

Capital Project Planning Performance Blueprint



Introduction

What if it were possible to have a single capital expenditure planning system that met the needs of divisions across the entire world and also allowed each planner to submit capital expenditure requests in their local currency while consolidating real-time in the home country currency? And wouldn't it be nice to link capital expenditure requests, request justifications, IT work hours required for capital projects, and depreciation projections to better forecast all capital spending requirements? Decision makers could continually fine-tune projected capital expenditures to maintain forward visibility into their capital plans. And capital projections could be leveraged as indicators of future treasury needs and their effects on other organizational planning processes.

That is the purpose of the *IBM Cognos® Genware Capital Project Planning Performance Blueprint*—to align capital planning, depreciation expense projections, and other capital spending requirements like dedicated IT time. The Blueprint enables decision makers to reach consensus on a capital plan, while understanding the financial impact of their decisions on both income and cash flow.

In addition, planners can plan in their local currency while rolling up total spending to home country currency views, and can customize depreciation calculations to match their own country's accounting standards.

IBM Cognos Performance Blueprints

In addition to its industry-leading software solutions, *IBM Cognos Performance Blueprints* offer predefined data, process, and policy models that provide best-practice approaches to performance management. Downloadable free-of-charge to IBM Cognos customers, *IBM Cognos Performance Blueprints* provide out-of-the-box functionality, including dashboards, analytical reports, and pre-configured data models to facilitate rapid time-to-value.

Designed in collaboration with industry leaders and some of our most successful customers, each *Blueprint* is a Web-based process using IBM Cognos 8 Planning and IBM Cognos 8 Business Intelligence. Models and processes are designed for most companies and can be configured to support alternative model requirements and to accommodate planning in any environment.

Blueprints are pre-populated with common operational drivers and business structures, dramatically reducing the time required to deploy a new performance management process. Customers benefit from proven practices in model design that greatly reduce investment in implementation time and resources, needn't waste time "reinventing the wheel," and are free to focus on applying the technology to solve business problems, rather than fundamental process analysis and technical design.

IBM Cognos Genware Capital Project Planning Blueprint

An effective capital planning process combines capital planning with analysis of the impact of these decisions on the Income Statement as well as Balance Sheet and Cash Flows.

The *IBM Cognos Capital Project Planning Blueprint* is designed to:

- Streamline the capital planning process
- Provide management with justification for each capital request
- Allow for planning individual expenditures in local currency while consolidating in home-country currency
- Facilitate assessments based on capital request priorities and risk
- Manipulate timing or amount of capital expenditures and compare several different adjustment scenarios
- Allow depreciation calculations to be tailored to match accounting standards in various countries
- Track depreciation on existing and forecast assets for a complete view of projected depreciation expense

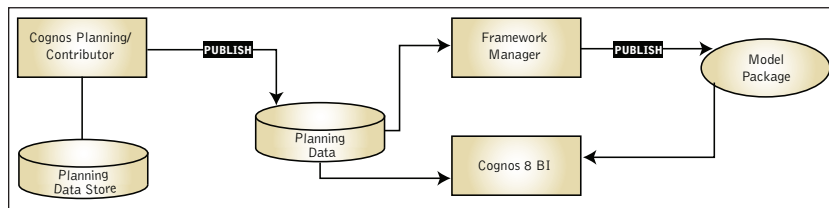
Business Intelligence

The purpose of the BI component is to align capital planning requests with strategic initiatives and corporate goals. Because planning is a critical link between strategy and execution, improving capital expenditure planning can enhance organizational performance and competitiveness.

Coupling IBM Cognos Planning with IBM Cognos BI allows for a consistent, systematic, and methodical approach to planning and measuring strategic initiatives.

Capital Project Planning Blueprint BI Component Process Flow

The architecture in the diagram below shows the high-level *Blueprint* BI components.



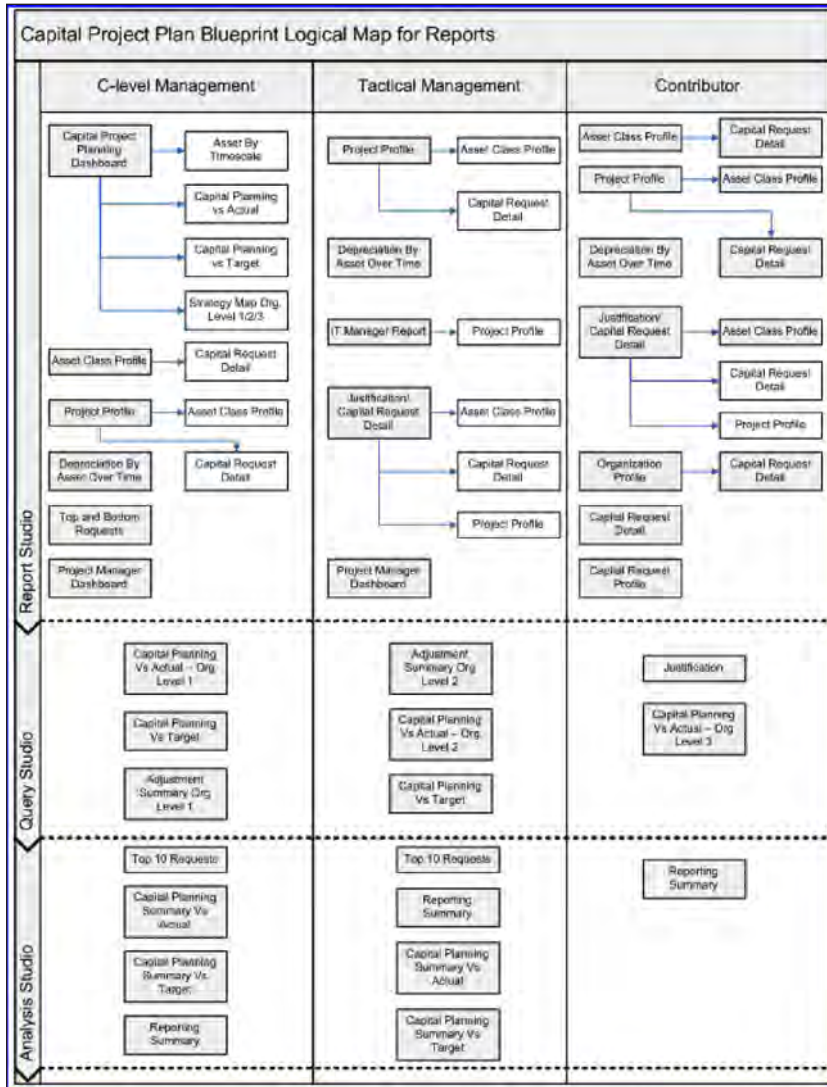
The *IBM Cognos Capital Project Planning Blueprint* BI component is designed to:

- Enable functions accessing data to fully participate and drive towards corporate goals and strategic initiatives
- Provide integration to the *IBM Cognos Capital Project Planning Blueprint*—a planning solution that captures planned capital expenditure data
- Access and analyze actual and forecast capital expenditure
- Conduct information gathering to drive corporate decisions around capital expenditures and their causal effect on goals and strategic initiatives
- Provide a framework so the whole company shares a common view to achieve the same goals and strategies
- Measure capital expenditure performance using metrics like original v. adjusted or adjusted v. actual

Capital Project Planning Blueprint BI Component in Action

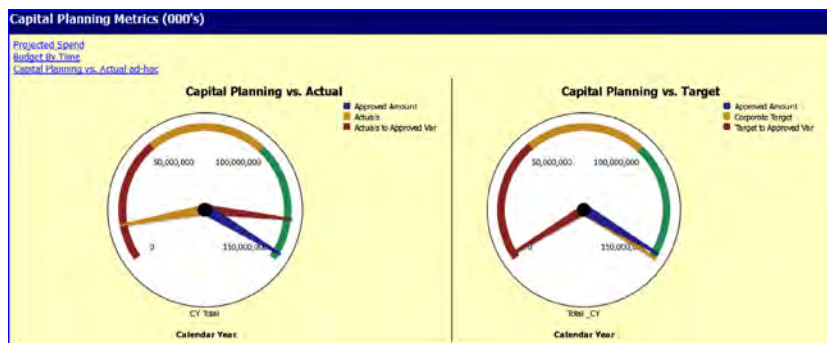
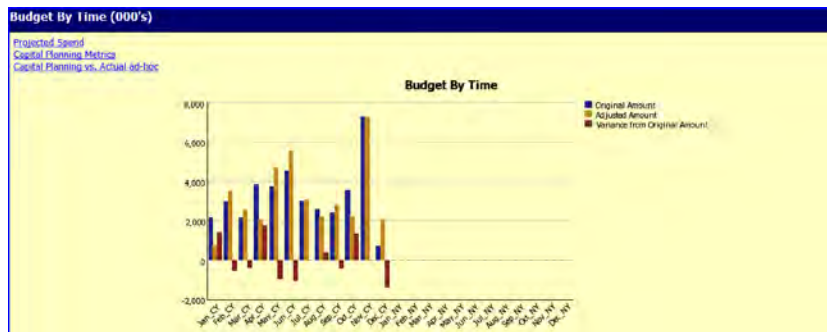
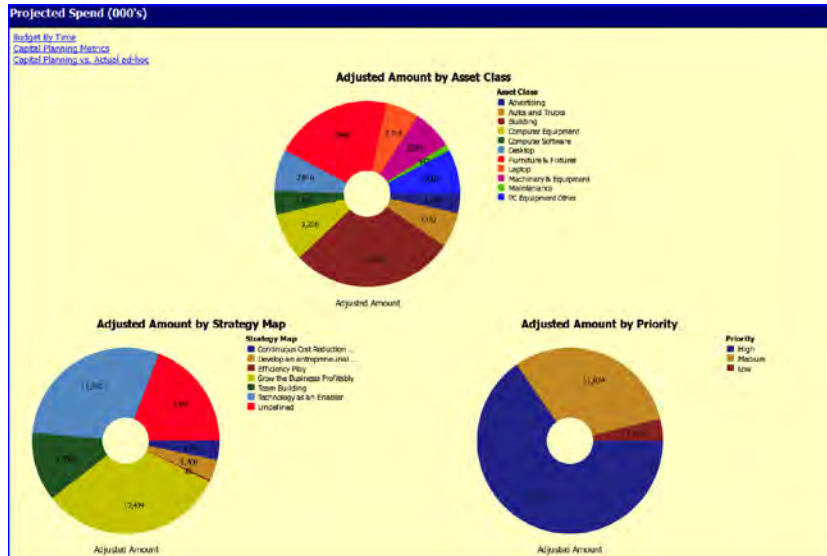
The BI component presents information in many forms, with the capability to drill down to more detailed analyses and include up-to-date information from IBM Cognos Planning. Folders, dashboards, and reports are provided to drive the decision-making process.

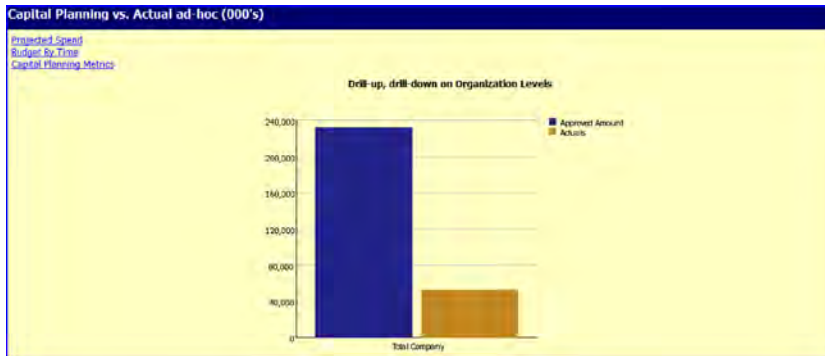
The following diagram describes the *Blueprint's* reporting structure.



Executive Reporting

From the C-level Management Folder, a full range of reports, queries, and analyses is available. The Capital Project Planning Dashboard, made up of four sections, shows an example of the range of reports and graphs available to decision makers.





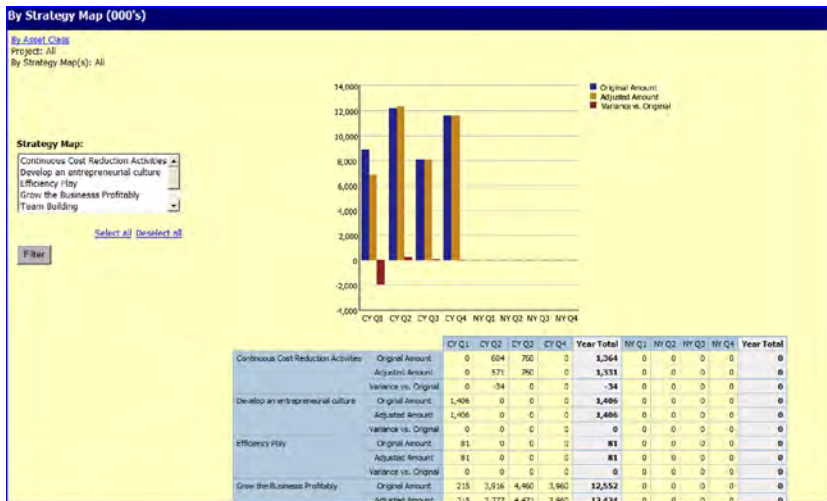
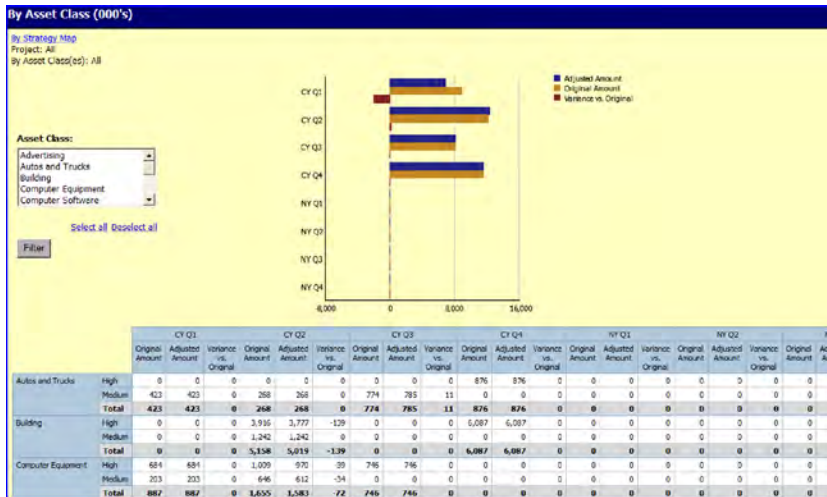
Executives see graphical presentations of key metrics for review, and can drill down to greater detail as needed.

From this dashboard, one can quickly determine high or low expenditures from different perspectives. Executives see a visualization of adjusted expenditure by asset class, strategy map, and priority. Since capital expenditure can materially affect net profit, a graph effectively shows the budget over time. Additionally, executives can gauge the planned capital expenditure compared to actual and compared to target.

The information from this launch point and drillable extensions lets executives make informed decisions regarding capital expenditure affecting corporate goals and strategies. The data drives resolving issues, setting direction, changing plans, and determining the strategic impact of change. The change-effects are visible through near-real-time data, enabling reporting on asset class, strategy maps, and expenditures across all organizational levels within the company (multi-node reporting).

Management Reporting

From the Tactical Management Folder of the BI *Blueprint* component, a full range of reports, queries, and multi-dimensional analysis is available. The Project Manager Dashboard provides a general overview of asset classes and strategy maps tied to a project. The example report gives a high-level view of the original and adjusted amounts related to each asset class and strategy map by project over time.

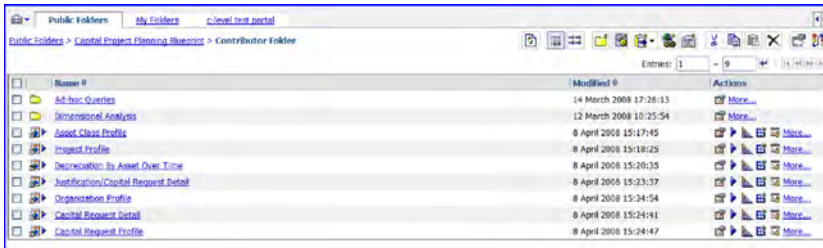


The BI component of the *IBM Cognos Capital Project Planning Blueprint* enables managers to make informed decisions affecting tactical goals and strategies that facilitate corporate goals and strategies.

A manager's task of ensuring that departments or organization levels contribute to achieving corporate goals and strategic initiatives may include managing projects, adjusting capital expenditure requests, guiding justifications, and monitoring capital expenditure and asset depreciation.

Contributor Reporting

From the Contributor Folder of the *Blueprint's* BI component, a range of reports and queries is available. The example Project Profile report below highlights how the BI component leverages the data to give contributors information to help align capital expenditure requests with achieving operational goals.



Org Level	Request Number	Asset Class	Strategy Map	Priority	Depreciation	Estimated Capital Risk	Estimated Years of Benefit	ECI	Expected Impact	Month Rollout	Subject Matter Expert	IT Resource Required?	IT Hours	Original Amount	Adjusted Amount	Variance vs. Original	% Variance vs. Original
Australia Benefits	2	Auto and Trucks	Grow the Business Profitably	Medium	6,715	Low	5-10 Years	Growth	Jul_CY	None Required	No		22,375	22,375		0%	
	30	Building	Grow the Business Profitably	High	3,798	Low	5-10 Years	Replacement	Oct_CY	Yes - External	No		44,750	44,750		0%	
	11	IT Equipment Other	Team Building	High	14,171	Low	5-10 Years	Growth	Jun_CY	None Required	No		26,890	26,890		0%	
Australia Benefits													93,975	93,975		0%	
Australia Corp	2	Auto and Trucks	Grow the Business Profitably	Medium	6,715	Low	5-10 Years	Growth	Jul_CY	None Required	No		22,375	22,375		0%	
	30	Building	Grow the Business Profitably	High	3,798	Low	5-10 Years	Replacement	Oct_CY	Yes - External	No		44,750	44,750		0%	
	11	IT Equipment Other	Team Building	High	14,171	Low	5-10 Years	Growth	Jun_CY	None Required	No		26,890	26,890		0%	
Australia Corp													93,975	93,975		0%	
Australia Comp	2	Auto and Trucks	Grow the Business Profitably	Medium	6,715	Low	5-10 Years	Growth	Jul_CY	None Required	No		22,375	22,375		0%	
	30	Building	Grow the Business Profitably	High	3,798	Low	5-10 Years	Replacement	Oct_CY	Yes - External	No		44,750	44,750		0%	
	11	IT Equipment Other	Team Building	High	14,171	Low	5-10 Years	Growth	Jun_CY	None Required	No		26,890	26,890		0%	
Australia Comp													93,975	93,975		0%	
Australia Controller	2	Auto and Trucks	Grow the Business Profitably	Medium	6,715	Low	5-10 Years	Growth	Jul_CY	None Required	No		22,375	22,375		0%	
	30	Building	Grow the Business Profitably	High	3,798	Low	5-10 Years	Replacement	Oct_CY	Yes - External	No		44,750	44,750		0%	
Australia Controller													93,975	93,975		0%	
Australia Facilities	2	Auto and Trucks	Grow the Business Profitably	Medium	6,715	Low	5-10 Years	Growth	Jul_CY	None Required	No		22,375	22,375		0%	

It is easy to look into capital requests and see their status, adjustments, justifications, scenarios, and more. An added advantage is a clear view of these rolling up to become part of an asset class or interacting across organization levels.

Utilizing the drill-down features provided with the BI component gives contributors visibility to business-critical information.

Though contributors have access to the details of requests they are allowed to see in IBM Cognos 8 Planning, the BI component to the *IBM Cognos Capital Project Planning Blueprint* has the advantage of enabling them to focus on operational goals and understand how they enable both tactical and strategic goals and initiatives.

Planning

Planners are able to easily adjust Capital Requests through Web-based templates that are customized to their specific areas of responsibility. Planners can enter details to classify the various expenditures and justify their requests.

Expenditure Description	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9
Expenditure Description	Finance Dept. Tests	Automobile	Cubicle Rebuild	Desktop Upgrades	Laptop Upgrades	PC Accessories	Equipment Purchases	New Office Building	sector
Asset Class	Furniture & Fixtures	Auto and Trucks	Furniture & Fixtures	Desktop	Laptop	PC Equipment/Other	Machinery & Equipment	Building	Building
Priority	Low	Medium	Medium	Low	Medium	Medium	High	High	High
Estimated Useful Life	Low	Low	Low	Low	Low	Low	Low	Low	Low
Justification	Replacement for CPE	Replacement for CPE	Replacement	Replacement	Replacement	Replacement	Replacement	Replacement	Replacement
Priority Benefit	Comfor - Salary	Comfor - Salary	Comfor - Salary	Comfor - Salary	Comfor - Salary	Comfor - Salary	Comfor - Salary	Comfor - Salary	Comfor - Salary
Estimated Years of Benefit	5-10 Years	5-10 Years	5-10 Years	5-10 Years	5-10 Years	5-10 Years	5-10 Years	5-10 Years	5-10 Years
Expected Impact	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Month/Year	Jul_Cy	Feb_Cy	Oct_Cy	May_Cy	Jun_Cy	May_Cy	May_Cy	Sep_Cy	Nov_Cy
IT Resources Requested	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
IT Resources	10	15	15	20	20	20	20	20	20
Support Maint. & Oper. Costs	None Requested	None Requested	None Requested	None Requested	None Requested	None Requested	None Requested	None Requested	None Requested
Strategic Map	Team Building	Team Building	Team Building	Team Building	Team Building	Team Building	Team Building	Team Building	Team Building

Planners can readily request the dollar amount of the expenditure and enter the expected timing of the expenditure.

Expenditure Description	Asset Class	Priority	Budget Amount	Residual Value	Purchase Month	In Service Month	Warning
1 Finance Dept. Tests	Furniture & Fixtures	Low	3,575,000	100,000	Jul_Cy	Aug_Cy	
2 Automobile	Auto and Trucks	Medium	3,125,000	150,000	Feb_Cy	Feb_Cy	
3 Cubicle Rebuild	Furniture & Fixtures	Medium	10,000,000	1,000,000	Oct_Cy	Oct_Cy	
4 Desktop Upgrades	Desktop	Medium	2,000,000	100,000	May_Cy	May_Cy	
5 Laptop Upgrades	Laptop	Medium	2,500,000	100,000	Jun_Cy	Jun_Cy	
6 PC Accessories	PC Equipment/Other	Medium	1,000,000	50,000	May_Cy	May_Cy	
7 Equipment Purchases	Machinery & Equipment	High	4,000,000	200,000	Sep_Cy	Sep_Cy	
8 New Office Building	Building	High	40,000,000	4,000,000	Nov_Cy	Nov_Cy	
9 Projector	PC Equipment/Other	High	3,000,000	100,000	Dec_Cy	Dec_Cy	
10 Software Upgrades	Computer Software	Medium	2,500,000	100,000	Jan_Cy	Jan_Cy	
11 Landscaping Project	Maintenance	Medium	3,500,000		Mar_Cy	Mar_Cy	
12 Computer Racks	Furniture & Fixtures	Medium	2,000,000	100,000	Feb_Cy	Feb_Cy	
13 Back up Power Supply	Computer Equipment	Medium	1,500,000	100,000	Mar_Cy	Mar_Cy	
14 BlackBerry Devices	Machinery & Equipment	Medium	500,000	25,000	Apr_Cy	Apr_Cy	
15							
16							
17							
18							

During the review process, it may be necessary to adjust the amount or timing of requests. Several scenarios may be compared before final request approval is given.

Category Type	Exchange Rates	Justification	Capital Requests	Choice Adjustment Summary	Capital Planning Adjustments	Approved Requests	Capital Planning Summary vs Act
Adjust Timing Later (State)		Finance Exp Devs	Function 3, Finance	Low	0	0	0
Adjust Amount	200,000	Finance Exp Devs	Function 3, Finance	Low	0	0	0
Original Forecast		Finance Exp Devs	Function 3, Finance	Low	0	0	0
Original Forecast Value		Finance Exp Devs	Function 3, Finance	Low	0	0	0
New Timing					0	0	0
New Forecast Timing					0	0	0
Adjusted Request					0	0	0
Adjusted Residual Value					0	0	0
Current Dollar Adjustment	200,000				200,000	200,000	200,000
Adjust Timing Later (State)		Automobile	Auto and Trucks	Medium	0	0	0
Adjust Amount	(100,000)	Automobile	Auto and Trucks	Medium	0	0	0
Original Forecast		Automobile	Auto and Trucks	Medium	0	0	0
Original Forecast Value		Automobile	Auto and Trucks	Medium	0	0	0
New Timing					0	0	0
New Forecast Timing					0	0	0
Adjusted Request					0	0	0
Adjusted Residual Value					0	0	0
Current Dollar Adjustment	(100,000)				(100,000)	(100,000)	(100,000)
Adjust Timing Later (State)		Cable Modem	Function 3, Finance	Medium	0	0	0
Adjust Amount		Cable Modem	Function 3, Finance	Medium	0	0	0
Original Forecast		Cable Modem	Function 3, Finance	Medium	0	0	0
Original Forecast Value		Cable Modem	Function 3, Finance	Medium	0	0	0
New Timing					0	0	0
New Forecast Timing					0	0	0
Adjusted Request					0	0	0
Adjusted Residual Value					0	0	0
Current Dollar Adjustment					0	0	0
Adjust Timing Later (State)		Desktop Upgrades	Desktop	Medium	0	0	0
Adjust Amount		Desktop Upgrades	Desktop	Medium	0	0	0
Original Forecast		Desktop Upgrades	Desktop	Medium	0	0	0
Original Forecast Value		Desktop Upgrades	Desktop	Medium	0	0	0
New Timing					0	0	0
New Forecast Timing					0	0	0
Adjusted Request					0	0	0
Adjusted Residual Value					0	0	0
Current Dollar Adjustment					0	0	0
Adjust Timing Later (State)		Laptop Upgrades	Laptop	Medium	0	0	0

As planners populate their templates, depreciation expense is automatically calculated on the approved requests, and all data saved in the templates updates the pre-built dashboards and reports.

Summary

The *IBM Cognos Genware Capital Project Planning Performance Blueprint* maximizes insight into capital expenditure requests and their relationships to asset classes and strategy maps, which drive stronger business performance better aligned with corporate goals and strategic initiatives.

This allows decision makers to make informed choices and changes to help meet operational, tactical, and corporate goals. With near real-time data access, the impact of decisions is clearly traceable and provides a road map to the achievement of strategic initiatives and goals, which, in turn drives strong business performance.

About the IBM Cognos Innovation Center

The IBM Cognos Innovation Center for Performance Management 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 cut costs, streamline processes, boost productivity, enable rapid response to opportunity, and 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, academics, industry leaders, and others seeking to accelerate adoption, reduce risk, and maximize the impact of technology-enabled performance management practices. To join, visit www.cognos.com/innovationcenter.

About Genware Computer Systems Inc.

Providing successful end-to-end service, business intelligence, and corporate performance management solutions, training, and audit capabilities to information-hungry companies, Genware Computer Systems specializes in the implementation of applications leveraging IBM Cognos technologies. Genware offers specialized services for integration with IBM Software and SAP ERP and BW solutions, tailored customer services, and best-practice data warehousing and advanced application management solutions to ensure customer project success.

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.

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3755 Riverside Drive
Ottawa, ON, Canada K1G 4K9

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