

# Enabling and Sustaining an Integrated Close, Consolidate, Report & File (CCRF) Process

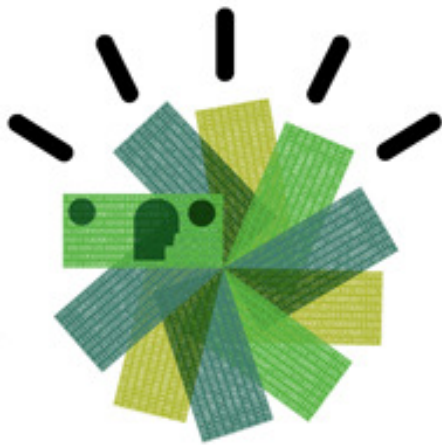
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Solution Architect, Cognos FSR-ASEAN

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# Agenda

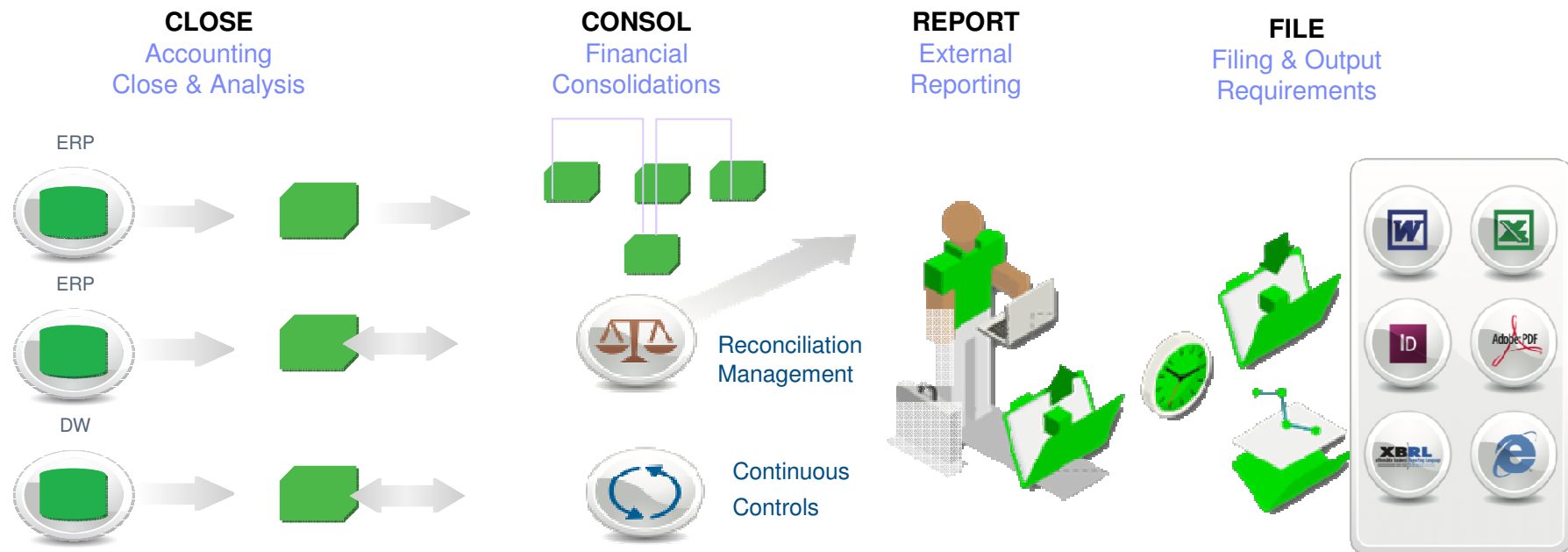


**Smarter Finance**

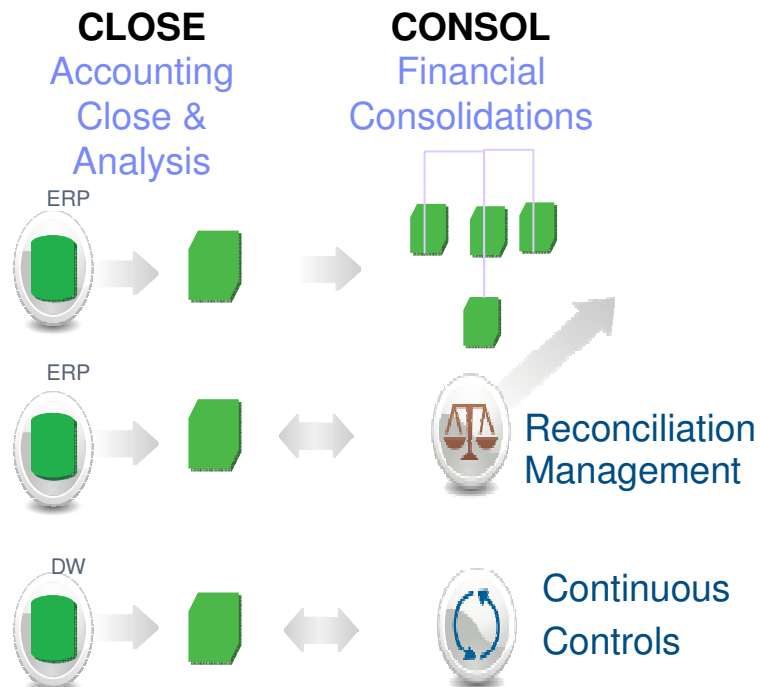
- The challenges of a manual CCRF process
- IBM's CCRF solution
- Q&A

# The Challenges of Manual CCRF Process

# The Challenges of Manual CCRF Process



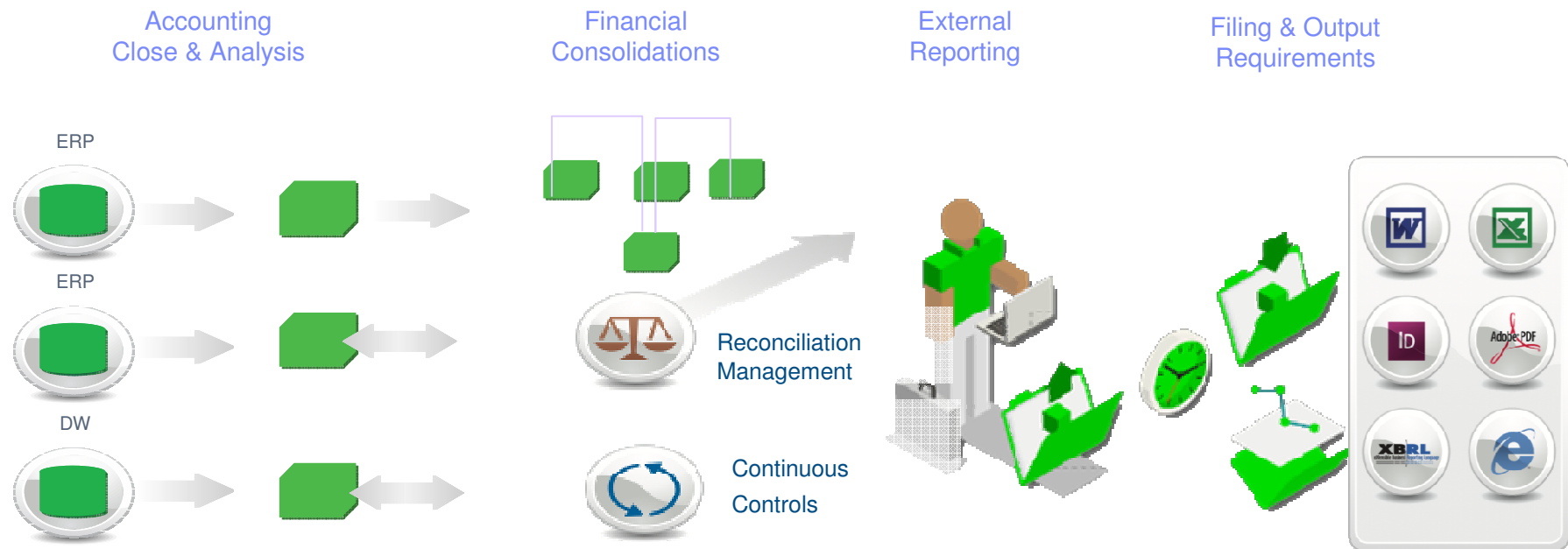
## The Challenges of Manual CCRF Process

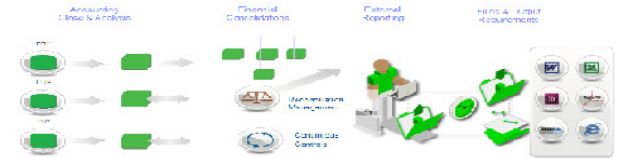


## Challenges in Close & Consolidate

- Financial Information & Consolidation done in **Excel**
- Consolidation Adjustments kept in Excel - **Manual**
- Challenges in **Managing and Tracking Business & Accounting Changes**
- **Too Long** to Close the Book
- **Data Integrity** Concerns
- **Compliance** Concerns
- Lack of Enterprise **Visibility**

# The Challenges of Manual CCRF Process





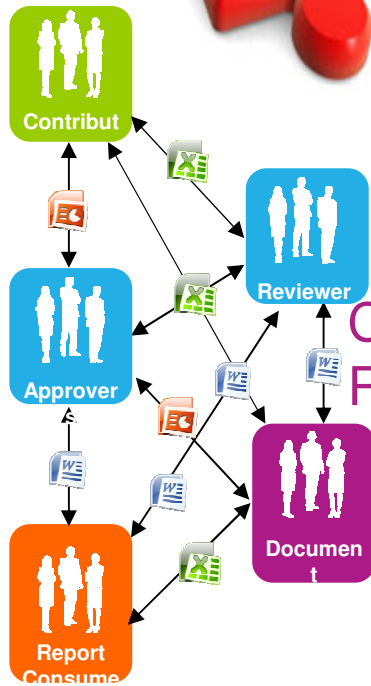
# Challenges in Report & File



# Manual processes contain risks



Challenges in Close & Consolidate



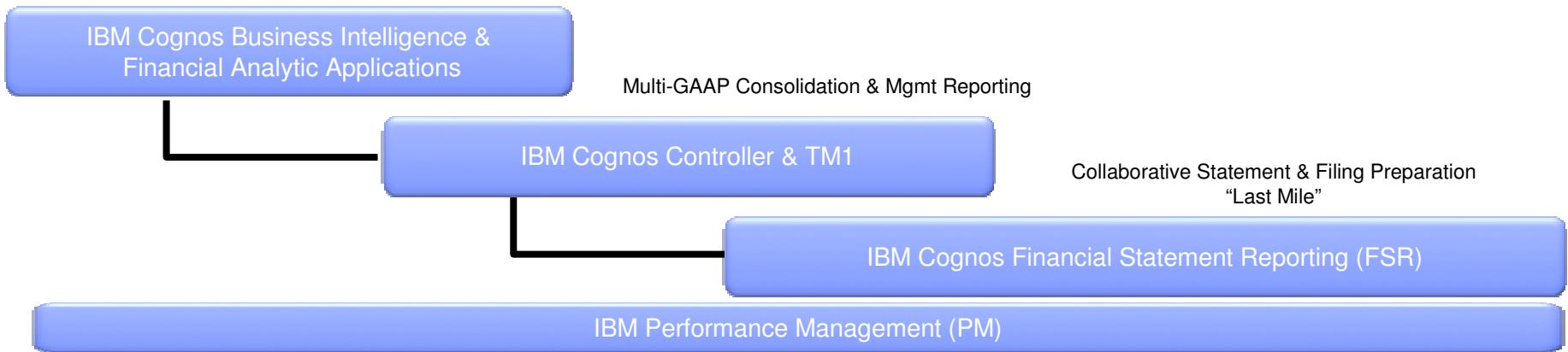
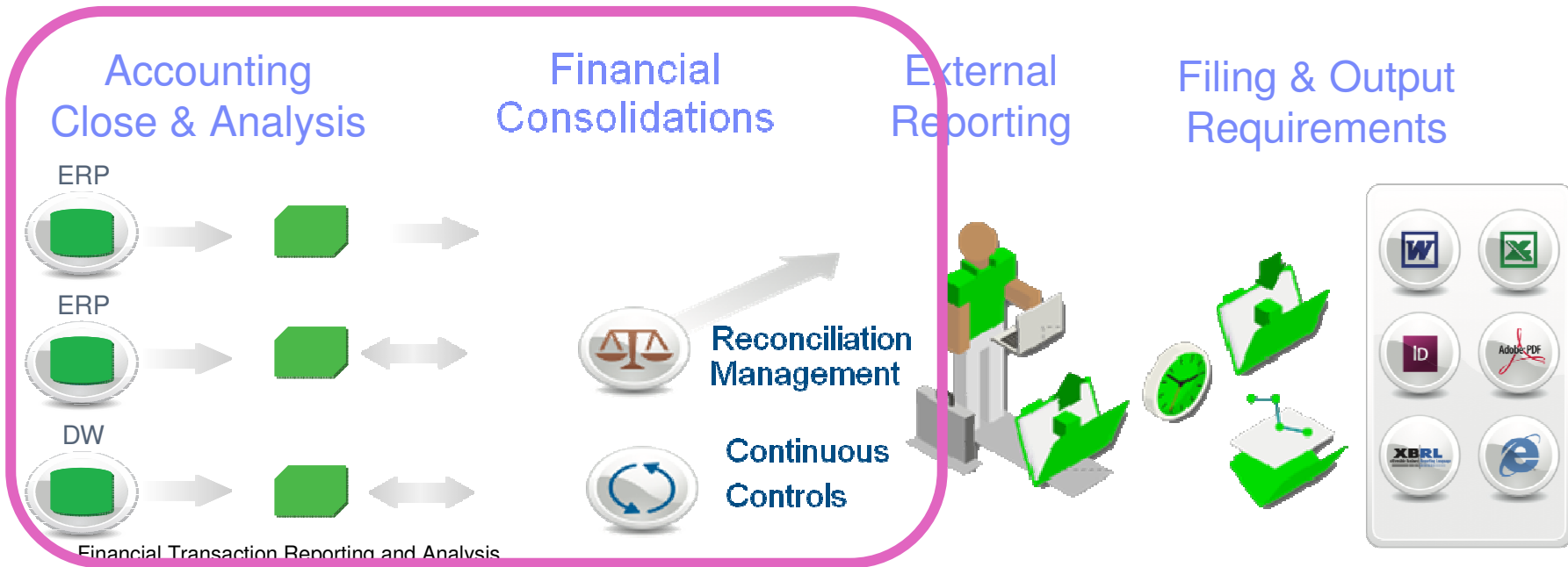
Challenges in Report & File

Risk Elements	Outcomes
<ul style="list-style-type: none"> <li>▪ Error</li> <li>▪ Fraud</li> <li>▪ Overdependence</li> <li>▪ Incorrect interpretation</li> <li>▪ Lack of enterprise interoperability</li> <li>▪ Lack of accuracy</li> <li>▪ Productivity</li> <li>▪ Compliance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Financial loss</li> <li>▪ Legal challenges</li> <li>▪ Loss of stock value</li> <li>▪ Loss of reputation</li> <li>▪ Fines and penalties</li> <li>▪ Job loss</li> </ul>



# IBM's CCRF Solution

# Complete Coverage of Financial Governance Processes



# IBM Cognos Controller

- Configurable data submission process
- Consolidation Work Flow
- Cross Ownership

The screenshot displays the IBM Cognos Controller interface for defining a company structure. The main window is titled "IBM Cognos Controller - localhost/ccr\_fci - ADM - [Define Company Structure]". It features a menu bar (Edit, View, Company, Group, Reports, Transfer, Maintain, Window, Help) and a toolbar. On the left, a "Workflow" pane lists various tasks such as "Company Structure - Define", "Define Currency Codes", "Currency Conversion", "Control Tables - Intercompany Eliminations", "Data Entry - Group Journals", "Reports - Trial Balance with Distributions", "Run Reports", "Reconcile - Intercompany Balances", "Data Entry - Shareholdings and Investments in Group Companies", and "Reports - Journals Across".

The central area shows a "Consolidation Structure" tree. The "Company" details pane on the right is configured for company code 1204, name "Sweden", and local currency "SEK". The "Company Type" is set to "Subsidiary" with "Valid Counter Part" checked. The "Conversion Method" is "Method 1". The "Consolidation Structure - Version 200612-999999" is connected to parent 1200. The "Consolidation Method" is "Manual" with "Votes %" and "Owned %" both set to 50.000000.

A pop-up window titled "Consolidation Type: LE, Company: 1204" is open, displaying a table of consolidation data:

Group	From Period	To Period	Parent	Consolidation	Manual	Owned %	Manual	Votes %	Manual	Indirect Minority %
1200	200612	999999	E	<input checked="" type="checkbox"/>	50.000000	<input checked="" type="checkbox"/>	50.000000	<input checked="" type="checkbox"/>	0.000000	
1300	200612	999999	E	<input checked="" type="checkbox"/>	50.000000	<input checked="" type="checkbox"/>	50.000000	<input checked="" type="checkbox"/>	0.000000	

# IBM Cognos Controller

- Configurable data submission process
- Consolidation Work Flow
- Cross Ownership
- Multiple consolidation structures (legal, taxation, management, etc)

Workflow

- Company Structure - Define
- Define Currency Codes
- Currency Conversion
- Control Tables - Intercompany Eliminations
- Consolidate With Status
- Reports - Trial Balance with Drilldown
- Run Reports
- Reconcile - Intercompany Balances
- Data Entry - Shareholdings and Investments in Group Companies
- Reports - Journals Across

Closing Versions Journal Types

Closing Versions  
Code:  IFRS

Name - Group: IFRS Version

Name - English: IFRS Version

Available Journal Types		Selected Journal Types	
Code	Name - Group	Code	Name - Group
FX	Final Adjustments		Reported value
GA	Group Adjustments	IS	IFRS Adjustments
MG	Management Adj	LO	Local Journals
		RE	Reporting Journals
		TX	Tax Journals

Status: On Multi

# IBM Cognos Controller

- Configurable data submission process
- Consolidation Work Flow
- Cross Ownership
- Multiple consolidation structures (legal, taxation, management, etc)
- Multiple Accounting standard & closing versions(IFRS, Local GAAPs)

Workflow

- Company Structure - Define
- Define Currency Codes
- Currency Conversion
- Control Tables - Intercompany Eliminations
- Data Entry - Group Journals
- Consolidate With Status
- Report Intercompany Balance with
- Run Reports
- Reconcile - Intercompany Balances
- Data Entry - Shareholdings and Investments in Group Companies
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Status: On Multi

Desktop EN 01:56

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# IBM Cognos Controller

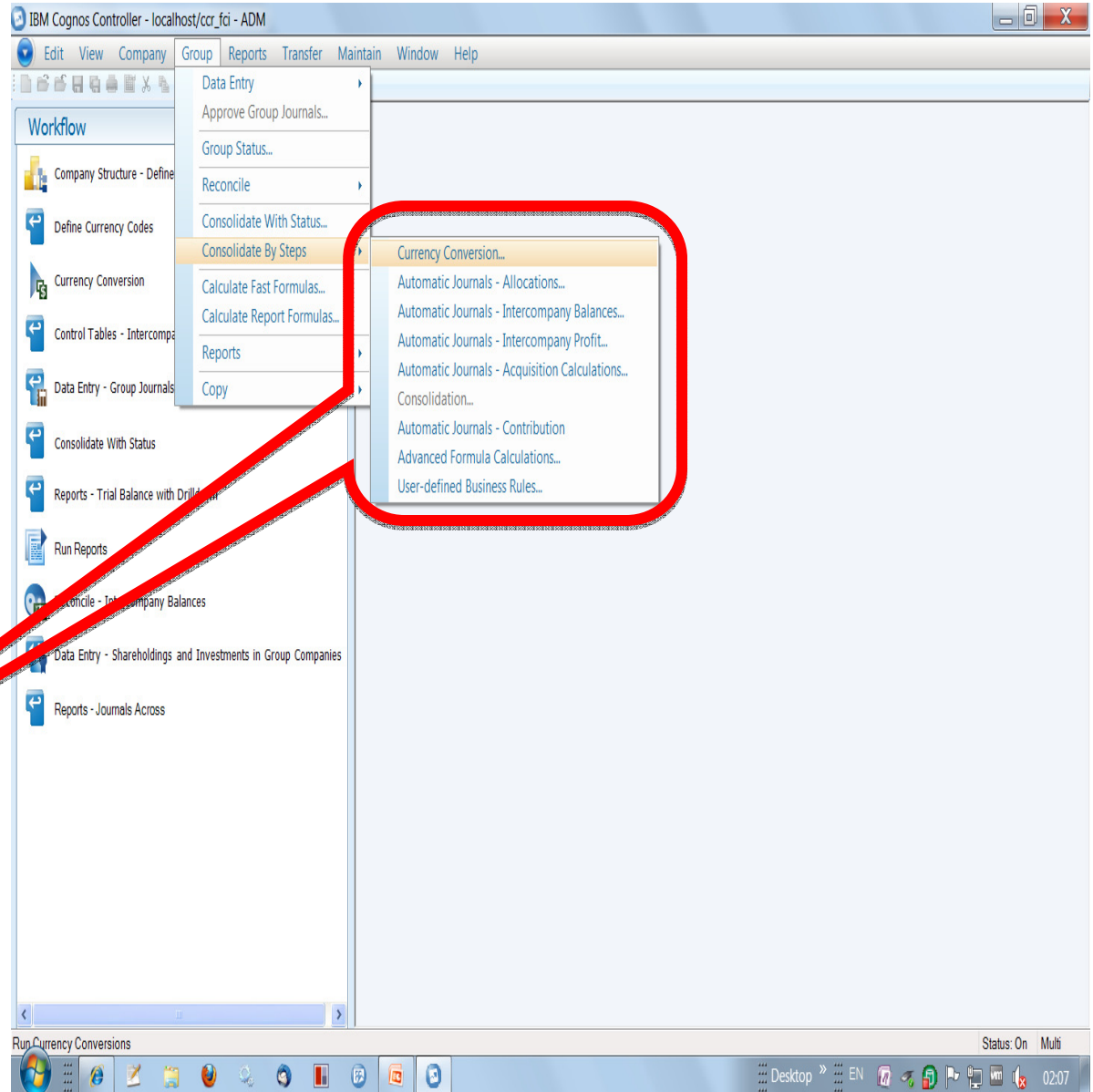
- Configurable data submission process
- Consolidation Work Flow
- Cross Ownership
- Multiple consolidation structures (legal, taxation, management, etc)
- Multiple Accounting standard & closing versions (IFRS, Local GAAPs)
- Consolidated view

The screenshot displays the IBM Cognos Controller interface. On the left is a 'Workflow' pane with various steps like 'Company Structure - Define', 'Define Currency Codes', etc. The main area shows 'Submission Details' for a selected group (1000) and a table of 'Company/Group' entries with columns for Currency, Status, Change Date, and Change Time. A 'Reporting Status' bar chart on the right shows counts for Missing, Processing, Reconciled, and Ready. A red circle highlights the submission details and table area, and a red arrow points from the 'Consolidated view' bullet point to this area.

Company/Group	Currency	Status	Change D	Change T	Change
1000 MWM Group	GBP	Processing	04/07/2011	07:56	ADM
1001 MWM Group Finance	GBP	Missing			
1100 MWM UK	GBP	Processing	04/07/2011	07:56	ADM
1101 UK HQ	GBP	Missing			
1102 UK Software	GBP	Ready	28/06/2011	22:00	ADM
1103 UK Hardware	GBP	Ready	28/06/2011	22:00	ADM
1200 MWM International	EUR	Processing	04/07/2011	07:56	ADM
1201 International HQ	EUR	Missing			
1202 Canada Own	CAD	Ready	28/06/2011	22:00	ADM
1203 Italy	EUR	Ready	28/06/2011	22:00	ADM
1204 Sweden	SEK	Ready	28/06/2011	22:00	ADM
1205 Ireland	EUR	Ready	28/06/2011	22:00	ADM
1206 Scandinavia (Other)	SEK	Ready	28/06/2011	22:00	ADM
1207 Scandinavia Hardware	SEK	Ready	28/06/2011	22:00	ADM
1300 MWM Emerging Markets	SAR	Processing	04/07/2011	07:56	ADM
1204 Sweden	SEK	Ready	28/06/2011	22:00	ADM
1301 Emerging Markets HQ	SAR	Missing			
1302 Latin America	MXN	Ready	28/06/2011	22:00	ADM
1303 Baltics	LTL	Ready	28/06/2011	22:00	ADM
1304 Asia, Middle East	SAR	Ready	28/06/2011	22:00	ADM

# IBM Cognos Controller

- Configurable data submission process
- Consolidation Work Flow
- Cross Ownership
- Multiple consolidation structures (legal, taxation, management, etc)
- Multiple Accounting standard & closing versions(IFRS, Local GAAPs)
- Consolidated view
- Multiple Currencies



## Why IBM Cognos Controller?

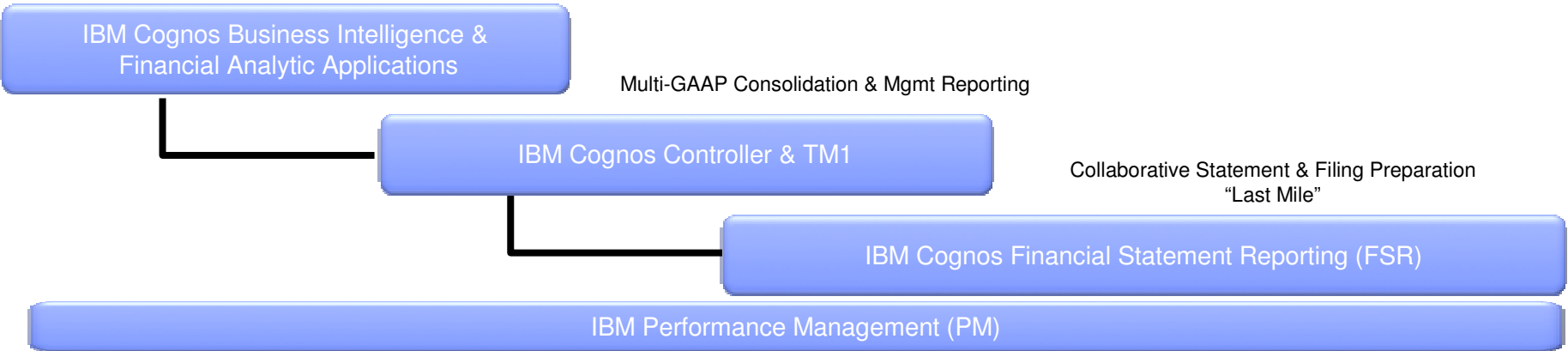
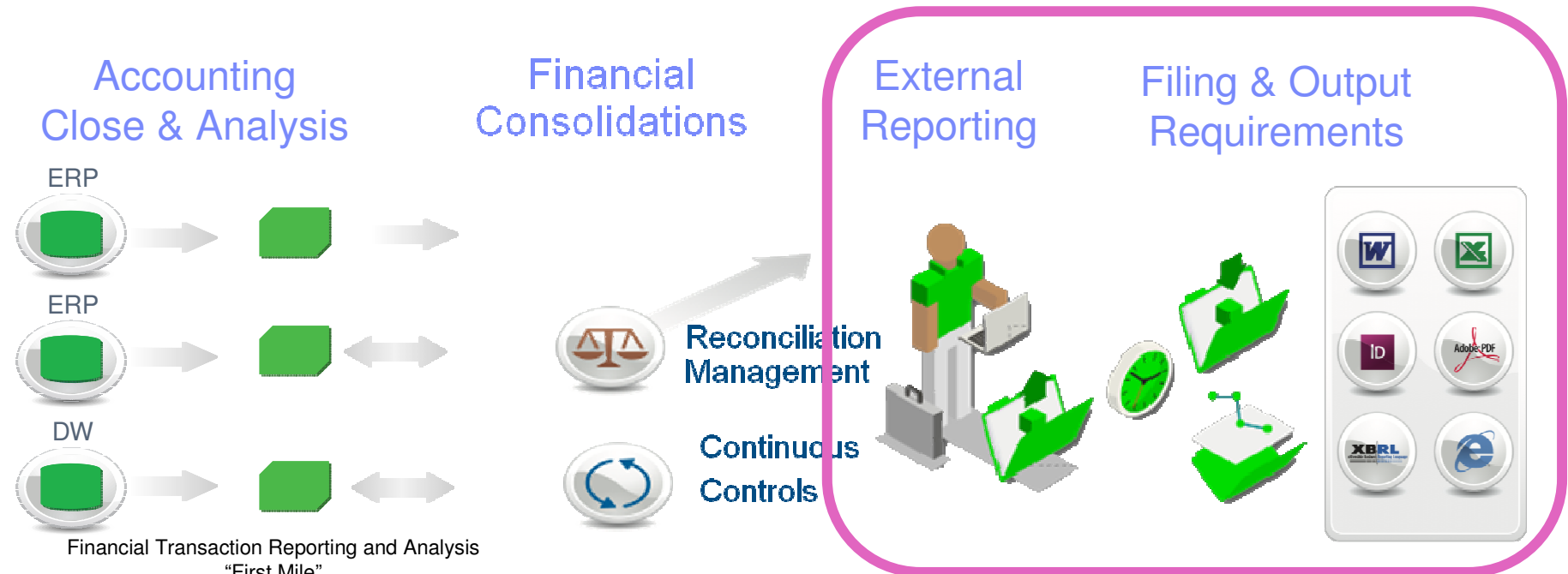
- **Investment in a Finance managed solution**
- **Real-time analysis, modelling, forecasting**
- **Easy to use** - Low on-going maintenance – Lower TCO
- **Data Agnostic** - Capable of importing data from any source
- **Application approach** enabling:
  - Speed of Delivery
  - Low risk implementation
  - Out-of-the-box consolidation functionality – enabling staff at all levels to perform efficient
  - 260+ standard reports
- **Automation** of time consuming processes
  - Intercompany Eliminations (delegation of responsibility to subsidiaries/ divisions)
  - Allocations
  - Currency Conversion, and ability to report, for example, at budget rates
  - Acquisition Calculations
  - Cash Flow Statements
- **Flexibility** and **Scalability** to adapt to changing requirements and multiple structures/ dimensions/Business rules



***Consolidation is a critical element of a comprehensive  
Financial Governance solution***



# Complete Coverage of Financial Governance Processes



# IBM Cognos FSR – How it Works



## Enterprise Disclosure Management (cont)

- Create reports once... no need for one off or recreating reports each week/month/quarter
- Use “variables” to change once... update everywhere
- Variable used is ringed... and how it looks when the report is generated



Reinsurance and other amounts recoverable reflect amounts due from reinsurers and policyholders to cover incurred but not reported and pending claims for minimum premium products and certain administrative services only business where the right of offset does not exist. See Note 10 for additional information on reinsurance. For the three months ended March 31, 2012, actual experience differed from the Company's key assumptions resulting in favorable incurred claims related to prior years' medical claims payable of \$40 million, or 0.5% of the current year incurred claims as reported for the year ended December 31, 2011. Actual completion factors resulted in a reduction in medical claims payable of \$17 million, or 0.2% of the current year incurred claims as reported for the year ended December 31, 2011 for the insured book of business. Actual medical cost trend resulted in a reduction in medical claims payable of \$23 million, or 0.3% of the current year incurred claims as reported for the year ended December 31, 2011 for the insured book of business.

insured book of business.



# Enterprise Disclosure Management (cont)

## Robust and Efficient Management validation

- Visible link between status of the overall process? When? Where?
- Use of an integrated risk control and reporting system to repair where?
- Generate work backlogs to completion of the documents to ensure proper checks are completed

The screenshot displays a software interface for document management. On the left is a tree view of report sections. The main area is split into two panels: 'Document Summary' and 'Document Status'.

**Document Summary:**

Entity	External Reporting
Period	December 31, 2009
Document Name	10-K - Current Year
Submission Due Date	December 30, 2009
# Working Days before Due Date	-307
Document Owner	Director Financial Reporting
Overall document sign-off	0

**Document Status:**

A 3D pie chart shows the distribution of document status by contributor:

Internal Auditor	2.4%
External Auditor	1.2%
Controller	9.6%
Reviewer	8.4%
Legal	7.2%
XBRL Tagging	21.7%
Assistant Controller	1.2%
Chief Accounting Officer	6.0%
Test Workflow	1.2%
Data Contributor	12.1%
Director Financial Reporting	24.1%
Manager	4.8%

**Status by Object:**

Assigned To	Section Name	Report Object	Status	Object Type	Content
Director Financial Reporting	Variable Management	Variable List	Manager	Normal	MS-Excel
Director Financial Reporting	Front Cover Page	Cover Page	Director Financial	Normal	MS-Word
Reviewer	Print Default Settings	Default Page Setup	Reviewer	Page Setup	MS-Word
Reviewer	Shareholders Message	Header	Reviewer	Header	MS-Word
Assistant Controller	Shareholders Message	Shareholder Page Setup	Assistant Controller	Normal	MS-Word
Reviewer	Form 10-K Cover Page	Header	Reviewer	Header	MS-Word
Director Financial Reporting	Form 10-K Cover Page	Default Page Setup	Manager	Page Setup	MS-Word
Director Financial Reporting	Form 10-K Cover Page	Form 10K	Director Financial	Normal	MS-Word
Director Financial Reporting	Table of Contents	TOC	Director Financial	Normal	MS-Word
Data Contributor	Item 1 Business Overview	General	Test Workflow	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Growth Strategy	Data Contributor	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Growth Strategy - Not Printed and Hard Coded	Data Contributor	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Historical Growth	Data Contributor	Normal	MS-Excel
Data Contributor	Item 1 Business Overview	Store Remodeling	Data Contributor	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Footer	Data Contributor	Footer	MS-Word
Data Contributor	Item 1 Business Overview	Comments and Links	Data Contributor	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Suggested Edits	Data Contributor	Normal	MS-Word

At the bottom right, there is a 'Comments' column with several empty rows.

# Enterprise Disclosure Management (cont)



Consolidated GAAP Financial Statements and Footnotes

MD&A

Operational & Risk Measures

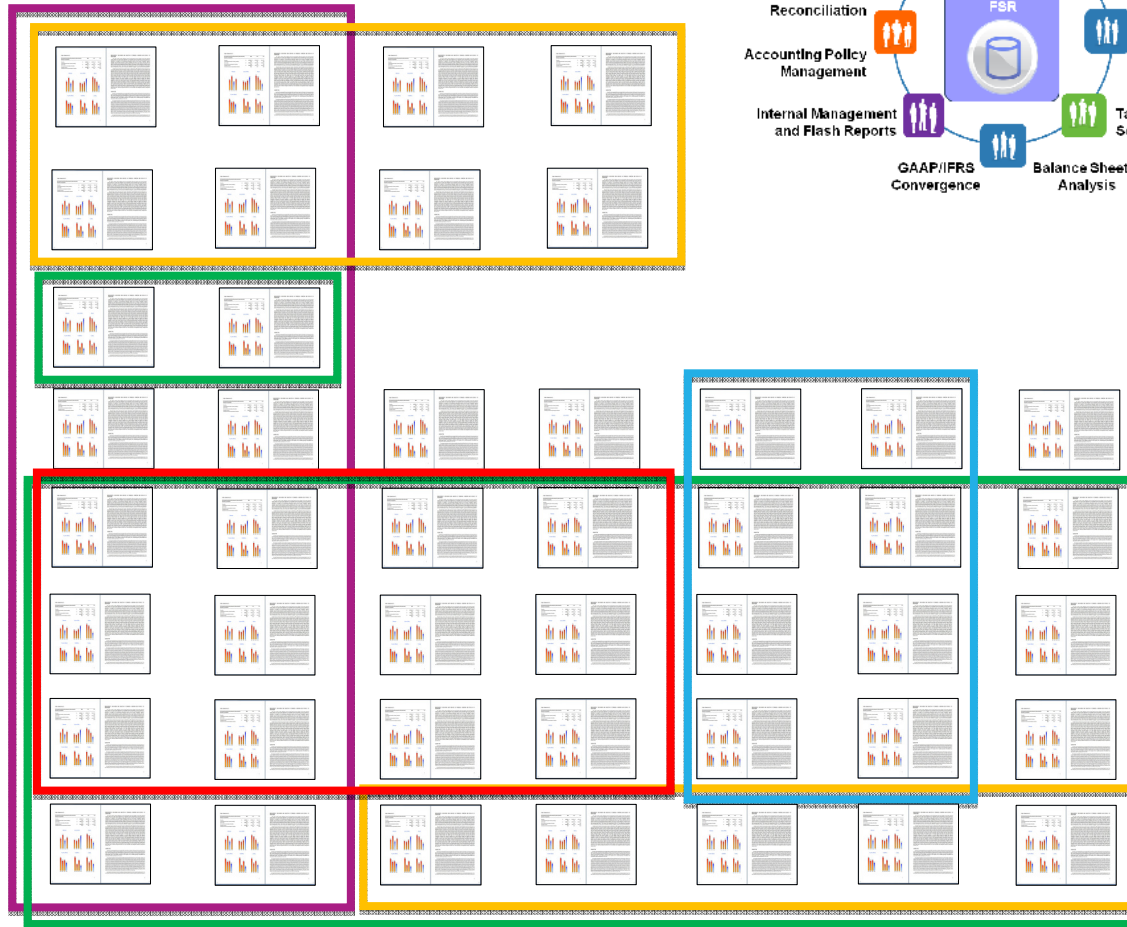
Asset Management

BU 1 Sales & Revenue

BU 2 Sales & Revenue

Plan and Forecast Data

Executive Compensation



**Key**

CEO/CFO packs

Board Books

Monthly close package reports

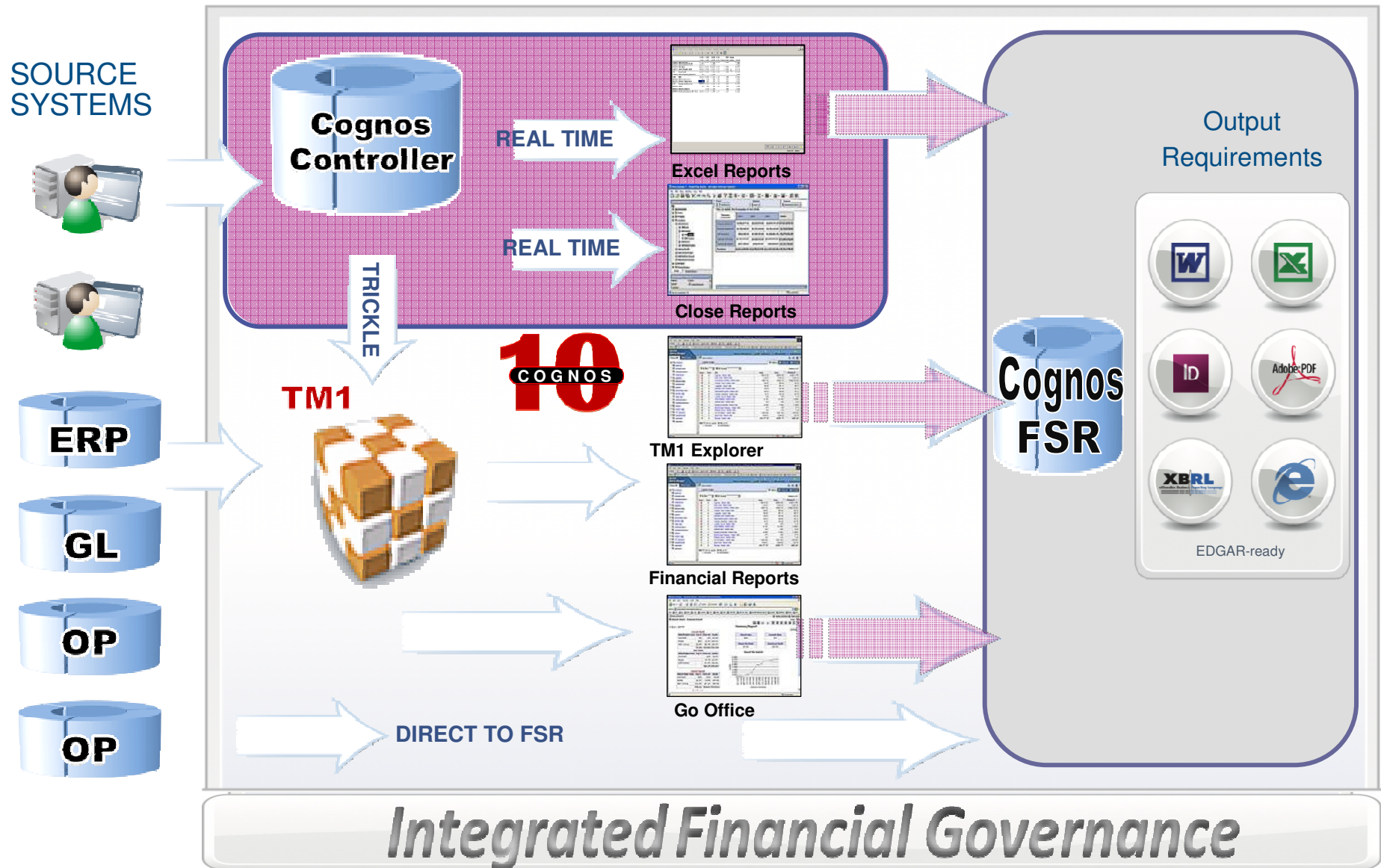
Regulatory & Statutory reports

Plan & Forecast packs

## IBM Cognos FSR – The Benefits

Cognos FSR Features	Problems Solved	Results
<ul style="list-style-type: none"> <li>• Link source data to report data</li> <li>• Optimized internal controls</li> <li>• Robust audit trail reporting</li> <li>• Business rules &amp; validation</li> </ul>	<ul style="list-style-type: none"> <li>• Prevent <b>late submission</b> &amp; material <b>errors</b> on regulatory &amp; statutory filings</li> <li>• Prevent <b>insider leaks</b></li> <li>• Enhance <b>weak internal controls</b> &amp; financial governance framework</li> </ul>	<p><b>Reduce risk</b></p>
<ul style="list-style-type: none"> <li>• Data integration</li> <li>• Workflow</li> <li>• Automated roll – forward</li> <li>• Variables in text</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminate manual <b>data collection</b> &amp; <b>consolidation</b></li> <li>• Eliminate re-keying of information</li> <li>• Secure environment or review &amp; approval</li> <li>• Automate <b>error checking</b></li> </ul>	<p><b>Reduce Costs</b></p>
<ul style="list-style-type: none"> <li>• Automatic report data refresh</li> <li>• Jumpstart report building with previous report</li> <li>• Collaborative environment allows multiple people to work on reports in parallel</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminate <b>bottlenecks</b> &amp; time consuming complex processes</li> <li>• Eliminate <b>manual updates</b> of report data</li> <li>• Automate error checking &amp; correcting</li> </ul>	<p><b>Reduce cycle time</b></p>
<ul style="list-style-type: none"> <li>• Share content across reports</li> <li>• Colaboration/Multi-author Environment</li> <li>• Real-time data updates</li> </ul>	<ul style="list-style-type: none"> <li>• Enhances <b>consistency &amp; integrity</b> reports</li> <li>• Optimize analysis with more collaboration</li> <li>• Ensure <b>one version of the truth</b> in critical reports</li> </ul>	<p><b>Improved business insight</b></p>

# IBM Business Analytics CCRF Solution:



# Sharing Information Across the Organization



## 1 Risk of Errors

	Benefit
Integration to source data	No re-keying of data
Variables in text	Consistency across the report
Validation Rules	Numbers always tie-out

One version of the truth

## 2 Risk of Late Filing

Feature	Benefit
User prior report as a template for the next period	No need to re-apply formatting
Automatically load new data	No need to re-key data

Start reviewing the final report sooner

Feature	Benefit
Security to view or edit each object	Users only see the data they are supposed to see
Workflow controls access throughout the process	Users only see data <b>when</b> they are allowed to see it

Access to information is controlled

## 3 Risk of Insider Leaks

Feature	Benefit
Compliance Checklists	To ensure that the right steps are being followed
Audit Trail	To track who did what, and when they did it

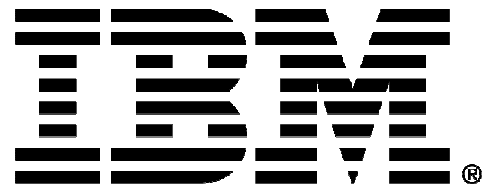
Increased confidence in the final report

## 4 Risk of Non-Compliance





# Question & Answer



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