



Closedloop
SOLUTIONS™

Threading the Needle at 100 mph

Doug Barton
July 11th, 2002

What does 100 mph change look like...



“Every aspect of business and the connected organization operates and changes in real time”



Blur : The Speed of Change in the Connected Economy
by Christopher Meyer, Stan Davis

...And the needle?

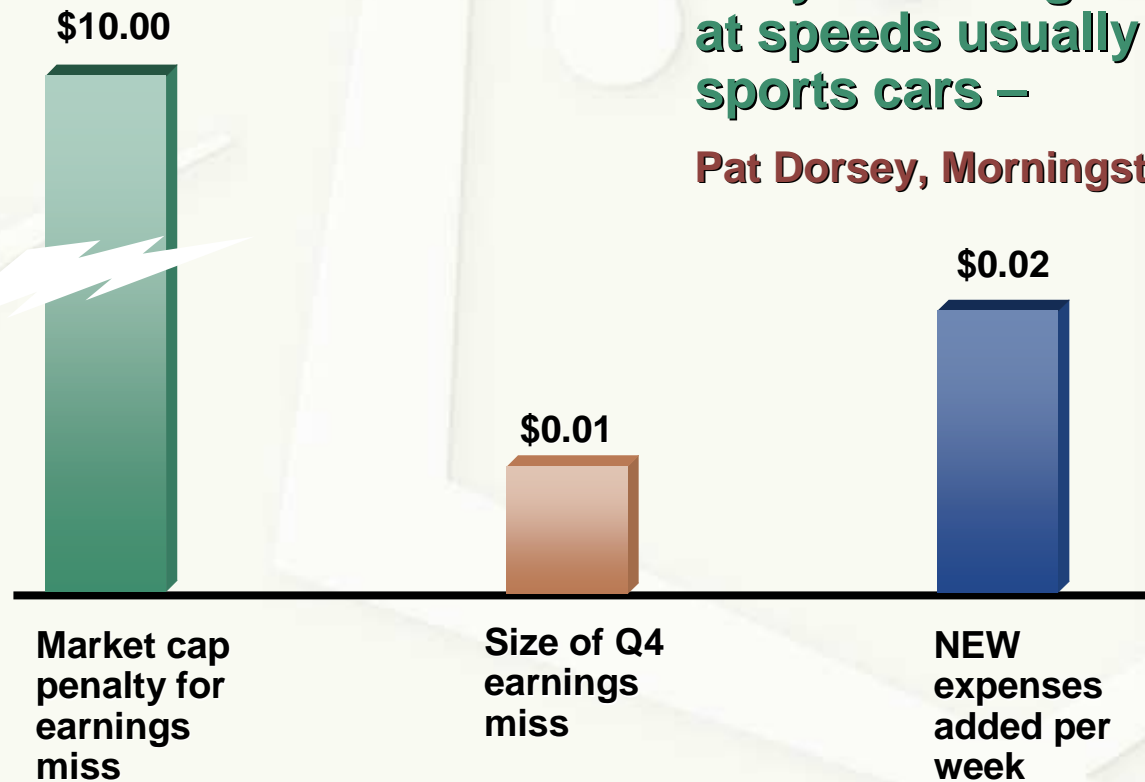


“On February 6, 2001 Cisco announced that it has missed earnings estimates for the first time since July 1994”



...And the needle?

APPROXIMATE PER SHARE DATA

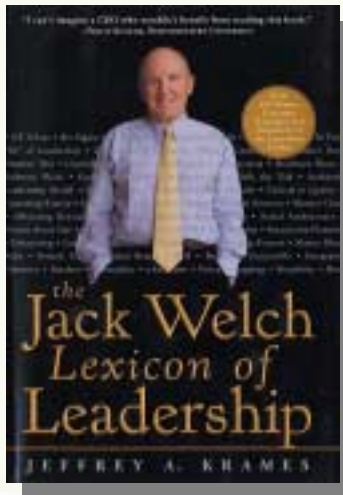


They're driving an 18-wheeler at speeds usually reserved for sports cars –

Pat Dorsey, Morningstar, Feb 14, 2001



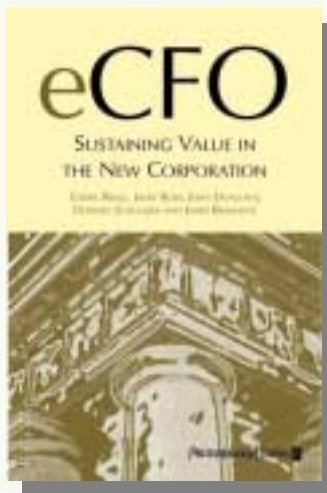
*“If the rate of change on the outside exceeds the rate of change on the inside, **the end is near**”*



Jack Welch Lexicon of Leadership
by Jeffrey A. Krames

“Only 12% believed that budgets added a lot of value to their organization

*Some 79% said that a **move to abandon budgeting** was a top five priority”*



Blowing Up the Budget (Chapter 6)
eCFO: Sustaining Value in the New Corporation by Cedric Reed

PRICEWATERHOUSECOOPERS 

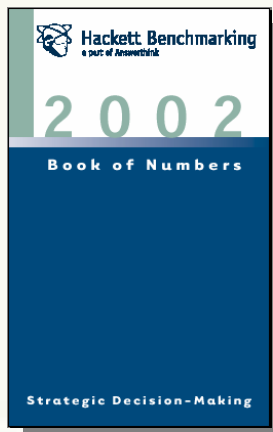
*“Experts predict, many companies will use information technology to become a “real-time enterprise” — an organisation that is **able to react instantaneously to changes in its business.**”*

The
Economist

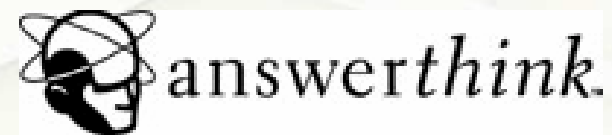
SURVEY: THE REAL-TIME ECONOMY
The Economist, February 2002

Just-in-Time (or Just-too-Late?)

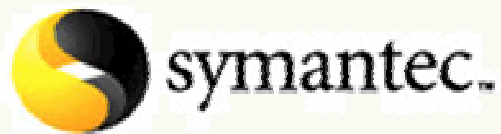
*“Rapidly changing economic conditions have become a fact of life and will remain so for the foreseeable future. This **situation has served to highlight the fact that decision-making is simply not a core managerial competence at most companies**”*



The Hackett 2002 Book of Numbers



*“We’ve selected Closedloop because it **enables us to continuously re-forecast and rapidly reallocate** our resources to build and maintain a strong **competitive edge.**”*



Greg Myers
SVP and CFO

A Closed-loop Process



Aggregate
changes
across
company

Capture
material
changes at
edges

Formation
about flow and
changes

Adoption
new
guidance

Assess
implications
for steering

Propagate
guidance to
edges

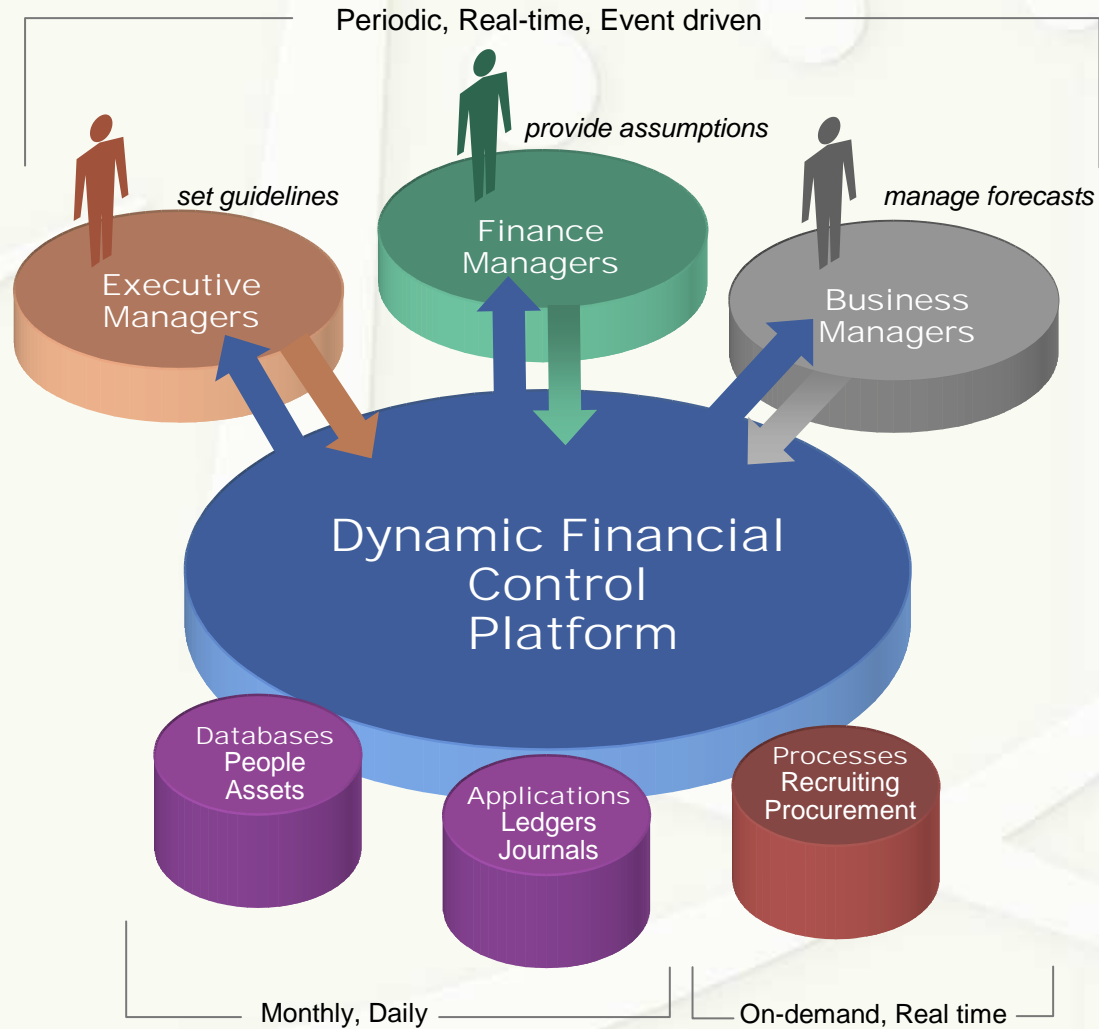
**Collapses
Corporate Reaction
Time to New
Conditions**

*“REAL-TIME technology will not only take much of the slack out of supply chains, it is also **bound to improve firms' ability to plan their financial affairs.** That is what Closedloop Solutions, a three-year-old Silicon Valley start-up, is betting on”*

**The
Economist**

**Planning with a View
The Economist, February 2002**

Dynamic Financial Control Platform



Changes that Compromise Resource Alignment



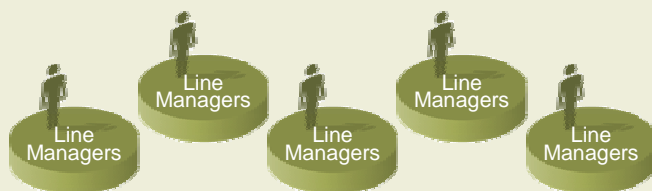
Corp Execs (10s)

Executives revise internal estimates for revenue **upward** and seek to **invest** faster to drive greater market penetration



Directors & Managers (100s)

Managers see commitments tracking **above** forecast in one area and mitigate by **compressing** spend in second area within the quarter



Line or Staff (1000s)

Line and Support functions stay in sync as expense and headcount plans change in response to **unplanned** events

Revising Expense Trajectory

Step 1 of 4

Revenue:	100
Expenses:	80
<hr/>	
Profit:	20

Executive
Managers



Revising Expense Trajectory

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Revising Expense Trajectory

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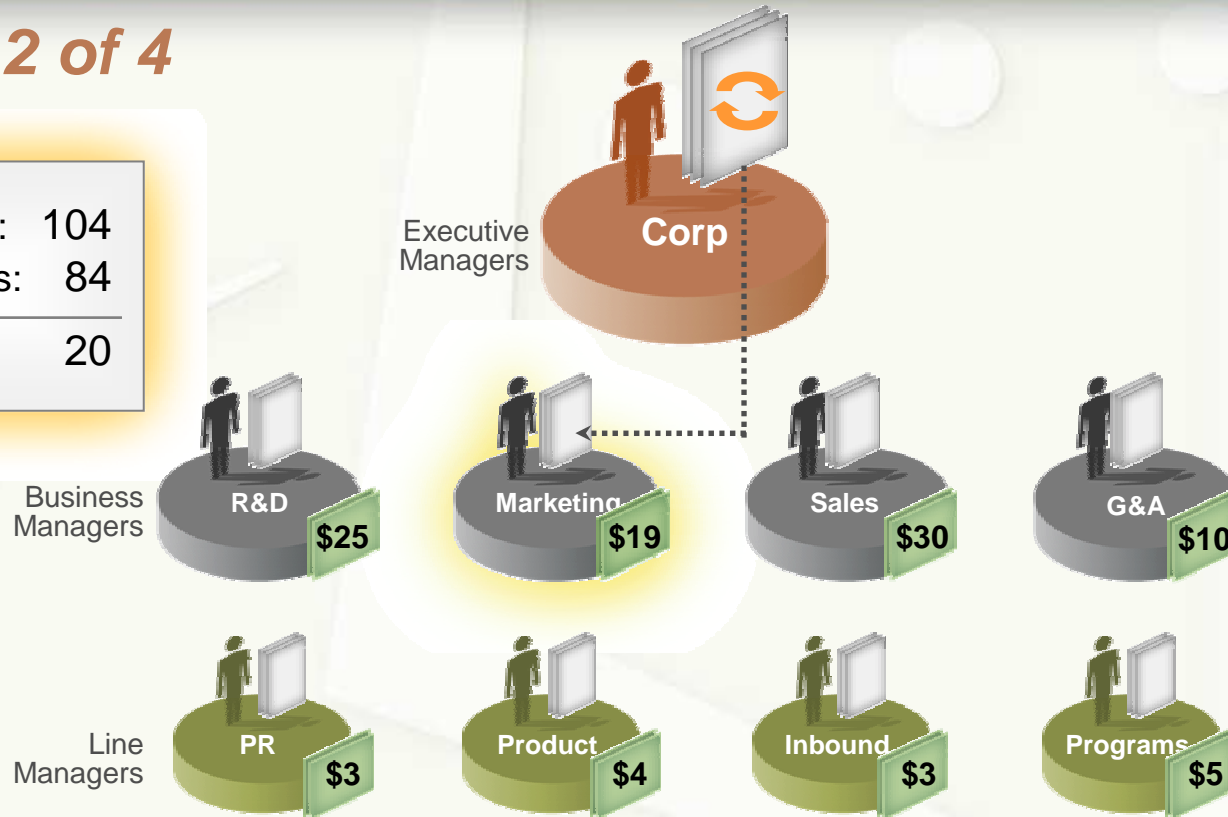


1. Spending capacity is assigned. Resources aligned.

Revising Expense Trajectory

Step 2 of 4

Revenue:	104
Expenses:	84
Profit:	20

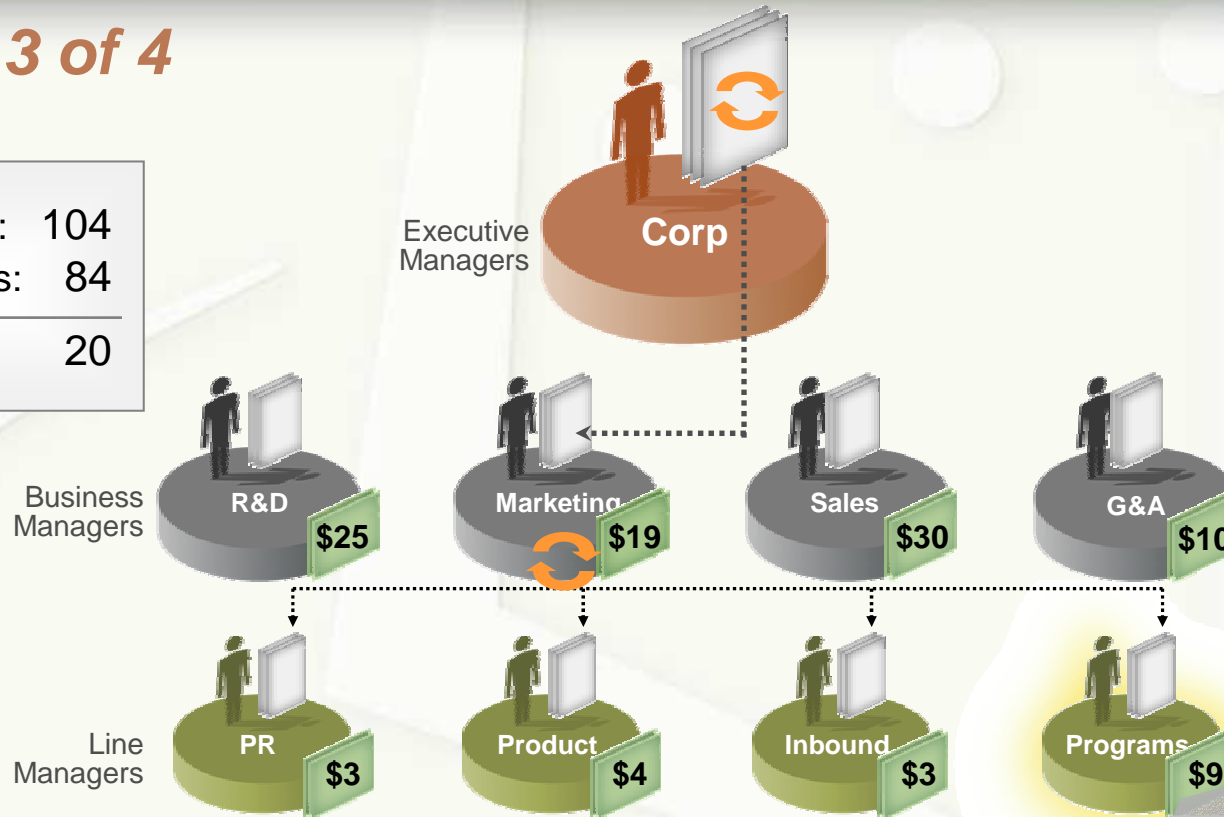


2. Change is seen. Action is taken to realign.

Revising Expense Trajectory

Step 3 of 4

Revenue:	104
Expenses:	84
Profit:	20



3. Managers use judgment and respond.

Committed Expenses

- ▶ Sept. conference 3 ▲
- ▶ Fall website launch 1

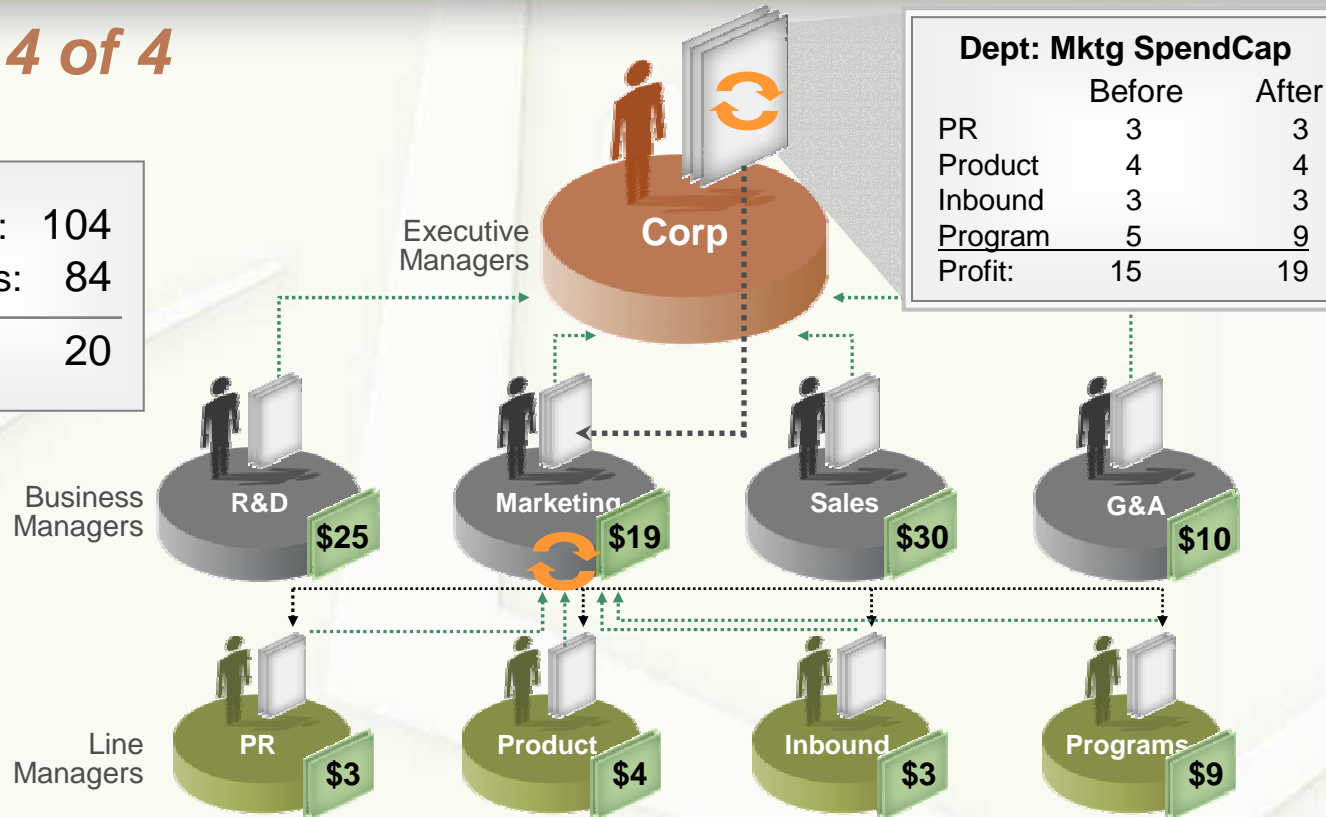
Not Committed

- ▶ Seminar (e.g., 2 @\$1k) 2 ▼
- ▶ Training 1
- ▶ Direct mail 2 ▲

Revising Expense Trajectory

Step 4 of 4

Revenue: 104
Expenses: 84
Profit: 20



4. Activity plan in sync. Seconds to recompile and confirm.

Closedloop is the *only* financial management system purpose-built for both periodic planning and budgeting and dynamic steering

Capabilities

- ▶ Business manager self-serve, activity-level forecasting
- ▶ Incremental change capture; real-time recompile
- ▶ Top-down steering workflow
- ▶ Pipeline and plan consumption logic
- ▶ Dynamic process control

120 unique inventions in 5 patents pending



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Q & A