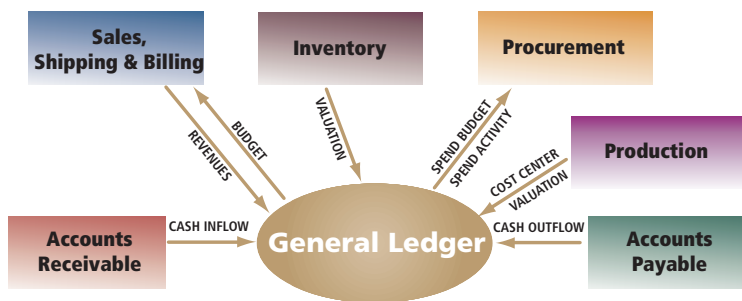




GENERAL LEDGER ANALYSIS WITH COGNOS® PERFORMANCE APPLICATIONS

KEEP A FINGER ON THE PULSE

Bottom-line financial reporting from the general ledger (G/L) is the indicator of an organization's financial health. When decision-makers have quick access to vital G/L analysis, including how effectively the company is generating revenue, using cash flow, leveraging assets, and minimizing costs, they can pinpoint issues and opportunities and improve business performance while it still counts.



The general ledger function receives and distributes financial information across all core functions in an organization.

Cognos Performance Applications quickly turn your corporate data into an information asset to answer your key business questions. By packaging best-practices business requirements, Cognos Performance Applications create a rich, business analysis environment for all levels in your organization.

CONFIDENT GENERAL LEDGER MANAGEMENT

Cognos General Ledger Analysis gives you actionable information about your key financial metrics. You can analyze G/L information to see how each part of the corporation is contributing to overall revenue and profits. You can evaluate budgets, assets, liabilities, and cash flow, and track trends.

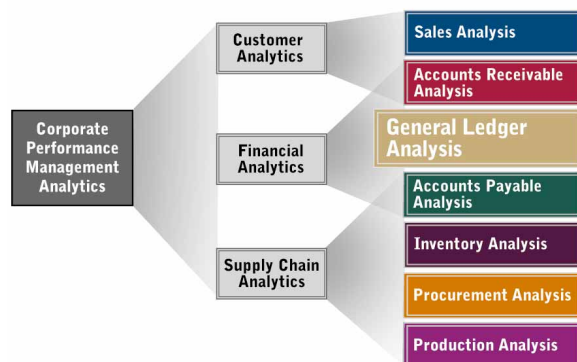
The four key areas of analysis answer 450-plus critical business questions, using more than 100 key performance indicators (KPIs) and over 25 reports. Real-time interaction with the reports and the 11 dimensions lets you manipulate the information and drive deeper analysis.

You gain an in-depth understanding of your key general ledger metrics that lets you:

- Accelerate financial reporting and distribution cycles.
- Give department managers timely access to financial information.
- Trace and grasp shifts in expenses and revenues over time.
- Compare actual performance to plan.
- Determine how business units are contributing to profit or revenue.
- Evaluate the effect of currency rate fluctuations on financial performance.
- Pinpoint profitability issues and opportunities.
- Evaluate and improve the performance of the G/L organization.

STRENGTHEN ENTERPRISE MANAGEMENT

Using Cognos General Ledger Analysis, you can plan, implement, and monitor strategies that contribute to overall corporate performance and maximize



General Ledger Analysis is part of the Cognos Performance Applications CPM Foundation—which tears down information silos and lets you see across all core business functions.



THE NEXT LEVEL OF PERFORMANCE™

Answers to the Im

This is just a sample of the many finance related questions you can

General Led

FINANCIAL PERFORMANCE REPORTING AND ANALYSIS

Monitor, manage, and communicate financial performance by creating income statements (revenue and expenses) and balance sheets (assets, liabilities, and equity), and analyzing cash flow on demand.

Sample Questions

- What are our revenues, expenses, and net income so far this period? How does this compare to the same time last period?
- How does this year's revenue per quarter compare to last year's?
- How do this year's Q3 expenses compare to the average Q3 expenses over last five years?

BUDGET ANALYSIS

Help keep all business units in line with budget by determining which areas of the business have strayed from projected revenues and expenses. Find out what the under-budget business areas are doing right.

Sample Questions

- Is our actual overall income in line with projected income?
- Which business units are showing the largest income statement variance low and high? Which departments? Of the over-budget departments, which have the largest percentage variance? Is this growing?

KEY FINANCIAL RATIO REPORTING AND ANALYSIS

Quickly provide an accurate picture of your organization's current financial standing and how it compares to past performance through an analysis of the three essential kinds of financial ratios: leverage, liquidity, and profitability/effectiveness.

Sample Questions

- How does company liquidity look in the quick ratio or acid test?
- What has been our fixed asset turnover this quarter? How does that compare to current industry standards?
- What was our debt-to-asset ratio last month? How does it compare to same month last year?

OPERATIONAL PERFORMANCE ANALYSIS

Analyze the organization's past performance and current standing by comparing performance within and among legal and management entities and profit and cost centers. Reduce period end close processes by providing easy access to detailed transaction information through trial balances, interim balance sheets, income statements, cash flow analysis, and ratio comparisons.

Sample Questions

- How does income vary among the legal entities within your organization over time? How do the balance sheets compare? Which legal entity has the highest cash flow?
- How do profit centers within the company rank? Which management entities have been the most profitable? Which cost centers have the highest expense totals?

Cognos Performance Applications enable a thorough analysis of the general ledger function well beyond the questions shown here. Multidimensional analysis lets you expand on any single question in any direction you choose, deepening the knowledge you gain from your ERP data.

Important Questions

answer in four vital areas using Cognos General Ledger Analysis.

General Ledger Analysis

- How is last quarter's income divided among the organization's legal entities? How is it divided among management entities and account groups?
- What percentage of total revenue does a certain account group contribute? A certain account?
- How is the balance sheet changing over time? How do our assets this month compare to our assets the same month last year? What percentage of total liability is a certain account group responsible for?

Sample KPIs

- Account balances—open, close, throughout month/period
- Percentage change of account balance summaries over time
- Net activity

- Did our balance sheet come in over or under budget this quarter? How does the variance compare to last quarter? The same quarter last year?
- What account types have contributed the most to over-budget variance? Which have contributed the most to under-budget variance?
- How has budget accuracy improved or changed over time?

Sample KPIs

- Account budget
- Variance between account budget and account balance actual
- Account variance as percentage of total variance

- How does our actual profit margin last quarter compare to our budgeted profit margin?
- How do last month's actual return on assets and return on equity compare to last month's budgeted return on assets and return on equity?

Sample KPIs

- Current ratio
- Quick ratio
- Fixed asset turnover
- Total asset turnover
- Debt-to-asset
- Time interest earned
- Inventory turnover
- Profit margin
- Basic earning power
- Return on assets
- Return on equity
- Actuals versus budget

- Within a certain cost center, what is the income for each account group and account, and what is the final balance?
- What is the nature and amount of the transactions that make up each account for the last quarter?

Sample KPIs

- Transaction counts
- G/L account transaction level detail

(... continued from page 1)

stakeholder value. You can evaluate current financial processes, policy, and strategy, ensure they are in alignment with the corporate mission, and identify trends and opportunities for improvements.

Of course, no function operates in isolation. An enterprise-wide implementation of Cognos Performance Applications lets you drill down from a financial overview to the functional details that contribute to the G/L. Accounts receivable, accounts payable, sales, inventory, and procurement can all use G/L information to understand their functional performance, how it compares to other functions, and how it compares to industry benchmarks. This strategic enterprise-wide analysis lets your organization manage with confidence.

GENERAL LEDGER SCENARIO: EVALUATING COST REDUCTION

Suppose that part of your corporate strategic plan is to reduce costs without impacting customer satisfaction. As a manager in finance, you need to evaluate how effective the cost-cutting measures have been since they went into effect six months ago, and have turned to Cognos General Ledger Analysis for help.

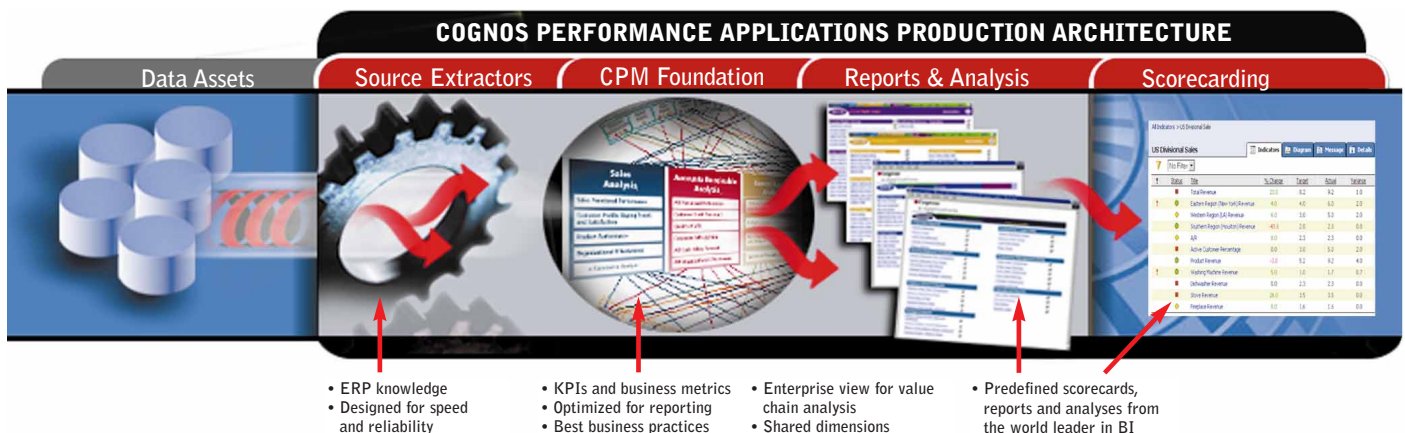
Looking at net income across all business units over the last few years, you see that the consistent annual increases have flattened out over the past year. A quarterly breakdown of the year shows low revenue growth in Q1 and Q2, reflecting the economic downturn, and a slight pick-up in Q3 and Q4. You see that net income was low for most of the year with a minor increase in Q3 and Q4. Operating and SG&A costs were fairly consistent, with

only a slight decline in Q3 and Q4. In fact, you expected no revenue increase and a sharper decline in costs. This same information by business unit reveals that revenues from 14 of your 16 business units were flat and costs greatly reduced in Q3 and Q4. However, two units show cost increases. If those two units had reduced costs at the same rate as the others, your net income would have increased by 20 per cent instead of five per cent.

Through Cognos Performance Applications, you learned that most business units managed to reduce costs, driving up net income in the face of flat revenues. But the remaining two units must be either brought back in line with the cost-cutting measures or evaluated to determine whether growth effort in these areas is worth the impact on net income.

FULL SOLUTION — ONE VENDOR

To build General Ledger Analysis, Cognos has drawn on years of expertise as the market-leading provider of fully integrated business intelligence solutions. Cognos is the only vendor in the market to offer an end-to-end solution that gives everyone from executives to production managers fast, insightful, and appropriate answers to critical business questions. The global coverage and world-class professional services, support, and training offered through Cognos give you a single point of contact focused on your success. When you combine these advantages with the rich business content of Cognos Performance Applications, you get a powerful business solution designed to give you that competitive edge.



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