

James Melville FCCA IBM Business Analytics, Business Analytics Specialist Architect

Wayne Isaac FCCA IBM Business Analytics, Senior Solutions Specialist

New Innovations in Narrative Reporting and Disclosure Management



The smarter company: driving performance achievement

Disclosure Management & Financial Close

Reporting to external & internal stakeholders with confidence



Advance analytic maturity

Financial Performance Management

Align resources with opportunity



Automate analytic processes

Sales Performance Management

Link pay-for-performance plans to strategy



Drive new insight & agility

Operational Performance Management

Connect and drive finance & operational coordination

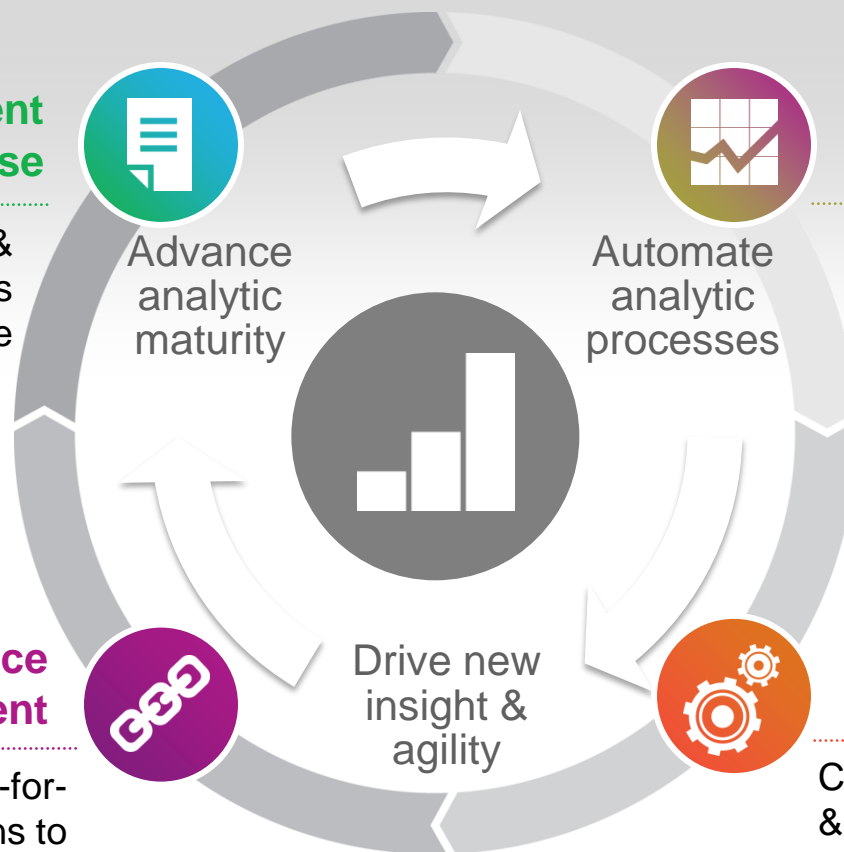


Table 1.1: Total Managed Expenditure

	£ billion				
	Plans		Forecasts		
	2010-11	2011-12	2012-13	2013-14	2014-15
CURRENT EXPENDITURE					
Resource Annually Managed Expenditure	294.6	307.8	319.5	329.1	344.0
Resource Departmental Expenditure Limits	342.7	343.3	345.0	349.6	348.7
Public sector current expenditure	637.3	651.1	664.5	678.6	692.7
CAPITAL EXPENDITURE					
Capital Annually Managed Expenditure	7.8	7.3	6.7	6.4	6.9
Capital Departmental Expenditure Limits	51.6	43.5	41.8	39.2	40.2
Public sector gross investment	59.5	50.7	48.5	45.6	47.1
TOTAL MANAGED EXPENDITURE	696.8	701.8	713.0	724.2	739.8
Spending Envelope for Spending Review 2010¹	641.6	646.7	651.6	651.6	661.0

Of which:

Resource spending envelope

of which Annually Managed Expenditure

of which Departmental Expenditure Limits

Capital spending envelope

of which Annually Managed Expenditure

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Spending Envelope for Spending Review 2010¹		641.6	646.7	651.6	661.0
Of which:					
Resource spending envelope		591.6	598.9	606.7	614.5
of which Annually Managed Expenditure		249.0	254.5	257.8	266.5
of which Departmental Expenditure Limits		342.7	344.4	348.9	348.0
Capital spending envelope		50.0	47.8	44.8	46.4
of which Annually Managed Expenditure		6.5	6.0	5.6	6.2
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¹The envelope is defined as Total Managed Expenditure less BBC domestic services. National Lottery. net expenditure

What's the value of a Narrative Reporting Platform?

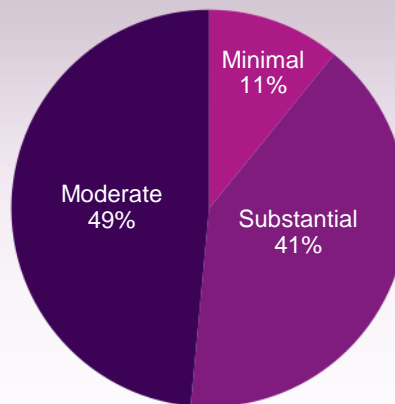
Reporting Beyond Charts & Graphs

Decisions can no longer just be made based on numbers alone

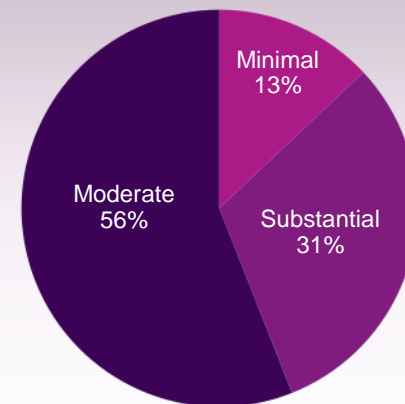
Executives and managers want **detailed analysis (narrative)** to support the data before making **critical business decisions**

Need to join **financial, operational, and statistical** data with detailed **qualitative analysis** in a **fluid and dynamic** environment

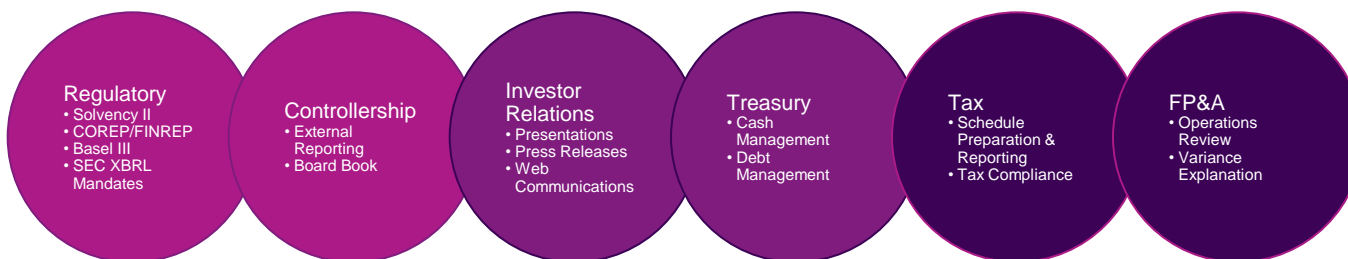
Many finance executives say that narrative portions of financial reports consume a substantial amount of their staff and management time.



How much staff time is required to collect, consolidate, and prepare the narrative portions of your financial reports?



How much management time is required to analyze, approve, and review the narrative portions of your financial reports?



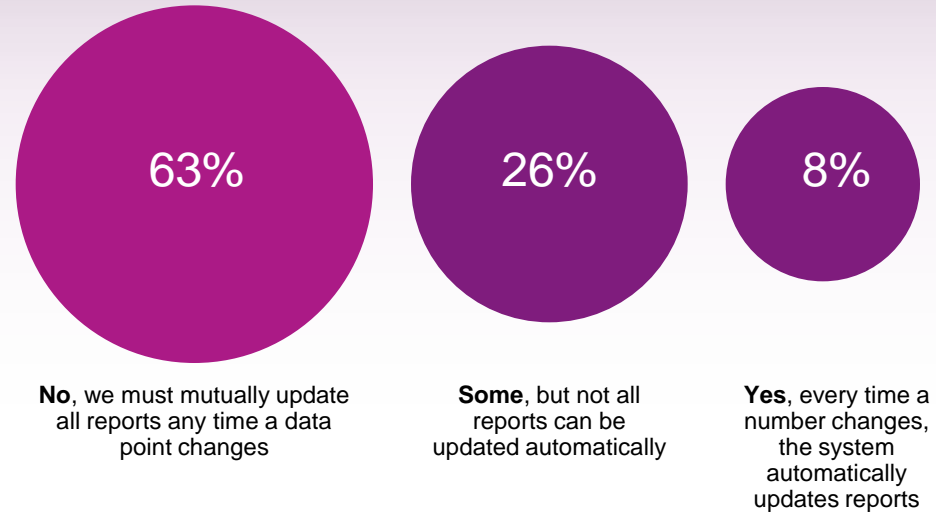
Poor Practices—Directly Impact Performance

Finance organizations must run efficiently and effectively but there are many challenges:

Non-automated data flowing to narrative portions or discussions takes time away from value added work

Few companies are able to take advantage of the benefits of automation in updating the narrative portions of financial reports.

Do your company's information systems automatically update narrative analysis and discussions any time an underlying data point changes?



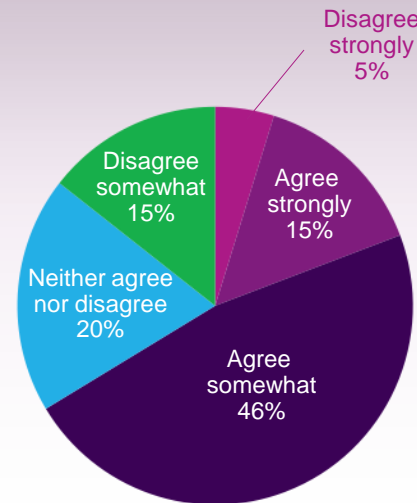
How do the existing processes and tools used to manage and support critical management reporting activities impact your organization's ability to access, analyze and present insights to drive value?

Poor Practices—Directly Impact Performance

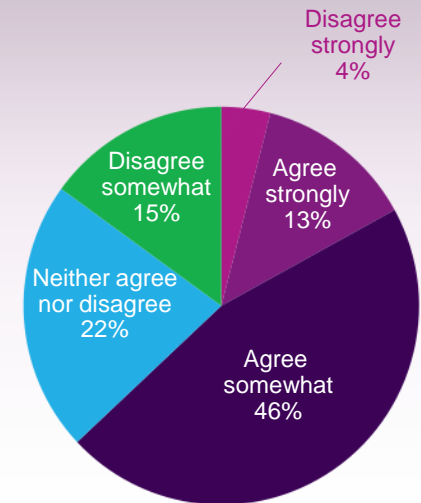
Finance organizations must run efficiently and effectively but there are many challenges:

Non-integrated close relating to narrative reporting is negatively impacting organizations

Companies are spending more time developing narrative discussions of financial results.



“My company now spends more time developing narrative discussions of financial results than it has in the past.”



“Checking, correcting, and updating data references in narrative discussions takes more time than it should.”

How do the existing processes and tools used to manage and support critical management reporting activities impact your organization’s ability to access, analyze and present insights to drive value?

Gaps are Pervasive & Have Direct Impact on Performance

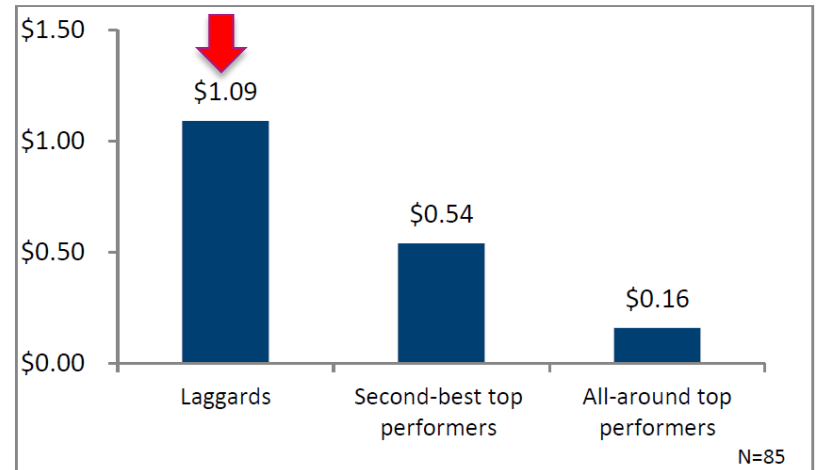


- The challenges associated with manual processes and gaps in existing technology are not just in External Reporting – they are pervasive throughout the Finance organization
- All this extra work on low value activities steals time from higher value analysis

Laggards not effective or efficient...

- Too much time spent on manual data collection creating reports by hand – causing delays in critical reports and analysis
- Over-reliance on personal productivity tools & email lead to longer cycle times and less accuracy in reports
- Execution, data accuracy & control challenges are pervasive

Total Cost of Financial Reporting per \$1,000 in Revenue



Disclosure Management & Financial Close

Reporting to external stakeholders with confidence



Solutions:

- XBRL tagged financial, tax, and regulatory filing
- Reporting and disclosure for multi-jurisdictional GAAP, IFRS, Sustainability and Tax
- Financial close account analysis and reconciliation

What makes IBM different:

- A single, reliable, dynamic reporting and analysis system
- Parameter-driven financial consolidation
- Innovative narrative and collaborative intensive disclosure management
- Integrated tagging for multiple purposes (XBRL, Solvency II, etc.)

Account
Analysis &
Close



Consolidation
Reporting
& Analysis



Compliance,
Regulatory,
& Tax



Disclosure
Management



Cognos Disclosure Management Solutions

Goals/Vision

(what we heard)

Streamline Global Finance Operations

Strengthen Financial Reporting

Consolidate Explosion of Financial & Operational Data

Minimize Financial Misstatements



Value Drivers

Improve staff productivity and effectiveness

Ensure a 'single version of the truth' across Finance

Enhance ability to communicate insights and analysis

Enhance controls and reduce risk of errors

Value Drivers

Align resources with opportunities to drive growth & profit

Design and enforce intelligent processes across Finance

Drive financial and non-financial data commonality across reports

Less time checking = more value for the company

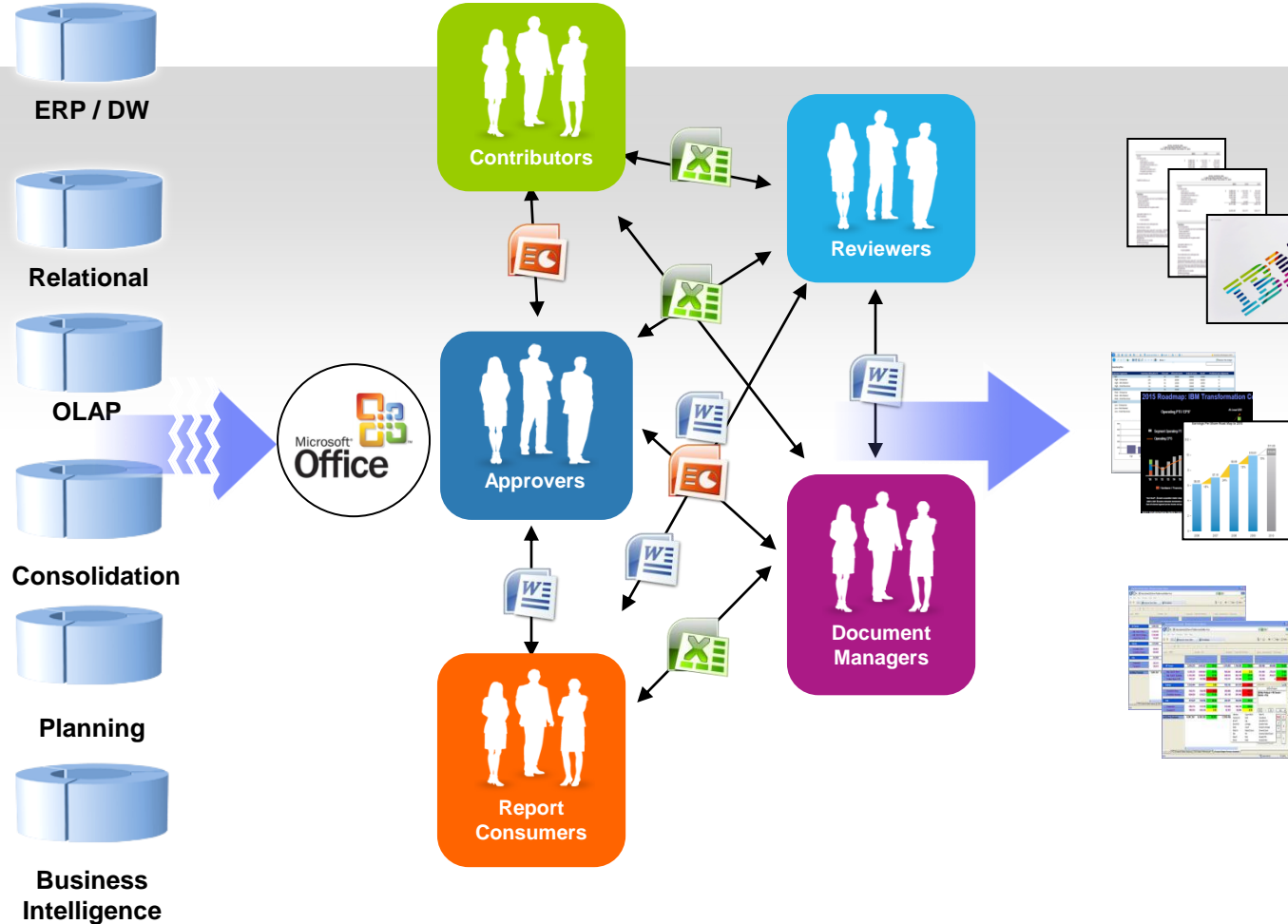
Correlate data with analysis to help tell the 'story' behind the data

Accelerate time to consensus, decision making and action

Embed controls and validation – ensuring data integrity and accuracy

Integrated audit trail reporting and edit checks promote visibility into process

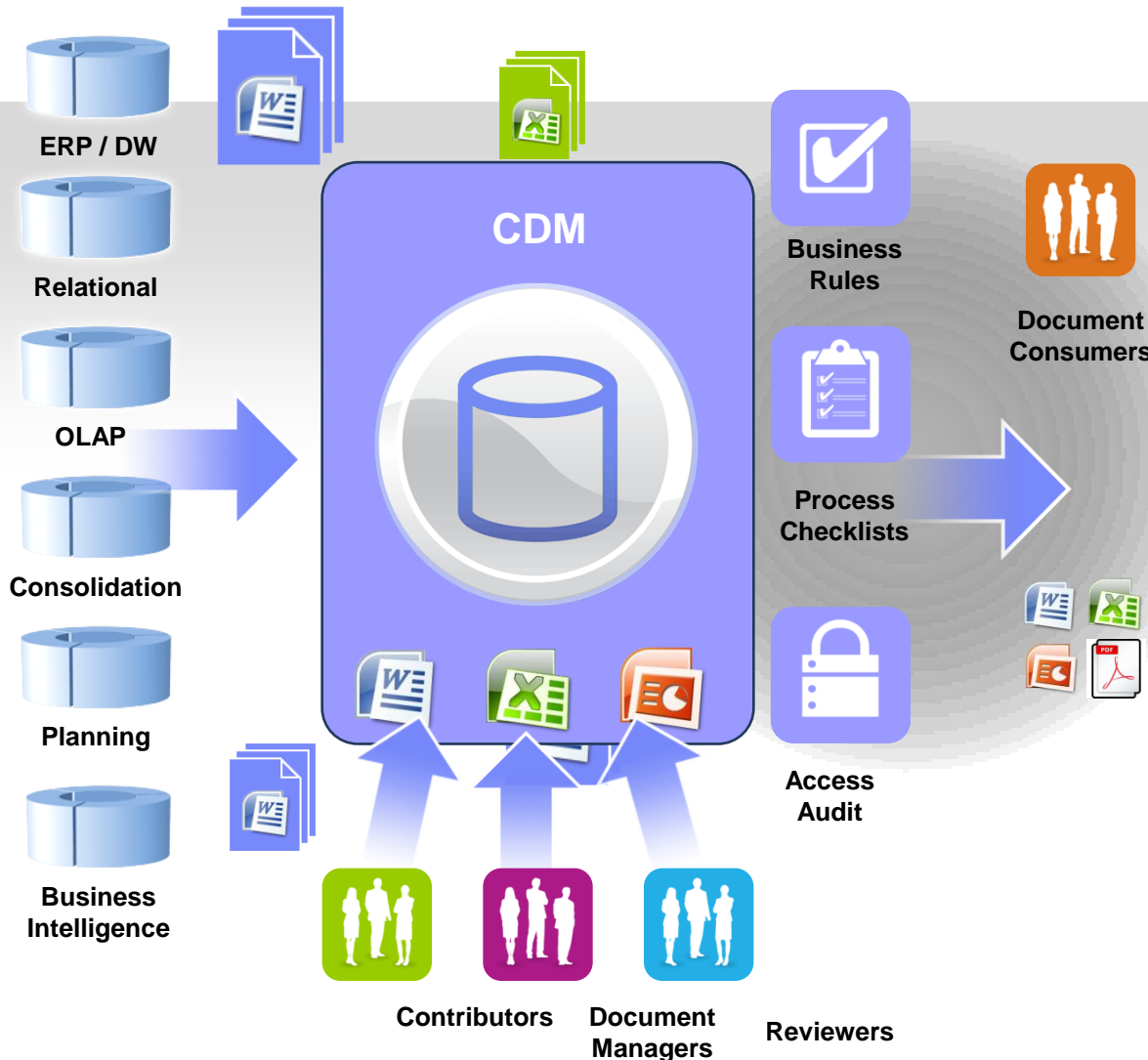
The performance document production problem



- Narrative as well as charts, tables and numbers
- Data validation issues
- Problems tracking low-level changes
- Version control nightmares
- Compressed deadlines
- Multi-layer and / or matrix-based review
- Highly-paid people perform low-value tasks
- No process transparency
- Little document uniformity or synergy
- Same fire-drill each period

Structured Data Sources

How does CDM work?



- Documents directly integrated with Cognos and other data sources so they can be rolled forward. Master documents can be cascaded and parts of documents shared.
- Changes dynamically updated in documents eg numbers within text
- Leverages the tools already in use: Microsoft Word, Excel & PowerPoint
- A single, scalable, multi-user environment with strong workflow controls and UI translation
- Checklists, report validation, access controls, audit trails and review comments reduce production risk
- Activity dashboards and version controls deliver process transparency
- Reports driven from a single, secure repository so document consumers get a consistent view
- Various output formats

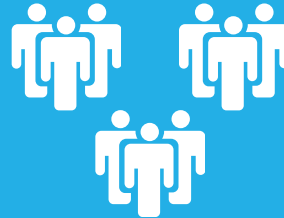
Today's organizations are facing many **NEW CHALLENGES** with primitive tools and practices

1 Abundance of Financial Applications



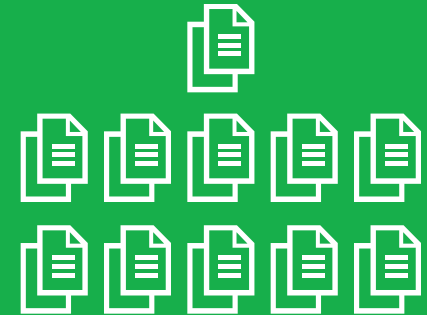
44 Financial Applications
per \$B in Revenue
(1 = 10 apps)

2 Labor Intensive Processes



91 Finance Staff
per \$B in Revenue
(1 = 10 FTEs)

3 Abundance of Reports



1552 Reports
per \$B in Revenue
(1 = 100 reports)

82% of financial managers surveyed cite the “primary business application for generating management reports” as spreadsheets.

What Customers Struggle With

Lack Of Time, Limited Control, Lower Confidence

- **Improved efficiencies & reduced reporting times**



- **Control**



- **Reduce risk & Increased Confidence**



What Customers Struggle With

Lack Of Time, Limited Control, Lower Confidence

- **Improved efficiencies & reduced reporting times**

- Managed Workflow
- Automated production of reports



- **Control**

- Central repository



- **Reduce risk & Increased Confidence**

- Validation



What Customers Struggle With

Lack Of Time, Limited Control, Lower Confidence

▪ Improved efficiencies & reduced reporting times

- Managed Workflow
- Automated production of reports
- Automated data refresh



▪ Control

- Central depository
- Report & Object based workflow
- Validation



▪ Reduce risk & Increased Confidence

- Validation
- Approval processes
- Full audit trail of changes
- Consistent data updates throughout report and associated reports



What Customers Struggle With

Lack Of Time, Limited Control, Lower Confidence

■ Improved efficiencies & reduced reporting times

- Managed Workflow
- Automated production of reports
- Automated data refresh & checks
- Bring forward tasks



■ Control

- Central depository
- Report & Object based workflow
- Validation
- Security
- Customisable work-flow



■ Reduce risk & Increased Confidence

- Validation
- Approval processes
- Full audit trail of changes
- Consistent data updates throughout report and associated reports
- Direct link back to trusted data source



What Customers Struggle With

Lack Of Time, Limited Control, Lower Confidence

▪ Long time to complete

- Manual processes to identify and organize data dominate most narrative reports
- Limited visibility in to the progress
- Highly paid intelligent people doing low value, time-consuming tasks and checks

Little to no time to perform analysis and improve performance of the organisation



▪ Challenges with data management (control)

- Error-prone activities repeated over and over again that involve re-keying information into different forms and reports
- Inability to easily compare reporting versions
- Slow response to changing requirements

Have to compromise on volume/velocity of reports



▪ Prone to incomplete or inaccurate information (confidence)

- People can make mistakes
- Little or no security, controls, audit trail or transparency
- Unable to completely incorporate business review and analysis with financial reports

Decisions are made on incorrect data

