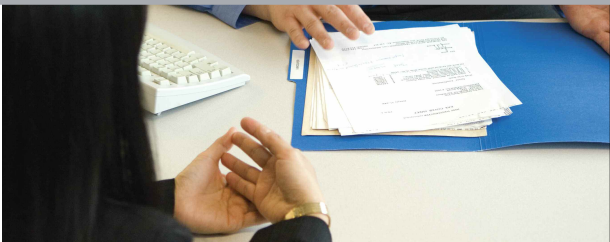


THE POWER OF INNOVATION: COGNOS PERFORMANCE BLUEPRINTS



INNOVATION IN ACTION SERIES

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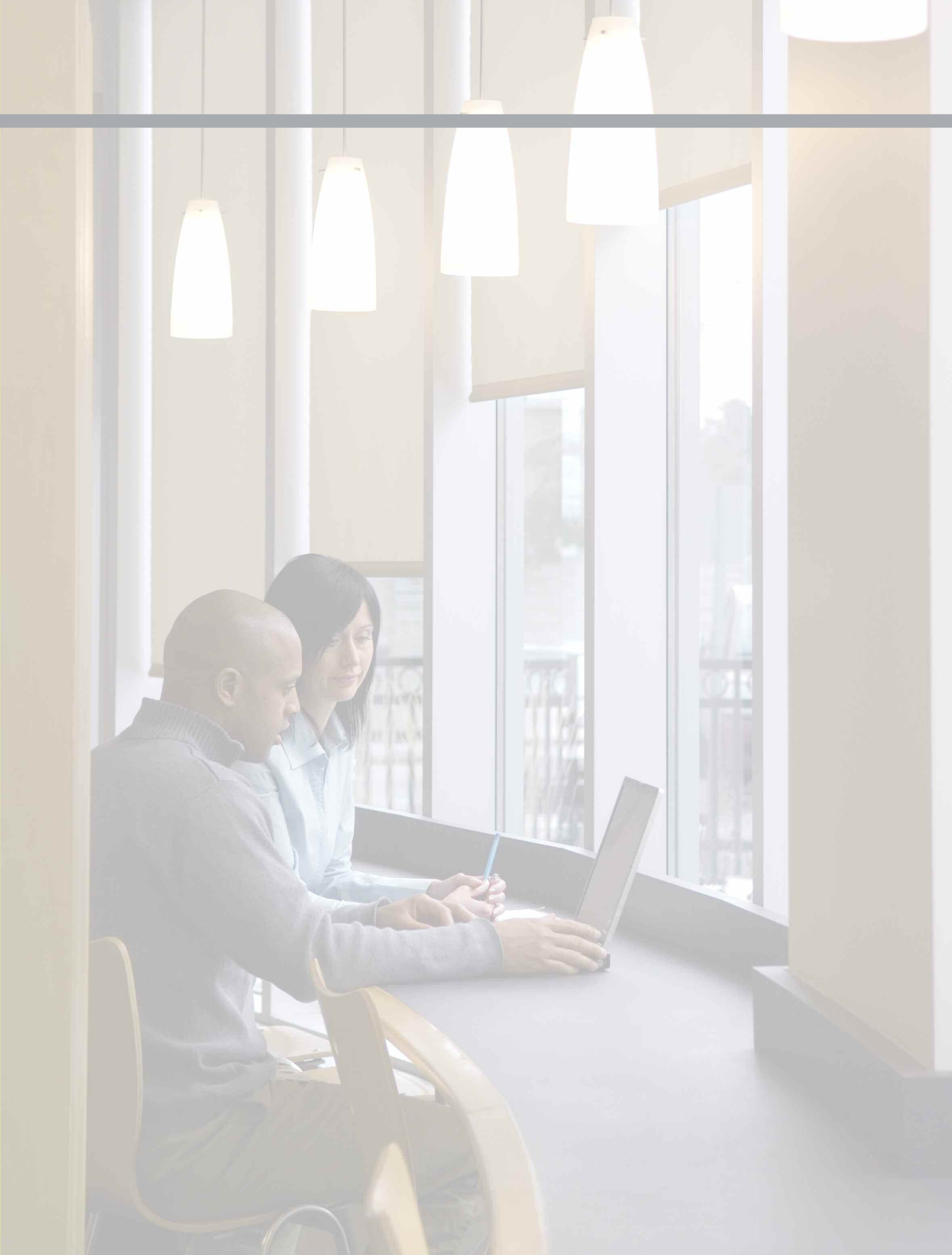


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1 INTRODUCTION

Performance management is the systematic, integrated process organizations use to link and align high-level strategy with core financial and operational plans, measure outcomes, and support decisions. Effective performance management requires best-practice business processes supported by cutting-edge technology.

A 2005 Hackett Group study found that companies embracing a consistent performance management culture deliver 2.4 times the three-year average indexed equity market returns of their peers, and do so with lower operating-profit volatility. Hackett findings highlight the power of modern performance management systems and processes: Many companies have created—or are in the process of creating—a performance management environment. Though rewards are great, the way can be difficult. Organizations must identify relevant best practices, clearly define business requirements, gain employee confidence and buy-in, and complete projects cost- and time-effectively. Quick wins are critical and failure is unacceptable.

Through its Innovation Center for Performance Management, Cognos, an IBM company, offers a number of resources to facilitate adoption of a performance management culture. Featured among those resources are IBM Cognos Performance Blueprints. Blueprints are pre-defined data, process, and policy models that offer best-practice approaches to common generic and industry-specific business processes.

Performance Blueprints models are fully functional IBM Cognos 8 Planning, Business Intelligence, or Controller solutions that have been designed in concert with some of our most progressive customers, and validated by a broad community of business thought leaders. Blueprints allow customers to implement the solutions as-is, to modify them as needed, or to apply best practices to solutions they're building on their own.

Customers can incorporate a given Blueprint into their installed Cognos environment and—perhaps with some tailoring to meet specific needs—start using it immediately. All Blueprints include a sample data set to facilitate quick learning. Assuming neither customization nor special data are required, implementation time is minimal. Blueprints include documentation that provides detailed background information touching common business process pains, recommended best practices, and technical guidance describing the design, assumptions, functionality, and technical underpinnings of each model.

Cognos currently offers Performance Blueprints in two categories: functional and industry-specific. Functional solutions cover processes common to most businesses such as expense planning, compensation planning, sales planning, capital planning, and so on. Industry-specific Blueprints cover solutions for life sciences and pharmaceuticals, retail, manufacturing, financial services, public sector, and energy.

2 PERFORMANCE BLUEPRINT BEST PRACTICES

What value do Blueprints offer Cognos customers? Why should you consider a Blueprint solution? How do you proceed with a Blueprint implementation?

2.1 “Plain Vanilla” Implementation

IBM Cognos Performance Blueprints are pre-configured solutions for common business processes. Implementing a Performance Blueprint can be simple if you implement the model as designed. The “plain vanilla” approach is advisable when:

- *Current environment lacks process definition.* This is especially true for young, high-growth companies, which typically focus on developing innovative products and often neglect rigorous processes and procedures. Cognos Blueprints provide proven models that can be quickly implemented without time-consuming design work.
- *Current processes are either very simple or closely match the Blueprint models.* For example, many companies find that standard planning processes—like calculating and analyzing depreciation—vary little from one organization to another. An appropriate financial Blueprint would reflect current best practices for depreciation modeling, facilitating a critical business process with minimal resources and minimal risk.
- *Customized processes do not add value.* Many Cognos customers have cumbersome, highly complex business processes that are value-consuming rather than value-creating. Performance Blueprints provide a best-practice alternative and enable greatly streamlined operating procedures.
- *High-risk processes need rapid repair.* Since some processes—such as the annual salary planning cycle—include highly confidential data, companies often face serious risk exposure and must modify the process before a new cycle starts. Cognos Performance Blueprints enable rapid, best-practice process repair.

There are many circumstances when a “plain vanilla” implementation makes sense. Once a company has decided in favor of this approach, a straight-forward process can be used successfully:

1. Evaluate Blueprint against current process.
2. Agree on project approach.
3. Acquire necessary external data like cost-center lists, employee lists, actuals, etc.
4. Replace sample data with company data.
5. Perform customizations as needed.
6. Validate model functionality.
7. Load actuals and other transactional information.
8. Test the solution.

Significant time can be saved during requirements-gathering and functional design. Testing can also be streamlined because Performance Blueprints have been thoroughly tested by our team of highly experienced solution designers. In the requirements and design phase, a number of companies report a time-savings of 50-80 percent over building a solution from scratch. This provides the opportunity to spend more time cleansing and loading external data, then evaluating results.

Blueprints in Action

During early preparations for the annual budgeting cycle, a company growing by 40 percent each year discovered that its salary planning process was highly flawed and risk-exposed. Compensation data for over 3,000 employees was scattered across many unsecured spreadsheets. Because salary planning lacked both definition and procedural rigor, and managers were using disparate approaches, the efficiency, security, and strategic value of the process were seriously compromised.

The Director of FP&A carefully evaluated the IBM Cognos Workforce Planning Performance Blueprint and decided to implement it with minimal customization to ensure that the budget cycle could begin within an acceptable period of time. The project team quickly began to analyze relevant data sources, then data was prepared and staged. In the meantime, after reviewing the Performance Blueprint, team members made a few minor modifications while configuring security. Finally, dimensions were updated and transaction data was loaded.

A quick testing phase concluded the project. Testing was focused primarily on data validation rather than functionality checking. The customer went live with the Workforce Planning Blueprint after only 15 business days, and 3,000 employee salaries were being managed with a secure, best-practices solution.

For this customer, Workforce Planning Blueprint benefits included:

- Best-practice solution
- Short implementation cycle
- Minimal risk
- Rapid project execution
- Freedom to focus on data rather than design

Steps to Success

Following such an approach can yield tremendous benefits. However, a company has to be willing and able to commit to the process. For optimal results, Cognos recommends the following best practices:

- *Ensure the culture of your organization is willing to adopt a best practices approach and leading planning methodologies.* Is your business environment progressive enough to support a best practices Blueprint implementation?
- *Clearly evaluate your processes and environment.* Determine whether to use the Blueprint as a foundation or as a source for added functionality.
- *Make a clear decision about Blueprint use.* Uncertainty creates problems. Establish a clear path, and align the project team and business owners.
- *Establish a project plan that allows sufficient time to load data.* Loading dimensions and transactional data typically consumes the greatest amount of time. Since risk exposure is greatest at this point, allocate sufficient data management time when developing a project plan.
- *Maximize likelihood of user buy-in.* Start the project with a fully tested model. Introduce the Blueprint to users well before rollout to ensure maximal time savings and increase the odds of success.

2.2 Performance Blueprints as Starting Points for New Models

Most Cognos customers find that the Performance Blueprints provide an excellent process enhancement framework. Some, however, find that standard functionality needs to be modified or expanded. Blueprint modification or expansion may be required when:

- *The Blueprint model does not include necessary process steps.* Additional functionality must be designed to cover all possible business scenarios.
- *The Blueprint offers functionality that does not apply to the company.* Some companies are very different from others.
- *Current processes are complex and require a custom model.* The Blueprint, however, offers elements of functionality that are valuable and should be incorporated in the new model.

In this approach, two alternatives should be carefully considered:

- *Use the Blueprint as a starting point for adding specific functionality.* As foundation for an enriched model, the Blueprint can expand to meet all business requirements.
- *Design a new model from scratch and import certain functionality components.* This approach is more difficult and requires careful design, but can add significant value.

Both approaches represent a sound implementation strategy. The first option provides the lowest risk option, since the project team can leverage a fully tested and proven solution. The second option requires careful analysis, but still provides distinct benefits which include faster implementation time.

Here are typical implementation steps for either approach:

1. Evaluate Blueprint for fit
2. Gather requirements.
3. Identify gaps.
4. Agree on Blueprint's role in the final model design.
5. Finish design.
6. Build and test the solution.

Leveraging a Blueprint can yield time savings of 50-80 percent during requirements definition, during model design, and perhaps during testing. Further, the project team can involve users early in the process, which helps develop a stronger user support base. When implementing without a Blueprint, prototype reviews can only occur during later project stages, increasing the chances of last-minute change and resulting frustrations and delays.

Blueprints in Action

A large global organization had experienced tremendous staff turnover in their finance department. Many processes were undocumented, and users had difficulty articulating requirements clearly. The project leader decided to use the Workforce Planning Blueprint as a basis for discussion during requirements sessions. It soon became clear that the IBM Cognos Workforce Planning Blueprint model was a good fit, but needed a few changes. There were a number of company-specific business scenarios—compensating temporary labor, for example—that the model did not cover. The project team decided to use the Workforce Planning Blueprint as a foundation and expand the model by adding missing functionality to their payroll process. Early availability of working prototypes helped to visualize and understand the new environment and added to user satisfaction. This particular project went live in under 25 days, compared with the original project plan which had allocated 38 days.

Steps to Success

Using a Blueprint as a starting point has great appeal for most customers. Here are some things to remember:

- *Perform a thorough process analysis.* Based upon critical evaluation and user input, determine where the strengths and weakness are to be found in your performance management process.
- *Show the Blueprint to users early on.* When involved from the outset, users will buy into the project much more quickly and develop a greater sense of ownership.
- *Determine whether to use the Blueprint as a foundation or as a source for added functionality.* Carefully weigh project goals and objectives against Blueprint model functionality. Most Blueprints can be easily modified or expanded to meet specific needs. Of course, you can choose to import functionality into you own custom model.
- *Easier can be better.* In most—but certainly not all—cases, it is easier to hide or turn off functionality in an existing Blueprint than it is to build a new model from scratch and then add Blueprint functionality to your new model.

In most—but certainly not all—cases, hiding or disabling functionality is easier than adding to a new model.

2.3 Performance Blueprints as Requirements Tools

Customers do not necessarily have to implement Blueprints to realize significant benefits. Blueprints are jump-start models that can be used within a short period of time. This makes them ideal for helping business owners and their user community understand the post-implementation landscape.

During a project, users typically face a number challenges. Especially during the requirements and design stages, it is critical that users are able to visualize and articulate their requirements. Specifically, business owners tend to struggle with:

- Describing current processes along with their complete sets of requirements.
- Describing the most logical options for process enhancements.
- Understanding how the technology can be of benefit.
- Defining what the enhanced process will look like.
- Difficulty facing change in scope and complexity of job responsibilities.

Many project teams can relate to this common outcome: The design is complete, users have reluctantly signed-off, then expressed dissatisfaction with the end-product. “But you signed off on the requirements!” says the project lead. And users respond, “Yes, but this isn’t what we wanted or expected!”

Blueprints are excellent tools for overcoming such challenges and mitigating risks—both technical and user-driven. At the outset of a project, a team can use pre-defined Blueprint models and processes to help:

- *Socialize, and understand that this planning process is possible using the Cognos solutions.*
- *Visualize the future state-of-the-process.* What could it look like?
- *Understand the technology.* How might it make my job easier? What skills do I need to derive greatest value?
- *Establish a requirements baseline.* It is often easier to alter an existing solution than build one from scratch. Blueprints can serve as starting points during requirements gathering. Questions like: “How does this model look? “Does your process show similarities?” “How do you feel about this process?” will stimulate fruitful discussion and help stakeholders gain deeper insights.
- *Validate early prototypes.* Blueprints move models toward a final design state much more quickly. Users validate model design early-on, which in turn forestalls delays during testing due to “surprise” user requirements.
- *Apply best practices.* Best practices are often discovered through discussions with external consultants or by reading books and articles. However applying best practices to a real-world business problem can prove difficult. Cognos Performance Blueprints help demonstrate what improvements are possible and what options are available.

It’s important to introduce Performance Blueprints to your user community very early in a project, perhaps initially at a kickoff event and then again during requirements definition. Doing so will help overcome many of the cultural challenges that projects of this nature inevitably face, and will help ensure the end-product fully meets their diverse needs—or where it doesn’t or can’t, will help ensure they’re aware of gaps. Using Performance Blueprints as requirement tools can save time, reduce cost, and create tremendous value by lowering project risk.

Blueprints in Action

A leading company struggled to create a clear roadmap for its performance management program. Stakeholders found it difficult to express priorities or even accept the notion that change was critical. The program manager asked the Cognos Innovation Center to organize a Performance Blueprint workshop. The objective was to introduce the technology, create excitement, and help articulate requirements. Stakeholders formed groups and viewed selected Performance Blueprints, which triggered vivid discussions among people who typically didn't interact at all—either functionally or personally. A vision began to emerge from the discussions. By the end of the first day, most participants were able to formulate and express clearly an array of thoughts and ideas. Over the coming days, the program manager used the generated momentum to reach agreement on a roadmap for change. Even though no Blueprints were implemented, they did play a key role in putting the performance management program on an agreed-to, consistent track.

Steps to Success

Using them for requirement-identification is likely the easiest way to gain benefit from the Blueprints. To maximize success:

- *Show relevant Blueprints early on.* Don't wait!
- *Make model features and process steps relevant.* Theory is fine, but it's the current situation that needs stakeholder excitement and creativity.
- *Facilitate open discussion.* Ask questions, encourage brainstorming, be open to criticism.
- *Demonstrate assorted Blueprints.* Both the project and the technology may seem foreign or even threatening to participants. Demos and one-on-one sessions are powerful means of sharing knowledge and increasing buy-in. Keep in mind that many Blueprints have been designed to work together as a complete solution set.
- *Make generous use of Blueprint documentation.* Business Value Guides, Application Briefs, Implementation Guides, and Web Demos can be of great utility in putting context around and a consistent framework around your project.

2.4 *Blueprints as Best-Practice Benchmarks*

Best practice and process benchmarks can be hard to find and quite costly. Typically, guidance is required from external consultants, professional publications, user conferences, and creative interaction with internal resources. Once benchmarks have been identified, it can prove challenging to actually apply them.

IBM Cognos Performance Blueprints offer both best practices and performance benchmarks—hands-on and free-of-charge. They represent cutting-edge thinking and the real-world experience of successful IBM Cognos customers and respected thought leaders. Using Cognos Performance Blueprints as insight-generators—loading, working with, and evaluating a model can provide answers to critical process enhancement questions like:

- What are other companies doing?
- What is considered a best practice?
- How can we build best practices into our models, using which modeling techniques?
- How do certain processes work?

Blueprints in Action

Most organizations spend an inordinate amount of time doing detailed, GL-account level expense planning. It is very difficult for most cost-center managers to predict their spending several months out, and most simply take last year's actuals and apply a generic growth factor just to complete “the process,” without really considering the needs of their department or the business as a whole. This approach not only leads to inaccurate planning, but also diminishes ownership and accountability among cost-center managers. A planning environment in which a cost-center manager is actually asked about the information he or she can control and predict leads to greater forecast accuracy and participation. For example, using the number of anticipated trips as a driver for travel costs; or headcount as a driver for office supplies; or revenue as a driver for overtime are more accurate and intuitive approaches to cost planning.

Steps to Success

- *Study Blueprint documentation* to find useful information.
- *Review the Blueprints* with business owners and the user community.
- *Use the Blueprints to prepare* for meetings with business areas that you haven't dealt with before. You'll develop a deeper understanding of their challenges and processes.
- *Give business modelers access* to the Blueprints and encourage them to experiment. They will learn numerous advanced modeling techniques.

2.5 Blueprints as a Process Repository

Take advantage of the full IBM Cognos Performance Blueprint library, which continues to grow across functions and industries. Adding the full library to your development environment creates a powerful, valuable process repository. Your own IBM Cognos Performance Blueprint library can help you:

- *Spread the “performance management culture.”* Since business owners from across your company will likely develop an interest in performance management, use relevant Blueprints to stimulate exploration and discussion.
- *Get a head-start on new performance management initiatives.* Performance Blueprints are ideal requirements tools serving as hands-on examples for designing and evaluating project roadmaps.
- *Equip teams across the enterprise.* Help teams assess their own practices and processes and develop ideas for future performance improvement.

CONSIDER THE POSSIBILITIES.

We urge you to investigate, experiment, and see for yourself: Download all the Performance Blueprints from the Cognos Innovation Center for Performance Management. It's risk-free.

Visit www.cognos.com/innovationcenter for complete information.

SUMMARY

The IBM Cognos Performance Blueprints user community is growing rapidly. Increasing numbers of world-class companies are using the Blueprints to enhance financial and operational performance. Performance Blueprint users have seen:

- *Accelerated implementations.*
- *Lower implementation costs.* Cost savings are directly linked to time savings. Blueprints are free-of-charge, provide hands-on insight into best practices, and require no third-party consulting fees.
- *Lower implementation risk.* Best-practice Blueprint models have been carefully designed and tested to minimize project risk. And it's much easier to modify a model than to build one from scratch.
- *Increased business insight.* Users and process owners can more easily facilitate in-depth discussions, define requirements, and build bridges to real-life business scenarios using a Blueprint as a “suggested model.”
- *Improve user adoption.* Blueprints afford users the opportunities to help define project requirements, then see possible process enhancements at first hand. The learning curve is shortened and user buy-in is greatly increased.
- *Drive process improvements.* Blueprints represent best practices applied by the most successful customers and innovative thought leaders.
- *Enhance organizational learning.* Blueprints offer a hands-on environment for teaching best-practice performance management processes and the application of cutting-edge modeling and analysis technology to support them.

ABOUT COGNOS, AN IBM COMPANY

Cognos, an IBM company, is the world leader in business intelligence and performance management solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in January 2008. For more information, visit www.cognos.com.

FOR MORE INFORMATION

Visit the Cognos website at www.cognos.com.

REQUEST A CALL

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

ABOUT THE COGNOS INNOVATION CENTER FOR PERFORMANCE MANAGEMENT

The Cognos Innovation Center for Performance Management is dedicated to transforming routine performance management practices into “next practices” that help cut costs, minimize risk, streamline processes, boost productivity, enable rapid response to opportunity, and increase management visibility.

