Five things to look for in an enterprise planning and budgeting solution

As companies struggle with the uncertainties of rapidly recovering markets and global instabilities, many have come to realize that they cannot plan and forecast with the speed and agility they require. Improving their planning and budgeting processes continues to be their high priority. When they look for new solutions, they are confronted with a bewildering array of choices and are forced to decide between cloud, on premise, and-in house solutions. Further, they have to decide between automating their current processes or selecting a solution with functionality that will allow their organization to explore newer methodologies, such as driver-based budgeting and Integrated Business Planning, that are delivering transformational benefits.

Clearly there are certain features that all planning and budgeting solutions must have such as: easy-to-manage access and security, configurable workflow, inbuilt reporting and analysis, and the ability to integrate with multiple data sources and other core processes such as sales and operations and workforce planning. Checking all these boxes will ensure automation of your current processes and drive productivity improvements both in finance and beyond. **However, even with these additions, you may find that you are still unable to re-forecast as frequently as you would like and are disappointed that you are no more agile than before.**

To ensure a solution that both satisfies your immediate requirements and is adaptable to how you may wish to forecast and budget in the future, we've identified the Top 5 questions you should be asking your potential vendors.

Anaplan

01 How is the data structured for Operational Big Data?

In order to improve the accuracy of their forecasts, many companies are increasing the granularity of their budgets. At the same time, others are exploring driver-based budgeting or its close cousin, Integrated Business Planning (IBP), to deliver a holistic process from very detailed sales and operations planning at the level of individual customer and stock keeping unit, through workforce planning involving thousands of employees, right through to the line items in the budget and the corporate profit and loss account. All these approaches mean that Finance will soon find themselves in the domain of 'Big Data' with models that run to many billions of data points. **Yet, the architecture and calculation engines that underpin many planning and budgeting tools were not designed to cope with such demands.** Results can take many hours to calculate and considerable lead-time is required waiting for responses to critical business queries.

Clearly, ensuring that the planning and budgeting solution you select is built around an in-memory calculation engine is one element in successfully dealing with 'Operational Big Data.' But it's certainly not the only requirement since traditional data structures, such as multi-dimensional cubes and relational tables, which work for analysis and reporting are all ill-suited to the dynamic modelling that increasingly underpin budgets today. In order to make the best use of in-memory technology, a brand new data architecture is required. One that includes the ability to tracking cell level dependencies of individual data points, much like a spreadsheet, so that when changes are made to a model, the in-memory engine only recalculates dependent values following the shortest calculation sequence—giving millisecond response times to queries.

02 How will it help us become more responsive and agile?

Traditional budgeting, where line item expenses are rolled up by time period and responsibility center, has long been criticised as being time consuming and costly to produce, rapidly irrelevant as the year unfolds, and onerous to re-forecast since contributors have to first reforecast their departmental resource requirements that are often held in other offline models or spreadsheets. These challenges can only be resolved by unifying business planning with financial planning in a driver-based budget or Integrated Business Planning model, where changes made to any input value or driver directly impact future revenues or expenses—effectively reforecasting the profit and loss account, cash flow, and balance sheet.

Adopting such methodologies means reforecasting becomes a continuous, light-touch process with a rolling horizon; having financial projections built on internal and external business drivers gives earlier awareness of future variances and better insight as to what remedial action is needed, making the organization more agile and responsive.

Business rules form the 'glue' that underpins these methodologies and it is important that business users themselves can quickly and easily create, maintain, and change a model using simple formulas with native syntax

and drag-and-drop functionality to express even the most complex multi-dimensional dependencies, without having to rely on 'power users' adept in the so-called 'lightweight' programming languages, such as Microsoft VB Script. With traditional technologies, these rules can become buried deep inside a model that rapidly becomes a 'black-box' that few understand or trust. A better alternative is to have them stored in a master repository where non-technical users can view the logic between the line items in the model and adjust rules that they have the right to modify.

Automating today's planning and budgeting processes with a tightly prescribed solution can improve productivity. But sought after capabilities like increased responsiveness, greater agility, and deeper insight can only be delivered by a solution that directly addresses changing fundamental processes. These considerations need to be considered when short-listing potential vendors.

03 Can it be owned and managed by Finance?

Cloud-based delivery may preclude waiting for hardware installations, software upgrades, and the availability of IT resources. But other factors also matter if finance themselves are to keep models in step with changes in organizational structures, new external reporting requirements, and evolving processes. **Non-technical users need to be able to add and amend core dimensions, manage rules, develop reports, and perform ad-hoc analysis using drag and drop functionality.** Data management tools should be so intuitive that finance users themselves can integrate data from virtually any source and easily export reports into presentations and board packs with just a few keystrokes.

Starter kits and apps for common use cases such as capital planning and cash flow forecasting should be provided as templates that finance can easily amend to quickly build out functionality themselves and achieve rapid time to value. Similarly vendors should provide apps for extending functionality into other areas such as financial consolidation with having to license a separate solution.

04 Does it work on all mobile platforms today?

Increasingly re-forecasting requires timely inputs such as updates on how sales opportunities are progressing from field-based and operational staff. **At the same time, the drive for increased responsiveness and agility requires better collaboration and shortening core processes where possible.** This means providing remote users with automated alerts, self-guided analysis and the ability to amend and approve budget submissions, re-forecasts, and external disclosures from the increasing range of mobile devices that are encountered when 'Bring Your Own Device' (BYOD) is the accepted standard.

Mobilizing on-premise planning and budgeting solutions means implementing an additional layer of technology. Even some cloud-based solutions struggle as the MS Excel interface they rely on is not readily compatible with all mobile platforms. At the same time, even the most intuitive interface, designed with a consumer-like look and feel, is unlikely to provide a satisfactory user experience unless the solution is underpinned by an in-memory calculation engine capable of replenishing screens in micro-seconds.

05 What is it about your solution that brings quicker benefits and lower costs?

Any software-as-a-service planning and budgeting solution removes the need to acquire hardware and repeatedly install updates of the software to access new functionality. But not all will deliver benefits quickly or reduce costs by the same extent. For instance, any legacy solution that requires considerable consulting effort when it is installed on-premise does not suddenly shed itself of that workload, delay, or expense when it is repackaged and made available in the cloud. **Conversely, any cloud-based solution engineered to slickly automate traditional budgeting, but little else, is unlikely to have the functionality and flexibility needed to build a driver-based budget or rapidly construct a new scenario.**

In order to allow finance themselves to quickly build models that rapidly deliver benefits and change and maintain them without costly IT support, solutions need to be specifically designed with those goals in mind at the outset. To successfully deliver on them, a vendor needs to select the optimal architecture, rather than a legacy database, and skillfully marry the flexibility of a toolkit with the efficiency and cost savings that come with a packaged solution. If users outside of finance can also benefit from the same solution for planning and performance management in their own lines of business, value, and cost savings are delivered in spades.

Summary

The world is changing and so too is planning and budgeting. To improve accuracy, organizations are working at levels of granularity that is taking models into the realms of 'Operational Big Data' with many billions of data points. To make themselves more agile and adaptable, companies are embracing planning methodologies built around drivers and rules. And, to shorten cycle times and facilitate collaboration, they are integrating mobile devices into core business processes. At the same time, enterprise finance functions are steadily embracing the cloud as a preferred delivery platform for core processes.

Navigating through these changes and a varied range of possible suppliers can be bewildering. But a clear vision of how you want to evolve planning and budgeting across all lines of business within your organization together with a few well-chosen questions will soon help you identify those that both match your immediate requirements today and can accommodate how these requirements may evolve in the future.

About Anaplan

Anaplan is driving a new age of connected planning. Large and fast-growing organizations use Anaplan's cloud platform in every business function to make better-informed plans and decisions and drive faster, more effective planning processes. Anaplan also provides support, training, and planning transformation advisory services. Anaplan is a privately held company based in San Francisco with 16 offices and over 150 expert partners worldwide To learn more, visit anaplan.com.

linkedin.com/company/anaplan

twitter.com/anaplan

facebook.com/anaplan

plus.google.com/+anaplaninc

Anaplan