

Group Consolidation and Corporate Reporting Performance Blueprint



Introduction

CFOs and the Finance office face continual pressure to support the efficient and accurate delivery of financial and regulatory reports. Europe's International Financial Reporting Standards (IFRS) and other regulatory changes are forcing organizations to renew and ultimately automate the close process.

At the same time, Finance organizations need to support systems and processes that can drive better performance across the enterprise. It is in this context that IBM Cognos® Solutions introduces the *IBM Cognos Group Consolidation and Corporate Reporting Performance Blueprint* – delivering financial information to support three critical business questions:

- How are we doing?
- Why?
- What should we be doing?



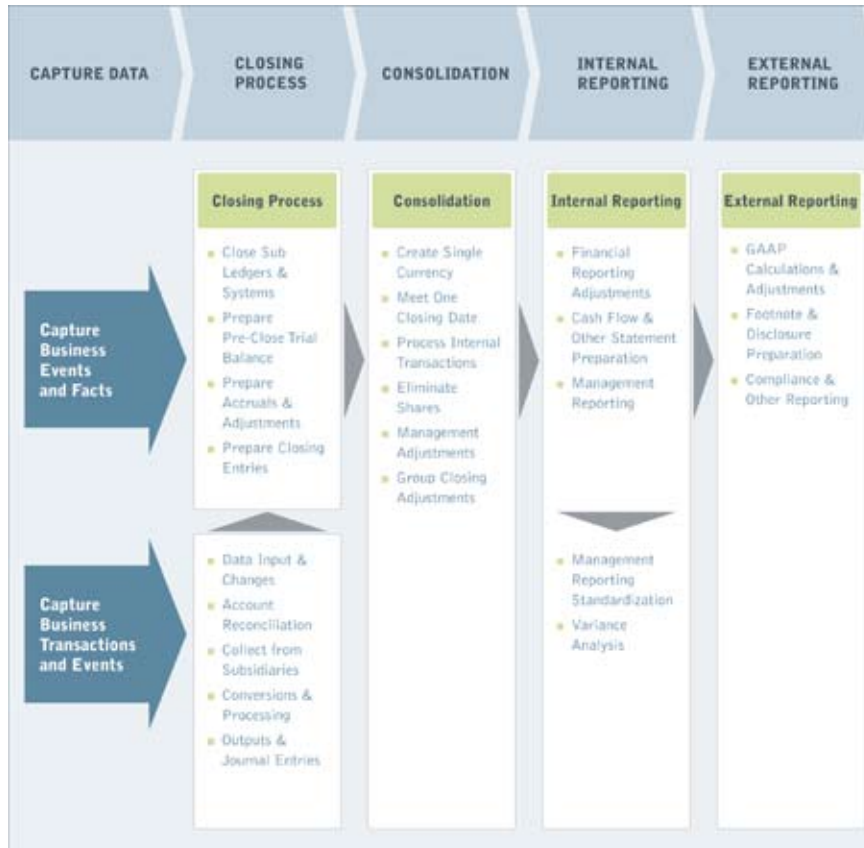
Blueprint objectives

Close, consolidate, report

The IBM Cognos Group Consolidation and Corporate Reporting Performance Blueprint offers a best-practice approach to renewing and improving the close-consolidate-report process.

Each event has been analyzed and each component readied for deployment.

The initial account structure, along with data entry, reporting, and reconciliation elements are available for immediate results, and—combined with customer legal entities and data—enable the rapid delivery of a base consolidation system.



Who should be interested in the IBM Cognos Group Consolidation and Corporate Reporting Performance Blueprint?

Organizations that:

- Have confidence and quality gaps in delivering certified financial information.
- Need to leverage financial results for actionable performance reporting.
- Demand an internal control framework to ensure quality control at each step of the process



**Close, Consolidate,
Report **PROCESS****

DO YOU ANSWER YES TO THE FOLLOWING?

<input checked="" type="checkbox"/> Close process is too long and we would like to reduce the number of days	<input checked="" type="checkbox"/> Financial controls are manual
<input checked="" type="checkbox"/> Close process is inefficient with too many manual steps and checkpoints	<input checked="" type="checkbox"/> Financial statements are delivered at the last minute, with little time left for analysis and review
<input checked="" type="checkbox"/> Collecting and verifying the data is challenging	<input checked="" type="checkbox"/> Financial performance information is not available in time for business stakeholders to use effectively
<input checked="" type="checkbox"/> Processing consolidations such as minority interest, currency, multiple GAAP and regulatory reports, journal entries is too labor-intensive	

Model overview

IBM Cognos 8 for Performance Management

Before we look at the *Blueprint*, let's take a step back and look at the IBM Cognos Performance Management vision.

The *Blueprints*—in combination with the applications—help customers in two ways:

1. Provide the basis for automating the close process.
2. Offer a best-practice foundation for renewing financial consolidation and linking processes to performance systems.



Automation best practices—IBM Cognos Controller

In order to deliver on these requirements, the *IBM Cognos Group Consolidation and Corporate Reporting Performance Blueprint* is built on the IBM Cognos Controller foundation.

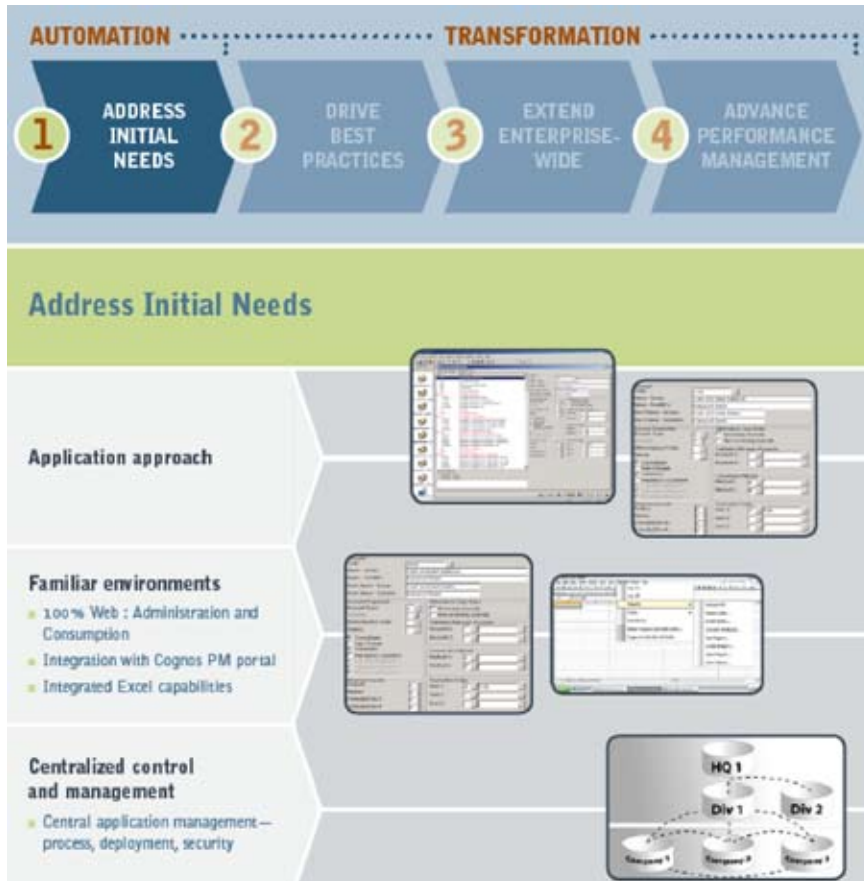
IBM Cognos Controller provides a solution that:

- Is owned and operated by Finance.
- Incorporates built-in best practices for immediate impact.
- Leverages the IBM Cognos 8 foundation to bring financial information into reporting and planning applications.



Finance-managed

It is Finance-owned, with an end-user application that allows finance teams to deploy and maintain solutions, incorporate both Web and Microsoft® Excel® as the information interface, and access a single data store for centralized control.



Best practices functionality

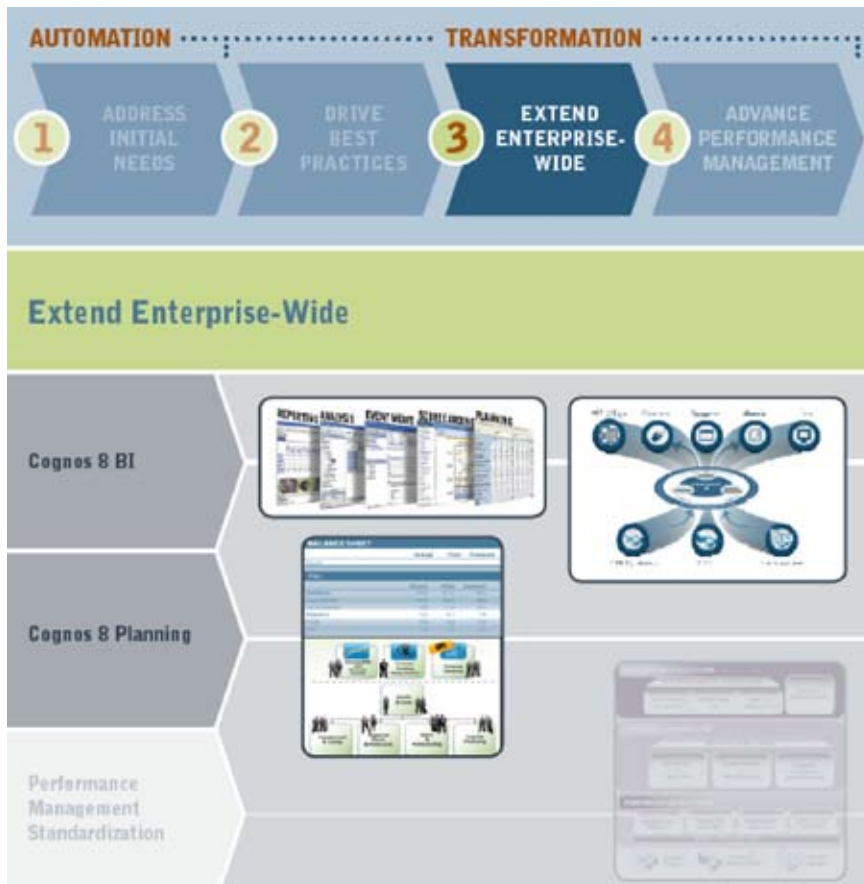
It offers common, best-practice solution capabilities, including more than 200 pre-built reports to support the close process—an excellent environment to manage multiple Generally Accepted Accounting Principles (GAAP) and management views of data and reporting, and a broad set of close process capabilities.



Performance platform

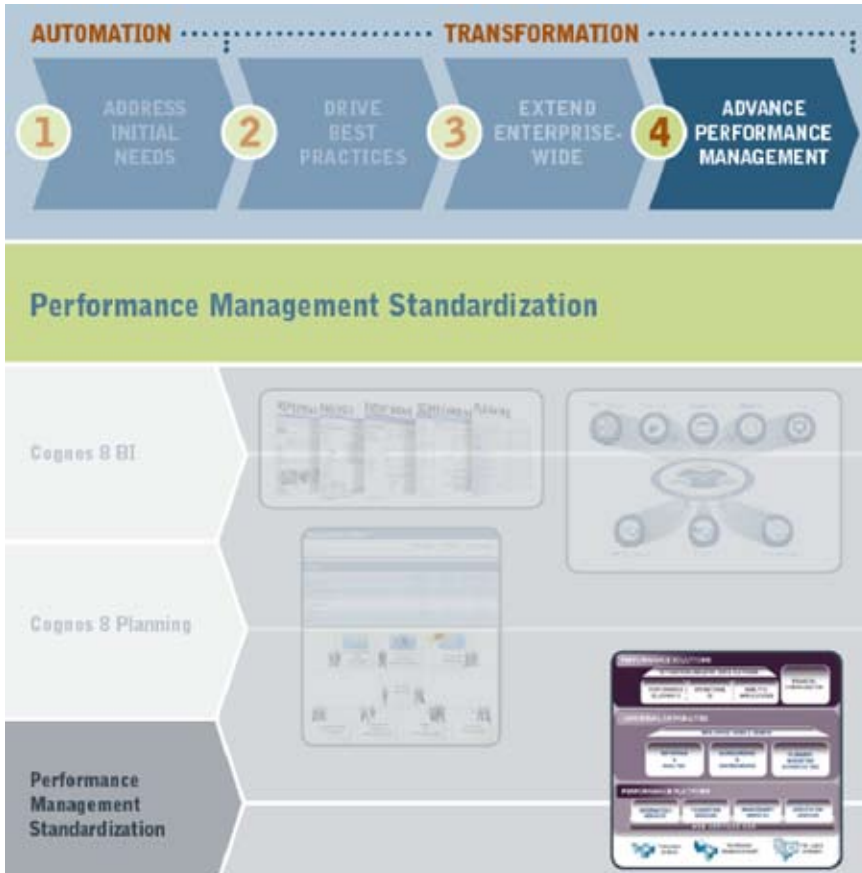
IBM Cognos 8 Controller is an integral part of the IBM Cognos 8 platform:

- Integrated with IBM Cognos 8 BI to leverage industry-leading business intelligence, reporting, and analysis.
- Integrated with IBM Cognos 8 Planning, incorporating financial data into driver-based financial and operational plans.



Performance management standardization

Organizations can standardize their core processes at the data, infrastructure, and security levels to optimize solution performance.



The *IBM Cognos Group Consolidation and Corporate Reporting Performance Blueprint* adheres to three core Blueprint design principles:

First, it incorporates standard best practices for setting up an IBM Cognos Controller application to support European consolidation and reporting.

Second, it provides building blocks to enable quick start in deployments.

Third, it readily integrates with the IBM Cognos Performance Management System.



Customer Benefits

- Best practice examples and templates to deploy Cognos Controller for key requirements; account, currency, minority
- Understanding solution value and impact on regulatory reporting

Blueprint

- Pre-built structural building blocks for designing and setting up group consolidation structures
- Standard data entry templates and reconciliation rules for data collection
- Leverages Cognos Controller application approach for modular development
- Cognos 8 Controller



The delivery of a final customer solution can be thought of in phases.

Phase 1 Companies leverage key pieces of the *Blueprint* like chart of accounts, business dimensions, control tables, and data entry forms.

Phase 2 Input is company-specific, using the specific company's legal structure and data feeds.



A complete chart of accounts is available.

All accounts are defined with the proper account type, currency conversion method, and summation structure, and are connected to extended dimension structures.

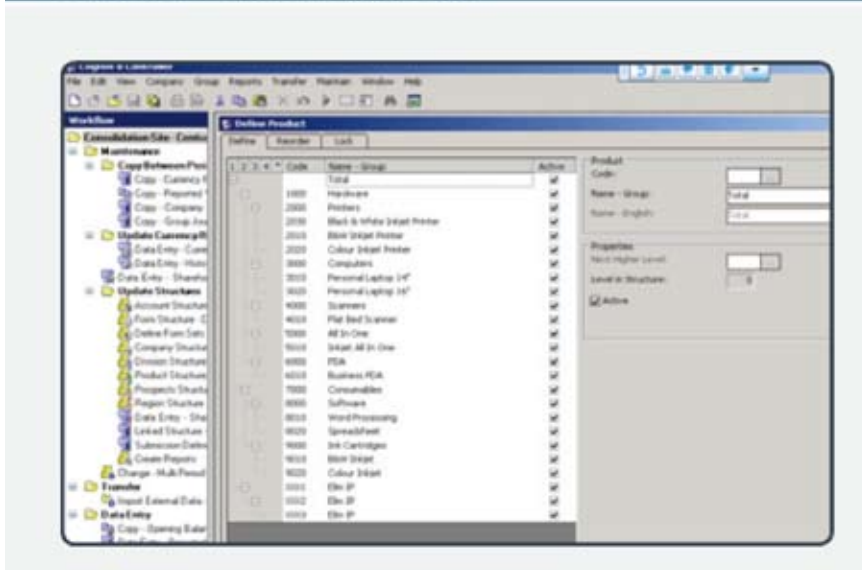
**Group Consolidation & Corporate Reporting
BLUEPRINT**

Blueprint CHART OF ACCOUNTS

The screenshot shows the 'Blueprint CHART OF ACCOUNTS' software interface. It features a 'Workflows' tree on the left, a central table of account codes and names, and a right-hand panel for configuring account properties. The table lists various account types such as 'Balance Sheet - Completed', 'Profit & Loss - Completed', and 'Cash Flow'. The right panel includes options for 'Panic Type', 'Panic Properties', and 'Standard Dimension Levels'.

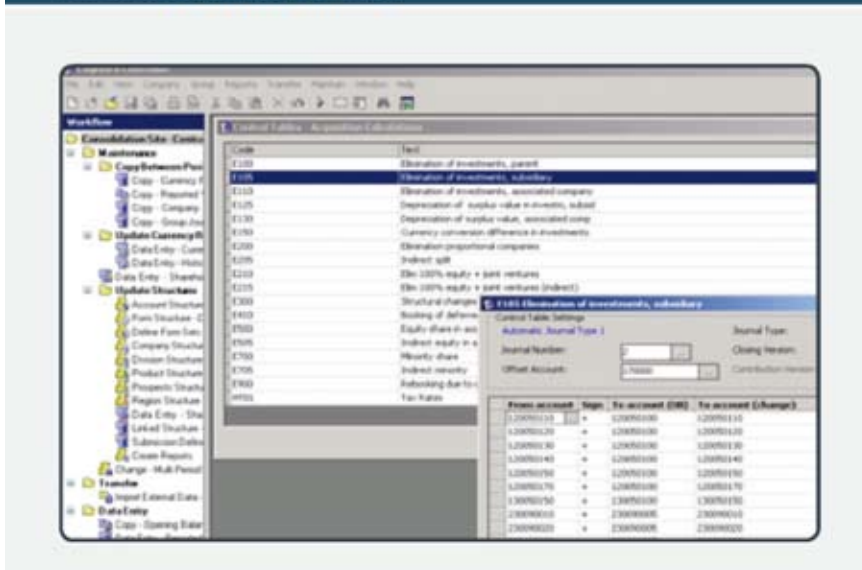
Code	Name	Group
000	Extended Summary	
000	Balance Sheet - Completed	
000	Profit & Loss - Completed	
000	Profit & Loss by Nature	
000	Profit & Loss with Dimension	
000	Real Sales with Dimension	
000	IC Sales with Dimension	
000	Intangible Assets	
000	Tangible Fixed Assets	
000	Stock (Dividends in arrears)	
000	Accounts receivable (Dividends in arrears)	
000	Cash and Banks	
000	Ready Specification	
000	Creditors (Over 1 Year (Dividends in arrears))	
000	Creditors (Under 1 Year (Dividends in arrears))	
000	Margin on Sales to Group companies	
000	Cash Flow	
000	Cash Flow Additional Information	
000	Acquisition Balance Sheet Cashflow	
000	Disposal Balance Sheet Cashflow	
000	Corporate Value Added	
000	WIP Impairment Test	
000	Income Tax Rate	
000	Deferred Tax Rates	
000	Loss Brought Forward	
000	Tax Return & Tax Payments	
000	Tax Calculation	

Free dimension structures are used in a similar fashion to sub-accounts and also cover needed segmental information.



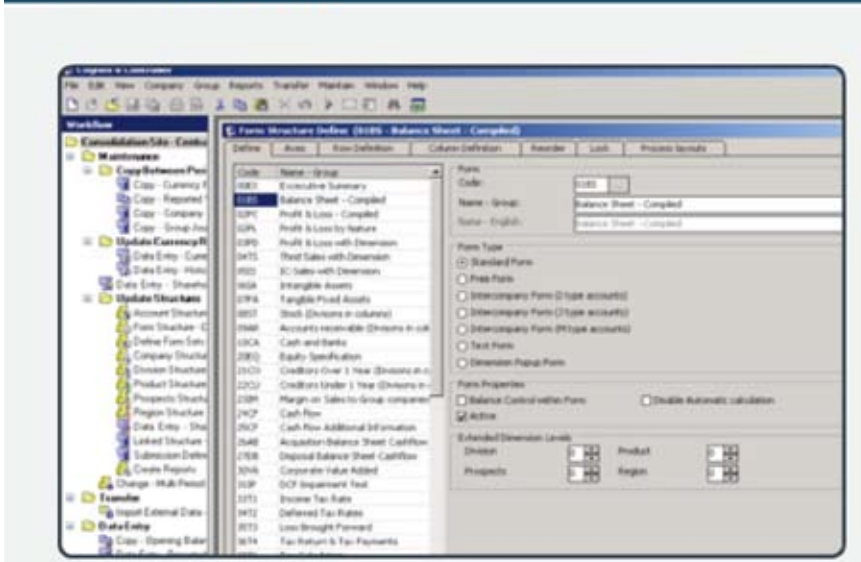
All control tables are set up to make sure automatic events are working properly.

Examples: acquisition calculation and intercompany elimination.



All these forms are dynamic and automatically show the company code, name and currency.

They incorporate previous periods for comparison or segmental structures.



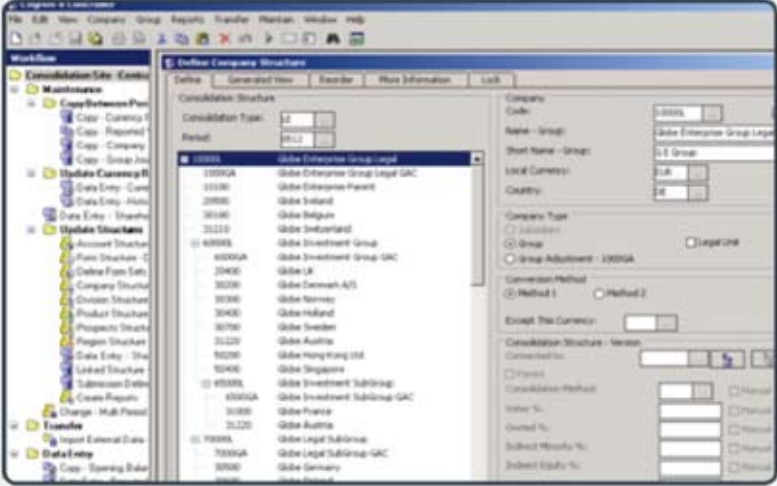
The application of the legal structure is company-specific.

Setting up the legal structure is straightforward and the final step towards completing the setup.



Group Consolidation & Corporate Reporting BLUEPRINT

Customer ▶ LEGAL STRUCTURE



The screenshot shows the 'Define Company Structure' window in a software application. The window has a menu bar (File, Edit, View, Company, Group, Reports, Transfer, Mainframe, Window, Help) and a toolbar. On the left is a 'Mainframe' tree view with categories like 'Consolidation Site - Entities', 'Maintenance', 'Update Company R', 'Update Structure', 'Transfer', and 'Data Entry'. The main area is titled 'Define Company Structure' and contains a 'Consolidation Structure' table with columns for 'Parent' and 'Child'. The table lists various company codes and their legal entities, such as '00000' for 'Global Corporate Group Legal' and '00000A' for 'Global Investment Group GAC'. To the right of the table are several configuration panels: 'Company Code' (00000), 'Name - Group' (Global Corporate Group Legal), 'Short Name - Group' (G-C Group), 'Local Currency' (USD), 'Country' (US), 'Company Type' (Group), 'Consolidation Method' (Method 1), and 'Exclude This Currency' (checkbox). At the bottom right, there are fields for 'Consolidation Structure - Version' and 'Consolidation Method' with checkboxes for 'Manual'.

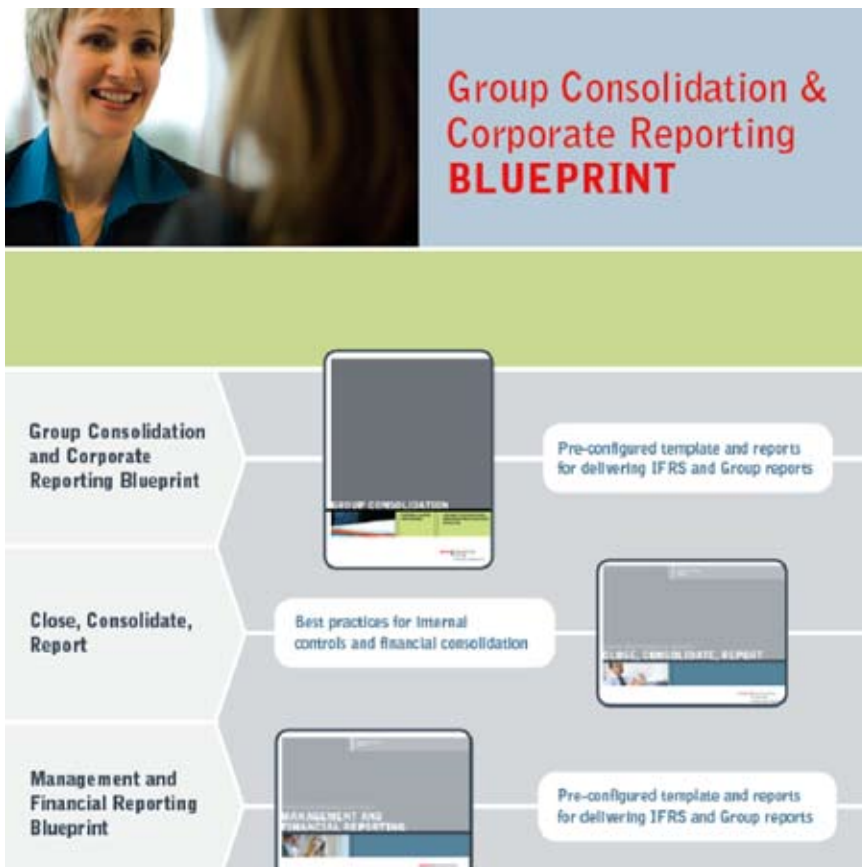
Transformation through best practices

Blueprint Philosophy

- Elevate process improvement and transformation options.
- Link process, technology, and internal controls.
- Provide best practices from world-class partners.

Additional Blueprints provide best-practices business intelligence deployment:

- *IBM Cognos Management and Financial Reporting Blueprint (MFR).*
- *IBM Cognos Close, Consolidate, Report Blueprint (CCR),* created in collaboration with Deloitte, provides a best-practice approach to renewing the close process and internal controls.



Summary

Automation & Transformation

IBM Cognos solutions—the performance management experts—help you automate processes and embark on the path from automation to true performance management.



**Group Consolidation & Corporate Reporting
BLUEPRINT**

Group Consolidation and Reporting Blueprint ▶ **CONCLUSION**

USING THE COGNOS GROUP CONSOLIDATION AND REPORTING BLUEPRINT FOR CONTROLLER 8
as a model enables you to have your all of your reporting—both management and regulatory—in one application, streamlining your closing and reporting process. It will ensure that all numbers are held in one place and in the same format.

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.

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