

Capital Project Planning Performance Blueprint



Introduction

What if it were possible to have a single capital expenditure planning system that met the needs of your divisions all over the world and enabled each planner to submit capital expenditure requests in their local currency while consolidating real-time in the home country currency? And wouldn't it be more productive to be able to link capital expenditure requests, request justifications, work hours required for capital projects and depreciation projections so that you could create a better forecast for all capital spending requirements? Decision makers could continually fine-tune projected capital expenditures, performing rapid what-if analysis to maintain forward visibility into their capital plans. And capital projections could be leveraged as indicators of future treasury needs and their effects on other organizational planning processes.

That is the purpose of the *IBM Cognos® Capital Project Planning Performance Blueprint*—to align capital planning, depreciation expense projections and other capital spending requirements such as dedicated engineering or IT time. The *Blueprint* enables decision makers to reach consensus on a capital plan, while understanding the financial impact of their decisions on both income and cash flow.

In addition, planners can plan in their local currency while rolling up total spending to home country currency views, and they can customize depreciation calculations to match their own country's accounting standards.

IBM Cognos Performance Blueprints

As part of its portfolio of industry-leading software solutions, IBM offers IBM Cognos Performance Blueprints, which are predefined data, process and policy models that provide best-practice approaches to performance management. Provided at no additional cost to IBM customers, Performance Blueprints feature dashboards, analytical reports, pre-configured data models and more to facilitate rapid time-to-value.

Designed in collaboration with industry leaders and some of our most successful customers, each *Blueprint* is a Web-based process using solutions from the IBM Cognos performance management platform, such as IBM Cognos TM1 and IBM Cognos 8 Business Intelligence. The developers of Performance Blueprints design these models and processes so that most companies can use them with little or no additional coding or IT intervention. Companies can also configure Performance Blueprints to support alternative model requirements and to accommodate planning in any environment.

Blueprints are pre-populated with common operational drivers and business structures, dramatically reducing the time required to deploy a new performance management process. Customers benefit from proven practices in model design that greatly reduce investment in implementation time and resources.

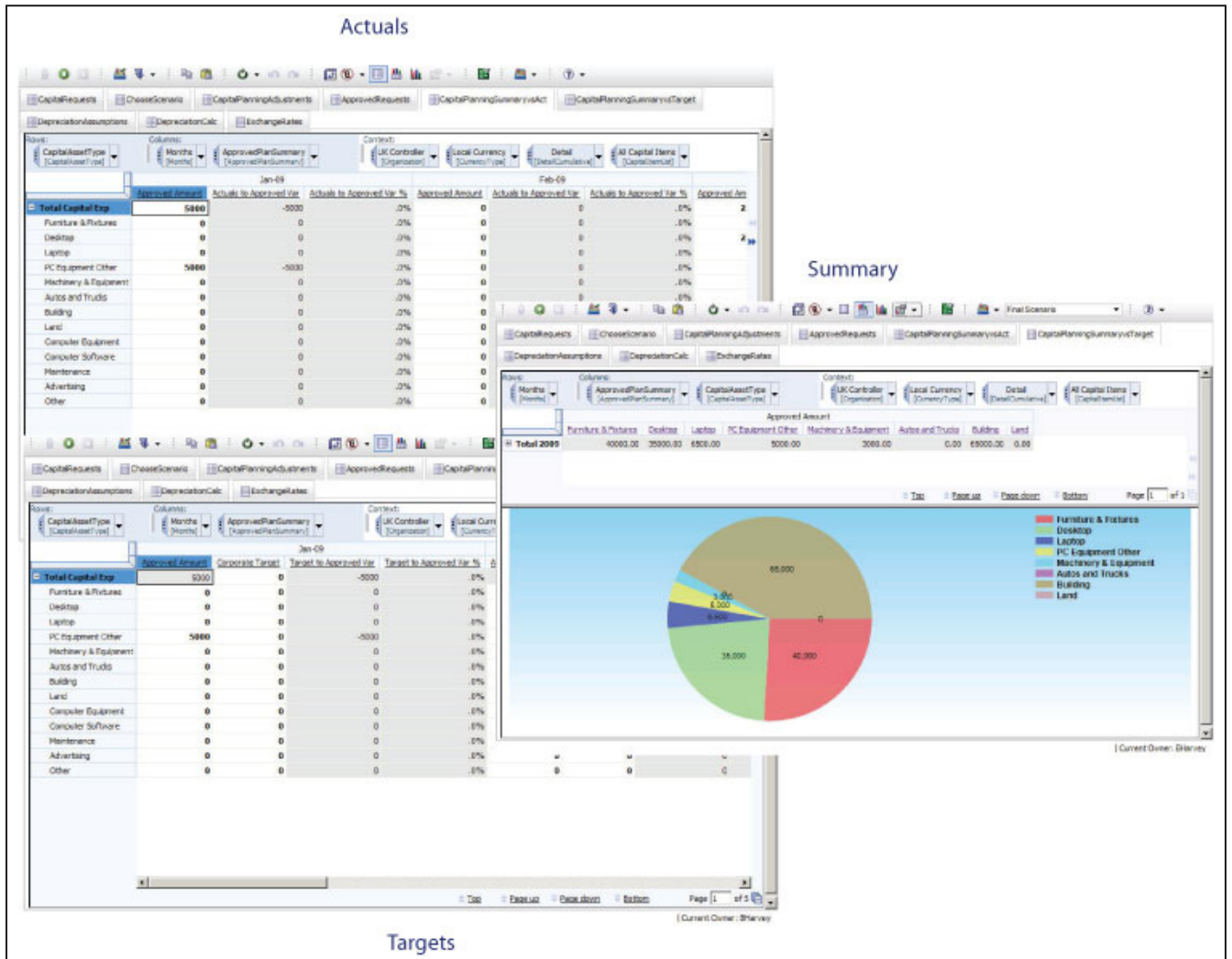
Introducing the Capital Project Planning Blueprint

The *Capital Project Planning Blueprint* facilitates an effective process that blends capital planning with analysis of the impact of planning decisions on income statements, along with balance sheets and cash flows. To that end, it has features that:

- Streamline the capital planning process with personalized analytics and easy-to-manage workflow.
- Provide management with justification for each capital request.
- Support assessments based on capital request priorities and risk.
- Manipulate timing or amount of capital expenditures and compare several different adjustment scenarios, with the ability to route those scenarios to reviewers.
- Provide depreciation methods that match accounting standards in various countries.
- Allow for planning individual expenditures in local currency while consolidating in home-country currency.
- Track depreciation on existing assets and forecast assets for a complete view of projected depreciation expense.

Capital Project Planning Blueprint Analysis

IBM Cognos TM1 presents information in many forms, including detailed, tailored analyses and up-to-date information from a capital planning process with current actual spend to date. This provides real-time context for all forecasting projections.



To aid analysis, planners can develop their own personalized views of templates. For example, they can home in on the depreciation of all manufacturing equipment by narrowing the asset category or type in the subset editor.

The screenshot displays a financial planning application window. The main area shows a table with columns for 'Scenario 1', 'Scenario 2', and 'Scenario 3'. The rows list various asset categories and their corresponding values. A 'Subset Editor' dialog box is open in the foreground, showing a tree view of the 'CapitalAssetType' hierarchy. The 'Machinery & Equipment' category is selected in the tree. The dialog box has 'OK', 'Cancel', and 'Advanced ...' buttons, and a 'Done' button at the bottom.

CapitalAssetType	Scenario 1	Scenario 2	Scenario 3
Total Capital Exp	9333.33	7291.67	6500.00
Furniture & Fixtures	9333.33	7291.67	6500.00
Desktop	9333.33	7291.67	6500.00
Laptop	9333.33	7291.67	6500.00
PC Equipment Other	9333.33	7291.67	6500.00
Machinery & Equipment	9333.33	7291.67	6500.00
Autos and Trucks	9333.33	7291.67	6500.00
Building	9333.33	7291.67	6500.00
Land	9333.33	7291.67	6500.00
Computer Equipment	9333.33	7291.67	6500.00
Computer Software	9333.33	7291.67	6500.00
Maintenance	9333.33	7291.67	6500.00
Advertising	9333.33	7291.67	6500.00
Other	9333.33	7291.67	6500.00

Planning

Planners can easily adjust capital requests with Web-based templates that are customized to their specific areas of responsibility. In IBM Cognos TM1, a financial planning manager or administrator driving the capital planning projects assembles the capital expense planning application—along with corporate targets—and deploys it with its templates to the different contributors in the business functions or units. Planners then enter details to classify expenditures, prioritize and justify their requests.

The screenshot displays the IBM Cognos TM1 interface for Capital Requests. The application is titled 'CapitalRequests' and includes several tabs: 'ChooseScenario', 'CapitalPlanningAdjustments', 'ApprovedRequests', 'CapitalPlanningSummaryvsAct', 'CapitalPlanningSummaryvsTarget', 'DepreciationAssumptions', 'DepreciationCalc', and 'ExchangeRates'. The main view is a grid with columns 1 through 5 and rows for various project details. The 'ExpenditureInfo:Default' context is selected, and the 'UK Controller' organization is chosen. The grid shows data for projects like 'Web Servers', 'Hewlett-Packard Pavilions', 'Computer Racks', 'Back up Power Supply', 'Data Center Upgrade', and 'Projector'. The 'Warning' row at the bottom is currently empty.

	1	2	3	4	5	
Expenditure Description	Web Servers	Hewlett-Packard Pavilions	Computer Racks	Back up Power Supply	Data Center Upgrade	Projector
Project	Project 7	Project 6	Project 10	Project 7	Project 8	Project 4
Asset Class	Computer Equipment	Desktop	Furniture & Fixtures	Computer Equipment	Building	PC Equipr
Priority	High	High	Low	Medium	Medium	High
Estimated Overall Risk	Low	Low	Medium	Medium	Low	Low
Describe Problem	Support Cognos apps	Cognos applications	Enhance Data Center	Enhance Data Center	Enhance Data Center	Presenta
Primary Benefit	Corporate Intelligence	Corporate Intelligence	Increase Productivity	Increase Productivity	Increase Productivity	
Estimated Years of Benefit	5-10 Years	2-5 Years	2-5 Years	2-5 Years	5-10 Years	2-5 Years
ROI	Efficiency Gain	Efficiency Gain	Efficiency Gain	Efficiency Gain	Efficiency Gain	Efficiency
Expected Impact	500.00%	400.00%	300.00%	300.00%	400.00%	
IT Resources Required	Yes	Yes	Yes	Yes	Yes	Yes
IT Manhours	100.00	40.00	30.00	5.00	15.00	
Subject Matter Expert	Yes - Both Internal and External	Yes - Internal	Yes - Both Internal and External	Yes - Internal	Yes - Both Internal and External	None Rec
Strategy Map	Technology as an Enabler	Technology as an Enabler	Technology as an Enabler	Technology as an Enabler	Technology as an Enabler	Technolo
Budget Amount	32500	25000	32500	10000	40000	
Residual Value	0	0	0	0	0	
Purchase Month	Jun-09	Mar-09	Feb-09	May-09	Apr-09	Jan-09
In Service Month	Jun-09	Mar-09	Feb-09	May-09	Apr-09	Jan-09
Warning						

Page 1 of 2
Current Owner: BHarvey

Planners can readily request the dollar amount of the expenditure and enter the expected timing of the expenditure. During the review process, planners or approvers might need to adjust the amounts or timing of the various requests.

The screenshot displays a software interface for managing capital planning adjustments. The main window shows a table with the following structure:

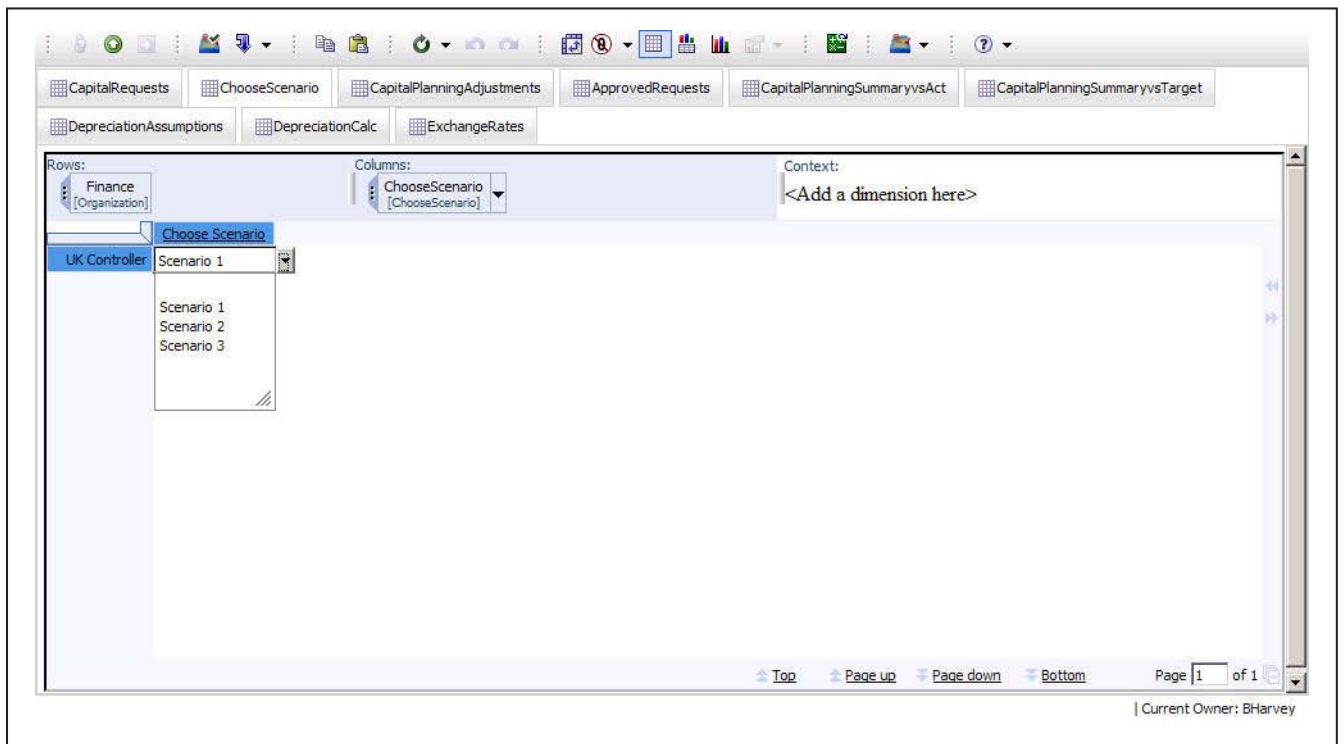
- Rows:** CapitalItemList, ExpenditureAdj (highlighted with a yellow circle), Months, Scenario 1, UK Controller.
- Columns:** Adjustments, Expenditure Description, Asset Class, Priority, Jan-09, Feb-09, Mar-09, Apr-09, May-09, Jun-09, Jul-09.

The table contains several rows of data, grouped by a primary key (1, 2, 3). The data is as follows:

Group	Adjustment Type	Adjustments	Expenditure Description	Asset Class	Priority	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
1	Adjust Timing Later (Earlier)	-1	Web Servers	Computer Equipment	High	0	0	0	0	0	0	0
	Adjust Amount	2,500	Web Servers	Computer Equipment	High	0	0	0	0	0	0	0
	Original Request	0	Web Servers	Computer Equipment	High	0	0	0	0	0	32,500	0
	Adjusted Request	0	Web Servers	Computer Equipment	High	0	0	0	0	0	35,000	0
	Adjusted Residual Value	0	Web Servers	Computer Equipment	High	0	0	0	0	0	0	0
2	Adjust Timing Later (Earlier)	0	Hewlett-Packard Pavilions	Desktop	High	0	0	0	0	0	0	0
	Adjust Amount	0	Hewlett-Packard Pavilions	Desktop	High	0	0	0	0	0	0	0
	Original Request	0	Hewlett-Packard Pavilions	Desktop	High	0	0	25,000	0	0	0	0
	Adjusted Request	0	Hewlett-Packard Pavilions	Desktop	High	0	0	25,000	0	0	0	0
	Adjusted Residual Value	0	Hewlett-Packard Pavilions	Desktop	High	0	0	0	0	0	0	0
3	Adjust Timing Later (Earlier)	2	Computer Racks	Furniture & Fixtures	Low	0	0	0	0	0	0	0
	Adjust Amount	0	Computer Racks	Furniture & Fixtures	Low	0	0	0	0	0	0	0
	Original Request	0	Computer Racks	Furniture & Fixtures	Low	0	32,500	0	0	0	0	0
	Adjusted Request	0	Computer Racks	Furniture & Fixtures	Low	0	0	0	32,500	0	0	0
	Adjusted Residual Value	0	Computer Racks	Furniture & Fixtures	Low	0	0	0	0	0	0	0
4	Adjust Timing Later (Earlier)	0	Back up Power Supply	Computer Equipment	Medium	0	0	0	0	0	0	0
	Adjust Amount	0	Back up Power Supply	Computer Equipment	Medium	0	0	0	0	0	0	0

Navigation controls at the bottom include: Top, Page up, Page down, Bottom, Page 1 of 4. The current owner is listed as BHarvey.

Because advanced personalization is blended with workflow activities in TM1, each contributor can dynamically build his own set of what-if scenarios for comparison purposes. Perhaps the completion of a particular project in manufacturing has been extended by six months. With the TM1 capability for personalized scenarios, the planner can postpone purchases of assets, test different assets and adjust purchase times. He can then share this with his manager and other team members and submit the best scenario for the overall plan.



As planners populate their templates, depreciation expense is automatically calculated on the approved requests and all data saved in the templates updates the pre-built dashboards.

The screenshot displays a software interface with a table showing depreciation data. The table has columns for months from Jan-09 to Jul-09 and rows for various asset classes and adjustments. The interface includes a menu bar at the top with options like 'CapitalRequests', 'ChooseScenario', 'CapitalPlanningAdjustments', 'ApprovedRequests', 'CapitalPlanningSummaryvsAc', 'DepreciationAssumptions', 'DepreciationCalc', and 'ExchangeRates'. A 'Final Scenario' dropdown menu is open, showing options: '[Default]', 'Final Scenario', and 'Sandbox Scenario'. The table data is as follows:

Rows:	CapitalItemList [CapitalItemList]	ExpenditureAdj [ExpenditureAdj]	Adjustments	Expenditure Description	Asset Class	Priority	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
			-1	Web Servers	Computer Equipment	High	0	0	0	0	0	0	0
		2,500		Web Servers	Computer Equipment	High	0	0	0	0	0	0	0
1			0	Web Servers	Computer Equipment	High	0	0	0	0	0	32,500	0
			0	Web Servers	Computer Equipment	High	0	0	0	0	0	0	0
			0	Web Servers	Computer Equipment	High	0	0	0	0	35,000	0	0
			0	Web Servers	Computer Equipment	High	0	0	0	0	0	0	0
			0	Hewlett-Packard Pavilions	Desktop	High	0	0	0	0	0	0	0
			0	Hewlett-Packard Pavilions	Desktop	High	0	0	0	0	0	0	0
2			0	Hewlett-Packard Pavilions	Desktop	High	0	0	25,000	0	0	0	0
			0	Hewlett-Packard Pavilions	Desktop	High	0	0	25,000	0	0	0	0
			0	Hewlett-Packard Pavilions	Desktop	High	0	0	0	0	0	0	0
			2	Computer Racks	Furniture & Fixtures	Low	0	0	0	0	0	0	0
			0	Computer Racks	Furniture & Fixtures	Low	0	0	0	0	0	0	0
3			0	Computer Racks	Furniture & Fixtures	Low	0	32,500	0	0	0	0	0
			0	Computer Racks	Furniture & Fixtures	Low	0	0	0	0	0	0	0
			0	Computer Racks	Furniture & Fixtures	Low	0	0	0	32,500	0	0	0
			0	Computer Racks	Furniture & Fixtures	Low	0	0	0	0	0	0	0
			0	Back up Power Supply	Computer Equipment	Medium	0	0	0	0	0	0	0
			0	Back up Power Supply	Computer Equipment	Medium	0	0	0	0	0	0	0

Summary

The *Capital Project Planning Blueprint* maximizes insight into capital expenditures. This in turn drives stronger business performance because of improved alignment with corporate goals and strategic initiatives. Decision-makers can make informed choices and changes to help meet operational, tactical and corporate goals. With near real-time data access and personalized analytics, the impact of decisions is clearly traceable and provides a road map to the achievement of strategic initiatives and goals.

About the IBM Cognos Innovation Center For Performance Management

The IBM 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.

About IBM Cognos BI and Performance Management

IBM Cognos business intelligence (BI) and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance. IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

For further information or to reach a representative: www.ibm.com/cognos

Request a call

To request a call or to ask a question, go to www.ibm.com/cognos/contactus. An IBM Cognos representative will respond to your enquiry within two business days.



© Copyright IBM Corporation 2009

IBM Canada
3755 Riverside Drive
Ottawa, ON, Canada K1G 4K9

Produced in Canada
November 2009
All Rights Reserved.

IBM, and the IBM logo are trademarks of International Business Machines Corporation in the United States, other countries or both. For a complete list of IBM trademarks, see www.ibm.com/legal/copytrade.shtml.

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.

Any reference in this information to non-IBM Web sites are provided for convenience only and do not in any manner serve as an endorsement of those Web sites. The materials at those Web sites are not part of the materials for this IBM product and use of those Web sites is at your own risk.

IBM Cognos
Innovation Center
for Performance Management