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The importance of connectivity in planning and forecasting excellence

March 12, 2020

Planning & Forecasting Excellence

CONNECT | PREDICT | EXPLORE

The importance of connectivity in planning and forecasting excellence

March 12, 2020

Your panel today:

Markus Zorn

Finance & Performance
Partner
Deloitte Switzerland

mzorn@deloitte.ch

Christian Reichel

Planning & Forecasting
Excellence
Deloitte Switzerland

creichel@deloitte.ch

Nick Vandesype

Planning & Forecasting
Excellence
Deloitte Switzerland

nvandesype@deloitte.ch

Gudrun Schütz

Principal Solution
Consultant
Anaplan

gudrun.schuetz@anaplan.com

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The importance of connectivity in planning and forecasting excellence
Summary

The power of connected planning

- Increase accuracy, efficiency and insights and avoid 'spreadsheet hell'
- Enable faster and more agile decision making and enjoy the opportunity to become a real business partner
- Include more data sources to make decisions based on the full picture rather than a narrow view

The key ingredients

- Use technology to connect people, data and plans with each other
- Connect advanced analytics, such as statistical and machine learning engines, with your current planning process
- Optimize the process before you start implementing tools. Ensure that the solution you choose can adopt the processes
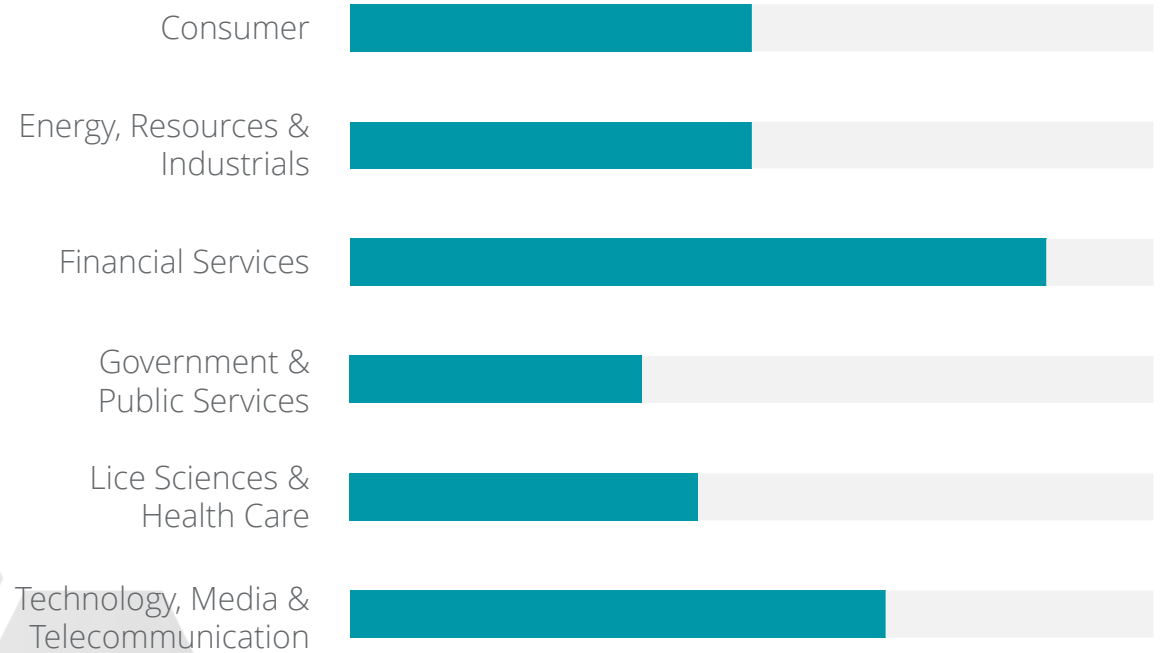
Taking the first step

- Find a first use case; a planning process where the pain is the biggest
- Optimize the process; identify the forecasting drivers and develop a pilot for the use case
- Deploy and stabilize the first use case pilot and expand towards different planning processes to increase the long-term return on investment even further

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Job roles

Manager Business Development & Planning

Head Digital & Analytics

IT Finance Director

Finance Director

CFO

Group Controller

Finance System Analyst

CIO

Head of Finance

HR Analytics

CEO

Controller

Head Finance Innovation Lab

Head Planning & Performance

Director Consolidation & Reporting

Senior Analyst

Performance Controller

Finance Analyst

Channel Partner Manager

Senior Research Consultant

Manager Strategy & Planning

Business Lead CF & S/4 HANA

Industries

- Consumer
- Energy, Resources & Industrials
- Financial Services
- Government & Public Services
- Lice Sciences & Health Care
- Technology, Media & Telecommunication

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Webinar 2
The importance of connectivity in
planning and forecasting excellence
March 12, 2020

The power of connected planning

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Connected planning integrates data, processes and business functions

Sales Analytics

Demand Planning

Pricing

Supply Planning

Marketing

Production Planning

Portfolio Mgmt.

Inventory Planning

Commercial Planning

Network Planning

CONNECTED PLANNING

Financial Planning & Analysis

Budgeting & Forecasting

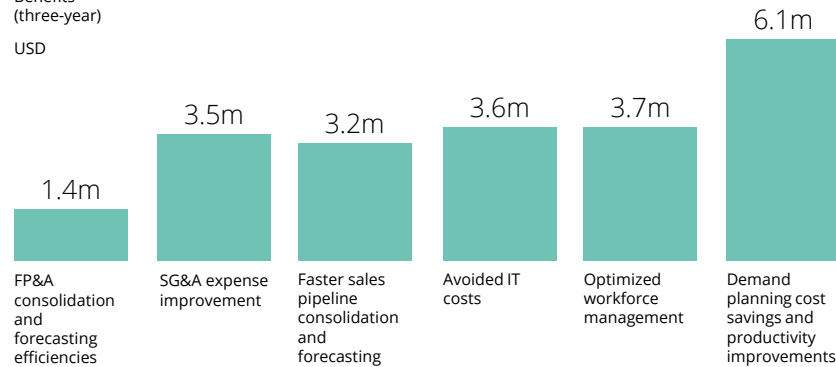Management Reporting

Decision Support

Connected planning addresses today's business planning challenges by:

1 Providing **TRANSPARENCY** across the enterprise and supply chain partners to changes in supply chain, commercial and financial plans and risk

2 Driving **SPEED** and **AGILITY** in decision-making, go-to-market and supply chain execution to deliver optimal business results

3 Improving **ALIGNMENT** and **ACCOUNTABILITY** across the organization and with trading partners, thus enabling collaboration end-to-end within and outside the organization

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The economic impact of connected planning

Benefits (three-year)
USD

Chart values (bars left to right):
- 1.4m — FP&A consolidation and forecasting efficiencies
- 3.5m — SG&A expense improvement
- 3.2m — Faster sales pipeline consolidation and forecasting
- 3.6m — Avoided IT costs
- 3.7m — Optimized workforce management
- 6.1m — Demand planning cost savings and productivity improvements

Forrester developed a composite based on data gathered from customer interviews to reflect the total economic impact that connected planning could have on an organization.

*All values are reported in a risk-adjusted, three-year present value. The composite organization has the following characteristics: $30 billion in Revenue, US headquarters with Global Operations, ~75,000 Employees and Anaplan use cases in **Sales, Finance, Operations, Supply Chain, HR/workforce management.***

Forrester study, 2019

Increased data aggregation and forecasting speeds

Reduction in manual efforts required for gathering and forecasting saves 2,700 hours quarterly across finance teams. Estimated worth $1.4 million to the organization

Sales pipeline consolidation and forecasting

Time to gather sales pipeline data is decreased by half for a sales team of 1000 employees. The shorter sales forecasting cycle is estimated worth $3.2 million to the organization

Reduced model development costs

Creating 6 models/year in-house using Anaplan saves an estimated $1.5 million annually and IT involvement in model maintenance is reduced by 95%. Estimated worth $3.6 million to the organization.

S&A expense improvements

Access to real-time performance dashboards increases visibility to managers, allowing for better cost controls. Estimated worth over $3.5 million to the organization
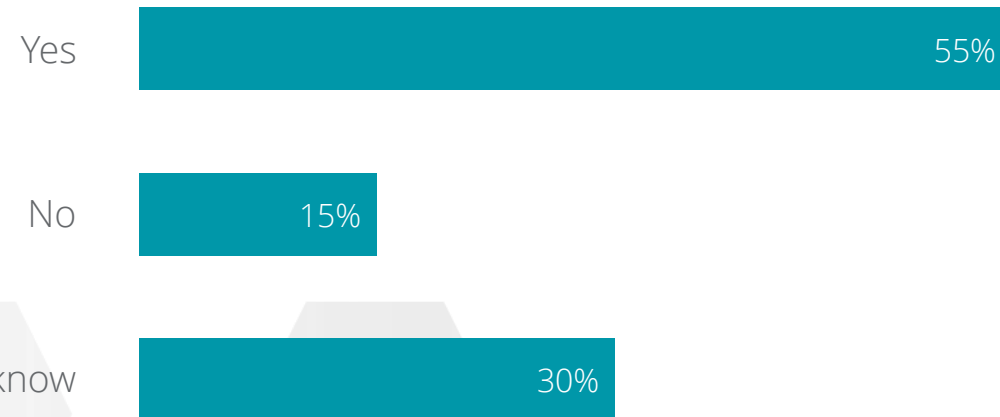
Improved workforce optimization

With 10-25% of the labor force managed through an Anaplan labor model, an organization can expect workforce optimization of up to 0.25% or an estimated $3.7 million saved to the organization

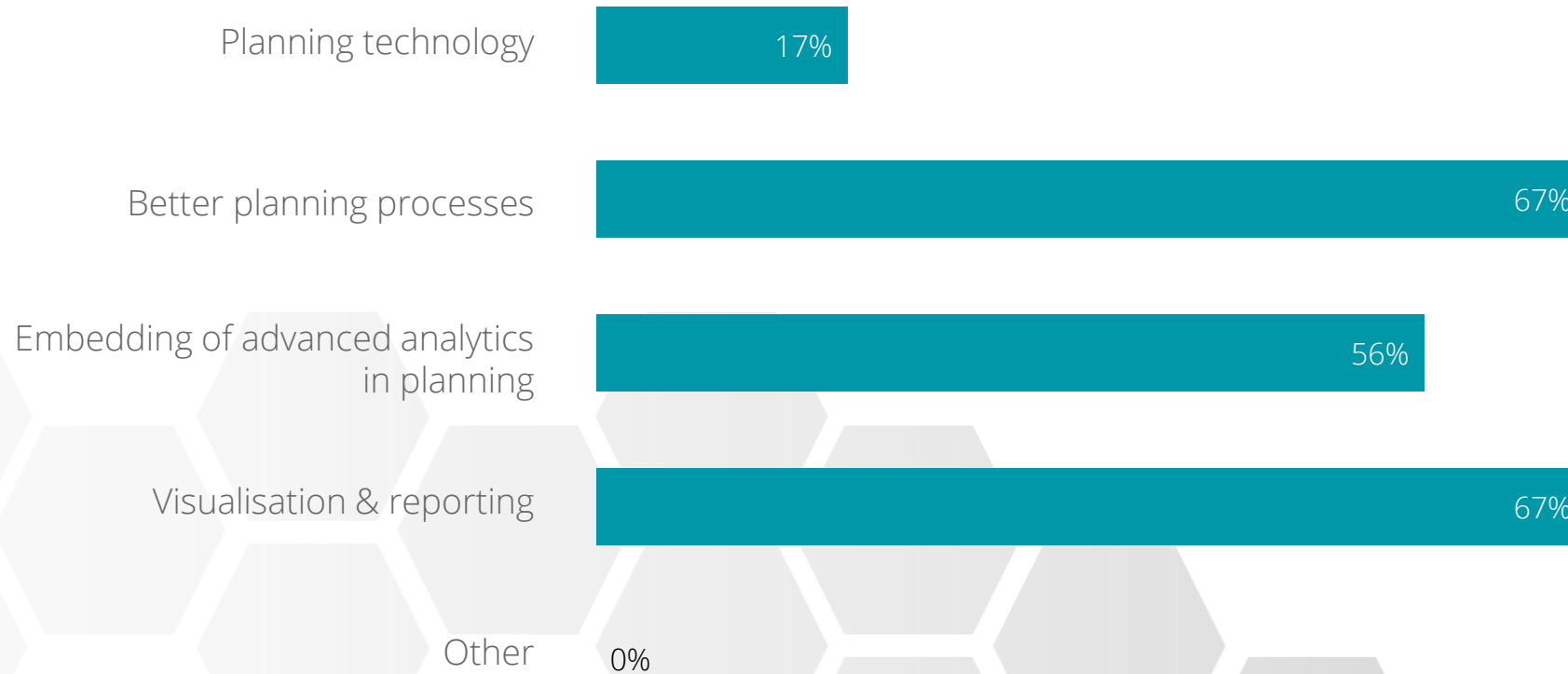### Reduced inventory and increased planning productivity

Dynamic forecasting tailored to seasonality allows organizations to reduce inventory carrying costs by 15% and a single source of truth for demand planning increases planning productivity by 40%. Estimated worth $6.1 million to the organization

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Connected planning is based on the philosophy that information and knowledge are rarely available in one place

Align
Company, team and individual goals

Standardize
common descriptions, drivers, hierarchies and calculation methods

Include more people
in the process to get granular, clear information in time

Technology

Empower
teams to make informed decisions

Avoid low-value work
and automate aggregations and normalize data

Have one source
of data of different sources with individual views

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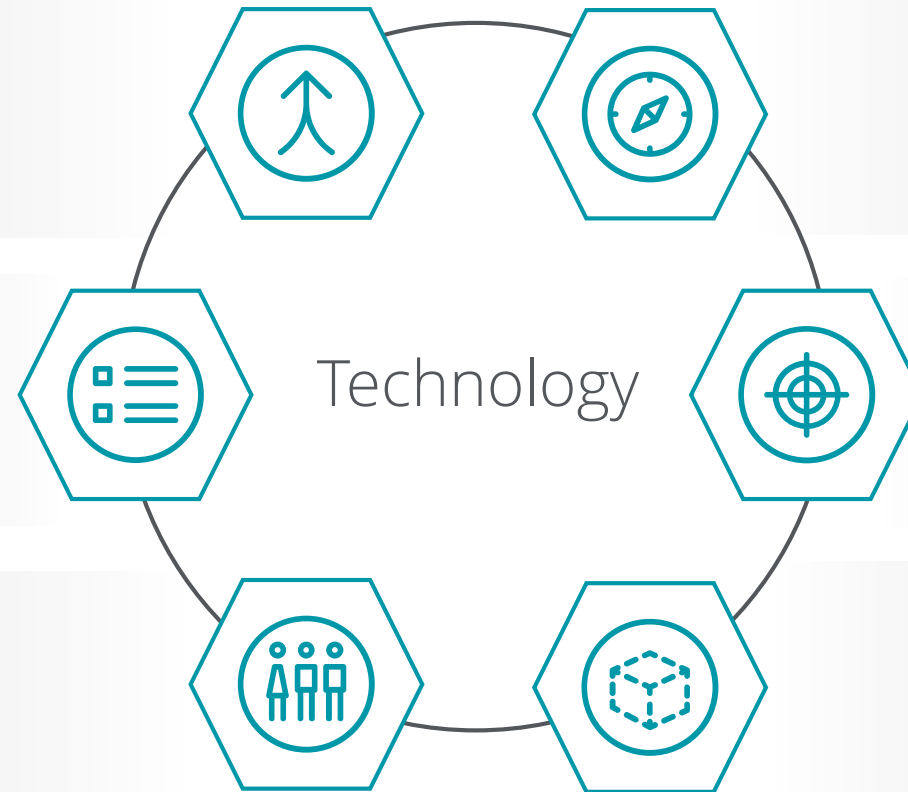
Traditional planning and forecasting is based on expert input only, while modern methods augment expert knowledge with artificial intelligence capabilities

Expert Model

Driven by 'expert' input while not necessarily relying on a specific (documented) model, potentially involving a consensus component

Driver-based Model

Decomposing a (to-be predicted) outcome into its underlying operational drivers (e.g. PxQ) to make a better estimate

Statistical Model

Using a statistical regression model that, based on a set of variables, describes a deterministic relationship

Artificial Intelligence

Approach to learning from data without relying on pre-defined rules, i.e., algorithms that rely on data-driven discovery to achieve predictive power

EXPERT KNOWLEGE

ARTIFICIAL INTELLIGENCE

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The key ingredients

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What are your biggest agenda point when it comes to digital business partnering?

Manual bottom up input (Delphi method)	60%
Driver based model	60%
Growth model	27%
Statistical model	33%
Artificial intelligence model	7%
Other	7%
Don't know	7%
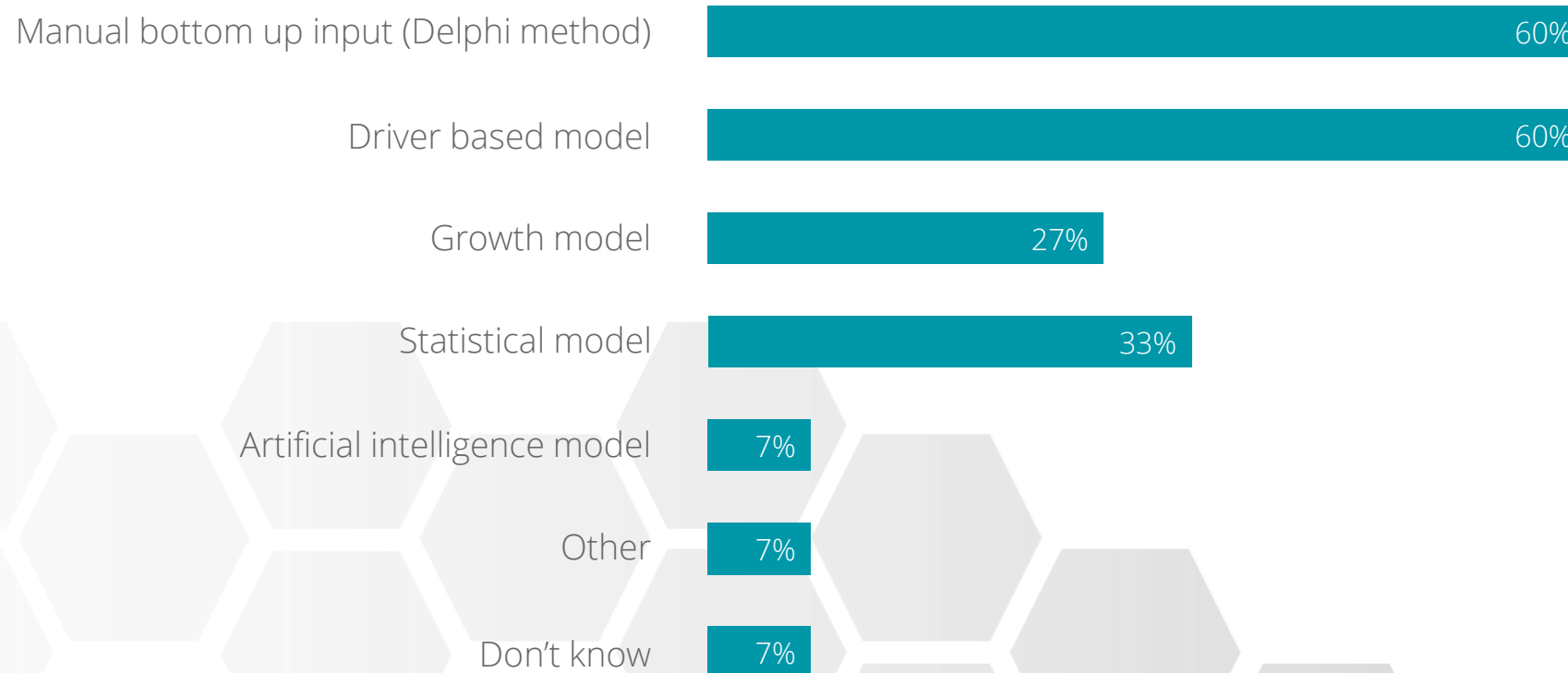
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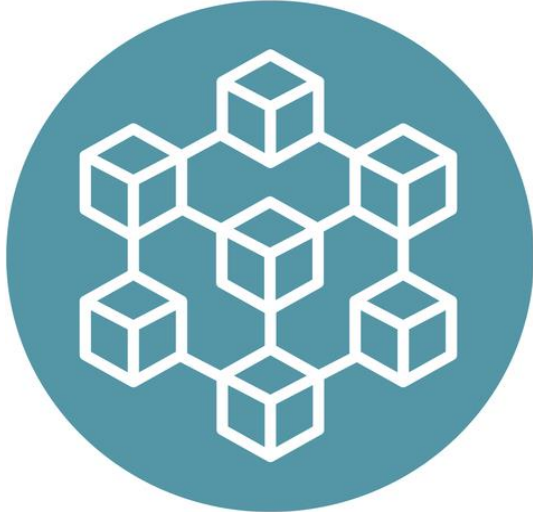
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Connected planning across functions enables improved insights and drives informed decision making

Finance
- Planning, Budgeting, and Forecasting
- Strategic Planning
- Profitability and Cost Management

Human Resources
- Strategic Workforce Planning
- Workforce Analytics

Supply Chain
- Demand Planning
- Supply Planning
- Sales and Operations Planning

Sales and Marketing
- Sales Forecasting
- Trade Promotions Management
- Trade Promotions Optimization

Benefits of Connected Planning

- Provides access to operational drivers and enables advanced driver based modeling and scenario modeling

- Standardizes master data in one planning platform - Customer, Title, Chart of Accounts, and Cost Center

- Aligns global hierarchies and provides alternate hierarchies where necessary

- Provides transparency across plans and link plans real time where appropriate

- Enables effective collaboration across functions

Enabled by

Data: Single version of truth that links operational and financial data

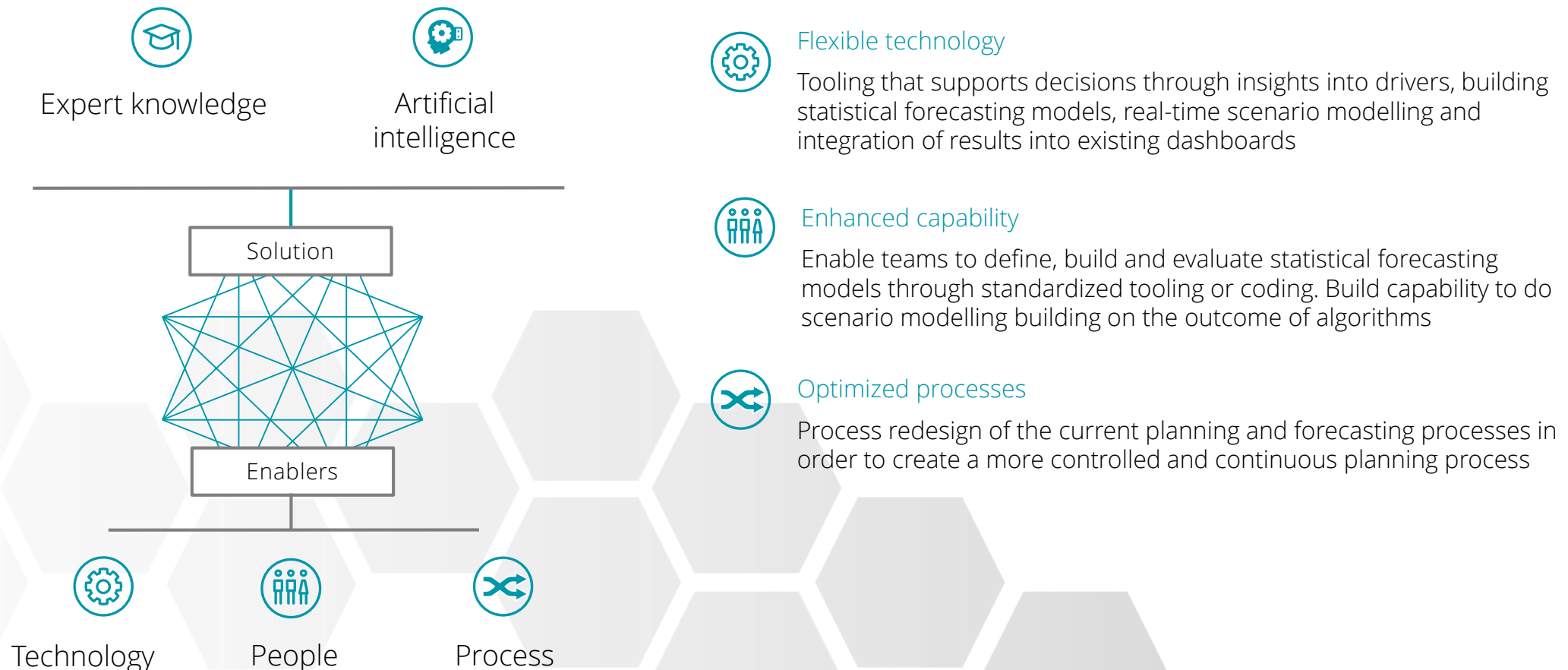**People:** Collaboration across the different planning functions

Process: Align processes, calendars, drivers and hierarchies

Disruptors: In Memory Cloud based platforms that enables collaborative planning

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A connected planning enables the creation of insightful, actionable planning and forecasting and is powered by technology, people and processes

Expert knowledge

Artificial intelligence

Solution

Enablers

Technology

People

Process

Flexible technology

Tooling that supports decisions through insights into drivers, building statistical forecasting models, real-time scenario modelling and integration of results into existing dashboards

Enhanced capability

Enable teams to define, build and evaluate statistical forecasting models through standardized tooling or coding. Build capability to do scenario modelling building on the outcome of algorithms

Optimized processes

Process redesign of the current planning and forecasting processes in order to create a more controlled and continuous planning process

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Taking the first step

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To get started, disrupt your ordinary thinking by following these guidelines

THINK BIG

Immerse yourself in innovation

Join an immersive experience to explore the "art of the possible", incite ideas, and cultivate a culture of innovation

START SMALL

Pick one or two plays

Prioritize your desired tactics and pick just one or two to get started in order to establish proof of concept
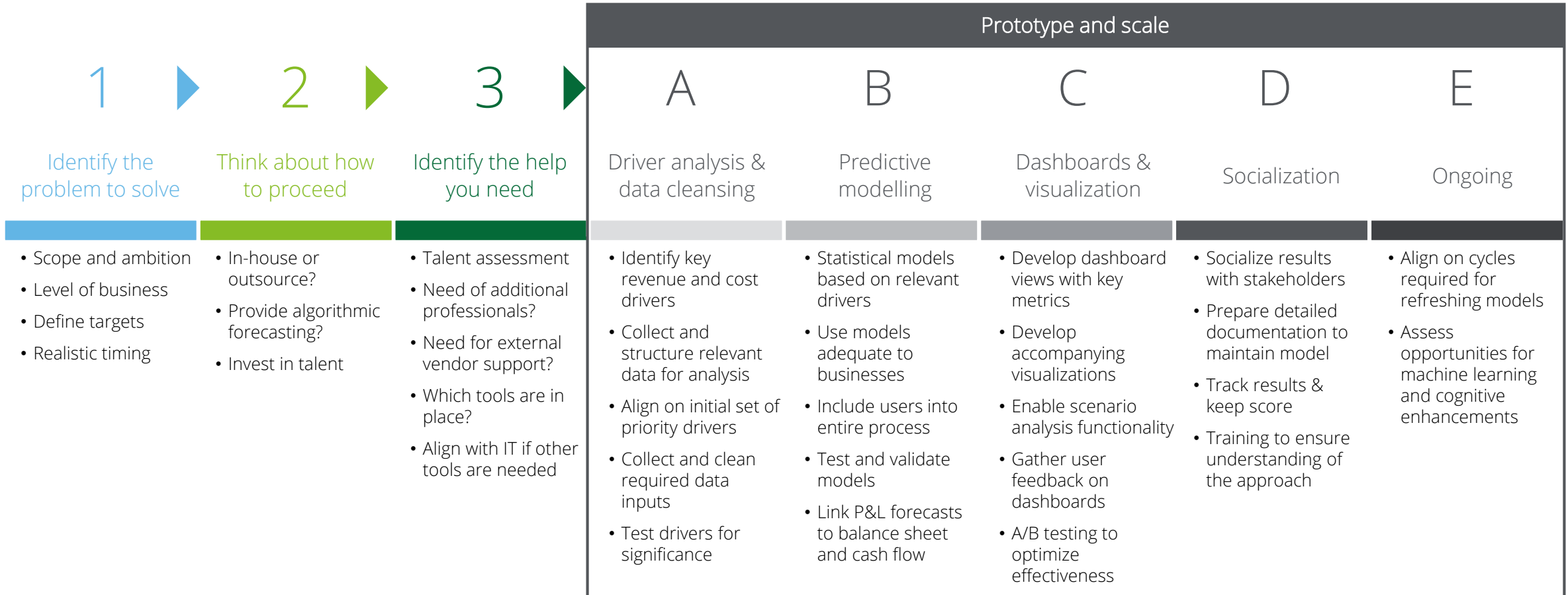
ACT FAST

Prove it works (quickly)

Use an agile, iterative approach to move from strategy to prototyping as quickly as possible – "fail fast" and achieve rapid results

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Typical approach

We typically start by identifying drivers and then build and test the models with prototyping

1 ▶ **2** ▶ **3** ▶

4

		Prototype and scale			
A	**B**	**C**	**D**	**E**	

Identify the problem to solve	Think about how to proceed	Identify the help you need	Driver analysis & data cleansing	Predictive modelling	Dashboards & visualization	Socialization	Ongoing
• Scope and ambition • Level of business • Define targets • Realistic timing	• In-house or outsource? • Provide algorithmic forecasting? • Invest in talent	• Talent assessment • Need of additional professionals? • Need for external vendor support? • Which tools are in place? • Align with IT if other tools are needed	• Identify key revenue and cost drivers • Collect and structure relevant data for analysis • Align on initial set of priority drivers • Collect and clean required data inputs • Test drivers for significance	• Statistical models based on relevant drivers • Use models adequate to businesses • Include users into entire process • Test and validate models • Link P&L forecasts to balance sheet and cash flow	• Develop dashboard views with key metrics • Develop accompanying visualizations • Enable scenario analysis functionality • Gather user feedback on dashboards • A/B testing to optimize effectiveness	• Socialize results with stakeholders • Prepare detailed documentation to maintain model • Track results & keep score • Training to ensure understanding of the approach	• Align on cycles required for refreshing models • Assess opportunities for machine learning and cognitive enhancements

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Getting started
Connected planning lab

Statement of Purpose

As a group, we work together to help participants understand the breadth and power of connected planning and identify next steps on the journey to implement a connected planning platform.

During the session, the group focuses on addressing the core question:

How can individual participants come together to understand the value of a connected planning solution?

The lab has executives and stakeholders wear different hats throughout the session. Participants work through the lab through their personal perspective and through the perspective of their colleagues' roles. The desired outcomes for the day are:

- **A change in perspective:** Walking in each other's shoes to provide valuable and unique insights into each division's challenges

- **Understand current state:** Level set on the current planning landscape, including gaps, benefits, etc. Assess the maturity of each function against plan types

- **Art of the possible:** Explore the "art of the possible" in connecting strategic, financial and operational plans, forecasts and what-if models

- **Align on future state:** Determine the right plan types to focus on: what drives the most or fastest business value

- **Connected planning:** Create a high-level roadmap and determine next steps

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Getting started
Connected planning lab

Labs are 1-2 day facilitated experiences designed to tackle tough business challenges. They go beyond typical workshops because:

1. Labs are built on extensive research around how to disrupt ordinary thinking, reveal new possibilities, and incite productive action

2. Labs are delivered by professionals skilled not only at traditional facilitation, but also at strategic framing, engagement, intervention, analysis and synthesis

We call these experiences Labs because they bring together the disciplines of design thinking, behavioral economics, psychology, neuroscience, strategy, analytics and innovation theory to promote experimentation in a controlled environment.

Our proven approach, refined in over 3,000 Lab sessions and based on our best-selling book *Moments of Impact*, engages people not only intellectually, but physically and emotionally as well.

Research shows that such experiential problem solving results in more innovative and robust options, increased alignment and commitment and more memorable, sustainable outcomes.

Labs can:

Disrupt ordinary thinking
It's tempting to jump right into solutions. We step back and first build a rich understanding of challenges and their context.

Reveal new possibilities
Expand beyond the obvious and dive into unexpected, innovative and creative solutions to previously ambiguous mandates.

Incite productive action
Bravely call out the real barriers to progress, create ownership and get your team aligned on the precise actions required to get results.

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Connected planning lab

We looked at the biggest challenges facing our clients today and have designed our suite of offerings to address the eight core topics we found arise most often...and are the most difficult to address through standard meetings and workshops

Innovation
Your ideas may be getting stale.
How can you spark new thinking?

Alignment
You have a big, bold vision.
How will you make it a reality?

Analytics
You're drowning in data.
How do you make it meaningful?

Strategy
The world isn't getting any simpler.
What will you do to win?

Lab sessions are customized to each client's needs around eight core topics

Relationships
Your bottom line depends on people.
How can you better relate?

Transformation
You need to be better, faster, leaner.
How can you make change happen?

Readiness
Planning for improved performance.
What's possible and what's next?

Leadership
The world is full of potential.
How will you realize yours?

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Introduction 〉 The power of predictive analytics 〉 The key ingredients 〉 Taking the first step 〉 Trend|EX 〉 Q&A 〉

Webinar 2
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Thank you!

See you next month.

Webinar 3 – April 16, 2020, 16:00 - 17:00 CET
Planning and forecasting excellence in the experience economy.
Discover how technology and visual analytics can empower the forecasting and reporting experience.

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What do you want to predict?

Get in touch with our Planning & Forecasting Excellence advisors

Christian Reichel
creichel@deloitte.ch

Nick Vandesype
nvandesype@deloitte.ch