

IBM Performance 2011

Smarter Decisions. Better Results.



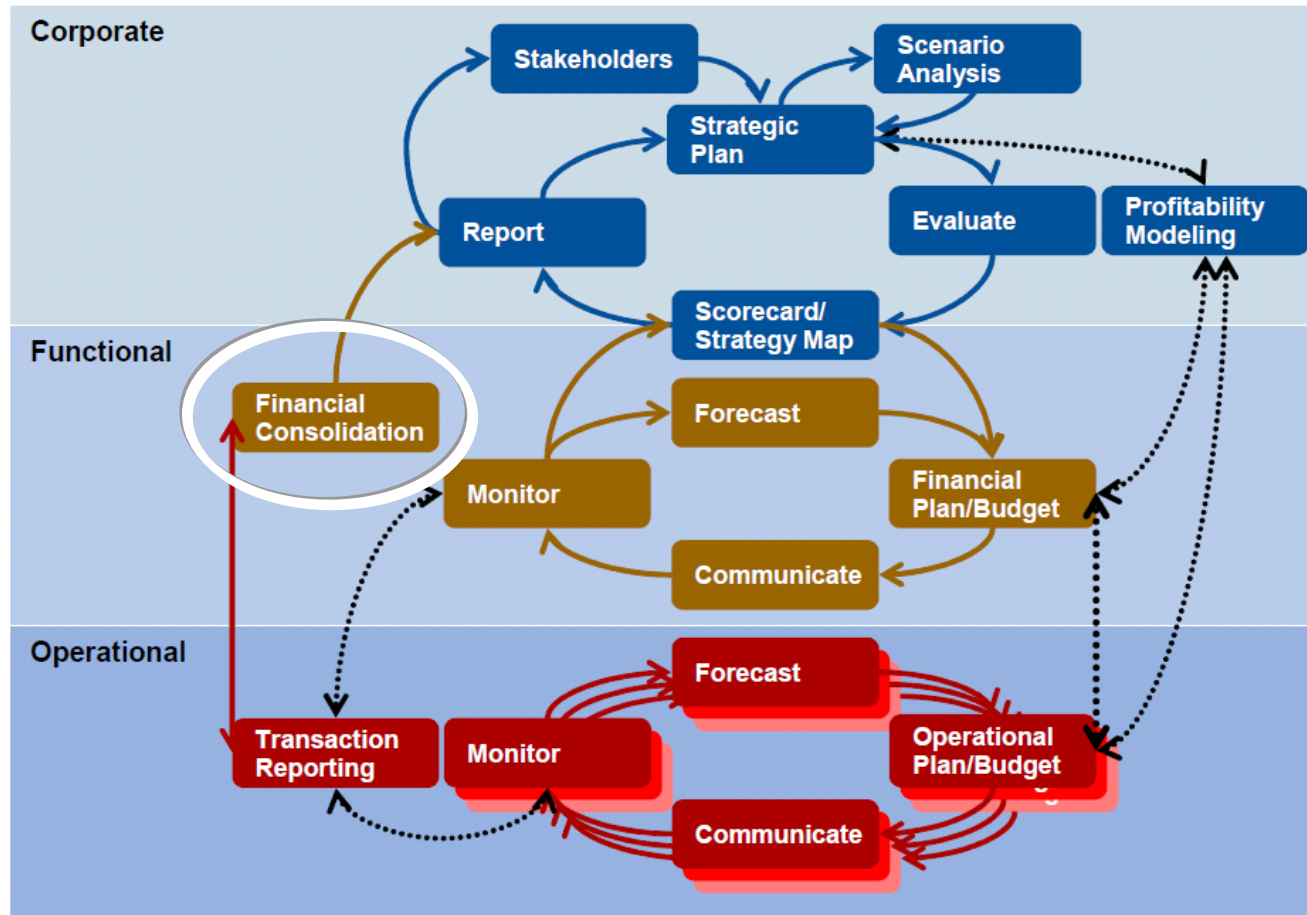
Controller 10.1: de nieuwe
mogelijkheden in de praktijk

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9 november 2011

Financial Consolidation Key to Performance Management

Figure 2. The Links Between CPM Processes



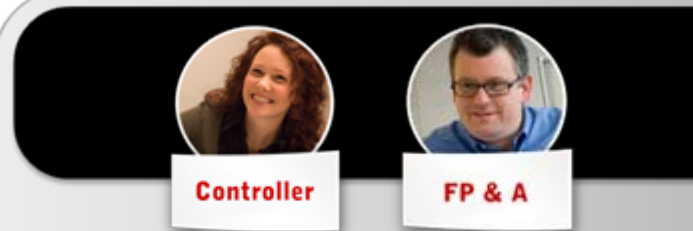
Source: Gartner - Top Four CPM Processes for 2009 to 2014 (Sep09)

Agenda:

- **IBM Cognos Controller 10.1**
 - **De uitdagingen**
 - **De nieuwe mogelijkheden**
 - IBM Cognos Controller 8.5
 - IBM Cognos Controller 10.1
 - **Demonstratie**



Close, Consolidate, Report: Key Requirements



- **Single controlled environment**
- **Application configuration**
- **Audit tracking**
- **Internal controls**
- **Finance owned – ease of use**
- **IT infrastructure compliance**
- **Out-of-the-box functionality**
- **Consolidation workflow**
- **Security & access control**

IMPACT: Cost efficient and effective compliance and faster cycles of close process execution. Confidence in consolidating financial results accurately and sharing with internal and external stakeholders

Close, Consolidate, Report: Report & Analyze



IMPACT: Certified financial results supporting office of finance reporting mandates and providing insight to all business holders



Controller



FP & A

- *Real-time in-process close accounting reports*
- *Complex accounting reports for inter-company, investments, journal entries, etc.*
- *Direct access via Excel*
- *Leverage financial information for financial & management reports, ad-hoc analysis – inbuilt TM1 OLAP (FAP) Cube*
- *World-class reporting (internal, external and electronic), dashboard, scorecard capabilities*

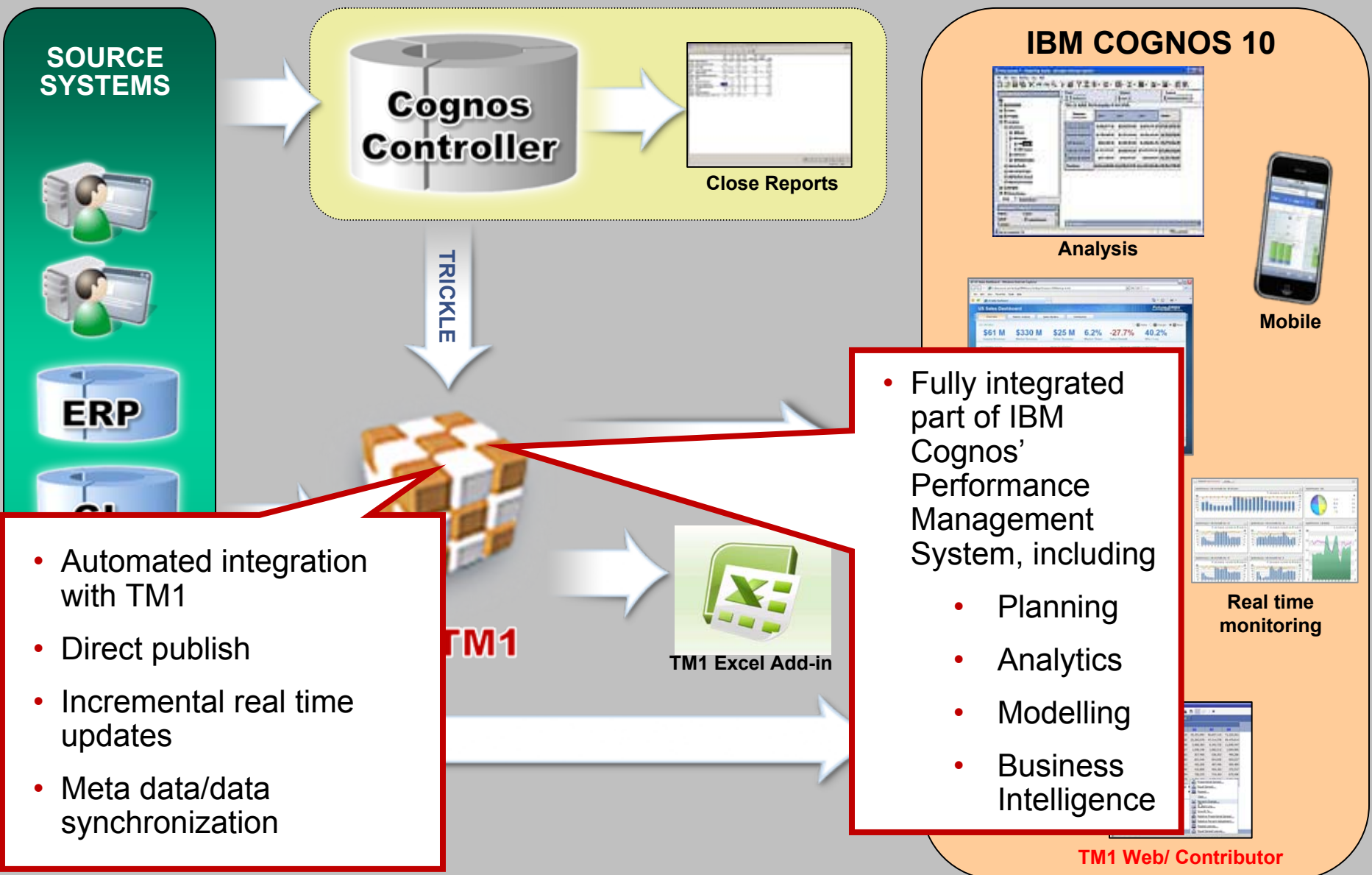
IBM Cognos Controller 8.5

Release date: December 2009

- Allocations
 - Allocation formula definition & processing.
- Advanced formula calculations
 - Define, store and process finance and performance management ratios and metrics
- Financial Reporting & Analysis
 - Automated integration with IBM Cognos TM1 for financial reporting and analysis
- New consolidation method (no consolidation)
- Conformance & Localization
 - Russian, Korean, Brazilian-Portuguese, SQL Server 2008, Oracle 11g, BV menu, 64-bit



IBM Cognos FPM Architecture



SOURCE SYSTEMS

Cognos Controller

Close Reports

TRICKLE

ERP

IBM COGNOS 10

Analysis

Mobile

TM1

TM1 Excel Add-in

Real time monitoring

TM1 Web/ Contributor

- Automated integration with TM1
- Direct publish
- Incremental real time updates
- Meta data/data synchronization

- Fully integrated part of IBM Cognos' Performance Management System, including
 - Planning
 - Analytics
 - Modelling
 - Business Intelligence

Enabling Full Financial Transformation

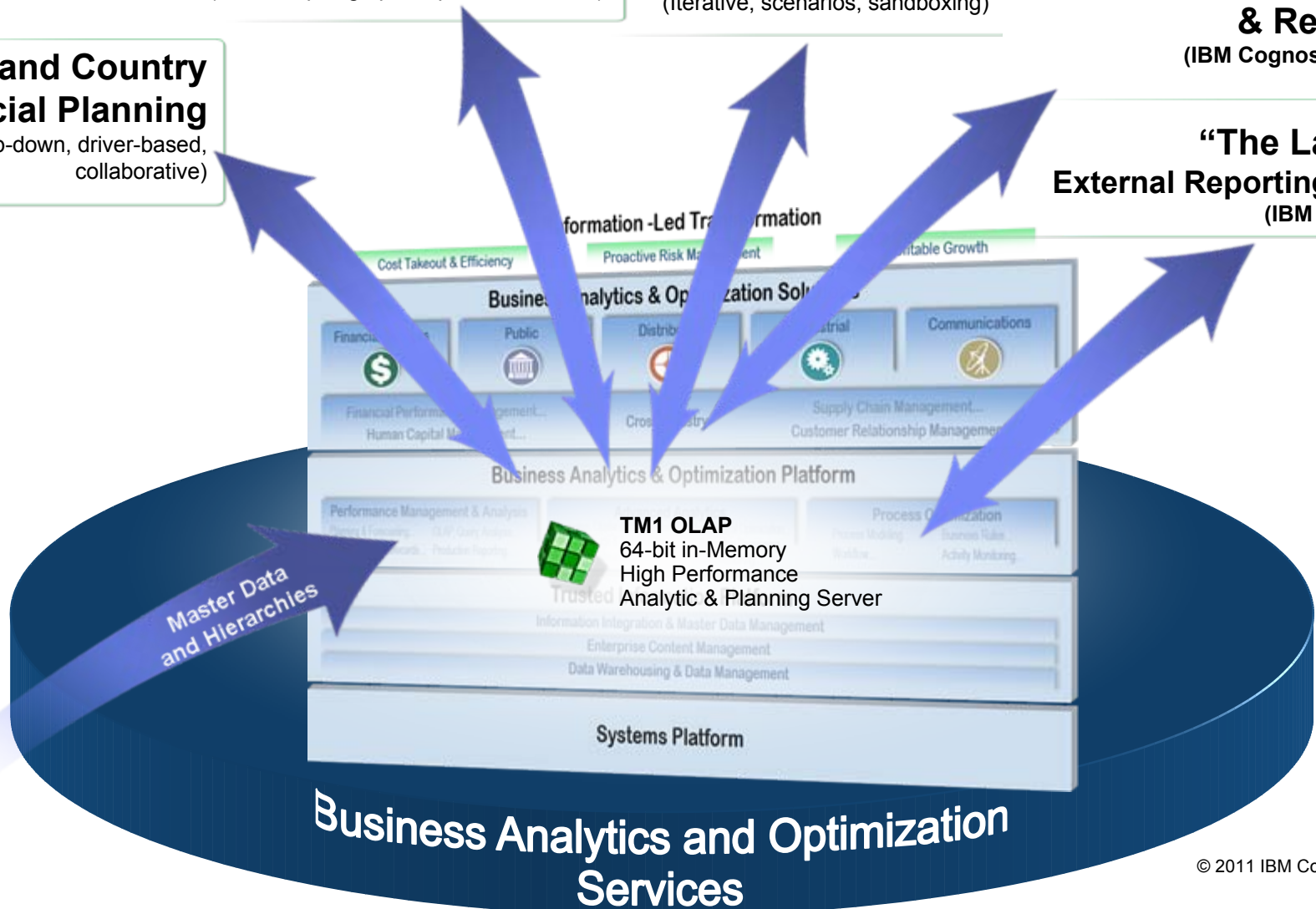
Budgeting & Target Setting
(Bottom-up, high participation, workflow)

Forecast & Estimate
(Iterative, scenarios, sandboxing)

Close, Consolidation & Reporting
(IBM Cognos Controller)

Group and Country Financial Planning
(Top-down, driver-based, collaborative)

“The Last Mile” External Reporting Process
(IBM Cognos FSR)



Business Analytics and Optimization Services

IBM Cognos Controller 10.1

Release date: June 2011

- Audit Trail on Data
 - Enhanced compliance
- Automatic Journals at Subgroup level
 - Dynamic analysis on subgroup level
 - New option in Report Generator/Excel link
- Financial Analytics Publisher (FAP) 2nd wave
 - More enhancements and improvements in cube
- Inter-company reconciliation process
 - Quick overview of inter-company transactions
 - On-the-fly currency conversion
- User-defined Business Rules (UdBR)
- Interoperability & Conformance
 - TM1 9.5.2 , Cognos BI10.1, FSR 6.6, Office 2010, MS SQL Server 2008R2

Financial Analytics Publisher (FAP) 2nd wave



- **Background**

- FAP and the TM1 integration as of Controller 8.5 was a huge step forward from a reporting perspective. However, there is always room for improvement.
- In 10.1 we have added more functionality to make the FAP solution even more flexible and easier to use.

- **Benefits**

- Some of the information previously missing in the cube will now be available, making it easier to build relevant reports.
- Features include:
 - Weekly actualities cube
 - Consolidated cube
 - Flexible naming convention
 - Comments measure
 - Additional company information
 - Extensibility mechanism; to incorporate TM1 rules/TI scripts into FAP functions e.g. after_initial_publish

FAP: Specify Forms and naming conventions

- Form selection for enhanced flexibility and efficiency.

The 'Add new data mart' dialog box contains the following fields and options:

- Data Mart Name:** DemoMart
- Source:** DemoSource
- Log level:** High
- Interval:** 1
- Specify forms:** Edit button
- Naming conventions:** Edit button
- Company Details:**
- Consolidated Groups:**
- Description:** (Empty text area)
- Company Structure:** 1006LE, Add, Remove buttons
- Start period / Actuality:** 1006AC, Add, Remove buttons
- TM1 Connection:**
 - Admin host: tm1Host Server
 - Server: tm1Test Server
 - Client: admin
 - Password: (Empty)
- Buttons:** Save, Cancel

The 'Specify Forms' dialog box shows the selection of forms:

- Available Forms:** B380, B420, B480, BS, D1L1, EQ, NEWF, P3, R100, RR, SS
- Selected Forms:** B430, PL, R
- Navigation:** >>, >, <, << buttons
- Buttons:** Ok, Cancel

- Flexible naming convention to enable selection Extended Dimensions names and Contribution/Closing version. (Into more meaningful names)

The 'Edit naming conventions' dialog box is organized into four columns:

- Extended Dimension 1:**
 - Consolidated elements' prefix: TST
 - Consolidated elements' suffix: (Empty)
 - All (top element) code: @TOT
- Extended Dimension 2:**
 - Consolidated elements' prefix: @Aggr_
 - Consolidated elements' suffix: (Empty)
 - All (top element) code: @TOT
- Extended Dimension 3:**
 - Consolidated elements' prefix: @Aggr_
 - Consolidated elements' suffix: (Empty)
 - All (top element) code: @TOT
- Extended Dimension 4:**
 - Consolidated elements' prefix: @Aggr_
 - Consolidated elements' suffix: (Empty)
 - All (top element) code: @TOT
- Contribution Version:**
 - Base value code: BASEET
- Closing Version:**
 - Reported value code: REPOBT
- Buttons:** Ok, Cancel

Inter-company reconciliation process

- Background
 - Requests from customers, e.g. raised at CAB-meetings, to speed up the inter-company reconciliation process
 - Important and prioritized process within the consolidation cycle
 - Complement to the existing inter-company reconciliation reports
- Enhancements
 - Quick overview of inter-company transactions
 - On-the-fly currency conversion – no need to run the currency conversion process before running the report (B, M and simplified D rate only)

Inter-company reconciliation process

- Report selections:
 - Report can be run in any active currency code
 - Report is displayed without any consolidation logic
 - Hide rows within Accepted Difference

Intercompany Report - Selections

Actuality: Period:
 Currency: Closing Version:
 Consolidation Type:
 Group: ... Counter Group: ...
 Company: ... Counter Company: ...

Only transactions outside of selection
 Only transactions within selection

Largest accepted difference Value
 Use relative difference [%]

Inter-company reconciliation process

- Report selections:
 - Select columns to be displayed
 - Filter report on: Counter company, Report Number, Account, Counter Dimension
 - Hide rows within Accepted Difference

The screenshot displays the 'Intercompany Report' application window. At the top, it shows the report period as 'AC-2001-12', currency as 'EUR', and tolerance as '0.0'. Below this is a filter section with input fields for 'Counter Company', 'Report Number', 'Account', and 'Counter Dimension', along with a checkbox for 'Hide accepted differences'. The main area is a data table with columns: Company, C...y, R..., CDim, Account, Cou...unt, Amount, Counter Amount, Difference Amount, W...e, Tr...y, Transaction amount, Count...ount, and Diff...ount. The table contains several rows of data, with some rows highlighted in yellow. A 'Choose columns' dialog box is open in the foreground, showing a list of columns with checkboxes. The 'Filter:' field is empty. The following columns are checked: Name, Company, Counter Company, Report Number, CDim, Account, Counter Account, Amount, and Counter Amount. A status bar at the bottom of the dialog indicates '14 of 15 selected'. Buttons for 'OK', 'Cancel', 'Print...', and 'Close' are visible at the bottom of the main window.

Company	C...y	R...	CDim	Account	Cou...unt	Amount	Counter Amount	Difference Amount	W...e	Tr...y	Transaction amount	Count...ount	Diff...ount
						18,123,2	18,123,298,081.1						
7005						-8,603.0	18,123,321,537.0	18,123,312,934.00	No				
7002						17,999,9	89,330.00	17,999,996,308.00	No				
7001						215,429,	-92,110,056.87	123,319,247.13	No				
7004						-92,022,	91,999,160.00	-22,986.00	No				
7003						-9,506.0	-9,391.73	-18,897.73	No				
4201						-92,960,	99,260.00	6,300.00	No				
5001						66,000.0	-60,000.00	6,000.00	No				
2002						1,957.4	338.54	2,295.96	No				
2002	7003					2,308.2	0.00	2,308.27	No				
2002	7003	5				2,308.2	0.00	2,308.27	No				
2002				1562		2,308.2							
2002	2001					-350.85	338.54	-12.31	No				
2002	2001	3				-169.27	153.88	-15.39	No	GBP	-110.00	100.00	-10.00
				SPEC24		-169.27				GBP	-110.00		
												100.00	
												40.00	7.00
												80.00	-5.00

Inter-company reconciliation process

- Drill-down to transaction details
 - Columns showing details
 - Displayed depending on selection in main report
 - Columns can be rearranged by drag-and-drop
 - Double click on any row to retrieve System Audit Log information

IC Transaction Details										
Period:		AC-2001-12								
Report Currency:		EUR								
Company	Account	Coun...pany	M...e	Journal No	Company LC	Transaction currency	LC Amount	Transaction amount	Reference	
2002	SPEC2463 - Spec. Group Account 2463	2001		0	GBP	GBP	-110.00	-110.00	User unknown	
2001	SPEC1912 - Spec. Group Account 1912	2002		0	GBP	GBP	100.00	100.00	User unknown	

User-defined Business Rules (UdBR)

- Background
 - Request to provide better extension capabilities for edge customer requirements.
 - A complement, but not a change, to Controller's application approach (rich feature set in-the-box).

- Potential future enhancements
 - Possible to define own customized calculations, fully integrated in the consolidation process with flexibility on when they are executed. Way of “automating” manual journals.
 - Enable customers and projects to solve specific needs outside release cycles.
 - Existing rules are respected in upgrades.
 - Example scenarios:
 - Calculate and store the impact on net income and minorities of structural changes during the year (new acquisition, changes in %, changes in consolidation method, full disposal)
 - Calculate Intercompany Profit margins per counterpart.
 - ...

Legend:
 CT – Currency Translation
 IC – Inter-company Elimination
 IP – Inter-company Profit
 ACQ – Acquisition Calculation
 CNS – Consolidation
 AL – Allocations
 AFC – Advanced Formula Calc
 Un – User-defined Business Rules



User-defined Business Rules (UdBR)

- Example: new acquisition during the year
 - The P/L accounts must be corrected line by line to keep only the periodic value; the net profit and minorities must be corrected accordingly.
 - Pre-req: the acquired company must be linked the previous month to the consolidation type with conso method Z) in order to enter the P/L for this pre-acquisition period.

Conso method	Z		P (70%)		
	March	April	AJT90	UdBR 99/4	Total
Retained earnings				350	350
Net income B/S	500	700	-210	-350	140
Revenue	1200	1500		-1200	300
Expenses	-700	-800		700	-100
Minority Interest			-210	150	-60
Net Profit	500	700	-210	-350	140

Minority: In April the company contributed with 700-500=200. Minority share 30% = 60. Owned at 70% = 140

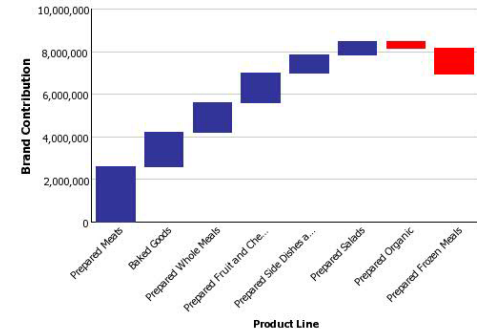
-1*(all P/L accounts) of period with conso method Z.
 Net income of month with conso method Z * owned % of next period
 Net income of month with conso method Z * minority % of next period

IBM Cognos Controller 10.1 Demonstration



Product Profitability

Feb 08 Fcst
Total Stores



DEMO
DEMO





Thank
You

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Cognos Controller

Features and benefits

IBM Cognos® Controller sets a new standard for financial consolidation software with a comprehensive suite of capabilities for financial consolidation and management and financial reporting. Operated and managed by the office of finance, Cognos Controller ensures the accurate collection and reconciliation of financial results. It delivers the timely, accurate information that finance organizations need for regulatory compliance, planning, analysis and performance management.

Finance manages the consolidation process

- Audit and track data flow throughout the consolidation process. Drill down into details to identify who did what and when.
- Customize the process to handle specific consolidation requirements with user-defined business rules (UDBR). Maintain a configurable foundation for finance users, while allowing special consolidations to be constructed on a case-by-case basis.
- Ensure data consistency with a validation process that reconciles data for accuracy and immediately notifies you of inconsistencies.
- Accommodate mergers, acquisitions or reorganizations by updating structures or business rules once, and see the changes reflected throughout the application—automatically.
- Amend entities, structures and account details without coding, scripting, or complex language to create and test.

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 Learn how insightful analytics and a systematic