



IBM Cognos Forum

Ignite knowledge, ideas, connections

IBM Cognos 8 Analytic Applications

James Rowntree

Information Management

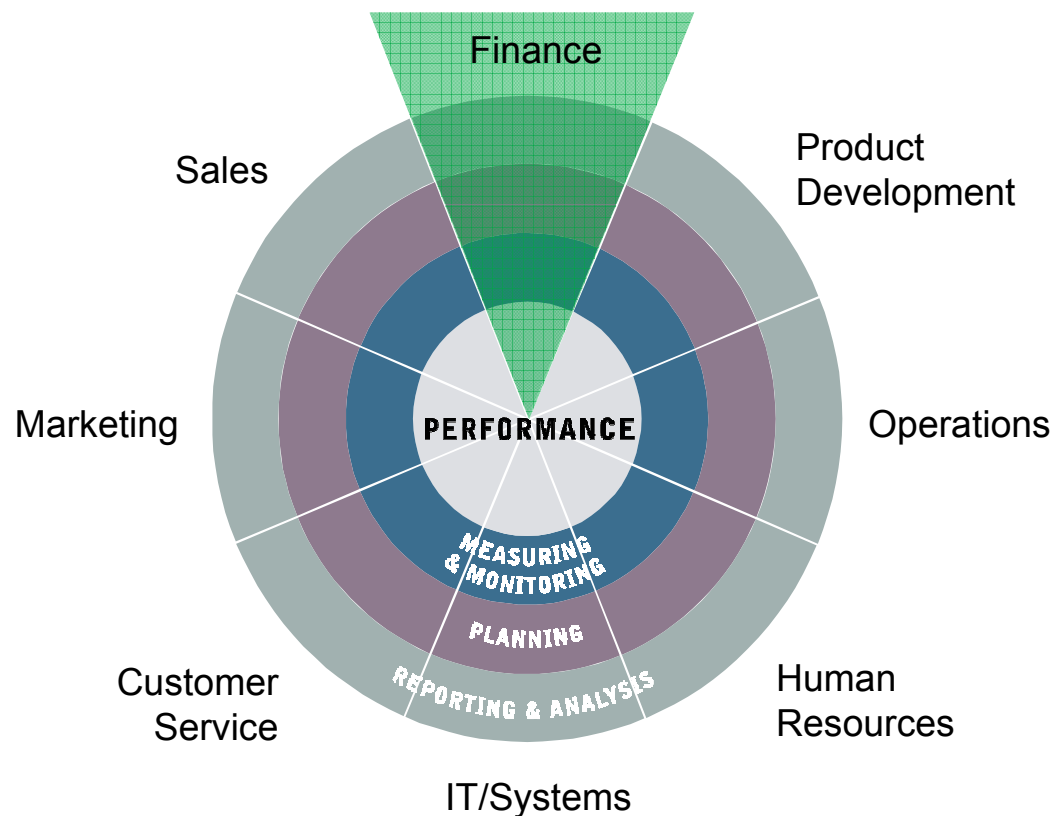
Cognos.
software

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Agenda

- > Talk
- > Talk
- > Talk
- > Show
- > Listen

The Performance Challenge



- > Less than one-third of organizations have reduced the number of finance platforms, ERP, forecasting and data warehousing tool

CFO Survey, IBM Business Consulting Services

- > 70% of CFOs say that information is a major asset requiring significant investments... the same number say their information needs to be better managed

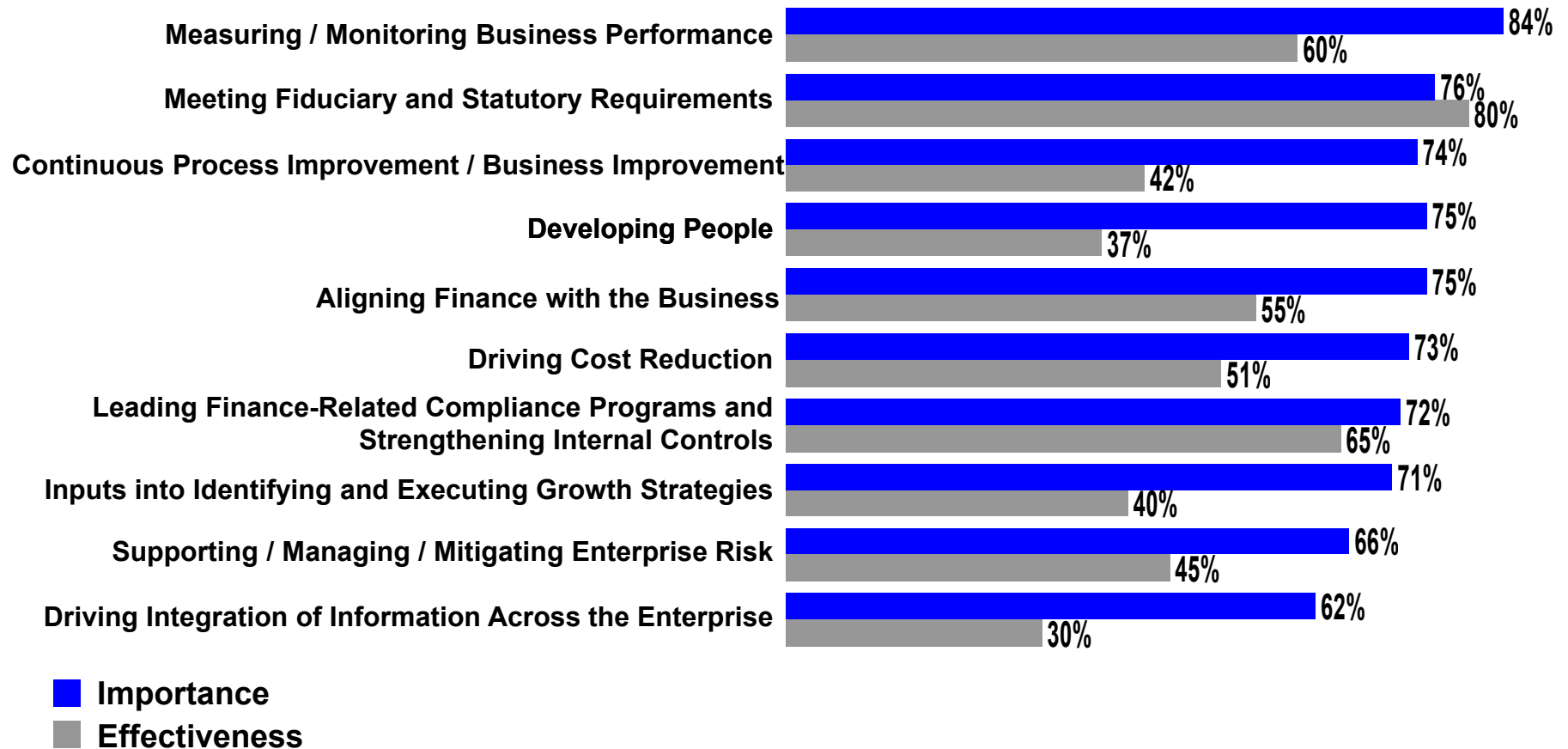
Finance Shared Services: Magical, Mythical or Mundane," IBM Global Business Services

- > Only 9% of CFOs claim to be excellent managing data in a way that drives profitability

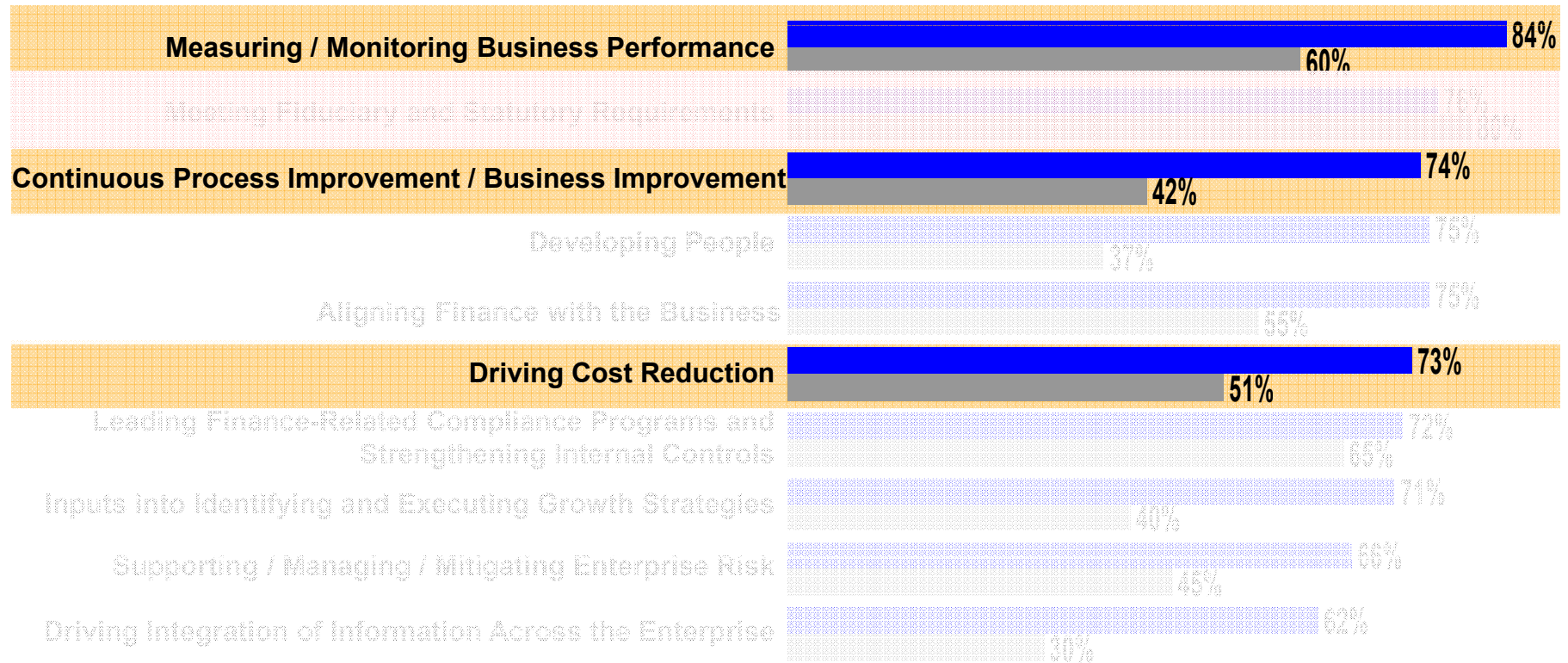
The Agile CFO: Acting on Business Insight."
IBM Global Business Services

The Issues ...

The Global CFO Survey 2008



The Issues ... The Global CFO Survey 2008



■ Importance
■ Effectiveness



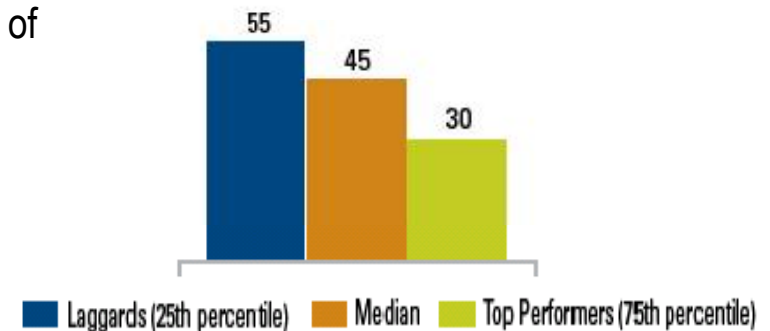
What's important, isn't always being delivered

What Does This Mean ..

1. Everyday Operational/Analytical Reporting ...

Average \$1.3 billion cash advantage comes from having 15 fewer days of sales outstanding in accounts receivable. *APQC Report, Cash Advantage, 2008*

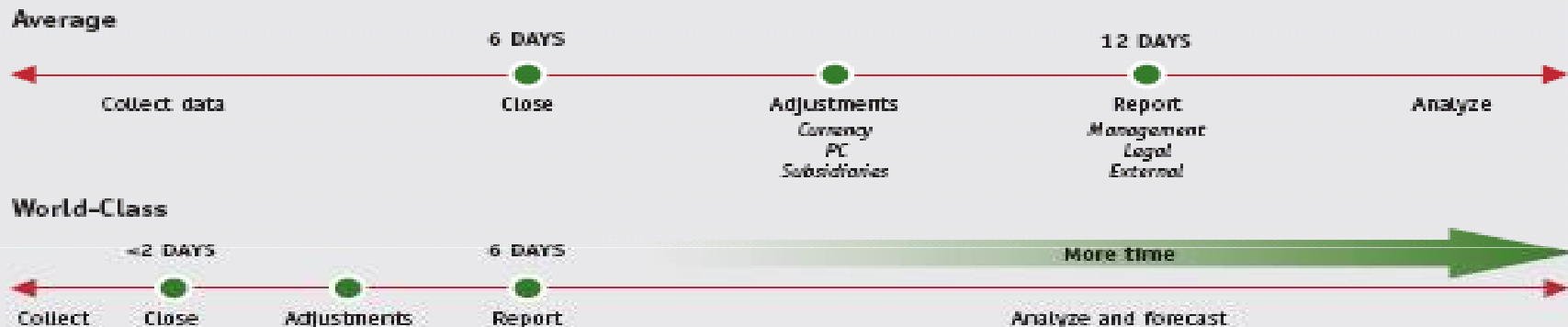
Average Number of Days Sales Outstanding in Accounts Receivable



2. The Close Process ...

Peer-group organisations require **134% more performance management reports** to operate their organisation than the **world-class group**. (*Hackett Group defines world class as processes and systems that are automated and empower users with access to up-to-the-minute.*)

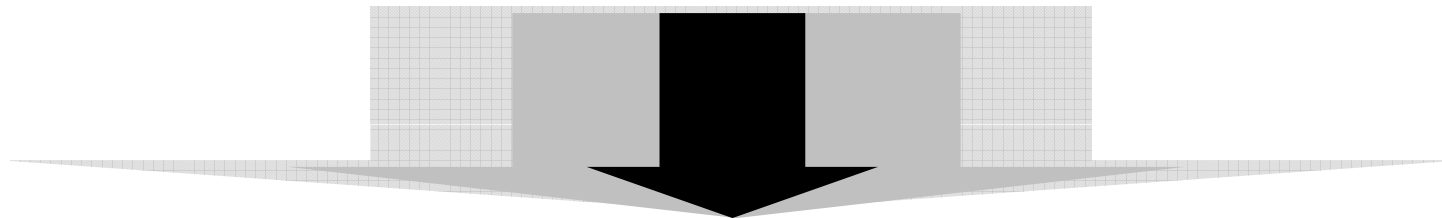
Reporting goals: High value while reducing cycle times



Source: The Hackett Group Benchmarking - Solutions Book of Numbers™

If we know what to do, why aren't we doing it?

Increasing Business Information Demands



Complex Fulfillment Process

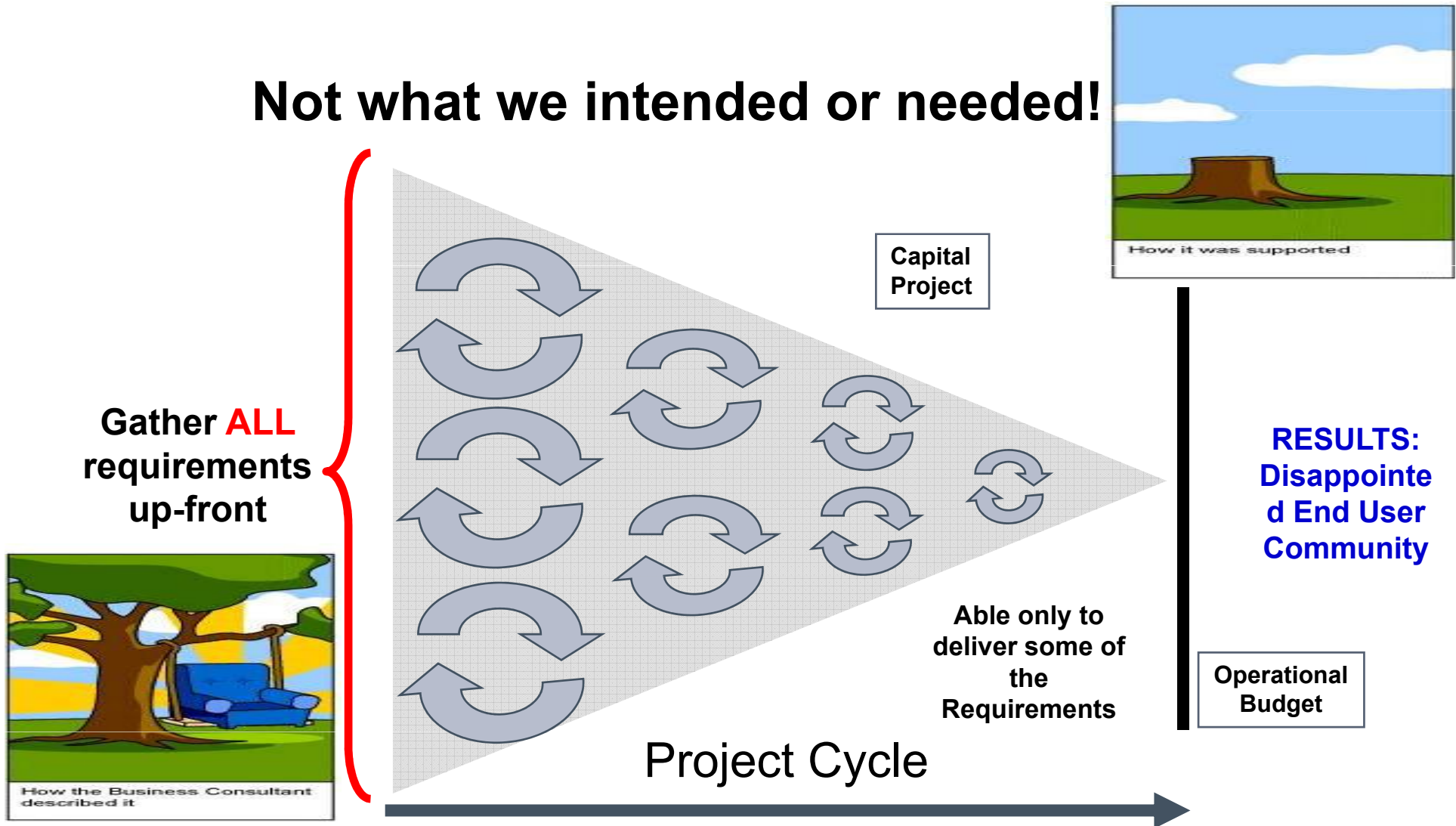
*Number of change requests
Requirements Process
Ambiguity / Iteration
Skills
Multiple Technologies
Time / Cost*



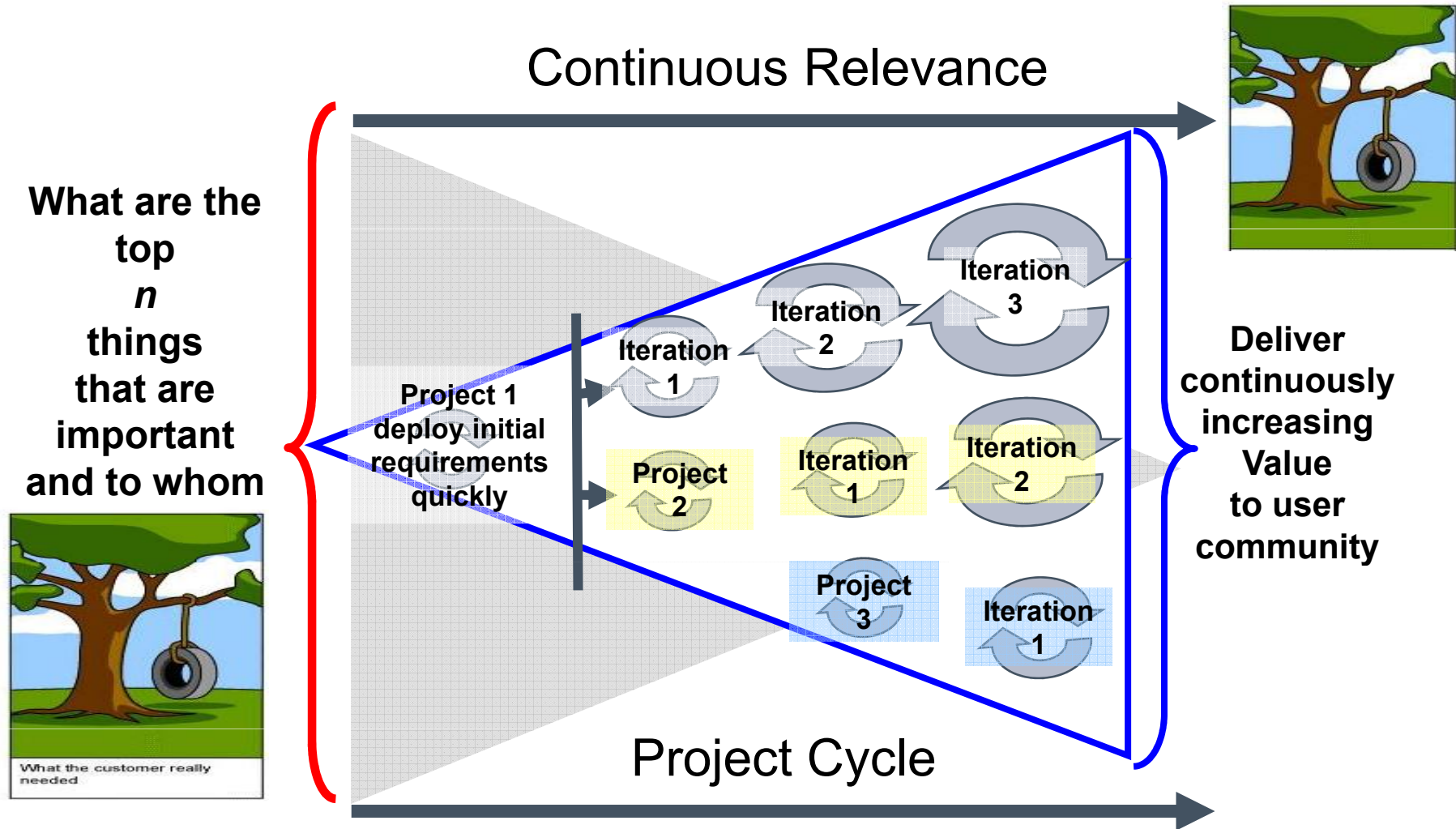
Limited I.T Capacity to Supply

Delivery Challenge: Continuous Relevance

Not what we intended or needed!

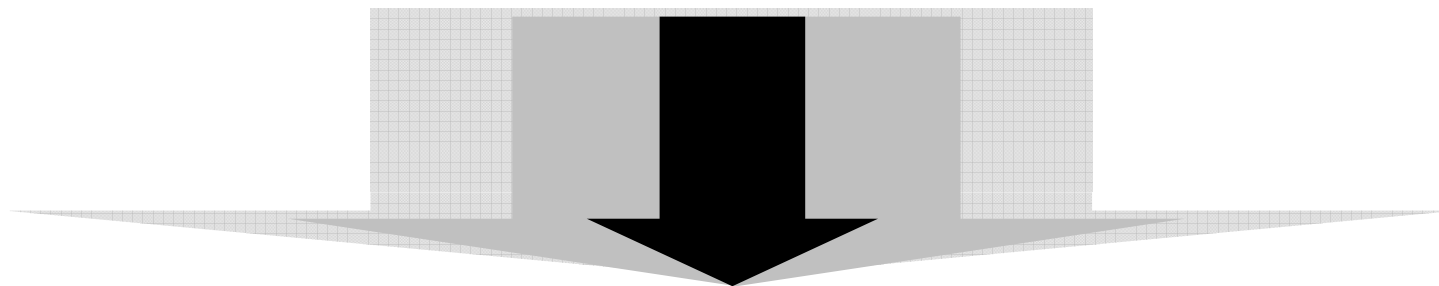


Accelerated process using best practices

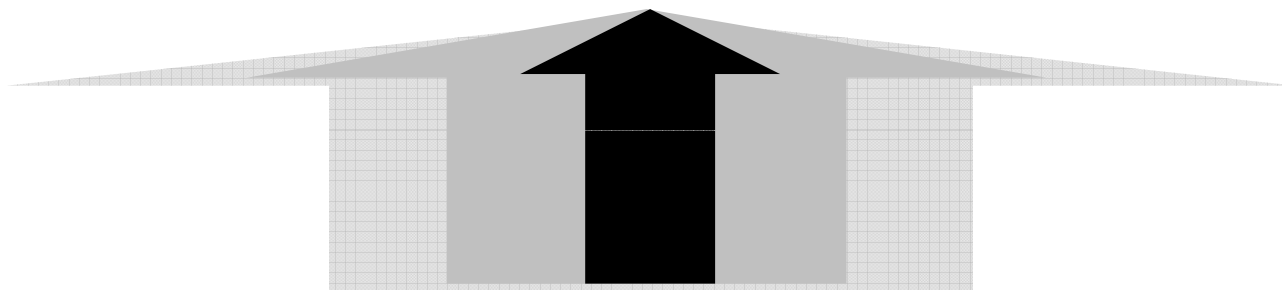


The ideal? Close the Delivery Gap

Increasing Business Information Demands



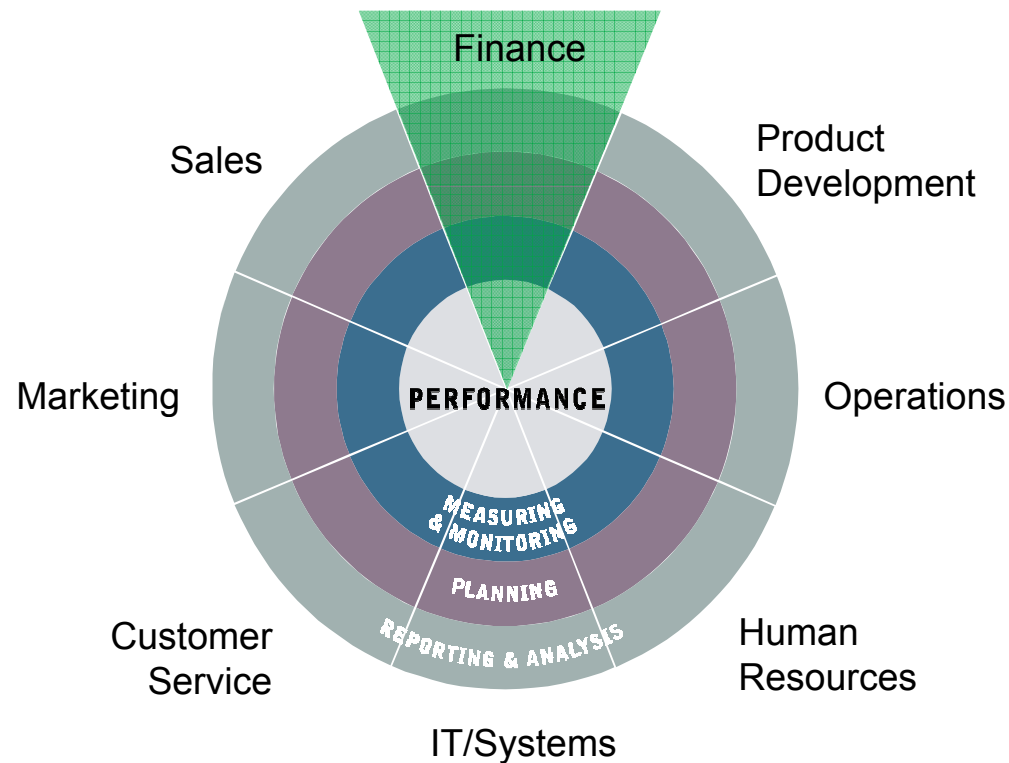
*Simpler Fulfillment Process
Adaptive Application Framework*



Increased I.T Capacity to Supply

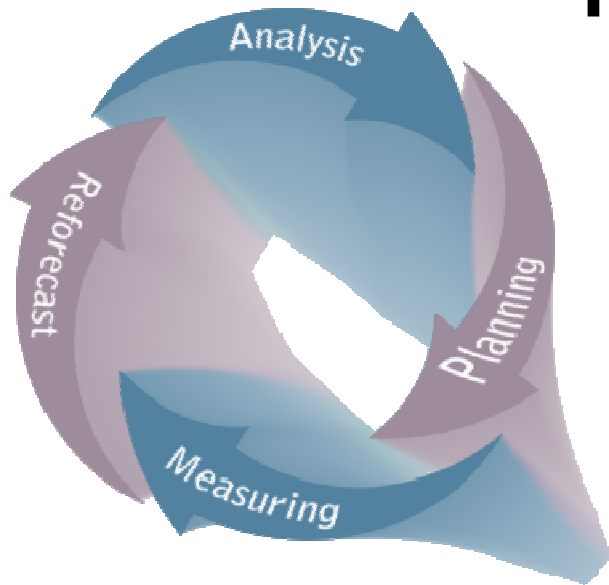
The ideal? Close the Delivery Gap

Increasing Business Information Demands



Increased I.T Capacity to Supply

Don't build Performance Management from scratch

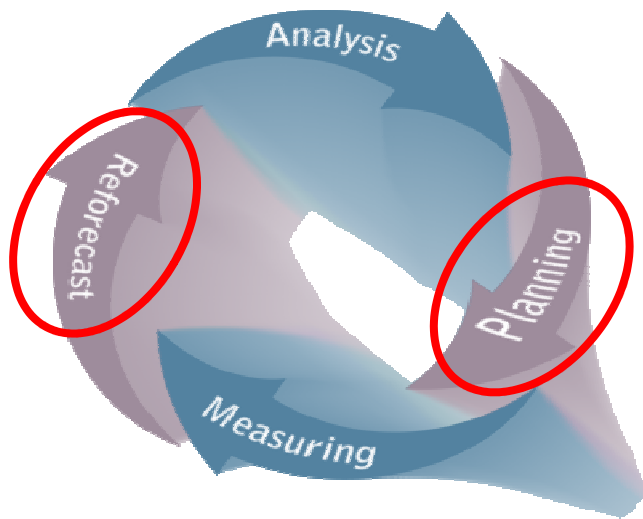


➤ You need to know **WHAT** to build!

- Cognos best practice
- Packaged Planning
 - Forecast, reforecast
- Packaged BI
 - Analysis, Scorecards, Dashboards, Reports

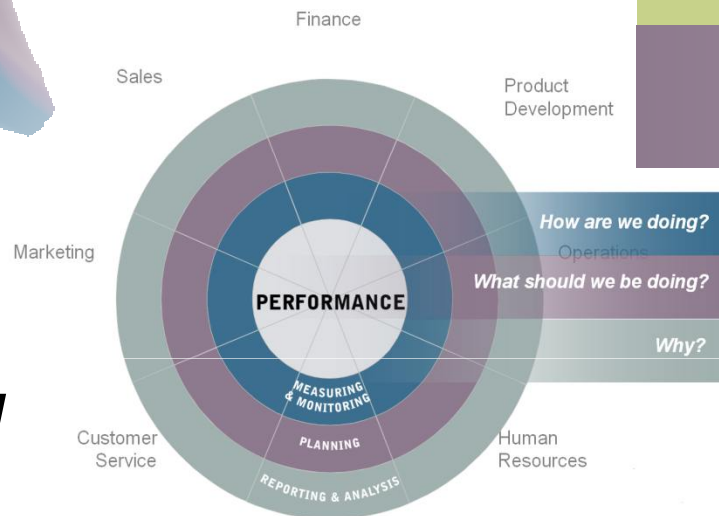
The Planning Challenge ...

Correctly interpreting the “drivers” of your business to determine where the business is heading, and how best to drive the business towards our targets and objectives



You are never lost if you don't know where you are going

Operational Management Cycle



The Promise

Integrated decision making

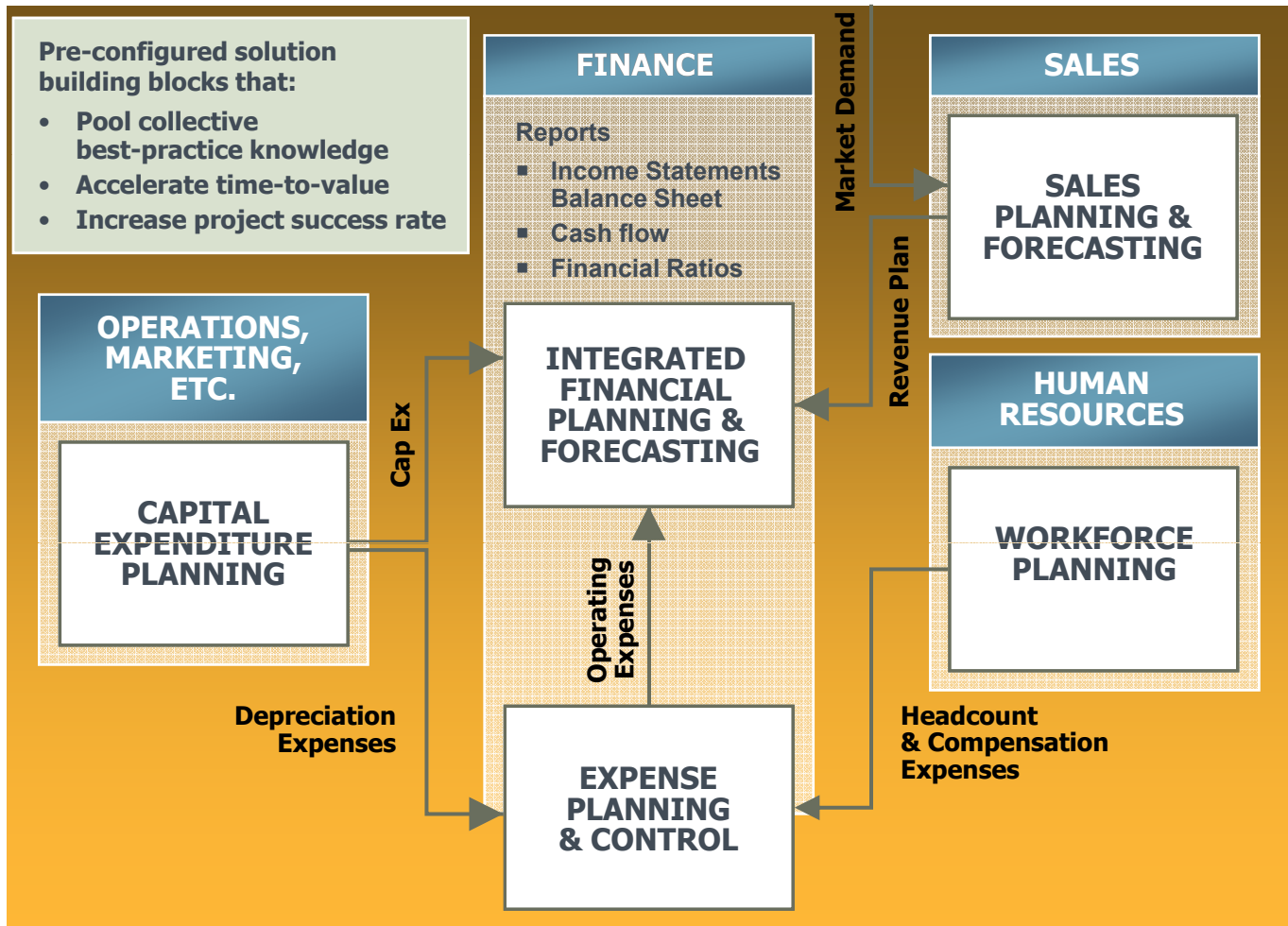
Collaborative decision making

Sweet spot - Planning

Accelerated cycles

ENTERPRISE PLANNING

Performance Blueprints: Functional Solutions



FUNCTIONAL SOLUTIONS

- Integrated Financial Planning & Forecasting
- Workforce Planning
- Expense Planning & Control
- Capital Project Planning

Integrating “forward looking” systems (Planning) with the “rear-view mirror” (Business Intelligence)

“Those who cannot remember the past are condemned to repeat it”

“The farther backward you can look, the farther forward you are likely to see.”

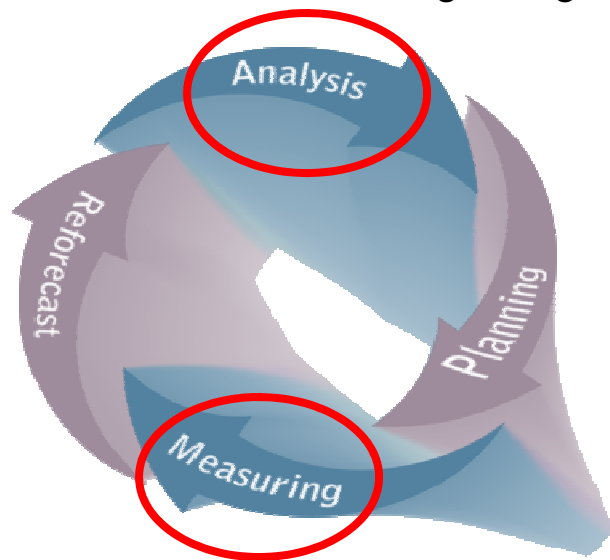
“The only function of economic forecasting is to make astrology look respectable.”

“If past history was all there was to the game, the richest people would be librarians.”

“No plan can prevent a stupid person from doing the wrong thing in the wrong place at the wrong time—but a good plan should keep a concentration from forming.”

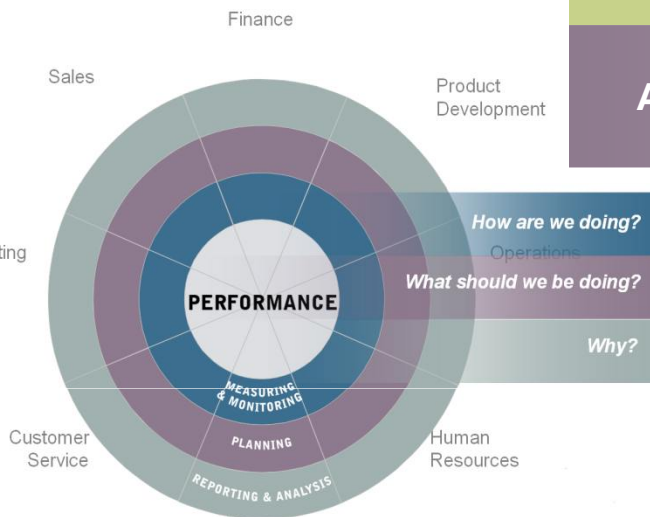
The BI Challenge ...

Operational and transactional data represent important sources of insight that help organisations make informed cross-functional decisions regarding their overall performance



Only when the tide goes out do you discover who's been swimming naked. ...

Operational Management Cycle



The Promise

Integrated decision making

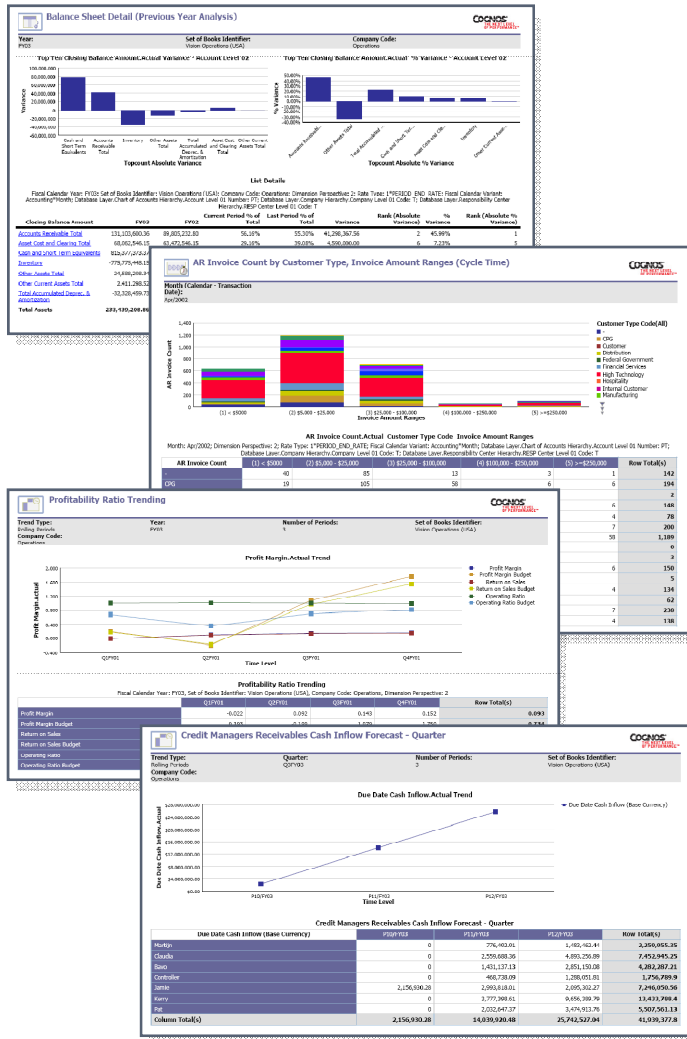
Collaborative decision making

Sweet spot - Insight

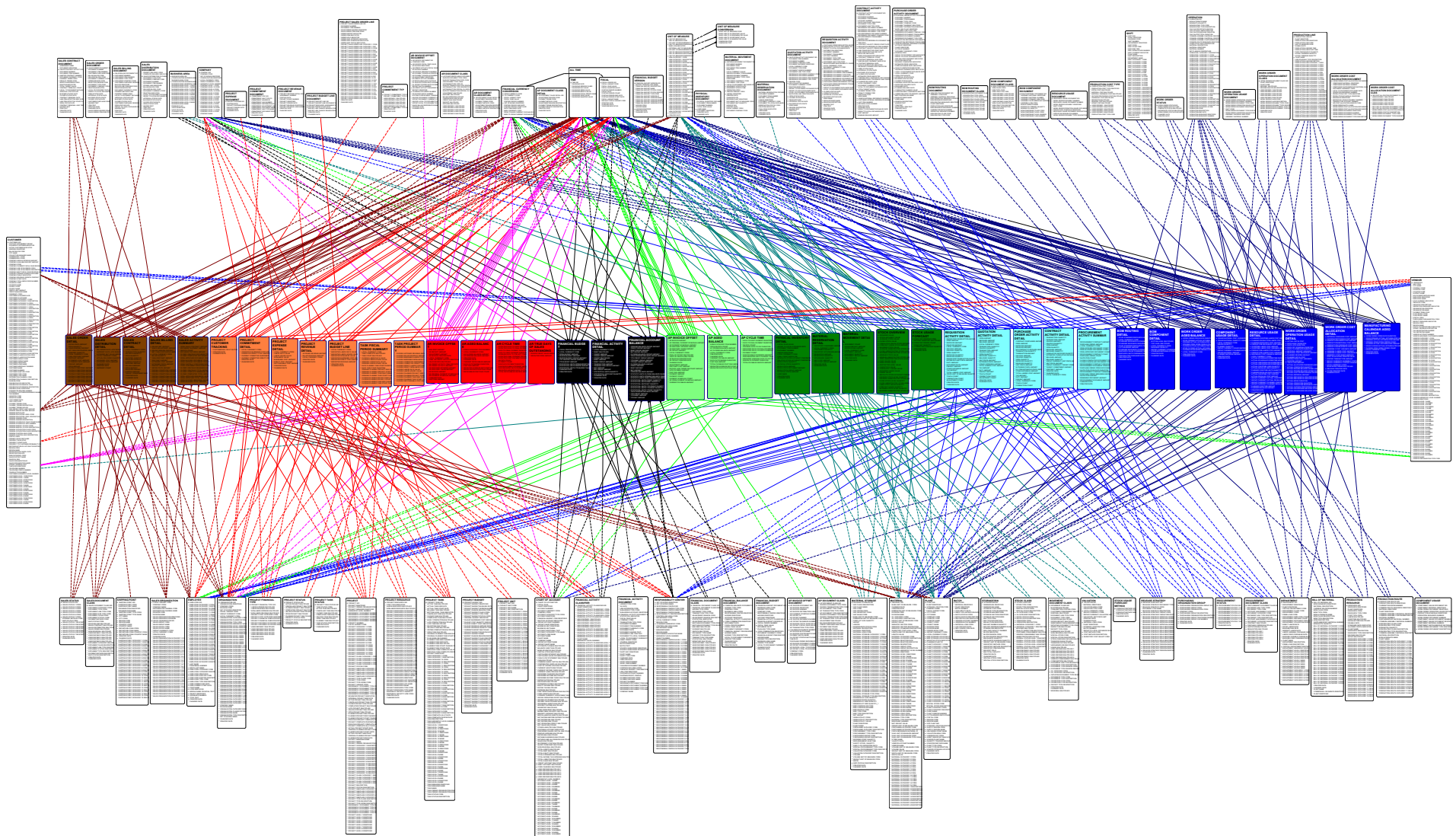
Accelerated decision making

Key Considerations

- Are you currently getting the information you need to make critical business decisions?
- How quickly can you answer ALL your financial questions against your critical business metrics?
- How quickly can you generate and configure reports for analysis?
- How much would it cost and how much time would it take to build your own solution?
- Can you support a dynamic reporting environment?

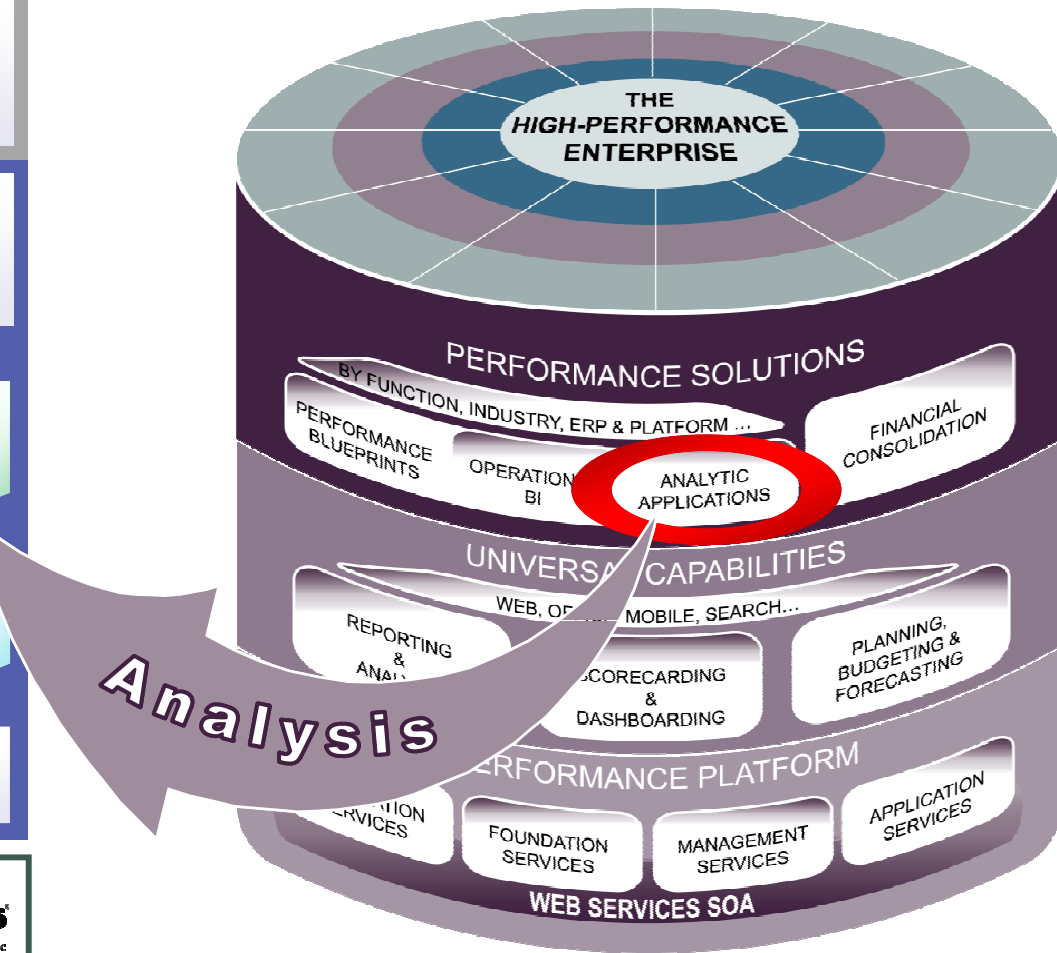
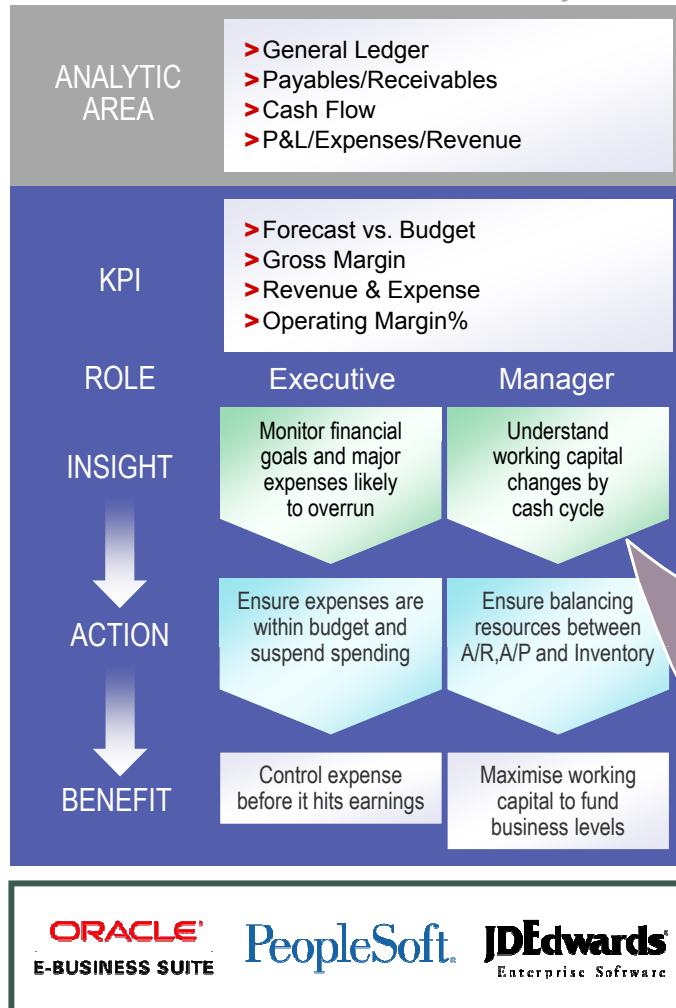


You can build it yourself...



Or you could use an Analytic Application...

Financial Performance Analytics



Why are the Cognos Analytic Applications different?



First Generation: Code it all yourself

- Scope your requirements
- Design your warehouse
- Build your ETL scripts
- Load your data
- Build your metadata
- Build your reports

Second Generation: Packaged Code

- What Cognos used to do with the p-apps (and what Oracle/SAP/etc still do)
- Vendor supplied ddl, etl, xml, sql, and other 'I' stuff

Third Generation: configuration tools

- One modelling tool for the back-end
- One modelling tool for the front-end
- One tool to bind them all

What's wrong with the old generation?



*The project team tried not to alter the data model though it has **added hundreds of attributes** in the last four and a half years.*

*It **used seven entities out of the box and added ten more** custom built entities.*

*" For the main implementation, **installation took six weeks, but it took five more months of customising and interpreting the data to meet the requirements.**"*

What's wrong with the old generation?



The chart of accounts has seven fields instead of three [which the Oracle app expected, and had definitions for]

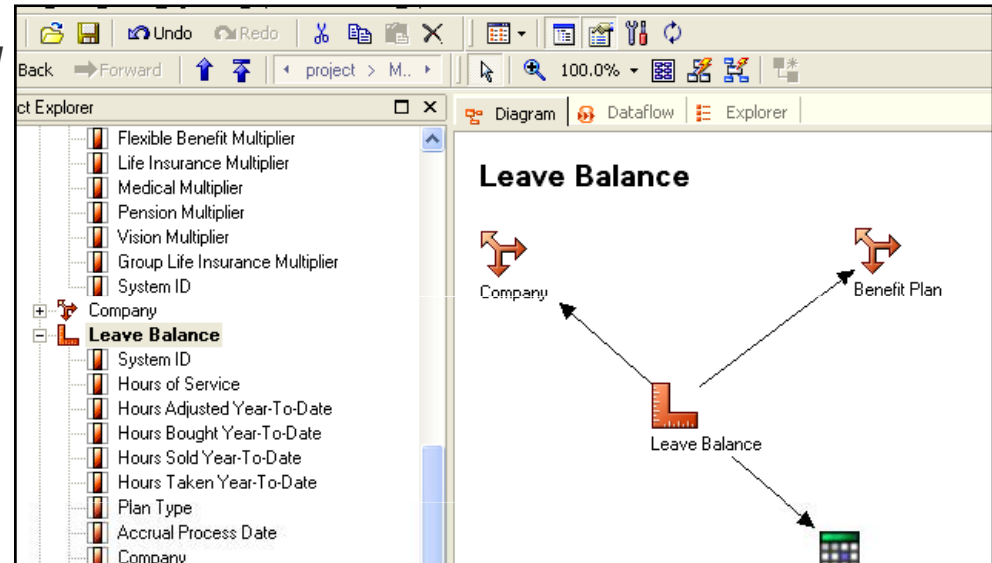
Therefore, the project team had to:

***create** a new dimension table,
change the data model and fact tables,
customise virtually all the ETL application and
extend the customisations throughout the OBIEE layer.*

So what's the new way?

A process driven modelling environment for warehouse and report generation

1. **Generate** the entire process for taking source ERP data into a warehouse – based on a model
2. **Generate** reports, dashboards and menu systems



The screenshot shows the IBM Cognos Report Studio interface. The 'Project Explorer' on the left shows a tree view of the report structure, including folders for 'NewProject', 'InfoPackFolder', 'VP HR', 'Table of Contents', 'MetricTypes', 'Headcount', 'Headcount Reporting', 'HierarchyFolder', 'OperationalReports', and 'GlobalData'. The 'Headcount Reporting' folder is expanded, showing a list of metrics: 'Location', 'Grade', 'Gender', 'Job', 'Job Class', and 'Ethnicity'. The 'Gender' metric is highlighted in blue. The main area displays a table with columns for 'Location', 'Grade', 'Gender', 'Job', 'Job Class', and 'Ethnicity'. The 'Gender' column is highlighted in blue, and the 'Location' and 'Grade' columns have dropdown arrows next to them. The table has two data rows, labeled 'at03a' and 'at08b'.

Location	Grade	Gender	Job	Job Class	Ethnicity
at03a					
at08b					

What is Different?

Patent Pending Technology

Eliminates the need for:

- scoping requirements from scratch
- pre-defined code to move data
- building & customising a database / repository of information
- building and customising report content

Changes can be applied to the solution significantly faster than any other approach

- Customisations with as little as one drag/drop operation





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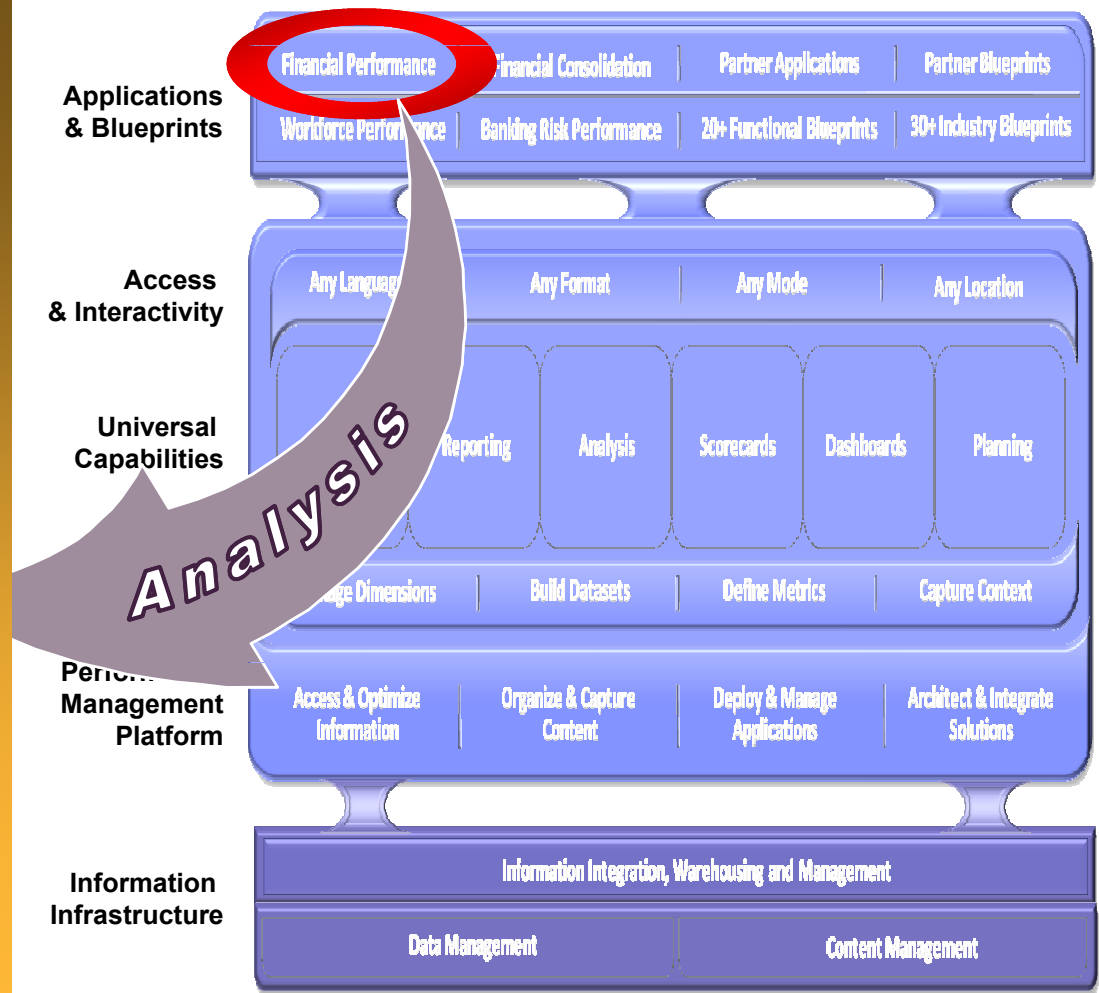
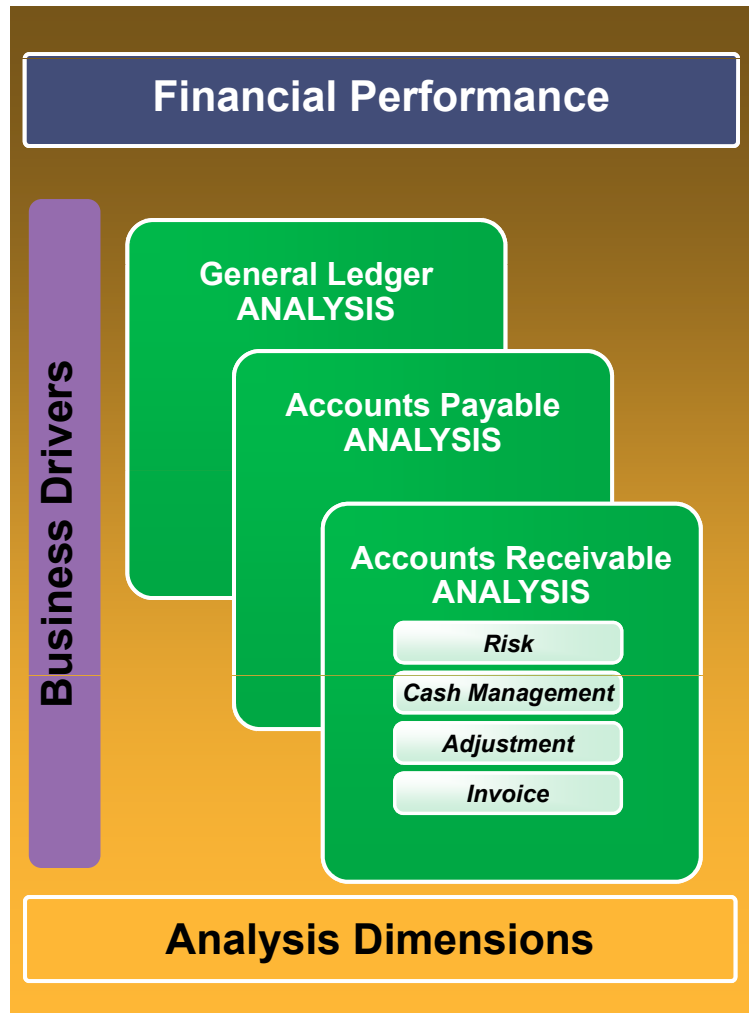
Financial Performance Analytics

Faster Financial Insight: Smarter Business
Decisions

Information Management

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software

IBM Cognos 8 Financial Performance Analytics



FPA - Insight into Business Drivers

Business Drivers

Planning Effectiveness

Performance Effectiveness

Payables Risk

Receivables Risk

Cash Management

Corporate Efficiency

Analysis Dimensions

CHART OF ACCOUNTS

DEPARTMENT

CUSTOMER

PRODUCT

VENDOR

COMPANY / ORGANIZATION

BUSINESS UNIT

Financial Analysis Capabilities

GENERAL LEDGER

- Planning Effectiveness
 - Compare to Plan
- Performance Effectiveness
 - Compare to Past
 - Performance management
- Corporate Efficiency
 - Activity Ratio
 - Leverage Ratios
 - Liquidity Ratio
 - Profitability Ratio

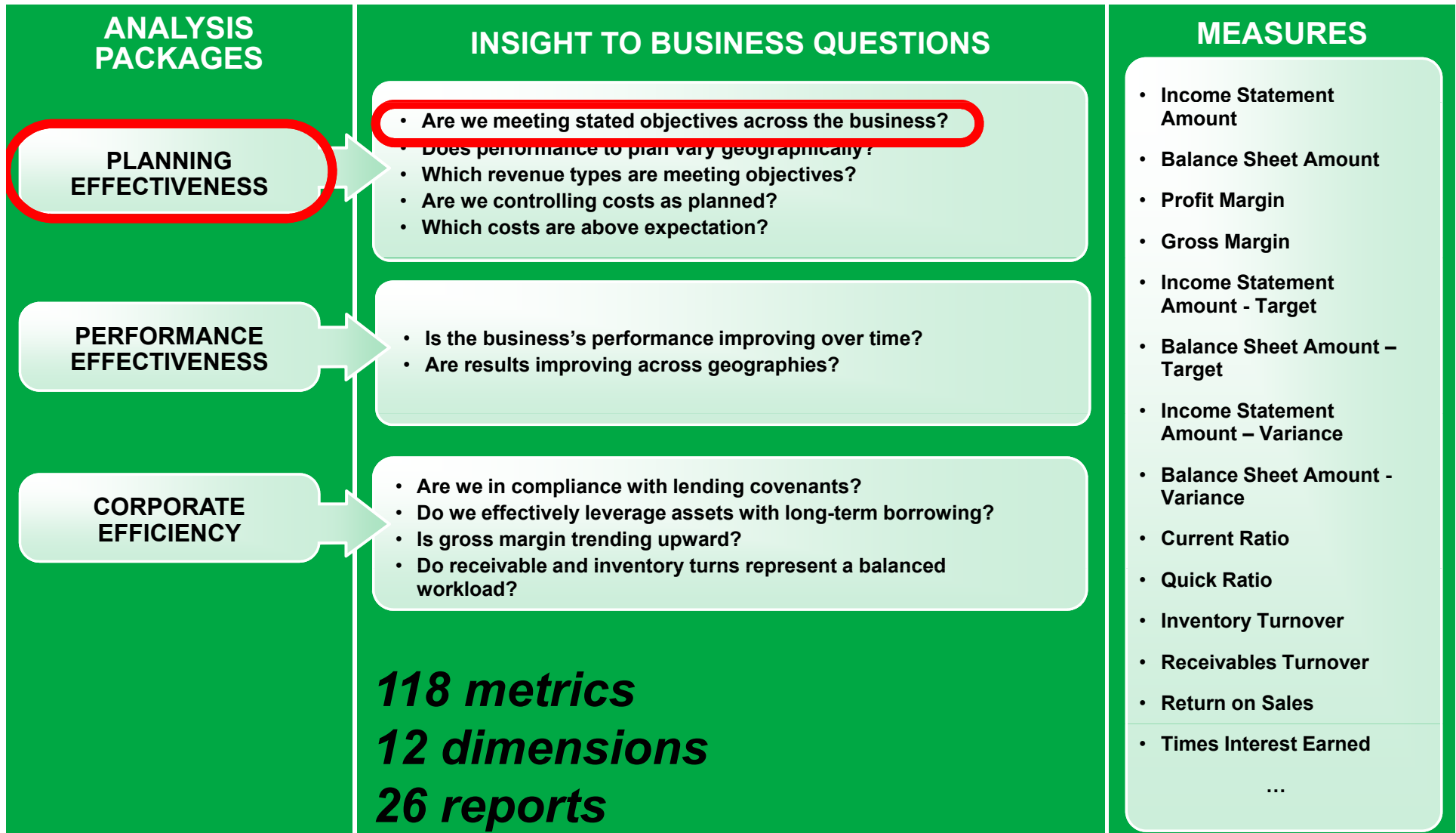
PAYABLES ANALYSIS

- Payables Risk
 - Vendor Relations
- Cash Management
 - Terms Utilization
 - Cash Flow

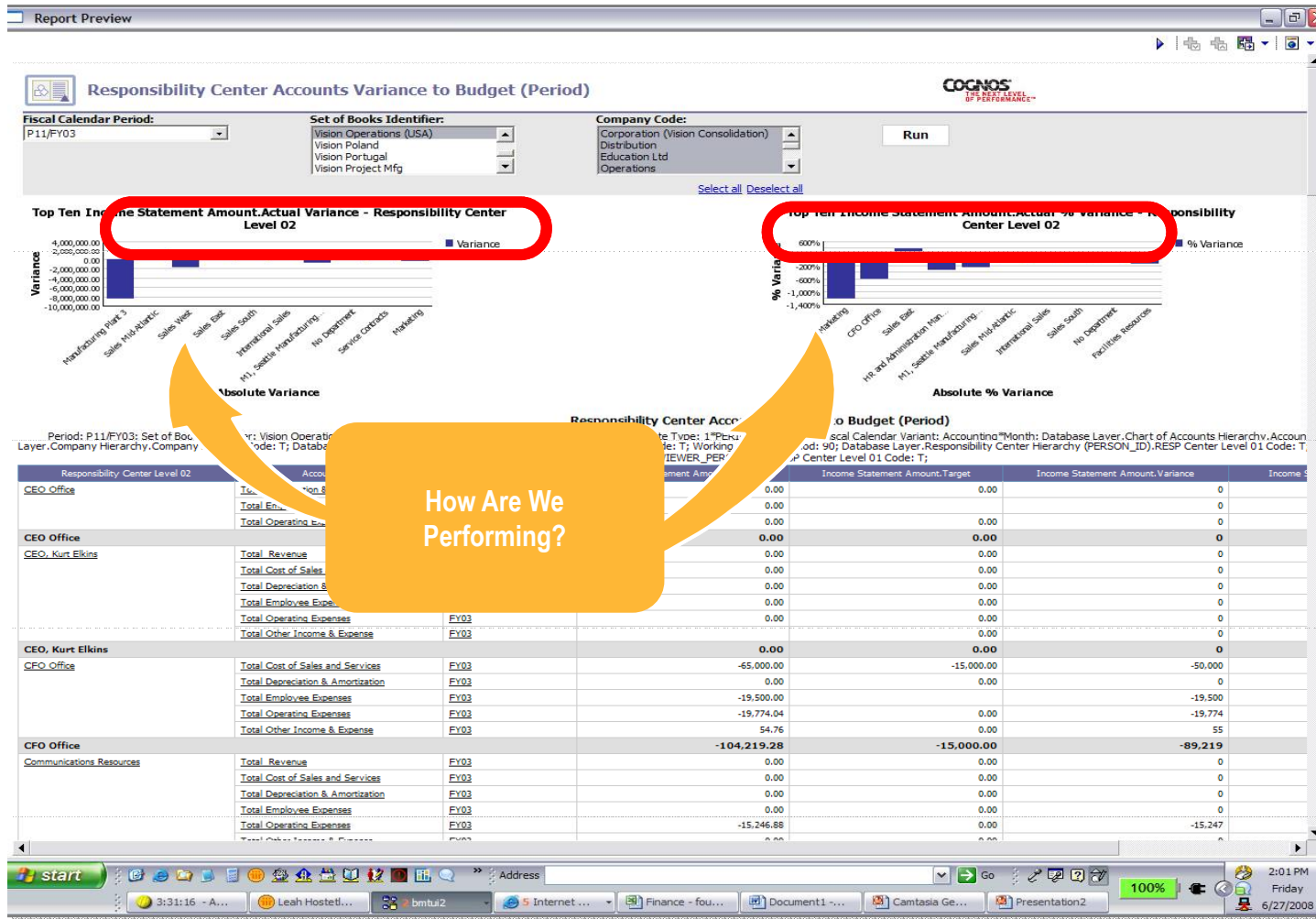
RECEIVABLES ANALYSIS

- Receivables Risk
 - Customer Credit Risk
 - Analyst Risk
- Cash Management
 - Terms Utilization
 - Cash Flow
- Adjustments
 - Customer
 - Analyst
- Invoice Activity

FPA > GL Analytics > Planning Effectiveness



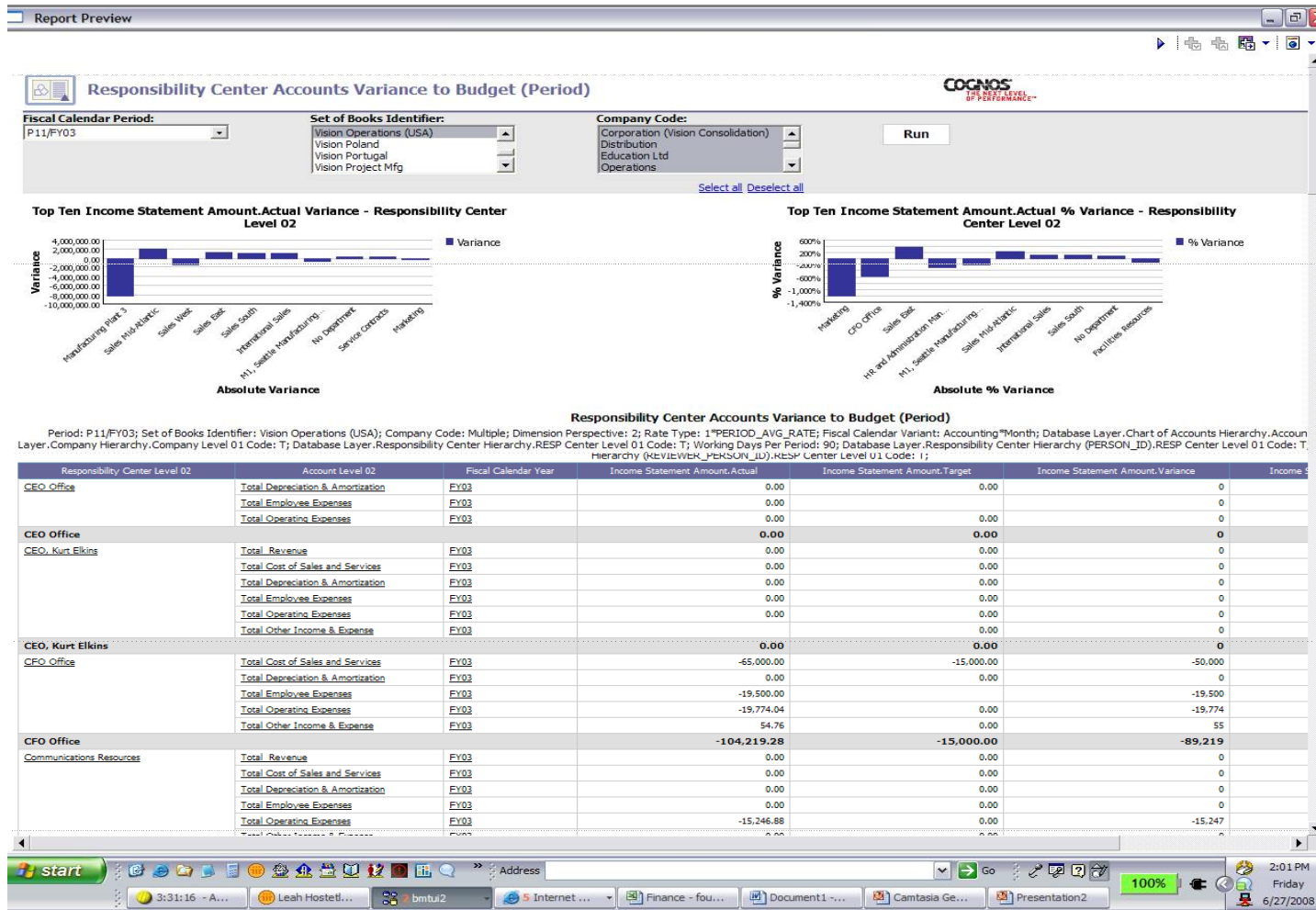
FPA > GL Analytics > Planning Effectiveness > Are we meeting our stated income objectives?



- Analysis over time
- Income comparison: actual to budget
- Drill to responsibility center
- Drill thru to transactions in accounts

General Ledger Income Analysis ...

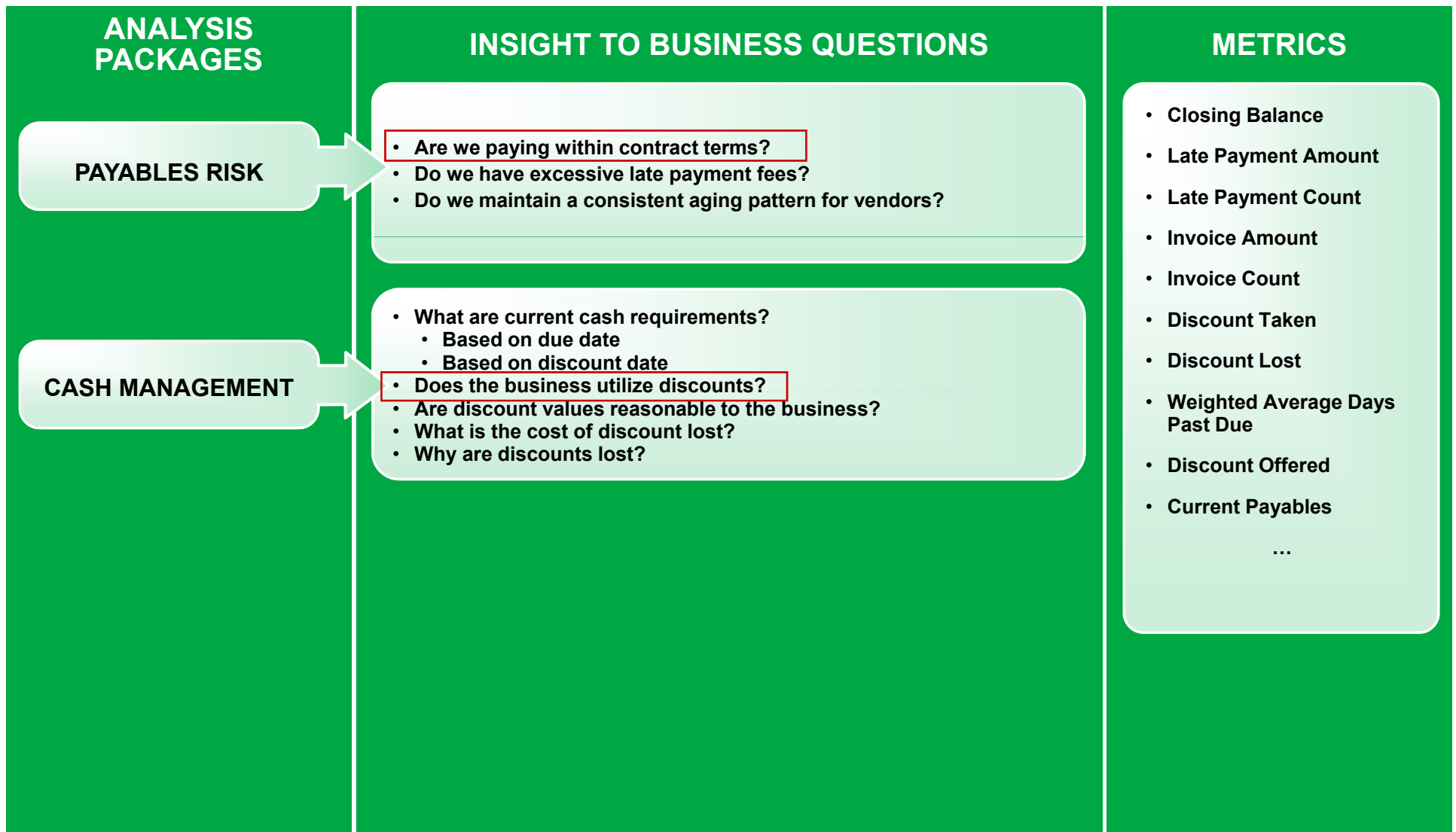
How has our current income changed from plan?



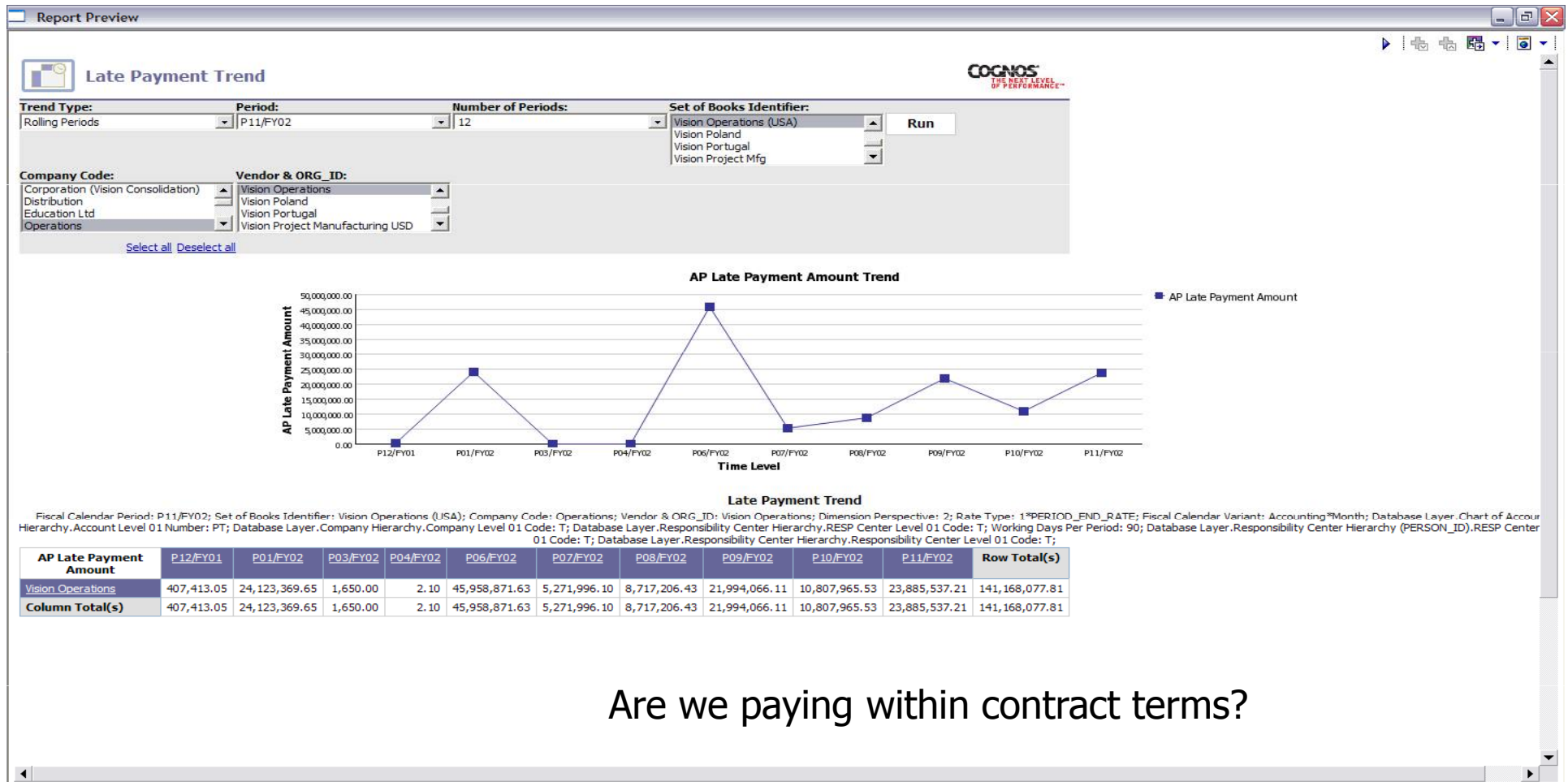
Time Analysis

- Income comparison: actual to budget
- Drill to responsibility center
- Drill thru to transactions in accounts

FPA > Payables Analysis



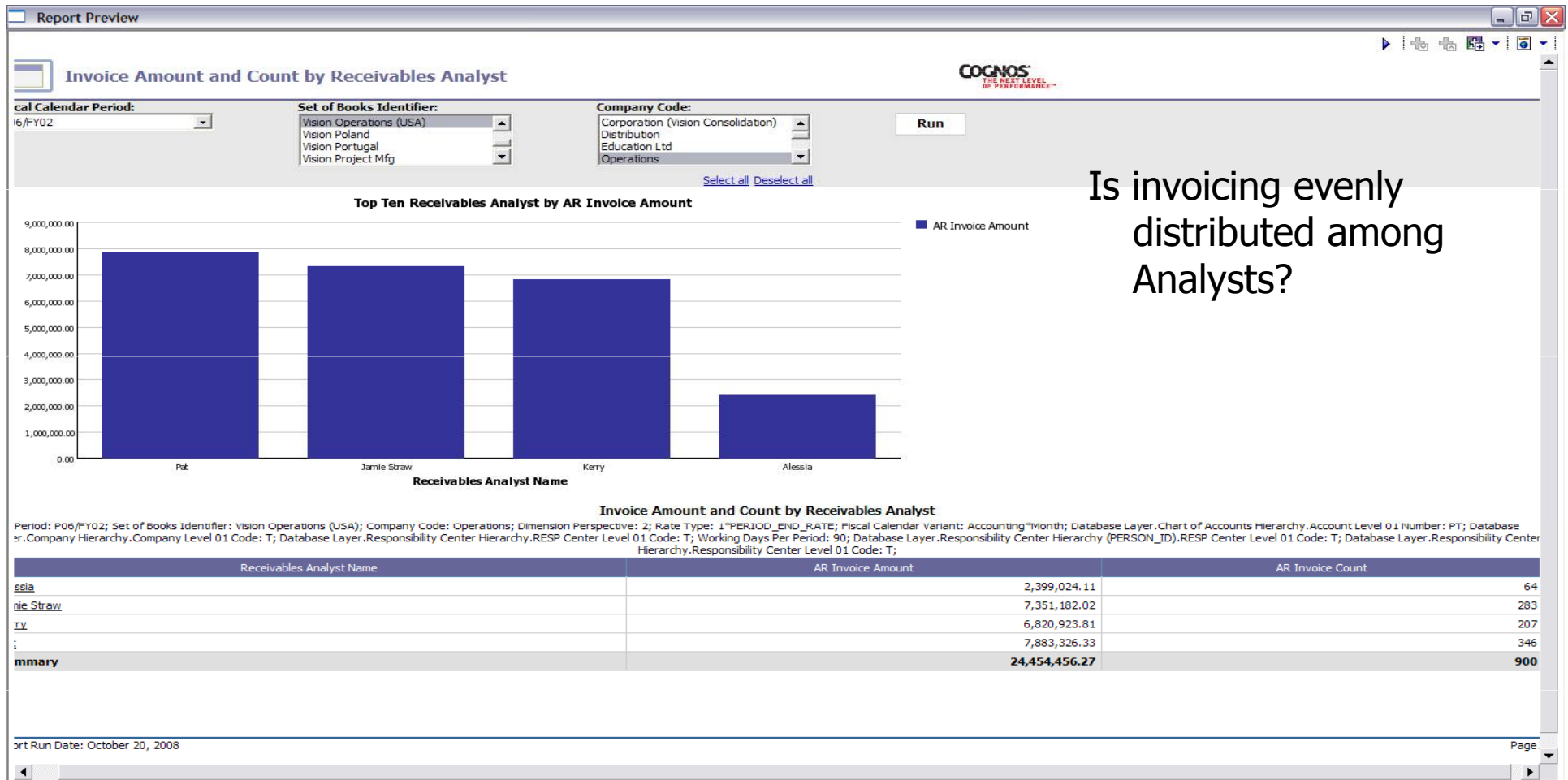
Payables Risk



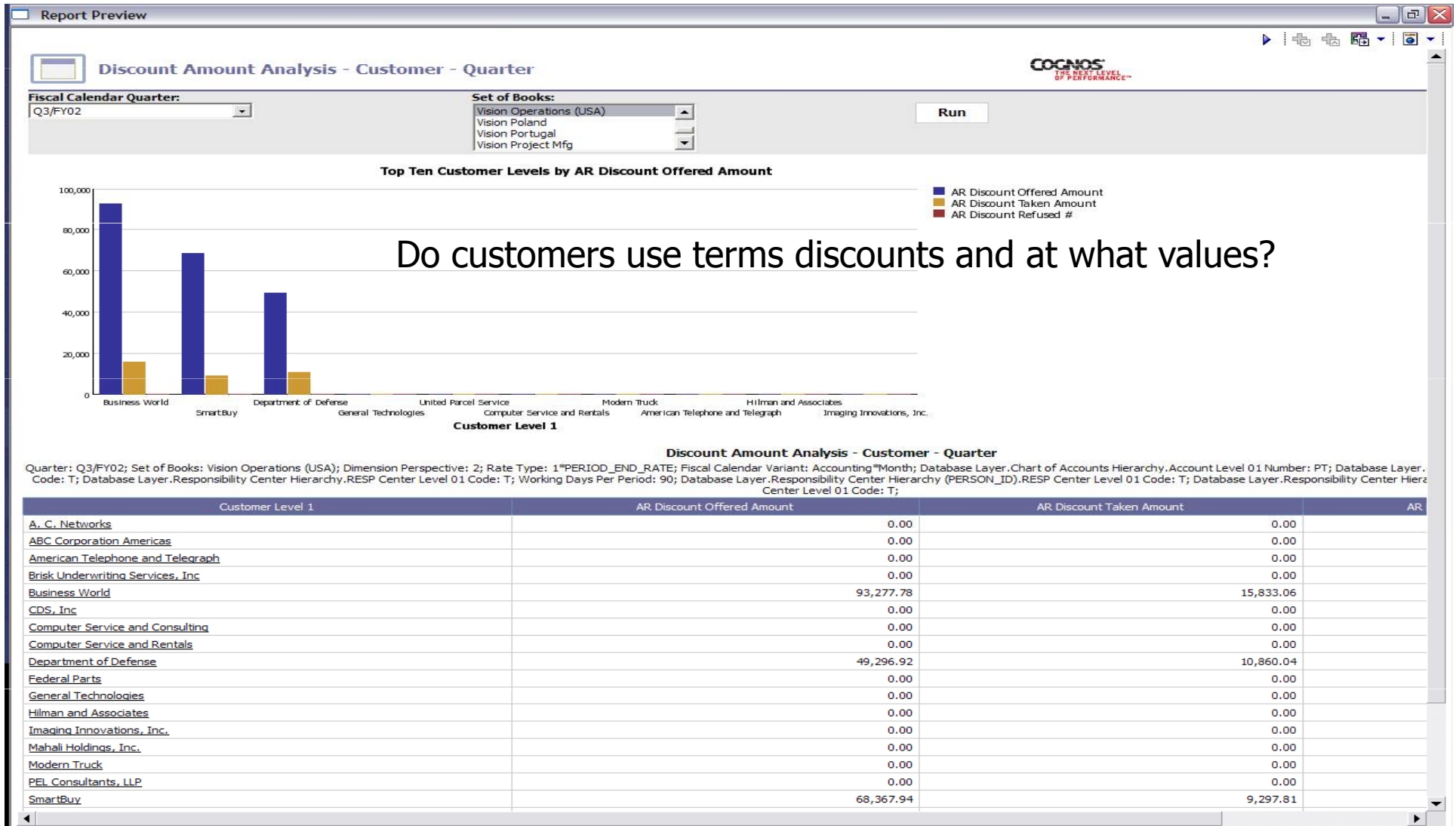
FPA > Receivables Analysis



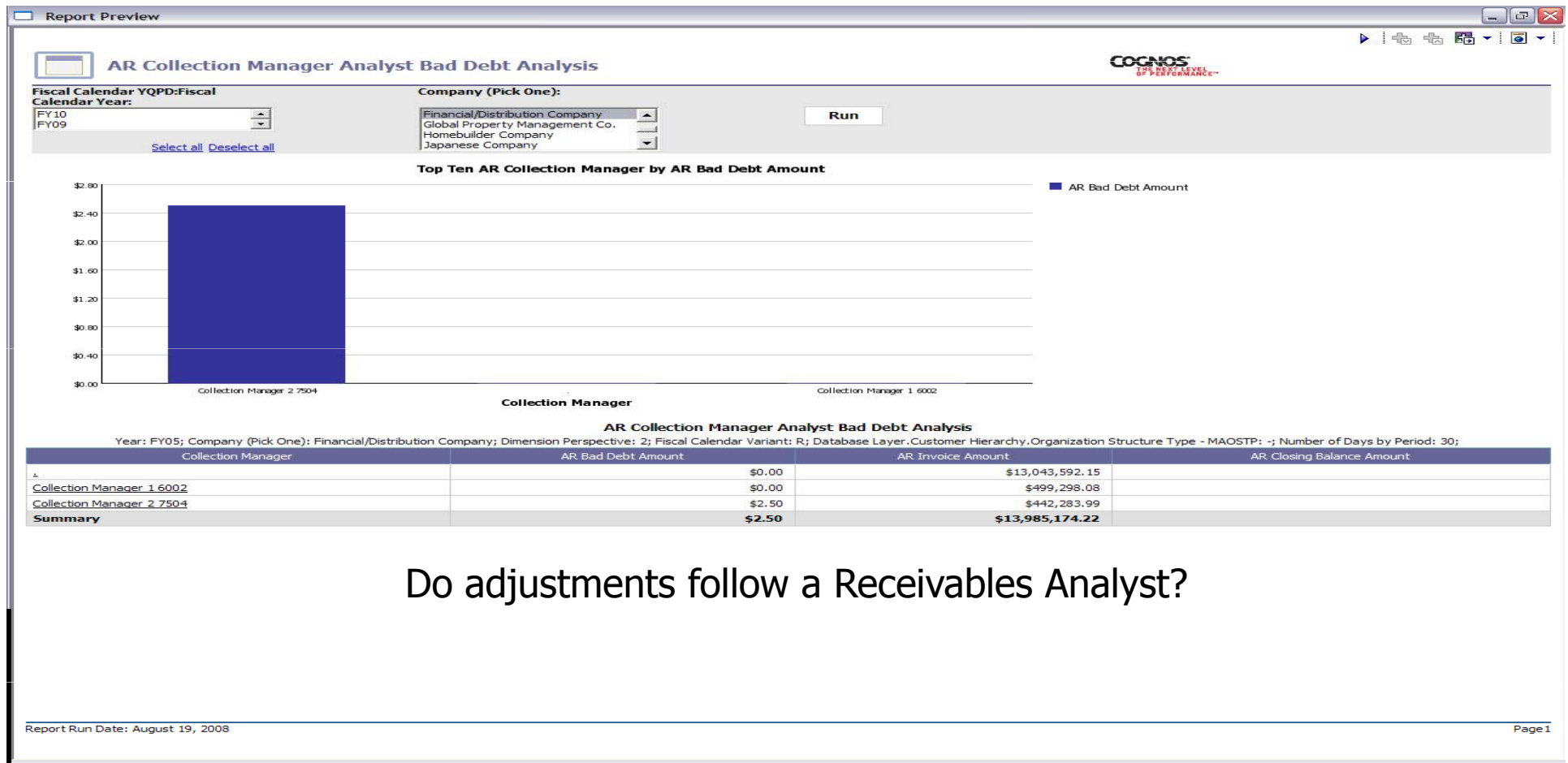
Receivables Risk



AR Cash Management



AR Adjustment Analysis



Cash Inflow Analysis ...

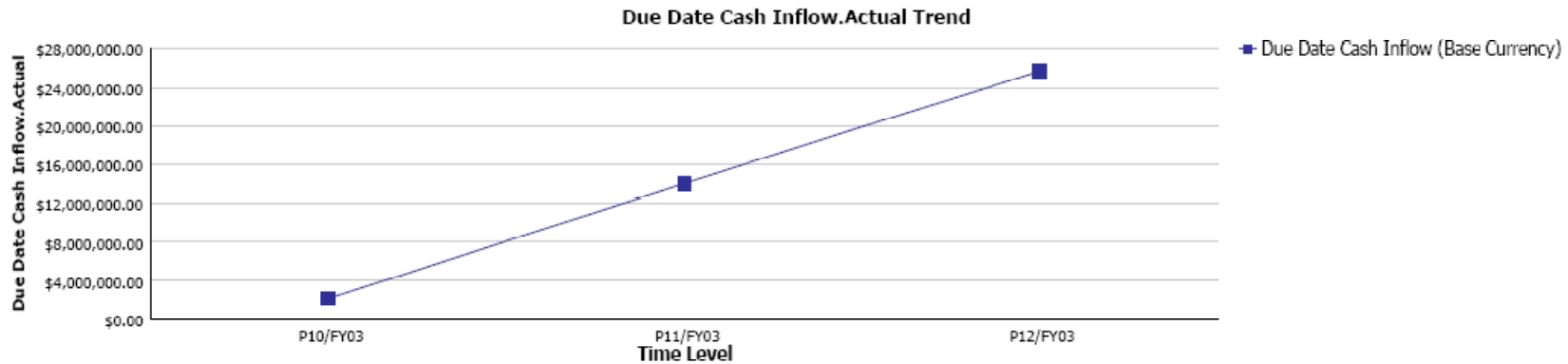
evaluates cash inflow to ensure the company's cash position is in line with what was planned



Credit Managers Receivables Cash Inflow Forecast - Quarter



Trend Type: Rolling Periods	Quarter: Q3FY03	Number of Periods: 3	Set of Books Identifier: Vision Operations (USA)
Company Code: Operations			



Credit Managers Receivables Cash Inflow Forecast - Quarter

Due Date Cash Inflow (Base Currency)	P10/FY03	P11/FY03	P12/FY03	Row Total(s)
Martijn	0	776,492.91	1,483,462.44	2,259,955.35
Caudia	0	2,559,688.36	4,893,256.89	7,452,945.25
Bavo	0	1,431,137.13	2,851,150.08	4,282,287.21
Controller	0	468,738.09	1,288,051.81	1,756,789.9
Jamie	2,156,930.28	2,993,818.01	2,095,302.27	7,246,050.56
Kerry	0	3,777,398.61	9,656,389.79	13,433,788.4
Pat	0	2,032,647.37	3,474,913.76	5,507,561.13
Column Total(s)	2,156,930.28	14,039,920.48	25,742,527.04	41,939,377.8



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IBM Cognos 8 Adaptive Analytics demo

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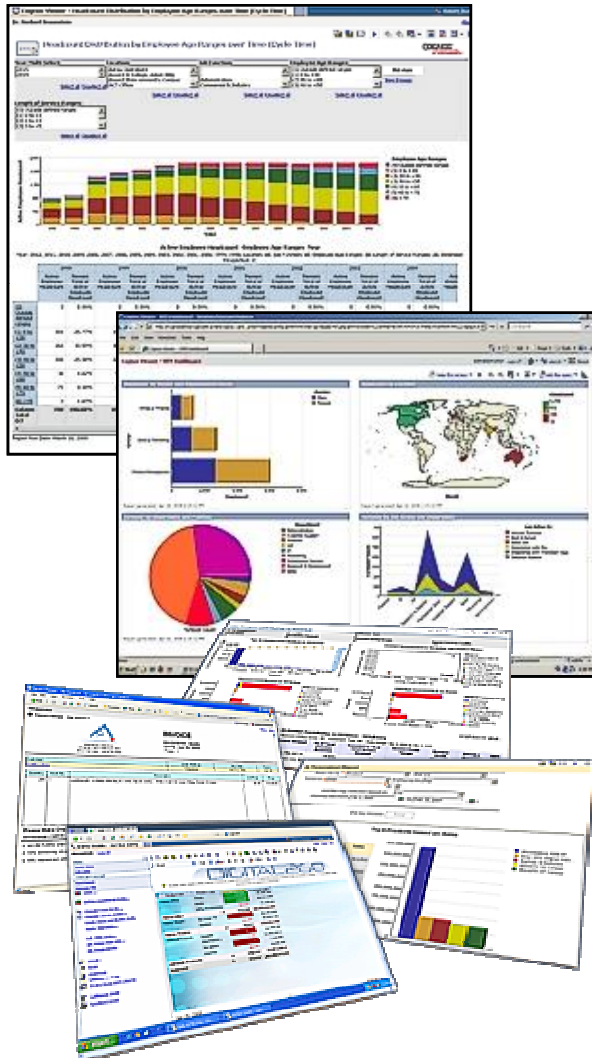
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Summary

Information Management

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In summary – it's Big, Fast AND Sexy



➤ Packaged Business Intelligence

- A blueprint for better BI

➤ Adaptable

- Specific content for business users
- Reports are configured, not authored

➤ Industry-leading BI (IBM Cognos 8)

- Delivered through Cognos web interface
- Extendable through Cognos 8

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•Variance Analysis

- Compare to plan / Compare to past
- Planning Effectiveness
- Are we meeting stated objectives across the business?
- Does performance to plan vary geographically?
- What is driving revenue across the business?
- Which revenue types are meeting objectives?
- Are we controlling costs as planned?
- Which costs are above expectation?
- Performance Effectiveness
- Is the business's performance improving over time?
- Are results improving across geographies?
- What are our projected results for the year, based on current results?
- Core Analysis
- Which area of the business has the highest contribution to profit?
- Where are the lagging segments of the business?
- Key Ratio Analysis
- Liquidity
- Do we have sufficient cash to meet our current needs?
- Are we in compliance with lending covenants for short term assets and liabilities?
- Do we have an increasing current position?
- Is short term investment an appropriate strategy now?
- Leverage
- Are we generating sufficient profit to cover borrowing costs?
- Do we effectively leverage assets with long-term borrowing?
- Have we deployed equity to our best advantage?
- Profitability
- Is Gross Margin trending upwards?
- Does the business generate enough profit margin?
- Are margins meeting expectations?
- Activity
- Do receivable and Inventory turns represent a balanced workload?
- Are we too cyclical in our activities – Shipping, Selling etc?
- Payables Analysis
- Vendor Relations
- What is DPO (day's payables outstanding)?
- Does DPO vary within the business?
- Are we paying within contract terms?
- Do we have excessive late payment fees?
- Do we maintain a consistent aging pattern for vendors?
- Term Utilization
- Does the business utilize discounts?
- Are discount values reasonable to the business?

•How much credit loss do we incur and from whom?

- How effective is the collection staff?
- Are bad debt expenses within expectation?
- Cash Management
- What is expected cash inflow?
- Based on due date, discount date
- Based on average days to collect
- Can we collect major accounts earlier?
- Term Utilisation
- Do customers utilize terms discounts, and at what values?
- Do we grant generous discount terms?
- Are discounts taken earned?
- Invoice Activity Management
- Do we invoice too frequently?
- What level of adjustments occurs?
- Do the adjustments follow a receivables analyst or sales person?
- Cash Flow Analysis
- Cash Inflow (AR)
- Average Days to Collect
- Cash Outflow (AP)
- Discounts Lost
- Net Cash Flow (AR/AP)
- Workforce Performance
- Workforce Strength:
- Global Strength
- What is the global view of our workforce?
- Do we have the right mix of people to meet business objectives optimally?
- How has the distribution of headcount in locations varied over time?
- Do we have critical shortages of capacity in key jobs? Where?
- Is our workforce growing or shrinking in key jobs and key locations?
- Demographic Strength
- What is the age distribution within the workforce?
- Do we have the experience required to be successful in key areas of the business?
- What will our workforce age distribution in key jobs look in 3 years? 5 years?
- Are we at risk of losing critical capacity in key jobs due to aging workforce/retirement?
- Diversity Strength
- How diverse is our workforce?
- Does the diversity in our workforce reflect that of our customer base?
- Does workforce diversity vary by Job? Location?
- Top Talent Strength
- Do we have top talent spread across the organisation to support our business strategy?
- Do we have an optimal mix of top talent within key jobs?
- Talent Acquisition

IBM Cognos Analytic Applications are

packaged, adaptable software solutions to help improve business performance by

providing actionable, cross-functional insight from information locked in ERPs and other data sources.

Built on the Cognos 8 platform, they enable organisations to implement a solution quickly and easily extend it

using the full range of Cognos 8 capabilities.



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Ignite knowledge, ideas, connections

IBM Cognos 8 Analytic Applications

Have a simple and logical separation of IT and business functions

Use configuration and not code

Fill the gap left by your ERP's out-of-the-box reporting



Questions?

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