

1 Hello, this is Dan Potter with IBM, and I'd like to welcome you to today's practitioner session. This session will feature Bob Smith, CIO at Central National Gottesman. Bob's going to give us a real-world example for utilizing an in memory analytics server and talk about how CNG was able to quickly deliver two major projects around consolidation and sales forecasting and with his early success he now has an impressive list of business requests that he's going to tackle this year. So now I'd like to introduce Bob Smith to share more about his early success.

2 Thank you Dan for that introduction. Again, my name is Bob Smith. I am the CIO of Central National Gottesman. I've been at Central National for about two years. I have about 25 years of IT experience and 15 of those years has been involved with data warehousing, business intelligence, and planning. My current responsibilities include strategic management of entire U.S. IT environment for Central National Gottesman. We're even looking currently at expanding our IT footprint globally. We have 15 global offices. That's something that we will deal with in the coming years.

3 A little bit about Central National Gottesman. Central National is 125-year-old paper merchant. Central National is a privately held company. It has revenue in excess of \$3 billion a year. Central National has four major divisions. Lindenmeyr Monroe, which is its wholesale paper distribution division. It's your typical brick and mortar company. It has 13 modern warehouse facilities located throughout the East Coast of the U.S. and Midwest. Our customers include printers, publishers, and a wide variety of corporate, commercial, industrial, and professional paper buyers. Lindenmeyr Central is focused primarily on the magazine and catalog business. This business is more of a direct order business. Lindenmeyr Book Publishing is focused primarily on the book publishing industry, and again, that business is more of a direct order business. And our last division, CN division, is focused on commodity sales – pulp sales, packaging, and newsprint. The CN division's business model is made up of about 35 percent domestic sales and 65 percent international or global sales. CN division does have 15 global offices.

4 Some of the reasons or business pains that got my team looking at different business intelligence solutions were, what's mentioned on this slide, all reporting was derived from our ERP applications or from spreadsheets. All of the reporting was very IT driven. The business still depends on IT for any or all of its information. The business has very limited reporting capabilities. Our reporting is reactive rather than proactive reporting. We have little or no analytical capabilities. Again, we have little or no ability for our sales force to access information. Everything has to be pushed to our sales force via Excel, via email. Our sales force has no visibility into historical trends or into future objectives. Our processes are very manual for sales planning and the measurement of those sales objectives. We have a lack of global reporting and global planning. Our

executives have limited visibility into our different reports. And IT has a backlog of reporting requests.

- 5 CNG was and is a very immature with its use of business intelligence. CNG is a very conservative organization. It did not really understand the value of business intelligence. It did not think it really needed an analytical planning and reporting architecture and CNG wasn't really interested in making an enterprise level type of investment since they didn't really clearly understand the ROI for the return on investment. As the CIO and with my experience in business intelligence, I clearly understood the value of such an investment and such an architecture, but I needed a low buy-in that would deliver large value and a strong return on investment. I saw an opportunity. One of the main drivers was that Lindenmeyr Central, one of our business divisions had very specific business requirements and had spent hundreds of thousands of dollars on a previous application and development over about a two year period that was about 65 percent reporting. This application maybe had 10 reports in it. So I saw an opportunity and I understood the ease of implementation of what Cognos was offering with Cognos Express.
- 6 Why did I choose IBM Cognos Express? Well the first thing was cost. The cost of implementing IBM Cognos Express was in line with what I was looking to do since the company really did not understand the return on investment that it was going to get. The second reason was Cognos Express, even though it has the capabilities of an enterprise type solution, it's really not an enterprise type solution, it's priced in a mid-market tier and I was able to use the value of the price of this application to enhance the business to take a serious look at this. Also, Cognos Express has great(?) capabilities. It has enhanced reporting, enhanced planning, web access for our sales people. It also has web access for a core group of our customers. So these were some of the reasons why the business looked at this and took a very serious look. It offered one integrated process, one set of numbers, one set of reports. It offered ease of use, simplicity for our sales people. It definitely was going to reduce my cost of projects. It was going to enable me to deliver quickly and I could use external resources or develop the resources internally and manage the application internal. It gave me a lot of choices.
- 7 The one thing that CNG asked me to do was to do a proof of concept and I utilized an IBM Business Partner, ISA Consulting, someone who I had previously partnered with at another organization to help me with my proof of concept. ISA implemented my proof of concept for the business prior to purchase of the application. ISA implemented a scaled down version of our first project within three days. On the first day of the pilot implementation ISA implemented the actual software and analyzed the requirements of the project. On the second day, ISA built a TM1 sales forecast cube for us. And on day three, ISA built two reports. Again, all scaled down, all proof of concept but we were now able to go

to the business and show them exactly what they would be getting by purchasing Cognos Express.

- 8 After we purchased the Cognos Express product, our implementation was actually relatively quick and painless. We implemented the product within three days. We had an end to end install with testing. We actually downloaded and installed the Cognos Express software within three hours. We purchased a single server with about 16 gigabyte of RAM. We then installed IIS on the server. Again, we installed the Cognos Express product. That took all of three hours. We installed our ODBC drivers to connect to the company data. We also installed the native SQL connection to Sequel Server 2008. We then configured the Cognos Express email setup. We configured security groups based on business need. We created our framework models for the business data. And then we configured Cognos Express to operate our web application with our firewall, Barracuda, for external access. We added some SSL certificates for encryption as part of our web tunnel. And again, this whole process took us about three days.
- 9 After we configured the application and got it up and running, we immediately had two projects that we had to start to implement. On December 7th we started implementing the first of our two projects, consolidation and reporting project. About a week later, we started with the sales forecast and reporting project. we currently now have five new major projects queued up in the pipeline for other divisions as we started to get further along with our first two products, we were able to demonstrate to some of the other sales divisions what the value was of this product, both from a planning perspective and a reporting perspective. We were able to show them ease of use. We were able to demonstrate over the web how sales people and customers could access our reporting. So, very quickly, within a two month timeframe, we were able to, one, do two major projects, and two, start showing all of our other divisions the value again of this product.
- 10 Our first project was a consolidation and reporting project. This was for our Central National division. This was a monthly consolidation of Central National division's international offices. We created a structured entry mechanism, data entry mechanism over the web for our international offices using the in memory analytic server, TM1 functionality in Cognos Express to capture monthly income data and consolidate that data into a global income statement. Second, we created a set of reports that are shared globally by senior management within all of the international offices and our corporate management. This immediately drove efficiency into our controller's office. The length of time that our controller took for this process went from days to hours. We also developed three reports – a comparative income statement with monthly and year-to-date type information, an annual income statement which has a 12-month spread of actual and budget information, and then a summary report with different pieces of income statement specifics that the controller's office selected and wanted to provide to our corporate management in specific formats. This data that was provided is sales,

operational, with results of total expenses, net operational profit, provisions for taxes, net income results, and all presented by the international offices.

11 The second project we undertook was our sales forecast and reporting project for our Lindenmeyr Central group which is our magazine and catalog publishing group. They were the actual ones that actually embraced the Cognos Express tool when I took it to the different business divisions. Lindenmeyr Central saw some value in it and they were the group that I had mentioned previously that spent hundreds of thousands of dollars doing Java development to basically develop somewhere between 6 and 8, maybe 10 reports that we use for some of our customers. That development took about two years and I think we spent somewhere in line with maybe \$250,000 and they realized that we would be able to develop quickly, speed to market and get this out over the web in a very presentable format. So Lindenmeyr Central asked us to undertake this sales and forecast reporting project. We developed a budget and reporting tool that allows our sales and operational teams to work together to capture information to provide actual accurate data to our mills. Our mills or our suppliers now get visibility via a forecast for future months' production schedules. So basically, what we're able to do was take some of this data and build a forecast based on sales so our mills now have the ability to forecast their production schedules. Our sales teams now have the functionality to manage their sales objectives out into future months. Sales now has clear visibility into current invoiced orders, current open orders and the demand needed to reach their annual objectives both for their customers and their suppliers. Again, we built a total of three reports besides the budgeting and forecasting tool. We built something for supplier reporting. We built something for sales person reporting. And again, we built something for customer reporting. Now within those reports, we have multiple versions of those reports, so actually, it's really not three reports, it's probably closer to nine reports that we built, but again, I'm going to keep it simple and we built three formats of reports.

12 Some of the business benefits to date that we started to see, we now have clear visibility into our data and that was huge. Prior to introducing the Cognos Express application or platform, we really didn't have visibility into the data. We didn't have access to data over the web. Our sales people had to have everything pushed to them. We actually see some process improvement and some efficiencies, specifically in our controller's office, he gained about three days a month of not having to manipulate spreadsheets, wait for our international office to send them in, accumulate them, consolidate them, manipulate them. Everything is done over the web now. Our international offices enter their monthly income, it gets consolidated into the tool, and our controller on the day that he wants a close asks everyone to get off the system, and now basically just reviews the reports and then lets management know that the reports are now on the web, able to access. Again, ease of use over the web, ease of deployment. I spoke about how easy this application was to deploy. We now have structured formats where previously our international offices were off sending in different formats, and he had to

consolidate those formats into one spreadsheet. Again, data entry over the web, reporting over the web. We now have one set of data and that's key. We're beginning to build a data store here and Cognos is the thing that's bringing that data out to the different divisions. We're able to work off of the same set of numbers. That's key for us. In my two years here, all I've constantly seen is data issues because someone has a spreadsheet over here, another group has a spreadsheet over there, numbers don't match, they don't match what's in the ERP. Again, one set of data, ease of use, everything deployed over the web has really started to drive efficiencies.

- 13 Future plans. Each division now has specific requests. I actually knew this was going to happen. Once I saw the power of the Cognos Express when Dan Potter and Chris Ferrara brought this to my attention, this new application, and I realized the power that this thing, this application was bringing to the table. I knew once I did one or two applications, that the other divisions would actually start to line up at my door and they have. Lindenmeyr Monroe, our brick and mortar warehouse division has – I think I have five projects lined up for them, I have some specific customer reporting they want to do. I have some customer dashboards they want to do. They actually want me to integrate this with another IBM product, IBM WebSphere Commerce. They want to do sales forecasting as well. They want to do margin reporting. They also want to do general sales reporting for their sales teams. The CN division, that's the division that did the consolidation project, they now want to do enhanced sales reporting. They also want to do inventory tracking and some logistics tracking. We have no insight – we do not have a complete picture of an order from beginning to end, delivery. I think with this Cognos application we're now going to be able to track orders and specific logistics around an order with dashboards and things like that. Lindenmeyr book publishing which is a very similar division to our Lindenmeyr Central wants to do some customer reporting, inventory reporting, and general sales reporting. They're also looking at the sales forecasting tool that Lindenmeyr Central has built and are very interested in doing that for their customers and their suppliers. So again, as I mentioned to you before, I knew they were going to start to line at my door, I knew all it was going to take was get this product in the door and roll out and implement one or two products and each division now has done exactly what I expected them to do. Well thank you very much. I'm now going to turn this over to Chris Ferrara of ISA Consulting who has helped us through this process, Chris.

- 14 Thank you Bob. Let me start by telling you a little bit about ISA Consulting and how we can help out as a partner. ISA Consulting is a management and technology consulting services firm and we focus on four specific service areas – financial performance management, which really revolves around the budgeting, planning forecasting and financial consolidation process; business intelligence, which is standard in ad hoc reporting as well as traditional analysis or more sophisticated statistical analysis as well as dashboarding, scorecarding and other traditional forms of business intelligence; data integration, which is the movement

of data and creation of data stores which would support the other two functions; and then finally, advisory services, an advisory service is more wrapped around business process improvement. We are IBM Advanced Partners and have cross industry experience and we have about 40 Cognos resources with between 2 and 20 years experience which helps us to deliver high quality services on a consistent basis. We help organizations such as CNG by bringing outside experience and proven best practices to your organization. In the case of CNG, the awareness of Cognos Express and how it could help them compared to other technologies was our first step. We then created a proof of concept and provided the framework to help CNG be autonomous and success on their own.

- 15 From an IBM Cognos Express perspective, ISA has been involved from the start. We're Express Beta and Product Advisory board members, meaning we help design and identify how customers can use these technologies. We also resell and implement Cognos Express, so in addition to selling the software, we help to implement and that's where we bring our best practices. CNG is an example of an early adopter implementation for us. We also have full express and enterprise performance management business intelligence and data integration implementation support and hosting offerings, so we can help from the very beginning to the very end and in the end, we follow methodology that ensures that the customer is empowered. Support is available and if the customer would choose to have a hosted solution, we also offer that as well. We also provide packaged software and services solutions, meaning that it's a fixed price solution that includes software as well as the implementation at a fixed price, which helps to reduce risk and ensure our success.
- 16 We follow a specific methodology that's been customized for an Express implementation. It's really designed to provide high value, low risk at a low cost. The goal is to get started in phases, create excitement, create momentum, and then help to fuel the remaining implementation and the expansion and growth of your application. Our methodology is designed to empower our customers to take the wheel so at every step of our implementation, we're providing guidance, we're providing training and education. So we start by empowering, by making sure that we understand that the software is being used towards a certain process or a certain business focus, we then move into building and testing along with the customer resources, and that's where our training comes in. We provide sustainable training that helps you to make sure your resources are understanding the technology and the best practices of how to implement them. And then we finalize with knowledge transfer which happens at the deployment and support aspect of the implementation. The training aspect is critical as it helps the customer to retain the software and to evolve it over time and to build it into their culture and I think CNG has been a great example of a company that has done that. They started out – they've acquired the appropriate resources and as you've heard from Bob, the application is expanding on a weekly basis. If you'd like to learn more about any of the services we offer, please feel free to look us up at

www.isaconsulting.com or you can do a search for ISA on YouTube to see sample of our training. Thank you.

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