

# Operational Performance Management: KLA-Tencor

A VentanaProfile in Success



**V E N T A N A**  
R E S E A R C H

**Ventana Research Corporate Headquarters**  
1900 South Norfolk Street  
San Mateo, CA 94403  
info@ventanaresearch.com  
(650) 931-0880  
www.ventanaresearch.com

**Ventana Research Europe**  
2nd floor, Berkeley Square House  
Berkeley Square, W1J 6BD London  
europe@ventanaresearch.com  
Phone: +44 (0) 20 7887 6012

In the course of our market research and consulting, Ventana Research occasionally encounters end-user organizations that have made breakthroughs in performance management. We solicit their participation in telling members of our research community about these efforts. With their approval, we create profiles that describe real-world examples of innovation in action. We hope that professionals reading them will find not only situations relevant to their own but also new ways of thinking about how to address the challenges they face in striving to improve their organization's performance.

# One Small Step . . .

**P**erformance management is an ongoing activity, and typically one that advances incrementally. It isn't unusual for an organization that begins with a focused project limited to specific goals to discover that it leads to broader initiatives. Such was the case when the Global Support Services (GSS) group of KLA-Tencor Corp. set out to improve its reporting on performance. The group's management decided to evolve from a manual process of reporting on lagging indicators to automated production and distribution of standardized performance metrics evaluating both leading and lagging indicators. A key goal of the initiative was to align reporting of metrics with strategic planning.



Based in San Jose, Calif., KLA-Tencor supplies process control and yield management tools and software to the semiconductor and related microelectronics industries. GSS services products on both warranty and fee-based models for customers worldwide models. The group's headquarters-based technical support team has a small staff but nevertheless must produce many monthly reports on key performance indicators (KPIs).

Prior to installation of the new system, users relied on desktop tools such as Microsoft Excel spreadsheets, the Microsoft Access database and Brio business intelligence queries to gather

and process data into performance reports. Analysts made selections from the masses of data and typically stored them on their own hard drives. One result was conflicting reports and “dueling” PowerPoint slides brought into meetings. “There was no corporate single truth,” says Stephen Stone, GSS solution delivery manager for enterprise applications. “We needed to simplify and standardize information processing and distribution.”

Each monthly series of reports took about three weeks to prepare and required effort from several dozen people across functional groups; almost as soon as one cycle finished, it was time to start the next one. In addition, because of the various ways in which data was delivered, individual business decision-makers had to spend hours processing it into forms suitable for their needs. They had to distinguish among and select data that was defined in varied ways, determine the value of each piece and rework all of it manually into the desired formats.

To improve on this time-consuming process, the GSS team set out to develop a Web-based scorecard that provided views of performance for different corporate perspectives including those of executives, directors, field managers and supervisors. As well as scorecard views, they wanted to provide visualization of operational metrics through dashboards and specific ad-hoc reporting so individuals could drill down to the root causes of performance issues. These tools would enable users at all levels of the organization to take proactive corrective action when they found subpar performance.

The team used PilotWorks, operational

## AT A GLANCE



### **KLA-Tencor Corp.**

Founded: 1997 through merger of KLA Instruments (1976) and Tencor Instruments (1976)  
Headquarters: San Jose, Calif.  
Employees: 6,000 worldwide

### **Project:**

Global Support Services group wanted to improve performance reporting by developing a Web-based scorecard based on standardized metrics that could deliver customized views. Later expanded to align all division's information management systems with strategic plan.

### **Outcome:**

- **People:** Line-of-business personnel involved throughout. Widespread buy-in of other business users achieved by demonstration of ease of use and increased functionality.
- **Process:** Automation of manual processes enables faster, easier reporting. Introduction of scorecards, dashboards and visualization helps develop metrics and apply them to evaluate performance.
- **Information:** Standardized and consistent formats. Available to wider range of users. Users can drill down to determine root causes.
- **Technology:** PilotWorks operational performance management; Informatica data integration; Oracle CRM; SAP ERP.

### **Business Benefits:**

OLAP dimensionality and drill-down capabilities enable deeper understanding of information. Consistent, reliable metrics enable performance management. With consistent standards in place, operational processes are aligned better with business strategy.

### **Vendor Contact:**

Pilot Software, [www.pilotsoftware.com](http://www.pilotsoftware.com)

performance management software from Pilot Software of Mountain View, Calif., as well as enterprise resource planning (ERP), customer relationship management (CRM) and other applications. The project met its initial goals, accomplishing the first phase of automation in four months and producing both an aggregated set of scorecard information and an operational metrics reporting set. The operational scorecard can take in financial performance data, and using multidimensional online analytical processing (OLAP) cubes controlled by PilotWorks, users can produce reliable updates on daily, weekly, monthly and quarterly bases.

Today it requires only one week and a few dedicated analysts to configure, update and complete validation of the monthly reporting process. And reworking of data and formats has been eliminated because managers can easily select what they need from the consistent presentation provided by the new solution.

### *Excellence Recognized*

KLA-Tencor received Ventana Research's Performance Management Leadership Award for 2006 in the category of Operational Performance. These awards recognize companies that exemplify leadership in driving change in people, processes, information and technology. In particular, KLA-Tencor was recognized for moving from measurement to management of performance and empowering people at all levels of the organization to initiate corrective action of problems.

Although this effort delivered significant value, it turned out to be only the beginning. "As we went through the first phase, we quickly recognized that solving our immediate goal of automation was not going to address the real problem," recalls Stone. "The organization lacked a cohesive and standardized operational performance management solution. From this point on, our focus shifted to an expanded goal of unifying the division's information management systems under a common, standardized definition and aligning these standards with the larger strategic plan."

This was not primarily a technology issue. "The hard part, as we soon discovered, was organizational change management," Stone explains. "Through the PilotWorks application, we were able to consolidate strategic planning,

key initiatives, scorecard, dashboard and ad-hoc reporting analysis within a clearly defined business context. However, motivating the organization to align itself with this methodology and adopt the required discipline was – and continues to be – a significant challenge."

Within the operational performance area, GSS was able to set and communicate strategic improvement goals for standard productivity KPIs. Instead of manually collecting, analyzing and reporting trends, the team focused on execution and corrective action to address business process gaps. By aligning KPI standards across the organization, GSS achieved greater visibility into and understanding of the relationship between operational and financial performance.

The solution makes possible monthly financial P&L reporting across the board, which now can include everything from organizational totals down to the serial numbers of individual tools if that depth of detail is needed. CRM transactional data is used to develop and improve operational performance analytics. This enables consolidation of data on employee work time for utilization reporting, building service delivery productivity models and benchmarking KPIs, which facilitates drawing conclusions about operations' impact on the corporate bottom line.

The striking improvements in capability and efficiency has convinced most users to accept the change. "The adoption path of our initiative could be compared to a drop of water falling into a pool," says Stone. "As

managers began to use the solution and reorient their previously fragmented perspective of our service organization, new insights and recognition were

realized. What had been 'intuition' or 'gut instincts' became facts supported by real data and accepted across the organization."

*'We would never have imagined a few years ago that we could do this.'*

-Stephen Stone, GSS solution delivery manager  
for enterprise applications

Due to the dramatic improvement in access to performance information and the ease of visualizing the business environment, the user base of the project quickly expanded. What began with less than 50 licenses for PilotWorks grew to include the entire service organization of 335. The solution was delivered to all levels of management from the chief operations officer down to line managers and supervisors.

As well as the substantial savings of time in generating reports, the automated tool has helped GSS reduce headcount by requiring more than a dozen fewer people to participate in the process. Most of all, according to Stone, KLA-Tencor has confidence in the reports its decision-makers depend upon. "We pick up inconsistencies, defects and structural changes in data much faster – that's the value of using a structured model," he says. "We would never have imagined a few years ago that we could do this."

## About Ventana Research

Ventana Research is the leading Performance Management research and advisory services firm. By providing expert insight and detailed guidance, Ventana Research helps clients operate their companies more efficiently and effectively. We deliver these business improvements through a top-down approach that connects people, processes, information and technology. What makes Ventana Research different from other analyst firms is our focus on Performance Management for finance, operations and IT. This focus, plus research as a foundation and reach into a community of more than 2 million corporate executives through extensive media partnerships, allows Ventana Research to deliver a high-value, low-risk method for achieving optimal business performance. To learn how Ventana Research Performance Management workshops, assessments and advisory services can impact your bottom line, visit [www.ventanaresearch.com](http://www.ventanaresearch.com).

Ventana Research and the Ventana Research logo are trademarks or registered trademarks of Ventana Research. All other names are trademarks or registered trademarks of their respective companies.