

EDITORS LETTER

Welcome to the fourth edition of **visualmetrics** News.

To those of you who are reading about **visualmetrics** for the first time, we are a Business Intelligence (BI) Solutions provider. We specialise in identifying and measuring organisations' Key Performance Indicators (KPI's), thereby enabling them to achieve enhanced business performance.

Our analytical applications can be found in both private and public sector markets where we are identifiable as leading practitioners in our field.

In the spring edition, I introduced the Newsletter by talking about the need for businesses to change in line with their marketplaces and the economy as a whole.

In this edition, you will see that at **visualmetrics**, we have focussed on developing a number of key areas of our business, in order to maximise the potential of relationships that we have with both customers and partners. The progress that we are making in a number of areas is demonstrated not only through the feature on Balfour Beatty Utilities, but also through our Business Partner developments.

We believe that by providing our customers with effective Business Intelligence (BI) solutions, we will enable them to manage the evolving marketplaces in which they operate, whilst also ensuring that **visualmetrics** maintain their position as market leader, well into the 21st Century.



New Website Launched

visualmetrics both recognises the value that any business provider offers must be well represented on their web site, and that it needs to keep pace with the changes within the company, and the industry at large. Additionally, **visualmetrics** believes that the website should be a passive and informative view of the industry sector (an Information Portal) within which it operates, allowing its clients, partners and prospective clients an unintrusive way of assessing the market and vendors' product and service offerings.

visualmetrics constantly looks to re-invest into people, products and technology to continually strive for excellence in everything we offer. Our most recent investment has been into the new website, which reflects all of the product, partnerships and service offerings we have within our portfolio. This is important, in the ever evolving sector in which we operate.

There has been extensive research and development in ensuring that the new **visualmetrics** website reflects all the elements which we believe service the broader needs of our clients and business partners. The development of the site has been done in a way to optimally allow people to navigate through a structured set of information hierarchies, using efficient web development tools. This is important, not only for user response to web access, but also to allow people to intuitively navigate through a simple visual interface to the area which they have interest in.

The site includes all **visualmetrics**' analytical applications and professional service offerings, which are downloadable in PDF format. There are also hooks into the **visualmetrics** partner web sites, and all copies of the Newsletter & Technical Newsletter are held on line in PDF format, for reference purposes.

A critical additional area of the site is the Support area, where we have set secure log-in facilities for clients who have application and product support through **visualmetrics**, to ensure we provide a premium class of service. This is key to both customer satisfaction, and ensuring these applications continue to provide the level of support required to sustain businesses where these applications have become business critical.

As **visualmetrics** strives for continuous improvements, we would appreciate your candid feedback on the design, structure and content of the web site, to ensure we are providing the right level of relevant information to our community of subscribers. Whether you are a client, partner, or a recent new visitor to the site, your views and comments will be appreciated and considered as part of the future development schedule for the site enhancement programme.



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FROM ACTIVITY BASED COSTING TO ACTIVITY BASED MANAGEMENT

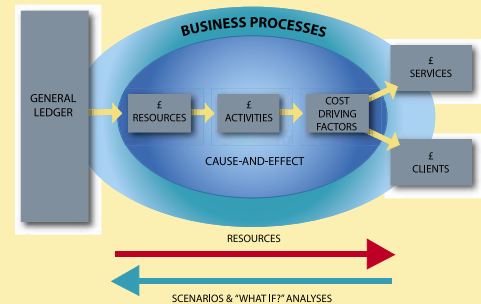
Standard costing – a method in crisis

For many years the costing of products and services in many organisations was seen providing less and less value in management decision making. With hindsight, the underlying reason for this was simple. The standard methods of costing at that time had relied on driving costs directly to product and services, and merely apportioned the overhead element of the business cost structure on the fairly simplistic bases such as direct labour hours or machine hours. However, over time, overhead costs increased significantly as a proportion of total costs to reflect the growing variety and complexity of business. As a consequence, the apparent costs of products and services were increasingly distorted to the point that they lacked any credibility with managers and were not seen as actionable by them. Such approaches also focused almost exclusively on the costs of products and services and ignored the fact that customer behaviour can have a profound effect on the cost structure of a business.

The response to the crisis

Activity Based Costing emerged in the late 1980's in response to this serious problem and to provide a much more logical basis of costing products and services, and, importantly, customers.

The fundamental difference over conventional approaches to standard costing methods was the recognition that indirect costs are driven not by products or services, but rather by the activities and that those activities, in turn, are triggered by the need to produce products, provide service or meet the needs of a customer. This approach to Activity Based Costing is captured in this diagram



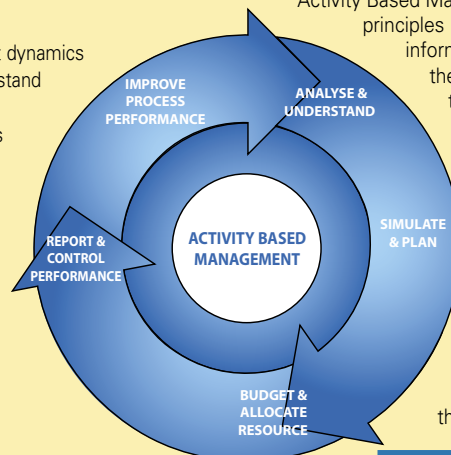
What makes Activity Based Costing Different

Activity Based Costing is fundamentally different from conventional costing methods in that it makes transparent the cause-and-effect relationships of what drives costs, resources, activities and outputs across the business. As a consequence:

- It explains why, not simply what some thing costs. This is a crucial difference as it makes clear to managers what they must do to change a particular level of costs, and therefore makes costing information actionable.
- It provides a basis for understanding the cost dynamics of the business so that one can better understand how the cost base of an organisation should respond in the face of the changing demands being placed upon it by its markets and customers – something that is important in an increasingly volatile trading environment.

It provides a credible foundation for understanding:

- the profitability and unit costs of products, services, customers and channels on a multi-dimensional platform.
- Process costs to facilitate performance benchmarking and process improvement.
- The drivers of cost across the business.
- Overhead activities and how they relate to the outputs of the organisation.



From Activity Based Costing to Activity Based Management

There is a need in all organisations to:

- Analyse and understand the commercial environment in which they operate
- Simulate alternative strategies and scenarios to select the most attractive
- Allocate resources and prepare budgets
- Report and control the performance of the organisation
- Improve business performance

Activity Based Management is simply the application of Activity Based Costing principles in a single database to meet this range of management information needs in a coherent, integrated way. And because these principles reflect the "cause-and-effect" relationships that articulate how an organisation works, it can provide a basis for joined-up thinking and decision-making at all levels of the organisation.

Concluding comments

The development of Activity Based Costing and its application through Activity Based Management techniques to meet a wide range of routine management information and decision-support needs is of profound importance in the world of management information. It elevates the art and science of costing from the edge of oblivion over fifteen years ago to being right at the heart of understanding what makes a business tick...something that really does add lasting value to an organisation.

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MARKETING TO CONTACT CENTRES

visualmetrics have had a strong focus into the Contact Centre arena now for over 4 years, supporting the delivery of Operational, Management & Executive reporting requirements. The Contact Centre market has grown out of the need to improve the level of Sales & Service support for businesses, utilising the latest in technology advances, to ensure both high levels of Customer Service & Cross Selling/Up Selling, whilst controlling the operational costs.

The UK economy has become ever increasingly dependent upon the Service Sector for growth, and as a consequence Contact Centres now span both internal departmental activities, as well as Outsourcers who provide Contact Centre services for Sales & Support on a contracted external basis underpinned by a Service Level Agreement (SLA). As the primary resources of the Contact Centre are employees (Human Capital) and data (Business Asset), it is critical that businesses manage, control and exploit both of these assets to effect improved business performance.

To ensure optimal business performance in a sales and service contact centre, it is key to have the reporting systems effectively aligned with the operational application.

visualmetrics has worked, and continues to operate with clients to deliver these business improvements, through expert knowledge of the key business processes, in alignment with knowledge of the key Telephony, IVR, Workforce Management & CRM (Sales, Marketing & Service) systems which underpin these operations. Furthermore, how the Human Capital & Data Assets can be effectively exploited using Analytical Applications and Business Intelligence technologies. **visualmetrics** has worked with clients in both the Enterprise & SMB markets addressing all these areas of reporting, and continues to invest into marketing and consultancy programmes, as it grows its breadth & depth of competency in this ever increasing import area of business activity.



CASE STUDY - Balfour Beatty Utilities Ltd

Balfour Beatty Utilities Ltd is a leading service provider in distribution asset management to the UK utilities sector undertaking repair, maintenance, asset extension, asset renewal and rehabilitation services to the UK's water, wastewater and gas industries. Balfour Beatty Utilities is part of Balfour Beatty, the second largest construction company in the UK.

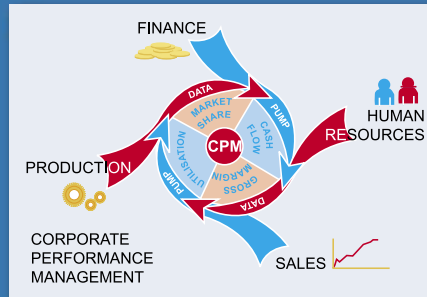
BBUL had set itself a number of corporate goals that included meeting financial targets, improving process efficiencies and delivering added value to its clients through service innovation and excellence of performance. BBUL recognised that a Corporate Performance Management (CPM) system that was able to provide relevant and timely information on financial and project performance was critical to the company's success. Financial and project performance had to be under constant scrutiny in order to recognise and respond to deviations against plan.

Problem Statement

Historically the ability to do so was constrained by the high costs of gathering data from legacy systems using traditional techniques, and the time lags in delivering information across the whole organisation.

- High 'Cost Report' Production Time and Effort
- Time Lags between Users receiving Data
- Information Overload
- Own Reporting
- Costing Department Resource Bottleneck

BBUL recognised that the way forward lay in engaging a specialist solution provider who could provide an analytical application across their operational systems. The **visualmetrics** solution consolidates all BBUL's disparate financial reporting from legacy applications into one Data Warehouse, and provides a consistent view of Key Performance Indicators (KPIs) to all users. The technology base employs web-based reporting tools from Business Objects, the class leading BI toolset author, and SQL Server database and DTS products by Microsoft. **visualmetrics'** solid track record ensured the solution met BBUL's expectations and that it was delivered on time and within budget.



Users can access and analyse information stored in the Data Warehouse via BusinessObjects Infoview, a business intelligence Web portal which provides self-service access to a management information reporting solution based on Business Objects. The browser-based interface provides efficient communication links with the Data Warehouse server, saving both network traffic and a need for 'high spec' PCs on the user desktop.

The solution identifies a set of KPIs through which business performance is monitored.

These measures are the logical entities in the data model.

- Sales
- Plant
- Other labour
- Waste management
- Fuel
- Miscellaneous
- Purchases
- Payroll
- Communications
- Damages
- Sub Contract
- Budgets

The Data Warehouse hierarchies reflect BBUL required reporting structures.

- P&L Main Group
- Area
- Gang
- P&L Sub Group
- Agent

This data model provides the base for an information pull and user driven CPM.

BENEFITS

BBUL is organised into Areas which reflect the functional and geographical operating units of the client. Contracts run across Areas and consist of Agents and (work) Gangs. Users include Directors and Contract Managers who are responsible for monitoring costs at different levels within the organisation. Contract Managers use the costing information to manage Agents. BBUL have not only gained benefit in delivering the corporate financial reporting they needed to grow the business, but they have also significantly reduced the amount of effort going into generating the financial reports. Operational cost to the Costing Department is reduced. Quality is delivered at lower cost. The savings made for a short payback on the application justifying the investment in the application. New cost control reports now meet the needs of this organisation.

BBUL now have realtime visibility of performance by area, contract and work type presented in the degree of detail that can indicate profitability by each operational team. Mr Duncan of BBUL commented, "...we now have a fundamental tool to help manage the business. This application can now be developed further and provide specific transactional data to a wide range of users on a timely basis. This adds real benefits to our business as we operate in a traditional low margin business, where cost controls are paramount. We have been very satisfied by the solution provided by **visualmetrics**..."

Most importantly there is now 'One Version of the Truth' bringing a single, consistent view of the data used by the whole business.

INDEPENDENT INDUSTRY NEWS

Business Intelligence and **Performance Management** are imperative to company success, through considered project investments, as demonstrated in the news stories below.

Performance Management in the 21st Century.

Adopting performance management as a management process will enable the alignment of business and IT to improve performance. Focusing alignment of people, processes and technology will assist in realising the value of BI investments and specific business imperatives. These are the specific business imperatives:

- compliance management
- process improvement
- performance improvement
- profitability management
- cost management
- business innovation.

Any organisation looking to drive alignment and address these imperatives will need to adopt the methodology of performance management to achieve the highest levels of success.

For further information on how this can assist your company please contact info@visualmetrics.co.uk

Big BI, Little BI

Big companies and small companies want the same things from business intelligence. Improvements to business planning and data accuracy are priorities among both the big and the small. So are sales increases, and the hope to use BI to obtain "real-time" information.

Top-Down Metrics

How do you really know if analytics are helping gauge business success? The answer lies in the **metrics**. The problem with **designing metrics** is that, more often than not, it requires a core expertise that neither IT nor business staff possess. **Metrics** are about neither technology nor business strategy, per se. The questions that come up around **metrics design** are almost philosophical: How do you define success? How do you apply quantifiable measures to business processes –especially qualitative ones like customer service? What kind of data best reflects progress, or the lack of it?

Business Partner Developments

visualmetrics honoured at Business Objects Partner Summit -

visualmetrics was delighted to receive a Partner Achievement Award from Business Objects at their Annual Partner Summit on the 9th February. The award was presented in recognition of visualmetrics revenue contribution in 2004. Business Objects launched Business Objects XI, its new, groundbreaking BI platform that offers the most advanced and complete business intelligence capabilities.

Business Objects is the world's leading Business Intelligence (BI) software company, helping organisations gain better insight into their business, improve decision making, and optimise enterprise performance.

visualmetrics is a key member of the Business Objects partner community, providing expertise in delivering Business Intelligence projects to multiple business functions including Finance, Sales, Logistics and Contact Centres. For more information call us on 0870 760 6467.

Cognos Builds Performance-Management Ecosystem -

Cognos unveiled a framework that unites its planning and business-intelligence software into a comprehensive performance-management system. The company disclosed new best-practice blueprints and a certification program for business partners that develop software for Cognos' performance-management platform.

Cognos has been aggressively marketing its business intelligence and financial planning, forecasting, and budgeting software for performance management—the methodologies, metrics, and technologies used to translate business strategy into plans and monitor the execution of those plans. But the new Cognos Performance Management System offers a framework that unites Cognos' software.

The Cognos Performance Management System includes technology that integrates the company's query and reporting, analysis, metrics management, dashboarding, planning, and event management/notification applications. Services built into the platform include security, administration, portal, information and business modeling, and data integration.

The three new Plan-to-Perform Blueprints, which Cognos bases on its customers' best practices, are for risk analysis, allocations, and sales compensation. They join existing blueprints for strategic financial planning and forecasting, sales planning and forecasting, expense planning and control, and others. The company also unveiled an expansion of its Cognos Innovation Center, which shares best practices between customers and experts, to include elements of performance management.

Cognos' user conference, taking place in Orlando at the beginning of July, comes on the heels of its first-quarter earnings announcement last Thursday, in which the company reported that sales increased 15% year over year to \$200.1 million and net income increased 18% to \$23.8 million. License revenue increased 8% to \$71.1 million. Those numbers were in line with Cognos' late-May announcement that sales would be below earlier expectations because a number of anticipated \$1 million-plus contracts weren't closed before the end of the quarter on May 31.

Real-Time Data Analysis Delivered -

Business Objects SA this week is shipping a new version of its business-intelligence software tailored for operational data reporting and analysis. Along with providing users with the means to analyse real-time operational data from business processes, the software process data with historical information for measuring and managing the performance of those operations.

More companies want to apply business-intelligence tools to real-time operational data for such applications as identifying inefficiencies in production systems.

The software, BusinessObjects XI Built for Operational BI, is based on the core Business Objects XI business-intelligence platform. Added to that is an enhanced version of the BusinessObjects Process Analysis analytic engine for monitoring and analysing in real time processes such as manufacturing or shipping to help identify operational inefficiencies. The tool can also issue alerts when a process is getting off-track.

Another component of the package is BusinessObjects Process Tracker, which helps users define the steps of business process and the decisions that must be made at each step and develop reports for making those decisions. BusinessObjects Dashboard Manager and real-time data connectivity tools also are included.

Business Objects European Customer Reference Book -

Published in spring 2005, Business Objects European Customer Reference book, features a series of case studies across multiple industry sectors, from mid-market organisations, to multi-national corporations.

These organisations rely on Business Objects technologies to gain visibility into company performance and regulatory compliance, and they further rely on Business Objects partners to help in the delivery of these projects to the organisation.

As one of Business Objects key partners in the United Kingdom, visualmetrics is delighted to feature a case study for a recent project they have delivered at Ashworth Mairs Group (AMG). AMG are one of the leading firms of loss adjusters, and engaged visualmetrics to deliver the project in its entirety.

The brief was to assist AMG in achieving its corporate goals of enhancing client services, while also supporting improved internal management and control, using best of breed Business Objects software.

A full copy of the case study is available to download from our website www.visualmetrics.co.uk.



“our business partners”

To achieve its business objectives of being a premier organisation in the delivery of Analytical Applications, which derive business value for its clients, visualmetrics recognises the need to have a range of business partners who fall into three distinct categories:

○ **Product vendors** who develop industry leading BI tools & BI suites. These are core components of the applications which visualmetrics already has, or will develop for custom specific reasons.



○ **Application vendors** who have market leading operational applications, in chosen business sectors & operational areas. Their clients have requirements for information analysis, which is satisfied by the applications and consulting services of visualmetrics.



○ **Consulting partners** who are recognised industry experts in management consulting, and technical consulting areas.



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NEWSLETTER

If you do not wish to receive future issues of the Newsletter, or you know of someone who would also benefit from receiving it, please email your request to: newsletter@visualmetrics.co.uk.

If you have any other comments relating to the Newsletter, please address them to the Editor at newsletter@visualmetrics.co.uk.