

# FINANCIAL SERVICES RETAIL BANKING CUSTOMER SEGMENT PERFORMANCE



**COGNOS PERFORMANCE  
BLUEPRINT  
IMPLEMENTATION GUIDE**

**A WEB-BASED PERFORMANCE  
MANAGEMENT APPLICATION**

## **INTRODUCTION**

This Implementation Guide demonstrates a Web-based planning and reporting process for Retail Banking, Customer Segment performance using Cognos 8 Planning and Cognos 8 Business Intelligence. Ask most financial services executives about their key strategies for growth and the same answers tend to pop up: increase wallet share, improve customer satisfaction and loyalty, the ability to serve small and medium enterprises more cost-effectively, and knowing the customer's needs so that the institution can offer the right product at the right time.

All of these answers are predicated upon having customer segment or individual customer data available, using the data to understand the behaviors and profitability of customers or groups of customers, and then to create strategies and plans that maximize the institution's success.

The tools to perform these tasks have existed for years, but in most cases, data resides in disparate systems, customer profitability solutions exist in relative isolation from the financial planning process, customer relationship management (CRM) solutions have been cost-prohibitive and rarely lived up to their promise, and initiative planning and tracking has been an afterthought. Consequently, many institutions have failed to meet their growth and profitability targets.

Despite the inefficient processes found at many banks, a coordinated, efficient approach to driving customer profitability can be a reality. The first step is to consolidate customer data, storing all relevant transactional, product, demographic, goal and profile information in an accessible place. Next is applying appropriate reporting and analysis tools to the task of understanding as much as possible about customer segments and individual customers. Once those segments and customers are understood more completely, the bank can use technology integrated with analysis and reporting capabilities to plan initiatives and set very specific targets that improve segment profitability. Finally, the bank can monitor the success of its plans and initiatives and feed information gained back into the process, creating a closed-loop cycle for continual performance improvement.

The *Cognos Retail Banking Customer Segment Performance Blueprint* is an excellent solution for reporting on customer segments and customers, planning segment-level profitability, and planning initiatives to drive increased revenue and profitability into a customer segment. It enables retail banks to create profit-and-loss statements at the customer segment level. The solution allows segment- or customer managers to report on and analyze profitability down to the customer level or household level, to create regional and product P&Ls within a customer segment, and to plan sales and marketing initiatives to improve segment results. Integration with Acorn Systems' activity-based management software ensures granular, accurate profitability measurement and planning.

The *Retail Banking Customer Performance Blueprint* comprises three primary components:

- Reporting, analysis, dashboards, and scorecards using Cognos 8 Business Intelligence.
- Planning and forecasting, using Cognos 8 Planning.
- Activity-based costing and management (pre-integrated with Acorn Systems' Profit Analyzer CI, but can be used with any ABC or other costing system or methodology).

Using these components, the *Blueprint* enables customer segment managers, marketing personnel, and other customer-facing bank employees to receive customer segment information, analyze that information to determine targets, plan initiatives to drive increased profits into the chosen segment, and manage and update a customer-segment level P&L. The descriptions below follow that basic workflow: report and analyze customers and customer segments, plan initiatives, and manage the customer segment P&L.

The components of profitability are interrelated and act as drivers. For example, an increase in the number of loan accounts will create more revenue and also drive an increase in the transaction volumes and activities associated with loan accounts thereby generating an increase in the associated expenses. The *Blueprint* and processes described in this Implementation Guide are generic for any commercial/corporate bank, yet can be configured to support the complex and diverse requirements of any financial institution.

## CUSTOMER SEGMENT REPORTING, ANALYSIS, DASHBOARDS, AND SCORECARDS

The *Retail Banking Customer Segment Performance Blueprint* provides a hierarchy of dashboards and reporting designed to guide the user through deeper and deeper levels of customer- and customer segment detail.

The first level provides a view of all customer segments (*Cross-segment Report*), which allows the user to understand at a glance how segments are performing across measures such as revenue, contribution margin, and accounts per customer. In addition, it highlights initiatives proving most successful at driving higher profitability.

### Customer Segment Report



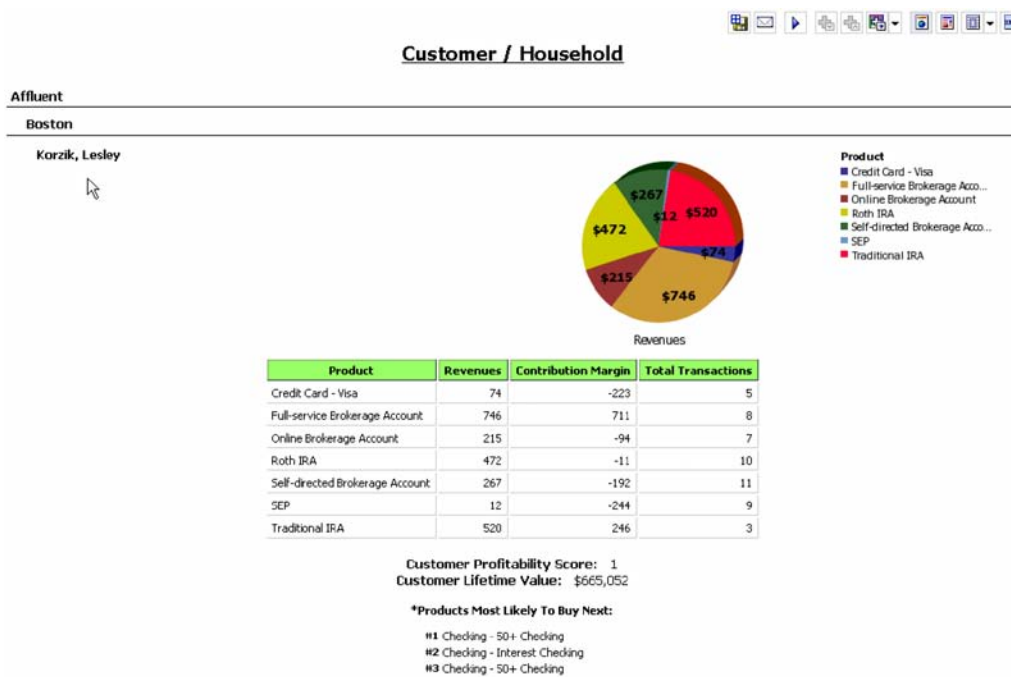
The next level in the reporting hierarchy is the *Customer Segment Report*. This dashboard-style report allows the user to look within a segment to understand differences across regions and products—both comparatively and in absolute financial terms. It also incorporates an initiative summary, which reflects initiatives success within this particular segment.

### Customer Segment Report



The lowest level of reporting is the *Customer Report*, which displays both key financial information for the customer as well as profitability measures, such as customer profitability score, customer lifetime value, risk grade, and products most likely to be purchased next (these measures can be either supplied by an existing bank profitability system or created independently). There is also a link to the *Customer Transactions and Inquiries Report*, which provides detailed information about recent transactions and inquiries.

### Customer Report



### Transactions Report

**Customer Transaction and Inquiry**

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**Affluent**  
**Addis, Scott**

Tran Date	Tran Type	Tran Channel
10/18/06	Online	Payment
10/06/06	Branch	Deposit
09/14/06	Call Center	Payment
09/13/06	Online	Payment
09/03/06	Online	Payment

Inquiry Date	Inquiry Type
10/22/06	Branch
10/13/06	Call Center
10/04/06	Branch

## INITIATIVE REPORTING, ANALYSIS, DASHBOARDS, AND SCORECARDS

From the customer analysis just performed—whether at cross-segment, segment, or customer level—the bank user is able to identify exactly which customer segment to target for product or service initiatives. To launch a new initiative, the user may look at how initiatives have performed historically in order to determine what initiative to proceed with for the chosen target.

Similar to customer segment reporting, there is an initiative reporting hierarchy. The highest level is a cross-initiative report, showing key information regarding all initiatives across segments, regions, and products.

### Cross-Initiative Summary Report

Cross-Initiative Ranking								
Initiative	Segment	Region	New Accounts	Revenue (\$)	Initiative Lost (\$)	# Touches	Conversion Rate (%)	ROI (%)
<a href="#">Giveaway (e.g., sweepstakes or a blender or a coffee mug, etc.)</a>	Affluent	Atlanta	65	156,000	253,500	6,553	1	-36
<a href="#">Giveaway (e.g., sweepstakes or a blender or a coffee mug, etc.)</a>	Affluent	Philadelphia	227	817,200	939,780	7,290	3	-13
<a href="#">Giveaway (e.g., sweepstakes or a blender or a coffee mug, etc.)</a>	Affluent	Richmond	421	645,900	1,898,220	16,405	5	-8
<a href="#">Increase interest rate on deposit product</a>	Affluent	Atlanta	463	1,318,020	356,640	12,837	8	930
<a href="#">Increase interest rate on deposit product</a>	Affluent	Philadelphia	343	1,666,980	61,740	8,182	4	2,600
<a href="#">Increase interest rate on deposit product</a>	Affluent	Richmond	436	821,880	1,328,760	6,699	12	-35
<a href="#">Reduce interest rate on lending product</a>	Affluent	Atlanta	215	490,200	967,500	1,693	13	-49
<a href="#">Reduce interest rate on lending product</a>	Affluent	Philadelphia	216	181,440	1,153,440	8,744	2	-84
<a href="#">Reduce interest rate on lending product</a>	Affluent	Richmond	585	1,104,660	1,079,460	6,938	102	147
<a href="#">Sales Person Incentive (aka SPIF)</a>	Affluent	Atlanta	383	1,378,980	1,162,500	6,629	13	155
<a href="#">Sales Person Incentive (aka SPIF)</a>	Affluent	Philadelphia	298	827,280	1,389,240	4,208	13	109
<a href="#">Sales Person Incentive (aka SPIF)</a>	Affluent	Richmond	167	130,260	781,560	8,291	2	-83
<a href="#">Waive fees on deposit product</a>	Affluent	Atlanta	344	1,754,400	1,465,440	2,917	12	20
<a href="#">Waive fees on deposit product</a>	Affluent	Philadelphia	272	739,680	836,040	12,899	6	74
<a href="#">Waive fees on deposit product</a>	Affluent	Richmond	223	254,220	1,257,720	8,695	3	-80
<a href="#">Waive fees on lending product</a>	Affluent	Atlanta	96	270,720	184,320	7,359	1	47
<a href="#">Waive fees on lending product</a>	Affluent	Philadelphia	284	361,680	1,186,800	10,713	6	-126
<a href="#">Waive fees on lending product</a>	Affluent	Richmond	170	346,800	438,600	720	24	-21
<a href="#">Waive fees on other services</a>	Affluent	Atlanta	401	1,007,100	1,504,200	3,521	151	-41
<a href="#">Waive fees on other services</a>	Affluent	Philadelphia	189	374,220	839,160	2,945	6	-55
<a href="#">Waive fees on other services</a>	Affluent	Richmond	148	124,320	71,040	1,130	13	75
<a href="#">Giveaway (e.g., sweepstakes or a blender or a coffee mug, etc.)</a>	Mass Market	Atlanta	352	1,753,440	381,120	9,904	11	1,611
<a href="#">Giveaway (e.g., sweepstakes or a blender or a coffee mug, etc.)</a>	Mass Market	Philadelphia	329	1,065,960	1,460,760	5,371	6	-27
<a href="#">Giveaway (e.g., sweepstakes or a blender or a coffee mug, etc.)</a>	Mass Market	Richmond	167	671,340	260,520	7,286	2	158

From the *Cross-Initiative Report*, the user can select a report for a single initiative, which provides an even greater level of detail on any past initiative.

*Initiative Report*



**Historical Initiatives**

Initiative: Giveaway (ie, sweepstakes or a blender or a coffee mug, etc)

<b>Segment:</b>	Affluent			
<b>Region:</b>	Atlanta			
<b>Marketing Media Types:</b>	TV Advertising, Radio Advertising, Email			
<b>Start Date:</b>	July, 2004			
<b>End Date:</b>	December, 2004			
	<b>Target</b>	<b>Actual</b>	<b>Variance</b>	<b>Status</b>
<b># New Accounts:</b>	168	65	-103	
<b>Initiative Revenue:</b>	\$443,520	\$156,000	-287,520	
<b>Initiative Cost:</b>	\$614,880	\$253,500	-361,380	
<b># of Touches:</b>	2,305	6,653	4,348	
<b>Conversion Rate:</b>	6%	1%	-5%	
<b>Initiative ROI:</b>	-28%	-38%	-11%	



The final initiative report is quite different from the others, in that it provides a guided path to choosing an effective initiative based on historical data (similar to a “wizard”). *Initiative Selection Analysis* prompts the user to select the customer segment for which an initiative is to be executed, then provides a list of the most profitable products within that segment. The user then has the opportunity to select which product to offer to the target segment. Based on the product selection, the report then provides a listing of past initiatives—and the associated marketing media—that have proved most successful in promoting that product, allowing the user to choose the optimal product—initiative mix.

### Initiative Selection Analysis

**Initiative Selection Analysis**

Segment / Product		Contribution Margin
☐ Affluent		65%
☑ Brokerage - Full-service Brokerage Account		69%
☑ Brokerage - Online Brokerage Account		65%
☑ Mortgage - Alt A Subprime		53%
☑ Personal Loans - Auto Loan		69%

Segment	Product	Region	Initiative Data	New Accounts	Revenue (\$)	Initiative Cost (\$)	# Touches	Conversion Rate (%)	ROI (%)
Affluent	Personal Loans - Auto Loan	Philadelphia	Increase interest rate on deposit product	343	1,666,980	61,740	8,182	4	2,600
Affluent	Personal Loans - Auto Loan	Richmond	Reduce interest rate on lending product	318	95,400	38,160	326	98	150
Affluent	Personal Loans - Auto Loan	Philadelphia	Sales Person Incentive (aka SPIF)	256	691,200	1,336,320	2,326	11	-48
Affluent	Personal Loans - Auto Loan	Richmond	Waive fees on deposit product	223	254,220	1,267,720	8,695	3	-60
Affluent	Personal Loans - Auto Loan	Atlanta	Waive fees on lending product	96	270,720	184,320	7,359	1	47
Affluent	Personal Loans - Auto Loan	Atlanta	Waive fees on other services	210	491,400	1,045,800	144	146	-53

☑ Personal Loans - Unsecured Loan		67%							
Segment	Product	Region	Initiative Data	New Accounts	Revenue (\$)	Initiative Cost (\$)	# Touches	Conversion Rate (%)	ROI (%)
Affluent	Personal Loans - Unsecured Loan	Philadelphia	Giveaway (ie, sweepstakes or a blender or a coffee mug, etc)	227	817,200	939,760	7,290	3	-13
Affluent	Personal Loans - Unsecured Loan	Richmond	Increase interest rate on deposit product	102	459,000	361,060	2,932	3	27
Affluent	Personal Loans - Unsecured Loan	Atlanta	Reduce interest rate on lending product	215	490,200	967,500	1,693	13	-49
Affluent	Personal Loans - Unsecured Loan	Richmond	Sales Person Incentive (aka SPIF)	167	130,260	781,660	8,291	2	-33
Affluent	Personal Loans - Unsecured Loan	Philadelphia	Waive fees on lending product	40	112,800	236,200	5,811	1	-52
Affluent	Personal Loans - Unsecured Loan	Atlanta	Waive fees on other services	191	515,700	458,400	3,377	6	12

## **CONTRIBUTOR APPLICATION OVERVIEW**

Performance management systems allow management to articulate goals and provide a measurement process so that performance against the goals can be tracked and feedback provided. At a corporate level, effort is made to manage shared services spending rates. At the Customer Segment level, segment managers make decisions to optimize efficiency and output. Collaboration must occur on a forward-looking basis so that segment-level decisions are aligned with corporate expectations, and so that variances can be evaluated.

Customer Segment managers need clear targets and goals, and need to understand corporate expectations. Managers must be able to forecast both operational needs and profitability, and get continuous feedback on their performance against corporate targets and profitability guidelines. The *Financial Services Retail Banking Customer Segment Performance Blueprint* helps meet these needs.

### **Blueprint Objectives**

The *Retail Banking Customer Segment Performance Blueprint* meets a number of objectives:

- 1) Establishes clear and concise targets for each segment manager at a profit-and-loss (P&L) level.
- 2) Establishes clear and concise targets for each segment by product type and customer segment.
- 3) Calculates revenues and loan losses based on account balances and account levels.
- 4) Uses Acorn's activity-based costing engine to calculate activity volumes from historic activity intensity rates driven by forecasted account activity by product and transaction.
- 5) Uses derived volume activity to calculate assigned expenses using shared services rates.
- 6) Provides the ability to enter direct expenses associated with the segment
- 7) Provides immediate feedback on planning decisions.
- 8) Allows reporting and analysis by segment, product, and household.

## KEY COGNOS 8 PLANNING BENEFITS

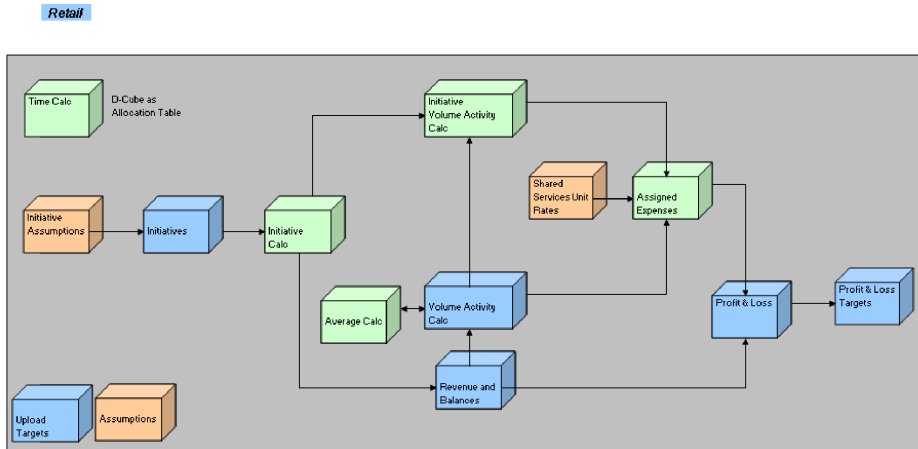
- Powerful, flexible model development using Cognos Analyst to customize the *Retail Banking Customer Segment Performance Blueprint*.
- Web-based deployment of models for process workflow, data collection, and consolidation.
  - Real-time workflow.
  - Real-time consolidation.
  - Real-time browser-based calculations for immediate results.
- Scalable architecture with proven deployments to thousands of line managers.
- Linking functionality to ensure collaboration between all areas of the enterprise.
- Form-based planning with selection boxes to drive application logic and calculations.
- Flexible analysis and report development using industry-leading Cognos 8 Business Intelligence Representative Workflow

The *Retail Banking Customer Segment Performance Blueprint* is designed for collaborative use by Corporate division executives, regional managers, financial planners & analysts, and segment managers to help managers align decisions with corporate.

The following describes basic workflows in which a Segment manager would:

- Review corporate targets for a Customer Segment.
- Plan new Initiatives by product for a Customer Segment to influence forecasted revenues and Contribution margins.
- Forecast revenue and account activity to align baseline plans and corporate targets.
- Assess impacts on product and customer profitability.
- Evaluate indirect activity-based costs that impacts the segments bottom line.
- Monitor key performance indicators.
- Generate reports and analyses.

The following flowchart highlights the work flow and flow of information through the model:



### PROFIT & LOSS TARGETS

The first tab in the blueprint, **Profit & Loss Targets**, contains information from the Profit & Loss tab and from an upload of targets that may be populated from a Cognos Contributor application designed to create these targets or from another source. The column labeled Act/Fcst contains either the actual data for prior months or the current forecast based on decisions made within the *Blueprint*.

The Target column is uploaded and represents managements target or goals for this particular Customer Segment. The Gap is used for evaluating performance against goals. A trend analysis of this item may be used to report on whether we are closing the gap or diverting away from targets.

	Sep-06			Oct-06			Nov-06			Dec-06			2006		
	Act/Fcst	Target	Gap	Act/Fcst	Target	Gap	Act/Fcst	Target	Gap	Act/Fcst	Target	Gap	Act/Fcst	Target	Gap
Contribution Margin	1,170,689	996,976	174,613	1,129,750	979,254	150,496	1,125,917	997,917	128,000	1,128,802	1,009,762	119,041	13,826,010	11,849,800	1,976,2
Revenues	1,226,626	1,224,751	1,874	1,229,964	1,228,386	1,579	1,239,927	1,238,689	1,242	1,249,664	1,248,784	880	14,659,629	14,629,436	30,1
<b>Key Performance Indicators:</b>															
% Balance Growth	1.7%	2.1%	[0.4%]	1.6%	2.1%	[0.5%]	1.7%	2.2%	[0.5%]	1.8%	2.3%	[0.5%]	1.7%	2.0%	[0.3
% Revenue Growth	0.6%	0.4%	0.2%	1.1%	0.8%	0.3%	1.1%	1.0%	0.1%	0.3%	0.3%	0.0%	0.3%	1.0%	[0.1
% of Income from Fees	100.0%	99.8%	0.2%	100.0%	99.6%	0.4%	100.0%	99.5%	0.5%	100.0%	99.5%	0.5%	100.0%	99.7%	0.
Profitability Improvement Indicator	0.14%	0.90%	0.14%	[3.50%]	0.90%	[2.50%]	0.97%	0.90%	0.97%	0.94%	0.90%	0.94%	0.90%	0.90%	0.0
Efficiency Ratio (costs / revenue)	7.6%	[11.1%]	48.7%	10.8%	[11.8%]	52.6%	11.3%	[43.7%]	55.0%	11.4%	[45.0%]	56.4%	8.5%	[44.6%]	53.
Revenue per Employee	366,267	366,287	(20)	352,511	352,535	(24)	355,250	355,287	(30)	365,067	365,102	(35)	357,312	357,321	(1)
Net Income per Employee	1,003,724	958,731	44,993	929,227	921,324	7,903	931,983	925,041	6,942	956,320	950,667	5,653	11,618,293	11,214,194	404,0
Number of FTEs		3	[3]	6	3	[3]	6	3	[3]	6	3	[3]	6	3	[3]

While in a particular Customer Segment, you may evaluate these Targets by location and Product Type. There are no selections to be made on this tab as it is for informational purposes only.

## PROFIT & LOSS

The second tab of the blueprint, **Profit & Loss**, consolidates all information developed on the subsequent tabs and is a complete look at the Customer Segment from the highest level. The **Profit & Loss** tab also contains overhead expense information for Finance, Executive, and Human Resources as well as FTE information linked in from another source. In our case, we uploaded this information from Analyst; this information may be sourced if available from any other system or model. As in the previous tab, a number of Key Performance Indicators have been calculated for end-user convenience and information. These indicators have been linked back to the first tab, **Profit and Loss Targets**, so that they might be compared to management targets and to analyze trends. You will notice that the tab has drop-down menus to select both the product group and location when analyzing the customer segment.

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006	Jan-07
Net Interest Margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees	1,204,244	1,207,279	1,209,462	1,212,653	1,215,615	1,218,325	1,220,988	1,224,880	1,226,626	1,229,964	1,233,260	1,236,331	14,639,629	1,239,1
Initiative Revenue	0	0	0	0	0	0	0	0	0	0	6,667	13,333	20,000	20,0
Revenues	1,204,244	1,207,279	1,209,462	1,212,653	1,215,615	1,218,325	1,220,988	1,224,880	1,226,626	1,229,964	1,239,927	1,249,664	14,659,629	1,259,1
Loan Losses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Initiative Acquisition Costs	0	0	0	0	0	0	0	0	0	0	6,344	6,344	13,889	6,3
<b>Assigned Expenses</b>														
Call Center	39,917	39,015	39,109	39,201	39,300	39,395	39,483	39,565	39,684	80,982	81,001	81,120	536,691	81,2
Operations	15,938	15,978	16,017	16,054	16,093	16,132	16,169	16,212	16,253	19,332	19,398	19,465	203,039	19,5
Mortgage Sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lending Bank Office	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Assigned Expenses</b>	54,855	54,993	55,125	55,255	55,393	55,526	55,653	55,797	55,937	100,214	100,398	100,584	799,730	100,7
Revenue Less Assigned Expenses	1,149,390	1,152,286	1,154,337	1,157,399	1,160,222	1,162,799	1,165,335	1,169,084	1,170,689	1,129,750	1,139,329	1,149,080	13,859,898	1,159,7
<b>Total Controllable Expenses</b>	54,855	54,993	55,125	55,255	55,393	55,526	55,653	55,797	55,937	100,214	100,343	100,529	813,619	100,7
<b>Contribution Margin</b>	1,149,390	1,152,286	1,154,337	1,157,399	1,160,222	1,162,799	1,165,335	1,169,084	1,170,689	1,129,750	1,129,317	1,128,802	13,826,810	1,131,7
<b>Overhead</b>														
Finance	25,523	25,289	25,964	25,212	25,997	25,978	24,874	25,954	26,232	25,760	25,389	25,490	307,559	25,5
Executive	21,126	21,256	21,198	21,999	21,693	20,329	20,650	20,863	20,612	21,968	20,356	21,994	253,343	20,5
Human Resources	14,145	14,645	14,342	14,197	14,175	14,684	13,794	14,374	14,802	14,199	14,005	14,186	170,730	14,4
<b>Net Income</b>	1,088,596	1,091,096	1,082,833	1,096,600	1,098,468	1,101,808	1,106,018	1,107,873	1,109,843	1,067,933	1,066,087	1,067,213	13,694,369	1,071,7
Number of FTE's	3	3	3	3	3	3	3	3	3	3	3	3	3	3
<b>Key Performance Indicators:</b>														
% Balance Growth	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0
% Revenue Growth	0.00%	0.00%	0.00%	1.22%	0.97%	0.83%	0.93%	1.23%	0.98%	1.05%	1.05%	0.88%	0.95%	0.0
% of Income from Fees	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0
Profitability Movement Indicator	0.00%	0.25%	0.18%	0.27%	0.24%	0.22%	0.22%	0.32%	0.14%	(3.50%)	0.87%	0.84%	0.00%	0.8
Efficiency Ratio (costs / revenue)	0.43%	0.41%	0.46%	0.40%	0.47%	0.36%	0.29%	0.30%	0.30%	12.92%	12.41%	12.53%	9.39%	12.3
% Controllable Expense Growth	0.00%	0.25%	0.24%	0.23%	0.25%	0.24%	0.23%	0.26%	0.25%	79.16%	7.11%	0.17%	7.46%	0.1
Revenue per Employee	356,482	361,441	352,471	367,013	356,012	355,618	357,055	361,648	358,427	355,436	358,138	366,757	359,151	358,1
Net Income per Employee	367,701	360,854	359,234	393,122	368,658	364,673	370,494	366,293	1,003,724	929,227	931,983	956,320	11,618,283	933,1

There are no selections to be made on this tab as it is a consolidation of information from other tabs and uploads.

## INITIATIVES

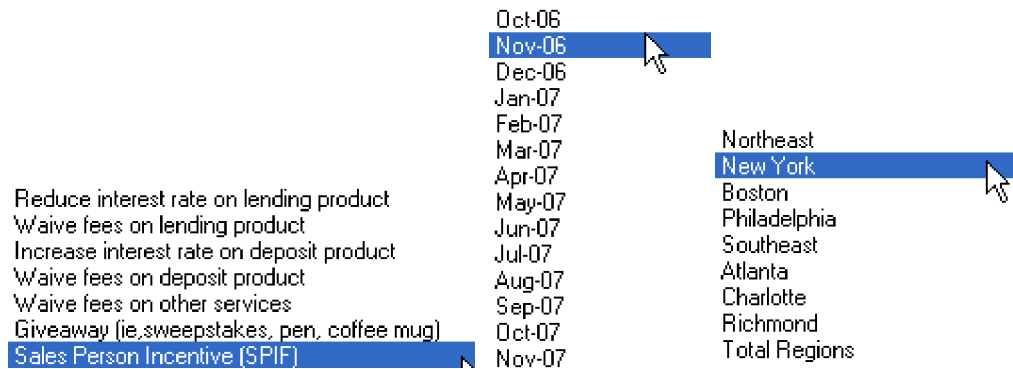
The third tab of the blueprint, **Initiatives**, is where are planner has the ability to conduct some what-if analysis and plan Marketing Initiatives by specific products within the customer segment. The ten initiatives available for planning were derived at by analyzing the Business Intelligence data and choosing those we wished to give our users the opportunity to plan at. This list could be modified to represent any mix of products desired and could grow to accommodate additional products. If you were to make changes to this or any other dimension within the model, be aware that you would lose the ability to use match descriptions within the data upload links.

	Scenario 1	Scenario 2	Scenario 3	Scenario Used
<b>INITIATIVE COST</b>				
Initiative Type	Waive fees on deposit product	Waive fees on deposit product	Waive fees on deposit product	
<b>Marketing Media</b>				
TV Advertising	0	0	0	0
Radio Advertising	0	50,000	0	0
Direct Mail	35,000	0	35,000	35,000
Print Advertising	25,000	0	0	0
local advertising	25,000	35,000	35,000	35,000
e-mail	0	0	0	0
<b>Total Targeted Initiative Acquisition Costs</b>	<b>85,000</b>	<b>85,000</b>	<b>70,000</b>	<b>70,000</b>
<b>Targeted Acquisition Cost/Account</b>	<b>26</b>	<b>24</b>	<b>22</b>	<b>22</b>
Initiative Start Month	Jan-07	Jan-07	Jan-07	Jan-07
Initiative End Month	Jun-07	Jun-07	Jun-07	Jun-07
Region	Northeast	Northeast	Northeast	Northeast
Target # of Accounts (Credit = A)	1,000	800	700	700
Target # of Accounts (Credit = B)	900	1,200	1,000	1,000
Target # of Accounts (Credit = C)	875	900	800	800
Target # of Accounts (Credit = D)	450	600	650	650
<b>Per Account Profitability</b>				
Revenue per account, per month (Credit = A)	20	20	20	20
Revenue per account, per month (Credit = B)	25	25	25	25
Revenue per account, per month (Credit = C)	30	30	30	30
Revenue per account, per month (Credit = D)	35	35	35	35
Life of Account (Credit = A)	48	48	48	48
Life of Account (Credit = B)	55	55	55	55
Life of Account (Credit = C)	60	60	60	60
Life of Account (Credit = D)	72	72	72	72
<b>Lifetime Revenue (credit = A)</b>	<b>960,000</b>	<b>768,000</b>	<b>672,000</b>	<b>672,000</b>
<b>Lifetime Revenue (credit = B)</b>	<b>1,237,500</b>	<b>1,650,000</b>	<b>1,375,000</b>	<b>1,375,000</b>
<b>Lifetime Revenue (credit = C)</b>	<b>1,575,000</b>	<b>1,620,000</b>	<b>1,440,000</b>	<b>1,440,000</b>
<b>Lifetime Revenue (credit = D)</b>	<b>1,134,000</b>	<b>1,512,000</b>	<b>1,638,000</b>	<b>1,638,000</b>
<b>ASSIGNED EXPENSES</b>				
Assigned Expense (Credit = A)	12	12	12	12
Assigned Expense (Credit = B)	17	17	17	17
Assigned Expense (Credit = C)	22	22	22	22
Assigned Expense (Credit = D)	27	27	27	27
<b>Lifetime Assigned Expenses</b>	<b>3,447,300</b>	<b>3,937,200</b>	<b>3,657,800</b>	<b>3,657,800</b>
<b>NET PROFIT</b>				
<b>Total Lifetime Revenue</b>	<b>4,906,500</b>	<b>5,550,000</b>	<b>5,125,000</b>	<b>5,125,000</b>
<b>Total Lifetime Assigned Expenses</b>	<b>3,447,300</b>	<b>3,937,200</b>	<b>3,657,800</b>	<b>3,657,800</b>
<b>Total Initiative Cost</b>	<b>85,000</b>	<b>85,000</b>	<b>70,000</b>	<b>70,000</b>
<b>Initiative Net Profit</b>	<b>1,374,200</b>	<b>1,527,800</b>	<b>1,397,200</b>	<b>1,397,200</b>
<b>Initiative ROI</b>	<b>16.17%</b>	<b>17.97%</b>	<b>19.96%</b>	<b>19.96%</b>
Choose Scenario	3rd Scenario			
Risks				
Warnings (Business Rules)				
Notes				
<b>Target # of Accounts / Week (Credit = A)</b>	<b>166.667</b>	<b>133.333</b>	<b>116.667</b>	<b>116.667</b>
<b>Target # of Accounts / Week (Credit = B)</b>	<b>150.000</b>	<b>200.000</b>	<b>166.667</b>	<b>166.667</b>
<b>Target # of Accounts / Week (Credit = C)</b>	<b>145.833</b>	<b>150.000</b>	<b>133.333</b>	<b>133.333</b>
<b>Target # of Accounts / Week (Credit = D)</b>	<b>75.000</b>	<b>100.000</b>	<b>108.333</b>	<b>108.333</b>

Current owner: wilcox

Prior to coming to this tab, it is advisable, though not necessary, to explore within the Business Intelligence portal the *Initiative Selection Analysis* report discussed on page ten of this Implementation Guide. The report is designed to assist the user in making an intelligent decision regarding which products they should pursue in an Initiative, as well as the best approach to use to maximize results.

A user's first choice, on the left, would be the Initiative Type.



Having chosen a type, the user would enter the dollar amounts for their Marketing campaign in the appropriate categories. The next area available for edit, those not grayed-out, are the start and end month for the Initiative, the location(s) where the Initiative is to take place, and the hoped-for number of accounts within each of the different credit areas. The *Blueprint* is designed as a Rolling Forecast, but for demonstration purposes has been locked to respond as if the current date is within the first week of October 2006. For that reason, all data prior to October 2006 will be grayed out to maintain the integrity of historical data. Here you will notice when choosing a start date, above middle, that it is not possible to start an initiative in a month that has already passed. When choosing a location for the initiative, you may plan for a single location, a region, or all regions.

Finally, having entered data for an initiative, you may enter notes or risks, and then if desired make a selection in the first column as to the scenario you'd like to use and include within the forecast.

## INITIATIVES CALC

The fourth tab of the *Blueprint*, **Initiatives Calc**, may be hidden from the user if desired. It takes the decisions on the **Initiatives** tab and extrapolates the data so that it may be fed to the **Revenue & Balances** tab (Revenue) and the **Initiatives Volume Activity Calc** tab (to calculate volume based on number of accounts). It assures that revenues, accounts, and initiative acquisition costs are recognized in the appropriate time period.

Profit & Loss Targets	Profit & Loss	Initiatives	Initiative Calc	Revenue & Balances	Volume Activity Calc	Initiative Volume Activity Calc	Assigned Expenses	Initiative Assumptions											
Affluent		Brokerage - Full Service Brokerage		Northeast		Credit = A													
	Sep-06	Oct-06	Nov-06	Dec-06	2006	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	2007	
Initiative Start Month	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07
Initiative End Month	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07	Jun-07
Initiative Revenue	0	0	0	0	2,333	4,667	7,000	9,333	11,667	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	133,000
New Initiative Accounts	0	0	0	0	117	233	350	467	583	700	700	700	700	700	700	700	700	700	6,650
Initiative Acquisition Costs	0	0	0	0	2,593	2,593	2,593	2,593	2,593	2,593	2,593	0	0	0	0	0	0	0	15,556

## REVENUE & BALANCES

The fifth tab of the blueprint, **Revenue & Balances**, manages Customer Segment account Balances, number of Accounts, and Net New Customers. In this tab, those responsible for forecasting Runoff, New Business, and Attrition for account balances and New Accounts and Attrition in the number of accounts run appropriate forecasts. A forecast is run for each Product Group by Customer Segment, location and Credit rating.

Profit & Loss Targets	Profit & Loss	Initiatives	Initiative Calc	Revenue & Balances	Volume Activity Calc	Initiative Volume Activity Calc	Assigned Expenses	Initiative Assumptions			
Affluent		Brokerage		Northeast		Credit = A					
	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006	Jan-07	Feb-07	Mar-07	Apr-07
EXISTING REVENUE AND ACCOUNTS	0	0	0	0	0	0	0	0	0	0	0
Balances											
Opening Balances	298,004,107	299,414,876	300,809,768	302,173,198	303,236,904	304,459,992	289,987,923	305,510,744	307,103,988	308,089,191	308,089,191
Planned Runoff	1,586,779	1,626,128	1,668,871	1,561,081	1,632,342	1,628,034	19,294,812	1,604,769	1,659,977	1,633,306	
New Business	6,700,833	6,598,687	6,513,811	6,231,024	6,396,754	6,504,217	78,477,382	6,759,248	6,417,293	6,433,153	
(Attrition) Balances	3,703,286	3,677,677	3,581,510	3,606,236	3,541,324	3,825,431	43,659,749	3,571,295	3,732,113	3,707,226	
Ending	299,414,876	300,809,768	302,173,198	303,236,904	304,459,992	305,510,744	305,510,744	307,103,988	308,089,191	309,181,731	309,181,731
Average	298,709,492	300,112,322	301,491,483	302,705,051	303,848,448	304,985,368	297,999,427	306,307,366	307,596,590	308,635,461	308,635,461
% Balance Growth	0.47%	0.47%	0.45%	0.35%	0.40%	0.35%	0.44%	0.52%	0.32%	0.35%	
Accounts											
Opening Accounts	4,943	4,955	4,966	4,980	4,990	5,003	4,871	5,019	5,029	5,040	5,040
New Accounts	60	61	61	60	61	65	733	60	59	61	
(Attrition) Accounts	48	49	48	50	48	48	585	50	49	49	
Closing Accounts	4,955	4,966	4,980	4,990	5,003	5,019	5,019	5,029	5,040	5,052	5,052
% Account Growth	0.24%	0.24%	0.26%	0.21%	0.26%	0.33%	0.25%	0.21%	0.21%	0.24%	
Planned Margin %	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Net Interest Margin	0	0	0	0	0	0	0	0	0	0	0
\$ Fees per New Account	69.45	69.45	69.45	69.45	69.45	69.45	69.45	69.45	69.45	69.45	69.45
Average % Fees per Account	176.853	176.877	176.881	176.886	176.891	176.871	176.891	176.832	176.838	176.853	176.853
Fees as % of Balance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fee Waivers as % of Fees	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
Fees	291,129	291,919	292,646	293,268	293,989	295,094	3,491,670	295,474	296,037	296,778	296,778
Loan Loss Rate as % of Balance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loan Losses	0	0	0	0	0	0	0	0	0	0	0
Existing Revenue	291,129	291,919	292,646	293,268	293,989	295,094	3,491,670	295,474	296,037	296,778	296,778
% Revenue Growth	0.24%	0.27%	0.25%	0.21%	0.25%	0.38%	0.25%	0.13%	0.19%	0.25%	
NEW INITIATIVE REVENUE AND ACCOUNTS	0	0	0	0	0	0	0	0	0	0	0
Initiative Revenue	0	0	0	0	0	0	0	2,333	11,524	20,714	20,714
Initiative Acquisition Costs	0	0	0	0	0	0	0	2,593	7,672	7,672	7,672
New Initiative Accounts	0	0	0	0	0	0	0	117	233	348	348
TOTAL REVENUE AND ACCOUNTS	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	5,267,215	6,117,081	6,981,891	7,861,645	8,756,342	9,665,982	58,738,197	10,922,530	11,891,811	12,876,510	12,876,510
TOTAL AVERAGE ACCOUNTS	12,511	14,597	16,725	18,896	21,110	23,367	140,893	25,667	28,011	30,397	30,397



To facilitate data entry, the tab may be reoriented as needed. For example, the tab may be reoriented to work on the Planned Runoff for all product groups in a customer segment, by location, month, and credit rating.

	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	2006	Jan 07	Feb 07	ar 0
Deposits - Checking	3,557,613	3,648,493	3,655,057	3,529,128	3,541,031	3,649,559	3,578,450	3,527,201	3,567,037	43,044,696	3,584,277	3,590,439	109
Deposits - Savings	2,465,068	2,447,942	2,516,624	2,402,650	2,469,514	2,420,814	2,452,955	2,473,408	2,494,343	29,454,446	2,302,465	2,390,556	
Deposits - Term	879,311	864,698	899,467	841,951	866,376	899,766	846,414	874,943	909,338	10,562,758	898,480	861,723	
<b>Total Deposits</b>	<b>6,902,792</b>	<b>6,961,134</b>	<b>7,071,148</b>	<b>6,773,729</b>	<b>6,876,921</b>	<b>6,970,138</b>	<b>6,877,819</b>	<b>6,875,552</b>	<b>6,970,719</b>	<b>83,061,900</b>	<b>6,865,223</b>	<b>6,850,718</b>	
Loans - Mortgage	470,336	462,702	479,265	466,158	483,820	462,067	485,703	474,329	471,674	5,680,404	472,555	467,582	
Loans - Personal Loans	849,509	858,972	841,008	867,416	834,579	822,281	856,942	854,491	867,480	10,193,933	884,780	849,571	
Loans - Card	1,995,793	2,002,995	2,116,565	2,036,235	2,132,427	2,008,371	2,074,439	2,077,261	2,132,773	24,876,603	2,866,629	2,164,850	
<b>Total Loans</b>	<b>3,305,637</b>	<b>3,404,579</b>	<b>3,436,838</b>	<b>3,369,809</b>	<b>3,450,827</b>	<b>3,372,719</b>	<b>3,417,064</b>	<b>3,406,082</b>	<b>3,471,927</b>	<b>40,751,021</b>	<b>3,423,964</b>	<b>3,482,003</b>	
Brokerage	1,541,160	1,577,657	1,604,169	1,586,779	1,626,128	1,668,871	1,561,081	1,632,342	1,628,034	19,294,812	1,604,769	1,699,977	
IRA	734,569	731,127	730,296	717,385	742,693	745,065	707,914	748,894	740,580	8,791,558	735,857	732,137	
Asset Management Accounts	339,345	328,825	343,809	335,907	333,073	337,612	341,692	332,017	330,488	4,045,353	340,117	349,160	
<b>Total Small Business</b>	<b>2,615,074</b>	<b>2,637,609</b>	<b>2,678,274</b>	<b>2,640,072</b>	<b>2,701,894</b>	<b>2,751,548</b>	<b>2,610,688</b>	<b>2,713,253</b>	<b>2,699,102</b>	<b>32,132,323</b>	<b>2,680,743</b>	<b>2,781,275</b>	
<b>Total Retail Products Types</b>	<b>12,823,503</b>	<b>13,003,321</b>	<b>13,186,260</b>	<b>12,783,609</b>	<b>13,029,642</b>	<b>13,094,406</b>	<b>12,905,591</b>	<b>12,994,886</b>	<b>13,141,748</b>	<b>155,945,244</b>	<b>12,969,928</b>	<b>13,113,996</b>	

Or for all locations in their Customer Segments for a given product, i.e. Brokerage for 2006:

	Credit = A	Credit = B	Credit = C	Credit = D	All Grades
<b>Northeast</b>	<b>19,294,812</b>	<b>8,081,292</b>	<b>3,228,683</b>	<b>1,624,213</b>	<b>32,229,000</b>
New York	8,549,858	3,619,974	1,427,075	716,581	14,313,488
Boston	4,307,694	1,779,548	718,434	359,365	7,165,040
Philadelphia	6,437,260	2,681,771	1,083,174	548,268	10,750,472
<b>Southeast</b>	<b>17,958,523</b>	<b>7,482,609</b>	<b>3,010,412</b>	<b>1,497,917</b>	<b>29,949,460</b>
Atlanta	7,670,203	3,178,936	1,279,424	639,311	12,767,874
Charlotte	5,738,794	2,398,095	964,830	477,135	9,578,854
Richmond	4,549,526	1,905,578	766,158	381,471	7,602,733
<b>Total Regions</b>	<b>37,253,335</b>	<b>15,563,901</b>	<b>6,239,095</b>	<b>3,122,130</b>	<b>62,178,461</b>

Fields in GRAY are non-editable and are either locked historical data, data linked over from other tabs, or items calculated based upon information entered in the white or editable areas. As changes are made, they are highlighted in BLUE along with any cells affected by the change. Balance changes will affect Revenue numbers and flow through the model to subsequent tabs. Likewise, changes in the Accounts area will affect income (revenue from new accounts) and drive account related activity volumes. Account-related activity volumes will affect Assigned Expenses, that is, expenses specifically related to the number and types of accounts in the model.

## VOLUME ACTIVITY CALC

The sixth tab, **Volume Activity Calc** is where the activity-based costing portion of the *Blueprint* is executed. In all the other tabs in the model that use products as a dimension, we plan at the Product Type level. In this tab, we take a deeper view of our products and their associated expenses. While still planning at the Customer Segment level, we now delve deeper and plan at both a Product and Activity level. We'll take a closer look at each dimension separately. In the view below, notice the drop-down box currently showing the item **Customer Inquiry Calls**.

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
Accounts	7,855	7,875	7,898	7,723	7,744	7,761	7,778	7,795	7,815	7,834	7,855	7,875	7,895	7,914	7,934	7,953	7,971	7,990	8,009	8,028	8,047
Activity Intensity Rate	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Activity Volume	963	966	969	972	975	977	979	981	984	986	989	991	991	994	996	999	1,001	1,003	1,006	1,008	1,010

This is one of the many activities that might be associated with a specific Product. In fact, when loading data from Acorn's activity-based costing engine, many transactions may make up an activity for a specific product and customer segment. For example, the Activity, **Customer Inquiry Calls**, would be made up of many different types of transactions. **Purchase Inquires**, **Call Center Balance Inquiries**, **Call Center Inquiries**, and **Inbound Purchase Calls** would all be examples of items that are part of the Activity - **Customer Inquiry Calls**.

The number of times these activities take place for a given product, in a given location, for a given customer segment during a specific period, in our case monthly, is defined as the **Activity Intensity Rate**. In other words, it is not only the transactions that make up the activity, but the number of times an activity might occur within the month (i.e. a customer might make a **Call Center Balance Inquiry** twice a month). The **Activity Intensity Rate** is determined on a historical basis. By looking at **Customer Segment**, by month, by location, by product, and then dividing the total historical activity by the number of accounts associated with that history we arrive at the **Activity Intensity Rate**. Then by using a combination of linear extrapolation and knowledge of any changes management is considering, a forecasted **Activity Intensity Rate** is developed. This **Activity Intensity Rate** is used with the **Accounts** forecast within the **Revenue & Balances** tab to forecast **Activity Volumes** that will be used to drive **Assigned Expenses**.

Transactions which flow into Activities are based upon specific Products and Customer Segments. Therefore, we plan at the product level within the **Volume Activity Calc** tab. Within the **Revenue & Balances** tab we plan at the Product Type level. We must therefore link the information between these to differing dimensions. History we know, thus actuals are loaded directly from Acorn’s activity-based costing engine. We populate the forecast months by linking the Product Type from the source, Revenue and Balances, to the target dimension Products. Note that the target dimension, Products, does contain the items planned in the source list (i.e. Deposits – Checking, Deposits – Savings, Loans - Mortgage etc. are on both lists).

When linking data from our source, Revenue and Balances, we “breakback” or “allocate” the accounts across products based upon the running three-month average. For instance, if “Deposits – Checking” averaged 12 percent of “Total Deposits” for the previous three months, then that basis would be used to allocate all forecast months.

In the following two screens, notice how the Average of the Opening Accounts and Closing Accounts ((326 + 334)/2 or the 330) from the **Revenue & Balances** tab linked over and allocated to the Loans - Mortgage area of the Volume Activity Calc tab. All else being equal, Affluent to Affluent, New York to New York, Oct ’06 to Oct ’06, the total for the Product Type and for all grades allocated itself based upon the last three months actual history

	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006	Jan-07	Feb-07
<b>EXISTING REVENUE AND ACCOUNTS</b>	0	0	0	0	0	0	0	0
<b>Balances</b>								
<b>Opening Balances</b>	64,862,643	65,144,895	65,455,290	65,733,883	66,033,002	62,889,996	66,334,897	66,592,830
Planned Runoff	352,800	342,067	354,416	350,684	354,950	4,179,448	351,178	352,501
New Business	1,419,627	1,433,421	1,434,492	1,421,415	1,452,803	17,105,348	1,413,883	1,421,870
(Attrition) Balances	784,575	780,959	801,483	771,612	795,958	9,480,998	804,772	775,809
<b>Ending</b>	65,144,895	65,455,290	65,733,883	66,033,002	66,334,897	66,334,897	66,592,830	66,886,390
<b>Average</b>	65,003,769	65,300,092	65,594,586	65,883,443	66,183,950	64,590,543	66,463,864	66,739,610
<b>% Balance Growth</b>	0.44%	0.48%	0.43%	0.46%	0.46%	0.45%	0.39%	0.44%
<b>Accounts</b>								
<b>Opening Accounts</b>	324	325	326	334	334	319	335	336
New Accounts	4	4	11	4	4	55	4	4
(Attrition) Accounts	3	3	3	3	3	38	3	3
<b>Closing Accounts</b>	325	326	334	334	335	335	336	337
<b>% Account Growth</b>	0.24%	0.23%	2.42%	0.22%	0.23%	0.42%	0.23%	0.24%

Current owner: wilcox

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006	Jan-07
CD	8,995	9,017	9,036	9,058	9,063	9,108	9,132	9,153	9,173	9,195	9,220	9,243	9,243	9,263
<b>Deposits - Term</b>	<b>8,995</b>	<b>9,017</b>	<b>9,036</b>	<b>9,058</b>	<b>9,063</b>	<b>9,108</b>	<b>9,132</b>	<b>9,153</b>	<b>9,173</b>	<b>9,195</b>	<b>9,220</b>	<b>9,243</b>	<b>9,243</b>	<b>9,263</b>
Mortgage - Jit & Subprime	43	43	44	44	44	44	44	44	44	45	45	45	45	46
Mortgage - Branch Originations	97	97	98	98	98	98	98	98	99	100	102	102	102	102
Mortgage - CRA Government Lending	32	32	32	32	33	33	33	33	33	33	34	34	34	34
Mortgage - Direct Banking	52	52	53	53	53	53	53	53	53	54	55	55	55	55
Mortgage - LPO Originations	25	25	25	25	25	25	25	25	25	26	26	26	26	26
Mortgage - No Doc	23	23	23	24	24	24	24	24	24	24	24	24	24	25
Mortgage - Wholesale	46	46	46	46	47	47	47	47	47	48	48	48	48	48
<b>Loans - Mortgage</b>	<b>319</b>	<b>320</b>	<b>321</b>	<b>321</b>	<b>322</b>	<b>323</b>	<b>324</b>	<b>325</b>	<b>325</b>	<b>330</b>	<b>334</b>	<b>335</b>	<b>335</b>	<b>335</b>
Line of Credit	2,756	2,755	2,771	2,777	2,764	2,792	2,798	2,804	2,811	2,817	2,824	2,831	2,831	2,838
Unsecured Loan	1,962	1,967	1,973	1,979	1,984	1,989	1,995	2,000	2,004	2,005	2,014	2,019	2,019	2,024
Auto Loan	2,083	2,088	2,082	2,097	2,102	2,106	2,111	2,117	2,123	2,127	2,132	2,138	2,138	2,143
<b>Loans - Personal Loans</b>	<b>6,803</b>	<b>6,820</b>	<b>6,836</b>	<b>6,853</b>	<b>6,871</b>	<b>6,888</b>	<b>6,904</b>	<b>6,922</b>	<b>6,939</b>	<b>6,953</b>	<b>6,970</b>	<b>6,988</b>	<b>6,988</b>	<b>7,005</b>

Current owner: wilcox

Having now linked in the account information, and using the Activity Intensity Rate, we can now calculate the Activity Volume by product (Online Brokerage Account), customer segment (Affluent), and month for each activity associated with a given product for a specific location.

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
Accounts	695	695	699	690	692	693	695	697	698	700	702	704	704	705	707	708	710	712	713	715	717
Activity Intensity Rate	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
<b>Activity Volume</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>

Current owner: wilcox

It is also worth noting, that by dropping down the activities list, you will note that not all products are associated with all activities. So while Online Brokerage Accounts would calculate an activity volume for Customer Inquiry Calls, Telephone Banking Support, Deposit Origination and Accept Deposit ATM, we would not have any Activity Volumes associated with Renewals-Call Ctr, and Loan Origination-Call Ctr.

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
Accounts	695	695	699	690	692	693	695	697	698	700	702	704	704	705	707	708	710	712	713	715	717
Activity Intensity Rate	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
<b>Activity Volume</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>

Current owner: wilcox

Having now calculated the Activity Volume level, we will link that information over to the **Assigned Expenses** tab to calculate the assigned expenses.

### INITIATIVE VOLUME ACTIVITY CALC

Tab seven, **Initiative Volume Activity Calc**, like **Volume Activity Calc**, calculated the Activity Volume for those products we developed initiatives for on the **Initiatives** tab. Since we planned the account levels for these Initiatives at the product, month, and location level, we can link information directly from the **Initiatives Calc** tab. The Activity Intensity Rate is linked over from the **Volume Activity Calc** tab and the Activity Volumes calculated here are added to those from the **Volume Activity Calc** tab in the **Assigned Expenses** tab.

	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Accounts	0	0	0	175	350	525	700	875	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Activity Intensity Rate	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
<b>Activity Volume</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>64</b>	<b>95</b>	<b>127</b>	<b>159</b>	<b>191</b>	<b>191</b>	<b>191</b>	<b>191</b>	<b>191</b>	<b>191</b>	<b>191</b>

Current owner: wilcox

## ASSIGNED EXPENSES


Tab eight, **Assigned Expenses**, is where we calculate expenses driven by account activity. All calculations are reflective of the choices made in the preceding tabs. It is not necessary to show this information to the user. We have included this tab as a courtesy for informational purposes. An administrator of the Cognos Contributor application could decide to hide this tab and allow a user to see the consolidated results in the **Profit & Loss** tab. Volumes are fed from the **Volume Activity Calc** and **Initiative Volume Activity Calc** tabs. The Planned Unit Price is linked in from an assumptions tab, **Shared Services Unit Rates**. The Planned Unit Price is set at a corporate level based upon historical values and recent initiatives. The Volumes multiplied by the Planned Unit Prices gives us our costs which are then consolidated appropriately and linked into the **Profit & Loss** tab.

		Jan06	Feb06	Mar06	Apr06	May06	Jun06	Jul06	Aug06	Sep06	Oct06	Nov06	Dec06	2006	Jan07	Feb07	Mar07	Apr07	May07
<b>Call Center</b>	Volumes																		
	Planned Unit Price																		
	Cost																		
Customer Inquiry Calls	Volumes	59	100	100	100	101	101	101	101	102	102	102	102	1,210	103	103	104	104	105
	Planned Unit Price	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.78	0.79	0.79	0.79	0.79	0.79
	Cost	78	78	78	79	79	79	79	79	80	80	80	80	950	80	81	81	82	82
Renewals-Call Ctr	Volumes	179	179	180	180	181	181	182	182	183	183	183	184	2,177	184	185	185	188	189
	Planned Unit Price	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74
	Cost	310	311	312	313	314	315	315	316	317	318	318	319	3,778	320	321	323	326	328
Telephone Banking Support	Volumes	1,578	1,582	1,586	1,591	1,596	1,600	1,602	1,605	1,611	1,615	1,619	1,623	19,209	1,627	1,630	1,643	1,655	1,667
	Planned Unit Price	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44
	Cost	2,273	2,278	2,284	2,290	2,298	2,304	2,308	2,313	2,320	2,326	2,331	2,337	27,661	2,343	2,348	2,366	2,384	2,401
	Volumes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Planned Unit Price	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63
	Cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposit Origination	Volumes	261	261	262	263	263	264	264	265	266	267	267	268	3,170	268	269	271	273	275
	Planned Unit Price	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73
	Cost	1,491	1,495	1,498	1,503	1,508	1,512	1,514	1,518	1,522	1,526	1,529	1,533	18,150	1,537	1,541	1,552	1,564	1,575
<b>Operations</b>	Volumes																		
	Planned Unit Price																		
	Cost																		
Accept Deposit ATM	Volumes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Planned Unit Price	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
	Cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mailing/Postage Cost	Volumes	529	529	530	532	533	535	536	537	539	540	541	542	6,420	544	545	549	553	557
	Planned Unit Price	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
	Cost	348	349	350	351	352	353	354	354	355	356	357	358	4,237	359	360	362	365	368
Process Bill Payments	Volumes	128	128	129	129	129	130	130	130	131	131	131	132	1,958	132	132	133	134	135
	Planned Unit Price	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
	Cost	17	17	17	17	17	17	17	17	17	17	17	17	203	17	17	17	17	18
Process Checks	Volumes	59	59	100	100	100	100	101	101	101	101	102	102	1,206	102	102	103	104	105
	Planned Unit Price	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
	Cost	2	2	2	2	2	2	2	2	2	2	2	2	24	2	2	2	2	2
Process Deposits	Volumes	69	69	69	69	69	69	70	70	70	70	70	70	833	71	71	71	72	72
	Planned Unit Price	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
	Cost	1	1	1	1	1	1	1	1	1	1	1	1	8	1	1	1	1	1
Produce Statements	Volumes	59	59	59	59	60	60	60	60	60	60	60	61	717	61	61	61	62	62
	Planned Unit Price	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44
	Cost	85	85	85	85	86	86	86	86	86	86	86	87	1,029	87	88	88	89	89

Current owner: wilcox

## INITIATIVE ASSUMPTIONS

The ninth tab, **Initiative Assumptions**, is used to link data into the **Initiatives** tab based upon the choices made there. This tab may be hidden by the Contributor Administrator from the end user view if desired.

Initiative Volume Activity Calc		Assigned Expenses		Initiative Assumptions		Shared Services Unit Rates		Average Calc			
		Credit = A	Credit = B	Credit = C	Credit = D	All Grades					
Mortgage - Alt A Subprime	Revenue / Unit / Month	20.00	25.00	30.00	35.00	110.00					
	Assigned Expense / Unit / Month	12.00	17.00	22.00	27.00	78.00					
	Life of Account (Months)	48	55	60	72	235					
Mortgage - No Doc	Revenue / Unit / Month	20.00	25.00	30.00	35.00	110.00					
	Assigned Expense / Unit / Month	12.00	17.00	22.00	27.00	78.00					
	Life of Account (Months)	48	55	60	72	235					
Personal Loans - Unsecured Loans	Revenue / Unit / Month	20.00	25.00	30.00	35.00	110.00					
	Assigned Expense / Unit / Month	12.00	17.00	22.00	27.00	78.00					
	Life of Account (Months)	48	55	60	72	235					
Credit Cards (Visa or Mastercard)	Revenue / Unit / Month	50.33	58.67	67.00	75.33	251.33					
	Assigned Expense / Unit / Month	12.00	17.00	22.00	27.00	78.00					
	Life of Account (Months)	48	55	60	72	235					
Brokerage - Full Service Brokerage Account	Revenue / Unit / Month	20.00	25.00	30.00	35.00	110.00					
	Assigned Expense / Unit / Month	12.00	17.00	22.00	27.00	78.00					
	Life of Account (Months)	48	55	60	72	235					
Asset Management - Asset Management Account	Revenue / Unit / Month	20.00	25.00	30.00	35.00	110.00					
	Assigned Expense / Unit / Month	12.00	17.00	22.00	27.00	78.00					
	Life of Account (Months)	48	55	60	72	235					
Brokerage - Online Brokerage Account	Revenue / Unit / Month	60.00	75.00	90.00	105.00	330.00					
	Assigned Expense / Unit / Month	12.00	17.00	22.00	27.00	78.00					
	Life of Account (Months)	48	55	60	72	235					
Line of Credit - Personal Loans	Revenue / Unit / Month	20.00	25.00	30.00	35.00	110.00					
	Assigned Expense / Unit / Month	12.00	17.00	22.00	27.00	78.00					
	Life of Account (Months)	48	55	60	72	235					
Auto Loans - Personal Loans	Revenue / Unit / Month	20.00	25.00	30.00	35.00	110.00					
	Assigned Expense / Unit / Month	12.00	17.00	22.00	27.00	78.00					
	Life of Account (Months)	48	55	60	72	235					
Checking - Relationship Checking	Revenue / Unit / Month	20.00	25.00	30.00	35.00	110.00					
	Assigned Expense / Unit / Month	12.00	17.00	22.00	27.00	78.00					
	Life of Account (Months)	48	55	60	72	235					
<b>Total Initiative Products</b>	Revenue / Unit / Month	<b>270.33</b>	<b>333.67</b>	<b>397.00</b>	<b>460.33</b>	<b>1,461.33</b>					
	Assigned Expense / Unit / Month	<b>120.00</b>	<b>170.00</b>	<b>220.00</b>	<b>270.00</b>	<b>780.00</b>					
	Life of Account (Months)	<b>480</b>	<b>550</b>	<b>600</b>	<b>720</b>	<b>2,350</b>					

Current owner: wilcox

## SHARED SERVICES UNIT RATES

The tenth tab in the *Financial Services Retail Banking Customer Segment Performance Blueprint* is **Shared Services Unit Rates**. This is an assumptions tab that contains both the historic rates and the rates being forecast by management. These rates are used in the **Assigned Expenses** tab and are driven by activity volume. When developing these rates, management takes into account historical trends, anticipated changes in processes, and how future hardware and software purchases might affect unit rates. The user has no input here; and the Cognos Contributor administrator may elect to hide this tab from end-user view.

Initiatives	Initiative Calc	Revenue & Balances	Volume Activity Calc	Initiative Volume Activity Calc	Assigned Expenses	Initiative Assumptions	Shared Services Unit Rates	Average Calc	Time Calc													
Shared Services Unit Rate																						
		Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
<b>Call Center</b>																						
Customer Inquiry Calls																						
		0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79
Renewals Call Ctr																						
		1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74	1.74
Telephone Banking Support																						
		1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44
Loan Origination-Call Ctr																						
		8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63
Deposit Origination																						
		5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.73
<b>Operations</b>																						
Accept Deposit ATM																						
		0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Mailing/Postage Cost																						
		0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65
Process Bill Payments																						
		0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Process Checks																						
		0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Process Deposits																						
		0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Produce Statements																						
		1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44
<b>Mortgage Sales</b>																						
Loan Sales																						
		6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81
Loan Renewals																						
		3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95
<b>Lending Back Office</b>																						
Loan Origination-lending EO																						
		5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09	5.09
NSF Loan Processing																						
		2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Loan Payment Processing																						
		0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Loan Termination																						
		3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99
Statement Prep & Mail																						
		0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67
Renewals-loans																						
		6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92	6.92
<b>Credit</b>																						
Credit Reviews - Internal																						
		8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63
Credit Reviews - Third Party																						
		12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69	12.69

## AVERAGE CALC

The eleventh tab in the model, **Average Calc**, is used to facilitate the allocation of account information from the **Revenue & Balances** tab to the **Volume Activity Calc** tab based upon a running three-month phasing. This tab requires no input from the user and may be hidden at the discretion of the Cognos Contributor administrator.

Initiatives	Initiative Calc	Revenue & Balances	Volume Activity Calc	Initiative Volume Activity Calc	Assigned Expenses	Initiative Assumptions	Shared Services Unit Rates	Average Calc	Time Calc													
Alliant																						
		Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07
Months for Avg																						
		0	0	0	0	0	0	3,440	3,448	3,456	0	0	0	10,344	10,344	10,344	10,344	10,344	10,344	10,344	10,344	10,344
<b>Average</b>																						
		0	0	0	0	0	0	3,440	6,888	10,344	10,344	10,344	10,344	10,344	10,344	10,344	10,344	10,344	10,344	10,344	10,344	10,344



## TIME CALC

The twelfth, and final tab in our blueprint is **Time Calc**. This tab allows for an automated rolling forecast and requires no input from the user. It may be hidden at the discretion of the Cognos Contributor administrator. It is used as an allocation table in a number of the links within the model. Some links require that actual months data be used, others the forecasted months, and still others need to link over the three previous months for use in our average discussed in linking accounts from the **Revenue & Balances** tab to the **Volume Activity Calc** tab.

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07
Actual Months Indicator(Hide)	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0
Actual Months	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0
Forecast Months										1	1	1	1	1	1	1	1
Current Month(Hide)	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
Lag C1(Hide)	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
Lag C2(Hide)	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Lag C3(Hide)	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0
Month (HID)(Hide)	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07
Months for Average																	
Actual/Fcst	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Actual Months Cumm (Hide)	1	2	3	4	5	6	7	8	9	9	9	9	9	9	9	9	9

## ACORN INTEGRATION

Acorn Systems offers Profit Analyzer, Cognos Integration Edition, based on its participation as the development and best practices partner for the Cognos Branch Performance Blueprint. Featuring a pre-defined template for key data inputs, flexible and extensible process modeling and calculation engine, as well as pre-built integration to Cognos' CPM Solution, an organization can achieve rapid time to results.

## **ABOUT THE COGNOS INNOVATION CENTER FOR PERFORMANCE MANAGEMENT**

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Staffed globally by experts in planning, technology, and performance and strategy management, the Innovation Center partners with more than 600 Cognos customers, academics, industry leaders, and others seeking to accelerate adoption, reduce risk, and maximize the impact of technology-enabled performance management practices.



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