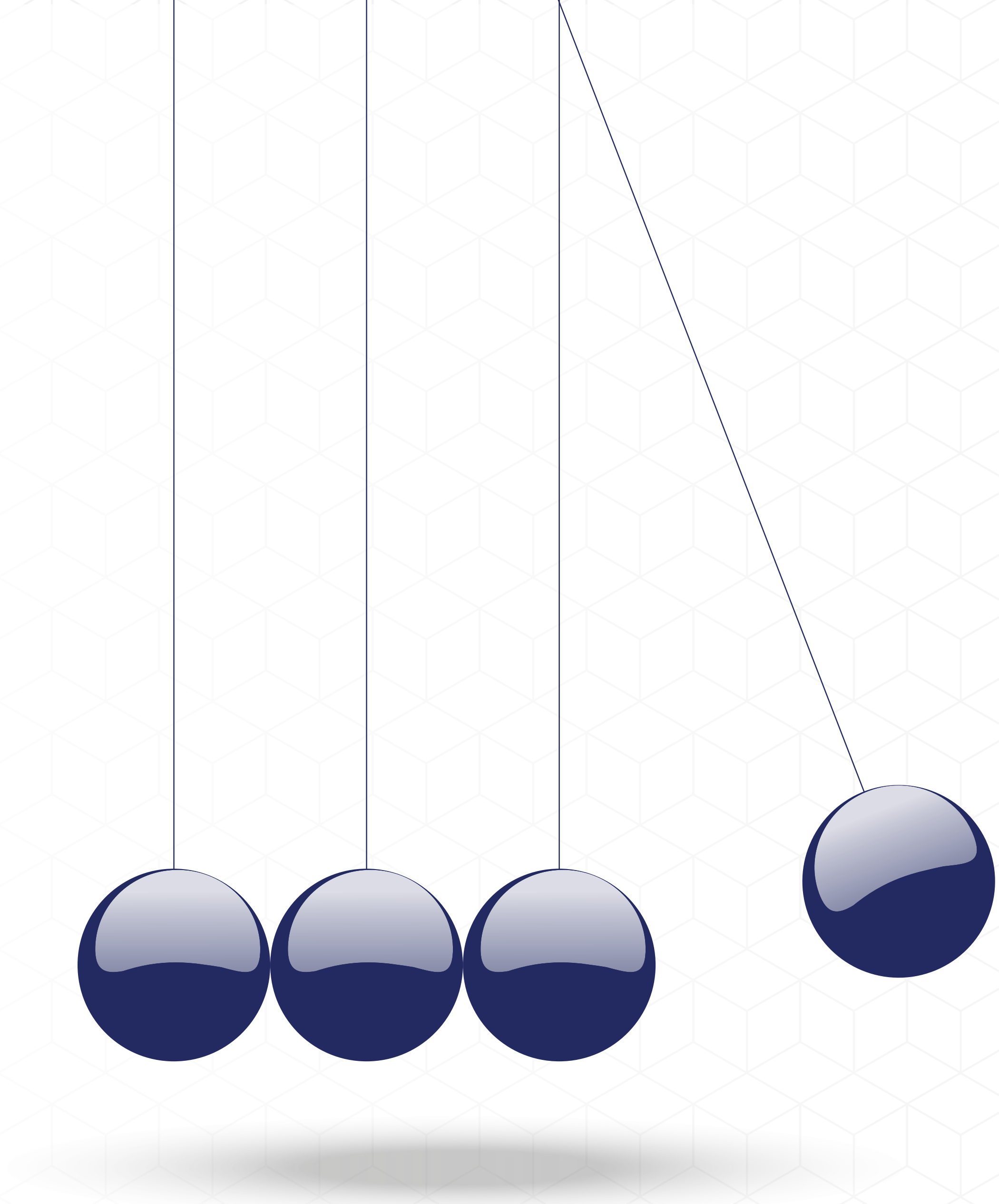
The bottom line: Rolling forecasts

Enabling better business agility through rolling forecasts

The rolling forecast concept is where key business drivers are predicted on a continual basis. It can provide an advantageous approach to budgeting—with some businesses using a rolling forecast to replace the traditional annual budget entirely.

Rolling forecasts differ from traditional planning approaches in that traditional approaches merely provide periodic updates against the annual budget and are associated with a specific fiscal year. In the practice of rolling forecasts, there is no set fiscal year.



Anaplan

How do rolling forecasts work?

A rolling forecast looks different for every organization even though its high-level concept is simple. Think about a company that budgets four quarters in every year. A traditional budgeting process accounts for the fixed amount of quarters (in this case, four) and the end of the budgeting period (the year) remains the same as each quarter concludes.

A rolling forecast also accommodates the same amount of quarters. As one quarter concludes, a new quarter is added into the budgeting process, even if it is considered part of the next fiscal year. The forecasting process becomes a continuous cycle as it rolls into new time ranges.

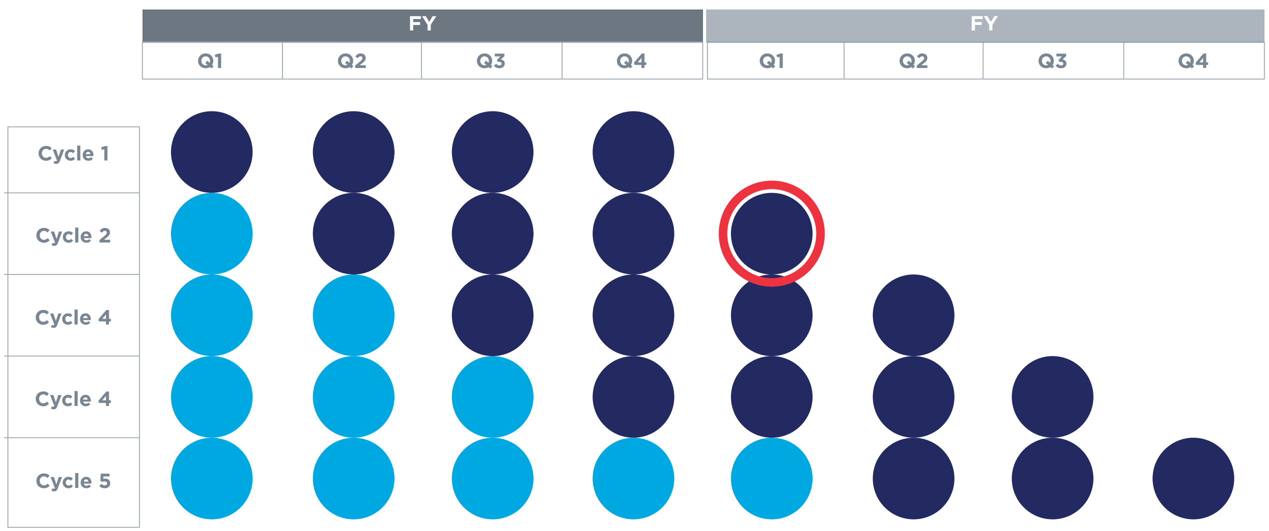
The objective of a rolling forecast is to better foresee risks and opportunities presented by dynamic business environments without the artificial stops and starts. Compared to traditional approaches, a rolling forecast can provide organizations with greater visibility into the future, which can support more informed and proactive decision-making.

Rolling forecasts also require that businesses revisit their strategy throughout the year to continually align resources and activities, which can help them become more adaptive and supported as they focus on steering business performance.

The anatomy of a rolling forecast

In the rolling forecast methodology, a new quarter (illustrated in dark blue) is added into the budgeting cycle at the conclusion of a preceding quarter (illustrated in light blue). The first quarter added in this example is shown circled in red below.

The image below shows how each cycle includes four cumulative quarters as it rolls into new time frames.



Anaplan

How can organizations implement a rolling forecast?

There is no one-size-fits-all application for implementing rolling forecasts. Every organization needs to develop a rolling forecast in conjunction with its own unique set of business drivers and dynamics. The following can provide a sensible approach that businesses can use to create and implement a rolling forecast in their organization.

> *The speed of Anaplan is just amazing—we can go in and update an assumption, and within seconds, have consolidated results Having the ability to have instant results is just phenomenal.*

Senior Director of FP&A, KinderCare Education

Best practices for implementing a rolling forecast

- Identify the end goal and start with that goal in mind.
  - Communicate goals to all stakeholders.
- Consider the time horizon and time increments needed.
  - Consider what time frame will best fit your organization. For example, a rolling forecast could accommodate four quarters or six quarters.
- Identify quantitative and non-quantitative elements.
  - Determine the high-value drivers that grow the business. These drivers should be key to consistent decision-making.
- Determine the stakeholders who need to contribute.
  - Not everyone needs to be a part of the process. Stakeholders who can contribute relevant, unbiased, and insightful intelligence should be included.
- Vet the key sources of data.
  - Ensure that data sources are correct, high quality, and respective of the modeling in place.
- Deploy the appropriate technologies and processes.
  - To support high-value initiatives, a robust technology, like Anaplan, must be in place.
- Establish scenario analysis and business sensitivity modeling.
  - Use technology that can support scenarios and model sensitivity in a timely manner.
- Track performance to the rolling forecast.

How does technology support this approach?

With a Connected Planning platform, businesses can easily develop and implement an effective rolling forecast approach. In doing so, they can improve the accuracy of budget allocations, in addition to bolstering efficiency, flexibility, and business agility.

Cloud-based solutions, such as the Anaplan platform, can enable, support, and implement successful rolling forecasts by providing organizations with:

- Financial and operational data in one central repository for collaborating with users responsible for other markets, production plants, and business functions
- Self-service modeling that allows businesses to evaluate market opportunities and execute confident strategies
- Integrated modeling, reporting, and analysis capabilities for increased speed and agility
- A cloud-native platform that requires minimal IT support
- Fast implementation for accelerated time-to-value
- An exclusive App Hub that provides access to industry best practices, models, and inspiration

The benefits of a rolling forecast

A rolling forecast can provide organizations with improved flexibility, agility, and a more effective approach to budgeting and planning.

As markets grow even more dynamic and volatile, organizations can look to improving the planning processes to operate with greater agility. By developing a more effective budgeting process through the implementation of rolling forecasts, organizations can improve flexibility and gain access to continuous data insights that can help steer better business performance.

About Anaplan

Anaplan is the leader in Connected Planning. Our purpose-built software—powered by our patented Hyperblock engine—enables dynamic, collaborative, and intelligent planning. Large and fast-growing companies worldwide use our solutions to connect the people and data required for trusted plans and accelerated decisions essential to leading in their markets.

To learn more, visit anaplan.com

Anaplan