



Advanced Planning & Analytics with IBM Cognos TM1 & IBM SPSS

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Nov 12, 2010



Agenda

- Finance & IT Challenges
- Overview Of Financial Performance Management Product Portfolio
- Enterprise Planning & Advanced Analytic Solutions
- Demonstration
- Q&A
- Summary





Uncertainty – The New Normal Velocity and Volatility



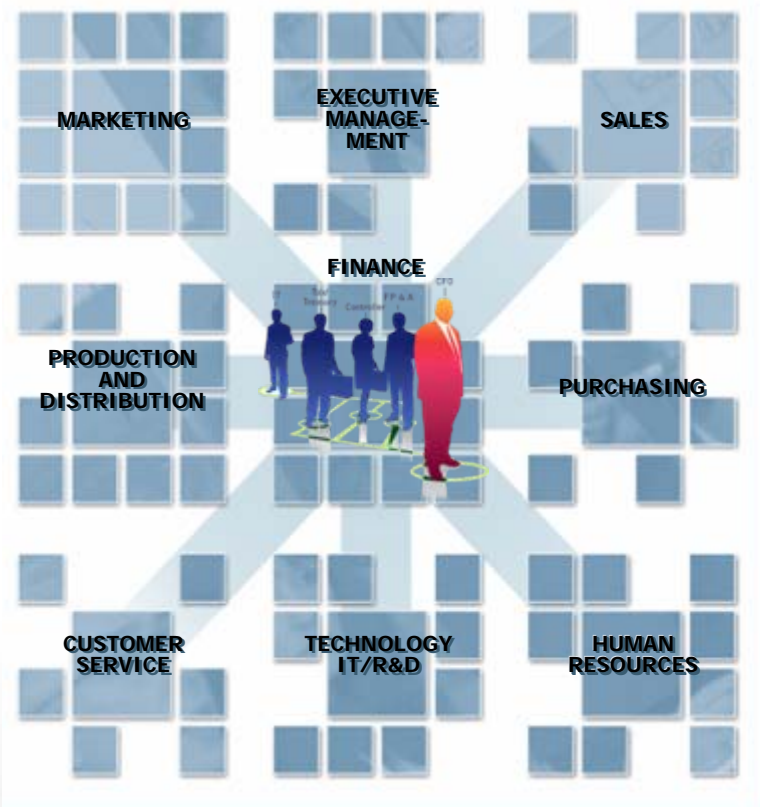
“Over 60% of Finance executives believe that when the recovery takes hold, the heightened uncertainty in the business will remain”

CFO Magazine/Duke University Business Outlook, September 2009

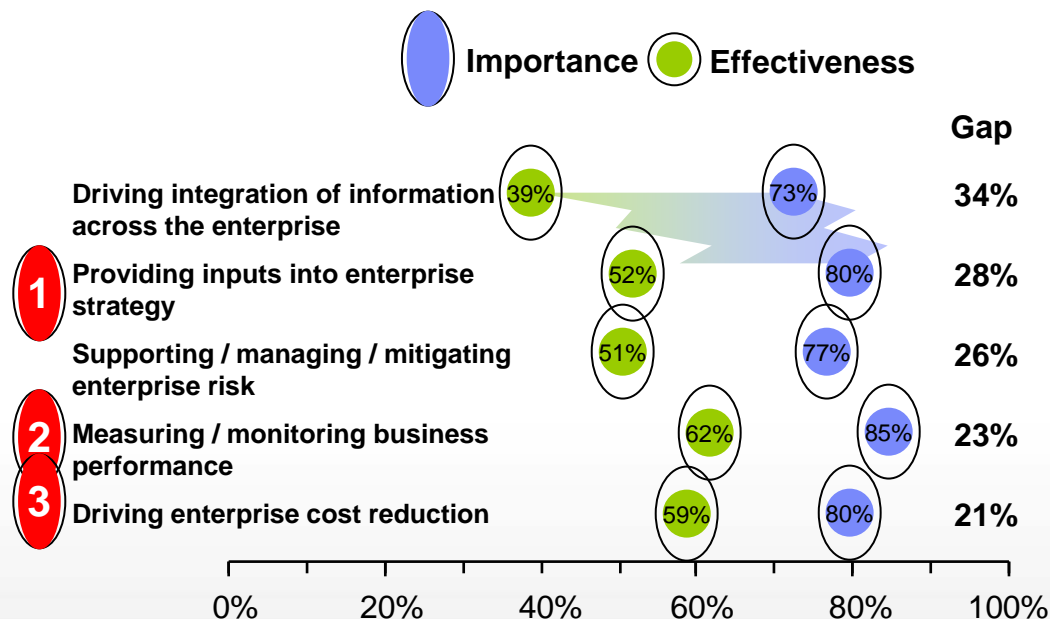
“~60% of Finance organizations believe that they have to make major changes to respond [to growing industry/sector pressures]...”

2010 IBM CFO Study

Driving a Smarter Enterprise



- 70% of CFOs believe they have an advisory or decision making role on an Enterprise Agenda
- Finance needs to improve its effectiveness in order to deliver on the Enterprise Agenda



Source: 2010 IBM Global CFO study



The Challenge with Decision-Making Today: Elevated Finance & IT Demands



**Business
Manager**



**Line
Manager**



**Financial
& Business
Analyst**



BI Professional



CIO

FINANCE EXECUTIVES

IT EXECUTIVES

Inform, engage, and align the business user community in PM process to drive better business outcomes

Empower the business users while cost-effectively meeting requirements for performance, conformance scalability and compliance.



Executive



Architect



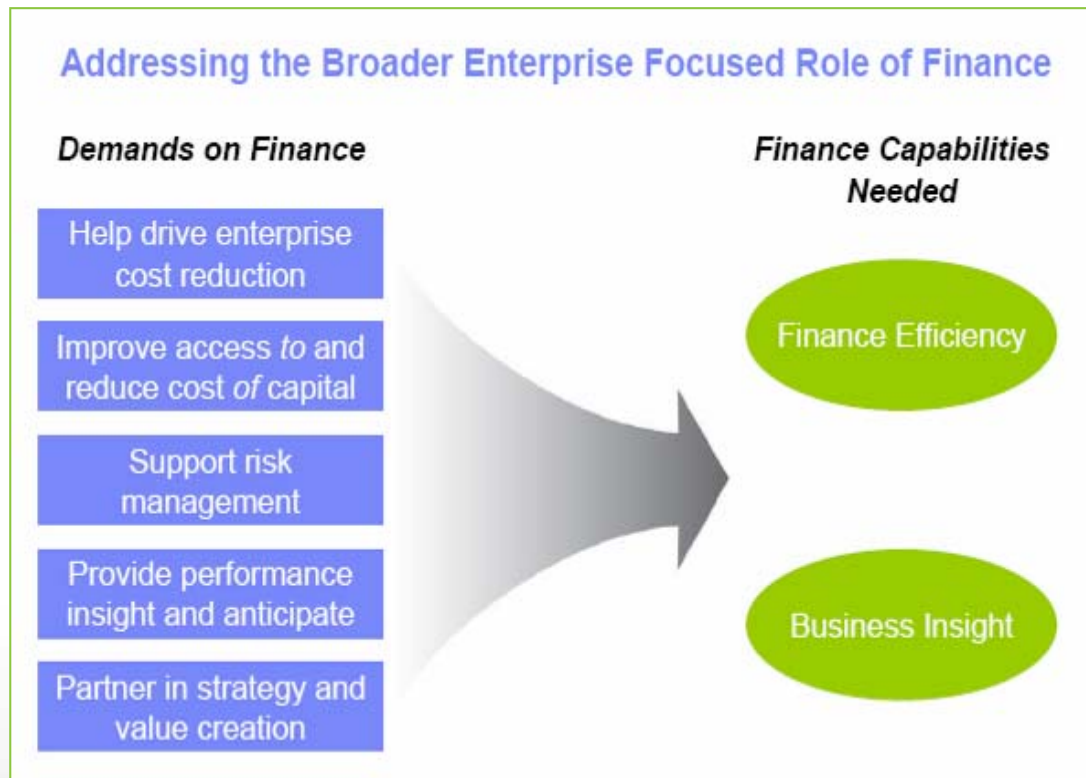
CFO



**Individual
Contributor**



This requires improved finance efficiency and business insight



Source: IBM Global 2010 CFO study



How do we get there? Information Led-Transformation



- Sense and respond
- Instinct and intuition
- Skilled analytics experts
- Back office
- Automated

- Predict and act
- Real-time, fact-driven
- Everyone
- Point of impact
- Optimized





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Financial Performance and Strategy Management

Performance Reporting and Scorecarding

**Close,
Consolidate,
and Report**

**Analyze &
Optimize**

**Plan, Forecast,
and Control**

- Account Analysis
- Close Analytics
- Financial Consolidation
- Corporate Reporting



- Financial Analytics
- Spend Analytics
- Profitability Analytics
- Product, Market, Channel Analysis



- Strategic Finance
- Revenue Planning and Forecasting
- Expense Planning & Control
- Workforce Planning
- Capital and Initiative Planning





Business Analytics

Cognos.
software

Analytic Applications

packaged reporting and analysis to optimize business performance

Controller

Consolidation and Corporate Reporting

TM1

On-demand Planning & Analytics

SPSS

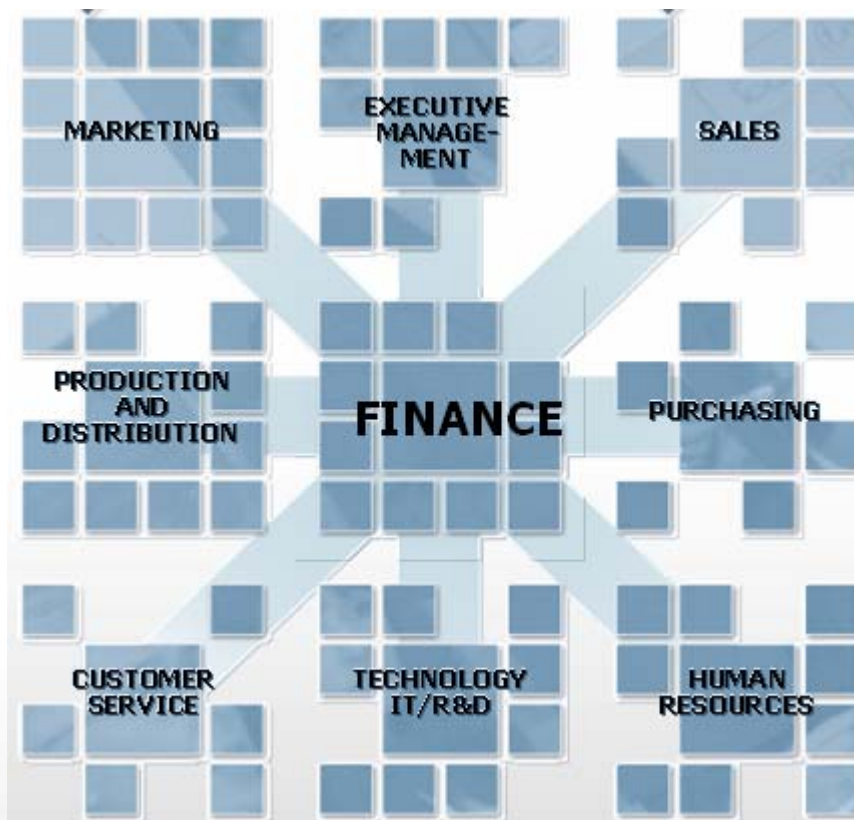
Predictive Capabilities

Business Intelligence

Reporting, Analysis, Dashboarding, and Scorecarding

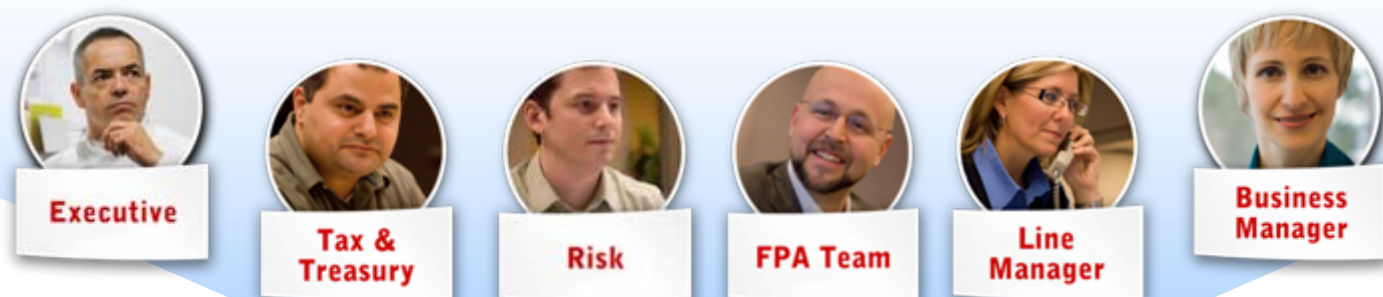
Business Viewpoint

Dimension Management





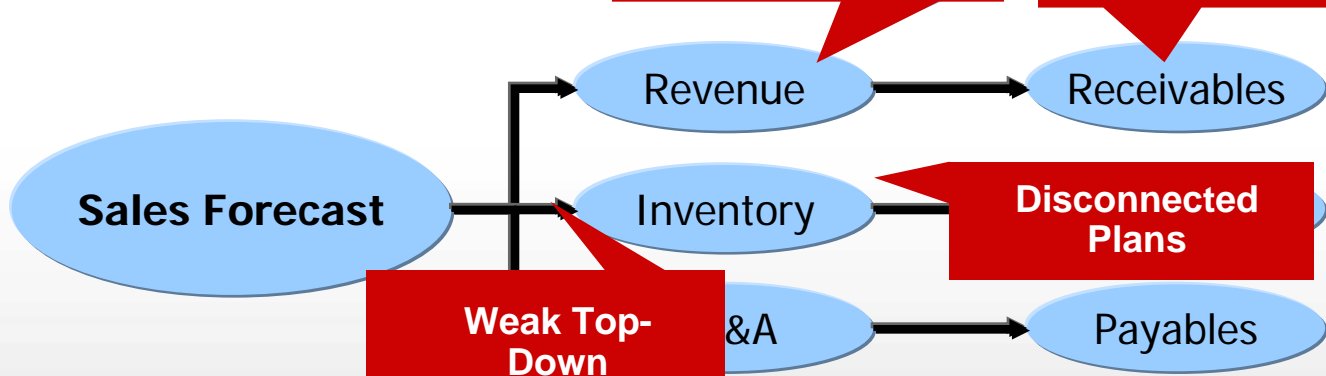
PAIN: Inability to deliver timely, reliable forecasts & plans that align operational tactics with financial targets



Data governance risk of spreadsheet ONLY based systems in Finance

What percentage of receivables are uncollectable?

Increased support compliance-driven Finance initiatives



BALANCE SHEET			
		Plan	Forecast
Assets			
Cash	9.0	9.9	9.4
Receivables	5.4	5.9	5.6
Inventory			
PP & E			
Total Assets			
Liabilities			
Payables	10.0	10.0	10.0
Other Liabilities			
Total Liabilities			
Net Worth			
Profit	0.0	0.0	0.0
Total Liabilities & Stockholders' Equity	15.4	15.9	15.0

Planning for Visibility & Control



Improve forward view of the business by creating statistical relevant baseline forecasts and linking drivers to enterprise future plans



Executive



Tax & Treasury



Risk



FPA Team



Line Manager



Business Manager

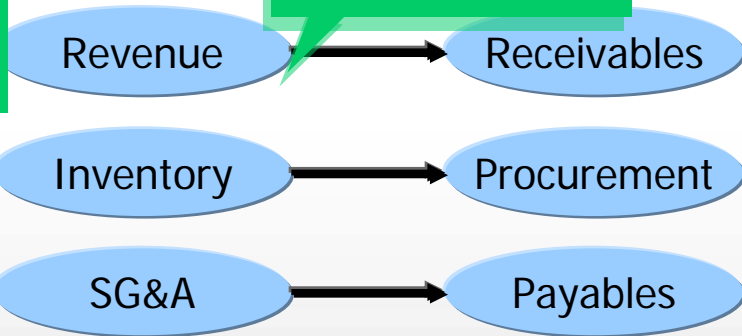
Top-Down & Bottom-Up Alignment

Connected Planning Models

Linking drivers to Enterprise Plans

Sales Forecast

Timely, Reliable Forecasts



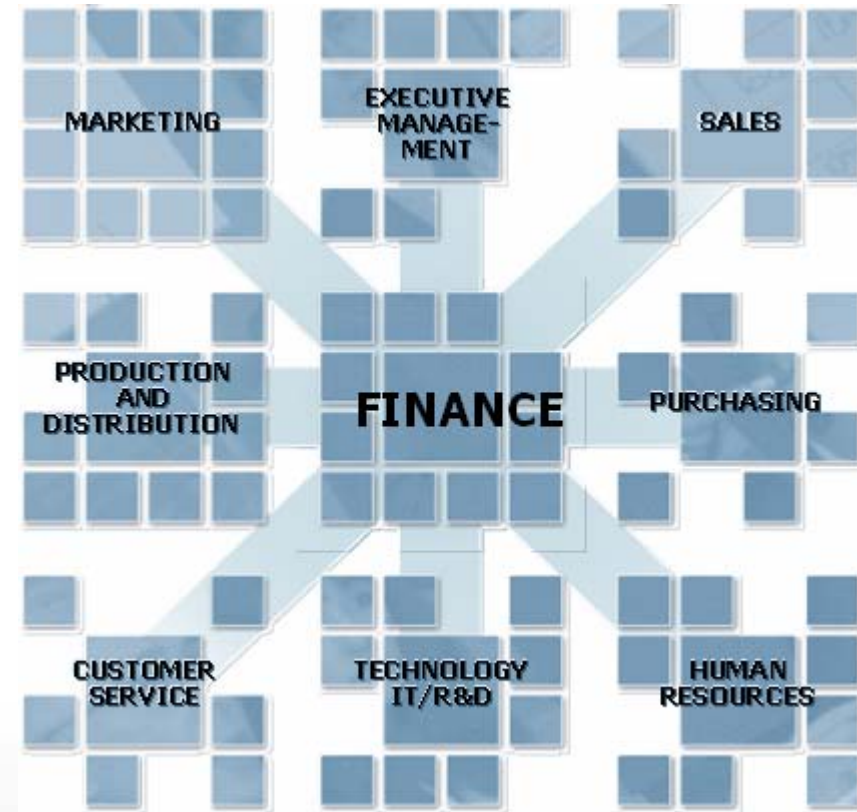
Enterprise Planning for Visibility & Control

CASH FLOW			
	2013	Plan	Forecast
Net Income			
Capital Expenditures			
Dividends			
Total			
BALANCE SHEET			
	2013	Plan	Forecast
Assets			
Cash	9.0	9.9	9.4
Receivables			
Inventory			
PP&E			
Total Assets			
Liabilities			
Payables			
Other Liabilities			
Total Liabilities			
Net Worth			
Total Liabilities & Stockholders			

IBM Cognos TM1 Unique Advantage



- **FAST:** Results at the **Speed of Thought**, intelligent calc engine, direct write to cubes, no need to run batch processes, allocations possible in near real-time
- **SCALABLE:** no **limits** on size, incredibly **efficient storage** of data, can operate across multiple cubes or multiple servers
- **FLEXIBLE:** **What-if Analysis**, Modeling, make **changes in real-time** with system online
- **SPREADING:** top down, **unlimited flexibility**, extremely fast
- **BUSINESS OWNED:** **Single Architecture, business modeling rules** not programming
- **USER SELF SERVICE:** end users can create own reports, analysis, views, do own **top-down changes**
- **INTEGRATED PM:** Cognos BI fully integrated
- **LARGEST R&D OF ALL PM VENDORS:** security & investment of **IBM**





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Evolving Customer Requirements



Contribute

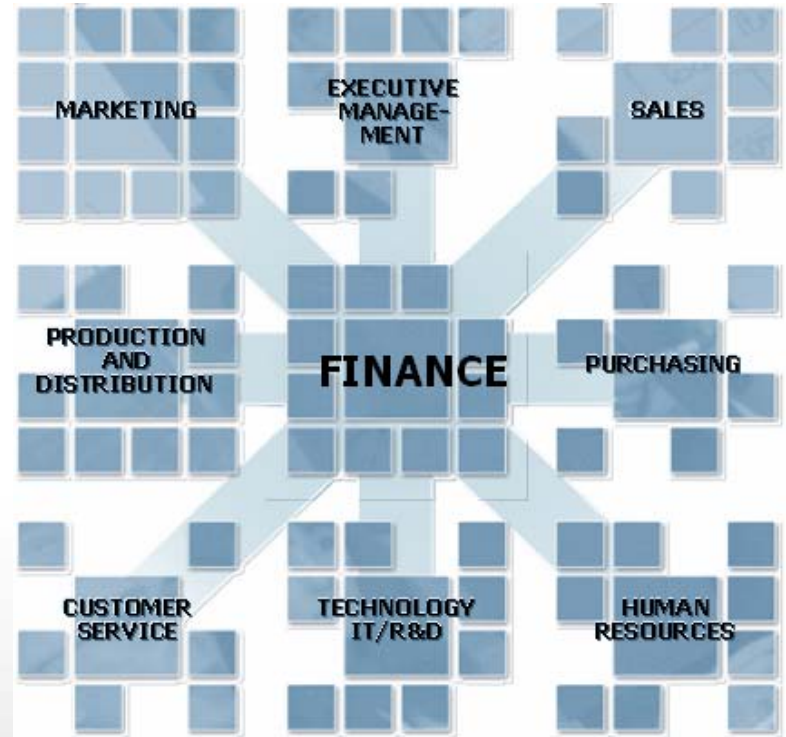
- Familiar Web & Excel Deployment
- Rich Workflow
- Enterprise in scope with Application linkage
- Start small and expand enterprise wide
- Analysis Embedded in Contribution Process

Model

- Centralized meta-data, data and business rule definitions
- Owned by Office of Finance
- Support of Planning Best Practices
 - Driver based Planning
 - Rolling Forecasts

Analyze

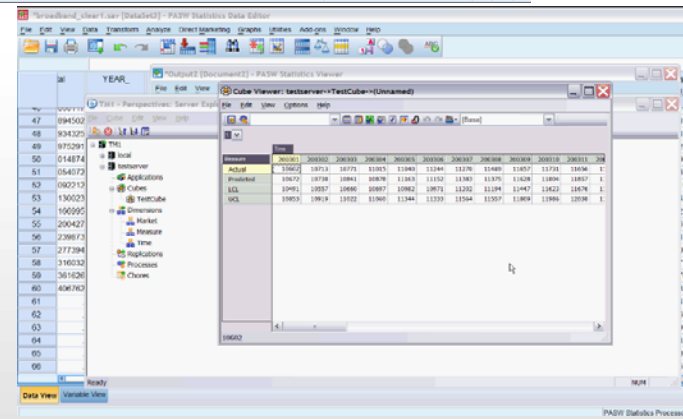
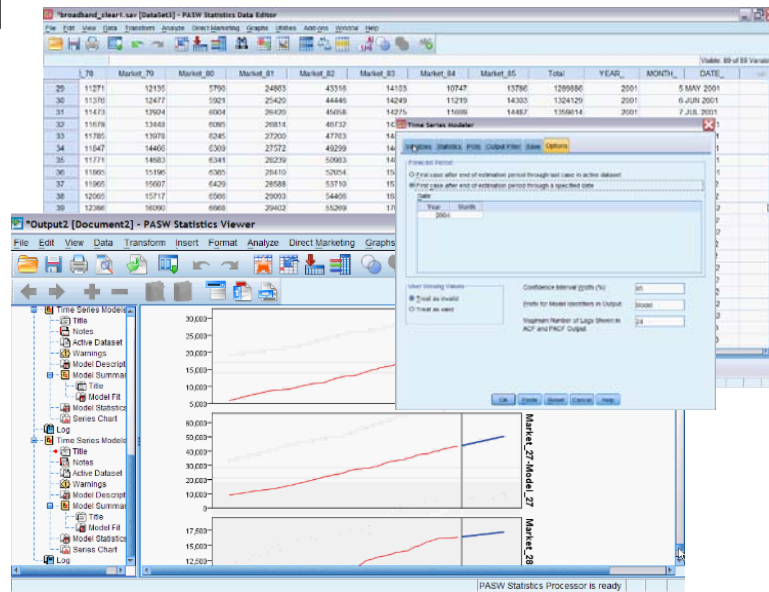
- Explore Performance Gaps
- Validate Corporate Drivers
- Define “What If” Scenarios
 - Organizational, Product Family, Product/Channel Mix
 - Test confidence levels of What If scenarios
- Validate Planning Assumptions

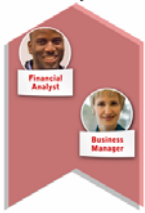


Predictive Forecasts with Planning for Optimal Outcomes



- SPSS to forecast future outcomes on historical data and driving factors
- Pre-populate TM1 plans with statistically significant forecasts for based line guide.
- Triangulate bottoms up plans; top down objectives and statistical forecasts to create risk-adjusted forecasts.
- Enables more proactive decision making, driving new forms of competitive advantage:
 - *Predict results and plan effectively to ensure optimal outcomes*

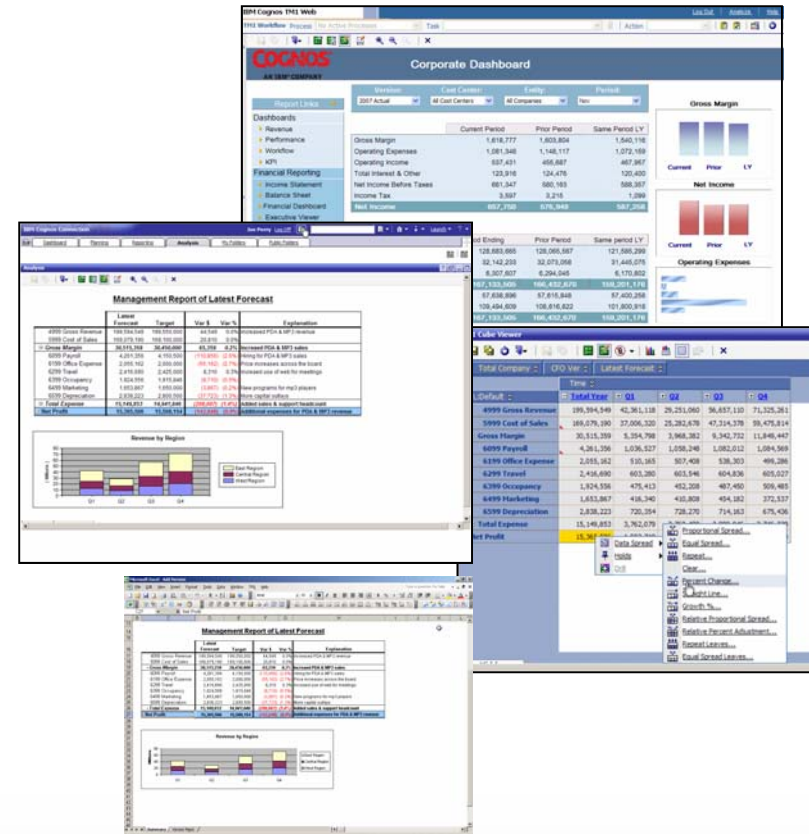




IBM Cognos TM1 Analysis



- A patented 64-bit read-write in-memory OLAP engine:
 - Optimized for large data volumes
 - Instantaneous updates from streamed data
 - Drill through to transaction systems for greater detailed analysis
- Supports multi-dimensional analysis
- Advanced Sorting and Ranking
- Public and Personal Views
- Familiar Excel & Web interfaces



IBM Cognos TM1

Advanced Analytics for Better Resource Allocation Decision-Making



The screenshot displays two windows from the IBM Cognos TM1 application. The top window, titled 'Expense Detail', shows a table with columns for months from Jan-02 to Nov-02. The bottom window, titled 'Subset Editor', shows a list of scenarios including 'Current Forecast', 'Budget', 'Actuals', and 'Prior Forecast'.

Expense Detail	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02
Total Personnel Related Taxes %	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Computers & Technical Equip Rental	\$4,000	\$0	\$0	\$0	\$0	\$0	\$5,275	\$0	\$0	\$0	\$0
Office Air Studio Equip Rental	\$1,319	\$0	\$0	\$0	\$0	\$0	\$1,319	\$0	\$0	\$0	
Other Equipment Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Equipment Rental	\$5,319	\$0	\$0	\$0	\$0	\$0	\$6,594	\$0	\$0	\$0	\$0
Occupancy	\$14,090	\$11,205	\$8,473	\$8,473	\$8,473	\$8,473	\$8,473	\$8,473	\$8,473	\$7,640	\$8,473
Travel & Entertainment	\$26,250	\$26,250	\$26,250	\$26,250	\$26,250	\$26,250	\$26,250	\$26,250	\$26,250	\$26,250	\$26,250
Professional Fees	4-4-5	\$3,462	\$15,736	\$3,462	\$3,462	\$15,736	\$3,462	\$3,462	\$15,736	\$3,462	\$3,462

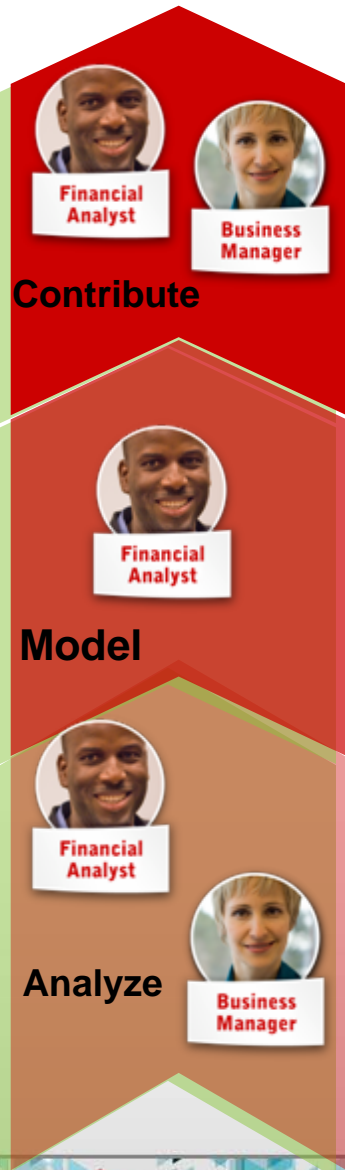
- Personal Scenarios
- Contribution and Workflow
- Easier, Quicker Solution Deployment



Evolving Customer Requirements

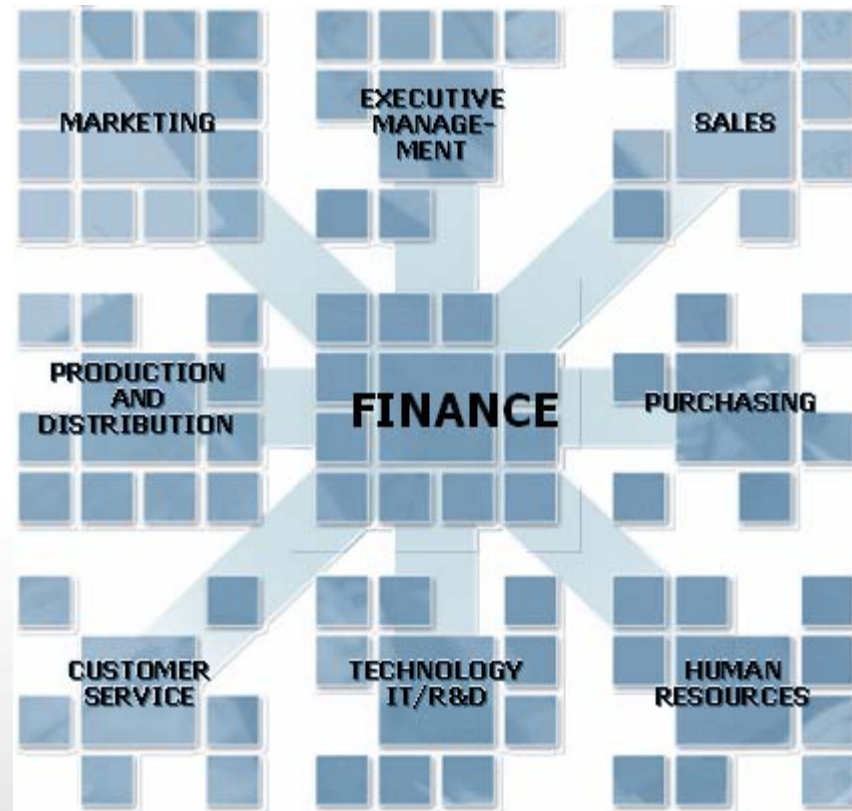


FP & A



Model

- Centralized meta-data, data and business rule definitions
- Owned by Office of Finance
- Support of Planning Best Practices
 - Driver based Planning
 - Rolling Forecasts





IBM Cognos TM1 Modeling



- Expression based modeling environment to define future based planning and analysis assumptions
- Integrated with HISTORICAL SPSS based forecasts
- On demand interactive simulation to test business scenarios
- Provides real time responsiveness for large and sophisticated models
- Can be deployed through Microsoft Excel & Contributor for new planning and analysis solutions
- An extension of the analysis process
- Owned by finance/business user

The screenshot displays the IBM Cognos TM1 interface. The main window shows a data table with columns for months and a total year. Below it, a Subset Editor dialog is open, and a Rules Tracer window shows a calculation rule.

Sales Amounts De	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	+ Year
Units	1,944	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,444
Price	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Revenue	29,160	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	276,660
COS %	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
COS	5,832	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	55,332
Other COS	0	0	0	0	0	0	0	0	0	0	0	0
Gross Margin	23,328	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	221,328
Gross Margin %	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%

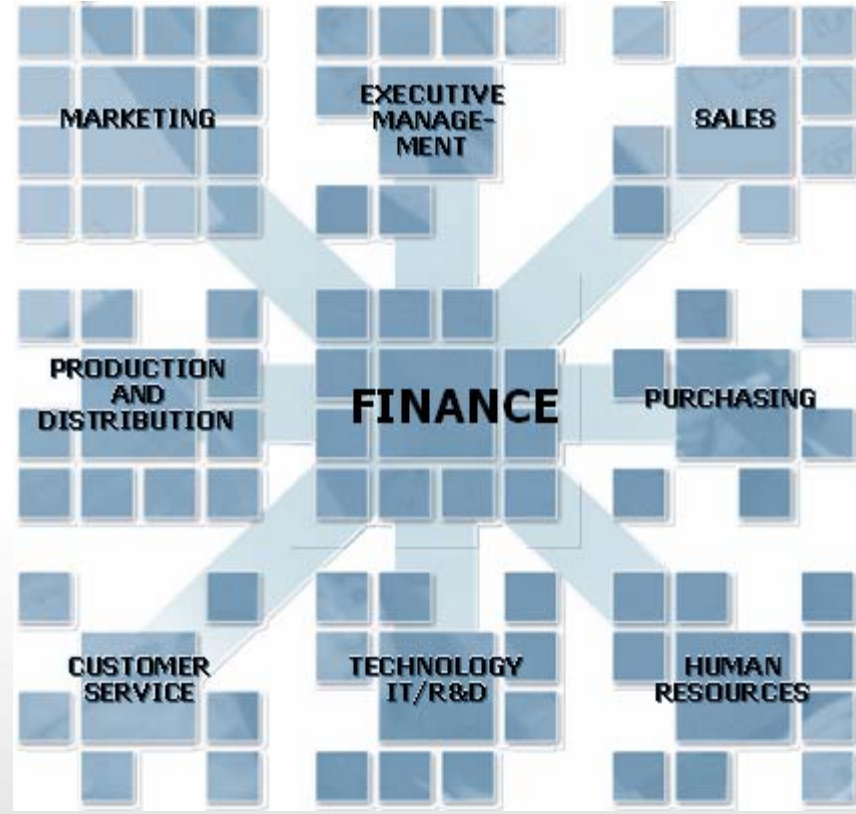
The Subset Editor dialog shows a tree view of the model structure, including 'Medical Mfg Inc.', 'Total Manufacturing', 'Quality Control', 'External Mfg', and 'Total G & A'. The Rules Tracer window shows a calculation rule: $[Gross\ Margin\ \%] = C([Gross\ Margin]) / ([Product\ Revenue])$, with a calculated value of 0.8000.

Evolving Customer Requirement



Contribute

- Familiar Web & Excel Deployment
- Rich Workflow
- Multiple Personalized Scenarios based on statistical base-line forecasts
- Enterprise in scope with Application linkage
- Start small and expand enterprise wide
- Analysis Embedded in Contribution Process



IBM Cognos TM1 Managed Contribution

- Workflow
- Pick lists (driver execution)
- Undo/Redo feature
- End User Personalization (Multi pane docking)
- Multiple Personalized Scenarios based on statistical base-line forecasts
- Personalized Hierarchies
- Color code data changes
- Charting
- Drill down Support

Contributor - Expense Forecast

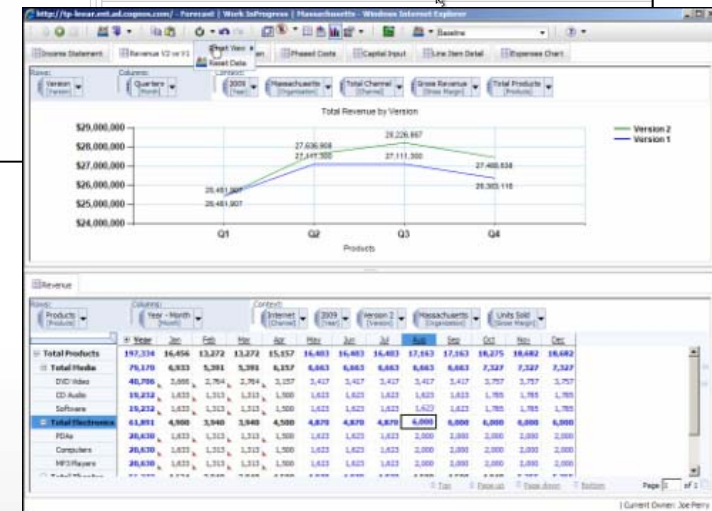
You are a reviewer or contributor for:

Name	State	Ownership	Reviewer
Total Company	Incomplete	None	None

Which consists of:

Name	State	Ownership	Reviewer
Total Company (All)			
UK Sales	Work In Progress	Admin	None
US Operations	Not Started	None	None
UK Operations	Not Started	None	None
US Sales	Not Started	None	None

Workflow Detail for Total Company



Demonstration



Cognos Viewer - Marketing Analysis - Windows Internet Explorer

http://cognosprod/cognos8/cgi-bin/cognos.cgi?b_action=dashboard&pathinfo=/cm&frag-header=true&path=storeID(%22i30)

Cognos Viewer - Marketing Analysis

Admin Log On Launch About

Key Reports and Analysis

Marketing Analysis

MAJOR PROGRAMS CY Planning MARKETING PLAN CONTRIBUTIONS Cross-Sell Analysis

CROSS-SELL CAMPAIGN HISTORY NEW CUSTOMER CAMPAIGN HISTORY SEASONAL CAMPAIGN HISTORY PROGRAM EXPENSES

CROSS-SELL CAMPAIGNS

1. Select the YEAR(s) for your Campaign exploration.
 2008
 2009
 2010
[Select all Deselect all](#)
2. Then select the PRODUCT CLASS for which you wish to view Campaign Performance.
Product Class
Flat Panel TVs
Home Theater
Blu-ray and DVD Players
Receivers
MSMA
Car Audio
3. When you select a PRODUCT CLASS, the list of SKUs in that class will appear BELOW. Optionally choose SKUs to narrow your focus.
4. Press FINISH apply your filters.

Theatre in Motion

REVENUE [\$K]

Month	Budget	Actual/Forecast
Jan-09	\$4,200	\$4,400
Feb-09	\$4,200	\$4,800
Mar-09	\$4,200	\$4,400
Apr-09	\$4,200	\$4,600
May-09	\$4,200	\$4,800
Jun-09	\$4,200	\$4,800
Jul-09	\$4,200	\$4,800
Aug-09	\$4,200	\$3,800
Sep-09	\$4,200	\$4,200
Oct-09	\$4,200	\$3,800
Nov-09	\$4,200	\$3,800
Dec-09	\$4,200	\$3,800

Get and Receive

REVENUE [\$K]

Month	Budget	Actual/Forecast
Jan-09	\$1,400	\$1,400
Feb-09	\$1,400	\$1,100
Mar-09	\$1,400	\$1,400
Apr-09	\$1,400	\$700
May-09	\$1,400	\$700
Jun-09	\$1,400	\$1,000
Jul-09	\$1,400	\$1,000





Thank YOU

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