Selecting the right enterprise planning solution:
Considerations for
software evaluators

Cognos.
software

Contents

Abstract

Corporations are putting increasing emphasis on planning, so choosing the right enterprise planning software is more critical than ever. Some solutions only measure what happened yesterday, but the best solutions exploit the logical link between planning and analysis to provide powerful views that help companies predict, plan for and manage future performance. And at IBM, this isn't just theory. We've successfully deployed IBM Cognos enterprise planning software around the world, involving hundreds, even thousands of users.

Overview

As global competitive threats increase, new markets emerge, and new regulatory pressures for financial clarity and accuracy arise, businesses face unprecedented requirements for speed and accuracy in forecasts and plans. With stakeholders counting on you for credible guidance on future operating performance, it's difficult to name a more important process for managing that performance than enterprise planning.

That's leading many forward-thinking organizations to carefully evaluate the merits of the available software solutions. The best enterprise planning solutions leverage the natural link between planning and analysis to manage corporate performance. Unfortunately, many software vendors focus on only half of the planning and performance management equation—analyzing yesterday's performance. By comparison, IBM Cognos solutions offer unique and complementary capabilities for predicting, planning, and managing tomorrow's performance; assessing alternatives and scenarios; monitoring actuals; and analyzing results from multiple perspectives. They also provide the platform for quickly communicating changing goals and expectations to the organization, helping close the loop between business measures and business action.

This handbook provides a list of key factors that you should consider as you evaluate competing enterprise planning solutions.
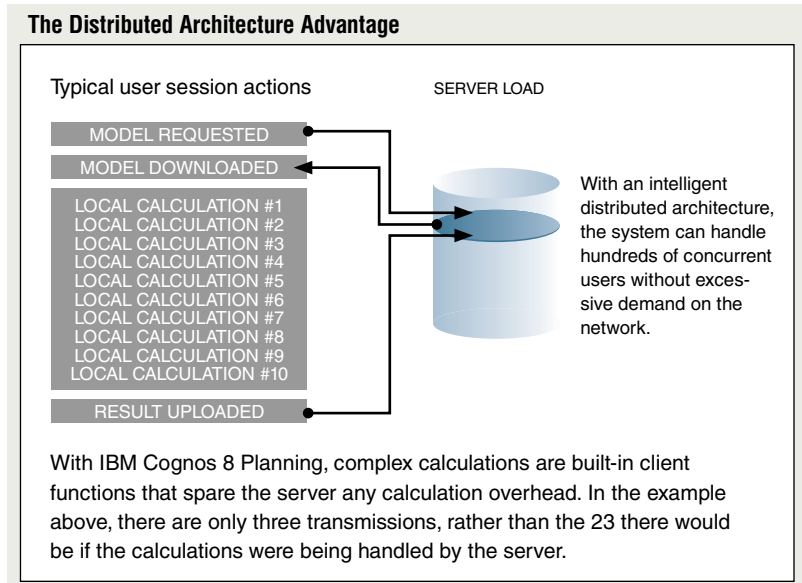
Business problems

Intelligent architecture for maximum collaboration

In the past, business planning was a lengthy, rigidly centralized process—done by the few, for the many. In the new paradigm of high-participation enterprise planning, companies are seeking input, expertise, and commitment from managers, directors, and executives up, down, and across the enterprise.

Previously, in a spreadsheet-centric paradigm, the feasibility of such a scope of participation and consolidation would have been unthinkable. (See the IBM Cognos white paper, "Spreadsheet-based planning: Rough road ahead.") With the advent of the IBM Cognos architecture, that feasibility has arrived, enabling broad and rapid enterprise planning participation. Instead of a few corporate planners or controllers laboring for many months over an annual plan, you can receive—quickly—small contributions from hundreds or thousands. That gives your targets and forecasts front-line accuracy from the people closest to the activities being planned. And it gives greater granularity as well.

When it comes to system architecture, however, some vendors raise a red flag with the question: thick client or thin? But that red flag is more of a red herring. When they insist on the need for thin clients or the supposed disadvantages of a footprint on the client, understand that they are trying to distract you with factors that aren't relevant.

IBM Cognos® 8 Planning uses intelligent distributed processing, based on a Web Services-style architecture utilizing XML. It downloads a small calculation engine onto the user's PC the first time they access the system via a Web browser. That's a one-time download that the system then manages and maintains automatically.

The Distributed Architecture Advantage

Typical user session actions   SERVER LOAD

MODEL REQUESTED

MODEL DOWNLOADED

LOCAL CALCULATION #1
LOCAL CALCULATION #2
LOCAL CALCULATION #3
LOCAL CALCULATION #4
LOCAL CALCULATION #5
LOCAL CALCULATION #6
LOCAL CALCULATION #7
LOCAL CALCULATION #8
LOCAL CALCULATION #9
LOCAL CALCULATION #10

RESULT UPLOADED

With an intelligent distributed architecture, the system can handle hundreds of concurrent users without excessive demand on the network.

With IBM Cognos 8 Planning, complex calculations are built-in client functions that spare the server any calculation overhead. In the example above, there are only three transmissions, rather than the 23 there would be if the calculations were being handled by the server.

Microsoft® and Sun, among others, are vigorously pursuing and promoting this style of architecture because they understand that zero-footprint clients using pure HTML are underpowered for the intensive challenges of enterprise planning. This approach also recognizes that Java® components require instantiation at the start of every session—a pointless waste of bandwidth and processing.

By contrast, a persistent local calculation engine harnesses processing power in the desktop browser for local calculations. This distributed architecture provides unprecedented, unbeatable scalability to thousands of users (See the IBM Cognos white paper, "Cognos Enterprise Planning Series: Scalability and Performance"). It judiciously consumes precious bandwidth and doesn't bring a server to its knees when 250 plan contributors simultaneously scramble to meet a 5 p.m. Friday deadline.

THE BOTTOM LINE: IBM Cognos 8 Planning is the only proven, scalable planning solution to provide sensible client processing, proper bandwidth consumption, and appropriate server-resource usage.

Business drivers

Real-time aggregation, real-time insight

Over the past few years, the concept of the "real-time enterprise" has drawn enthusiastic attention from many business leaders. That attention has intensified as companies face new regulatory requirements such as those in Sarbanes-Oxley, which demand fast, complete, and accurate disclosure of information.

Delays in business plans have a rippling, multiplicative effect on tactics and execution. An enterprise planning system must not only reflect and support the real-time nature of today's business operations, it must actually drive real-time operations.

That's one of the reasons IBM Cognos 8 Planning presents a significant advantage through its real-time aggregation. Again, thanks to its intelligent distributed architecture, IBM Cognos 8 Planning can instantly and immediately update an entire model after it receives each and any individual contribution. There are no nightly batch consolidation processes. Consider two alternatives:

- With competing solutions, once a contributor changes his plan or forecast and submits it, his manager won't be able to review those changes until after the next batch consolidation is complete—a process that typically takes several hours overnight. There's no real-time consolidation, no real-time decision-making.

- With IBM 8 Planning, a contributor can make her changes locally and submit her results. In real-time, her contributions roll up and are available for her manager to review, approve, or reject. With real-time aggregation, everything proceeds at the pace of the quickest participant, rather than the slowest. There's no waiting for the last person to submit their information before consolidating, and you get instant visibility to changes.

THE BOTTOM LINE: Real-time aggregation and consolidation facilitates the pursuit of the "real-time enterprise." It's the difference between updates in seconds and updates in hours.

The solution

Module design for ultimate flexibility

Planning is an inherently multi-dimensional discipline. That is, you want and need to set goals and analyze performance from multiple perspectives—products, regions, time periods, and so forth. That's why most leading solutions build on a multidimensional data foundation.

However, it's important to understand that there are vast differences in how that foundation is implemented. Consider the following straightforward and typical scenario, a profit-and-loss model involving:

- 200 products
- 100 divisions
- 50 cost centers
- 12 P&L items
- 50 employees (best, worst, and likely)

- 100 expense line items
- A 12-month plan
- 50 sales representatives
- Three versions

Some solutions will force you to jam all of these dimensions into a massive, monolithic cube—one that can take so long to update you'd likely have to do it overnight—regardless of the relevance of each dimension to the planning process. The model size grows exponentially with each added dimension, potentially mushrooming to unsupportably large sizes. In this example, a fully populated cube with these dimensions would be 108 trillion cells. Maintaining such a model would require an unreasonable amount of server overhead and divert your IT staff from more important work.

Even with effective sparsity management, such an unwieldy structure could force severe compromises in how you model and view your business. Instead of 50 products, you might be forced to choose just 10 product groups. You delete the 50 cost centers (eliminating multiple hierarchies and therefore richer analysis). You eliminate line-item detail by deleting the employee dimension. Maybe you eliminate scenarios. With enough cutting, you can perhaps make your multidimensional foundation somewhat more manageable. You do this not to improve your analysis—in fact, quite the opposite happens. You're handicapping your efforts simply to conform to the limitations and restrictions of the technology.

Competing Solutions

Single cube model
- Products
- Sales representatives
- Divisions
- Employees
- Cost centers
- Expense line items
- P&L items
- Balance sheet items
- Capital expenditure projects
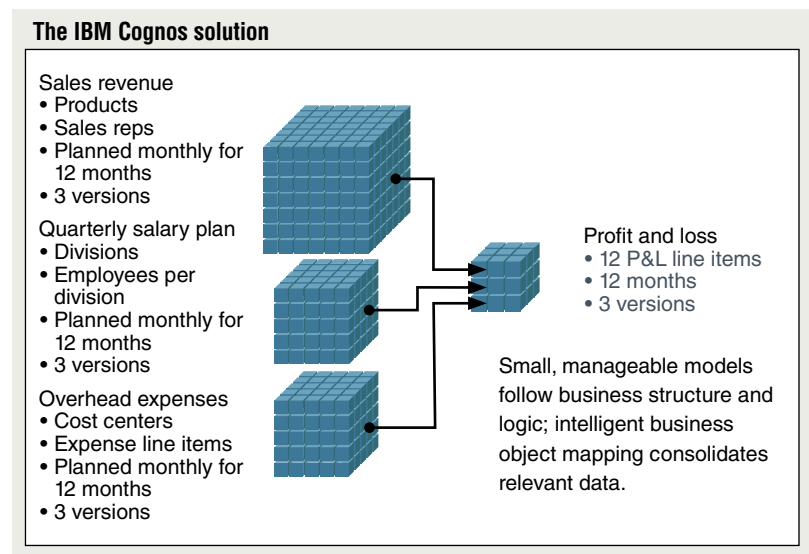- A 12-month plan
- Three versions
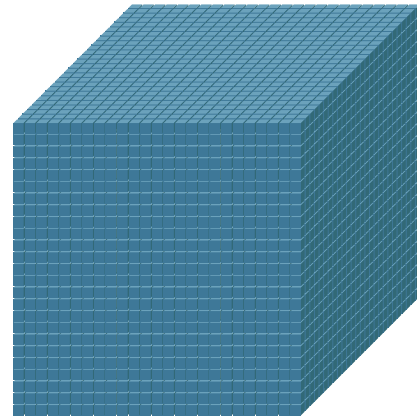
Single, monolithic cube encompassing profit-and-loss, sales forecasts, salary planning, and expense budgeting defies business logic and strains IT resources.

Just as bad, think about what happens when you change your business—and changing conditions are the heart of a nimble, thriving enterprise. You'd have to rebuild that monolithic cube model—usually with the assistance of highly trained, highly sought IT personnel.

Consider a different way — the IBM Cognos way. IBM Cognos 8 Planning uses a series of manageable, modular cubes, connecting them together with intelligent links that you create with point-and-click commands.

The benefits of a multi-cube architecture are many. First, managing complex business problems is easier — from both a human and IT standpoint — if you can break them into logical, more manageable components. With IBM Cognos 8 Planning, several individuals or teams can more easily collaborate in developing the model across functional areas, using common definitions where appropriate.

The IBM Cognos solution

Sales revenue
• Products
• Sales reps
• Planned monthly for
  12 months
• 3 versions

Quarterly salary plan
• Divisions
• Employees per
  division
• Planned monthly for
  12 months
• 3 versions

Overhead expenses
• Cost centers
• Expense line items
• Planned monthly for
  12 months
• 3 versions

Profit and loss
• 12 P&L line items
• 12 months
• 3 versions

Small, manageable models follow business structure and logic; intelligent business object mapping consolidates relevant data.

Beyond that obvious benefit, business modeling and analysis with IBM Cognos 8 Planning is further optimized by the use of common metadata components. Imagine that a staffing increase requires you to adjust portions of your model. Rather than updating headcount information in several places, you make the change once and the new data automatically populates all cubes that refer to headcount.

What's more, the modular architecture makes it easier to update your model with information from external business systems. For example, if headcount information is updated in your HR system, IBM Cognos 8 Planning can automatically reflect those changes throughout the model. It all adds up to easy system maintenance and fast, nimble model changes.

THE BOTTOM LINE: Monolithic cubes that force all dimensions into a single structure are unmanageable and inflexible, actually hindering planning and analysis.

Sophisticated analysis with breakback

Breakback — the ability to declare a total and force the software to "break it back" across members of the dimension — is a signature feature of IBM Cognos 8 Planning, an innovation we pioneered more than 10 years ago.

For example, if you're planning travel expenses, you might have a fixed amount to work with, say $600,000. It's easy to break back that number evenly across 12 months — that's $50K a month. But suppose you have a major trade show in August and you anticipate at least $150K in travel expenses that month. With the sophisticated breakback in IBM Cognos 8 Planning, you plug in the $600K total and $150K in August. Click a button, and the software automatically spreads out the remainder, $450K, across the other 11 months, populating in $40,909 for those months. Then, play with the number by changing either the annual $600K, the August $150K, or "hold" an amount in a different month. IBM Cognos 8 Planning gives you interactive, what-if analysis for any line item in your plan with the same spreadsheet-caliber, instantaneous response time.

But our breakback doesn't stop there. IBM Cognos 8 Planning can perform multiple-line-item breakback across multiple dimensions. For example, you might want to assess different scenarios in the sales/margin mix by package size and brand across different time periods. To achieve a particular gross margin, you might "hold" prices and break back cost increases to see the impact on gross margin. With IBM Cognos 8 Planning, you see it all in a couple of seconds. With competing products, that kind of analysis can take several hours.

THE BOTTOM LINE: Just because other vendors call it "breakback" doesn't mean they have the same power and sophistication you need for enterprise-class planning and analysis.

**Integration that leverages existing
(and future) investments**

It goes without saying that mission-critical business processes must be supported by systems that can share data and metadata easily, systems that ensure consistency and minimize the time and effort spent on maintenance.

If you select a one-size-fits-all solution from a vendor whose expertise traditionally lies outside enterprise planning, you should be prepared to miss out on many potential benefits. On the other hand, when choosing a so-called "best-of-breed" solution you need to be sure that the software integrates smoothly with existing IT assets, such as your ERP and CRM systems.

That's why we've made sure that IBM Cognos 8 Planning can automatically synchronize data and metadata (for example, charts of accounts, product hierarchies, cost center hierarchies, or employee lists) with other systems. Where possible, we avoid moving data around at all.

What's more, IBM Cognos 8 Planning leverages the complete range of reporting and analysis capabilities of IBM Cognos 8 Business Intelligence to turn planning data into even more meaningful information. IBM Cognos 8 BI users can select reports, customize them, analyze and share information with the ease of using the Web. IBM Cognos 8 BI is built for the demands of enterprise-scale environments and is easy for IT departments to deploy and administer. In addition, IBM Cognos 8 Planning complements IBM Cognos Metrics Manager, which lets you create and distribute scorecards with clear metrics that are easy to navigate and understand. IBM Cognos Metrics Manager enables people to see the company's strategy expressed in concrete terms, understand how one indicator affects another and follow the trail from a high-level indicator to those that underpin it.

THE BOTTOM LINE: Solutions built with open architecture, and an emphasis on seamless integration, help you capitalize on the technology investments you've already made and allow you to expand with confidence.

Accessibility to drive user adoption

In the age of globalization, frequent travel, and telecommuting, you're open for business around the world, around the clock. These business realities dictate some basic system requirements: constant availability, support for offline use, and a user-friendly interface. If you can't offer these capabilities to your users, your enterprise planning efforts will be severely handicapped.

IBM Cognos 8 Planning provides a number of unique features that promote the highest levels of user adoption:

- 24x7 system availability—even during maintenance or changes to the system.

- Offline capabilities, allowing users to work on plans and forecasts anytime, anywhere. When they reconnect, the system is immediately updated.

- The response profile of a spreadsheet—the performance standard for usability. Users get instant feedback as they submit and change data.

- Ability for users to model highly complex business environments and create and change models without relying on IT. That puts the power where it belongs: in the hands of the users.

- True internationalization with menus and file names that can be displayed in any local language or currency, presenting data in a local context. It also supports the double-byte character sets needed for deployment in several Asian countries.

THE BOTTOM LINE: Companies require the ability to support global implementations and offline use. By ensuring that your solution supports contributors' work styles—anywhere, anytime—you'll increase user adoption.

Refined and tested in the IBM Cognos Innovation Center

We invest considerable resources in researching the best possible approaches to enterprise planning. In the IBM Cognos Innovation Center for Performance Management we apply what we've learned in successful implementations and establish performance benchmarks to help clients accurately assess and drive their performance.

By maintaining a library of proven models developed for specific industries and business processes, we are able to recommend ideas that can be adopted, embraced, and delivered rapidly.

Clients can visit our Innovation Center to review and learn from the best practices we've developed implementing solutions in the most demanding corporate and public sector environments. We've retained the knowledge gained from implementations in diverse businesses ranging from manufacturing to retailing to pharmaceutical research, which means you don't have to waste time and money reinventing the wheel.

THE BOTTOM LINE: With IBM Cognos solutions you get more than software. You also get the expertise developed over more than a decade of planning for some of the largest, most successful global organizations.

Ready for corporate performance management

Enterprise planning is one of several key steps in the management cycle that closes the loop between strategy and action — and a logical place for many organizations to start. However, planning is only the beginning.

FIGURE 4 Management Cycle
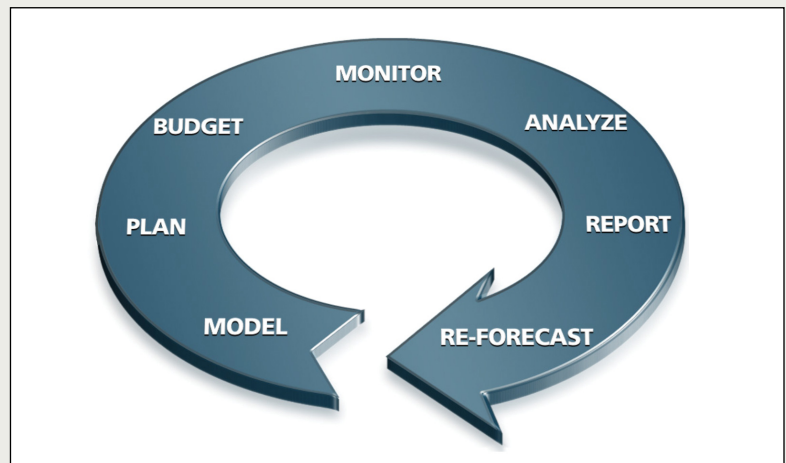
Gartner calls this cycle *corporate performance management* (CPM), a rich blend of modeling, planning, forecasting, budgeting, consolidation, scorecarding, analysis, and reporting. CPM aligns tactical execution with boardroom strategy, as company plans, metrics, and information drive better decisions enterprise-wide. Yet, while CPM has enterprise-scale potential, it doesn't require enterprise-scale investment. In fact, one winning approach to CPM—one for which IBM is widely known and acclaimed—is incremental: think big, start small, be strategic.

- Make enterprise planning and budgeting activities part of an enterprise-wide process that communicates a common purpose. Ideally, you want to set performance targets that cascade from top to bottom throughout the organization, making it easy for individual targets to reflect the corporate plan.

- Harness scorecarding initiatives to communicate a common set of priorities. This enables you to deliver goal-driven metrics to every desktop in your organization.

- Establish reporting and analysis activities as part of an enterprise business intelligence system that provides a common framework for decision-making. The goal is to deliver the right information—in accessible, dynamic reports—to the right people so they can answer important performance-driving questions. The result is better decisions to enact the strategic and operational plans.

Given our product breadth, technical sophistication, and years of experience helping companies plan, monitor, and report their performance, IBM has—not surprisingly—assumed a leadership position in CPM. Our comprehensive IBM Cognos solution offers a proven, low-risk choice for sourcing from a single vendor.

THE BOTTOM LINE: For evaluators of enterprise planning solutions, a key consideration is the ability to incrementally expand the application into a larger solution with integrated CPM functionality.

Conclusion

The case for IBM Cognos products

Today there is no area of your business whose performance — that is, contribution to plan — you can afford to ignore. Simply put, planning must be a core competence up, down, and across the enterprise. And when it comes to choosing enterprise planning software, the only proof that counts is what's been deployed. Be sure your chosen solution provider isn't talking about futures, theories — or customers using products unrelated to these mission-critical functions.

Only IBM can document deployments involving hundreds, even thousands, of users distributed around the world. And only the IBM Cognos solution — both the technology and the intellectual property — is engineered specifically to drive best-in-class performance. The IBM Cognos solution:

- coordinates all the planning processes across the organization — across different time cycles, geographies, operations

- provides a powerful modeling environment that helps determine appropriate goals and targets

- offers a platform that connects business drivers and logic to business measures

- has the proven scalability that's required for engaging a wide audience

- lets you plan and forecast frequently so you can manage the unexpected

- closes the loop between how you plan and forecast, how you measure and report, and how you take action

- provides a sensible path to the full value of CPM

Our people, our technology, and our domain expertise in strategic planning, budgeting, forecasting, modeling, analytics, consolidations, and reporting are unrivaled. We know where the future of planning and performance management lies. It's not in hype and gamesmanship, but in the successful deployment of proven technology by leading companies.

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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Request a call

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