



**Welcome to the podcast on the subject of optimized performance management. In the discussion is Christoph Papenfuss, director of the IBM Cognos Innovation Center. The interview was conducted by Christian Achermann.**

**Christian Achermann:** „Mr Papenfuss, could you provide us with some information about yourself and your function at IBM?“

**Christoph Papenfuss:** „Gladly. My name is Christoph Papenfuss. I have been at IBM Cognos for six years. I began my career at Cognos in the USA, in San Francisco, where I managed the consultancy business for our customers on the West coast for many years. In this function, I worked actively together with the customers to implement performance management solutions. Two years ago I returned to Europe with my family to set up the Cognos Innovation Center.“

**Christian Achermann:** „With which difficulties are finance managers currently primarily confronted?“

**Christoph Papenfuss:** „We are certainly living in turbulent times, there's no doubt about that. With the collapse of Lehmann Brothers on 15th September 2008 our world changed, and our finance departments were thrown into turmoil. The year 2009 is of central importance with regard to the finance department. If you look around at how companies are reacting to the crisis, you very often see cost management, active cost management, focus on cash-flow management, profitability of various products etc. and of course risk management. When examining the various areas in which companies are currently active, the finance department emerges as the expert in these sectors.“

**Christian Achermann:** „At the moment, access to the capital market is rather limited. Despite this, financial resources are urgently required. Which demands does a company need to fulfil to acquire financial resources in such uncertain times?“

**Christoph Papenfuss:** „It is in fact true, that at the moment, it is extremely difficult for certain companies to obtain new capital. A few months ago, I had the opportunity to meet with the CFOs of large German banks. The general tone at this event was that, in the future, banks want to receive completely reliable and sound information from the companies in which they are considering investing. This information must be provided rapidly, and the banks want to be sure that they are investing in a company that is being capably managed. As I said before, companies today must be in a position to provide the figures very quickly in order to fulfil this requirement. The figures must be available for various scenarios, and the investors of course want the figures to be reliable, i.e. so that as far as possible, there are no surprises. This requires very sound reporting and analysis processes; however, the forecasting processes are also highly important, and it is precisely here that performance management is applied.“

**Christian Achermann:** „A volatile market environment on the one hand conceals risks which need to be identified and managed, and on the other hand also hides chances which should be exploited. In addition, finance and business managers are under great pressure to take better decisions faster. Isn't there a contradiction here? How do performance management solutions support the creation of well-founded decision principles and the measures defined on this basis?“

**Christoph Papenfuss:** „The volatile environment does hide risks, but as has been said, it also hides chances. This fact is unfortunately sometimes forgotten. Let's take the example of options. The greater the volatility, the more valuable they are. It is precisely this current volatile environment that offers very many opportunities to companies. They can strengthen their position in the branch and generally position themselves better, i.e. implement new measures to strengthen the company in the long term. Let's take a look at the effect of performance management. At IBM Cognos, we assume that the performance management focuses on three critical questions. What do we accomplish and how are we currently doing? Second question: Why is this so? And the third question is: what should we be doing? Should we stay on the same track or should we change something?“

**Christian Achermann:** „The IBM Cognos software serves to automate and reorganize financial and operational performance management processes. Could you explain this statement by means of an example?“

**Christoph Papenfuss:** „One of our very good customers approached us. He was confronted with a succession of negative events, and felt compelled to issue a forecast relatively quickly. The process took the following course. The event was registered. The management team developed a forecast: a global forecast for all finance data. This involved the creation of 150 Excel templates, the manual input of current data from the ERP system into the templates, the processing and sending of these 150 templates to the various business units. The finance departments had to sit down together with all the 150 departments and explain to them how these templates worked. Errors in formulae occurred relatively frequently. The 150 templates therefore had to be collected again to correct the errors, and then be resent. Only then did the actual process begin: the time-consuming collection of data as well as the consolidation of the spreadsheets. This can last hours, or even days. Moreover, specific parameters had to be changed as „what-if analyses“ were necessary. The process is extremely time-consuming. With performance management processes, this is a whole new ball game. Here I can manage my models and templates centrally, i.e. I need only change a formula in one place and I can send it automatically and selectively to specific business units. The business units can then process the templates further, and we as the finance department, support them. The data is then automatically consolidated. In this way I can create my analyses very quickly, or examine scenarios etc.; and all this in real time.“

**Christian Achermann:** „Which innovative solutions can be expected in the future in the area of performance management?“

**Christoph Papenfuss:** „Generally, I think we will see a significantly greater focus on the end user. It is a fact: today's end users are highly qualified. They want and need to create analyses and reports very quickly. Today it is neither possible nor desirable

to wait days or weeks for the IT department or other departments to create certain reports, carry out analyses for us or develop databases for us. This means, as an end user, I now need to be in a position to create my analyses personally, independently and fast. For this reason, the focus will increasingly be to provide the end user with an increasing number of and more efficient tools in order to fulfil this need. Naturally, you don't have to look far for the integration of new technologies such as Web 2.0, mobile technologies and others. Over the coming years, many changes are in the offing.“



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