Banking and Financial Services:
Cost Transparency Performance Blueprint

Introduction

This application brief demonstrates a Web-based planning and reporting process for the banking industry, specifically focused on cost transparency, that uses IBM Cognos® 8 Planning version 8.4 and IBM Cognos 8 Business Intelligence version 8.4.

The costs for supporting the delivery of critical banking business functionality continue to rise at more than 15% per year. This has resulted in intense pressure for banks to reduce spending while increasing value, and ultimately, the bottom line. Compounding the problem is the sense that there is nothing that can be done to manage these expenses.

What managers need is to be able to articulate technology cost drivers and provide visibility of their operations so they can work with banking business managers as partners to plan, predict and forecast consumption of assets and related costs. By making costs transparent, a bank can fundamentally change the way business units consume resources, drive down total enterprise costs and focus on spending that delivers real business value.

To achieve the visibility of cost drivers and effectiveness that is created by financial transparency, value demonstration and metrics, banks need a more rigorous analytical approach. The *IBM Cognos Banking and Financial Services: Cost Transparency Performance Blueprint* provides that approach.

IBM Cognos Performance Blueprints are pre-defined data, process and policy models that help organizations accelerate their software deployments and drive faster return on investment. The *Cost Transparency Blueprint* helps banks:

- Gain continuous visibility of the drivers of cost and consumption of technology resources
- Strengthen the partnership between technology and the business
- Enable decisions that support growth, maximize return on investment and sustain rapid cost savings

The *Cost Transparency Blueprint* is described in detail in the sections that follow. The solution has these primary components:

- Reporting, analysis, dashboards and scorecards using IBM Cognos 8 Business Intelligence
- Planning and forecasting using IBM Cognos 8 Planning

Business intelligence

The *Cost Transparency Blueprint* provides a hierarchy of dashboards and reports that guide users through increasingly deeper levels of understanding. A business intelligence portal view of the *Blueprint* begins with a high-level picture. You can tailor the *Blueprint* to provide views based on a user's level of security, responsibility or both. IBM Cognos 8 Planning can permit a user to see revenue reports for all products and product lines or only for a single area of responsibility, such as a specific product line, product, or combination.

Welcome page
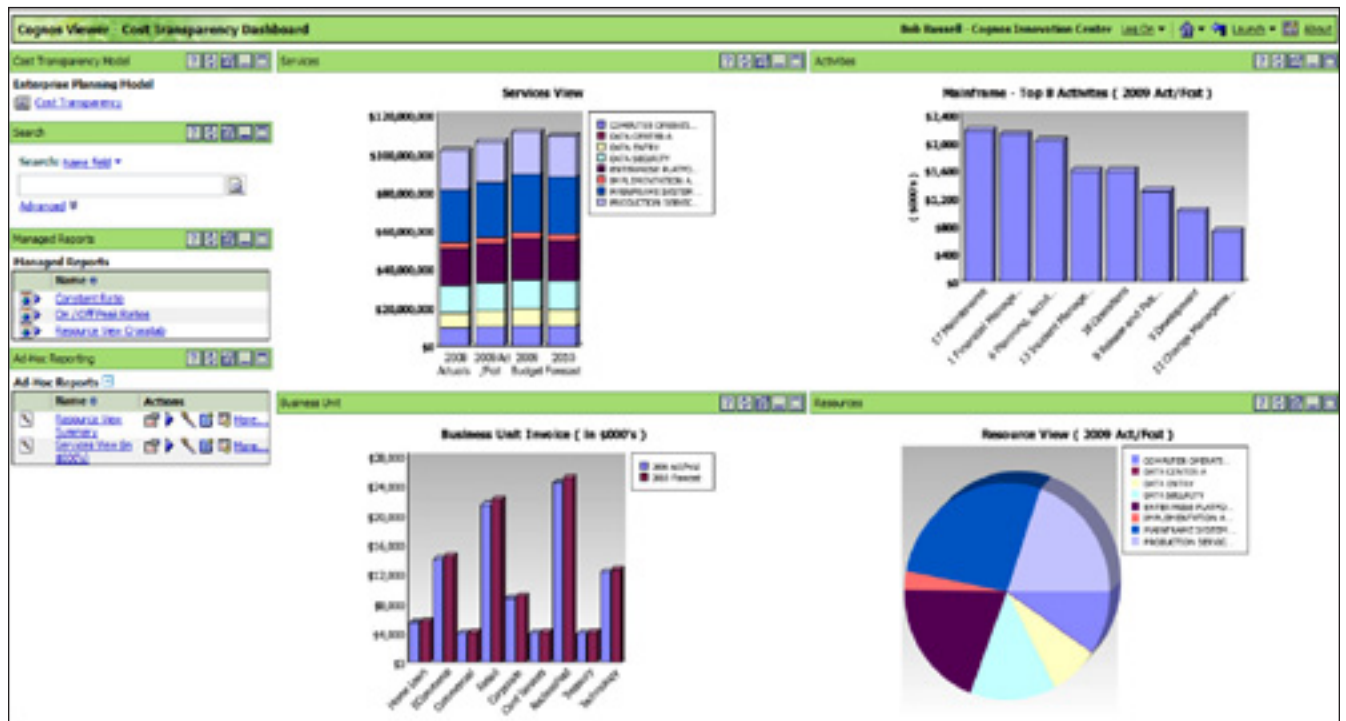
The Welcome page provides a great deal of information very quickly. The services view at the top left shows an overview of action based on tasks performed by year. The graph below the services view report is the business unit invoice report, which shows how each business unit is applying funds for development compared to budget allotments. This dashboard also includes a report for the top 8 mainframe activities, along with a resources report for the 2009 actual/forecast dollars related to the activities performed. In addition, the page includes a search engine and links to managed and ad-hoc reports (see below) and the planning model.

Resource View report

With this report, you can determine which measures and items to include for slice
and dice analysis.

Services View (in $000's) report

This Query Studio analysis enables you to drag and drop items from the Cost
Transparency data model so you can answer questions and analyze data to solve
business performance issues.

Query Studio - Services View (in $000's)   Bob Russell - Cognos Innovation Center   Log On ▾

Services View (in $000's)

Suppression on Rows: Zero values, Divide by Zero values, Missing values, Overflow values

Time	Finance Center	101-Online Processing Peak	102-Online Processing Non Peak	103-Batch Processing Peak	104-Batch Processing Non Peak	105-DASD	106-Mainframe Tape Storage	109-*To Be Assigned	110-*One Time Event	111-Mainframe Security
2008 Actuals	40000001-DATA SECURITY	$0	$0	$0	$0	$0	$0	-$850	$0	$14,768
	40000002-IMPLEMENTATION AND INTEGRATION SvCS	$371	$519	$191	$698	$445	$445	$0	$0	$130
	40000003-DATA ENTRY	$0	$0	$0	$0	$0	$0	$0	$7,906	$0
	40000004-MAINFRAME SYSTEM SERVICES	$4,267	$5,975	$2,254	$8,251	$3,521	$3,514	$0	$0	$0
	40000005-COMPUTER OPERATIONS	$1,394	$1,953	$724	$2,644	$1,369	$1,326	$0	$0	$0
	40000006-PRODUCTION SERVICES & SUPPORT	$2,788	$3,905	$1,488	$5,409	$3,246	$3,089	$0	$0	$0
	40000007-ENTERPRISE PLATFORM SERVICES	$0	$0	$0	$0	$0	$0	$0	$0	$19,512
	40000008-DATA CENTER-A	$7	$10	$4	$13	$8	$8	$0	$0	$0
2008 Actuals		**$8,827**	**$12,361**	**$4,662**	**$17,021**	**$8,590**	**$8,182**	**-$850**	**$7,906**	**$34,407**
2009 ActPlan	40000001-DATA SECURITY	$0	$0	$0	$0	$0	$0	-$892	$0	$15,504
	40000002-IMPLEMENTATION AND INTEGRATION SvCS	$389	$545	$201	$733	$467	$467	$0	$0	$136
	40000003-DATA ENTRY	$0	$0	$0	$0	$0	$0	$0	$8,302	$0
	40000004-MAINFRAME SYSTEM SERVICES	$4,480	$6,279	$2,367	$8,643	$3,697	$3,400	$0	$0	$0
	40000005-COMPUTER OPERATIONS	$1,464	$2,050	$760	$2,776	$1,438	$1,393	$0	$0	$0
	40000006-PRODUCTION SERVICES & SUPPORT	$2,923	$4,093	$1,548	$5,652	$3,429	$3,303	$0	$0	$0

Menu

Insert Data
Edit Data
Change Layout
Run Report
Manage File

Filter...
Combine Filters...
Suppress...
Sort...
Summarize...
Format Data...
Calculate...
Define Custom Groups...
Drill Down
Drill Up
Go To...
Rename Column Heading...
Cut
Paste
Delete
Undo
Redo

Font   Size   A▾ B I U

⊼ Top   ⬆ Page up   ⬇ Page down   ⊻ Bottom

Cost Transparency Blueprint application

The following chart highlights the work and information flows through the *Blueprint*.
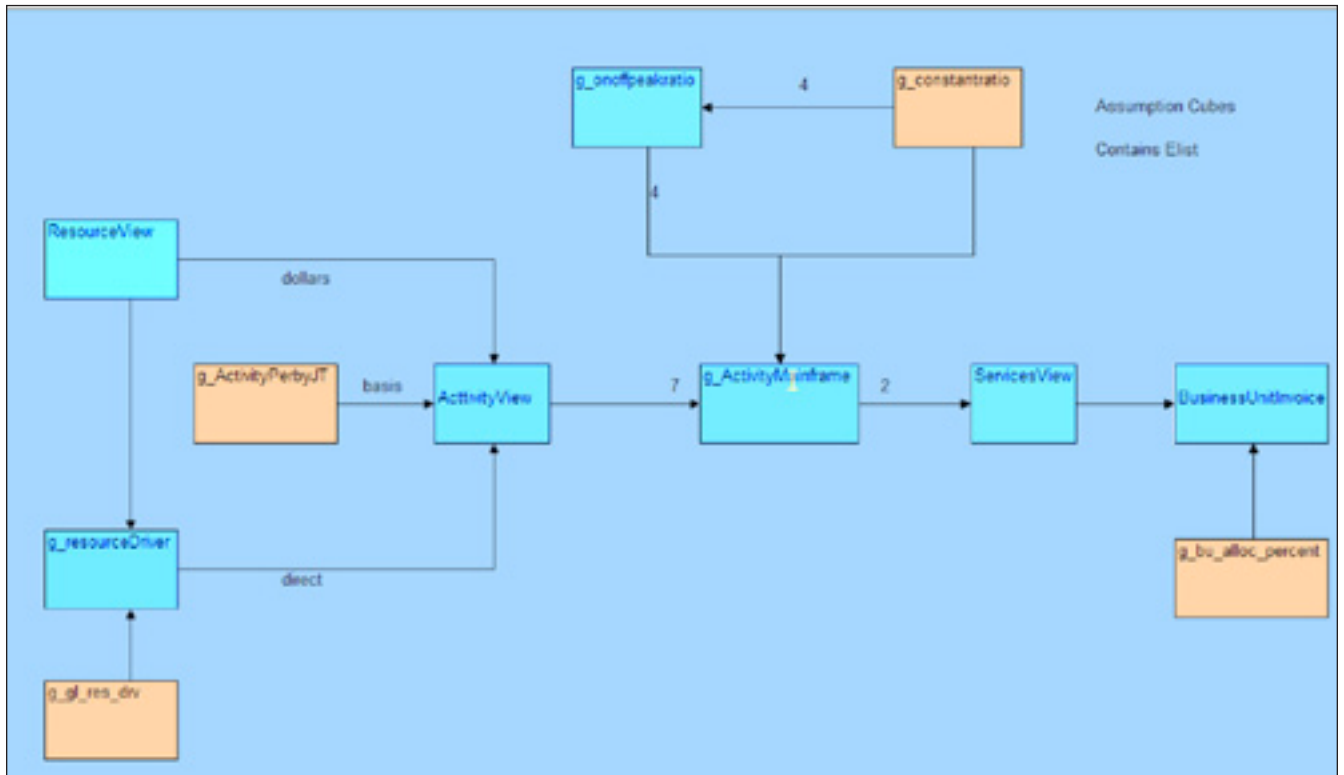
For comparative purpose, the model is built around time and versions. It contains annualized actuals for 2008, the prior year in the *Blueprint*, a current year with 8 months of actual data and 4 months of forecast data, a 2009 budget that represents the current year's budget and a 2010 annual forecast.

The four main tabs in the model, ResourceView, ActivityView, ServicesView and BusinessUnitInvoice, are all equal to the same amount at the top most level. They are different representations of the same data.

Resource View

The first tab in the *Blueprint* is ResourceView. It is here that the forecasting and budgeting process begins. ResourceView is a view of costs incurred during the production process by report level and financial organization. They are displayed at the report level by OrgFin (IT organizational units). The user may orientate the grid for easier viewing. Here you see the tab showing data by report level for the TotalOrgFin dimension.

The following screen capture shows the same tab by OrgFin at any report level. You can choose to focus on a number of levels.

The following view illuminates the finance organization with the report level dimension and collapses the time dimension so you can see annual amounts.

ResourceView	ActivityView	ServicesView	BusinessUnitInvoice	g_gl_res_drv	g_constantratio	g_onoffpeakra

Rows: [2 OrgFinCtr] [3 Report level] Columns: [5 Versions/Time] Context: Business Analyst [2 Elist]

		2008 Actuals	+ 2009 Act/Fcst	2009 Budget	2010 Forecast
Total OrgFin	**Total Report Lvl**	**25,276,448.26**	**26,540,270.67**	**27,804,093.09**	**27,298,564.12**
	Communications & Desktop	57,504	60,379	63,254	62,104
	Employee Base Compensation and Other	13,063,486	13,716,661	14,369,835	14,108,565
	Employee Taxes & Benefits	4,442,224	4,664,335	4,886,446	4,797,602
	Equipment Depreciation	1,436,386	1,508,205	1,580,025	1,551,297
	GDS	456,264	479,077	501,890	492,765
	Incentive Compensation & Awards	2,022,944	2,124,091	2,225,238	2,184,779
	Lease/Maint/Equip Expense	(60,885)	(63,929)	(66,973)	(65,756)
	Non-Employee Compensation	343,674	360,858	378,041	371,168
	Occupancy Expense	3,021,437	3,172,508	3,323,580	3,263,151
	Other Expense	231,583	243,162	254,742	250,110
	Professional Fees	261,832	274,923	288,015	282,778
40000001-DATA SECURITY	**Total Report Lvl**	3,478,907.90	3,652,853.29	3,826,798.69	3,757,220.53
	Communications & Desktop	4,781	5,020	5,259	5,164
	Employee Base Compensation and Other	1,110,893	1,166,438	1,221,983	1,199,765
	Employee Taxes & Benefits	454,291	477,006	499,720	490,635
	Equipment Depreciation	428,564	449,993	471,421	462,850
	GDS	395,065	414,819	434,572	426,671
	Incentive Compensation & Awards	184,300	193,515	202,730	199,044

Throughout the application, fields in grey cannot be edited and are either locked historical data, data linked from other tabs or items calculated based on information entered in the white (editable) areas. As you make changes, they are highlighted in blue along with any cells affected by the change. Changes made on any specific tab will flow through to subsequent tabs upon which they have an effect.

ActivityView

The second tab, ActivityView, breaks the costs incurred in the resource view down by activity. The costs are either passed through directly or allocated based upon either an activity matrix or a matrix defined by job title and human resource usage.

Some resources can be passed directly to an activity because the specific resource only supports a given activity. Other resources are split up or allocated based on a resource definition (driver) held with the g_gl_res_drv.

The other possibility is that a resource can be allocated based on a weighted employee profile. The g_ActivityPerbyJT tab holds information regarding the time usage and salary information of individuals involved in the process and that information is used as a basis for allocating the appropriate resources.

ServicesView

Tab three, ServicesView, is populated based on activity drivers. A number of cubes are used in this process. They are the g_constantratio tab, the g_onoff_peak, and the g_activityMainframe tabs.

The g_onoffpeakratio holds information for each driver activity type regarding batch peak and off peak, online peak and off peak DASD and tape storage. The g_constantratio cube holds trouble ticket ratios that do not change based upon the driver activity designation. This information is pulled into a hidden tab called g_ActivityMainframe. The two different ratio cubes are used as a basis for allocating certain activities to specific services for specific service accounts. Then, using multiple links, the data is moved from the g_ActivityMainframe to the appropriate service account, financial Organization and application. The ServicesView tab introduces the dimension of applications. In our model, we have App1, App2 and Total Apps. This dimension would be modified to accommodate the needs of the end user. The following screen capture is a view of ServicesView (Services by Organization).

The following screen shot is a view with the time dimension.

BusinessUnitInvoice

Tab four, BusinessUnitInvoice, uses utilization consumption drivers stored in the g_
bu_alloc_percent tab as a basis for allocating ServicesView to the business units.

A tab called g_bu_alloc_percent maintains the allocation basis. You can use this
tab to generate invoicing for specific business units if desired.

The following screen capture shows all business units.

	Total Services	101-Online Processing Peak	102-Online Processing Non Peak	103-Batch Processing Peak	104-Batch Processing Non Peak	105-DASD	106-Mainframe Tape Storage	109-*To Be Assigned
Total Business Units	27,804,093.09	2,427,309.06	3,399,164.92	1,282,029.05	4,680,896.76	2,362,155.13	2,249,956.09	(233,666.88)
Home Loan	1,427,461.73	106,390.53	148,987.60	21,505.94	401,297.10	174,287.09	223,862.70	(21,242.44)
ECommerce	3,667,387.10	1,003,400.92	1,405,146.65	430,680.97	267,315.07	99,146.14	110,566.57	(21,242.44)
Commercial	1,035,490.10	104,732.70	146,666.01	0.00	223,247.90	99,146.14	110,566.57	(21,242.44)
Retail	5,637,249.55	476,212.84	666,800.87	704,004.64	2,003,072.24	1,103,441.12	332,507.08	(21,242.44)
Corporate	2,283,420.55	108,175.87	151,487.77	125,837.51	416,477.08	291,257.77	809,053.77	(21,242.44)
Card Services	1,035,490.10	104,732.70	146,666.01	0.00	223,247.90	99,146.14	110,566.57	(21,242.44)
Reclassified	6,401,397.78	104,732.70	146,666.01	0.00	221,247.90	99,146.14	110,566.57	(21,242.44)
One Time Event	1,035,490.10	104,732.70	146,666.01	0.00	223,247.90	99,146.14	110,566.57	(21,242.44)
Treasury	1,035,490.10	104,732.70	146,666.01	0.00	223,247.90	99,146.14	110,566.57	(21,242.44)

The following screen captures show a view for the e-commerce business unit.

	2008 Actuals	+ 2009 Act/Fcst	2009 Budget	2010 Forecast
Total Services	3,333,997.13	3,501,547.03	3,667,387.10	3,600,712.75
101-Online Processing Peak	912,181.59	957,688.63	1,003,400.92	985,156.61
102-Online Processing Non Peak	1,277,404.56	1,341,131.90	1,405,146.65	1,379,597.62
103-Batch Processing Peak	391,528.15	411,104.56	430,680.97	422,850.40
104-Batch Processing Non Peak	243,010.90	254,892.38	267,315.07	262,453.09
105-DASD	90,132.86	94,639.50	99,146.14	97,343.49
106-Mainframe Tape Storage	100,529.27	106,919.77	110,566.57	108,564.95
109-*To Be Assigned	(19,311.31)	(20,276.88)	(21,242.44)	(20,856.22)
110-*One Time Event	0.00	0.00	0.00	0.00
111-Mainframe Security	338,521.11	355,447.17	372,373.23	365,602.80

There are a number of cubes in the model that are not visible to the user yet used in calculating the outcomes. The four cubes that are visible can be hidden at the discretion of the models administrator.

g_gl_res_drv

The g_gl_res_drv tab holds information that defines the relationship between resource driver accounts and all activities (by financial organization and report level). It is used as the basis for allocating data in ResourcesView that is not based on the weighted employee profile. Some ResourceView data is passed directly to the ActivityView; other data is allocated based on a weighted profile of employees involved in the process. All other activity is allocated based on the information contained herein.

g_constantratio

The sixth tab in the *Cost Transparency Blueprint* is the g_constantratio tab. This tab contains ratios you can use for allocating ActivityView data to the ServicesView tab when the allocation is independent of the driver type. The ratios are loaded into a hidden tab called g_activitymainframe and then the appropriate data is brought in from the ActivityView tab.

| ResourceView | ActivityView | ServicesView | BusinessUnitInvoice | g_gl_res_drv | g_constantratio |

Rows: [3 peak_offpeak_rat]　　Columns: [3 Ratios]　　Context:

	ratio	Trouble ticket	Change ticket
Batch- Peak	0.2150	0.1148	0.1020
Batch- Off Peak	0.7850	0.4192	0.3724
Total Batch	**1.0000**	**0.5340**	**0.4744**
Online-Peak	0.4166	0.1658	0.2104
Online-Off Peak	0.5834	0.2322	0.2946
Total Online	**1.0000**	**0.3980**	**0.5050**
DASD	0.5000	0.0500	0.0202
Tape	0.5000	0.0180	0.0004
total storage	**1.0000**	**0.0680**	**0.0206**
total	**3.0000**	**1.0000**	**1.0000**

g_onoffpeakratio

The **g_onoffpeakratio** differs from the g_constantratio because the ratios are
assigned based on the activity.

g_bu_allo_percent

The eighth and final viewable tab of the *Blueprint*, g_bu_allo_percent, holds
the basis or allocation pattern used to convert the ServicesView data to the
BusinessUnitInvoice tab.

About the IBM Cognos Innovation Center for Performance Management

The IBM Cognos Innovation Center was established in North America and Europe to advance the understanding of proven planning and performance management techniques, technologies, and practices. The Innovation Center is dedicated to transforming routine performance management practices into "next practices" that help companies

- cut costs
- streamline processes
- boost productivity
- enable rapid response to opportunity
- increase management visibility

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

About IBM Cognos BI and Performance Management

IBM Cognos business intelligence (BI) and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance. IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

For further information or to reach a representative: www.ibm.com/cognos

Request a call

To request a call or to ask a question, go to www.ibm.com/cognos/contactus. An IBM Cognos representative will respond to your enquiry within two business days.

IBM®