

**IBM Cognos Performance**  
Better Intelligence. Better Business.

# Smarter Expense Planning & Control with IBM Cognos



## *Agenda and Session Objectives*

- Cost control and planning in today's environment
- Techniques for effective expense planning & control
- Resources for successful implementation



# IBM Cognos Performance



## Volatility and Uncertainty are Now “Business as Usual”

### EUR/USD - Last 2 Years



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<http://uk.finance.yahoo.com/>



Source: Yahoo! Finance



### Philips voices cautious optimism while stepping up cost-cutting

...boost to its bottom line from its **cost-cutting** programme, which includes the loss...said it would further increase its **cost-cutting** target from €500m to €600m...Bernstein Research, said Philips' new **cost-cutting** target could signal further cuts...

Jul 14 2009, By Michael Steen in Amsterdam, Financial Times

### Continental's cost-cutting drive pays off European shares rise for sixth straight session

...The German group recorded earnings before interest and taxes of €38.8m (\$55m) in the second quarter amid a stringent **cost-cutting** programme."Despite a slight market upturn, for the time being there is no reason to give the all-clear," said Karl-Thomas...

Jul 20 2009, By Miles Johnson and Ed Hammond, FT.com site

### Cost-cutting pays off for Julius Baer

Julius Baer, one of Switzerland's best-known private banks, posted better-than-expected profits on the back of aggressive **cost-cutting** and sharply slowing outflows from its asset management business. The results are the group's first since it announced...

Jul 27 2009, By Megan Murphy in London, FT.com site

### Cost-cutting boosts Deutsche Telekom results

...Germany's leading telecoms company claimed progress with **cost-cutting** at its US, UK and Polish operations.Deutsche Telekom...per cent in the three months to June 30, because of **cost cutting**.Mr Obermann declined to comment on Deutsche Telekom...

Aug 06 2009, By Andrew Parker in London, FT.com site

### Weak revenues prompt Vodafone to heighten cost-cutting efforts

...signalled that he was likely to extend the company's **cost-cutting** plans beyond an existing €1bn programme.His willingness...Colao then went further, hinting that he could push **cost-cutting** beyond the €1bn target at Vodafone's half-year results...

May 20 2009, By Andrew Parker, Telecoms Editor, Financial Times



# TIMES ONLINE

NEWS | COMMENT | **BUSINESS** | MONEY | SPORT | LIFE & STYLE | TRAVEL | DRIVING | A

Where am I? > Home > Business > Management

From The Times

July 23, 2009

## Visibility becomes ever more crucial in business planning

Fiona McDermott: opinion

✓ RECOMMENDED

House prices have stopped falling. Industrial production is rising. But that's only if the recession may not have

EXPLORE MANAGEMENT

REDUNDANCY

“Providing better visibility of future forecasts, and enabling the board to develop alternative strategies in response to the market environment will give them a much better chance of coming out ahead.”

Why does this matter?

> Understanding the basics



**73% of surveyed companies  
need *more* than 3 months to  
complete the annual budget.\***



*\* Hackett Group 2008*



**„But the budgeting process at most companies has to be the most ineffective practice in management. It sucks the energy, time, fun and big dreams out of an organization. (...) And yet (...) companies sink countless hours into writing budgets. What a waste!“**

**Jack Welch, 2005**





*Techniques for smarter expense planning*

Monitor  
effectively

Link plans  
to tactics

Deepen  
collaboration



Monitor  
effectively

Link plans  
to tactics

Deepen  
collaboration



Once per year?

**SIGN  
& DATE**



Date  
Signature  
Print Name  
Address  
Phone No.

Blurred document content with horizontal lines, likely representing a form or contract.

*It starts with a simple thing*

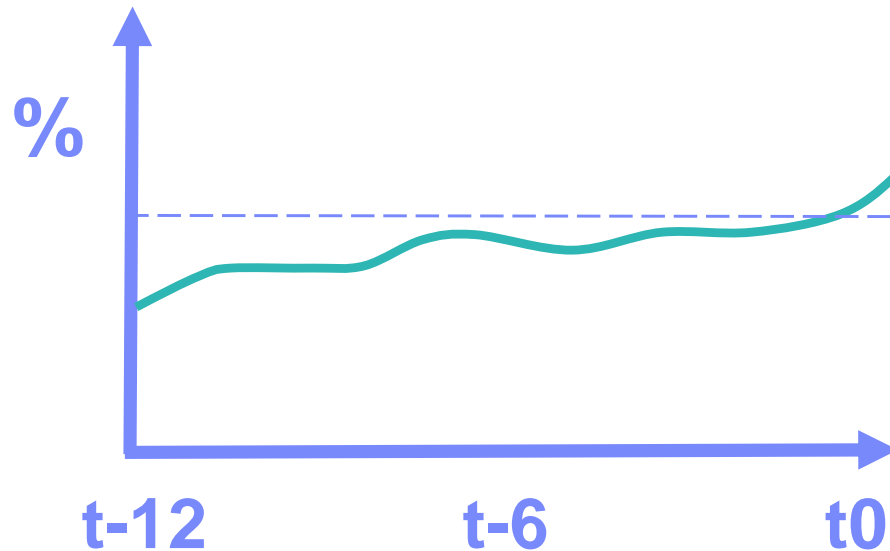


*How to monitor – effective approaches*

**Ratios, not  
absolutes**

“Room to move”

Recognise capacity issues



Early warning

Call to action

**Trending &  
moving averages**



## *How is this organisation performing?*

KPI	Status	Actual	Target
Sales	●	23.6m	19.8m
Customer Satisfaction	●	8.6	8.5
Inventory	●	41 Days	45 Days
Headcount	●	16	14
Overhead Expenses	●	823,533	790,000



“Trend lines and ‘% change’ numbers might not sound very advanced. (...) Yet, it **focussed attention and urgency** on costs.”

Bjarte Bogsnes, StatoilHydro



Monitor  
effectively

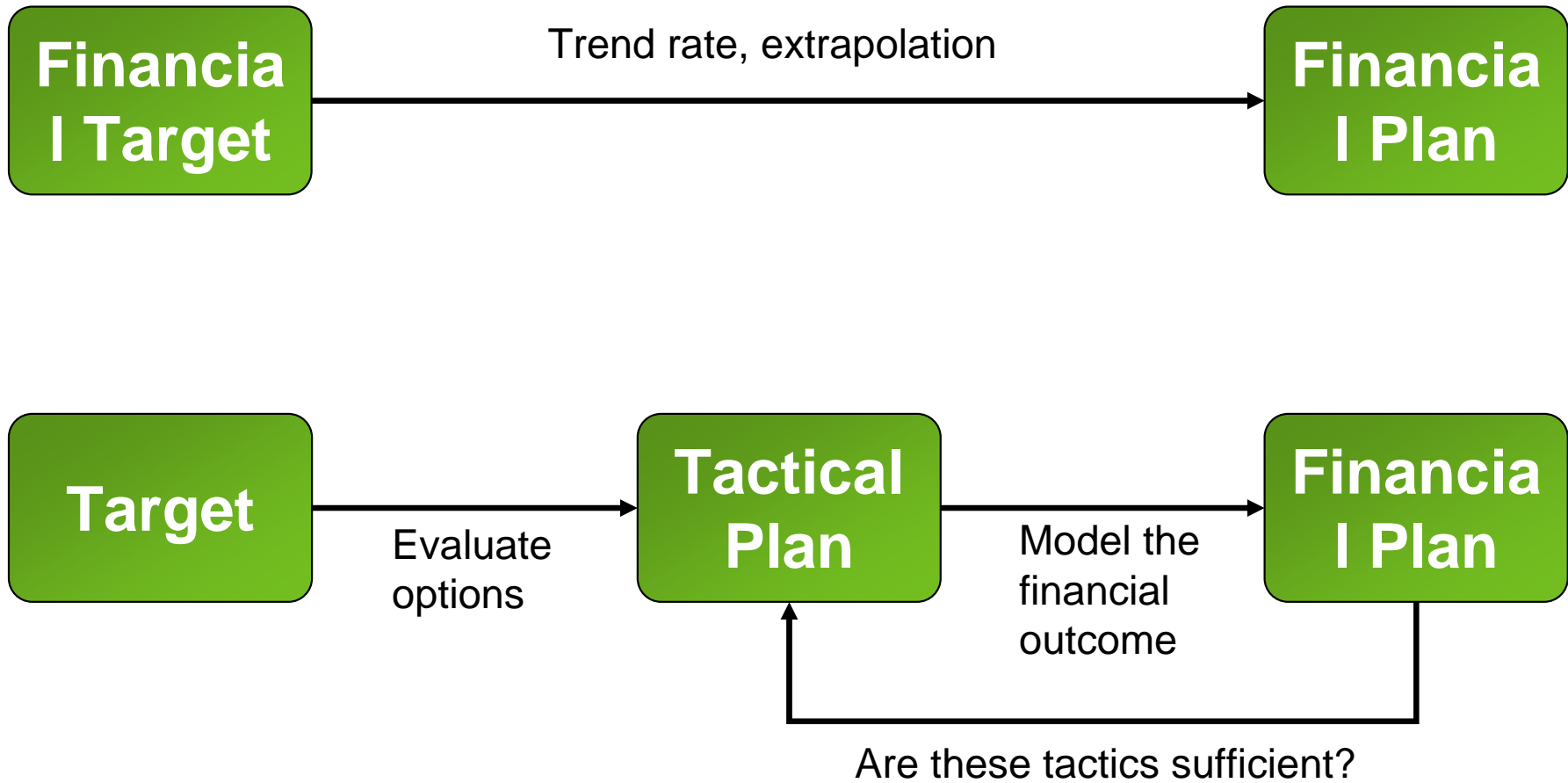
Link plans  
to tactics

Deepen  
collaboration

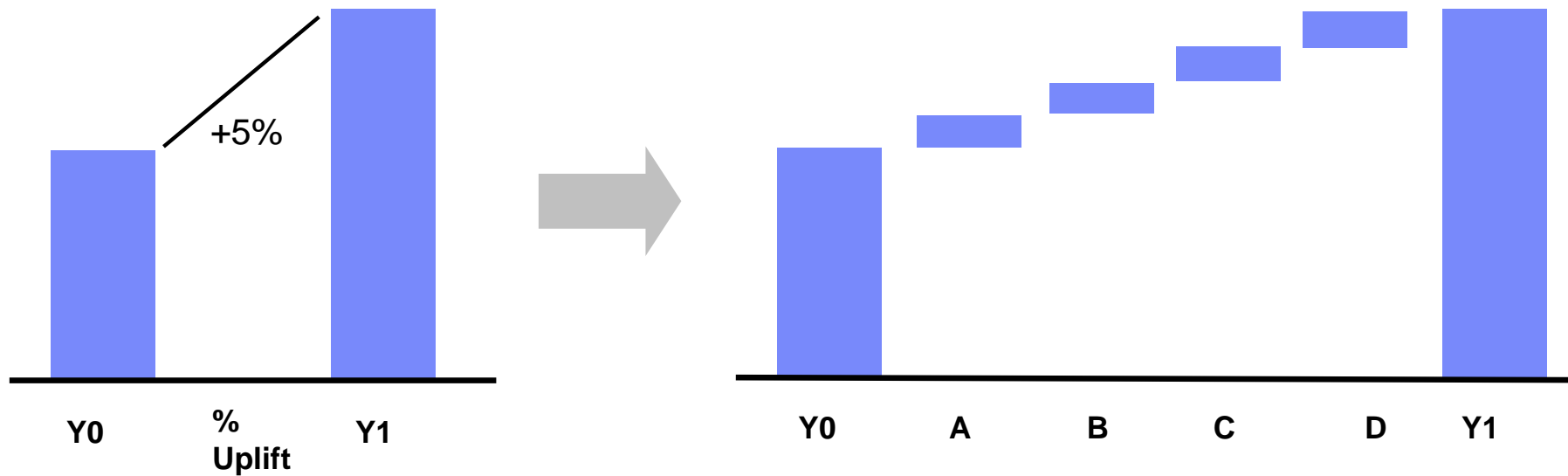




# Business planning process steps



## Example – customer support centre expense plans



Sustain current operations

Improve current operations

New ventures or initiatives

Compliance training for existing staff **A**

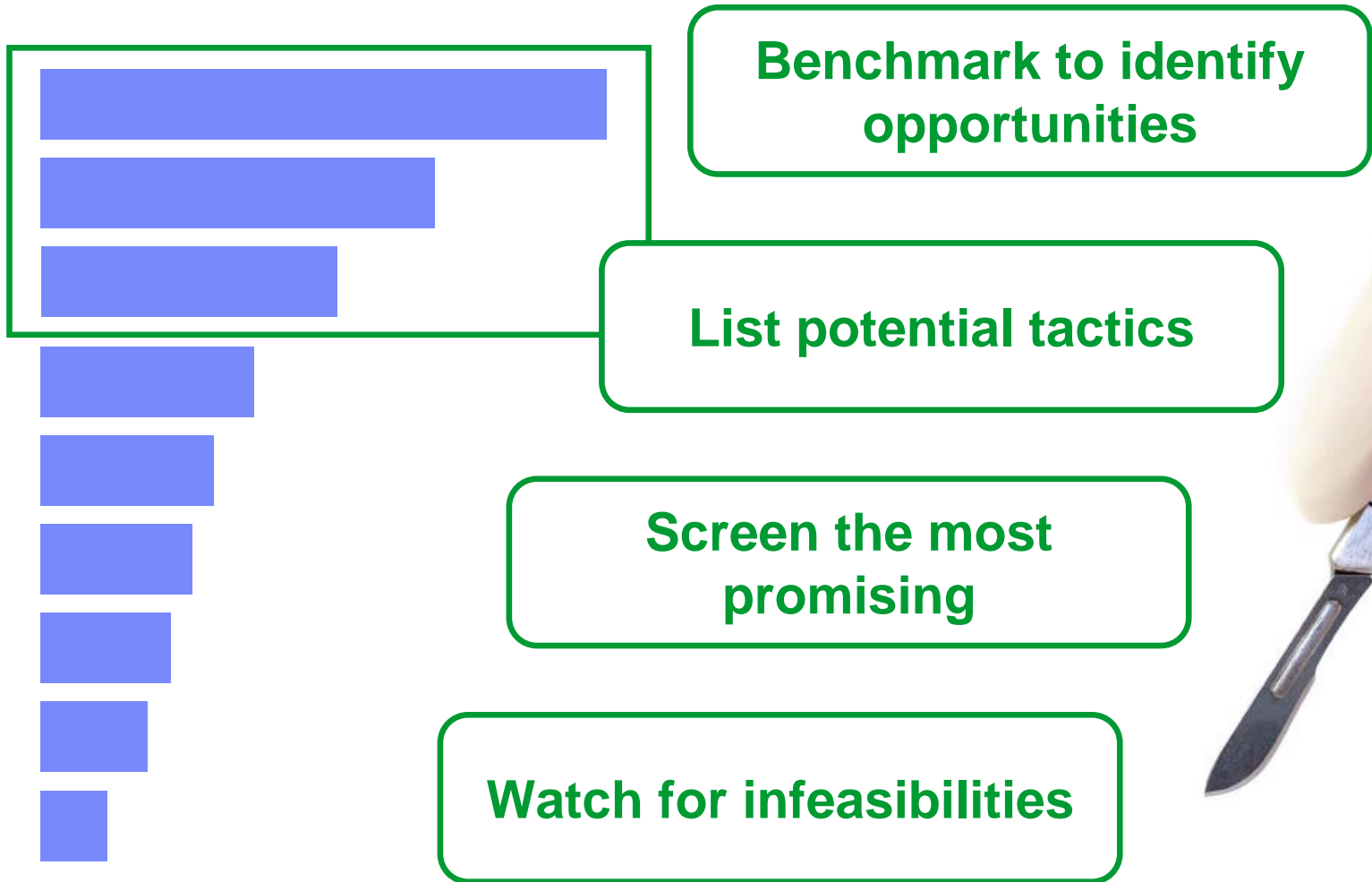
Cross-sell training - more products to existing customers **B**

Upgrade knowledge management system **C**

Temporary staff to cover new product launch **D**



# Tactical planning – identifying potential savings



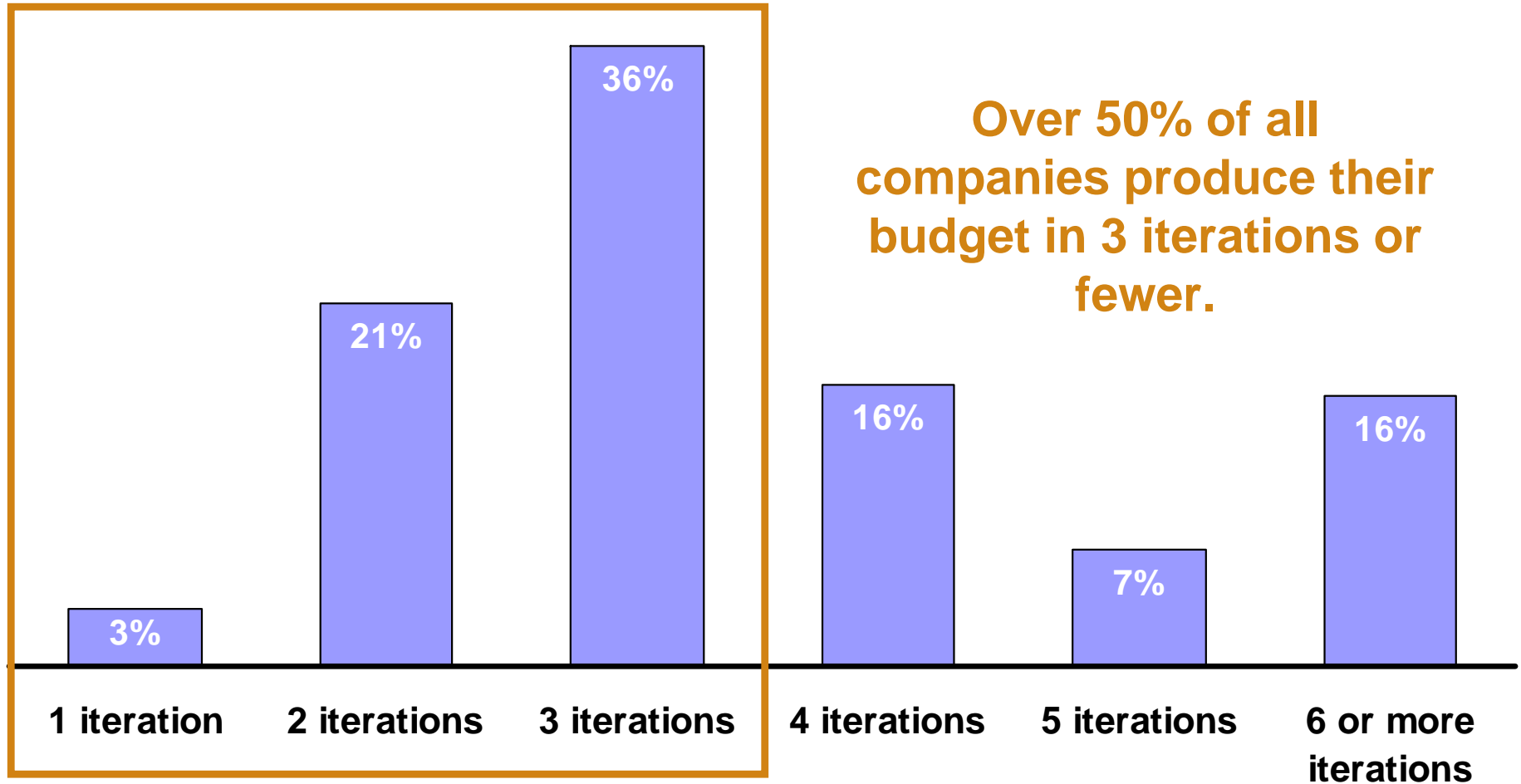
Monitor  
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Deepen  
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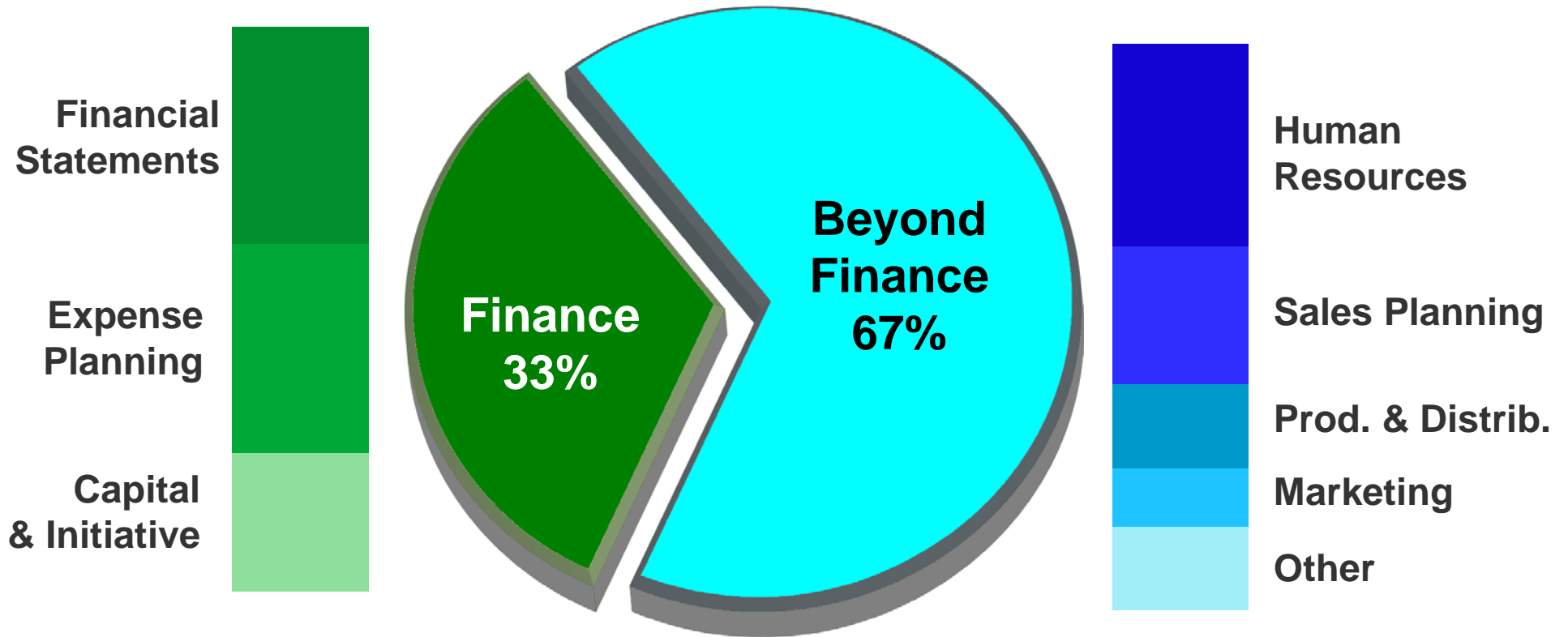


## Average budget versions (iterations)

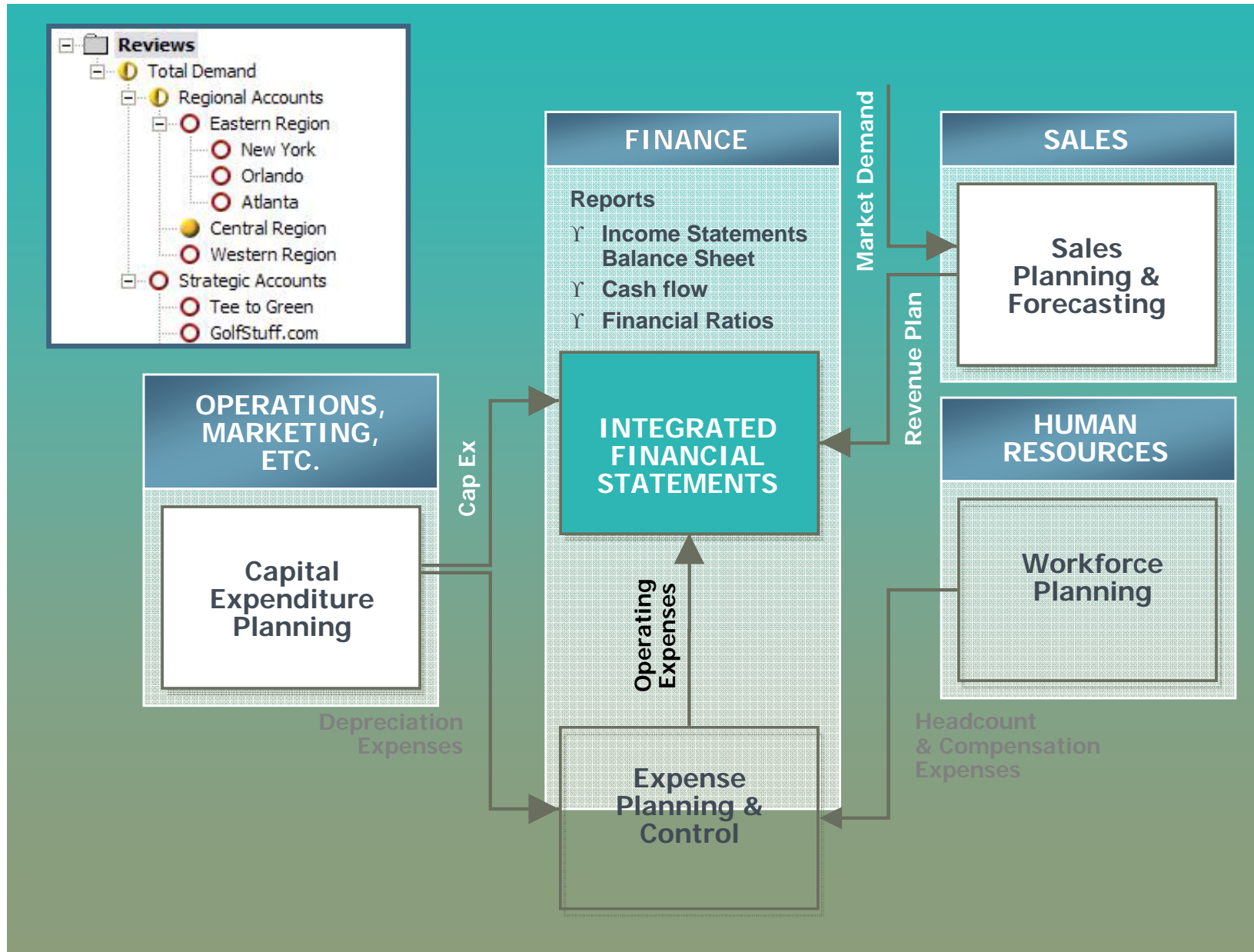


## *It's about more than Finance*

Top planning areas from a survey of 75 customers



## Supporting cross-functional processes: Performance Blueprints



## ***Benefits of real-time collaboration***

**Faster sense-checking**

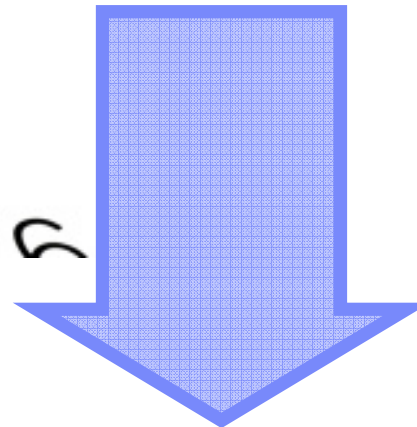
**Cope with late-breaking changes**

**Better capacity planning**

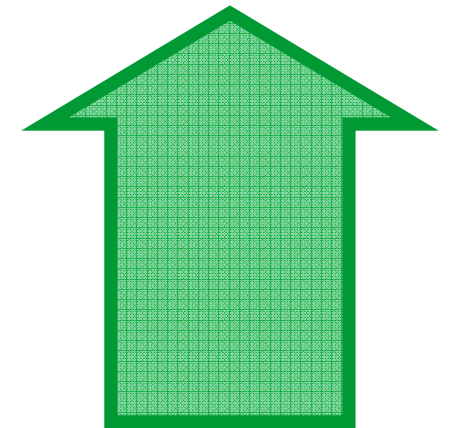
**Rapid 'what if' analysis**



**Formal iterations**



**Real-time collaboration**





**IBM Cognos Performance**  
Better Intelligence. Better Business.

# Next steps – how to get started



## *UAP: Driving Performance in Turbulent Times*



“ Within two weeks, UAP had canceled \$2 million worth of POs for products that weren't needed. ”

David Wheat,  
Director of Decision-Support Systems



Cover Story: [Performance Management Links Strategy And Operations](#)  
By Doug Henschen,  
[InformationWeek](#)  
Nov. 22, 2008



## ***Smarter expense planning with the IBM Cognos toolset***

- A demonstration of these smarter expense planning techniques, delivered in the IBM Cognos solution

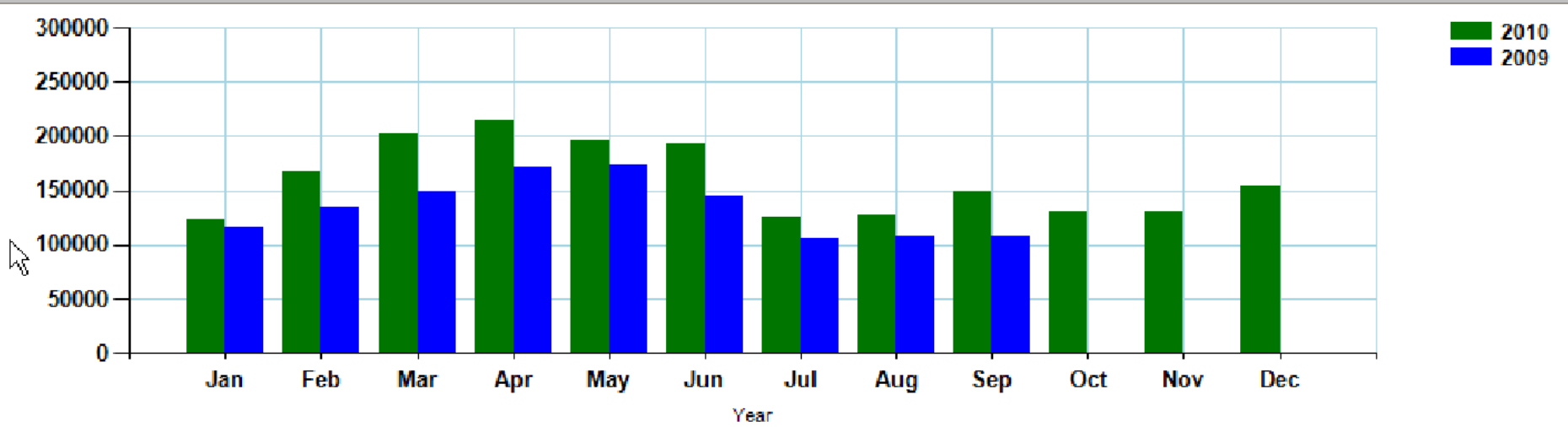


Call Drivers | Staff Plan | Staff Costs | Expense Summary | Call Demand

Rows: Year:Default [Year] | Columns: Month:Default [Month] | Context: Local [Currency Calc] | Budget [Version] | Customer Support [Organization] | Total Operating Expense [Account]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	123,988	166,188	202,328	215,356	196,331	192,921	125,306	126,320	149,935	129,992	130,092	153,657
2009	115,309	135,000	150,000	172,000	174,000	145,000	106,000	107,000	108,000	0	0	0

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Current Owner: LDAP\Jeff Richards

***Appraise your current planning process***

How long?

How many iterations?

How useful to the business?



## ***Assess your current technology***

Verify the **relevance & focus** of expense reporting

How much time is spent **distributing, fixing & consolidating spreadsheets**?

How **well connected** are Sales, Operations, Finance & HR ?



## IBM Cognos Performance Blueprints

- Expense Planning and Control
- Strategic Investment Management
- Integrated Financial Statements

### Innovation Center for Performance Management

#### Address essential functional processes with best practices

The IBM Cognos® Innovation Center for Performance Management recognizes that there are certain functional business processes that are part of any company in any industry or sector. These functions are essential to the successful financial performance of all companies.

IBM Cognos Performance Blueprints address these functional processes IBM Cognos Performance Blueprints address these functional processes in [enterprise planning](#) and [financial management and control](#). With these specialized Blueprints, you can apply proven best practices to your functional processes quickly, with less risk—and reduce your total cost of ownership. The Innovation Center offers Blueprints for these functional areas:



## ***Join one of our roundtables***

- Aug 5th, Rolling Forecast Workshop, London
- Aug 18th, Rolling Forecast Workshop, Manchester
- Sept 2nd, Rolling Forecast Workshop, Hamburg
- Sept 3rd, Smarter Expense Planning, Vienna
- Sept 18th, Performance Management Experience, Vienna
- Sept 24th, Rolling Forecast Workshop, Copenhagen
- Sept 24th, Smarter Expense Planning Workshop, London
- Sept 28th, Strategic Planning, Copenhagen
- **October 21st, Smarter Expense Planning Workshop, London**
- **October 28th, Smarter Expense Planning, Denmark**
- **November 4th, Smarter Expense Planning Workshop, Manchester**
- **November 18th, Rolling Forecast Workshop, Brussels**
- **November 25th, Strategy Management, Copenhagen**
- **December 9th, Internal Controls, Copenhagen**



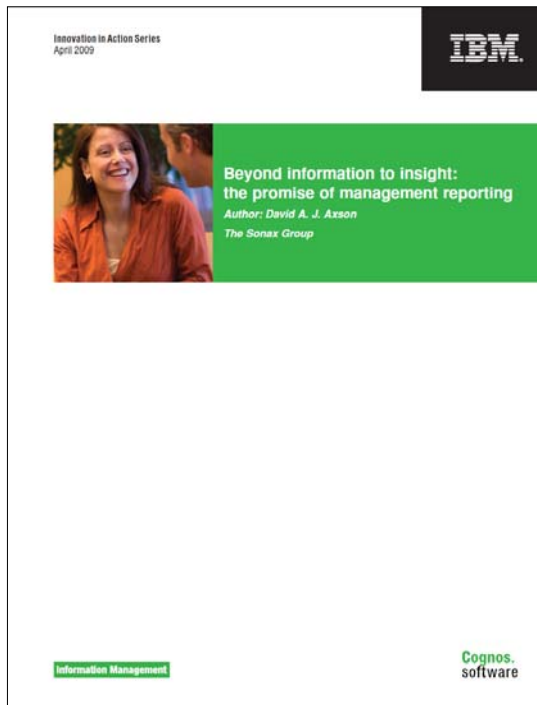


## Innovation Center for Performance Management

Your connection to best practices and industry leaders

Information Management

Cognos.  
software



### *Next Steps...*

- Come and talk to us
- Download our white papers
- Join one of our roundtables



## *More info?*

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### **New website:**

[www.ibm.com/cognos/innovation-center](http://www.ibm.com/cognos/innovation-center)





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