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YOUR SAS[®] BUSINESS REPORT

THE POWER TO KNOW.

Dear Readers,

I hope that you're planning to attend [SUGI 31](#) in San Francisco, March 26-29. If you are, I'll see you there! Check out the links under "Events" for information on SUGI and our expanded [Industry Focus Sessions](#).

Need to improve your performance management results? Then don't miss our lead article on activity-based management (ABM) and why the majority of companies are adopting this cost-accounting methodology.

As more and more businesses strive to base important decisions on facts rather than intuition, analytics is becoming the hot topic of 2006. See "Experts Weigh in on Analytics" below for the inside track on how leading companies are using analytics to improve their operations -- and their bottom lines.

Happy reading – and I'll see you in San Francisco!

A handwritten signature in cursive script that reads "Anne-Lindsay Beall".

Anne-Lindsay Beall
Editor, *Your SAS Business Report*

Majority of Companies Use ABM

Results of a recently published study demonstrate that activity-based management (ABM) is flourishing as a methodology for improving performance management results.

The study, "Activity-Based Costing: How Activity-Based Management is Used in the Organization," was published at BetterManagement.com. It shows that companies have widely adopted activity-based management because it provides a more complete picture than traditional cost accounting of the profits and costs of doing business.

ABM crucial to effective performance management

The survey (register at BetterManagement.com for a free copy of the study) included 528 respondents from companies across a broad spectrum of industries and countries.

Nine of 10 companies have implemented or are considering deploying activity-based management systems. What's more, six in 10 respondents indicated that the output from their activity-based management systems supports performance management initiatives in their organizations.

"Most of the executives surveyed shared the view that activity-based management is crucial in effective performance management deployments," says Songyu He, product marketing manager for SAS Activity-Based Management.

"SAS, a worldwide market leader in activity-based management software, agrees and has integrated its activity-based management and performance management offerings," continues He. "The ultimate proof of popularity rests with the users of these solutions. In 2005, worldwide revenues from SAS Activity-Based Management jumped more than 45 percent over the prior year."

The SAS® solution

SAS Activity-Based Management provides the modeling flexibility that survey respondents say they are looking for. More than half of the participants in the study reported using a combination of the top-down, quantity-based assignment method and the bottom up, output-driven consumption rate method for cost assignment.

One in four employs only the bottom-up approach, and one in five employs only the top-down approach. While some competitive offerings only support one cost assignment approach or the other, SAS Activity-Based Management supports either approach or a combination of the two – precisely the flexibility that 50 percent of these survey respondents indicated they require.

SAS Activity-Based Management offers integrated data management, business modeling, reporting and analysis on a single platform, improving the likelihood of a truly successful activity-based management implementation that goes far beyond traditional accounting methods to turbocharge any enterprise's performance management results. Fully integrated on the SAS®9 Intelligence Platform, SAS Activity-Based

Management helps to optimize business performance and alignment within key organizations, including IT, finance, marketing, supply chain, customer intelligence and operations.

Experts Weigh in on Analytics

Nearly 100 C-level executives from across the United States gathered in New York for a symposium on analytics, presented by the Harvard Business School Press, SAS and Intel.

The theme was “Competing on Analytics,” and industry thought leader Tom Davenport, a professor of IT and management at Babson College, presented findings from a study he recently conducted on decision-making processes.

Davenport surveyed companies that use analytics for competitive business advantage. His research, released last year ([register](#) for free report), concluded that leading organizations are focusing an increasing amount of attention on developing fact-based decision-making processes; the study also revealed that senior-level buy-in and involvement are critical to the success of enterprise business intelligence.

Analytics key to success

Panelists at the executive summit shared that they depend on enterprise-level analytics with BI when making a variety of multimillion dollar decisions: where to build new factories; how to increase market share; how to improve customer loyalty, etc.

Presenters, including Gary Loveman, CEO of Harrah’s Entertainment, and Glenn Wegryn of Procter & Gamble, offered examples of how their companies rely on analytics in their day-to-day operations. Loveman described analytics as “the juice that makes the company go.”

Keith Coulter, managing director of consumer cards and loans at London-based Barclays, reported that analytics was the foundation of a five-year plan the company launched in 2000 to take on emerging competitors MBNA and Capital One Financial and to bring in new customers. After implementing analytics in its supply chain and call center systems, Barclays acquired 1.5 million accounts through direct marketing from 2003 to 2004, three times the number of new accounts added between 2001 and 2003, said Coulter.

The initiative would not have been successful without a philosophy that relies on analytics, said Coulter, adding that most employees in marketing now are programmers and analysts. “The people who run the business ... this is the way they are expected to work,” Coulter said. “This is now embedded in our business, embedded in how we work and how we compete.”

“As businesses recognize the value of making important decisions that are based on facts rather than on ‘gut feel,’ the market for business intelligence will continue to increase. That trend represents significant opportunity for SAS,” said Senior Vice President and Chief Marketing Officer Jim Davis, who presented at the event.

"Organizations making multimillion dollar decisions must make sure they're using all the tools at their disposal to reach those decisions," said Davis. "Davenport's findings validate the role of business intelligence across multiple industries."

CIO Insight: SAS is Clear Leader in BI

When *CIO Insight* asked 884 IT executives if their top vendors are delivering the value and reliability they expect, SAS ranked as the leader in business intelligence (BI).

Overall, the magazine's 2005 Vendor Value Survey reported that IT executives were happier with their vendors during 2005, with 18 vendors, including SAS, receiving higher scores than in the previous year.

SAS received an overall rating of 67.7 percent, up 3.2 percentage points from the 2004 survey.

In the category of [Business Intelligence](#), "SAS is the clear leader," reported *CIO Insight*. "SAS is the eighth-ranked company overall for solving business problems. Hyperion and Cognos fall between 55 percent and 60 percent in every rating category, while Cognos ranks in the bottom quartile in every category."

Going Beyond BI™

SAS differentiates itself from other conventional BI vendors in the industry by providing unmatched technology and expertise in advanced analytics, data management and tailored solutions for specific industries, such as banking, life sciences, manufacturing and retail.

SAS takes enterprises beyond BI by integrating analytics that not only supply insight and hindsight in the form of historical reports, but predictive analytics that help predict outcomes and provide greater insight and foresight.

With these capabilities, SAS offers users at all levels immediate access to cleansed and reliable data through targeted user interfaces that match the skill level of the individual user.

Survey says ...

CIO Insight's 2005 Vendor Value Survey measured how U.S.-based IT executives generally perceive the value of their vendors' product and service offerings, and those executives' overall satisfaction with the support these vendors provide.

After identifying the vendors they have had a business relationship with in the past 12 months, respondents were asked to rate vendors as "excellent," "good," "fair" and "poor" on seven key criteria. To read more about the survey, visit: <http://www.cioinsight.com/article2/0,1397,1902378,00.asp>

SAS Positioned in the Leader Quadrant for Customer Data Mining

SAS is positioned in the Leaders Quadrant in the “Magic Quadrant for Customer Data Mining, 1Q06” report* by Gartner, Inc. Leaders are vendors whose performance excels in the customer data mining market segment. Not only are they suitable for the majority of enterprises to consider today, but they also have a significant impact on the direction and growth of the market.

Customer data mining is the application of descriptive and predictive analytics (such as clustering, segmentation, estimation, prediction and affinity analysis) to support the marketing, sales and service functions. The focus of the Magic Quadrant for Customer Data Mining, 1Q06 is on vendors that offer the most-relevant and compelling solutions in the market.

SAS' data mining solution, SAS[®] Enterprise Miner[™], and text mining solution, SAS Text Miner, were evaluated by Gartner for this Magic Quadrant. To view the Magic Quadrant report, see: http://www.sas.com/news/analysts/by_firm_gartner.html.

[SAS Enterprise Miner](#), SAS' enhanced data mining software, streamlines the entire data mining process from data access to model deployment by supporting all necessary tasks within a single, integrated solution, all while providing the flexibility for efficient workgroup collaborations.

[SAS Text Miner](#) expands these data mining capabilities to distill value from vast deposits of textual data. Integrating text-based information with structured data enriches predictive modeling results and provides new and valuable insights for driving business and research initiatives forward.

SAS' award-winning data mining solutions also are available as part of SAS Customer Intelligence. The software enables organizations to find and retain profitable customers using demographic data, customer buying patterns and other data. The software allows organizations to segment markets and to identify best prospects for a targeted approach enabling tailored campaigns that dramatically increase response rates. Data and text mining help solve a variety of problems, improving production process quality, for example, by anticipating problems before they occur and assessing the risk of customer credit applications to balance risk exposure and profitability.

Using the SAS Intelligence Platform as a foundation, SAS offers targeted business solutions that support enterprise intelligence, customer intelligence, financial intelligence, supply chain intelligence and more — as well as turnkey solutions for various vertical markets, such as financial services, life sciences, health care, retail, manufacturing and others.

About the Magic Quadrant

The Magic Quadrant is copyrighted by Gartner, Inc. and is reused with permission. The Magic Quadrant is a graphical representation of a marketplace at and for a specific time period. It depicts Gartner's analysis of how certain vendors measure against criteria for that marketplace, as defined by Gartner. Gartner does not endorse any vendor, product

or service depicted in the Magic Quadrant, and does not advise technology users to select only those vendors placed in the “Leaders” quadrant. The Magic Quadrant is intended solely as a research tool, and is not meant to be a specific guide to action. Gartner disclaims as warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

** Gartner Research “Magic Quadrant for Customer Data Mining Q106” by Gareth Herschel, Research Director, CRM Analytics, January 18, 2006.*

Briggs & Stratton Harnesses Operational Data

As the world's largest manufacturer of air-cooled gasoline engines, Briggs & Stratton powers lawn equipment, pressure washers and generators for thousands of original equipment manufacturers around the world – including Campbell Hausfeld, John Deere, Craftsman and Toro. But when it comes to setting the stage for advanced data warehousing and state-of-the-art business intelligence, Briggs & Stratton turns to SAS.

A SAS customer for nearly 20 years, Briggs & Stratton has a long history of using SAS to transform operational data into strategic intelligence. "Even though we have disparate pieces of software that actually operate the business, including SAP R/3 and Oracle, we use SAS for our business intelligence endeavors," says Grant Felsing, the company's decision support manager.

Led by Felsing, the IT department began building its data warehousing infrastructure in 1988; by 1995, SAS software supported 15 extract engines and more than 4,000 reports. In 1998, Briggs & Stratton invested in SAP R/3, but the new ERP system essentially wiped out its entire reporting infrastructure. Felsing again turned to SAS.

While SAP R/3 updated the company's operational environment and removed the bulk of its legacy systems, it also removed most of the sources for the company's advanced data warehouse. The legacy systems had contained not only the data management component but also the accumulated programming layers unique to Briggs & Stratton. Because the company had come to rely on daily access to this information, it had to reacquire all of its business intelligence as quickly as possible.

"SAS, as a company, really stepped up to the plate for us to resolve the situation," says Felsing. "We moved from a legacy mainframe environment to Unix-based servers, and SAS added the insight and business reporting we needed on top of SAP R/3 to make the system complete." Now, Felsing says his team can concentrate on providing executives with a more strategic level of information.

Informing executives, empowering managers

According to Felsing, SAS takes data from dozens of operational sources throughout the company and uses that information to tell a story. "With SAS, we're not just presenting rows and columns; we're presenting a complete story that will inform executives."

Using SAS, Felsing's team created an executive management system that presents high-level business intelligence in a scorecard format. "The corporate scoreboard is a single place where executives can go to see where we are today compared to where we were at the same point last year," he explains. Everything is delivered with SAS graphics and SAS reports; executives select and modify reports, so they can recognize very quickly when an unusual or unexpected event has occurred.

Operational managers use a similar decision support application that provides a range of metrics for major product lines. Data can be viewed by customer, by product line or by

time period. Sales managers, for example, can run reports to understand how well their products are selling around the country. Manufacturing supervisors use the information to optimize production levels based on customer inventory and demand. Supply chain managers can quickly compare inventory levels with sales and shipment levels to see whether all areas are aligned with company expectations.

Quality initiative saves more than \$3 million in first year

Using SAS, Felsing's team also has developed a system for tracking historical information and monitoring quality trends, facilities operations and failure rates for each engine series. This sophisticated quality improvement application automatically flags potential areas of concern and sends e-mails to notify managers and executives when problems may be emerging.

Early-warning alerts like these help managers address potential concerns before they affect thousands of customers. In fact, Felsing says the manufacturing team was able to identify and address a million-dollar quality issue as soon as the SAS application was implemented. "Identifying that one problem at such an early stage in production may have saved us more than \$1 million alone, and that's just the tactical savings. Without SAS, our managers wouldn't have had the ability to pinpoint the problem for at least four more months."

The strategic benefits – such as fewer warranty claims and enhanced customer satisfaction – can be even more important than the immediate financial gains, explains Felsing. "Finding problems early not only helps the bottom line," he says, "but it helps you with your entire customer satisfaction level. And there really isn't anything more important to our company."

The SAS quality solution also has fostered newfound collaboration between plant managers and corporate managers. "This is something that they can both get excited about," says Felsing. "SAS helps pick problems off the line and shows them what to fix, giving plant managers a lot of power."

SAS does it all

Whether developing analytic applications, early-warning systems or executive dashboards, Felsing is confident that SAS will always provide the solutions that meet his requirements.

"With SAS, I'm able to do anything my company needs very quickly and inexpensively," he says. "SAS puts me in the position to draw on a very high level of expertise, and the quality of the software is an enormous benefit to me and to Briggs & Stratton. Because of our partnership with SAS, I've been able to serve my company at a level that I would not be able to with any other platform."

SAS Customer Wins BI Excellence Award

SAS customer HypoVereinsbank (HVB), a leading German bank, has won the 2006 Gartner Business Intelligence Excellence Award.

“We are happy for our customer to win this prestigious award,” says Mark Torr, SAS technology strategy manager. “All successful BI projects have to be founded on a reliable, robust and complete data integration platform. SAS is pleased to provide the data platform that ensures HVB can report accurate, consistent and complete information brought together from over 75 sources on multiple platforms to drive forwards its business.”

Using [SAS® Data Integration Studio](#), HypoVereinsbank built a data warehouse platform for the company's Credit Portfolio Management division.

“We are pretty much using all of the various IT systems that the IT world has ever produced,” explains Eckart J. Schröer, head of information management. “The easy and transparent connection of the various data sources convinced us. No vendor other than SAS was able to provide us with the same capabilities. Our portfolio manager can take advantage of the successful integration of additional sources that are quickly accessible to them and made possible by our data management solution provided by SAS.”

The Gartner BI Excellence Award is presented annually during the Gartner Business Intelligence Summit. This year’s summit took place Feb. 6-8 in London. Three finalists presented their projects in front of leading BI expert attendees, whose votes determined the winner.

Representing HypoVereinsbank was Schröer, of the bank’s Active Credit Portfolio Management division. He presented his successful BI implementation, in which SAS solutions played a major role.

SAS® Marketing Automation wins 'Product of the Year'

Powerful, integrated analytics, data integration, campaign management, business intelligence and an easy-to-use interface – these are just a few of the reasons [Customer Inter@ction Solutions](#) magazine picked [SAS® Marketing Automation](#) as its 2005 Product of the Year.

“Each year *Customer Inter@ction Solutions* magazine bestows its Product of the Year awards on companies that have demonstrated excellence in technological advancement and application refinements. SAS has demonstrated to the editors of *Customer Inter@ction Solutions* that its products and services have gone the extra mile to help improve both the customer experience and the ROI for the companies that use them,” says Nadji Tehrani, executive group publisher and editor-in-chief of the magazine.

The Product of the Year Award winners for 2005 are highlighted in the January and February 2006 issues of *Customer Inter@ction Solutions*, the leading publication in the CRM, call center and teleservices industries since 1982.

Leading the industry

SAS Marketing Automation also was recognized in a recent report from analyst firm IDC. That study, "Worldwide Marketing and Sales Automation Applications 2004 Vendor Shares: A Rising Tide" (IDC #33661, July 2005) identified SAS as the revenue leader in marketing automation software ([see related story](#)).

"SAS' success in this sector is in no small part the result of a fundamentally analytic orientation that focuses on delivering actionable customer intelligence," says Robert Blumstein, research director for CRM analytics and marketing applications at IDC.

"SAS has continued to lead in marketing automation based on a mantra of optimization coupled with scalability derived from its analytic DNA," continues Blumstein. "The careful analysis and prediction that SAS Marketing Automation and [SAS Marketing Optimization](#) provide marketers give them the guidance to adjust their programs and challenge both internal benchmarks and external competition."

A higher return on marketing dollars

Designed for the business user and built with the flexibility to take advantage of a company's existing infrastructure and systems, SAS Marketing Automation is the industry's most powerful, comprehensive marketing automation offering. Users can define target segments, create and manage test and control groups, prioritize selection rules, schedule and execute campaigns, and perform advanced analyses to predict the success of customer communications.

Built on the [SAS Intelligence Platform](#), the powerful analytics of SAS Marketing Automation allows marketers to address, support and improve all aspects of the marketing process in a highly targeted manner. The result? A better return on marketing investment and a healthier bottom line.

Events:

[Web Seminar: Focus on Building the BI Competency Center](#)

March 15, 1 -- 2:30 p.m. ET

Experts share proven strategies for establishing business intelligence competency centers.

[SAS Users Group International \(SUGI\)](#)

March 26-29, San Francisco

Join us in San Francisco to see the latest and greatest in SAS software!

[SUGI 31 Industry Focus Sessions](#)

March 26-29, San Francisco

Check out these tailored presentations to meet your unique needs in key industries at SUGI 31!

[SAS Announces New Business Forecasting Conference](#)

June 5-6, Cary, N.C.

Learn the latest forecasting theories, trends and best practices from world-renowned forecasting experts at [F2006](#).

[JMP User Conference](#)

June 20-21, Cary, N.C.

Leading JMP experts share new ideas for maximizing your JMP software.