IBM Cognos Software Demo Transcript
IBM Cognos 8 Planning Demo

Thank you for joining us at this session, where we are focusing on Cognos Enterprise Planning Solutions and Capabilities. Cognos Financial Performance Solutions provide an integrated picture of how we are doing, what we should be doing and why. This data is used by the office of finance to translate operational plans and forecasts into financial outcomes.

With Cognos planning solutions, you plan and budget in real time with dynamic plans that are owned by the office of finance and provide real-time feedback to everyone who is part of the process. Secure a single accurate view of key information. Make adjustments as necessary with flexible plans and rolling forecasts that let you realign as events occur rather than annual budgets that are out of date as soon as they're printed. Engage all necessary participants with inclusive plans that improve buy-in at all levels. And, communicate plans enterprise wide and with external partners as necessary to keep everyone on the same page.

(01:02)
The Cognos 8 Performance Platform provides the information services and universal capabilities to address the office of finance requirements for strategy management, planning, forecast and control, analysis and optimization; and finally, close, consolidate and report.

Plans and forecasts dynamically link to corporate P&L, balance sheet and cash flow projections. Forecasts are refreshed on a quarterly, monthly or as-needed basis. Top-down financial targets are aligned with bottom-up plans with confidence, thereby ensuring financial plans are linked and synched with the entire organization. The result is an ability to deliver timely and reliable forecasts and plans that align financial targets with operational tactics.

(01:48)
Now let's see an IBM Cognos planning solution at work. Please note that at any point in this demonstration you can go back to any of these solution areas and replay them. Cognos provides a rich set of dashboard and scorecarding capabilities to monitor the performance of an organization and provide context for planning process.

As we can see, our organization is not meeting revenue, expense and net profit goals with negative variances from target. A quick look also shows our product forecast revenue is below actuals.

(02:20)
Contribution
Based on the poor performance of our products, let's kick off a new contribution process to reforecast our product revenue and expense. As the Georgia sales

manager, I am responsible for top level sales growth but also bottom line profitability which requires expense management as well.

IBM Cognos 8 provides all the context and collaboration necessary to communicate my forecasts to the entire organization. One of the strengths of the product is its workflow that provides with a glance where we are in the process, who has submitted their plans, and most importantly, how mature our forecast is across the entire organization.

So at this point, let's take a look at the total Georgia region. One of the strengths of this product is that it allows me to personalize my planning views with Excel type metaphors like drag and drop, tab navigation between screens, drill up and down, right click for sorting, et cetera. Best of all, it actually saves my screen layout.

So let's take a look at my region's revenue and expense commitment in the context of my region's P&L. I can have an infinite number of versions defined in my planning process.

One of my main concerns is balancing corporate revenue and expense expectations with regional business environment realities. This will require a top-down and bottom-up approach to meet our goals.

Let's look at my business plan. Given the new product mix and expected increased sales in media and electronics, I'll input those sales forecasts. As you can see with a simple right click on computers for the year, I am able to hold this total. In Georgia, I expect total electronics to increase by 10 percent but only MP3 players and PDAs will contribute to this increase.

With Cognos 8's real-time calculation engine, I'm able to see this increase in real time and its impact on my overall P&L as well. The great part of this process is not only can I communicate my forecast numerically, but I can also share the rationale or assumption for this increase thereby creating a historic record for decision making in this planning purpose for future analysis.

One such approach is through comments demonstrated here. This comment is stored with this version of the plan and can be reviewed by my manager or included in any manager reports. We can also attach documents and manage this qualitative information to help create a full view of the planning process.

Now that we have made revenue changes, we'll need additional resources to manage the increased sales volume. So let's take a look at our expenses for the Georgia region. This is as easy as selecting the tab. These tabs can be arranged in any order that I find convenient.

Another advantage is that I'm able to review my expenses in the context of my current P&L actuals or any prior forecast version. This will allow me to make my current forecast commitments based on actual spend. For additional context, I would like to review my expenses from highest to lowest. Not surprising, payroll ranks as one of the highest expenses. Also, you can easily see source for these expenses by hovering over the light bulb.

Let's take a look at the current employee plan. As mentioned earlier, I need to hire a new sales rep. With Cognos 8, I'm able to quickly add the new headcount and automatically calculate the salary. This new hire will require an I grade job classification and a cell phone, and start in February.

Payroll expenses are immediately aggregated not only to the employee plan but to the region P&L so I can see the impact of the new hire on total expenses and profitability. Also, let's attach the candidate's resume to this forecast so the reviewers will understand the candidate's qualifications. My P&L's gross revenue and net profit looks to be in line with our corporate goals.

Now, let's take a look at my P&L variance between actuals and forecast versions. With gross revenue increased by three percent and total expenses down by 12 percent, I think we are in good shape to submit the plan for my region.

Upon submission, an administrator can create validation rules to check that forecast submissions are aligned with corporate policies. Validations not only provide excellent guidance on forecasting policies, but they also provide navigation to the area of the plan that is in violation through a hyperlink.

In my case, I will have to downgrade the new position to a Grade G to meet expense requirements. Because of the real-time calculation capability, I am able to see the change in salary immediately. I am now ready to submit my forecast for Georgia. Once submitted, my forecast is locked and an e-mail is sent out to all reviewers that it is ready for review.

Let's take a look at the review process for the entire eastern region. As the eastern sales manager, I can see instantly through workflow that all of my sales reps have submitted their forecasts.

Here I am able to look at my gross revenue commitments by product on the left while viewing my overall P&L commitments on the right for context. Because I will be reviewing large amounts of data, scrolling can be an issue. Fortunately, freeze panes are supported so I'm able to scroll left and right without losing context.

I'm a little concerned at the gross revenue yearly total for eastern region. As important as it is to review the revenue commitment by our sales reps, it is also critical to review the assumptions in their decision processes. With our application powered by Cognos 8, I can easily see all commentary for submitted forecasts for my region. This includes user annotations, all data changes and attached documents.

In our case, I see that he has forecasted the hiring of a new employee to handle additional sales management. I can also see that Georgia has increased their revenue by 10 percent based on increased MP3 and PDA sales while keeping computer sales constant. And by selecting the hyperlink I'm brought directly to this area of the forecast.

After reviewing the forecast submissions across my region, I have decided to increase the eastern region's revenue as a whole by five percent while keeping expenses constant. To do this, I will unlock Massachusetts, Maryland and Georgia and hold total expenses.

The next step is to increase yearly revenue across all product and months by five percent. As you can see in blue, our application can backward solve our increase in revenue -- known as break back -- across our forecast. You can also see how it not only impacts the revenue commitments but also the eastern region total P&L.

Note that this increase is spread across all regions and products and is immediately aggregated in the regional P&L. Satisfied with the results, I'll also attach my regional business plan for senior management to review.

Once attached, the regional plan is submitted and e-mail is sent to senior management for total company review. And as you can see here, through workflow, all eastern regions have been submitted and are time and date stamped, ready for analysis.

Post-Planning
Now that we have our latest forecast available from our business managers, let's analyze the total forecast in the context of a P&L. Here we can see net profits, gross margins and total expenses, the latest forecasts or target, and key variances. Also note that all commentary is available for review, providing a full view of your planning information from financial commitments to rationale for their decision process.

The exciting part of this process is that this analysis was created, managed and published to the Web from Excel. This is one of the guiding principles of the IBM Cognos solution that it is owned by finance.
At this point, let's take a look at the forecast in a more formal P&L. Here we can see all our P&L line items predefined and organized in any way we see fit to meet our

analysis requirements using corporate defined definitions. Note that report data changes are easily made without having to reformat the report.

Creating new versions based on prior forecast is also available from an Excel-based client and the Web. So let's refresh our report on the Web and review the changes. After reviewing this P&L analysis, the CFO has requested we create a new forecast version based on the latest forecast. Again, note that a new forecast version can be created via Excel or the Web based on any prior forecast or actuals.

In our case, we'll create a new version based on our current version, Version 2 named CFO. Note that the new version has not only brought over the new data but also all comments and assumptions contained in that prior version; and, will serve as a basis for the new version based on the CFO's recommendations.

Let's drill down on this version so we can add the CFO's adjustments. First, we hold our cost of sales constant for the year. Note that this is signified by the red marker in the bottom lefthand corner of the cell. The CFO's guidance is to hold payroll expenses for the year as well.

And finally, let's increase net profit for the year by five percent. This will allow the company to grow profits while keeping cost of sales and payroll constant. Note that net profit grew while cost of sales and payroll did not. Also note that our net profit variance is positive as well. One of the advantages of a Cognos solution is the ability to backwards solve based on new corporate objectives.

Now, let's add some commentary explaining the assumptions of this new version. At this point I'd like to see how this new version impacts our management report. Because our solution is based on a common performance management platform, the report is updated instantly upon the next refresh.

Financial Reporting
Now, let's take a look at how we push this information out to all key stakeholders in the business community. Now that our forecast is complete, let's communicate the results of the new forecast and corporate objectives through Cognos 8 reporting capabilities. These capabilities provide a rich number of features that include financial formatting and bursting capabilities to supplement your financial portal.

Here we can see a number of reports rendered in the form of a PDF briefing book with hyperlink capabilities. As we page through this briefing book, you can see the varied formats that are supported including traditional financial statement formatting, mixed tables and charts by region, and detailed transaction reporting by region, to name just a few. There are endless combinations of report formats to meet your every need across your organization.

Now as we come to tend of our demonstration, let's end where we began, at a performance dashboard that monitors key indicators of our company's success. In this case, you can see that our planning process has impacted our target metrics and provides future guidance to the organization for gross revenue, total expense and net profit.

Enterprise planning solutions require a broad range of capabilities including an understanding of what your planning assumptions should be, through preplanning analytics, broad based participation for forecast collection and post planning goal seeking and reporting.

Cognos, an IBM company, provides a rich performance management platform to meet the dynamic needs of the office of finance. Together, these capabilities serve all requirements across the enterprise planning forecasting, analysis and optimization domain. Thank you for your time today.
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