

ANAPLAN: A COMPLETE, CONNECTED AND LIVING PLAN

Anaplan by the Numbers

Founded in 2007, Anaplan has raised over \$150 million in funding. Today it operates from 15 locations around the world and has over 100 global and local partners.

Anaplan currently has ~350 customers and in the first half of 2015 has experienced 134% growth. Its patented technology (Hyperblock™) has been used to create 21,094 different customer planning models, managing 13 trillion cells.

A lot of planning can and should happen in any company. It all starts with a business plan, followed by financial planning, budgeting and workforce planning. Then you better have a sales plan, with territories, quotas and incentive compensation, which should tie in with a revenue plan. Of course this leads to demand planning and sales and operations planning. If you want to grow those sales, you better do some marketing and campaign planning. If you sell a consumer product, you might have a trade and promotion plan and you'll definitely have to plan for inventory. Maybe you need to plan projects. And throughout, you need to watch your cash flow.

But how do you tie all these plans together? How do you stay vigilant, monitor performance and adjust the plan as you move forward? More often than not, you don't. You rely heavily on spreadsheets and even if you have software tools to help you plan, each department works in its own silo, oftentimes using disparate solutions that essentially ignore each other. This can happen even when you buy these different solutions from a single vendor.

[Anaplan](#) has set out to solve this problem by creating an enterprise planning cloud designed to solve any planning challenge across all functions of your enterprise. Unlike most plans, developed at an aggregate summary level, Anaplan's patented technology supports a level of granular detail that lets you connect all the dots naturally. And because visibility and transparency are built in, you can easily adjust the plan as you monitor performance. Instead of letting your plan lie dormant on the shelf, only to be dusted off periodically (if ever), it becomes a living plan.

THE ANAPLAN APPROACH

Anaplan takes a platform approach to planning. At the core is its planning engine, built on 64-bit in-memory technology, which facilitates real-time modeling that can handle large volumes of data. As a result, planning can be done using very detailed data that might not be possible without in-memory computing power – think of forecasting for each customer down to the product level, rather than having to make a regional forecast in total or by product category. The planning engine uses Anaplan's patented Hyperblock™ calculation engine. It can perform modeling, including the ability to do

Anaplan Apps

- ✓ *Strategic Planning*
- ✓ *Planning, Budgeting & Forecasting*
- ✓ *CAPEX, OPEX & Workforce Planning*
- ✓ *Financial Consolidation*
- ✓ *Balance Sheet & Cash Planning*
- ✓ *Advanced Scenario Modeling (M&A, etc.)*

- ✓ *Account segmentation & Scoring*
- ✓ *Territory and Quota*
- ✓ *Sales Capacity*
- ✓ *Incentive Compensation*
- ✓ *Sales Forecasting*
- ✓ *Deal Desk*
- ✓ *Trade Promotion Planning*

- ✓ *Marketing Resource Management*
- ✓ *Marketing Performance Management*

- ✓ *Sales & Operation Planning*
- ✓ *Demand Planning*
- ✓ *Supply Planning*
- ✓ *Project Planning*
- ✓ *Inventory Management*

- ✓ *Workforce Planning*
- ✓ *Headcount & Payroll Planning*
- ✓ *Incentive Compensation*
- ✓ *Onboarding*
- ✓ *Workforce Optimization*

simulations prior to making changes. But when changes are made, a full history is maintained.

While this planning engine is extremely powerful, it is useless without data and this data might come from any number of sources, including enterprise resource planning (ERP), customer relationship management (CRM), human capital management (HCM), additional financial applications or any other source of structured data. Therefore data integration is an important piece of the Anaplan Planning Platform. Anaplan has prebuilt many common connectors, but also provides application programming interfaces (APIs) to facilitate building out more custom connectors quite easily.

While the planning engine sits on top of the data, the user interface sits on top of the planning engine. Here is where individual Anaplan customers develop the model map (typically by dragging and dropping elements) and tweak the settings. This is also where the reporting, the analytics and the actual planning gets set up. If you are savvy enough to use Excel, you are savvy enough to set up planning and analysis in Anaplan. In fact the user interface looks and feels a lot like Excel (by design). However, Excel has two dimensions whereas Anaplan let's you look at your data in any and all of the ways that make sense to your business.

Planning and performance management are business exercises, but all too often it is the Information Technology (IT) department that is required to do the heavy lifting. Plans and actuals often reside in different systems and can only be compared once a data warehouse is built, populated and periodically refreshed. This type of scenario leads to a very common concern amongst business leaders: overreliance on IT.

The 2015 Mint Jutras Enterprise Solution Study asked leaders to check off all causes for concern over solutions used to actually run their businesses. Forty-one percent (41%) expressed concern over integrity of data, and an equal number (also 41%) were concerned over difficulty in reconciling different sub ledgers and different systems. This situation is only exacerbated during the planning and performance management process. The last thing you need is to make a plan based on faulty assumptions that come from bad data.

Relying too heavily on IT also means waiting for models to be built, and what happens when the model itself needs to change? Are you able to tweak it mid-cycle? Are you able to perform a "what if" analysis?

Overreliance on IT also means the results aren't available in real time and are only as good as the last request for analysis.

Not only does Anaplan provide real-time access to the real data (not one or more copies that must be periodically refreshed), but also it removes IT from the middle of the planning process, except of course in IT planning.

Additionally, you have applications built with the platform. Anaplan (and its partners) provide some pre-built apps, but these are all developed with the app designer, so they can easily be modified and managed. Or you can build your own using model templates, pre-built algorithms and business rules.

A COMPLETE AND CONNECTED PLAN

Planning means very different things to different leaders throughout your organization. How do you connect all these plans together? Anaplan makes these connections based on the different data elements that make up the plan.

Planning means very different things to different leaders throughout your organization. If you are in Finance you think of budgeting, cost and profitability analysis and cash flows. But you also forecast revenue. You probably think first of applications for financial planning, budgeting and forecasting.

If you are in manufacturing operations you think of material requirements and manufacturing resource planning (MRP and RRP), long and short term capacity planning (CRP). You worry about the demand plan and how that impacts your supply chain. You try to optimize your inventory. You have a sales and operations plan (S&OP), which by necessity includes a workforce plan. You might try to accomplish all this in your ERP solution, perhaps extended with some specialty applications.

In Sales? You think of account segmentation and scoring, territory coverage and quota assignments, as well as incentive compensation planning. Your primary “go to” application might be sales force automation (SFA) and/or customer relationship management (CRM). But does it really support these planning functions or is all the information sitting in spreadsheets?

Meanwhile your human resources (HR) department is building out a workforce plan. Is that tied in with your sales plan and your manufacturing operations plan? If you start running significantly ahead of your sales plan, how does this potentially impact demand, inventory and other operational costs? What if you are falling short? Does that mean you start to cut jobs? What impact will this have on your ability to respond to a rebound in sales? Are you closing the door to recovery? How does all this impact margins, cash flow, debt, credit?

Anaplan makes these connections based on the different data elements that make up the plan. If inventory (at a warehouse, regional or corporate level) is part of the operational plan and also part of the sales plan, these plans are intrinsically and inherently tied together. Actual sales ties the sales forecast to the revenue plan to accounts receivable to cash flow and profitability goals.

THE RIGHT LEVEL OF DETAIL

The key to tying this all together is developing the plan at the right level of detail.

The key to tying this all together is developing the plan at the right level of detail. If forced to plan at too high a level, you may not be able to connect the dots or even spot problems. You may appear to be right on track, hiding the fact that one region is totally over-performing while others are struggling. Will you have enough people and product in place to service that regional demand or will you be facing chronic shortages in that region while you sit on excess

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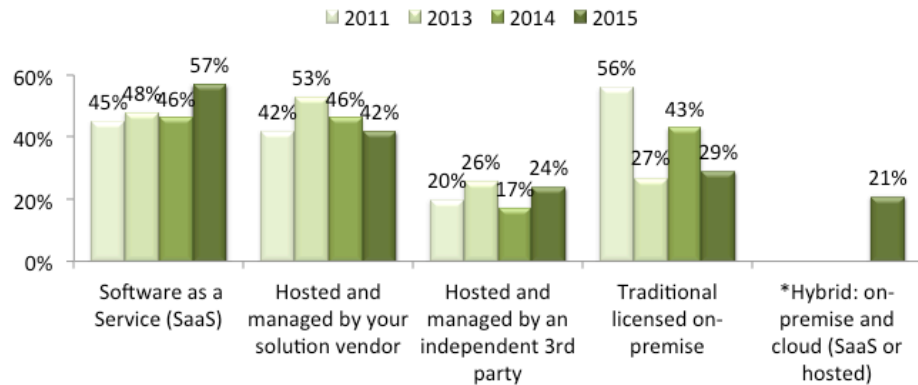
capacity elsewhere? Left unchecked, overall performance could take a nosedive. On the other hand, you may be falling short of your goals because of a serious failure limited to just one area. Over-reacting to an overall shortfall can result in blanket cost cutting measures that could make matters worse.

Anaplan lets you plan and manage performance at the lowest level of granularity required, pinpointing failure or success, and taking appropriate action. Anaplan has already built apps to use as a start (or end) point for functions within finance, sales, marketing, human resources, supply chain and operations. No need to start from scratch. Give yourself a jumpstart in launching what can and should be an iterative process, including the analysis of simulated results.

WITH THE CONVENIENCE OF THE CLOUD

And oh, by the way, Anaplan does all this in the cloud. According to Mint Jutras research, few companies today are looking to build out on-premise deployments. When it comes to applications, like ERP, that are used to run the business, companies are almost twice as likely to consider a Software as a Service (SaaS) deployment as a traditional on-premise implementation. We ask the question each year, “If you were to consider a solution today, which deployment options would you consider?” Participants are allowed to check any or all options (Figure 1).

Figure 1: Deployment Options that would be Considered Today



SaaS is currently the option most likely to be considered and the interest in traditional on-premise solutions has waned significantly.

Source: Mint Jutras Enterprise Solution Studies
 * Option added in 2015

Note: The time span between the 2011 and 2013 studies was about 18 months as Mint Jutras shifted the timing of the study during the calendar year.

This does not mean SaaS will dominate overnight, simply because there are so many of these solution on premise today, and many are reluctant to simply rip them out and replace them. In fact, with the availability of complementary solutions such as Anaplan, companies have the option of leaving solutions in place while they extend functionality and venture into the cloud.

There are many different reasons for this preference for cloud, not the least of which are cost, ease of upgrade and support of increasingly distributed environments. But perhaps most important to the planning functions, the cloud facilitates collaboration. A plan that is made collaboratively is much more easily accepted and embraced. With fewer constituents fighting the plan and more working together, the higher the likelihood of achieving your goals.

MAKE IT A LIVING PLAN

All too often the planning process is time-consuming and painful. The sooner it's done, the sooner you can get back to your business. But if that's the way you feel – and react – you aren't getting the most value out of the process or the plan. And yet most enterprises today separate the processes of planning and performance management. They quickly lose whatever confidence (if any) they had in that plan.

And then of course, there's change. Business conditions change. The economy changes. Competition changes. New products and new business models enter the market. On the one hand, you need to keep a snapshot of your original plan (and Anaplan does that). After all, you need to see how close you came to predicting outcomes, in order to continue to get better at it. But continuing to operate against a plan that you know is not achievable is like continuing to behave the same way while expecting different results. That is the very definition of insanity. Or, on a more positive note, continuing to blow out sales quotas with the same inventory plan is a sure way to put the brakes on exceeding quotas.

Anaplan takes a different approach. It fuses the two processes together. You essentially manage performance **from** the plan. All the reporting and analysis ties back to the plan, which remains front and center of reporting and analysis. You don't put the plan on the shelf and forget about it until you remember your bonus might be affected or the board of directors starts asking the tough questions. You want to make it a living, breathing plan. That's the Anaplan approach.

SUMMARY

In today's fast-paced world, it's good to have a plan. But it's not enough just to have a strategic business plan. Finance, Sales, Marketing, HR and Operations can no longer afford to work in their own silos of data, applications and reporting. They all need plans that pull together in order to achieve the overall company goals. The plan needs to be developed collaboratively; it needs to be complete and connected. But in order to take full advantage of opportunity today, it needs to be a living plan. As many of us are closing the year and looking forward to growth in the coming calendar year, now is the perfect

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time to scrutinize your plan... and perhaps scrutinize the tools used to develop it, manage it ... and get ready to exceed your goals for 2016.

About the author: *Cindy Jutras is a widely recognized expert in analyzing the impact of enterprise applications on business performance. Utilizing 40+ years of corporate experience and specific expertise in manufacturing, supply chain, customer service and business performance management, Cindy has spent the past 10 years benchmarking the performance of software solutions in the context of the business benefits of technology. In 2011 Cindy founded Mint Jutras LLC (www.mintjutras.com), specializing in analyzing and communicating the business value enterprise applications bring to the enterprise.*