

BUSINESS VALUE GUIDE
VOLUME 1

COGNOS PLAN-TO-PERFORM BLUEPRINTS

BEYOND FINANCE



SYNCHRONIZING FINANCIAL AND OPERATIONAL
PLANNING ACROSS THE ENTERPRISE

COGNOS | INNOVATION
CENTER
for Performance Management™

In response to new market dynamics, high-performance companies seek tools and disciplines to synchronize and coordinate financial and operational planning processes.

A manufacturer signs a major contract for product delivery over the next six months. Production gets an updated sales forecast that enables it to adjust its six-month schedule to deliver the right product at the right time and cost without sacrificing existing customer commitments. Finance updates the P/L forecast to include revenue from the new contract into its overall rolling forecast.

Based on this update, management decides to increase budgets in sales and marketing to invest further in new market segments associated with this customer win. As part of the investment, department managers decide to increase headcount over the next two quarters. HR sees a revised headcount requirement and starts seeking candidates.

A typical Fortune 1000 company needs months to complete such a process. "Can't-wait" decisions about reallocating capital or resources are simply made with best-guess estimates of their impact on the financial plan.

A truly high-performing company however, can rapidly synch its financial and operational planning processes with no guesswork.

» To manage the increasing pace and variability in business, successful companies synchronize financial and operational planning.



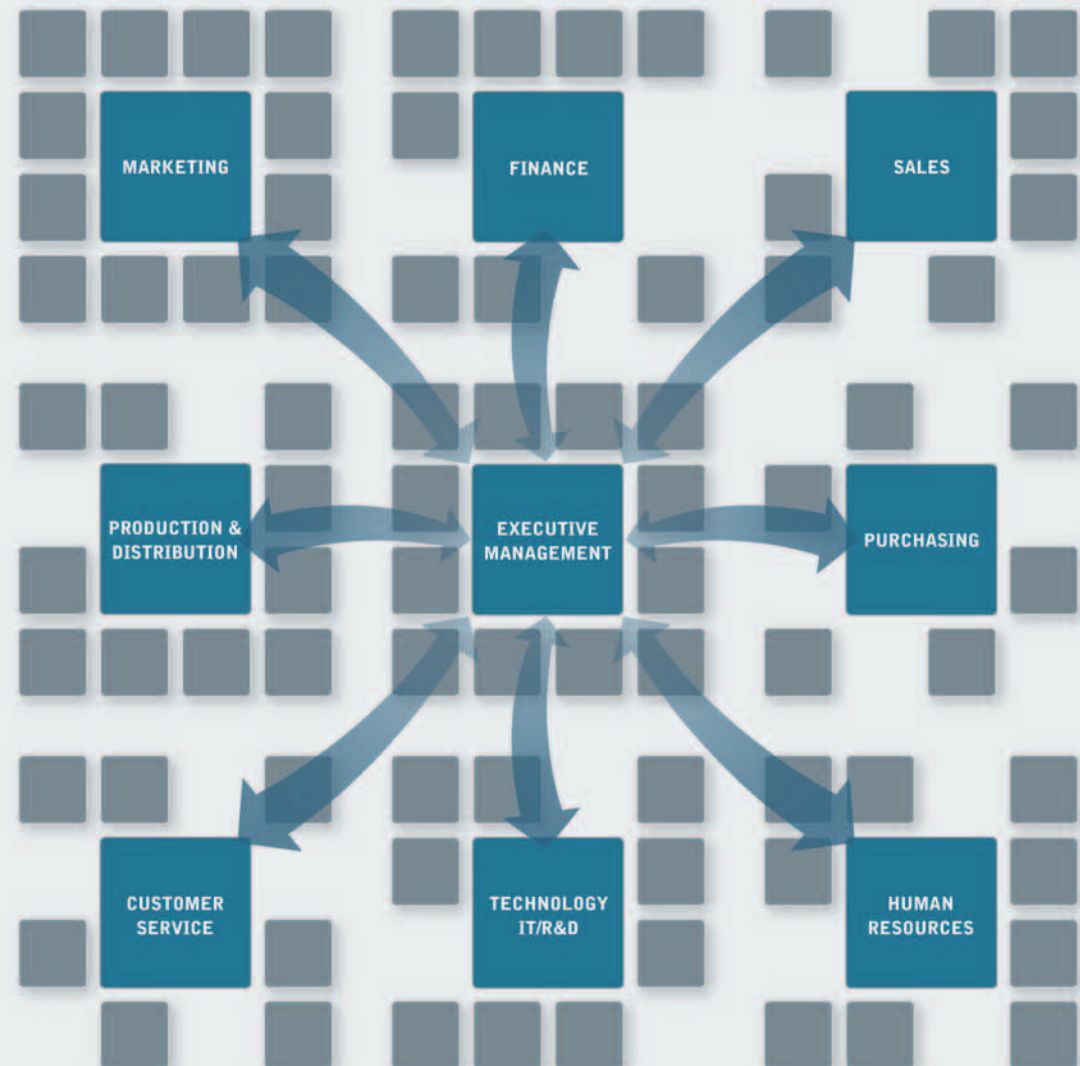
Enterprise planning closes the loop between financial and operational planning, aligns corporate objectives with operating plans, links to market events and operational drivers.

Enterprise planning helps combine people, process, and technology into a continuous, collaborative process that offers timely insight into past, present, and future operating performance, enabling companies to identify opportunities, affect outcomes, and make good decisions more quickly.

Enterprise planning helps articulate goals and how best to achieve them through a hierarchy of cascading plans, measures, and reports that flow from corporate objectives to tactical plans across departments, divisions, and locations. It relies on the input and commitment of the hundreds or thousands of people who must execute against changing performance goals. And it stays up to date through real-time visibility and focus on the value-driving activities that affect performance against stated goals.

Enterprise planning turns strategy into discrete plans and budgets for every relevant employee and external partner. It communicates plans—and the actions required—to those who need to know. It provides real-time feedback, and realigns plans in light of change. But it also ensures that plans and forecasts are coordinated across functions and geographies, providing a consistent, enterprise-wide understanding of how to execute the game plan.

THE COGNOS SOLUTION MAP



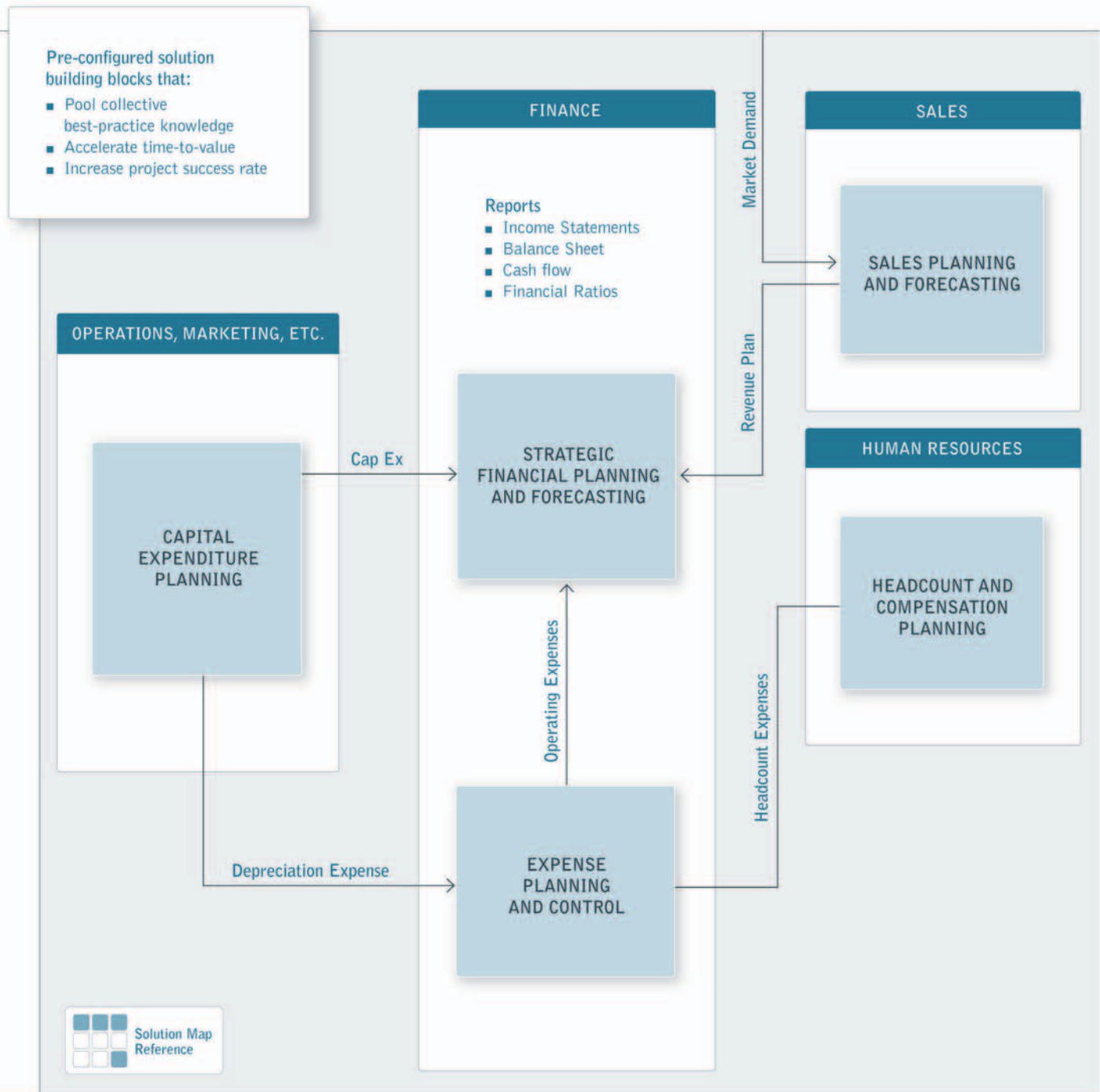
Cognos Plan-To-Perform Blueprints help accelerate the path to high-performance across the enterprise.

Cognos Plan-to-Perform Blueprints are pre-configured solution components that allow companies to jump start Planning implementations. Beneath the surface, Blueprints are pre-defined data, process, and policy models that encapsulate best-practice knowledge from leading customers in specific business process areas and the Cognos Innovation Center for Performance Management (CICPM). In the hands of Cognos Implementation Services consultants, Cognos Certified Implementation Partners, or experienced customers, Blueprints streamline implementation schedules and boost project success rates.

The first Cognos Plan-to-Perform Blueprints can be implemented individually or together, and cover five key process areas:

- Strategic Financial Planning and Forecasting
- Sales Planning and Forecasting
- Expense Planning and Control
- Head Count and Compensation Planning
- Capital Expenditure Planning

Subsequent Blueprints will include other processes that integrate finance and operations, and introduce industry specific best-practices.



The value opportunity is revenue and profit growth.

High-performance companies use the tools and disciplines of enterprise planning to make better decisions more quickly. And as market conditions change, they synchronize and coordinate capital allocation decisions better than their competition.

Major benefits of enterprise planning:

- Improve ability to service the market by more effectively aligning capital allocation decisions with operational plans.
- Streamline planning cycles to synchronize financial and operational plans.
- Lower overhead.
- Minimize working capital to more efficiently support operating plans.

The key is to deploy enterprise planning systems that provide control over information quality, accountability for drivers that underpin operational plans, visibility across divisions and departments to support critical resource allocation decisions, intelligent re-planning capabilities to eliminate waste, and flexibility to respond to changing market conditions.

Cognos Plan-to-perform Blueprints accelerate value capture en route to high-performance.

Major benefits:

- Enables best practice processes and policies.
- Reduces project implementation time and risk.
- Improves project success rates.
- Accelerates time-to-value.



"Using the application you are not limited to P&L activity. Now it's expanded substantially to include balance sheet, performance metrics, and headcount staff data planning. We have a complete view of the business unit level, region level, division and corporate, which is substantially better than what you get in a spreadsheet environment. You are running a tighter ship because you know what questions to ask during the planning process."

SENIOR FINANCIAL ANALYST,
HOLLISTER, INC.



"We can quickly respond to unfavourable results compared to the budget because we understand the controllable expenses within the budget. For example, if we lower the sales forecast we can decide what areas to change in our operating expenses to control the bottom line. Managers are challenged on what they spend so it forces them to maintain cost controls. It has been a challenging year from a sales perspective, but we've maintained a strong bottom line because we know where we can make expense reductions and still make our bottom line results."

MANAGER,
FINANCIAL PLANNING AND REPORTING,
ACE HARDWARE



"Modern organizations want to bridge the gap between operational and financial planning consistently across the organization to elevate their performance. Business performance management will achieve its greatest value by integrating disparate analytic processes. Tools that help companies optimize their business processes to achieve this goal quickly, will consequently help these companies to find new revenue opportunities, reduce operating expenses and make better use of working capital."

SENIOR VICE-PRESIDENT,
META GROUP

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The Cognos Innovation Center for Performance Management is dedicated to the understanding, adoption, and implementation of next-generation planning and performance management practices. It is a consortium of industry leaders, practitioners, thought leaders, forward-looking executives, and technology experts experienced in, and committed to, the advancement and successful application of technology-enabled performance management best practices. The Innovation Center seeks to assist organizations in optimizing the alignment of their plans, processes, and resources with corporate goals and strategies.