

JANUARY 2007



Dear Readers,

To kick off the new year, we're taking a look into the future. We've asked SAS execs, industry experts and leading research analysts four questions about the role of BI in the next two to five years. Those interviews gave rise to our lead article, [The Future of Business Intelligence](#).

What's your vision for the future of BI? Take our [online survey](#), where you can answer the same questions we posed to the experts.

In addition, we've got performance management tips and the inside scoop on how Whirlpool is using technology to cut costs.

Happy new year – and happy reading!

A handwritten signature in black ink that reads 'Anne-Lindsay Beall'.

Anne-Lindsay Beall
Editor, *SAS Business Report*

The Future of Business Intelligence

SAS executives and industry experts share their views

What's on the horizon for business intelligence, and how will the industry landscape change in the next two to five years? That's what we wanted to know. So we came up with four simple, thought-provoking questions and turned to SAS executives, SAS customers and industry analysts for insight.

Here you'll learn what SAS CEO Jim Goodnight says about the importance of investing in people with strong problem-solving skills. You'll find out what Executive Vice President of SAS EMEA and Asia Pacific Operations Mikael Hagström says about the demand for industry solutions. You'll read what Chief Marketing Officer Jim Davis says about recognizing data as an asset. You'll understand why Chief Technology Officer Keith Collins says businesses will be focusing on decision science as opposed to operational reporting.

Follow the links below to read their thoughts – and more from industry experts:

[Dr. Jim Goodnight](#), CEO, SAS.

[Mikael Hagström](#), Executive Vice President of SAS EMEA and Asia Pacific Operations.

[Jim Davis](#), Chief Marketing Officer, SAS.

[Keith Collins](#), Chief Technology Officer, SAS.

[Ian Charlesworth](#), Senior Analyst, Ovum.

[Jill Dyché](#), Partner, Baseline Consulting.

[Cindi Howson](#), Independent Consultant, Analytic Solution Know-How.

[Claudia Imhoff](#), President and Founder, Intelligent Solutions.

But that's not all. You, too, can answer the same four questions in our online [survey](#). Please take a few minutes to share your vision for the future of BI. We look forward to reading your answers.

SAS Risk Intelligence Named Product of the Year

Find out why *Risk* magazine selected SAS Risk Intelligence as its 2007 software product of the year.

[Risk magazine](#), a leading global financial risk management publication, selected SAS Risk Intelligence as its 2007 software product of the year.

[SAS Risk Intelligence](#) was recognized for its superior capabilities in addressing the Basel II accord. In addition to helping institutions with government regulations and industry standards, SAS Risk Intelligence helps organizations to go beyond compliance and manage risk strategically through risk-based performance management. SAS risk solutions unite corporate risk initiatives across the board so companies can achieve the ultimate goal of true enterprise risk management. Once risk activities are aligned, firms can then derive real business value from their compliance initiatives and exploit risk for maximum competitive advantage.

Since 2002, *Risk* has used these annual awards to recognize leading software vendors for their best practices and innovation in the risk management industry. Winning organizations are chosen based upon their ability to fulfill customers' needs and expertly address industry issues. From in-depth submissions, nominees are selected by an expert panel and are then subject to a series of short interviews. The *Risk* award process includes solution innovation investigation, customer referencing and detailed review of an organization's customer service.

"This is the third in a series of award and analyst recognitions that SAS risk software has recently received, further validating SAS' continued leadership in the risk market," says Peyman Mestchian, Global Head for SAS' Risk Management Practice. "This is evidence that SAS provides a steadfast solution that specifically meets our customers' industry needs. The breadth of robust analytic applications found in SAS Risk Intelligence span from credit, market and operational risk to compliance and fraud."

Currently, more than 200 financial services institutions use SAS® for credit risk and operational risk management. SAS' customer list includes institutions such as:

- Bankdata (Denmark)
- Barclays (UK)
- [BB&T](#) (USA)
- Caisse Nationale des Caisses d'Epargne (France)
- [Commerzbank](#) (Germany)
- Grupo Santander (Spain)
- [HypoVereinsbank](#) (Germany)
- [Kookmin Bank](#) (Korea)
- Landsbanki (Iceland)
- National Australia Group (Australia)
- Northern Rock (UK)
- Raiffeisen Zentralbank (Austria)
- Volkskreditbank AG (Austria)
- Vseobecna Uverova Banka (Slovakia)

ShopKo Deepens SAS Relationship for Integrated Merchandise Planning **SAS helps retailer set itself apart from the competition and gain 'wall-to-wall' view of its business.**

ShopKo, a Wisconsin-based discount retailer, recently completed an upgrade to its merchandise planning capabilities by investing in more pieces of the [SAS® Integrated Merchandise Planning suite](#).

“We’re building up the portfolio of products that we use to take advantage of the suite’s enhanced assortment planning features and financial planning capabilities,” says Matt Lynch, Senior Vice President and CIO of ShopKo Stores Operating Co. LLC. “SAS will help us plan our merchandise assortments more effectively. Utilizing the SAS suite is helping ShopKo balance assortment and space plans to enable sales and margin improvements.”

A SAS Retail space planning user since the 1990s (previously known as Marketmax), Lynch says, “SAS is enabling ShopKo to internally communicate using common terminology and consistent planning standards. ShopKo’s end-to-end merchandise planning process has improved because of SAS’ combination of more effective planning tools and the use of standards across all merchandise categories.

“Paul White, ShopKo’s President and Chief Merchandising Officer, has introduced a rigorous approach to merchandising and assortment planning, including the horizontal integration of our private brands. Obviously, product selection remains a critical aspect of merchandising, but ensuring consistency in the early stages with SAS makes execution of downstream process that much easier and more effective,” Lynch explains.

“I’ve been working with our friends at ShopKo for more than a decade,” says Lori Schafer, Vice President of the SAS Global Retail Practice. “It’s a huge vote of confidence that they’ve chosen to grow with us throughout the years. Customers like ShopKo have helped us realize the promise of our retail intelligence solutions. SAS will continue to help drive ShopKo’s profits and delight its customers.”

In addition to ShopKo, SAS retail customers include:

[1-800-FLOWERS.COM](#)

[AutoZone](#)

[Bakers Footwear](#)

[Brooks Brothers](#)

[Burger King](#)

[Carrefour](#)

Casino

[Casual Male](#)

The Children’s Place

[Eddie Bauer](#)

[Federated Department Stores](#)

Hudson’s Bay Company

JCPenney

Kohl’s

Luxxotica Retail

[Mark's Work Wearhouse](#)

Marks & Spencer

[Newport News](#)

Northern Tool & Equipment

[Office Depot](#)

Sainsbury's

[Sport Chalet](#)

[Staples](#)

Tesco

Tween Brands

[Williams-Sonoma](#)

Whirlpool: Quality Means Loyalty

Whirlpool Corp., the world's leading manufacturer and marketer of major home appliances, envisions the day when its products are in every home, everywhere. To reach that goal, Whirlpool's Global Quality Division is incorporating innovation and analysis to its warranty approach. Using [SAS as its BI foundation](#), Whirlpool looks for significant savings in warranty costs.

"We've always prided ourselves on operational excellence and in training our Six Sigma Black Belts to use the latest techniques for moving our company ahead," says John Kerr, Whirlpool's General Manager of Quality and Operational Excellence. "Our approach to warranty claims and finding root cause for those claims is no different." And the reason behind their quality efforts? Customer satisfaction.

As Whirlpool looks to enhance an already industry-leading warranty analysis process, Kerr chose [SAS Warranty Analysis](#) and [SAS Text Miner](#) for his far-reaching staff to perform the critical analysis that unearths problems fast to reduce impact on the customer. "The amount of time my staff was spending on data extraction and manipulation needed to be even faster. We want to focus our attention on the innovation and design of our next-generation products, yet continue to take every precaution possible to deliver a better product to our customers today," Kerr says.

Kerr chose SAS because other vendors didn't understand the detailed statistical requirements of a competitive quality control program. "SAS built us a comprehensive solution and offered us six more techniques they knew had worked for other manufacturers," Kerr says.

SAS supports Whirlpool globally in local languages – important for a company that wants to be in "every home, every where" and makes 40 to 50 percent of its sales outside the United States. "We build 20,000 washers a day at one plant alone," Kerr explains. "We have a significant on-going need for cutting-edge techniques to find quality issues quickly. We want to find even the most minor problems at the root cause before they escalate into larger and more expensive problems."

Platform and data integration

Running SAS Warranty Analysis on the SAS Enterprise BI Server enhances Whirlpool's investment in an SAP R/3 operational environment for in-depth analysis and easy reporting on issues – allowing for proven statistical analysis techniques that are built into the system; a fast, effective reporting system; and a foundation on which to grow use of text analysis for early warning.

SAS integrates terabytes of data volumes from warranty claims and other systems within manufacturing, the call center, technician reports and more. SAS extracts the data and provides a flexible, agile way to run analysis for faster insight and issue detection. With SAS pulling data from Whirlpool's ServiceBench claims-management system, Whirlpool has automated how it handles claims processing and tracks and monitors the scheduling of claims payments.

"When you eliminate the simple problems, you drive overall failure rates down," Kerr says. "SAS helps us do just that."

SAS, Customers Start Retail ‘Evolution’

Bakers Footwear ‘stops guessing and starts knowing’ with SAS® Integrated Merchandise Planning.

“Survival of the fittest” refers not only to Darwinian principles but also to the intense competition in today’s retail industry. In an effort to help its customers evolve and thrive in a marketplace driven by razor-thin margins, SAS is formally unveiling the latest evolution of its signature merchandising software, [SAS Integrated Merchandise Planning](#).

“Competitive advantage is the reason we choose to continue working with SAS Retail,” says Stan Tusman, Executive Vice President of Bakers Footwear. “We knew from working with SAS previously that we could trust their retail expertise and commitment to our success. SAS predictive analytics, coupled with SAS’ retail business process expertise, made us believe that working with SAS to refine this new product release would benefit Bakers.”

Driving results for retailers

SAS Integrated Merchandise Planning 6.1 encompasses everything from strategic planning in the boardroom and retail performance analysis to merchandise financial planning, intelligent clustering, advanced assortment planning, in-season management and allocation integrated with SAS space planning.

Integration allows retailers to drive, manage and achieve performance goals with foresight that is built on SAS’ legendary integrated [business intelligence](#) and demand forecasting capabilities.

In addition to Bakers Footwear, retailers such as [AutoZone](#), Dick’s Sporting Goods, [Hudson’s Bay Company](#) and [Mark’s Work Wearhouse](#) also came on board with the enhanced SAS Integrated Merchandise Planning suite in 2006. Other retailers feel the competitive advantage is so great that confidentiality prevents disclosure of their names to the marketplace.

“We are privileged to help so many retailers drive results in today’s highly competitive retail market,” says Lori Schafer, Vice President of the SAS Global Retail Practice. “SAS Retail is uniquely qualified to help retailers today as they turn to SAS technology and SAS retail intellectual capital as a growth platform for their business.”

The Path to Improve – The Power to Predict

Sifting through last quarter's books to fill a multicolored dashboard with KPIs for the CEO is a recipe for failure in today's "flat world." Merely managing corporate performance on the basis of the past may be enough for survival, but isn't enough to succeed. Ongoing, dynamic enterprise improvement based on knowledge of what has happened, what is happening, what will happen – and what to do next – is needed for long-term success.

Today, departmental strategies, budgets and resources may not align with your overall business goals. You need transparency but might not be able to achieve it because information is scattered across the organization in disparate systems and often people don't like sharing "their" information. You can't make improvements because you don't know what's going on, where to focus your efforts, or which changes will best affect the strategy.

The solution:

That's why SAS offers a broader and deeper vision for performance management. [SAS for Performance Management](#) gathers data from across the organization and puts the right information at your fingertips so that you quickly know what is going on today – and what will likely happen in the future. See causes and effects throughout your organization to better determine which strategic changes to make – and even simulate those changes before implementing them.

You'll have the data you need to align the organization and foster collaboration, coordinating budget with strategy and incorporating metrics that connect IT resources with business needs. SAS' predictive analytics answer the tough questions: Which of your customers will leave? Which of your employees will? And when? Get the answers you need before it's too late.

It's a continuous process

"Performance management efforts will fail if they are set up as a one-time analysis or event to be recorded in a static scorecard, or if they evaluate the performance of individual departments or geographies in silos without taking into account the role played by each unit as part of the organization as a whole," says Jim Davis, Chief Marketing Officer at SAS.

"Performance management succeeds in driving superior performance only when it uses a continuous process to evaluate the operation of the entire organization and the roles played by all of its interconnected parts," continues Davis.

SAS for Performance Management links SAS business solutions – such as [SAS Customer Intelligence](#), [SAS Financial Intelligence](#), [Human Capital Management](#), [Marketing Performance Management](#), [Profitability Management](#) and others – with [SAS industry solutions](#) through a common enterprise intelligence infrastructure that delivers substantial improvements through shared intelligence and increased collaboration. And the entire performance management process can be monitored and managed through SAS' industry-leading strategy mapping, key performance indicator (KPI) development and deployment, and scorecard reporting capabilities.

Customers supply proof of SAS' leadership in performance management

SAS' leadership takes performance management far beyond a theoretical or intellectual exercise. Today, customers are using SAS for Performance Management to achieve measurable, sustainable improvements to their enterprises. Brigham and Women's Hospital received national recognition for its SAS performance management system. The hospital was recently named to the prestigious Balanced Scorecard Hall of Fame for Executing Strategy by the [Balanced Scorecard Collaborative](#).

"Brigham and Women's Hospital is using dashboards, scorecards, BI and analytical technology from SAS to achieve meaningful improvements in the quality and safety of patient care, in patient and employee satisfaction, and in its overall financial performance," says Melissa Fitzpatrick, RN, MSN, FAAN, Chief Healthcare Strategist at SAS. "We are pleased to partner with such a world-class, Hall of Fame organization and to contribute to its overall success."

See what our customers are saying ...

[BNL](#) (Banca Nazionale del Lavoro)

"Imagine: the ability to match some 16,000 individuals' skills and potential to the needs of the organization's corporate objectives, and the ability to adjust the HR profile to meet changing business requirements."

– Claudio Geloni, HR Controller, Banca Nazionale del Lavoro

[Barclays France](#)

"With SAS technology, we are now able to anticipate our customer needs, and target our marketing efforts, and improve the products and clients profitability. But it provides much more than that. We are also able to analyze customer profit and preference together with product profit versus cost for a much deeper understanding of how each affect the other. And we have a new view of profitability by product and client to support action plans for the business and the operations."

– Patrick Moyon, Director of Management Control, Planning and Project Finance

[Brigham and Women's Hospital](#)

"With SAS, we've been able to draw correlations between the different areas of the hospital and the different measurements to solve more strategic problems as well as more day-to-day problems."

– Sue Schade, Chief Information Officer

[FIDUCIA](#)

"With the new SAS-based control platform, it is now possible for controlling to act as an internal consulting authority in a fast, up-to-date and, above all, strategic manner. The controllers can meet their key challenges thanks to this system: enhancing added value, identifying cost drivers, and opening up new potentialities. "

– Lothar Schauer Head of Corporate Control

[Harrah's Entertainment](#)

"Our profitability around marketing interventions is much higher because of the precision of understanding that SAS provides. Our customers really appreciate the fact that we know them more than they would expect. With SAS we can recognize what stage of the relationship they're in and we can approach them with the offers that are most relevant."

– David Norton, Senior Vice President of Relationship Marketing

[Héma-Québec](#)

"Prior to implementing SAS, it took us a week to run the necessary reports and to update our activity-based cost models. Now, we can work on multiple projects at once and still get the results in significantly less time. In addition, the (SAS) implementation went well and took only about three months. We were up and running rapidly. It has made a positive impact in a short amount of time."

– Marco Décelles, Accounting Director

[Maine Medical Center](#)

"We've always had lots of information about finances and operations, but our board of trustees wanted to hear more about outcomes, quality, safety, satisfaction and adverse events. That motivated us to begin the process of measuring what we do in a balanced way. With SAS, we're able to connect the really sound, good, regulatory expectations to our practice. Our patients

benefit, and so do we."

– George Higgins III, MD, FACEP, Chief Medical Officer/Vice President for Medical Affairs

[POSCO](#)

"Only SAS and its analytical power empowered us to discover fundamentally new insights into our physical processes. The end result was that we could decrease the scrap ratio from 15 percent to 1.5 percent, giving us a \$150,000 return on the investment on this part of process alone."

– Ill-Chul Shin, Manager and "Master Black Belt" at POSCO's Six Sigma Academy

[Slovenian Ministry of Labor](#)

"If we had not chosen SAS, we would not be able to fulfill the European Union requirements the same way we do now. We chose SAS because of its completeness in functionality, flexibility and the knowledge about development of KPI information systems SAS demonstrated. The SAS team in Slovenia demonstrated a very good understanding of our objectives and helped us to make the project a reality relatively quickly."

– Dr. Tanja Česen, Head of Labor Market Analysis and Development

[Tamagawa University](#)

"SAS Strategic Performance Management supports the balanced scorecard as envisaged by Kaplan and Norton. Its strength is that it does not use ready-made templates, but gives users the flexibility to think in terms of implementing a strategy on its own merits."

- Kazunori Ito, associate professor, industrial engineering

[University Hospital Aachen](#)

"With SAS we have placed our hospital-wide information management on a completely new footing," says Lowitsch. "Thanks to SAS we are now communicating with a common language at UKA: we can see all the important performance data in virtually real time and we can have complete faith in the integrity and consistency of our information. The SAS System is highly reliable."

– Volker Lowitsch, CIO

[Vienna City Administration](#)

"With the balanced scorecard, we primarily want to demonstrate the high quality of our organization and break the concept of quality down into more detail. This will change the corporate culture in the medium term and thus bring a lasting change in our image. Only satisfied staff can produce satisfied customers; and the balanced scorecard clearly demonstrates the truth of this simple, but often neglected fact."

– Franz Döller, Government Councilor

Events:

Hear from the CRM Experts

Feb. 8, 11:30 a.m. ET

Join Don Peppers and Martha Rogers for a lively discussion on how your organization can tap into a return on customers.

TDWI World Conference

Feb 20 – 21, Las Vegas

SAS Business Intelligence gives you better answers faster. Stop by our booth at TDWI and we'll show you how!

F2007 Business Forecasting Conference

June 4-5, Cary, NC

Learn the latest theories, trends, and best practices in business forecasting from the world's top forecasting experts. www.sas.com/f2007

JMP® User Conference

June 12 – 13, Cary, NC

Be among the first to reserve your spot at the JMP User Conference, and save \$200 with the early bird discount. Register now!