

Ideal
STANDARD
INTERNATIONAL




Ideal Standard International

Managing the Annual Operating Plan with IBM Cognos TM1

Gary Fitzpatrick, Group Finance Controller

Our Mission & Values

OUR MISSION



We will be the preferred bathroom solutions provider for consumers and trade partners, and we will grow our business by offering meaningful innovation and design.

We will achieve success through strong teamwork, using the best technologies and driving operational excellence in everything we do.

We will be the recognized leader, creating outstanding value for our people, consumers, trade partners and share owners.

OUR SHARED VALUES



Teamwork
Respect & Integrity
Commitment
Drive for Innovation
Operational Excellence
Care for our wellbeing

Ideal Standard International Brands

- Long-standing heritage and wide product portfolio sold under leading brand names:
 - Strong international brands
 - Ideal Standard
 - Jado
 - American Standard
 - Leading local brands:
 - Incesa Standard (Latin America)
 - Armitage Shanks (UK)
 - Ceramica Dolomite (Italy)
 - Porcher (France and Latin America)
 - Vidima (Eastern Europe)
 - Sangrá (Spain)
 - Børma (Denmark)
 - Venlo (Netherlands)



Ideal Standard International



- Principal Headquarters - Brussels, Belgium
- 10,500 employees
- 22 manufacturing facilities in 9 countries
- 19 sales offices across the region
- #1 in Europe*
- Leadership position in second and third largest markets of Europe:
Italy and the UK
 - 1 out of 2 bathrooms in Italy and the UK contain our products
- Leadership positions in: sanitary ware, taps, bathing & wellness,
furniture and accessories
- SAP 4.7 single instance

** measured by annual sales*

Core business areas

- Regional businesses
 - West Europe
 - East Europe
 - South Europe & MEG
 - Latin America
- Commercial Development
- Product Leadership & New Business Development
- Operations
- Finance and Administration
- Marketing
- Procurement
- HR, Communications & Health, Safety & Environment

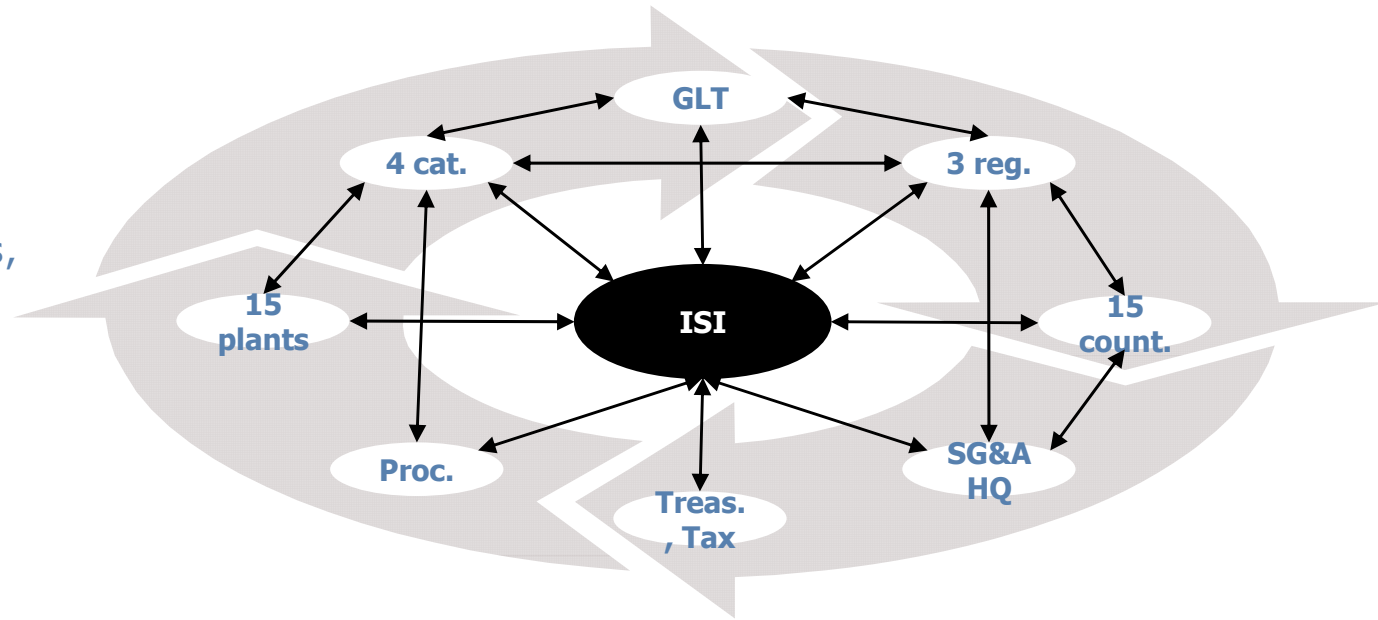
Agenda: Annual Operating Planning at ISI

- 2010 – ISI planning process
- 2011 – transforming AOP planning process with Cognos TM1
- Lessons
- Q&A

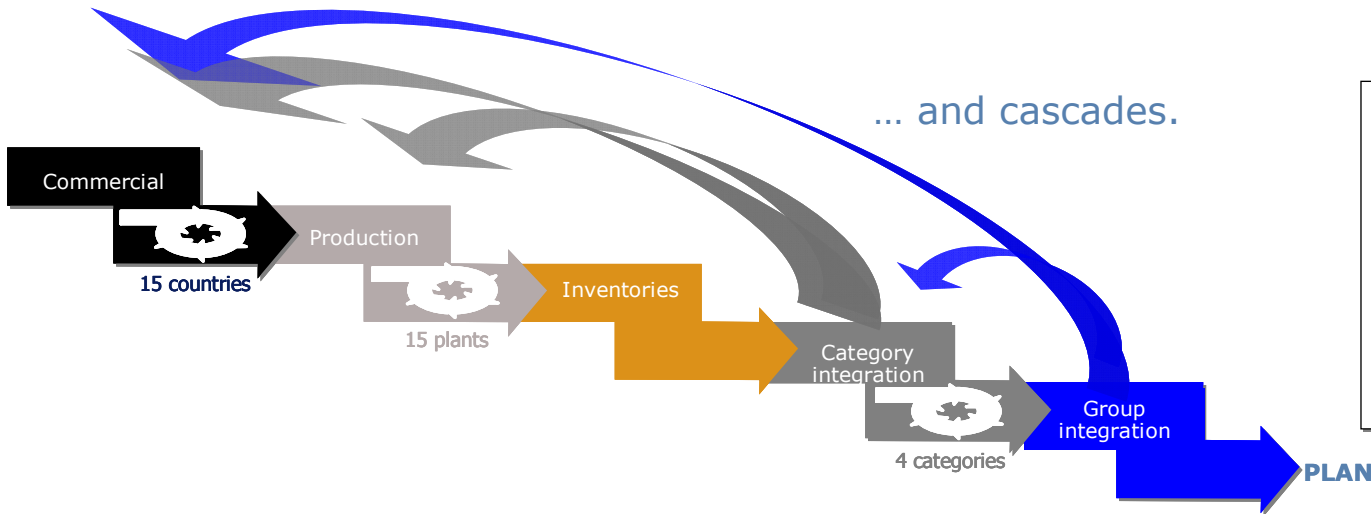


'As-was' – the 2010 budgeting process

The budget process had many contributors, interactions and interdependencies.



... and cascades.



- **Manual data processing**
- **No ability to easily re-run budget data**
- **Multiple processes and data sources**

Annual Operating Plan 2010 - challenges

- Timeline: started July, completed November
- Spreadsheet process – submission and single touch consolidation
- Too detailed (SKU level)
- Included annual computation of standard costs
- Linear – Operations followed Commercial for all cogs iterations– predominantly fixed costs therefore sensitive to volume changes
- 7 iterations
 - Impacted by changing in-year performance
 - Spreadsheet data integrity
- Complexity of our corporate structure was replicated in the planning process
- Output poorly planned and rushed amendments

Annual Operating Plan 2010 - lessons

- **Do it late and Do it fast**

- **Keep it simple**

- **Output must be consistent, clear and instantaneous**

We are transforming our process

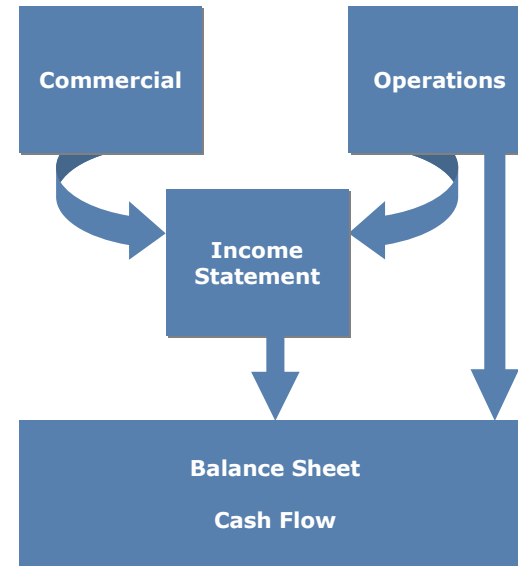
TRANSFORMATION

Increase transparency
and data integrity

Improve responsiveness

Enable One Finance

TO-BE



- **Cognos TM1**
 - o Automated consolidation
 - o Automated cascade of updates
 - o Flexible reporting
- **Updates immediately cascaded**, enabling real time, web based updates and meetings
- **One company wide process and data source**
 - o Increased manufacturing visibility and
 - o Simplified actual vs. forecast comparison
 - o One homogenous AOP process across the company, one custodian of truth

Solution

- IBM Cognos Enterprise Planning TM1 (Contributor & Modeler); IBM Cognos Analytic Server Processor Value Unit
- Main model components:
 - Income statement
 - Operations Plan
 - Recharges module
 - Balance Sheet
 - Cash flow & Working Capital

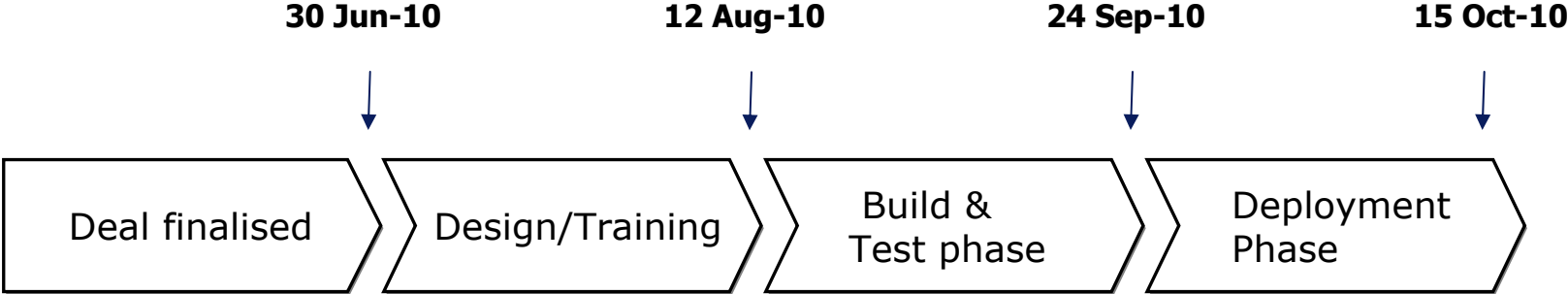
Features:

- Web based data entry at entity level
- Fast re-computation of revisions
- Stable and immediate output

Annual Operating Plan – 2011 (supported Cognos TM1)

- Timeline: started October, 6 weeks
- Management structure
- Standard cost restated in parallel – focus on variable contribution
- TM1 automated volume planning from Commercial to Operations
- 2-3 iterations managed in TM1 workflow
- Direct data loading by entities
- Stable output

Implementation



Key success criteria

- Speed of Implementation
- Flexibility
- Scalability & Multi-userability
- Easy interface
- Simulation / iterations
- Ease of use/ intuitive
- Auto-generation of P&L, B/S and Cash Flow
- Reporting

Lessons Learnt - AOP rollout on Cognos TM1

- Put all the effort into design phase and then put some effort more in.
- Purpose of AOP determines the level of detail
 - Corporate v Entity level
 - Keep planning logic simple
 - Detach complexity and incorporate standard cost changes later
- Be clear about roles/responsibilities – Leader(s), builders/TP Partner, SMEs, users, management/reviewers
- Build confidence
 - Keep global finance team informed
 - Clear fast useable output

Areas to improve

- Cash forecasting incorporating tax and treasury
- Continue to simplify and improve the model for quarterly forecasting

Outcomes from Cognos TM1

- Speed
 - 6 week AOP process
 - minimise iterations
 - quick implementation of tools and processes
- Consistent presentations
- Increased ownership of process and numbers
- Ambition - ideas & skills for the future

Ideal STANDARD INTERNATIONAL



Gary Fitzpatrick