

**Capital Project Planning
Performance Blueprint
Powered by IBM Cognos Express**



Introduction

What if it were possible to have a single capital expenditure planning system that met the needs of your divisions all over the world and enabled 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 more productive to be able to link capital expenditure requests, request justifications, work hours required for capital projects and depreciation projections so that you could create a better forecast for all capital spending requirements? Having this would enable decision makers to continually fine-tune projected capital expenditures and perform rapid what-if analysis to maintain forward visibility into their capital plans. And capital projections could be indicators of future treasury needs and their effects on other organizational planning processes.

That is the purpose of the *IBM Cognos® Capital Project Planning Performance Blueprint Powered by IBM Cognos Express*—to align capital planning, depreciation expense projections and other capital spending requirements such as dedicated engineering or 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 they can customize depreciation calculations to match their own country's accounting standards.

IBM Cognos Performance Blueprints

As part of its portfolio of industry-leading software solutions, IBM offers IBM Cognos Performance Blueprints, which are predefined data, process and policy models that provide best-practice approaches to performance management. Provided at no additional cost to IBM customers, Performance Blueprints feature dashboards, analytical reports, pre-configured data models and more 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 solutions from the IBM Cognos performance management platform, such as IBM Cognos Express. The

developers of Performance Blueprints design these models and processes so that most companies can use them with little or no additional coding or IT intervention. Companies can also configure Performance Blueprints 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.

Introducing the Capital Project Planning Blueprint Powered by IBM Cognos Express

The *Capital Project Planning Blueprint Powered by IBM Cognos Express* facilitates an effective process that blends capital planning with analysis of the impact of planning decisions on income statements, along with balance sheets and cash flows. To that end, it has features that:

- Streamline the capital planning process with personalized analytics and easy-to-manage workflow
- Provide management with justification for each capital request
- Support assessments based on capital request priorities and risk
- Manipulate timing or amount of capital expenditures and compare several different adjustment scenarios, with the ability to route those scenarios to reviewers
- Provide depreciation methods that match accounting standards in various countries
- Allow for planning individual expenditures in local currency while consolidating in home-country currency
- Track depreciation on existing assets and forecast assets for a complete view of projected depreciation expense

Capital Project Planning Blueprint Powered by IBM Cognos Express Analysis

IBM Cognos Express presents information in many forms, including detailed, tailored analyses and up-to-date information from a capital planning process with current actual spend to date. This provides real-time context for all forecasting projections.

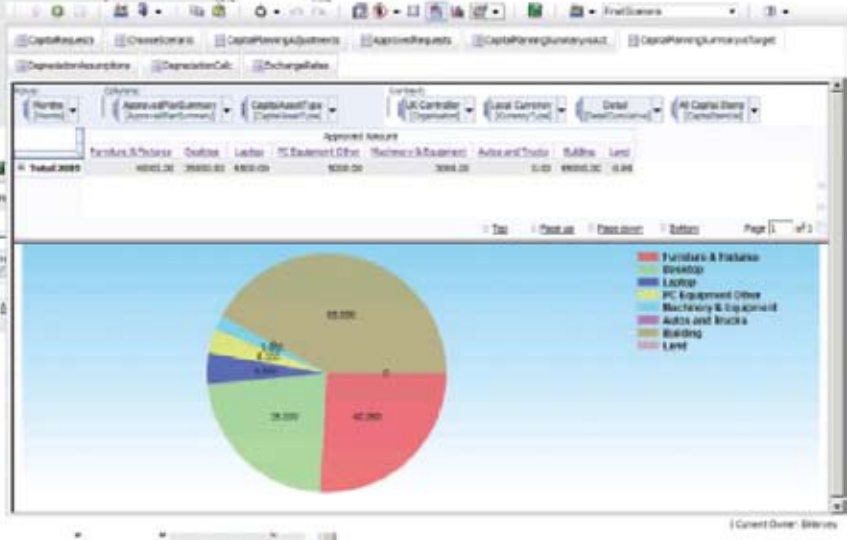
Actuals

Capital Request | Drawdowns | Capital Planning Adjustments | Approved Requests | Capital Planning Summary Actual | Capital Planning Summary Target

North | Months | Approved Plan Summary | Capital | UK Controller | Local Currency | Detail | All Capital Items

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total 2019
Total Capital Exp	5800	-5000	0	0	0	0	0	0	0	0	0	0	8000.00
Furniture & Fixtures	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Desktop	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Laptop	0	0	0	0	0	0	0	0	0	0	0	0	0.00
IT Equipment Other	5800	-5000	0	0	0	0	0	0	0	0	0	0	8000.00
Machinery & Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Auto and Trucks	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Building	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Land	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Computer Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Computer Software	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Advertising	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Other	0	0	0	0	0	0	0	0	0	0	0	0	0.00

Summary



Targets

Figure 1. Capital project planning overview

To aid analysis, planners can develop their own personalized views of templates. For example, they can home in on the

depreciation of all manufacturing equipment by narrowing the asset category or type in the subset editor.

The screenshot displays the IBM Cognos Express interface. The main window shows a table with columns for 'CapitalAssetType', 'Scenario 1', 'Scenario 2', and 'Scenario 3'. The 'Total Capital Exp' row is highlighted. A 'Subset Editor' dialog box is open, showing a tree view of the data structure. The 'Machinery & Equipment' item is selected in the tree. The dialog box has 'OK', 'Cancel', and 'Advanced' buttons, and a 'Done' button at the bottom.

CapitalAssetType	Scenario 1	Scenario 2	Scenario 3
Total Capital Exp	9333.33	7291.67	6500.00
Furniture & Fixtures	9333.33	7291.67	6500.00
Desktop	9333.33	7291.67	6500.00
Laptop	9333.33	7291.67	6500.00
PC Equipment Other	9333.33	7291.67	6500.00
Machinery & Equipment	9333.33	7291.67	6500.00
Autos and Trucks	9333.33	7291.67	6500.00
Building	9333.33	7291.67	6500.00
Land	9333.33	7291.67	6500.00
Computer Equipment	9333.33	7291.67	6500.00
Computer Software	9333.33	7291.67	6500.00
Maintenance	9333.33	7291.67	6500.00
Advertising	9333.33	7291.67	6500.00
Other	9333.33	7291.67	6500.00

Figure 2. Asset type selection

Planning

Planners can easily adjust capital requests with Web-based templates that are customized to their specific areas of responsibility. In IBM Cognos Express, a financial planning manager or administrator driving the capital planning projects

assembles the capital expense planning application—along with corporate targets—and deploys it with its templates to the different contributors in the business functions or units. Planners then enter details to classify expenditures, prioritize and justify their requests.

Expenditure Description	1	2	3	4	5	6
Project	Project 7	Project 6	Project 10	Project 7	Project 8	Project 4
Asset Class	Computer Equipment	Desktop	Furniture & Fixtures	Computer Equipment	Building	PC Equip
Priority	High	High	Low	Medium	Medium	High
Estimated Overall Risk	Low	Low	Medium	Medium	Low	Low
Describe Problem	Support Cognos apps	Cognos applications	Enhance Data Center	Enhance Data Center	Enhance Data Center	Presenter
Primary Benefit	Corporate Intelligence	Corporate Intelligence	Increase Productivity	Increase Productivity	Increase Productivity	
Estimated Years of Benefit	5-10 Years	2-5 Years	2-5 Years	2-5 Years	5-10 Years	2-5 Years
ROI	Efficiency Gain	Efficiency Gain	Efficiency Gain	Efficiency Gain	Efficiency Gain	Efficiency
Expected Impact	500.00%	400.00%	300.00%	300.00%	400.00%	
IT Resources Required	Yes	Yes	Yes	Yes	Yes	Yes
IT Manhours	100.00	40.00	30.00	5.00	15.00	
Subject Matter Expert	Yes - Both Internal and External	Yes - Internal	Yes - Both Internal and External	Yes - Internal	Yes - Both Internal and External	None Rec
Strategy Map	Technology as an Enabler	Technology as an Enabler	Technology as an Enabler	Technology as an Enabler	Technology as an Enabler	Technolo
Budget Amount	32500	25000	32500	10000	40000	
Residual Value	0	0	0	0	0	
Purchase Month	Jun-09	Mar-09	Feb-09	May-09	Apr-09	Jan-09
In Service Month	Jun-09	Mar-09	Feb-09	May-09	Apr-09	Jan-09
Warning						

Figure 3. Capital requests overview

Planners can request the dollar amount and expected timing of an expenditure. During the review process, planners

or approvers can easily adjust the amounts or timing of the various requests.

The screenshot shows the 'Capital Planning Adjustments' interface. At the top, there are navigation tabs: CapitalRequests, ChooseScenario, CapitalPlanningAdjustments (selected), ApprovedRequests, CapitalPlanningSummaryvsActual, and vsTarget. Below these are DepreciationAssumptions, DepreciationCalc, and ExchangeRates. A 'Final Scenario' dropdown menu is open, showing options: [Default], Final Scenario, and Sandbox Scenario. The main grid has a 'Rows' section with 'CapitalItemList' and 'ExpenditureAdj' dropdowns, and a 'Columns' section with 'Months' dropdown. The 'Context' section shows 'Scenario 1' and 'UK Controller'. The grid columns are: Adjustments, Expenditure Description, Asset Class, Priority, Jan-09, Feb-09, Mar-09, Apr-09, May-09, Jun-09, Jul-09. The grid contains three groups of rows, each with an 'Adjust Amount' and 'Adjust Timing Later (Earlier)' row. Group 1 (Web Servers) shows an adjustment of -1. Group 2 (Hewlett-Packard Pavilions) shows an adjustment of 0. Group 3 (Computer Racks) shows an adjustment of 2. The 'Adjusted Request' and 'Adjusted Residual Value' rows show the impact of these adjustments on the monthly schedule and total value.

Group	Adjustment	Amount	Description	Asset Class	Priority	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
1	Adjust Timing Later (Earlier)	-1	Web Servers	Computer Equipment	High	0	0	0	0	0	0	0
	Adjust Amount	2,500	Web Servers	Computer Equipment	High	0	0	0	0	0	0	0
	Original Request	0	Web Servers	Computer Equipment	High	0	0	0	0	0	32,500	0
	Original Residual Value	0	Web Servers	Computer Equipment	High	0	0	0	0	0	0	0
	Adjusted Request	0	Web Servers	Computer Equipment	High	0	0	0	0	35,000	0	0
	Adjusted Residual Value	0	Web Servers	Computer Equipment	High	0	0	0	0	0	0	0
2	Adjust Timing Later (Earlier)	0	Hewlett-Packard Pavilions	Desktop	High	0	0	0	0	0	0	0
	Adjust Amount	0	Hewlett-Packard Pavilions	Desktop	High	0	0	0	0	0	0	0
	Original Request	0	Hewlett-Packard Pavilions	Desktop	High	0	0	25,000	0	0	0	0
	Original Residual Value	0	Hewlett-Packard Pavilions	Desktop	High	0	0	0	0	0	0	0
	Adjusted Request	0	Hewlett-Packard Pavilions	Desktop	High	0	0	25,000	0	0	0	0
	Adjusted Residual Value	0	Hewlett-Packard Pavilions	Desktop	High	0	0	0	0	0	0	0
3	Adjust Timing Later (Earlier)	2	Computer Racks	Furniture & Fixtures	Low	0	0	0	0	0	0	0
	Adjust Amount	0	Computer Racks	Furniture & Fixtures	Low	0	0	0	0	0	0	0
	Original Request	0	Computer Racks	Furniture & Fixtures	Low	0	32,500	0	0	0	0	0
	Original Residual Value	0	Computer Racks	Furniture & Fixtures	Low	0	0	0	0	0	0	0
	Adjusted Request	0	Computer Racks	Furniture & Fixtures	Low	0	0	0	32,500	0	0	0
	Adjusted Residual Value	0	Computer Racks	Furniture & Fixtures	Low	0	0	0	0	0	0	0
	Adjust Timing Later (Earlier)	0	Back up Power Supply	Computer Equipment	Medium	0	0	0	0	0	0	0
	Adjust Amount	0	Back up Power Supply	Computer Equipment	Medium	0	0	0	0	0	0	0

Figure 4. Capital planning adjustments

Because advanced personalization is blended with workflow activities in IBM Cognos Express, each contributor can dynamically build his own set of what-if scenarios for comparison purposes. Perhaps the completion of a particular project in manufacturing has been extended by six months.

With the IBM Cognos Express capability for personalized scenarios, the planner can postpone purchases of assets, test different assets and adjust purchase times. He can then share this with his manager and other team members and submit the best scenario for the overall plan.

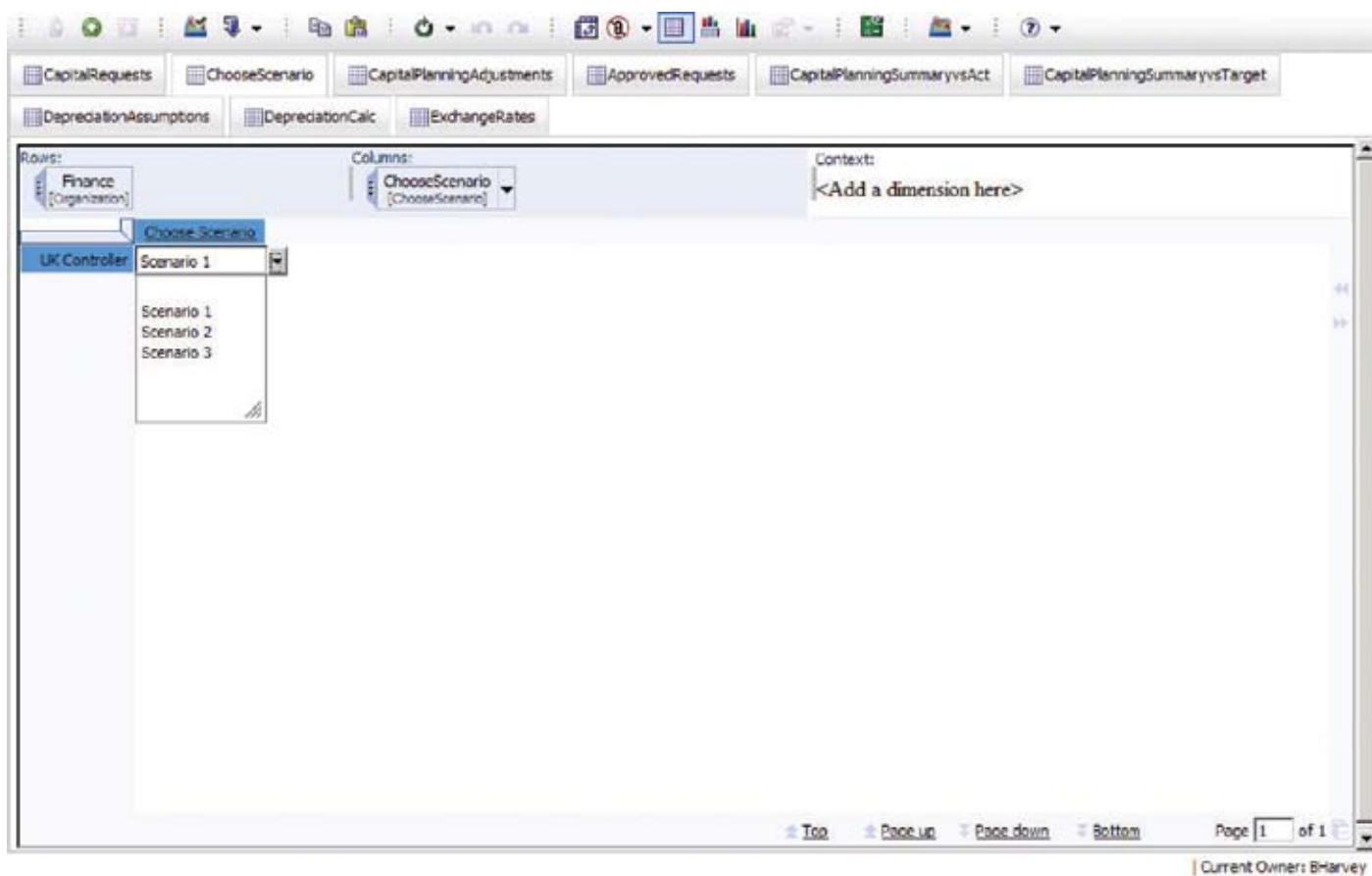


Figure 5. Choose scenario overview

As planners populate their templates, depreciation expenses are automatically calculated on the approved requests and

all data saved in the templates are then updated in the pre-built dashboards

The screenshot displays a web-based dashboard for capital planning. At the top, there are several navigation tabs: CapitalRequests, ChooseScenario, CapitalPlanningAdjustments, ApprovedRequests, CapitalPlanningSummaryvsAct, and CapitalPlanningSummaryvsTarget. Below these are sub-tabs for DepreciationAssumptions, DepreciationCalc, and ExchangeRates. The main area is a data grid with the following settings: Rows: ApprovedPlanSummary [ApprovedPlanSummary], CapitalAssetType [CapitalAssetType]; Columns: Months [Months]; Context: UK Controller [Organization], Local Currency [Currency/Type], Detail [Detail/Cumulative], 1 [CapitalItemList].

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
Total Capital Exp	0	0	0	0	35000	0	0	0	0	0	0	0	0	0	0
Furniture & Fixtures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Desktop	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Laptop	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PC Equipment Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Machinery & Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Autos and Trucks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Building	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Computer Equipment	0	0	0	0	35000	0	0	0	0	0	0	0	0	0	0
Computer Software	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

The table is part of a larger interface with navigation controls at the bottom: Top, Page up, Page down, Bottom, Page 1 of 2, and Current Owner: BHervey.

Figure 6. Capital planning adjustments

Summary

The *Capital Project Planning Blueprint Powered by IBM Cognos Express* maximizes insight into capital expenditures. This in turn drives stronger business performance because of improved alignment with corporate goals and strategic initiatives. Decision-makers can make informed choices and changes to help meet operational, tactical and corporate goals. With near real-time data access and personalized analytics, the impact of decisions is clearly traceable and provides a road map to the achievement of strategic initiatives and goals.

About IBM Business Analytics

IBM Business Analytics software delivers complete, consistent and accurate information that decision-makers trust to improve business performance. A comprehensive portfolio of business intelligence, advanced analytics, financial performance and strategy management and analytic applications gives you clear, immediate and actionable insights into current performance and the ability to predict future outcomes. Combined with rich industry solutions, proven practices and professional services, organizations of every size can drive the highest IT productivity and deliver better results.

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