

Evaluation of: **Cognos Corporate Performance Management Solutions**

Software Supplier: Cognos

Web site:	www.cognos.com
Main phone:	(613) 738-1440
Name of Current Release:	Cognos CPM 7.1
Date of Current Release:	2003
Date of Next Release:	TBA

This is a New Product Added to the Business Performance Management Module

Strengths:

- Cognos enables business performance management through a broad series of integrated capabilities — modeling and target setting, planning, budgeting, forecasting, scorecarding, consolidations, and financial reporting.
- With the latest release, Cognos Metrics Manager (Balanced Scorecard Collaborative certified), Cognos makes major enhancements to its scorecarding capabilities to include summary views, strategy maps, cause-and-effect diagrams, etc. in an easy-to-comprehend, user-definable graphical interface. The application enables users to easily drill down to the lowest level of detail to further understand and analyze performance issues.
- Easy-to-deploy templates with built-in models enable plan contributors to enter data in terms relevant to their specific areas, instead of forcing business managers to learn and enter accounting data.
- The Cognos Enterprise Planning application is a process-oriented planning tool, providing real-time dynamic aggregation. The application tracks the entire planning process and gives a snapshot view and status of every plan and participant. User instructions and application help features minimize the learning curve for end users.
- The planning application includes a calculation engine in the browser that enables users to continue working in real time while disconnected from the server. Once the user has completed their task, the information can be saved and submitted back to the server. This capability also provides a balanced approach to local and server calculations, to enable enterprisewide scalability and to minimize network traffic.

Business Performance Management

- Cognos NetPlanning functionality enables external contributors and other participants that are not normally involved in the planning and performance management processes to collaborate over the Web.
- Cognos Consolidations and Financial Reporting application supports full range of allocation methods and intercompany eliminations. The application also manages all the currency requirements, unlimited input currencies, conversion as required, and calculations for gains or losses on exchange.
- Availability of Cognos Financial Analytics, which provide prepackaged reports, analyses, and metrics for accounts receivable analysis, general ledger analysis, and accounts payable analysis.
- Cognos CPM Suite is powered by Cognos' leading business intelligence platform and Cognos Enterprise Analytics.

Limitations:

- The product currently does not enable users to submit attachments (e.g., Word documents, PowerPoint presentations) to a plan, budget, or forecast. However, Cognos Metric Manager enables users to post all content through a feature called "Pathways to Understanding".

Evaluation Summary:

Cognos Corporate Performance Management suite emerges as one of the leading business performance management solutions in the industry. Cognos greatly benefits from the recent Adaytum acquisition, which solidifies Cognos' BPM vision and augments its functional footprint, especially in areas such as enterprise planning. Scorecarding and planning capabilities are the major strengths of the application. We believe moving forward Cognos has the technology/infrastructure in place to enable closed-loop business performance management.

SPEXmarks

Functionality	✓✓✓✓+
Usability	✓✓✓+
Technology	✓✓✓✓+
Market Strength	✓✓✓✓
Overall	✓✓✓✓

✓✓✓✓✓ : Outstanding ✓✓✓✓ : Excellent ✓✓✓ : Good ✓✓ : Fair ✓ : Poor

Vendor Background:

Founded in 1969 and headquartered in Ottawa, Ontario, Cognos (Nasdaq: COGN, TSE: CSN) is a provider of business intelligence and performance management solutions. Cognos serves more than 22,000 customers in more than 135 countries. Cognos solutions are sold directly and are also available through more than 3,000 worldwide partners and resellers.

In January 2003, Cognos completed its Adaytum (an enterprise planning vendor) acquisition, which provides best-in-class budgeting/planning functionality to its Corporate Performance Management product suite. It was a cash transaction of \$160M. Adaytum had more than 1,500 customers and current annual revenue around \$57M. This acquisition highlights the convergence of BI platforms with analytical tools, and it solidifies Cognos's BPM vision, confirming the trend toward closed-loop BPM versus disparate budgeting, reporting/consolidation, and financial analytics tools/markets.

Cognos recently announced results for its fourth quarter and FY03, ended February 28, 2003. Revenue for the quarter was \$163.7M, an increase of 15% from the fourth quarter of last year, when revenue was \$142.8M.

Net income for the fourth quarter of FY03 was \$29.6M, resulting in diluted earnings per share of \$0.33. The company recorded a lower tax rate in the quarter, which contributed \$0.03 to the diluted earnings per share. This compares to net income of \$10.1M and diluted earnings per share of \$0.11 for the fourth quarter of the prior fiscal year. Excluding special charges, net income was \$25.1M, or \$0.27 per share in the fourth quarter of the prior fiscal year.

Business Performance Management

Revenue for the FY03 was \$551M, an increase of 12% compared with revenue of \$491.3M for the previous year. Net income for FY03 was \$73.1M, or \$0.81 per share. This compares with the prior year's net income of \$19.4M, or \$0.21 per share. Excluding special charges in the prior fiscal year, net income was \$43.4M, or \$0.48 per share.

Package Background:

The Cognos Corporate Performance Management Solution consists of:

- Enterprise Planning — Cognos delivers enterprise planning through the integrated capabilities of the Cognos Enterprise Planning Series, which includes planning, budgeting, forecasting, consolidations, financial reporting, and financial analytics.
- Enterprise Scorecarding — Cognos delivers enterprise scorecarding through Cognos Metrics Manager, which includes performance monitoring and metrics management. It is integrated with the Cognos Enterprise Business Intelligence and Cognos Enterprise Planning solutions.
- Enterprise Business Intelligence — Cognos Business Intelligence Series 7 is integrated software that delivers all the business intelligence capabilities that organizations require to turn their data into meaningful information. Cognos also offers an integrated set of Enterprise Analytics based on its Cognos Series 7 architecture. These applications come with prebuilt reports, performance indicators, and connections with underlying data sources from ERP vendors. They package reporting and analysis, scorecarding, and planning capabilities for the areas of customer, supply chain, and financial/operational analysis.

Cognos enterprise planning and scorecarding capabilities are the main focus of this report.