 'what if' option that will enable far more searching questions across every line of the business – from branch manager to the board.

THE IMPORTANCE OF VISUALISATION BY ROLE

Critically, if financial institutions are to provide business users with more real time access to relevant information in order to align strategy with execution, they need to look towards far more visual and interactive reporting techniques. Passive displays, such as graphs and pie charts simply do not provide the level of insight required to support real time decision making.

Effective visualisation engages the decision maker and encourages the use of the information on a day to day basis to attain greater business insight. According to TDWI, dashboards are becoming the universal interface for monitoring key performance drivers and analysing performance related information.

Dashboards provide a performance monitoring layer on top of a business intelligence solution, leveraging existing investment in data cleansing, consolidation and reporting to deliver highly visual and interactive access to performance indicators.

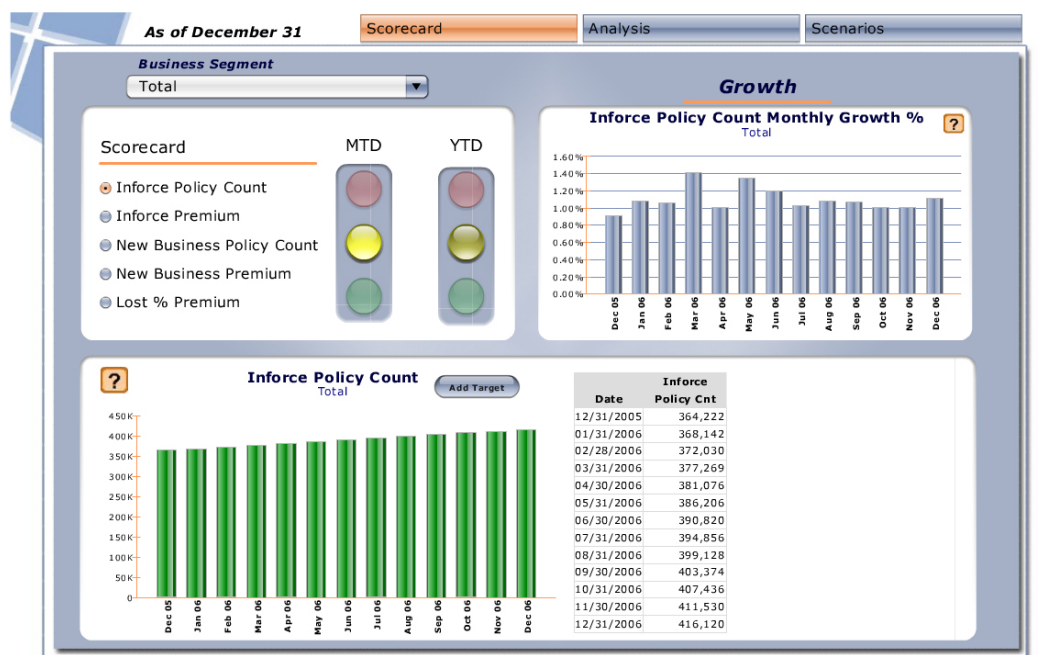
Dashboards enable a fundamental shift in information provision, evolving from a report centric to metric centric perspective. The technology supports user demands for highly visual trend monitoring, using red, orange and green indicators; and delivers unprecedented interactivity by providing drill down to the data source for insight into these trends.

With a tailored 'at a glance' view of relevant metrics, business users will rapidly buy in to the technology and use the dashboard to support day to day decision making. By empowering people across the business, organisations will enable improved decision making to support operational objectives.

Critically, dashboards not only deliver a highly personal view, they can also be accessed via familiar tools – from web portals to Microsoft PowerPoint and Adobe Acrobat, enabling users to feel completely comfortable with the process of accessing and using information.

And the benefits are proven. According to Competing on Analytics by Thomas Davenport, higher performing companies are 50 percent more likely to use analytic information strategically. Almost two thirds (65%) of high performers have significant decision support/analytic capabilities compared to just 23% of low performers.

Critically, organisations can leverage a robust business intelligence infrastructure that combines multiple information sources to support diverse operational and strategic requirement, from the board level 360 degree view of the business to specific KPIs to support operational performance from call centre to human resources.



ROLE BASED DASHBOARDS CAN BE USED FOR:

- **Chief Operations Officer (COO): Operational Insight**
 - Track ATM uptime and reliability
 - Branch performance management
 - Manage workforce optimisation via human resources metrics
 - Assess IT project performance
- **Chief Risk Officer (CRO): Risk Insight**
 - Operational risk metrics
 - Non performing loans and loan losses
 - Concentration ratio metrics
 - Credit risk portfolio metrics
- **Sales, Service & Marketing: Customer Insight**
 - Understand and trend customer activity
 - Segment customers by product holdings
 - Monitor cross-selling and up-selling goals and performance
 - Track retention goals and metrics
- **Chief Financial Officer (CFO): Financial Insight**
 - Provide a top level financial view with performance tracking metrics
 - Monitor profitability goals and performance by product, by business, by geography
 - Track asset liability metrics
 - Undertake scenario planning to ascertain financial drivers

DASHBOARD BEST PRACTICE

Given the dashboard's key role in breaking down the information barrier between IT and the business, a successful dashboard implementation depends upon excellent user buy in and support.

Critically, the underpinning information must be accurate, trusted and real time. This demands a robust data foundation and the use of good ETL and data quality tools to cleanse and integrate multiple information sources into one data warehouse.

If an organisation already has an existing business intelligence infrastructure, creating the dashboard 'vener' is a relatively straightforward process. However, there some key points to address:

DEFINE DASHBOARD OBJECTIVES:

Dashboards can fulfil a variety of requirements – from the strategic 360 degree view of business KPIs to balanced scorecards following a particular methodology. However, each has a different objective and hence requirement. It is essential to define that requirement up front to ensure the right underpinning data is available – or discovered – and metrics created.

For example, a strategic dashboard for the CEO will actually require more external than internal information. Monitoring internal sales and profitability is key but it must be measured in context and organisation must therefore leverage external market and competitor data to provide relevant comparison.

The creation of role based dashboards that define the key performance indicators for each job provide new recruits with a rapid insight into operational requirements. This intuitive approach provides clear direction, defines required reports and supports greater productivity and decision making, enabling the employee to adapt faster to the new role.

USER RELEVANCE:

As the 2007 Business Week research discovered, when it comes to business intelligence there is a clear misunderstanding between IT and the business on the key metrics required. Organisations need to involve business users throughout the dashboard development process – leveraging IT expertise to come up with an initial guideline which users can then evolve to define the most relevant metrics.

Less is more when it comes to metrics. It is essential to limit users to a simple key set of performance indicators – overwhelming the dashboard with too much information will fundamentally undermine its value and usage.

LEVERAGE BEST PRACTICE TEMPLATES:

Business adoption of dashboards is typically an incremental process, driven by specific operational and strategic business areas. Organisations can get a head start by exploiting best practice metric frameworks with advanced visualisations designed specifically for the banking industry. These leverage broad market experience to deliver dashboards with out of the box performance metrics.

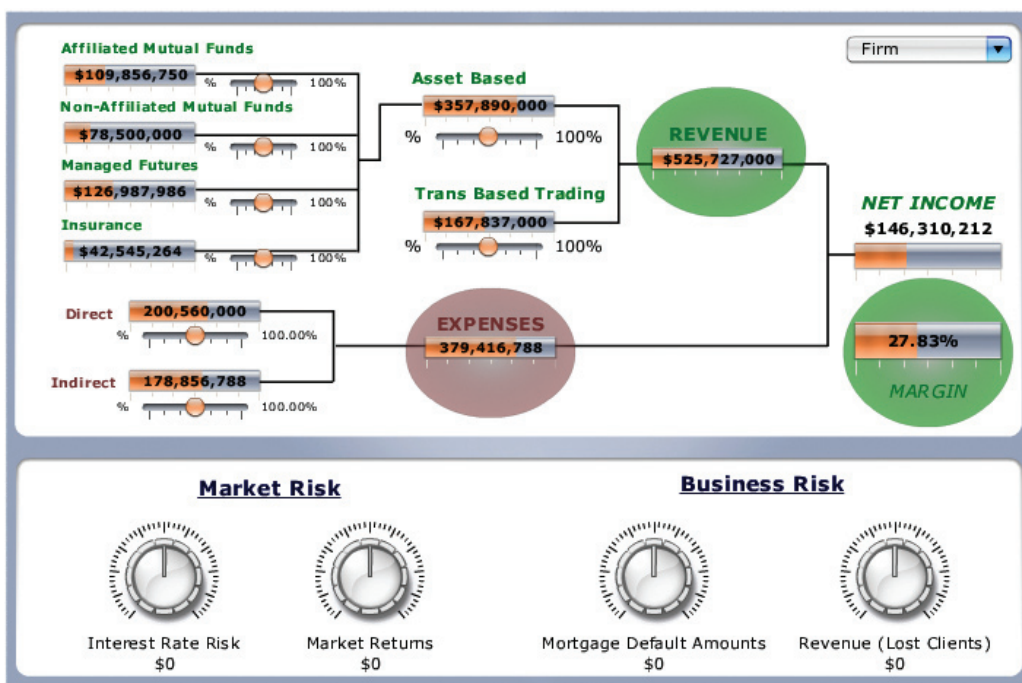
In addition, many banks have discovered that the use of profitability and cost analytics tools that assess profitability by product or channel, provide an excellent foundation for a wider deployment of dashboards by demonstrating the technology's power and relevance across the entire business.

BUILD FOR CHANGE:

Dashboards are not a static, one off development. The fundamental role of this visual technology is to monitor performance, highlight areas of problem within the business and take the operational decisions required to address those problems. Add in the continuous business change enjoyed within the financial sector and it is essential that dashboard measures can evolve. Therefore, organisations need to ensure the dashboard technology is flexible and adaptable and avoid codified solutions that constrain on going innovation.

UNDERSTAND USER BEHAVIOUR:

Evolving from report based to metric based performance measurement will have a fundamental impact on user behaviour. As they increasingly use dashboards on a daily basis, the top level performance information will determine areas of priority and influence decision making. Organisations need to consider in advance how this may change behaviour to ensure the result has a positive business impact.



DASHBOARD TOP TEN REQUIREMENTS

1. **Simple:** Dashboards must be highly intuitive to use, requiring no end user training.
2. **Ease of use:** This visual technology is end user led. Power users must update or introduce new metrics without IT intervention.
3. **Tailored View:** Roles-based dashboards enable the business to set performance metrics by role or preference with correct security settings.
4. **Visualisation:** Dashboards must support a visual display of information that reflects specific user requirements.
5. **In Depth:** Integrated analysis and reporting ensures users can drill down through the dashboard to detailed reports that explain trends and issues.
6. **Trusted Data:** Metadata providing context for each metric and demonstrating how it has been calculated and original data source provides end user confidence and clarity.
7. **Anytime, Anywhere:** Users must be able to access the dashboard from any location – via the web, in the company portal, on Blackberry, via email, or displayed in Microsoft tools such as PowerPoint or Adobe Acrobat.
8. **Complete View:** Dashboards must provide access to any data source, SAP or non SAP, OLAP or SQL, to provide a complete 360 degree view.
9. **Personalisation:** My layout allows users to display information and design the dashboard layout to meet their own requirements.
10. **Monitoring and Alerts to Drive Action:** By tracking metrics and providing alerts when thresholds are breached, a dashboard allows management by exception.

CONCLUSION

The financial services sector has never had a more pressing need for excellent business intelligence used across the organisation to drive profitability, reduce costs and provide insight into risk. By combining the disciplines of business intelligence and performance management, dashboards provide business users with powerful tools for communicating and monitoring the execution of strategic objectives. Critically, they also make information and insights more accessible to all business users from front to back office, enabling a key shift from reactive gut based to proactive fact based decision making. Greater access to visual – and understandable – real time business intelligence ensures that business users have constant access to the information required on a daily basis without reliance on IT.

Without a doubt banks globally face a massive challenge to recover from the huge losses experienced over the past 12 months. But there are also significant global opportunities for expansion and the acquisition of profitable new business. It is only by enabling business users at every level to make fact based decisions that these organisations will be able to effectively exploit opportunities without exposure to unnecessary corporate risk.

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