

EXPENSE PLANNING AND CONTROL



IBM COGNOS
PERFORMANCE BLUEPRINT

A WEB-BASED PROCESS FOR MANAGING
EXPENSE PLANNING

VERSION 2.0

EXECUTIVE SUMMARY

This application brief demonstrates best practices for managing expense projections using IBM Cognos 8 Planning. Implementing this *Blueprint* will enable forward-looking visibility into expense decisions at both divisional level and corporate levels. The *IBM Cognos Expense Planning and Control Performance Blueprint* uses projections from other *Blueprints* or planning systems as well as actual history to drive expense planning processes. The *Blueprint* and processes described in this document are generic for expenses in any US industry and can be readily configured to support the complexity of fixed and variable expense requirements for any industry across many countries.



OVERVIEW

Aside from revenue, expenses are typically the main focus of corporate profit and loss statements. At the corporate level, maximum effort is made to manage expenses and set spending guidelines, while at the divisional level, line managers make expense decisions to optimize efficiency and productivity. Forward-looking collaboration must occur so that divisional decisions are aligned with strategic and tactical corporate goals. The *Expense Planning and Control Blueprint Version 2* from Cognos, an IBM company, was created using the collective experience and applied best practices of thousands of Cognos customers around the world.

DRIVER-BASED PLANNING

Because experts tend to agree that planning, budgeting, and forecasting involve too much detail and not enough focus on the key metrics that drive expenses, *driver-based planning* is featured in this *Blueprint*. Driver-based planning is based upon common components that typically drive a given expense. For example, office supply expense could be easily determined by using a volume or driver multiplied by a given rate. So, office supplies = headcount (driver) * \$15 (rate). This approach is superior to merely entering estimated expense dollars. The driver-based approach makes clear how expenses are actually determined and enables more rapid adjustments to plans as need arises.

Expense plans are dependent upon a number of factors including drivers, driver-based rates, season-

ality curves, or actual history. For example, headcount imported from the *Headcount and Compensation Blueprint* can be used to drive expenses in many areas, such as office supplies, cell phone costs, or tuition reimbursement.

Though this *Blueprint* requires minimal user input, it yields a great deal of information. Only three tabs require input:

- **Manual Entry**

Users enter expenses not captured elsewhere and assigns them to a particular account

- **Expense Baseline**

Users enter data that may be adjusted on an annual basis and then annualized within the *Expense Detail* tab based upon a chosen profile

- **Expense Detail**

Users choose which driver or profile they wish to use for a particular expense line. Some information within this *Blueprint* is sourced from other *Blueprints*, IBM Cognos 8 Planning models, or other sources. For example, depreciation expenses are linked from the *Capital Expenditure Blueprint*, while payroll information is fed from the *Headcount and Compensation Blueprint*. *Expense Planning and Control Version 2*, relies upon the use of the *Allocations* blueprint to allocate expenses from cost centers to profit centers within the *Expense Planning and Control Version 2 blueprint*.

BLUEPRINT OBJECTIVES

The following planning, budgeting, and forecasting objectives are achieved using the *Expense Planning and Control Blueprint*:

- Manage expenses based upon drivers and historically reliable rates.
- Allocate expenses equitably based upon historical patterns or drivers such as headcount over a certain number of periods.
- Consolidate expenses enabling seamless expense planning.
- Link salary and headcount projections as drivers for certain expense accounts in the plan.
- Currency planning and conversion capabilities.
- Internal transfer planning capabilities.

KEY COGNOS PLANNING BENEFITS

- Flexible and powerful model development. The Analyst component of IBM Cognos 8 Planning supports any business planning model or customizing of the Expense Planning and Control Blueprint.
- Web-based deployment of models for process workflow, data collection, and consolidation:
 - Real-time workflow
 - Real-time consolidation
 - Real-time calculations in the browser for immediate results
 - Industry leading what-if features for the most accurate plans, budgets and forecasts
- Scalable architecture with proven deployments to thousands of users.
- Easy links to financial and operational plans facilitating cross-enterprise collaboration.
- Ensured accuracy of plans using form-based planning with selection boxes to drive application logic and calculations.

DRIVERS

	Prior Forecast	Current Forecast	Budget
Headcount	8	8	8
Revenue	380,886.318	380,886.318	369,272.852
Square ft	3,033	3,033	3,033
Number of PC's	7	7	7
# of Cell Phones	7	7	7
# of Office Phones (65% of Headcount)	5.20	5.20	5.20
# of Trip Nights	30	30	30
# of Trip Days with Rental Car	21	21	21
Salary	52,937.013	52,937.013	52,937.013

Current owner: wilcoxm

On the first tab, *Drivers* are stored by month, cost center, and version. They are used on the *Expense Detail* tab. The selection on the *Expense Detail* tab causes the appropriate driver to be linked over to *Driver Based Calc* and then properly calculated in real time. The *Drivers* tab is for informational purposes and is used in calculating driver-based expenses; no selections or changes are allowed on this tab.

EXPENSE DETAIL

Driver	Profile	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Total
Salaries		51,576	55,601	50,619	49,630	51,249	52,558	47,384	46,784	41,909	
Overtime	Headcount	400	500	550	500	550	600	600	700	650	
Total Salaries		51,976	56,101	51,169	50,130	51,799	53,158	47,984	47,484	42,559	
Bonuses		16,561	16,561	11,898	11,116	11,651	11,651	7,119	7,418	7,797	
Incentive Comp		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
Option Expense		1,159	1,139	992	931	969	976	826	750	644	
Restricted Stock Expense		0	0	0	0	0	0	0	0	0	
Tuition Reimbursement	Headcount	360	450	495	450	495	540	540	630	585	
Severance		0	0	0	0	0	0	1,200	0	0	
Total Employee Compensation		74,096	78,311	68,553	66,628	68,913	70,324	61,669	60,282	55,585	
Life	Headcount	1,000	1,250	1,375	1,250	1,375	1,500	1,500	1,750	1,625	
Dental	Salary	1,588	1,985	2,184	1,985	2,184	2,382	2,382	2,779	2,581	
Health		2,507	3,134	3,448	3,134	3,448	3,761	3,761	4,388	4,075	
401k match	Revenue	5,522	16,654	16,654	7,142	8,332	8,332	11,903	19,044	21,425	
Total Benefits		14,618	23,033	23,670	13,511	15,338	15,975	19,546	27,962	29,705	
Total Personnel Related Taxes		13,464	16,830	18,513	16,830	18,513	20,196	20,196	23,563	21,880	
Total Personnel Related Taxes %		18%	21%	27%	25%	27%	29%	33%	39%	39%	
Computers & Technical Equip Rental		75,113	142	156	142	156	170	75,170	198	184	
Office AV Studio Equip Rental		18,835	106	117	106	117	127	18,877	149	138	
Other Equipment Rental		12,758	12,809	12,815	12,809	12,815	12,821	12,821	12,833	12,827	
Total Equipment Rental		106,746	13,057	13,088	13,057	13,088	13,119	106,869	13,180	13,149	
Occupancy		3,923	3,923	4,904	13,923	3,923	4,904	3,923	3,923	14,904	
Travel & Entertainment	Flat	2,363	2,363	3,113	2,363	2,363	3,113	2,363	2,363	3,113	
Professional Fees	4.4.5	2,854	2,854	23,567	2,854	7,854	18,567	2,854	2,854	18,567	
Telephone		447	805	810	341	404	409	583	941	1,052	
Office Supplies	Headcount	120	150	165	500	165	180	180	550	195	
Advertising		0	0	0	0	0	0	0	0	0	
Membership & Dues	End of Quarter	25	25	1,428	25	25	1,428	25	25	1,428	
Maintenance & Repairs	Revenue Cycle	839	839	1,258	1,677	1,677	1,258	839	419	1,677	
Depreciation & Amortization		6,944	6,944	6,944	6,944	6,944	6,944	6,944	6,944	6,944	
Total Other Employee Related		0	0	0	0	0	0	0	0	0	
Legal	Flat	553	553	553	553	553	553	553	553	553	
Patents		0	0	0	0	10,000	0	0	0	0	
Annual Report		0	0	0	0	0	0	0	0	0	
Directors Fee		0	0	0	0	0	0	0	0	0	
Charitable Contributions	Flat	524	524	524	524	524	524	524	524	524	

The *Expense Detail* tab is used to select the desired driver or profile for a given expense item.

Fields in gray are non-editable. They provide information or are linked from other tabs or sources. Fields in white are editable and—on this tab—are used to select the desired driver or profile for a specific line item. Although selectable fields have been pre-populated using management-approved methods, users may select from any of the available choices. The number and nature of choices available is determined by the *Blueprints* administrator prior to deployment.

In the example above, the Membership & Dues entry spreads the amount calculated in the *Expense Baseline* tab, based on the profile selected: End of Quarter (\$5,610 spread based upon the End of Quarter profile). Notice the amount each month is increased by the \$25 indicated as a Membership & Dues expense on the *Manual Entry* tab. By making a few simple selections and entering a minimal data inputs an entire expense model is produced.

Note that up to this point, expenses have been calculated in the cost center or department's local currency. On the *Expense Detail* tab, expenses are converted into the corporate standard. Converted expenses are brought forward to the *Expense Summary* tab. In this *Blueprint*, the corporate standard is US dollars, but could be changed to any currency.

For your convenience, we have loaded the recommended Driver or Profile. You may choose another available Driver or Profile if desired.

Eastam Canada Sales Montreal Sales Forecast Real Estate

	Source or Method	Driver	Profile	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04
Local Currency	Seasonality Calc: Please Choose Profile			4,250	4,250	4,250	14,250	4,250	4,250	4,250	4,250	14,250
Exchange Rate	Seasonality Calc: Please Choose Profile			1.572000	1.552000	1.511000	1.479000	1.459000	1.414000	1.366000	1.377000	1.584560
Corporate Standard				2,704	2,738	2,813	9,635	2,913	3,006	3,111	3,086	8,993

For your convenience, we have loaded the recommended Driver or Profile. You may choose another available Driver or Profile if desired.

United Kingdom Sales London Sales Forecast Real Estate

	Source or Method	Driver	Profile	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04
Local Currency	Seasonality Calc: Please Choose Profile			4,250	4,250	4,250	14,250	4,250	4,250	4,250	4,250	14,250
Exchange Rate	Seasonality Calc: Please Choose Profile			0.632911	0.615385	0.620347	0.635324	0.633312	0.618047	0.606796	0.611996	0.703883
Corporate Standard				6,715	6,906	6,851	22,430	6,711	6,877	7,004	6,945	20,245

The choices made on the *Expense Detail* tab were:

Driver: Profile:

- | | |
|----------------|----------------|
| Headcount | Flat |
| Revenue | 4,4,5 |
| Number of PC's | Revenue Cycle |
| Salary | Sales Cycle |
| | End of Quarter |

EXPENSE DETAIL (BY CATEGORY)

	R&D	M&S	SG&A	Total
Salaries	10,315	10,315	30,946	51,576
Overtime	80	80	240	400
Total Salaries	10,395	10,395	31,186	51,976
Bonuses	3,312	3,312	9,936	16,561
Incentive Comp	800	800	2,400	4,000
Option Expense	240	240	720	1,199
Restricted Stock Expense	0	0	0	0
Tuition Reimbursement	72	72	216	360
Severance	0	0	0	0
Total Employee Compensation	14,819	14,819	44,458	74,096
Life	200	200	600	1,000
Dental	318	318	953	1,588
Health	501	501	1,504	2,507
401k match	1,904	1,904	5,713	9,522
Total Benefits	2,924	2,924	8,771	14,618
Total Personnel Related Taxes	2,693	2,693	8,079	13,464
Total Personnel Related Taxes %	18%	18%	18%	55%
Computers & Technical Equip Rental	15,023	15,023	45,068	75,113
Office AV Studio Equip Rental	3,767	3,767	11,301	18,835
Other Equipment Rental	2,560	2,560	7,679	12,798
Total Equipment Rental	21,349	21,349	64,047	106,746
Occupancy	785	785	2,354	3,923
Travel & Entertainment	473	473	1,418	2,363
Professional Fees	571	571	1,712	2,854
Telephone	89	89	268	447
Office Supplies	24	24	72	120
Advertising	0	0	0	0
Membership & Dues	5	5	15	25

The *Expense Detail (by Category)* tab breaks down each expense item by month, version, and currency into its category type based upon a preset corporate guideline. This breakdown may then be used to bring the expenses into a P&L by category.

EXPENSE BASELINE

	Travel & Entertainment	Professional Fees	Membership & Dues	Maintenance & Repairs	Legal	Charitable Contributions
Base Amount	27,000	35,000	5,500	12,500	6,500	3,200
Adjustment	0	0	0	0	0	3,000
New Base Amount	27,000	35,000	5,500	12,500	6,500	6,200
% Increase	5.00%	6.00%	2.00%	4.00%	2.00%	1.50%
Full Year Budget	28,350	37,100	5,610	13,000	6,630	6,293
Next Years Adjustment	0	0	0	0	0	0
Next Years Adj Base	28,350	37,100	5,610	13,000	6,630	6,293
Next Years % Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Next Years Budget	28,350	37,100	5,610	13,000	6,630	6,293

Current owner: wilcoxm

Expense Baseline, the fourth tab and second entry point for input is used to enter data that will be annualized within the *Expense Detail* tab, based upon a chosen profile. Data entry begins with a base amount typically established using historical data. The amount may be adjusted up or down, by a fixed dollar amount, and/or a percentage. In the figure above, a one-time expense adjustment of \$3,000 is entered on the Adjustment expense line for Charitable Contributions. Then a 1.5 percent increase is forecast for the year. Because the model enables planning forward two years, once Full Year Budget is calculated, adjustments for the following year may be made. The *Expense Detail* tab (described above) provides an opportunity to select a profile upon which to allocate full-year amounts across time periods.

MANUAL ENTRY

Description	Expense Account	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04
1	ReportNet Research	0	0	0	0	10,000	0	0	0	0	4,000	0
2	Printer	850	850	850	850	850	850	850	850	850	850	850
3	servers for Trade Show	5,000	0	0	0	0	0	5,000	0	0	0	0
4	Bring down que program	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
5	servers for Trade Show	1,250	0	0	0	0	0	1,250	0	0	0	0
6	Corporate rollover	0	0	0	350	0	0	0	350	0	0	0
7	Team Dinner	0	0	750	0	0	750	0	0	750	0	0
8	IT Prof	25	25	25	25	25	25	25	25	25	25	25
9	Cognos EP Consultants	0	0	15,000	0	0	15,000	0	0	15,000	0	0
10	auditors	0	0	5,000	0	5,000	0	0	0	0	0	0
11		0	0	0	0	0	0	0	0	0	0	0
12		0	0	0	0	0	0	0	0	0	0	0
13		0	0	0	0	0	0	0	0	0	0	0
14		0	0	0	0	0	0	0	0	0	0	0
15		0	0	0	0	0	0	0	0	0	0	0
16		0	0	0	0	0	0	0	0	0	0	0
17		0	0	0	0	0	0	0	0	0	0	0
18		0	0	0	0	0	0	0	0	0	0	0
19		0	0	0	0	0	0	0	0	0	0	0
20		0	0	0	0	0	0	0	0	0	0	0
TOTAL		8,125	1,875	22,625	2,225	16,875	17,625	8,125	2,225	17,625	5,875	1,875

The *Manual Entry* tab manages expense items that may not lend themselves to driver-based calculations or seasonality profiles or may be in addition to those items. On line 8 above, there is an entry for an IT Prof which is going to be an addition to Membership & Dues calculated on the *Expense Baseline* tab. This amount will be added to the Membership & Dues entry on the *Expense Detail* tab. The entry will hit the expense account selected in the second column. (A brief description appears in column 1). A selection is then made from the Expense Account column, and the dollar amounts for this entry are entered into the appropriate time period(s).

The Expense Account selection is chosen from an approved dropdown list of acceptable Expenses:

- Overtime
- Incentive Comp
- Computers & Technical Equip Rental
- Office AV Studio Equip Rental
- Other Equipment Rental
- Real Estate
- Travel & Entertainment
- Professional Fees
- Telephone
- Office Supplies
- Advertising
- Membership & Dues
- Maintenance & Repairs
- Legal
- Patents
- Annual Report
- Directors Fee
- Charitable Contributions
- Other Expense

As changes are made, they are highlighted in **BLUE** along with any cells affected by the change. Further, expense impacts are made automatically to subsequent tabs affected.

EXPENSE SUMMARY

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
Total Salaries	51,975	56,101	51,169	50,130	51,799	53,150	47,984	47,484	42,559	46,705	51,768	52,818
Total Employee Compensation	74,096	78,311	68,553	66,628	68,913	70,324	61,669	60,282	55,585	60,027	64,276	65,756
Total Benefits	14,618	23,033	23,670	13,511	15,338	15,975	19,546	27,962	29,705	20,820	16,059	27,408
Total Personnel Related Taxes	13,464	16,830	18,513	16,830	18,513	20,196	20,196	23,563	21,880	23,563	23,563	25,246
Total Personnel Related Taxes %	18.2%	21.5%	27.0%	25.3%	26.9%	28.7%	32.7%	39.1%	39.4%	39.3%	36.7%	38.4%
Total Equipment Rental	106,746	13,057	13,088	13,057	13,088	13,119	106,869	13,180	13,149	13,180	13,180	28,211
Total Other Employee Related	0	0	0	0	0	0	0	0	0	0	0	0
Total Direct Expenses	227,515	150,211	167,090	139,730	150,285	157,494	227,068	144,092	169,275	140,836	135,673	184,186
Expenses Allocated out to Profit Centers	188,160	53,333	139,738	166,452	149,588	175,275	211,979	202,839	219,727	200,215	191,984	121,115
TOTAL NET EXPENSES	39,355	96,878	27,352	(26,722)	697	(17,781)	15,088	(58,747)	(50,452)	(59,379)	(56,311)	63,070
Headcount	13	15	14	14	15	15	15	15	14	16	17	18
Variable Expenses	204,187	132,745	125,337	111,539	117,365	121,127	203,543	126,498	121,831	119,102	118,590	147,133
Fixed Expenses	16,204	16,592	20,128	26,966	17,044	19,742	16,400	16,369	30,819	16,859	16,208	19,427
Discretionary Expenses	7,125	875	21,625	1,225	15,875	16,625	7,125	1,225	16,625	4,875	875	17,625
Total Variable, Fixed & Discretionary	227,515	150,211	167,090	139,730	150,285	157,494	227,068	144,092	169,275	140,836	135,673	184,186
Compensation	74,096	78,311	68,553	66,628	68,913	70,324	61,669	60,282	55,585	60,027	64,276	65,756
Benefits	14,618	23,033	23,670	13,511	15,338	15,975	19,546	27,962	29,705	20,820	16,059	27,408
Personnel Related	13,464	16,830	18,513	16,830	18,513	20,196	20,196	23,563	21,880	23,563	23,563	25,246
Total IT	106,746	13,057	13,088	13,057	13,088	13,119	106,869	13,180	13,149	13,180	13,180	28,211
Total Other	18,591	18,979	43,265	29,704	34,432	37,879	18,787	19,106	48,957	23,247	18,595	37,565
Total Comp through Other	227,515	150,211	167,090	139,730	150,285	157,494	227,068	144,092	169,275	140,836	135,673	184,186

To review, entries were made on three tabs: *Expense Detail*, *Expense Baseline*, and *Manual Entry*. Decisions were made regarding the expense amounts and how they would be calculated. In *Expense Summary*, expense lines are consolidated from the detail level to facilitate planning and comparisons across departments. In the figure above, the focus is the Current Forecast expenses for “US IT.”

In the figure below, the *Expense Summary* tab is re-oriented to show Current Forecast for Total Salaries across a number of different cost centers. Re-orientation is as simple as a dragging the Cost Centers drop-down box to the rows.

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total 2004	Jan-05
US Operations	687,263	729,551	719,625	715,108	698,968	710,247	701,631	721,016	716,768	757,836	767,682	777,750	8,703,445	687,263
US IT	51,976	56,101	51,169	50,130	51,799	53,158	47,984	47,484	42,559	46,705	51,768	52,818	603,651	51,976
US Marketing	106,759	111,149	109,152	104,941	99,515	100,957	101,194	103,819	102,858	107,033	106,917	107,977	1,262,273	106,759
US Finance	59,429	63,539	65,655	67,425	67,325	68,355	68,664	71,309	72,476	76,594	78,007	78,987	837,765	59,429
US Legal	76,656	81,126	79,360	78,637	74,409	75,376	75,469	77,919	79,348	83,415	80,482	81,432	943,631	76,656
US HR	50,135	54,260	55,851	57,846	57,886	58,803	59,104	61,627	62,794	66,846	68,366	69,360	722,877	50,135
US Administration	342,306	363,375	358,438	356,129	348,034	353,598	349,215	358,858	356,734	377,243	382,141	387,175	4,333,247	342,306

The remaining tabs in this *Blueprint* were used to properly calculate or allocate expense. They may be left as read-only or hidden entirely from end-users. The first and seventh-through-twelfth tabs are used to drive calculations or are where actual calculations take place. User access is determined by the *Blueprints* administrator. Tabs 7 through 12 are included here for informational purposes only.

CORPORATE DRIVER

Company Driver	
Telephone (Cell Phone Costs)	# of Cell Phones
Telephone (Office Phones Cost)	# of Office Phones (65% of Headcount)

Certain drivers are determined centrally by finance or operations. No choice is offered to the user. *Corporate Drivers* feeds the *Driver Based Calc* tab.

DRIVER-BASED RATES

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total 2004
Headcount	300	300	300	300	300	300	300	300	300	300	300	300	300
Revenue	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.360
Square ft													
Number of PC's													
# of Cell Phones													
# of Office Phones (65% of Headcount)	195.00	195.00	195.00	195.00	195.00	195.00	195.00	195.00	195.00	195.00	195.00	195.00	2,340.00
# of Trip Nights													
# of Trip Days with Rental Car													
Salary	0.210	0.210	0.210	0.210	0.210	0.210	0.210	0.210	0.210	0.210	0.210	0.210	2,520

Drivers Based Rates are stored by month, expense type, driver, version, and cost center. They are selected on the *Expense Detail* tab. The selection on the *Expense Detail* tab causes the appropriate rate to be linked over into *Driver Based Calc*.

DRIVER BASED CALC

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	lov-0
Overtime													
Volume	75	78	75	77	74	77	80	80	80	80	80	80	81
Rate	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000
Amount	3,750	3,900	3,750	3,850	3,700	3,850	4,000	4,000	4,000	4,000	4,000	4,000	4,050
Tuition Reimbursement													
Volume	75	78	75	77	74	77	80	80	80	80	80	80	81
Rate	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000
Amount	3,375	3,510	3,375	3,465	3,330	3,465	3,600	3,600	3,600	3,600	3,600	3,600	3,645
Life													
Volume	443,355	449,975	423,507	443,357	416,890	430,125	449,977	436,744	443,360	443,361	443,361	443,361	443,361
Rate	0.017	0.018	0.018	0.018	0.018	0.018	0.018	0.018	0.019	0.019	0.019	0.019	0.019
Amount	7,650	7,999	7,727	7,900	7,628	7,952	8,249	8,301	8,275	8,400	8,400	8,400	8,400
Dental													
Volume	496,285	516,136	496,285	509,519	489,667	509,519	529,370	529,370	529,370	529,370	529,370	529,370	535,987
Rate	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
Amount	14,889	15,484	14,889	15,286	14,690	15,286	15,881	15,881	15,881	15,881	15,881	15,881	16,080
401k match													
Volume	3,570,809	3,189,923	4,665,857	3,285,144	2,904,258	2,856,647	4,332,582	4,094,528	3,713,642	3,618,420	3,618,420	3,618,420	3,618,420
Rate	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
Amount	89,270	79,748	116,646	82,129	72,606	71,416	108,315	102,363	92,841	90,461	90,461	90,461	90,461
Office Supplies													
Volume	75	78	75	77	74	77	80	80	80	80	80	80	81
Rate	15.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000	15.000
Amount	1,125	1,170	1,125	1,155	1,110	1,155	1,200	1,200	1,200	1,200	1,200	1,200	1,215
Telephone (Cell Phone Costs)													
Volume	67	59	90	61	53	52	83	78	70	68	70	68	68
Rate	58.000	58.000	58.000	58.000	58.000	58.000	58.000	58.000	58.000	58.000	58.000	58.000	58.000
Amount	3,886	3,422	5,220	3,538	3,074	3,016	4,814	4,524	4,060	3,944	4,060	3,944	3,944
Telephone (Office Phones Cost)													
Volume	49	51	49	50	48	50	52	52	52	52	52	52	53
Rate	7.800	7.800	7.800	7.800	7.800	7.800	7.800	7.800	7.800	7.800	7.800	7.800	7.800
Amount	380	395	380	390	375	390	406	406	406	406	406	406	411

Based upon the driver chosen on the *Expense Detail* tab, the appropriate driver (volume) and rate are linked to calculate the driver-based expense for that line item. The calculated expense is then linked back to the *Expense Detail* tab.

SEASONALITY CURVES

The screenshot shows the 'Seasonality Curves' tab with a table of data. The table has columns for months from Jan-04 to Dec-04, a 'Total 2004' column, and columns for months from Jan-05 to Apr-05. The rows include 'Flat', '4,4,5', 'Revenue Cycle', 'Sales Cycle', and 'End of Quarter'.

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total 2004	Jan-05	Feb-05	Mar-05	Apr-05
Flat	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4,4,5	4	4	5	4	4	5	4	4	5	4	4	5	52	4	4	5	4
Revenue Cycle	6.5%	6.5%	9.7%	12.9%	12.9%	9.7%	6.5%	3.2%	12.9%	9.7%	6.5%	3.2%	100.0%	6.5%	6.5%	9.7%	12.9%
Sales Cycle	5%	7%	10%	4%	6%	9%	6%	7%	12%	8%	10%	16%	100%	5%	7%	10%	4%
End of Quarter	0	0	1	0	0	1	0	0	1	0	0	1	4	0	0	1	0

The *Seasonality Curves* tab contains the profile information selected on the *Expense Detail* tab. Based upon the choice made, the appropriate profile is linked into the *Seasonality Calc* tab.

SEASONALITY CALC

The screenshot shows the 'Seasonality Calc' tab with a table of dollar amounts. The table has columns for months from Jan-04 to Dec-04, a 'Total 2004' column, and columns for months from Jan-05 to Feb-05. The rows include 'Travel & Entertainment', 'Professional Fees', 'Membership & Dues', 'Maintenance & Repairs', 'Legal', and 'Charitable Contributions'.

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total 2004	Jan-05	Feb-05
Travel & Entertainment	14,175	14,175	14,175	14,175	14,175	14,175	14,175	14,175	14,175	14,175	14,175	14,175	170,100	14,175	14,175
Professional Fees	17,123	17,123	21,404	17,123	17,123	21,404	17,123	17,123	21,404	17,123	17,123	21,404	222,600	17,123	17,123
Membership & Dues	0	0	8,415	0	0	8,415	0	0	8,415	0	0	8,415	33,660	0	0
Maintenance & Repairs	5,032	5,032	7,548	10,065	10,065	7,548	5,032	2,516	10,065	7,548	5,032	2,516	78,000	5,032	5,032
Legal	3,315	3,315	3,315	3,315	3,315	3,315	3,315	3,315	3,315	3,315	3,315	3,315	39,780	3,315	3,315
Charitable Contributions	3,146	3,146	3,146	3,146	3,146	3,146	3,146	3,146	3,146	3,146	3,146	3,146	37,758	3,146	3,146

The *Seasonality Calc* tab is where the dollar amounts calculated on the *Expense Baseline* tab are spread based upon a chosen profile. These profiled numbers are then linked back to the *Expense Detail* tab.

PERCENT BREAKDOWN

The screenshot shows the 'Percent Breakdown' tab with a table of percentages. The table has columns for months from Jan-04 to Dec-04, a 'Total 2004' column, and columns for months from Jan-05 to May-05. The rows include 'R&D', 'M&S', 'SG&A', and 'Total'.

	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total 2004	Jan-05	Feb-05	Mar-05	Apr-05	May-05
R&D	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
M&S	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
SG&A	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Percent Breakdown is used to break down expense into their appropriate categories when linking from *Expense Detail* to the *Expense Detail (by category)* tab. These percentages would most likely be set by finance staff based upon historical trends.

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