IBM

Information Management

IBM Cognos TM1 MidMarket Edition

A real-world financial performance management solution for midsize organizations

Cognos software

Contents

Abstract

Spreadsheets are important tools for midmarket companies, but they can't keep up with today's need for instant financial performance data and analysis. Business moves too fast, making spreadsheet-based views too labor-intensive, too slow, and too limited for advanced forecasting or deep analysis. IBM offers a solution: IBM Cognos® TM1 MidMarket Edition, a complete environment for financial performance management that's easy to deploy and can inform decision-making at all levels of the organization.

Overview

There are challenges all around.

Looking outward, you have to be nimble and able to react to dynamic markets— or larger competitors—at a moment's notice. Your decisions have to be informed, quick, and effective. And you have to "get it right the first time," because there aren't many second chances at beating the competition.

Looking inward, you may not have the staff, the experience, the time, or the budget to select, implement, and manage complex, dedicated toolsets for data storage, planning, budgeting, forecasting, consolidations, analytics, and reporting.

And what tool do you use to help you monitor, recognize and respond to these challenges? What solution drives your efforts at financial performance management (FPM)? If you're like most midsize businesses, you likely rely on the familiar spreadsheet for just about all of your FPM needs.

And you find yourself saying, "There's got to be a better way."

Business problems

Life in midsize businesses isn't easy

> *"Midsize businesses have set their sights on the need to provide more accurate and timely information to decision makers.[1]"*

The impediments to effective, real-time FPM — and the reason midmarket companies around the world are seeking right-size solutions to fit their needs — can be expressed in a few simple questions. Do any of these scenarios sound familiar?

Where do you store data? Probably in two-dimensional spreadsheet files using unreliable links and complicated macros.

How do you build plans, budgets, and forecasts? Probably using a multitude of spreadsheets designed by a handful of "power users" scattered all across your functional units.

How do you collaborate across business units and geographies? Most likely with an endless stream of spreadsheets attached to crossing, conflicting, often irrelevant, and frequently unread emails.

How do you create reports and run analyses for key stakeholders? Probably by using built-in spreadsheet functions or creating formulas of your own, then building charts and graphs as best you can.

How do you update plans, budgets, forecasts, reports, and analyses? As little as possible (be honest here!) because revisions can be even more complex than doing things the first time.

How about version control — how do you manage iterations of those plans, budgets, forecasts, reports, and analyses? If you're like most midsize organizations, with great fear and trembling.

How timely and useful are your spreadsheet-based plans, budgets, forecasts, reports, and analyses? They're probably out of date by the time the "final" version is approved, printed, and distributed. Useful? Not very.

Think about it: Spreadsheets may be familiar, flexible personal-productivity tools, but they were never designed to handle the financial performance management needs of complex, rapidly growing companies in dynamic, highly competitive markets. They were never designed for creating and applying rigorous definitions and controls to your business processes. Spreadsheets were never designed to be used as a data store for millions—even billions—of cells. And they were never designed for simultaneous use by hundreds or thousands of users across your company.

So—if enterprise-class performance management solution suites are beyond your means and good old spreadsheets can't come close to meeting your needs, where do you turn?

Business drivers

TM1 MidMarket Edition—the FPM solution for growing organizations

Success in a dynamic marketplace depends on getting the right information to and from the right people at the right time. Success requires a powerful, flexible financial performance management solution that scales across your business to drive decision-making from the storeroom to the boardroom.

IBM Cognos TM1 MidMarket Edition is a complete FPM environment supporting key financial processes from planning, budgeting, and forecasting to consolidation, reporting, and analytics. Immediate feedback enhances decision-support at all levels of your business. Powered by the industry's only on-demand, in-memory, multidimensional analytics engine, IBM Cognos TM1 deploys easier, reacts faster, and reaches farther across your organization than any other financial performance management product. It streamlines information gathering, aggregation, and analysis so you can spend more time on what you do best—running and growing your business.

IBM Cognos TM1 MidMarket Edition automates and manages financial performance management processes by engaging, empowering, and monitoring executives, line-of-business managers, and staff across functional areas and business units. For example, IBM Cognos TM1 lets you create high-level plans, assign responsibility for providing information, and track progress until plans are complete.

More than 2,200 companies worldwide use proven IBM Cognos TM1 to meet their financial performance management needs. Why?

IBM Cognos TM1 deploys easier

IBM Cognos TM1 MidMarket Edition implements quickly and lets you begin wherever the need is greatest. Your finance and line-of-business teams can begin with planning, budgeting, forecasting, consolidation, reporting, or analytics, and then extend implementations rapidly. With self-help components like wizards, workflow, pre-built databases, sample cubes, and plans, your users can configure their own applications, maintain data, and generate reports quickly and easily, even across the Web.

Since IBM Cognos TM1 MidMarket Edition is an all-in-one solution, constructed in a single high-performance environment, all components are integrated. Business rules, data, and metadata are shared across applications so that your teams work with only one set of rules and hierarchies. And IBM Cognos TM1 gives your users self-sufficiency along with solid security to ensure data accuracy and integrity.

IBM Cognos TM1 reacts faster

The IBM Cognos TM1 high-performance engine empowers users to perform analysis on frequently changing data across myriad transactions like daily or hourly sales reviews by store, brand, or representative; or perhaps day-by-day activity across hundreds of service facilities. Because your finance executives, planners, controllers, and managers can change input values—even business models—and recalculate them on-the-fly, you can attack business problems immediately, rather than waiting—and waiting—just to get started. With the power of 64-bit in-memory technology to meet even the most complex needs, you can rapidly plan, budget, forecast, report, and analyze whenever you need to—no matter how vast your data set may be.

For ready access to valuable information locked away in back-office applications, IBM Cognos TM1 MidMarket Edition provides data orchestration—user-friendly pre-built tools such as an SAP connector and our Turbo Integrator—offering corporate integration capability that streamlines loading multi-source data. Users can easily create processes to automate data importation, metadata management, and other tasks.

IBM Cognos TM1 reaches farther

Because market agility requires a flexible financial performance management solution, IBM Cognos TM1 MidMarket Edition is readily adaptable for rapid growth and change. You can engage hundreds of operational managers—not just those from finance—in a collaborative process using guided applications.

With a choice of interfaces for both business users and power users, you can leverage everyone's existing skills, which means minimal training and minimal IT assistance. For business users, the IBM Cognos TM1 Executive Viewer provides a Web-based environment for self-service analysis and report design, while a Microsoft® Excel® front-end supports power users for report building and what-if scenario modeling.
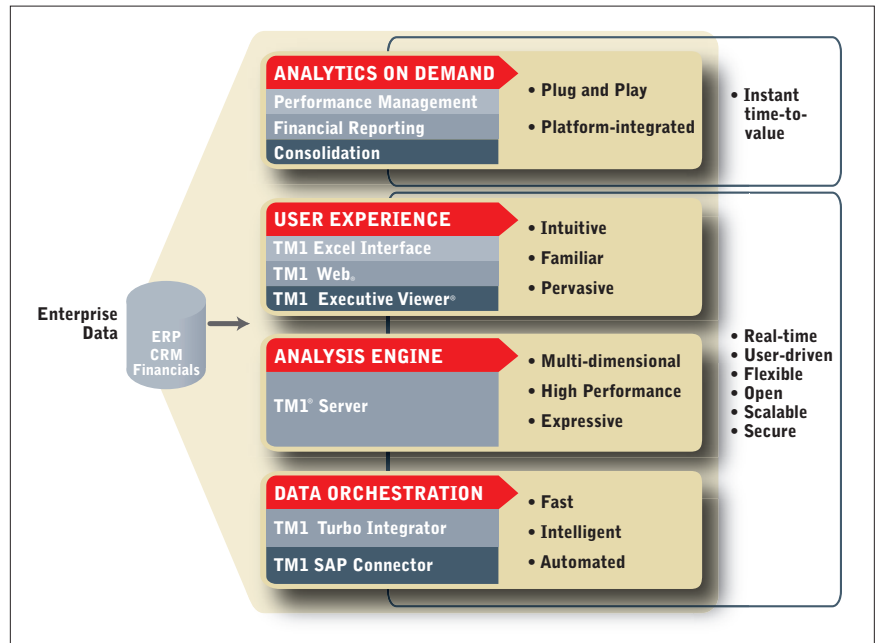
IBM Cognos TM1 MidMarket Edition offers an array of applications, easy-to-use interfaces, high-performance analytics, and flexible data management.

The solution

Spreadsheet-based FPM?
Or the IBM Cognos TM1 alternative?

It's no secret that many — if not most — midsize organizations use spreadsheets for data storage and management, as well as a broad range of performance management processes like planning, budgeting, forecasting, consolidation, analysis, and reporting. To be sure, spreadsheets are pervasive, flexible, user-friendly, can create charts and graphs, and readily integrate with other productivity tools. But the reality is that to use spreadsheets as your primary data storage and performance management solution is to court disaster.

Let's look at some spreadsheet realities in detail and consider the IBM Cognos TM1 alternative:

Spreadsheet error. Spreadsheet-based performance management "solutions" are fundamentally error-prone. Whether stemming from users ("hitting the wrong key"), from logic (choosing or creating an inappropriate formula), or from omission (leaving out a critical model component like a row or column), calculation errors are nearly guaranteed. In fact, recent research shows that some 94 percent of spreadsheet models are seriously flawed in one way or another.
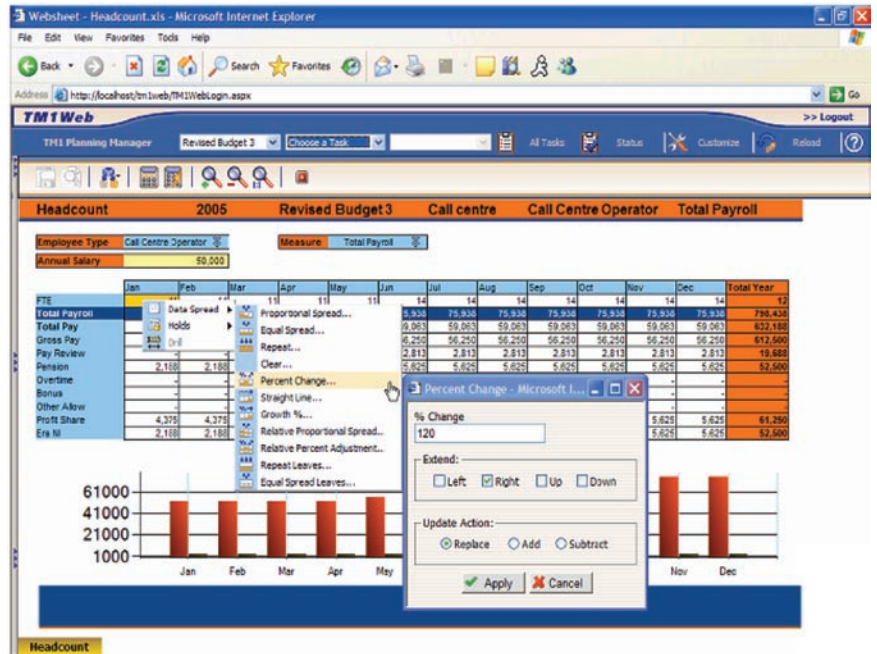
IBM Cognos TM1 MidMarket Edition offers a centralized, single FPM solution that encompasses data management, planning, budgeting, forecasting, consolidation, reporting, and analysis. IBM Cognos TM1 facilitates high-participation and collaboration across your company, yet offers managed workflow that enables closely monitored data collection, rapid aggregation, clearly defined rules and hierarchies, a rigorous approval process, role-based security, and a clear audit trail that facilitates accountability and accuracy.

Multi-dimensional business data. Even in smaller companies, financial and business data is simply too complex to be effectively stored, managed, and utilized in two-dimensional row-and-column spreadsheets. When you need to assess product-line profitability by cost-of-goods-sold, by item, by customer demographic, by region, by sales rep, and so on, you need a lot more firepower than a massive stack of linked spreadsheets and even the cleverest macros can give you. And when one measure changes, how do you know that change-effects will accurately percolate all through your spreadsheet model? Typically, you don't.

IBM Cognos TM1 MidMarket Edition centrally manages business hierarchies, rules, calculations, and data using in-memory multi-dimensional cubes with real business identifiers. With either a user-friendly Web interface or the familiar Excel front-end, you can read and write to your data set, then see results as fast as you can think about it. You can multi-dimensionally slice-and-dice data to match the planning, forecasting, or reporting needs of the moment—all in real time. Read/write access is controlled by role-based security, and model changes are instantly propagated to all users.

Collaboration. Successful financial performance management requires high levels of collaboration and participation: the greater the cross-company input, the greater the resulting accuracy and insight. But due to deployment difficulty (and error frequency), spreadsheet-based FPM demands a constrained, centralized process that can represent only a small part of your company stakeholders.

Offering a choice of interfaces, scalable IBM Cognos TM1 MidMarket Edition allows you to involve more people more often in your financial performance management process. Data from all across your company becomes valuable information when it can rapidly flow via the Web to and from process contributors and management decision-makers. Working documents ("Websheets") are visible to stakeholders, and all users have read-and-write capability as required for contribution, ad hoc analyses, and *what-if* scenarios. And the IBM Cognos TM1 Web interface is perfect for a distributed environment where many of your team members work remotely across business units and geographies.

IBM Cognos TM1 MidMarket Edition engages executives, managers, and staff across your entire FPM process.

Workflow management. With a spreadsheet-based FPM solution, managing process workflow is nearly impossible. You're never quite sure if data contributors are progressing according to plan — or if they've begun work at all. And with spreadsheets, greater participation does NOT mean greater effectiveness. Confusion can run rampant and the process can only move at the pace of its slowest participant.

IBM Cognos TM1 MidMarket Edition helps guide the FPM process by enabling finance and line-of-business managers to assign functional responsibility to individuals or groups. Contributors submit data according to schedule, and tasks are designate as not started, in progress, approved, rejected, or not delegated. Reviewers monitor progress and accept or reject contributions as needed. IBM Cognos TM1 makes the entire FPM process highly visible and helps enhance timeliness and accountability.

Version control. With spreadsheets flying back and forth through cyberspace, you never know if everyone is working with the most recent iteration of a plan, budget, or forecast. The result is likely a "final version" that's based on inaccurate or mismatched data.

IBM Cognos TM1 MidMarket Edition enables planners, analysts, and managers to develop iterative plans, budgets, forecasts, reports, and analyses. Maybe you want to revise a forecast using the assumption that revenue in five regions will increase by 15 percent next quarter. Email alerts notify analysts and contributors of the revised assumption, remind contributors that they must submit new numbers or provide driver information to plan stakeholders. Comments — such as reasons why a contribution was approved or rejected — can be stored along with each change in task status.

Aggregation. Consolidating input from multiple users and spreadsheets also inhibits FPM process effectiveness. A single person or group has to collect the numerous spreadsheets and unite them in a single version. Even if individual spreadsheets are error-free, aggregation is a huge task that can drag on for weeks.

Turbo Integrator streamlines data aggregation and lets you perform fast and precise data loads. It easily connects to any ODBC-compliant database to load data. Depending on your company's resources and needs, Turbo Integrator can import data from ERP systems like SAP and Oracle, from data warehouses, from Excel workbooks, and even ASCII files from legacy systems. And it can export data into ASCII files or any ODBC-compliant database to facilitate reconciliation.

Real-time FPM? An error-prone, cumbersome spreadsheet-based performance management process does not allow your company to analyze results, react to market change, ask and answer "what-if" questions, then alter plans, budgets, or forecasts rapidly and effectively. Real-time response is an impossibility, and — as a midsize business — you're at a competitive disadvantage against larger companies in your space.

IBM Cognos TM1 MidMarket Edition gives you critical performance information when you need it. At the core of IBM Cognos TM1 is a powerful in-memory, multidimensional engine that enables lightning fast *what-if* calculations. IBM Cognos TM1 is the only multidimensional FPM product that can model *what-if* scenarios in real time. In fact, IBM Cognos TM1 was named the best in performance for data load/calculation times and fastest query times in a recent independent OLAP survey. And because Turbo Integrator helps you import data efficiently, you can assess corporate performance in minutes, not hours or days.

Relevance and credibility. Spreadsheet-based approaches to financial performance management are so flawed and cumbersome that line-of-business managers regard the entire process as irrelevant and untrustworthy. In-the-trenches staff have learned by hard experience that "the numbers" are likely wrong, out-of-date, and out-of-touch with reality.

IBM Cognos TM1 MidMarket Edition helps promote both relevance and credibility. Since users across the company are always working with the most current data set, results are more believable and better reflect daily reality. Credibility is also enhanced by advanced TM1 security functions—more secure data is more reliable data. You control individual access based on the role each person plays in the FPM process. For example, a plan manager can easily administer and monitor all tasks and functions in a forecast cycle. And a built-in audit trail—along with IBM Cognos TM1's managed workflow—further establishes data credibility and facilitates statutory compliance.

Conclusion

Clearly, a spreadsheet-based approach to data and performance management is wholly inadequate to meet the challenges facing a growing midsize business. IBM Cognos TM1 MidMarket Edition offers a complete environment for financial performance management, supporting key planning, budgeting, forecasting, consolidation, reporting, analytics, and data management processes. Immediate feedback enhances decision-support at all levels of your business. The industry's only on-demand, in-memory, multi-dimensional analytics engine enables IBM Cognos TM1 to deploy easier, react faster, and reach farther across your organization than any other financial performance management product. And IBM Cognos TM1 MidMarket Edition offers rapid time-to-value and supercharges information gathering, aggregation, and analysis so you can spend more time on what you do best—running and growing your business.

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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Endnotes

1 "Dataquest Insight: Top Business Intelligence Needs Cited by Midsize Businesses," James A. Browning, Bill Gassman, Robert P. Anderson. Gartner, March 9, 2007

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