

# Why performance management? A guide for the midsize organization

*Gain competitive advantage without breaking the bank*



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## Abstract

Performance management links the insights drawn from trusted information to the actions in strategic and operational plans. It sees reports, scorecards and plans not as separate technologies or processes, but as critical partners in managing your organization.

Midsize organizations are uniquely positioned to take advantage of a performance management approach to business. Compared with larger companies, they have more agility to bring information and people together and respond faster to changing market conditions. They seek efficiency and effectiveness. They must enhance operational performance to confront the challenges they face today while positioning themselves for success in a future economy.

This paper provides an overview of how performance management can help midsize companies meet those challenges using IBM® Cognos® Express, an integrated, one-stop business intelligence (BI) and planning solution purpose-built for midsize companies. Cognos Express is a cost-effective choice for performance management. With one performance management solution, midsize companies can turn:

- Disconnected data into information
- Information into valuable insight
- Insight into action

At the same time, an integrated solution from a single vendor cuts the costs of performance management deployment because::

- Less IT overhead is required to deploy, maintain and integrate systems.
- Intuitive business-user interfaces increase user adoption and success.
- A modular approach lets you start small and grow as you prove the model.

## Overview

Revenue growth. Tight margins. The need to out-innovate larger rivals. Midsize organizations are challenged to make decisions fast enough to keep pace with the rate of change or level of turbulence in the economy. Managers know they must monitor company performance closely to minimize threats and maximize opportunities. Yet, they often lack critical information to do the job at the level they require.

Good decisions are the building blocks of great business performance. To make the best decisions, midsize companies need better insights drawn from better information. Business intelligence provides the information foundation for better insights. These insights lead to action through improved strategic and operational planning processes. Linking insight to action — reports to tangible plans — is the heart of performance management.

By linking the insights gained through BI with action-based planning, midsize companies can use performance management to understand the issues influencing business performance and marshal the resources to deal with them effectively. With a performance management solution, managers are better able to address the critical business elements of growing revenue, reducing operating costs and improving processes. By performing these functions with greater agility than larger rivals, they can level the playing field with larger competitors.

## Business problems

Midsize companies understand the need to make solid and informed business decisions. Yet, creating a decision culture isn't easy. The technologies many people rely on — spreadsheets, databases and desktop systems — produce data silos in disconnected systems. This reduces the usefulness of the information for decision making, which in turn compromises better performance.

At the same time, the volume of data and the number of data sources are growing. Users grapple with too much information. They cannot easily access, view and use the right information for decision making. IT staffs are challenged to provide solutions that enable productivity and agility in the face of market and customer demands. Midsize organizations typically lack the full complement of staff, experience, infrastructure, time and/or budget to select, implement, deploy and manage applications and toolsets.

### **Business drivers**

Integrated business intelligence and planning solutions deliver a single source of information for distribution company wide. These solutions are cost effective and eliminate reliance on a patchwork of spreadsheets, legacy solutions and manual processes.

### **Spreadsheet madness**

Most midsize organizations still rely on error-prone spreadsheets for key management processes such as planning, budgeting, forecasting, consolidation, analysis and reporting. Spreadsheets were never designed to handle the performance management needs of complex, rapidly growing organizations in dynamic, competitive markets. They were never intended to be used as a data store for millions—even billions—of cells. Nor were they designed for simultaneous use by hundreds or thousands of users across a company.

Spreadsheets simply don't provide midsize companies with full knowledge and insight into their business activities from the standpoint of having "a single version of the truth." This is because most of a company's data is siloed in disparate Microsoft Excel spreadsheets updated by manual processes. The information is often outdated and spread across the business.

Midsize organizations can break their dependence on spreadsheets. By unlocking the data captured in operational systems and transforming it into useful, relevant information, organizations can understand critical issues, trends and opportunities. They gain an accurate, forward-looking view of the business, and everyone collaborates to make better strategic decisions and optimize business performance for better business outcomes.

Performance management enhances compliance, accountability and transparency. These functions are critically important in good times to compete in a global economy—and essential to the survival of a business in a tough economy.

### Cost of ownership

Many midsize organizations believe that performance management solutions are complex, expensive and beyond their reach. However, a performance management solution does not have to be cost prohibitive, mean overhauling existing IT investments or require extensive IT resources. Performance management should leverage existing IT resources and infrastructure to speed time to results, lower cost of ownership, minimize risk and maximize return on investment. Value-based performance management promises to improve operating performance — without breaking the bank.

### The solution

Performance management does not have to be an all or nothing proposition. By taking incremental steps to integrate information, technology and people, companies can gain value from their investment today and continue to meet future demands as their business grows.

The result? Your organization gains a cost-effective performance management solution that enables better decision making, helping you to:

- 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.
- Reduce costs and improve productivity across business units, operations or product lines.

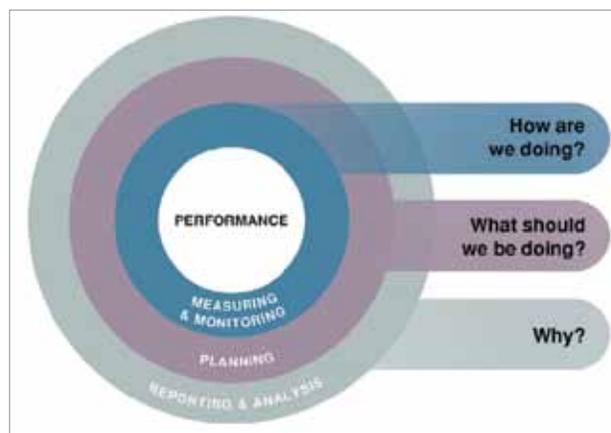


Figure 1: A performance management solution allows organizations to answer three key questions.

### The performance management solution

From a technology perspective, performance management is the integration of business intelligence and planning. These key technology areas allow organizations to answer these 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. A consistent, integrated technology platform is vital to effective performance management. The result is a shared understanding and accountable actions.

A performance management solution 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. By integrating information, technology and people, your decision makers can become true performance managers.

#### **Performance management components**

Performance management software for midsize companies should provide answers to your performance management questions:

- **How are we doing?**  
Measure and monitor performance with scorecards and dashboards to track your key metrics.
- **Why?**  
Offers report and analysis to let you see data, gain context, understand trends and spot anomalies.
- **What should we be doing?**  
Provide planning, budgets and forecasts to let you identify and share a reliable view of the future.

Scorecards and dashboards help answer the “How are we doing?” question by quickly and easily communicating complex information derived from many different sources. This includes setting targets, linking 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.

Reporting and analysis capabilities answer the “Why?” question by creating a seamless experience of analyzing and reporting on information 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 capabilities answer 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.

It’s important that these capabilities be integrated and modular, so they can be implemented incrementally. In this way, you can start anywhere—say, with planning or analysis or reporting—and deploy wherever your business needs, budget and resources dictate. You can deploy tactically across departments and then connect initiatives together as they evolve.

To be successful with performance management, midsize organizations need a unified decision-making platform that combines all of these key capabilities. A unified system aligns decision makers across the organization, uniting data from different departments and operational areas for the most complete picture of the business. For example, if Marketing decisions improve demand, then Sales and Operations need to ensure the supply is ready. In this way, good decisions cause other good decisions. The end result is better alignment, accountability and performance.

#### **Web-based**

A point-and-click, task-based interface is easy for people to use and delivers self-service functionality to the business. This translates into higher customer satisfaction and extends the systems' capabilities to the largest number of users while reducing the administrative burden on IT departments. With web-based deployment and administration, IT doesn't have to install and manage client desktop software. Reporting and ad hoc queries can be delivered through secure extranets to customers, suppliers, partners and other stakeholders.

#### **Microsoft Office integration**

Most midsize organizations use Microsoft Office applications like Microsoft Excel, Microsoft Word and Microsoft PowerPoint. Performance management solutions for the midmarket need to integrate seamlessly with these applications, and business intelligence systems are a leading source of information for these systems. It's important for the performance management solution to allow for this in the larger picture when considering reports, plans and dashboards.

#### **IBM Cognos Express for performance management**

Cognos Express is the first and only integrated, one-stop business intelligence and planning solution purpose-built to meet the performance management needs of midsize companies. It provides the essential reporting, analysis, dashboard, scorecard, planning, budgeting and forecasting capabilities that workgroups and midsize organizations need at a price they can afford. Everything is included in a pre-configured solution that is easy to install, easy to use and easy to buy.

Cognos Express provides organizations with consistent, reliable information to answer the three critical business questions: *How are we doing? Why?* and *What should we be doing?* With insights drawn from answering these questions, managers can make better, faster decisions and optimize business performance to drive greater efficiencies, reduce costs and identify new growth opportunities.

For organizations that are beginning to embark or expand on a business intelligence and planning strategy, Cognos Express includes everything needed to get started on their performance management journey. It offers powerful, easy-to-use capabilities for both novices and advanced users to encourage broad adoption throughout a company.

Cognos Express offers a complete, integrated self-service solution for a workgroup, department or midsize company’s performance management needs. The following modules can be used separately or together:

- **IBM Cognos Express Reporter** for reporting and ad hoc query
- **IBM Cognos Express Advisor** for analysis and visualization
- **IBM Cognos Express Xcelerator** for Microsoft Excel-based business analysis and optimization
- **IBM Cognos Express Planner** for planning, budgeting and forecasting

You may purchase the full product with its reporting, analysis, dashboard, scorecard, planning, budgeting and forecasting capabilities or you may start with the specific module or modules you need today, secure in an easy growth path for the future. This flexible approach gives you the freedom to “think big, but start small”—an effective strategy to match project and business needs with budget and resource constraints.

**IBM Cognos Express Reporter**

Often, the first step toward initiating or expanding a business intelligence strategy involves moving beyond the canned reports included with your corporate applications. You need the flexibility to create reports that combine information from a variety of different sources. You need to build different types of reports that support the needs of various users throughout the company.



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Figure 2: IBM Cognos Express offers a complete, integrated solution to meet the reporting, analysis and planning needs of workgroups and midsize organizations.

Cognos Express Reporter delivers complete, self-service reporting and ad hoc query capabilities for business users to access, modify or author reports quickly and easily. It provides a consistent view of information throughout your company so users are never confused, misinformed or misaligned.

This self-service design helps reduce the cost and time needed to share information throughout the organization. Reduced demands on IT help eliminate reporting backlogs that frustrate business users. Reports and dashboards can be viewed both online and offline via the web or locally on personal computers or the Apple iPad. The result is better decision making company wide.

#### IBM Cognos Express Advisor

You need to spot emerging trends quickly and answer essential business questions such as, *“Which are our most profitable products and what makes them profitable?”* or *“Who are my best customers?”* and *“How effective is my customer service?”* Cognos Express Advisor, through the capabilities of IBM Cognos Insight, provides the ability to answer these questions quickly and easily, from your desktop, with high-impact visualizations.

It enables you to import, combine and enrich data from multiple sources without scripting. In minutes, you can connect to local files, databases, existing BI reports and even predictive data.

Cognos Express Advisor utilizes an in-memory analytic engine that supports write-back to create new data from scratch. You can add to or revise existing data, and automatically apply changes across large data sets with powerful data spreading functions. Your co-workers can even provide input on the data, and their changes will be automatically aggregated so that the most up-to-date information is always available.



Figure 3: Interactive dashboards can include elements from any Cognos Express module and be easily shared company wide. Users can also move seamlessly from assembly to self-service authoring and deeper analysis.



Figure 4: A full range of reports and dashboards can be viewed and interacted with, whether users are connected or disconnected from a network.

You can easily explore and customize data with interactive visuals. For example, click on an image in a chart to drill up or down for additional information or drill through to find the source of the data. Deliver key insights throughout the company using intuitive web-based dashboards and interactive reports that encourage wide user adoption, including support for mobile devices such as the iPad.

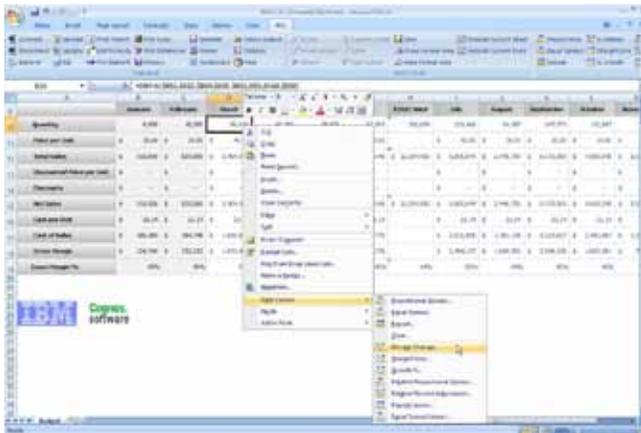
Cognos Express Advisor includes an in-memory analytics server that connects quickly to operational data sources and creates a dimensional view of your business. You can analyze key areas, such as products or channels, and compare them in light of other important factors such as regions, customers and time.

Business users can also drag and drop multiple views of their data from existing reports, relational or OLAP sources, and even spreadsheets on to the desktop in a single screen or dashboard to create visually appealing, interactive overviews of critical business information. These insights enable business users to spot changing business conditions quickly and take immediate action.

#### **IBM Cognos Express Xcelerator**

Many financial and business analysts are skilled spreadsheet users who don't want to give up this tool. Yet most companies recognize the significant risk in spreadsheet-only business processes. With spreadsheets, it is difficult to control access to key financial and operational data and to audit changes. Information is locked in silos and different people can modify information using inconsistent calculations and rules. In addition, spreadsheets lack the ability to slice and dice large sets of data across multiple dimensions.

Cognos Express Xcelerator extends and transforms common spreadsheets for real-time business analysis and optimization. Users can work within an Excel environment to create custom analysis and build their own “what-if” business scenarios. This approach allows business users to use existing Excel skills and investments while overcoming the risks and limitations of spreadsheet-only processes.



*Figure 5:* Cognos Express Xcelerator enables skilled spreadsheet users to work within a familiar Excel environment for real-time business analysis and optimization.

A powerful in-memory analytics server lets users build and test business scenarios with “what-if” modeling capabilities and then update plans immediately using write-back capabilities to align the right resources to capitalize on new opportunities. This closed-loop process enables midsize companies to take full advantage of trusted insights gained through analysis and immediately apply those insights to critical operational areas, such as workforce management, inventory management and expense planning, for better business optimization.

### **IBM Cognos Express Planner**

IBM Cognos Express Planner delivers a structured planning process that is easy to deploy and use. It streamlines information gathering, aggregation and analysis for continuous planning, budgeting and forecasting. Administrators can build planning and analysis models using a graphical user interface that makes modeling more efficient and intuitive. It replaces slow, cumbersome manual planning processes with automated daily, weekly or monthly planning tools using the latest, accurate business data.

A managed contribution model is used to collect input from systems and staff in any division or location. This managed contribution component has an easy-to-use web-based interface that can handle large numbers of participants while using the in-memory analytics server for speedy processing. Managers can quickly assemble and deploy planning solutions while monitoring the status of every participant in the planning process to assess the maturity of the planning cycle and eliminate delays in adapting plans.

Cognos Express Planner provides an intuitive planning environment that blends a managed workflow with personalized analysis for improved business agility. Users not only contribute their own data into planning templates, they can also create their own personalized plans, hierarchies and dimensions to test a variety of business scenarios and publish plans back to operational systems or data warehouses for immediate business impact.

#### **A complete path for growth**

As midsize organizations grow, so do their business needs. To address this requirement, IBM Cognos software provides a growth path for companies to add capabilities and expand their usage of business intelligence and performance management throughout the organization.

While midsize companies should have a vision for business intelligence that is pervasive and connected to planning, they should be able to start small. They can use an incremental strategy that matches their business needs to budget and resource constraints and grow over time with proven IBM Cognos solutions.

Cognos Express is member of the Cognos 10 family of products, which delivers the essential foundation for Business Intelligence, Performance Management and Business Analytics solutions. These products are designed to work together to help individuals, workgroups and organizations gain value from applying analytics to every business decision.

Cognos 10 products are right-sized for your organization and integrated so you can start addressing your most pressing needs with the confidence that you can grow your solution to meet future requirements. Initial deployments can address the needs of individuals by instantly deploying the desktop capabilities of IBM Cognos Insight for data discovery and planning. Workgroups or departments can grow to share that insight through a server, add reports on larger data sets and interact with them on mobile devices with Cognos Express. And organizations can combine those insights with real-time and corporate information, place them on scorecards and deploy broadly with IBM Cognos Enterprise.

Every step of the way, IBM helps organizations on their journey to performance management so they can drive greater efficiencies, reduce costs and identify new growth opportunities.

#### **Value-based solutions for workgroups and midsize organizations**

IBM Cognos solutions provide midsize organizations with simplified deployment and integration to take advantage of existing investments and minimize IT complexity. This reduces the demands on IT departments for lower total cost of ownership.

Cognos Express includes everything required for immediate use in a preconfigured solution. It plugs into your existing infrastructure with minimal impact and can be deployed in as little as an hour. A single, centralized web-based console manages all administrative aspects of installation, deployment and ongoing management, using only a few simple mouse clicks. There is no extra burden on IT staff and no additional investment in software infrastructure.

All the essential reporting, analysis, planning, forecasting and budgeting capabilities are available in one integrated solution from IBM. This simplicity eliminates the time and costs associated with more complicated, developer-centric implementations so you are more productive right away. It also reduces the complexity of deployment and ongoing maintenance, which minimizes the IT resources required.

An open, adaptable performance management solution means midsize organizations can manage costs while tailoring their needs for today and tomorrow.

#### **Modular deployment**

While it's true that 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 organization.

Many customers begin with one performance management capability and build from there. They may start with reporting or analysis solutions to turn their business data into meaningful information relevant to company goals. Or they may extend and enhance their spreadsheet-based budget process to include multidimensional analysis and strategic planning, enabling a new level of insight and action.

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

#### **Performance Blueprints**

IBM Cognos solutions include a number of Performance Blueprints, which provide out-of-the box performance management solutions for fast deployment. These free, downloadable Blueprints consist of pre-defined data and 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.

Midsize organizations 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 accelerate return on their investment.

A sampling of Blueprints includes:

- Strategic Finance
- Expense Planning and Control
- Capital Project Planning
- Workforce Planning
- Integrated Financial Planning and Forecasting

**Extensive partner network**

IBM Cognos software has an extensive partner and reseller network. These partners provide products, services, techniques and technology expertise to help our customers improve business performance and gain competitive advantage. In addition, Cognos partner solutions combine technology expertise, methodology and techniques along with a practical blend of industry-specific knowledge. They help you sharpen your strategic focus, overcome barriers to success and gain competitive advantage.

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

- 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 IBM Cognos community
- A solution that allows organizations to combine claim and policy data into a single repository and conduct in-depth property and casualty (P&C) risk management analysis and reporting

## Conclusion

Midsized organizations have the same business challenges as larger organizations, but they must be agile and smart to compete with larger rivals. Finding greater efficiencies and saving time and money are always key requirements.

Performance management has emerged as a strategic imperative in these organizations. With an integrated approach to business intelligence and planning, midsized companies can create an effective performance management strategy. This approach is central to gaining competitive advantage and higher profits.

Any organization—large or small—can benefit from better decision making and performance management. Whether the goal is growing the business, outperforming the competition, driving innovation or streamlining operations, a unified performance management platform can help small and midsized organizations—as well as workgroups, departments and business units—leverage their data and resources and scale to meet their needs as their businesses grow and change.

The right performance management solutions can enable business transformation while maximizing value and return on investment. Thousands of organizations rely on IBM Cognos performance management solutions. Recognizing small and midsized organizations' need for quick time to value, IBM Cognos software delivers tailored packages and pricing, flexible delivery models, best practices, Performance Blueprints, analytic applications, services, training and support—including a 3,000-partner network—designed to accelerate your deployment and speed time to results.

## About IBM Business Analytics

IBM Business Analytics software delivers actionable insights decision-makers need to achieve better business performance. IBM offers a comprehensive, unified portfolio of business intelligence, predictive and advanced analytics, financial performance and strategy management, governance, risk and compliance and analytic applications.

With IBM software, companies can spot trends, patterns and anomalies, compare “what if” scenarios, predict potential threats and opportunities, identify and manage key business risks and plan, budget and forecast resources. With these deep analytic capabilities our customers around the world can better understand, anticipate and shape business outcomes.

### For more information

For further information please visit [ibm.com/business-analytics](https://ibm.com/business-analytics).

### Request a call

To request a call or to ask a question, go to [ibm.com/business-analytics/contactus](https://ibm.com/business-analytics/contactus). An IBM Cognos representative will respond to your inquiry within two business days.



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