

IBM Cognos Software Demo Transcript Cognos 8 Financial Performance Analytics

Overview

In the second installment of our demo series, we're going to show you how IBM Cognos 8 Financial Performance Analytics packaged and adaptable reporting features can help you accelerate decision making to really improve financial performance.

Based on IBM Cognos 8, our application enables customers through a single platform to create and modify financial reports for Oracle, JD Edwards and PeopleSoft as well as other data sources including benchmarking and planning software tools.

Available with general ledger, accounts receivable and payables modules, our solution interactively generates self-serve packaged reports for variance analysis, financial ratios, receivable risk and effectiveness, payables efficiencies and cache optimization.

This packaged approach empowers employees from CFOs to business analysts to line business managers to quickly analyze financial information across different business dimensions more holistically and consistently allowing them to compare transactional information stored in different data systems to key metrics that drive your organization's overall performance.

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More than just a packaged solution, IBM Cognos 8 Financial Performance Analytics is adaptable, and this means so that you can change the reporting metrics you want to analyze as your business changes. Other packaged solutions require a battalion of programmers or technical experts several weeks or even months to develop new reports.

Why bother with this expense? Why not get all the advantages of a packaged and adaptable solution with a lower total cost of ownership? Why not get all the benefits of IBM Cognos 8, an industry-leading BI platform that can be extended to meet your future business needs or integrated with other applications such as Microsoft Office, ad hoc query or mobile device reporting, among others.

As we'll illustrate, our advantage enables your organization to get the financial insight you'll need by delivering more accurate financial data sourced through multiple ERP and data systems and made available through standard and adaptable report generation -- better financial performance with the availability of consistent fact-based information for your organization's decision makers. And, more informed and aligned financial decision making enterprise wide, from the office of finance, to line of business, to general managers.

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This demonstration consists of three separate parts. In the first demonstration, we're going to show you how you can quickly launch a packaged general ledger report that

drills down to specific transactional details. The second demo will explore how easy it is to configure and add new financial metrics to a report. And finally, I'll explore how we integrate our financial analytic solution with IBM Cognos 8 incorporating dashboard, scorecards and Microsoft Office integration, to name a few.

General Ledger Detail Report

For this scenario, I'll be a business analyst that wants to generate a packaged analytic report for my company's controller using our general ledger module.

My goal is to get a better idea of our organization's financial performance by looking at income over a given period of time, which in this case is a fiscal year. I'll start my analysis by looking at performance effectiveness which takes me to reports for income analysis. We want to generate a packaged report that compares one period to another, often called relative time analysis.

On the lefthand side in my Web-based interface are the metrics types that I have decided to use for my analysis. I'm on income analysis right now, and these are the various reporting levels provided from customer to quarter to responsibility centers for a more regional analysis.

Remember, these are packaged reports. If you need to change them you can, but for now I want to look at a packaged report for income analysis by period. In other words, I want to pull data from my Oracle e-business financial ERP system to compare one period versus another.

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After I make my selection, it brings up a prompt-based report. Here I'll select the fiscal period, the set of books and the company's business units. But because I'm focused on income, we can look at major income categories, revenue expenses, time -- in this case, period seven verses period six -- and current period percentage of the current total and what's happened relative to the prior order.

The result is a variance, a period over period variance. It then ranks that variance for me and provides percentage ranking in the top 10 format. These calculations then create the graphs at the top. On the far lefthand column is the highest value variance. So my operating expenses have changed the most and are just a hair under six million. I can highlight this information by rolling my cursor over it.

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On the righthand side, I see these rankings as a percentage variance and here I can see that my other income and expenses has a variance of more than 170 percent. Within this area I can drill down on total revenue.

From here, we can see all the components that comprise total revenue. It does this analysis by drilling down to the chart of accounts hierarchy within the ERP application.

As you can see in the chart below, these are various assorted accounts that totaled 44 million in revenue. If I want, I can drill down even further to the transactional level.

So in this example for income I've just used a period over period analysis. If you want to do another period, then I just select another period. For seasonal businesses, this is very important because it informs them how their organization's income is trending over specific peak periods.

But what if I want to do the same analysis and compare it to plan? The difference here is that we're comparing a target as opposed to what happened in the previous fiscal year. In this case, it is a value type variance report as opposed to a relative time variance -- that is, current performance versus forecast budget or target. Same prompt process but a slightly different packaged report.

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I'm going to run period six for fiscal '03. In this case, I want to drill down to the underlying level of detail and chart of accounts. Here I notice that I have 2.5 million in miscellaneous revenue, so I'm going to drill into the transactional level to learn more.

In this operational report which has no graphs, I can view various transactions from my Oracle ERP system. If I wanted to, I could drill down from one operational report to another. For example, I can link this information to an actual accounts receivable report and drill down from the invoice number across to the invoice, or adjustment, or to whatever is related to this data.

Now what I've shown is but one example of how your organization can get financial information in your ERP system quickly using packaged reports. By accessing this information, I can get more concrete data that's packaged against specific measures that help you and your staff make decisions faster to improve performance.

Adding and Changing Financial Measures

Packaged reports are great, but they have to be adaptable. In this scenario, I'm going to show you how we can adapt packaged reports. As in our first scenario, I'm going to be a business analyst who's collaborating with an assistant controller to produce an income analysis report that requires the addition of new metrics. To do this, we'll first identified the new metrics we want to measure. Second, create a report; and finally, preview the report.

What you see here is the drag and drop user interface of our adaptive reporting engine. It's where our reports are generated. Our business analyst is like a power user who works with various business units and departments. In our previous scenario, the product has financials measures and metrics that are available in self-service packaged reports.

But let's assume there's a metric that's not currently available for income analysis. To start I'm going to open up income analysis. As soon as I add a new report, it will

appear when the model's republished ensuring that changes to reports are in sync with changes to the business.

I'm now going to build a new report. Within income analysis, there are four kinds of reports: compare to time, compare to plan, trend reports and analysis. I want to build a contribution report that answers the following: how are my organizations business units contributing to income?

Let's then select income and right click our mouse for analytic type references. Here, all the templates are listed so that they can be viewed and published consistently. For my contribution report I'll include two charts. The first chart will be a Pareto chart and a scatter chart. To do this, I'll select Advanced Contribution, which allows me to create two charts.

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Now, I'll make a decision about which measures I want to include in this report, so I click on measures and select a list of all the measure types. Because the solution is adaptable I can choose any measure I like or create an entirely new one. To start and by default I'll select income analysis. And then I'll include gross profit, margin percentage actual, overall profit and income analysis target -- four measures.

I want to make another decision about what each measure's respective roles are in this report, so I select the profit margin actual as a secondary variable. And then I can configure how I want to graph each measure. From here, I want to add a time filter. And these are already packaged in the product simply by following the prompts.

Finally, I tell our solution which hierarchy to report on, and select the responsibility centers for analysis. I can now run the report directly out of the UI here before I publish it to IBM Cognos 8 essentially to preview or test drive my new report. The report tells me which business unit is contributing the most income, and to my right, which business unit is the most profitable, which is sales east at the top right corner. If I want, I can drill down into specific transactional details for each business unit listed below.

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Back to our scenario. It's easy to imagine a business analyst collaborating with an assistant controller to get this kind of report. Both can work together to build this report in roughly 20 mouse clicks either in person or over the telephone.

IBM Cognos 8 Financial Performance Analytics enables these changes easily because the entire solution is driven by meta data. This approach generates all the underlying code rather than having to rely on experts to perform the coding manually, allowing our configurable scenario to happen. It does this by providing graphical user interfaces that are easy to use and offer capabilities to enable fast changes. During the initial installation phase and in fact throughout the entire life of the application as business

requirements change, our solution enables an organization to always have relevant information the way it needs to be seen very cost effectively.

Extending with IBM Cognos 8

We've seen some examples of the packaged reports provided by the solution along with how easy it is to adapt those reports to meet specific requirements. Now, let's explore how using a single platform, our solution can be extended using other IBM Cognos 8 capabilities. Adding an executive dashboard to the solution is simply a matter of creating one using IBM Cognos 8 dashboard capabilities based on the data in the embedded data warehouse.

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For detailed ad hoc query by analysts who really want to explore the data, IBM Cognos 8 analysis and can be used again, on the data in the embedded data warehouse. Embedded reports and Microsoft PowerPoint documents with automatic update can be enabled by the Microsoft Office integration. And, delivering dashboards and reports to mobile devices such as Blackberries can also be enabled using IBM Cognos 8 capabilities.

The extension of the core solution is easy because it's based on the IBM Cognos 8 single platform ensuring the solution can grow to include other capabilities and to meet all your requirements both now and in the future.

For additional examples of IBM Cognos 8 capabilities, please see the Web site, and don't hesitate to contact IBM Cognos. Thanks for taking the time to view this demo on IBM Cognos 8 Financial Performance Analytics.
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