



NUCLEUS  
RESEARCH

# WHY BUSINESSES PURSUE CONNECTED PLANNING WITH ANAPLAN

ANALYST

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## THE BOTTOM LINE

Anaplan is a Financial Planning & Analysis (FP&A) solutions expert and a key player in the Supply Chain Planning (SCP) space. As one of the earliest companies to recognize the need to connect the operational data from all departments, the vendor has seen continued success with a 29 percent year-over-year revenue increase last year. While financial planning has always been a necessity, events of 2020 have convinced businesses across the board to enhance their forecasting and budget management capabilities. Anaplan has capitalized on the increased demand as companies need to leverage all their data to produce accurate and holistic plans. Businesses also choose Anaplan for its wide range of solutions that include workforce, sales, marketing, and supply chain management capabilities, proven to increase user productivity, improve organizational visibility, and reduced operational costs.

## OVERVIEW

The impetus for digital transformation existed long before the global pandemic. Covid-19 accelerated the trend of Software-as-a-Service (SaaS) adoption as unstable workforces and unforeseen market fluctuations threaten to bring daily operations to a grinding halt. To combat these challenges, organizations turn towards technology to coordinate planning activities across HR, finance, sales, marketing, and supply chain departments. Solutions that enable scenario-based planning, budgeting, forecasting, and reporting across multiple departments impart greater visibility, flexibility, and agility as companies can develop holistic plans that account for various facets of the business. As technology enables, improves, and accelerates these processes, businesses can drive greater value in resource and cost optimization, cash flow generation, and profitable growth. Solution usability is another key factor in any technology deployment. In today's volatile business environment, accounting and FP&A teams have more on their plate, all while working from a home setting. Therefore, they need easy-to-use solutions that require minimal training for widespread adoption and can reduce the amount of low-value and repeatable work.

Businesses should consider a Corporate Performance Management (CPM) platform that offers financial and operational management tools for a flexible approach to strategic planning. A platform ensures tight connections between processes to maximize user efficiency by automating data flows, reducing manual data entry, and performance tracking. For cross-departmental planning, the benefits of a solution platform become even more apparent as previously siloed teams can collaborate over a seamless user experience, joining budgets and forecasts to address corporate goals strategically. Collaboration also imparts visibility into operational plans and highlighting their links to financial outcomes, giving users an accurate view to internal and external factors that impact the bottom line. Anaplan is a SaaS vendor that offers a unified platform for rapid scenario-based planning to enable the urgent needs around pivoting, course correcting, and transforming in today's disrupted environments.

## ANAPLAN

Founded in 2006 and headquartered in San Francisco, California, Anaplan is a leading enterprise planning platform vendor, recognized for its breadth and depth of solutions. The Anaplan Platform enables its users to perform "Connected Planning" by leveraging the operational data from an organization's multiple systems, including finance, sales, marketing, HR, and supply chain. Going beyond financial forecasting and budgeting Anaplan's customers can perform various sales and marketing planning functions, operational planning, supply and demand planning, integrated business planning, and

workforce management through dedicated solutions. Delivering end-to-end comprehensive planning functionality, Anaplan's solutions are flexible, customizable, and cloud-native. Customers can implement the platform to suit virtually every industry, including finance, manufacturing, insurance, healthcare, retail, consumer products, technology, and telecom. Best suited for mid-sized to enterprise-scale businesses, Anaplan is a regular competitor of Oracle, SAP, Wolters Kluwer, Planful, OneStream, and Vena Solutions.

## KEY BENEFITS

Nucleus interviewed several Anaplan end-users to determine the key benefits realized from their deployments, including improved organizational visibility, reduced operational costs, and increased productivity.

- **Improved organizational visibility.** Centralizing data under the Anaplan Platform, users gain insights into the overarching organization and individual business units. Forecasting tools allow the customer to drill down to granular details to assess costs and revenue at SKU, customer, regional, and user-defined levels and time-frames relevant to the business. Furthermore, real-time tracking of finance and operations data means finance can collaborate with various departments to address variances and conduct forecasts and budget adjustments at increased intervals. Users leverage more accurate forecasts and operational models to identify external and internal revenue and cost factors, allowing them to reduce budget deficits and maximize returns throughout the year.
- **Reduced operational costs.** By gaining insights into how money is spent on sales or goods sold, businesses can gauge sales performance to help management understand which products or channels to promote and which to cut back on. Forward-facing analytics helps companies manage risk and warn against potential budget variances to help them adjust accordingly and avoid cost overruns. Supply chain functions, such as demand and inventory planning, enable businesses to optimize inventory, avoid stockouts, and reduce cycle time. Companies can also avoid additional hires as planning functionalities and consolidation and reporting tools increase FP&A and accounting teams' productivity.
- **Increased user productivity.** As Anaplan centralizes financial and operational data, users no longer need to consolidate spreadsheets and perform manual data entry. As planning and reporting activities can be done entirely within Anaplan's cloud-based-based platform, the need to switch between and port information in from Excel is eliminated. Relevant information is made readily available as actuals can be brought in multiple times a day from ERP and other connected systems. Customers

report time-savings in building budgets, forecasts, and reports since they no longer need to wait overnight or longer to develop models and perform calculations accurately. This increased productivity allows them to devote more time to higher value add tasks, such as future planning and performance analysis to support decision-making.

## CUSTOMER PROFILES

### HIGH-TECH MANUFACTURER

This Canadian company, with over 10,000 employees, manufactures technology hardware for businesses and utilities. Its legacy CPM system was not able to bring in actuals daily. Users would have to request the necessary information then wait overnight to bring in the requested workforce, operational, and financial data, which limited the company's modeling capabilities. Searching for a solution that would automatically consolidate data from all departments to enable revenue and expense planning, the company considered the CPM solutions of Oracle, Planful, Host Analytics (now Workday), Vena Solutions, and Anaplan. The company selected Anaplan because it provided a seamless platform with the breadth of planning functionality for Sales and Operations Planning (S&OP) and demand management. It also noted that Anaplan excelled at recurring revenue forecasting.

Integrating workforce, marketing, inventory, and production data through the Anaplan Platform, users built their operational and capital expense models to generate more accurate profit and loss forecasts. With visibility to its inventory reserves and cost breakdowns to components and products, the company managed its production costs and limited budget adjustments. Furthermore, Anaplan enabled the manufacturer to perform revenue forecasts at the SKU and customer level with capabilities to drill down into net income. Today, the company uses Anaplan to formulate its annual plan, including a management and work plan, supported by continuous forecasts that can snapshot and compare variances on a monthly basis. Expressing satisfaction with the short 3.5-month implementation, active user community, and intuitive and dynamic user interface, the company benefited most from the platform's speed. Being able to avoid nightly builds and perform real-time calculations, the company has transformed its budgeting and financial planning processes with plans to incorporate Anaplan's supply chain modules by fall 2021.

**Businesses often implement Anaplan for revenue and expense modeling in around 3 months.**

## ENERGY SERVICES COMPANY

This American company produces and sells natural gas across the country. With annual revenue in the billions, the company's pure excel work processes were too archaic, leading to bottlenecks in the finance department and difficulties surrounding the execution of work, visibility to data, and ability to drive action within the business. Searching for a CPM solution to migrate off Excel, the company prioritized the automation of low-value and repetitive tasks and real-time data availability. Considering the solutions of Oracle, Adaptive Insights (now Workday), Planful, and Anaplan, the energy company selected Anaplan for its platform's versatility. Since supply chain processes represent a substantial part of the company's operations, Anaplan's home-grown supply chain solutions were a selling point instead of piecemealing modules in a bundle deal from other vendors. It also noted that Anaplan's Control Ecosystem would enable future planning for its complex business more efficiently and that modeling functions could be done through the online interface, avoiding Excel altogether.

Implementing an operational expense model under three months, the company is building out its overall operational planning processes under Anaplan and introducing a gross margin and long-range planning model over the next 18 months. Users reported that the Anaplan Platform has virtually no downtime, allowing them to work anytime and anywhere. Additionally, the platform automatically updates and distributes data to relevant users. For a company with widespread operations and multiple offices, this is a boon to employee productivity. Overall, the company has leveraged Anaplan beyond finance as the easy-to-use solutions have convinced management to extend the platform to other operational planning areas.

## LOOKING AHEAD

Many organizations start with Anaplan to streamline and reinvent their forecasting and budgeting processes but soon discover the ability to connect more of their planning functions under the platform. Because Anaplan is business-owned and flexible enough to incorporate data from virtually all departments multiple times a day, users can perform modeling functions that were previously too time-consuming. With scenario and continuous planning quickly becoming the norm, Anaplan is well-positioned to capitalize on the increased demand for FP&A solutions. An ever-growing library of connectors to third-party applications increases Anaplan's value proposition in leveraging a broad range of organizational data. We believe Anaplan will see the most success in the mid-market as cloud technology has lowered the price and IT barrier to solution deployments and a home-grown platform leads to greater automation and compatibility between solutions.