

PERFORMANCE MANAGEMENT for the Mid-market



**BUILD COMPETITIVE
ADVANTAGE WITHOUT
BREAKING THE BANK**

COGNOS®

THE NEXT LEVEL OF PERFORMANCE™

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Introduction

Revenue growth. Tight margins. The need to out-innovate larger rivals. Small to mid-sized businesses have to be able to quickly get a handle on the issues that influence performance, and secure the resources to deal with them efficiently and effectively. It is central to gaining competitive advantage and higher profits.

But creating this decision culture isn't easy. Business data pours in from disparate systems. And IT is challenged to provide solutions that enable productivity and agility in the face of market and customer demands. Manual processes, inefficiencies, and lack of accountability add to the challenge.

Cognos performance management software helps mid-market companies rise to the challenge with better business insight and performance. It does this by unlocking the data captured in operational systems and transforming it into useful, relevant information. So organizations understand the why behind critical issues, trends, and opportunities. They gain an accurate forward-looking view of the business, and everyone collaborates to make better strategic decisions.

Just as important is the cost factor. Mid-market companies don't have the budgets of large businesses, so lower TCO and rapid ROI are imperative. Cognos performance management leverages existing IT infrastructures and pre-existing assets. And it provides flexible, incremental deployment.

This enables companies to gain value from their investment today—and continue to meet future demands as the business grows.

The result? Small and mid-sized businesses gain a cost-effective performance management solution that enables better decision-making. It helps them:

- Plan where the business is heading, manage progress against plan, and stay on course.
- Analyze business information to understand what is driving trends and to spot anomalies.
- Improve customer loyalty through better customer insight.
- Respond faster to changing market and business conditions.
- Gain visibility into risk positions and risk exposures.
- Reduce costs and improve productivity across business units, operations, or product lines.

“We’re one of the last surviving middle players. [BI] is strategic to keeping us alive.”

Charlene Barnes, CIO and executive vice president, JB-Hanauer¹

¹ Allan Holmes. *Small and Smart*. CIO Magazine, January 15, 2007

What is Performance Management?

In a small family business, the shop owner walks over to the staff and tells them what needs to happen. He or she can see the results in the real world. Can the CEO or owner of a mid-market business construct a virtual means to make that happen? That's the appealing promise of performance management.

From a technology perspective, performance management is the integration of business intelligence and planning. These key technology areas allow organizations to move among three key business questions: How are we doing? Why? What should we be doing?

Ideally, the answers to these questions should be based on a common understanding of metrics, data dimensions, data definitions, and views of the organization. Yet much of the technology people rely on (spreadsheets, databases, and desktop systems) has grown up to support only one question at a time. The result is a deficit of useful information for decision making—and this compromises higher performance.

Cognos offers a consistent, integrated technology platform that is vital to effective performance management. Our solutions deliver the planning, reporting, analysis, scorecarding, and dashboard capabilities necessary for better decision making across the enterprise.

With improved performance management, mid-market companies can find new opportunities to increase revenue and profits, hold down costs, and better manage working capital.

Rumpke Consolidated Companies is among the largest privately owned waste and recycling companies in the US. With Cognos, Rumpke has implemented a planning solution to streamline its budgeting process. Cognos analysis software also provides real-time information on overall productivity, payroll, and status by line of business.

The Web-based platform allows different regions of the company to produce their own plans. The organization then uses consolidation at the corporate level to create consistent, interconnected planning models that accurately reflect cross-functional dependencies.

“We now have a stronger platform for decision-making with multiple planning models to address regional diversity with defined corporate consistency,” says Debbie Pastura, Assistant Corporate Controller, Rumpke Consolidated Companies.

Streamlining budgets and forecasts has also reduced the administrative burden on finance, so staff can spend more time on value-added analysis. Finance not only delivers financial statements but also provides analytics in areas such as productivity and payroll.

And the software is not just for financial analysts. Executives, including the CEO and CFO, have some of the highest usage rates in the company. They drive their board of directors meetings using in-depth reports and analysis.

With access to a single source of comprehensive information, there is less debate over definitions or accuracy. Instead, meetings are more efficient and people make informed decisions based on real-time insight into the business.

The Performance Management System

A performance management system has components that are common to any management information system—software, business processes, users, and hardware. They interact to improve information delivery, performance oversight, and performance effectiveness.

Performance management components

Reporting and analysis, scorecarding and dashboards, and planning capabilities form the software platform for PM. Depending on budget and need, they can be deployed incrementally or as a full implementation.

Scorecarding and dashboards help answer the “How are we doing?” question. They provide an aggregate view of information from many different sources. It means setting targets, linking together metrics that impact each other, and making them dynamic so people can get at the data to see why a metric trends up or down.

BI reporting and analysis answer the “Why?” question. It means a seamless experience of analyzing and reporting on dimensional data drawn from any data source. People can dig deeper into results, and learn when, where, and how variations occur. They also understand how business strategy translates into operational priorities.

Planning as a technology answers the “What should we be doing?” question. It is the integration of budgeting, planning, forecasting, and financial reporting. Users create plans, then monitor and adapt them as business conditions change. Performance targets become more reliable and predictable, rather than best guesses.

Performance management solutions

Performance management solutions help organizations address specific areas of their business in terms of operational areas or industry focus.

Industry solutions

Each industry has a number of specific challenges that are “sweet spots” for performance management. For example, a clinical performance management solution for pharmaceuticals requires planning for costs and revenue, scorecards on progress in clinical trials, and reporting to spot trends and uncover threats and opportunities.

Cognos has developed reports, metrics analysis, and planning tools for a variety of industries including:

- **Financial services:** mortgage banking; insurance risk claims reporting; Basel II risk reporting
- **Manufacturing:** supply chain planning; manufacturing performance management
- **Retail:** operational performance management; vendor performance management
- **Pharmaceutical and Life Sciences:** Clinical trial performance measurement; product demand forecasting

Performance Blueprints

Cognos has developed a number of Performance Blueprints, which provide out-of-the box performance management solutions for fast deployment.

The Blueprints consist of pre-defined data, process, and policy models based on proven best practices in planning, budgeting, and forecasting. They address performance management process areas that directly impact an organization's ability to create business value—in areas such as financial forecasting, headcount planning, capital expenditures, and sales compensation.

Small and mid-sized businesses often lack the internal expertise or manpower for application development. With Performance Blueprints, they gain performance management functionality with low customization costs. Companies see benefits faster and can accelerate return on their investment.

A sampling of industry Blueprints include:

- **Retail:** Store operations and development; promotional planning; merchandise planning
- **Financial services:** Branch performance; customer segment; insurance product profitability
- **Pharmaceuticals:** Clinical trial forecasting; sample optimization; sales quota allocation
- **Manufacturing:** Sales and operations; trade promotion management

Performance applications

Managing business performance means tracking a wide array of key performance indicators to identify the causes and effects of successes and problems. For it to be effective, information from individual functions must be brought together into a holistic view of the company and shared with the broadest audience possible.

KnowledgeStorm is the Internet's top-ranked search resource for technology solutions and information, with a reputation for providing superior information to customers and staff. The company uses Cognos BI to unify its huge volumes of data and make it available to both staff and customers for better, faster decision-making.

Cognos allows client services teams to quickly and easily segment customers in terms of industries, geographies, technologies, products offered, and sales status. In doing so, they have provided their client services team with the insights needed to customize sales offerings, tailor marketing campaigns, and conduct predictive analysis on pricing, popularity of new offerings, and the potential for increased lead generation. They can also conduct experiential marketing based on actual customer behavior on the site.

In terms of better information for customers, Cognos provides KnowledgeStorm with a key business differentiator. Via a user-friendly extranet portal Cognos reports and analysis are provided to customers to help them make smarter purchasing decisions, provide proof and validation of the success of their offerings, uncover new opportunities for exposure, conduct peer benchmarking, and understand the value of the KnowledgeStorm service.

"We needed a market leader that could grow with us, but we needed to start small. Cognos' ease of deployment and fast startup gave us the foothold we needed to prove value, enhance processes, and expand our offering," says Matt Lohman, Director of Market Research, KnowledgeStorm

Cognos performance applications extend the value of ERP systems, transforming operational data into consistent, reliable information optimized for reporting and analysis. The out-of-the-box reports, metrics, analytics, plans, and financial models cover key operational areas of the business such as finance, supply chain, HR, and customers.

Platform services

Platform services are the underlying integration layer for performance management. Integrating commonality among these elements ensures a seamless experience for people using the system:

- **Portal:** A common, Web-based interface to interact with information. Open to easily integrate with existing portals such as IBM Websphere or SAP Netweaver.

- **Security:** Common security with single sign-on to leverage existing applications.
- **Configuration:** Remote, one-time deployment and configuration.
- **Administration:** Remote control and management of the system.
- **Information and business modeling:** Centralized control to ensure information resources are captured and made available based on business need.
- **Data integration:** All technologies can access data regardless of the data structure. IT can unite disparate information using direct access, ETL, or EII data extraction approaches. This delivers a consistent view of the business.

A Value-based Solution

Cognos provides simplified deployment and integration to leverage existing investments and minimize IT complexity—for lower total cost of ownership. An open, adaptable performance management solution means small and mid-sized organizations can manage costs while tailoring their needs for today and tomorrow.

Modular deployment

While it's true that taking on performance management requires top-down commitment, thinking big doesn't have to equal starting big. In fact, thinking big but starting small is the key to success. By starting small, tangible ROI can be had quickly, and that success can be radiated incrementally to other parts of the mid-market organization.

Many customers begin with one performance management component and build from there. They may use reporting or analysis to leverage their business data and turn it into meaningful information relevant to company goals. Or they may take advantage of a dashboard appliance to monitor operations and drive their business agenda.

Or they may replace their spreadsheet-based budget process with Cognos planning. So people can build dynamic plans and rolling forecasts to take advantage of business changes or new opportunities.

By starting with a small deployment, mid-market companies can establish quick wins. This helps to build success and support, and opportunity for further expansion. As requirements grow, they can add more capabilities. And with each step, they improve their decision-making and performance.

Leverage existing investments

Organizations require an architecture that can easily integrate into an existing environment. A modern architecture should be based on open standards, which provides greater flexibility and efficiency. Modern standards are today defined by their design and construction using Services Oriented Architecture (SOA) principles and modern Web services technologies.

Cognos leverages existing investments using SOA and open standards. An architecture that builds on existing infrastructure is deployable faster and more cost effective.

The Cognos 8 architecture leverages existing mixed application environments including platforms, databases, Web servers, and security providers. Mid-level organizations can access any kind of data, regardless of format. Common user portals, common data definitions, and standards-based technology further minimize IT complexity.

All this reduces implementation and maintenance costs, and helps organizations maximize return on current investment.

And because Cognos 8 is platform-independent, it can easily accommodate future infrastructure changes as the business grows.

Cognos uses a zero-footprint, Web-based model. Users access information with just a browser. This helps reduce the administrative burden on IT while improving user adoption. With Web-based deployment and administration, IT doesn't have to install and manage client desktop software. This translates into lower cost of ownership and higher customer satisfaction.

Flexible delivery

Cognos provides a wide range of deployment options to meet investment and business needs. Companies can choose to deploy a solution on-site or take advantage of a Software as a Service model. Or they may purchase an appliance that plugs into the network—providing all the hardware and software components for fast and cost-effective implementation.

Extensive partner network

Cognos has an extensive partner and reseller network. Cognos partners provide products, services, techniques, and technology expertise to help our customers improve business performance and gain competitive advantage. In some cases, they also provide a practical blend of industry-specific knowledge.

The broad range of partnerships allows us to meet the distinctive needs of our mid-market customers in purchasing, deploying, and servicing their performance management solutions—efficiently and cost-effectively. A sampling of our partner offerings include:

- A reporting solution that extends the reporting capabilities of Loan Origination System software used by mortgage lenders.
- A retail dashboard that summarizes the key operational indicators of the retail business, allowing users to identify areas that are not performing to plan.
- An audit processor that provides reporting and analysis to extend the reach of application usage information to the Cognos community.
- A solution that allows organizations to combine claim and policy data into a single repository and conduct in-depth P&C risk management analysis and reporting.

Summary

For small to mid-sized businesses, size does matter. Finding greater efficiencies, and saving time and money are always key requirements. At the same time, any organization—large or small—can benefit from better decision-making and performance.

Whether the goal is growing the business, out-performing the competition, driving innovation, or streamlining operations, a performance management platform can help small and mid-sized businesses leverage their data and resources. So they can improve the business while maximizing value and return.

About Cognos

Cognos, the world leader in business intelligence and performance management solutions, provides world-class planning and BI software and services to help companies plan, understand, and manage financial and operational performance.

Cognos brings together technology, analytical applications, best practices, and a broad network of partners to give customers a complete performance system. The Cognos performance system is an open and adaptive solution that leverages an organization's ERP, packaged applications,

and database investments. It gives customers the ability to answer the questions – How are we doing? Why are we on or off track? What should we do about it? – and enables them to understand and monitor current performance while planning future business strategies.

Cognos serves more than 23,000 customers in more than 135 countries, and its top 100 enterprise customers consistently outperform market indexes. Cognos performance management solutions and services are also available from more than 3,000 worldwide partners and resellers.

GLOBAL

Cognos Incorporated
3755 Riverside Drive
P.O. Box 9707, Station T
Ottawa, Ontario
Canada K1G 4K9

ASIA/PACIFIC

Cognos PTY Limited
Level 2 110 Pacific Highway
St. Leonards, NSW 2065
Australia

EUROPE

Cognos Limited
Westerly Point
Market Street
Bracknell, Berkshire
UK RG12 1QB

NORTH AMERICA

Cognos Corporation
15 Wayside Road
Burlington, MA
USA 01803