IBM

Moderator: Tim O'Bryan
April 6 2010
3:06 p.m. CT

Tim O'Bryan: Hello, and welcome, everyone, to this installment of the Financial
Performance Insider Featuring IBM Cognos 8 Controller Version 8.5. My
name is Tim O'Bryan, and I'm in the IBM Cognos Innovation Center for
Performance Management that brings this Web cast to you every month the
third Tuesday at 11:00 am Eastern.

Without further ado, it's my pleasure to introduce Delbert Krause, director of
product marketing for IBM Cognos.

Del?

Delbert Krause: Thank you, Tim. Welcome, everyone, to our session today. And our goal in
this session is to talk about how you can extend financial reporting and
analytics with IBM Cognos 8 Controller.

Of course we have a slide for – and important disclaimer slide that we want to
start off with. This information is informational purposes only, but of course
we strive to make sure everything that we deliver follows the guidelines that
we present here.

Let's take a little – a look at the agenda. You know as I said, we're going to
talk about financial reporting and analytics with IBM Cognos 8 Controller,
and really I look at our world as two audiences. If you were a Controller
customer already, I hope that we could show you how we can extend your
current investment so you can adapt and embrace kind of the world of Cognos
8 Business Intelligence to really extend the information access. If you're not a
Controller customer, hopefully you can get an understanding of the reporting

elements, but we're also going to spend a little bit of time upfront discussing and reviewing where does Controller fit into our performance management family and what specific attributes and characteristics does the application bring to the table.

We're going to do a little bit of an introduction on IBM Cognos 8 Controller. I'm pleased today to be joined today by (Rickard Rygin), who is a manager in our Product Development Group, who's going to take us through a demonstration of the solution. And then we'll close with a – with a wrap-up and a few Q&A questions.

Just to level-set you know especially for those of you that don't know Cognos Controller or haven't looked at the solution portfolio, Cognos Controller is really there to help facilitate the automation of the closed consolidate report process. This is the process that organizations use to create a certified and auditable set of financial results for primarily financial statement reporting to external and internal stakeholders. Now, with that we want to be able to do this efficiently, short period of time, eliminate errors, create a certified approved controlled set of information and really support the Audit Group and the audit accounting policies and procedures that are necessary to validate the certification of the information.

We're going to connect this kind of set of data to kind of the rest of the reporting framework, and just to kind of give you a place where IBM Cognos 8 Controller sits inside our portfolio of applications, it's one of our solutions that we focus our management system and business control, really – I'm going to say three touch points around strategy – planning, forecasting and control; analysis and optimization; and close, consolidate, report. So it's a member of the portfolio of solutions that kind of fulfill our financial performance management software mandate. Many of you on the call probably have solutions in one or more of these areas.

One of the things that – one of the reasons we want to talk about Controller in the context of reporting is when we look at the close, consolidate, report process in a bit more detail and the specifics as to what it physically addresses and touches, we can see it as I'm going to say three distinct pillars of

activities. The first pillar of activity, really an accounting pillar, which is really around collecting and certifying data, reconciliating balances between different general ledgers and the corporate view, doing some intercompany transactions and account reconciliation, getting the data ready for – and prepared for the financial consolidation process, which is really step two, which is really now creating a single view of the business on a trial balance of the organization across multiple currencies, accounting treatments of things like minority interests and intercompany eliminations, perhaps management adjustments or a group closing adjustments, and really at the end of the day processing the information so that we have a single consolidated view of the data with all of the applied accounting rules and an audit for those rules as it applies to the data.

The third pillar is our focus today for customers and for everyone on the phone, which is reporting is a very important aspect of the consolidation process. Typically we think of reporting as internal reporting around you know being able to produce cash flow statements or trial balances so that we can close the books. Also external reporting so that we can do financial statement preparation, perhaps publish quarterly and annual statements. Those are the two I guess foundational aspects of reporting everyone understands and connects to finance consolidation. But more and more you know organizations are looking at that financial data and determining that they need to access that and share that with a broader audience, and that's really where reporting systems, and in particular systems like Cognos 8 Business Intelligence (inaudible). So we're going to talk a little bit about the marriage between those.

You know there are many constituents in the office of finance that have accountability in this area. So when we – when we look at a solution like Cognos 8 Controller, and we think about the finance audience, right? There's really – I'm going to say four characteristics that are important – you know quality of accuracy, integration, audit and control and what I would say self-service and kind of modern reporting tools. If you took those four characteristics across these four different users, you would have the right environment for sharing and reporting on information. So that's kind of how

the finance team intersects with consolidation and the reporting story that we've talked about.

Again, I'm not going to spend a lot of time talking about Cognos Controller, especially for the audience that might be new to this solution, but I do think it's important for us to do a quick you know level-set of the characteristics of Cognos 8 Controller and how they really help facilitate kind of automation and control of the consolidation process. You know on the right-hand side are really a whole listing of attributes of the application that enables finance teams to build, define and maintain you know a system that collects financial data, applies the appropriate accounting rules, consolidates it into financial statements and then shares it, worrying about things like security and access, global then local requirements and all of the necessary accounting and finance controls. The big message is that you know solving this problem is a very sophisticated suite of capabilities in a single application. This really helps you kind of structure the setup, that single definition of financial data and accounts.

On the reporting front, there's really I'm going to say three – you know three major areas for reporting around the consolidation piece. Two of them are core to the consolidation process, and we'll touch on those after our demonstration. Just to level-set, they're you know the close reports you need during the close cycle and the external statement reports you need to produce external statements. The third one is really how do we then make this finance information available for the rest of the organization, and what are the characteristics that matter around that? So we have – you know it needs to be as real-time or as near-time as nature as possible. When we close or consolidate a prepared data, we don't want to have overnight or daily processes to then make that information available. We want to make validated information extensible the moment it's valid for people to make decisions. You know certainly we want to be able to leverage this for financial and management reports, ad hoc analysis and connect to all of the different tools for delivery. So you'll see some of those examples around how this data feeds everything from a structured score card to a dashboard to a more formal report. Again, the foundation of accounting and account

information is critical, and we overlay that with the capabilities to share this information through business intelligence.

So with that kind of quick level-set you know just to quickly summarize, right? We're really focusing on IBM Cognos 8 Controller as a consolidation application. We're going to focus on the output end. So the assumption here is that people you know have some understanding of consolidation or Cognos Controller, and if you don't, we have lots of materials and information on the Web to help you catch up on that. But you won't lose anything by seeing just the reporting piece. If you are a finance person or a person responsible for reporting you know you'll get enormous benefit to see how the context of this information really becomes helpful and beneficial in a system around financial reporting and analytics.

So with that, what I'd like to do is dive into the demonstration and turn the control of our session over to (Rickard Rygin). (Rickard's) going to take us through a couple of discussions around kind of the setup, and then he's going to show you the solution.

(Rickard)?

(Rickard Rygin): Thank you, Del. So before the actual demo, let me show you a couple of slides of (TCU), an overview and a background to what we're doing in Cognos Controller 8.5.

You've probably seen this slide before, or at least earlier versions of it, but I think it's a good slide because it describes the different components and the flow of data. And of course we have Cognos Controller, our application for financial consolidation, and as you might know, we have built in solutions for reporting and analysis or in process reporting solutions. We have system report or standard report, the excelling and the report generator. Common for these three solutions is that they give you real-time access to the data, which is, of course, very important during the consolidation process. When you run the report, you consolidate the data, you run a report again to verify the data.

The problem, though, is that these solutions are not to control and to control the user. It's not that easy to distribute the consolidated data throughout the

organization to other users than the Controller users. So that's why we, six, seven, eight years ago introduced the Cognos Controller Datamark or the option to publish data to a star schema and then use Cognos 8 BI on top of reporting. Customers started to use Cognos 8 BI on top of Datamark, and it didn't take long before the customers also started to request real-time access to the data. They wanted to use Cognos 8 BI on top of Control Intro to real-time (inaudible) the Datamark. So that's what we've done in Controller 8.5.

Delbert, next slide, please. And as you can see from this slide, the process of the flow of data and the different components are the same as before. We still have the end process reporting solutions, the standard reports, the Excel linked report generator. We still have the Cognos Controller Datamark. But we also have something we've called FAP, Financial Analytics Publisher, which means Cognos Controller and Team One integration. A team one cube will be created and populated in closed real-time. If you make a change in Controller, that change will be trickled over to temporary constant store, and a team one cube will be updated in closed real-time. This is the much more automated and integrated solution compared to Datamark because this is a process that runs in the background. You don't have to create the Datamark template, and you don't have to publish data manually. This is done for you all in the background. So it's a direct publish. As soon as you make a change in Controller, the change will be trickled over to the team one side.

Important to remember, and which is good for performance, is that this is an incremental real-time update, which means that only the specific change will be trickled. If you compared it to this Datamark, where we have – need to have to publish five million rows every time, (FAT) will own trickle the specific change, maybe one, two, three rows every time. We also have metadata and data synchronization, which means that if you make a change to your hierarchies and controllers – for example, adding a product or adding a company – that's change which also trickles over to the team one side.

So let me now switch to my image and show you the actual (down), show you how it – how it actually looks like. You should now be able to see my image, and what you now notice is that I don't launch Cognos Controller. Instead, I'm going to start this (down wave) Cognos connection, which is the portal

from where we have access to our different applications like Cognos Controller, but also our different studios for BI reporting. We have (Clear) Studio, the studio for quick ad hoc analysis, Report Studio, which is the studio we use to analyze the data in a very (reflectable) way. Report Studio's where we create our time format reports on financial statements. We can also use Event Studio to create events to trigger things to happen. For example, if actual face is less than budget, than send an e-mail to the manager, for example.

In Cognos Connection you have a public folder. This is the folder where you have access to different data forces and your different reports. This can have of course the common Controller, but also your ERP system like (SSAT) or HR system, for example. You also have your (primed) folder, and this is where you store your own reports that only you will be able to run. You can also, as I have done for this demo, add your own tasks that displays specific information; in this case, Cognos Controller related data, and here you can see a first example of how you can display data, consolidated data in Cognos 8 BI. Now, have in mind, when you're looking at all these reports and dashboards that I'm going to show you, the data comes from the team one cube that is updating to 03 time, which means that the data you'll see on the screen should reflect the data and controller with a short latency of five percent seconds.

So the corporate dashboard is the first example, as I said, where I'm using gauges to display my – a few KPIs. Of course, we can run more traditional financial reports like this dropdown (inaudible) statement, which is a prompted report. We're unprompted for the period, but also the company. The number of prompts or the prompts to use – that's something you set up when you create the report. I'm going to run this report for December 2006 and the (Go Money Company).

A few things to highlight in this report is that we can display current month or the specific monthly value along with year-to-date values but also support relative periods like last year, actual, or full year budget. Another example is a trial balance, which is also a prompted report for (I have) the period. In this case, I'm also prompted for actuality. So I'm going to round this on my actuals. I'm going to round from my top group, digital to Go group. But I

also have the option to choose the measure; month-to-date, quarter-date, or year-to-date, and in this case I want to analyze or run this report for the monthly values.

I have my accounts in rows, but I have companies and subgroups in columns, and I can now use the drill through or drill down functionality to dig deeply into the details. For example, I want to go further down in detail by looking at (Digital to Go Group) services. This will now take me down to the sublevel, and I can go even further down in the hierarchy to analyze my profit level statement. This is a nice example of how you can drill down in hierarchies.

Another nice feature is our support for PDFs. So I'm going to round this report a briefing book by March 2006. What you will see is that report – this report is open in PDF, not in HTML, which is the default. But I have the start page. I also have a table of contents, which means that I can rather easily navigate from report to report. This is a very small example, only two reports, but I think you can see the use of this and the benefit of this, how you can rather easily navigate from report to report. And of course you can now use the PDF functionality to print report or to e-mail the report or save a copy of the report.

The fact that we use these (OLAP) cube, the team one cube, an (OLAP) cube (inaudible) also means that we can analyze the data in a very flexible way. So that's perfect. I'm going to launch Analysis Studio for predefined analysis for operating profit. We're at operating profit, and the (deed) has operating profit. The gross profit, the variable costs and other income. And I have demand for (inaudible) columns. Analysis Studio now enables me to interact with the data so I can rather easily drill on a year down to quarters, and I can even go further down to months. I can now also rather easily switch or change the information in the access. So for example, I want to analyze growth for operating profits by division so I can drag my division dimensions and drop it into columns. So I'm now analyzing operating profit by division by quarter four 2006. I can now interact even further with the data. I can drill on gross profits, go further down into the account hierarchy, total revenue down to the lowest level. And as I did before with divisions, I can now rather easily drag my product division into rows to analyze operating profit by

division and product by quarter four 2006. I can drill on my products from hardware down to printers down to the lowest level where I can find my black-and-white inkjet printer. But that's an example of Analysis Studio and you – easily you can analyze the consolidated data on top of Cognos Controller.

Now, let's take a look at the actual trick link. Like I said before, if you make a change controller, that change will be trickled over to the team one side in (inaudible) time. So let me show you an example. I'm going to run a report called (Product and Period). This report displays safe by products. I have my product in rows, and I have my periods in columns. We can see that we had sales by product for last year, 2006 in this case. But no sales for 2007. What I want to do in this case, I want to trigger data change in Controller and see how that change is then reflected in my report. I can, of course, trigger this change in different ways. I can important data in Controller, I can create a journal, I can consolidate the data. But of course I can also use the business demand (in) data entry. So I'm going to switch to my Excel spreadsheet for the data entry form, where I can make manual changes to the data. If I now go to black-and-white inkjet printer for January, and I'm going to enter a value, and I'm going to click "Save." This save will now of course be stored in the Controller data there is. But this change will also be trickled over to team one. If I go back to my report and run it again, we can now see the change in report, black-and-white inkjet printer for January. So let me do that again. Let me add a few more values. Click "Save." These changes will be stored in Controller but also trickled over to the team on site. Let me run the report again. And here you can see more values, the new values that I have entered. But that's how quick the updates can be. In this case, you have the five, 10 seconds maybe.

As I said before, financial – FAP financial analyst publisher is a more integrated, more embedded automated solution than Controller Datamark. But there are still a few things you have to do before you're up and running. One thing you have to do is you have to configure the FAP client, as you will see on screen right now, and this is where you first of all decide how often do you want the data to be trickled over to the team one side. In my example, I have set the clock interval for fives seconds, which means that every five

seconds this service will run and trickle changes over to team one. You can, of course, set this clock interval to maybe 60 seconds if you want to, or one second. It's all based on your preferences. In my case, five seconds.

The second thing you have to do is that you have to create a connection to the common Controller database. Simple (OSC) connection. The third tab is the Datamarks tab, and this is where you decide what to trickle over to team one. First of all, you have to choose the company structure or the company structures. As you can see, you can include more than one structure. In my case, the management structure by 06/11, but also the management structure by 06/12. This way you can then choose when creating reports, you can choose which version of the company hierarchy you want to use in that specific report. This is a different competitive Controller Datamark today. We will only support one version of the company hierarchy.

We also have the (telesystem), the start period and actuality from when in time you want to trickle data. In my case, I have 05/12 at the start period, and I have included actual (inaudible) and forecast data. So from 05/12, December 2005, data will be trickled over to team one.

The last tab is the (inaudible) processing. You can see here the last change I made started trickling data. Data trickled to SAP database and finished trickling data. And that took less than a second. So that's how fast the actual process can be. Now you've seen a number of reports and dashboards created on top of the team one cube and the consolidated data controller. Let me now take a step back and show you how to create reports, because we think that ease of use is very important. You as the Controller user, you must be able to create your own reports. So let me show an example of how you can create a quick profit-level statement, for example. So for that purpose, I'm going to launch Report Studio, the studio we use to create highly formatted reports. The first thing I have to do is I have to choose the force, and in my case, it's the SAP cube. The team one cube traded on top of Cognos Controller. I'm going to use my financial template.

Now, on the left-hand side, you can now see the cube, the different dimensions in the cube, and you can probably recognize some of the

dimensions from your own Controller implementation. These dimensions will, of course, reflect the dimensions in Controller, the same hierarchies, for example, the same names. Creating reports in Report Studio is very much about drag and drop. You choose or click the information you want to see in reports and drag it over to develop or to color. In my case, I want to create a profit and loss statement. So I can thus drag my form PO-01, profit and loss operating profit, into rows, drop it into row and then double-click. This will now expand the form PO-01, display all of the accounts in that form and the accounts are then slotted in correct sort order. But effectively using or supporting data entry forms, also for reporting, is something that will speed up the (infiltration). You don't have to share a pick of specific accounts you need for a profit and loss, as in this example. Just drag the form into reports and double-click.

I can then rather easily insert my actualities in columns (inaudible) actual (inaudible) click action on budgets. Drag it into columns. And of course I also need a measure. So I'm going to drag the full year-to-date accumulated values into report. You can now see that you see the values, which can be very useful from time to time when creating a report. You can see how the data changes as you add or change the data in your report. You also have to filter the report. In my case I want to filter this report by a period. So I'm going to drag December 2006 and drop it up here (cost) in the context filter area. This will now filter my report by 06/12, December 2006.

Now, take a look at the actual data. We can see that we have total revenue, which is a positive value. But now the different cost accounts – for example, total cost of sales, is displayed as negative. This is how the data is stored in Controller in this case. Controller's many times configured to reflect the ERP. So we display the data in the same way as it's stored in ERP. And this – the databases I'm using, a (fourth) of this demo stores the cost account past negative. But there are specific situations where you did want to display all account price as positive. So instead of using the default measures for accumulated values, I can use the measure that has some financial intelligence. If I drag the year-to-date measuring (inaudible) into report, we can now see that my cost accounts from the total cost of sales are now

displayed as positive. The same values – the only difference is the reverse side. So all cost accounts are now displayed as positive.

Reversing the sign for the cost accounts will now give us a problem when calculating the variants, action versus budget. If I now take action versus budget, let me do this. I'm going to insert a calculation. Action versus budget, and I can insert a calculation. You can now see that the calculation I inserted takes actual costs minus budget, which gives me negative variance. But the cost – action cost is less than budget. So I want the variance to be positive, but let me remove this calculation and instead use the variance calculation that has some financial intelligence. I'm going to drag this actual minus BU, action minus budget calculation into report. We can now see total cost of sales, actual cost of sales is less than budget for the variances posited. So this was not too quick example of financial intelligence that we can embed in the cube.

Financial reporting is many times about comparing periods, like current period or previous period, current period previous year, and that's also logic we can include in the cube. You can see that we have a relative period dimension, where we have a large number of period codes, and these are the same codes as you had in Cognos Controller in the report generator and the Excel link, where plus zero is current period. So if I now drag plus zero into the – into the report, my actual column has now displayed data for the current period, which in this case 06/12. Let me move budget into the plus zero column as well, but also my variance calculation. And now I've got to easily insert other relative periods like minus one. If I want to use minus one for comparison, I drag minus one into report, and I want to display actual previous periods. So the minus one column will now display actuals for 06/11 if – when the current period is 06/12. Now, minus one is not a very descriptive name, so I can rather easily right-click, overwrite default text and call this previous period, and do the same for plus zero, which is current period. Now, the relative periods will automatically be retrieved based on the kind of period. If I now filter this report by another period, we will see that the data changes in the columns. I'm going to drag 06/11 into report, and the data for previous period now change to display 06/10, October 2006. The current period column will now display data for 06/11, November 2006.

IBM
Moderator: Tim O'Bryan
04-06-10/3:06 a or p.m. CT
Confirmation # 2936890
Page 13

Formatting is very much like in Excel or Microsoft Word, where you can format a cell or a row and then cost the formatting and apply it to other cells. Thus, you can see in this report we have a number of formation accounts, like total revenue, and I can now format October revenue to be bold, but I can also insert a top border and a bottom border, like this. I can now copy the formatting from this cell by clicking "Pickup" style and then apply it to other cells, like clicking (Supply Style). And I can now do this for all my other summation accounts, like total cost of sales, gross profit, R&D total, variable cost, other income and operating profits. There you go. That's how easy it is to format the report the way you want it to look like.

Now, let me now run this report, and one thing you should notice when you're running the report is that you can run this report in different formats. You can run it in HTML format, PDF as you saw before with the brief index, but also in Excel or CSZ format. But let me run this in HTML to see how it looks like. You can now see that the period is, as I filtered it before, by 06/11. But I want it to be a prompt. I want to use it to be prompted for the period when running the report. That's rather easily to implement. I go to my content filter area. I click "Prompt" and "Prompt on Hierarchy." Let me run the report again. You will now see that I'm prompted for the period. So I can expand my time dimension to further down in the hierarchy, and I'm going to click the period. I'm going to run report (4/06/12). And the report is not (inaudible) filter by 06/12.

Another nice feature is we call page layers. Let me first filter this report for the top group, (Digital to Go Group), which means that the reporting are filtered by this group. But I can move the filter over to the page layers area, which means that the report will now automatically run for all the companies that belongs to (Digital Go Group). If I run this report again, I'm prompted for the period as before. We can now see that you have a page down link. If I click page down, I will now run the report for all the different companies within the hierarchy. I don't have any data for these companies, but you will see here when (inaudible) hierarchy – here we go. (Go Money). The next is (To Go Retail), and then further down in the hierarchy (Digital B2)

Manufacturing. So that's a very easy way to run reports for multiple companies, in this case by using the page layer.

Now, once you have – with reports, you have formative reports, you have created your filters and prompts. You can save report. I'm going to click "Save." And as I discussed before, you can save the report as a positive report or in My Folders. And in this case, I want to – I want to save this report as a public report so that everyone can access the report, and I'm going to store it in my financial statements folder. And we can call it Demo Profit and Loss. If I now close my report and I click "Refresh," we can now see the report from here in my dashboard, Demo PL, which means that I can now run this from the portal. My prompt still works, but I'm prompted for period. I run it for 06/12, and there's the report with the page layers that I implemented.

OK, that was a quick, quick overview and demo of Financial Analyst and Publisher, the team one cube that is updating for 03/05. You have seen a number of different reports, dashboards created on top of the cube, but also quick examples of how you can create your own report and report studio.

So then over to you, Delbert.

Delbert: Thank you, (Rickard). Great presentation, great demonstration. So those – you know I think that that showcases two really important characteristics we come back to on (Rickard's) side right then. The relationship between Controller and the rest of the broader reporting portfolio, but also there's still some reporting that we want to consider executing within Controller. So in a quick close, what I want to do is summarize quickly, especially for our Controller customers out there that might be looking at this going, wow, this is – this is really helpful, but where does the existing reporting within Controller that I'm familiar with, where does that actually fit?
So when we talk about in-process reporting, now we talked about the (cube B), the integration team real-time, or near real-time with what (Rickard) showed – demonstrated. And that's correct. But we think of in-process reporting as a highly secure accounting focused data. So you know detailed data that you might want to report on, intercompany adjustments or (inaudible) adjustments, that kind of information we would still want to use

standard reports in Controller or build a custom reporting Controller using the Controller customer reporting facility or the Excel add-in, and again, we always try and shy away from Excel as our under-pressure porting tool, but in fact, as an analytic environment for an accountant to understand issues or challenges in the data-driven closes process is ideal, and most of our Controller customers would agree that that's an important asset to leverage as part of the reporting environment. So we're still going to recommend that in-process accounting focused reports during the closed cycle are executed in Controller. The other type of reporting that we would want to continue executing in Controller is really financial statement creation. Honestly, formal financial statements. Now (Rickard) shows you quite well how we can create briefing books and those types of things, and that's excellent. And of course one could incorporate notes with that. But I believe you a briefing book or a – as a kind of set of management reports. For a formal financial statement where we want to have a balance sheet and interest statement cash flow in kind of formerly laid out as per the requirements within the organization and incorporate notes and data and have all the appropriate accounting elements ticked and tied, we would still build that report within Controller. So we would still recommend that that's a great place to build those kinds of reports inside Controller.

But it's really the third area, which is financial reporting, that I think is unique for our solution portfolio. We're really providing a tightly integrated real-time connection between the data that's in – resides in the Controller application and the solution portfolio that sits around it to enable the kinds of activities that (Richard) shows from dashboard scorecards to formal reports to some of the analytics that (Rickard) showed and kind of how that data comes alive when you rapid risk Cognos agents, intelligence applications to give it kind of a broader range of distribution and mechanisms for sharing the information. There is much more information available on all of this on our Web site. So I encourage you to reach out and take a look at that, and certainly, if you have any questions for any of us as we go forward here, after the session please reach out to either of us directly. We'd be more than willing to respond to your question by e-mail or over the phone and talk through some of the questions that you might have.

So with that, I'm going to turn it back over to our innovation center team.

Tim O'Bryan: Thanks, Del, and thank you everyone for attending this installment of the Financial Performance Insider, Featuring IBM Cognos Controller 8 Controller Version 8.5. Take Care.

END