



Hitting Key Milestones in your FP&A Journey

Liran Edelist, Ph.D.

Craig Schiff

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Q&A

Asking Questions



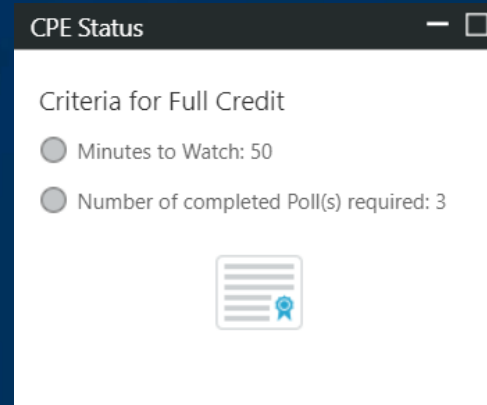
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Featured Presenter

Liran Edelist, Ph.D.
President
Jedox



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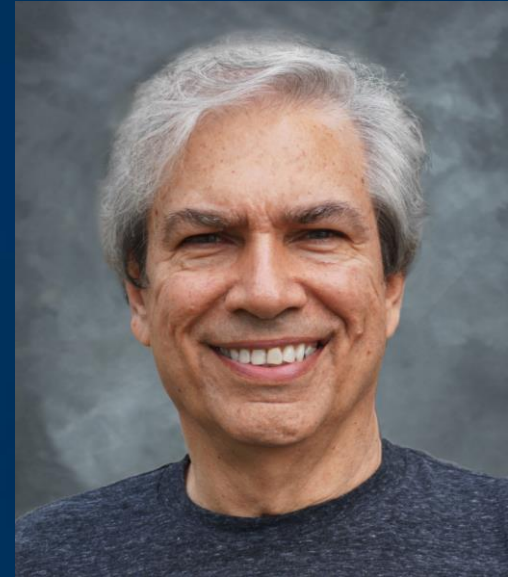


Liran Edelist's Biography

- Dr. Liran Edelist is the President of Jedox Inc. a leading global provider of EPM solutions. He has over 20 years of first-hand experience with financial and strategic planning technologies in both the public and private sectors.
- Dr. Edelist is also an experienced lecturer (visiting professor) at various academic and professional institutes. He holds a Ph.D. in Business Administration with a concentration in consulting and Information Systems.

Featured Presenter

Craig Schiff
CEO
BPM Partners



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Craig Schiff's Biography

- Craig Schiff is CEO of BPM Partners, a vendor-neutral advisory services firm that helps clients address their performance management challenges with a comprehensive, rapid and cost-effective methodology. He was a founding member of Hyperion (which is now part of Oracle) and spent 16 years as SVP of its Products & Services group. More recently he was co-founder and CEO of OutlookSoft (now part of SAP).
- Mr. Schiff was a founding member of the BPM Standards Group and is a recipient of the Ernst & Young Entrepreneur of the Year Award. He has spent 30+ years focused on budgeting, forecasting, consolidation, reporting and analytics. He has contributed his expertise to CFO Magazine, American Productivity & Quality Center, Association for Financial Professionals, Financial Executives International, Institute of Management Accountants, IndustryWeek, TechTarget, Information Management, TDWI and other leading finance and technology focused publications and conferences.

Learning Objectives

1. Discuss the strategic demands on the finance office and the opportunities to increase performance.
2. Identify where your organization's FP&A processes (forecasting, frequency, modeling, budgeting, etc.) stand now vs. where you should be in 2022 and proactively plan for the next steps.
3. Recognize the key metrics to focus on when reviewing and rethinking your FP&A processes.
4. Give examples of how to take advantage of and factor predictive capabilities into your processes and systems.

Agenda

1. Demands on the Office of Finance
2. Planning and Forecasting Journey
3. Reporting and Analysis Journey
4. Focus and Technology Journey
5. Results of Making the Journey
6. Recommendations



Demands on the Office of Finance: Drivers of the FP&A Journey

BPM Pulse Demographics

Responses

457

Company Size

Small

7%

Midmarket

63%

Large / Enterprise

30%

Industries

Financial services, manufacturing, healthcare, higher education, not for profit, construction, government

Geography

North America

83%

Europe

14%

Business Area

Finance

58%

Senior Executive

15%

IT

12%

Performance Management
Research Study Results

BPM PULSE 2021



Date: April/May 2021

Challenges



Budgeting, Planning & Forecasting

- A budgeting process that takes too much time and effort for too little return
- Not enough end-user participation resulting in limited buy-in
- The need to increase re-forecast frequency and accuracy



Financial Consolidation, Reporting & GRC

- Companies still striving to attain 'one version of the truth'
- Users unable to easily produce their own ad-hoc reports and analysis
- Monthly close that takes too long
- The need to address changing regulatory requirements



Profit Optimization & Operational Analytics

- Difficulty in determining true profitability of products, services, regions, business units
- Departments that need to prioritize and focus on areas of greatest potential return
- The need to identify areas for cost-savings and understand full impact



Strategic Dashboards & Scorecards

- The ongoing struggle to achieve strategic alignment across the organization
- Employees focused on the wrong things
- The ability to be ready to act when key measures are significantly off target

Finance Transformation

Business:

The process of transitioning from static Finance-focused planning and reporting to dynamic and comprehensive planning, reporting and analysis.

Technology:

The replacement of legacy systems that constrain Finance with modern performance management systems that empower Finance.

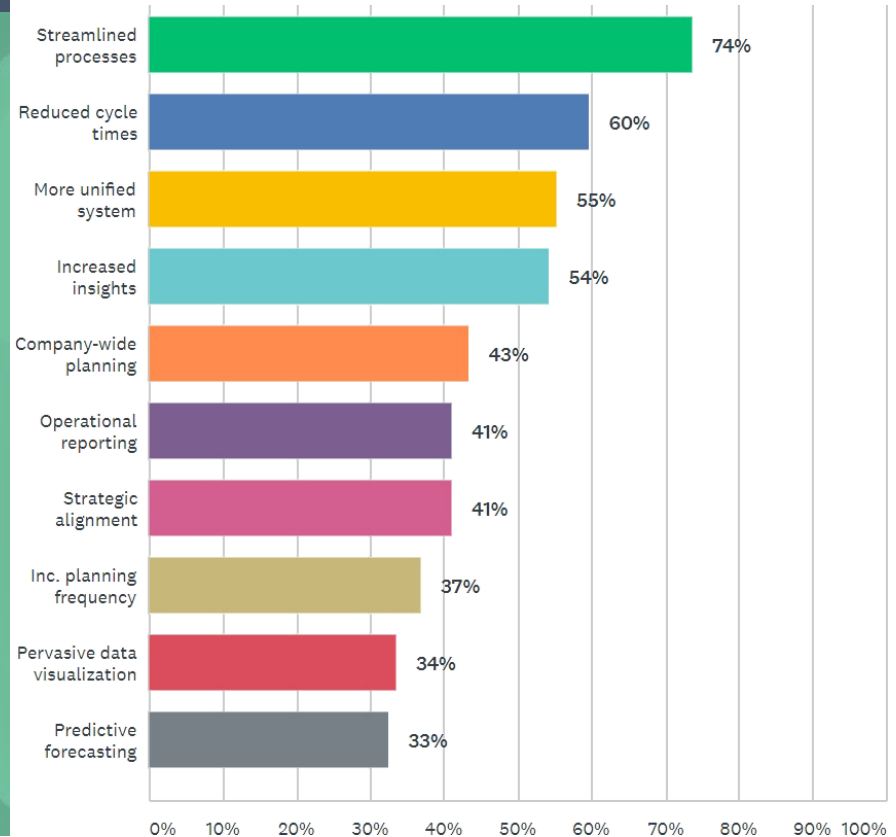
Finance Transformation

Question:

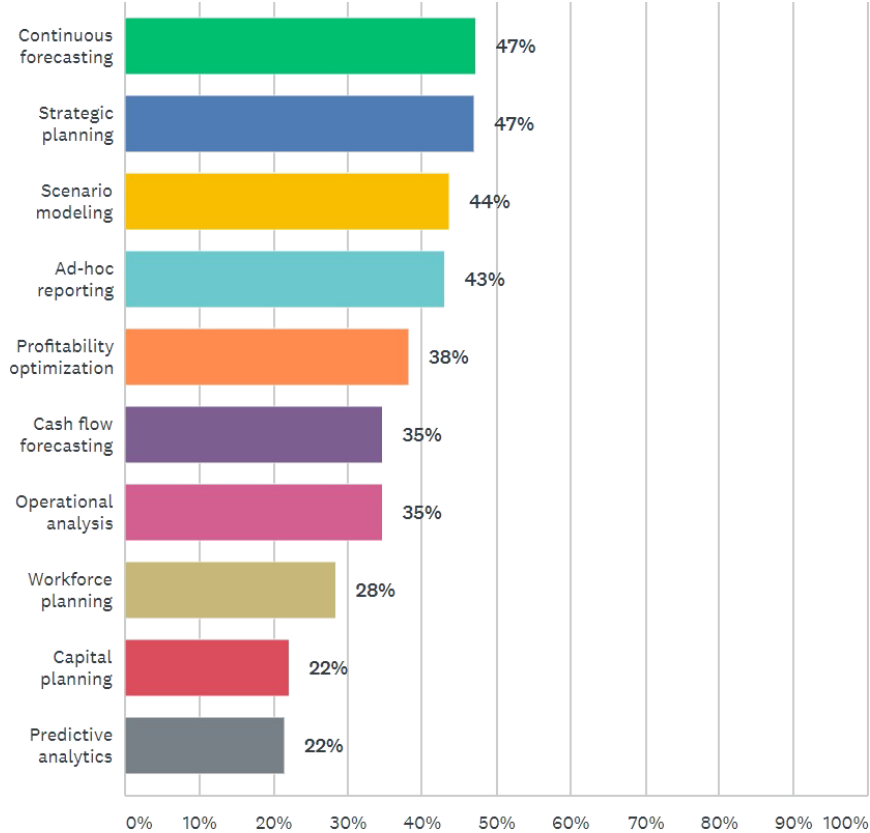
What are the key focus areas of your Finance Transformation project?

This further illustrates the challenges the Office of Finance faces. The need to:

- Streamline and automate manual processes
- Shorten cycles and increase responsiveness
- Collect, unify, and analyze company-wide data
- Enhance accuracy and accessibility of information



Source: BPM Partners 2021 BPM Pulse Survey



Source: BPM Partners 2021 BPM Pulse Survey

Pandemic Challenges

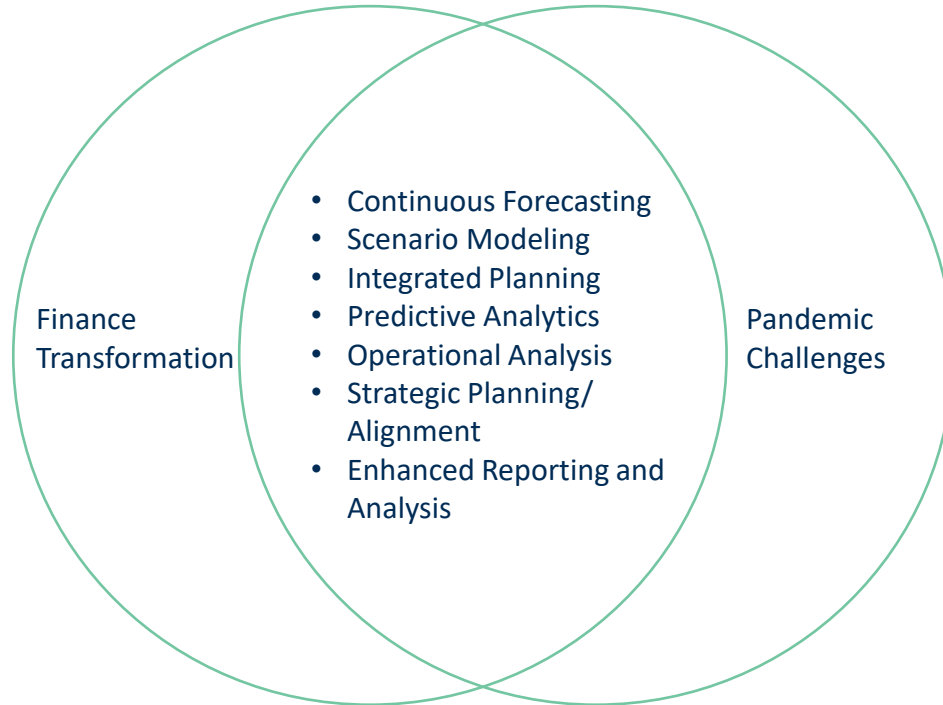
Question:

What capabilities are most important for the next 12 months?

New challenges include the need for:

- More frequent and agile forecasting
- A focus on profitability
- Better cash forecasting
- Enhanced resource management

Intersection of Needs



Poll Question 1:

What is your greatest need currently?

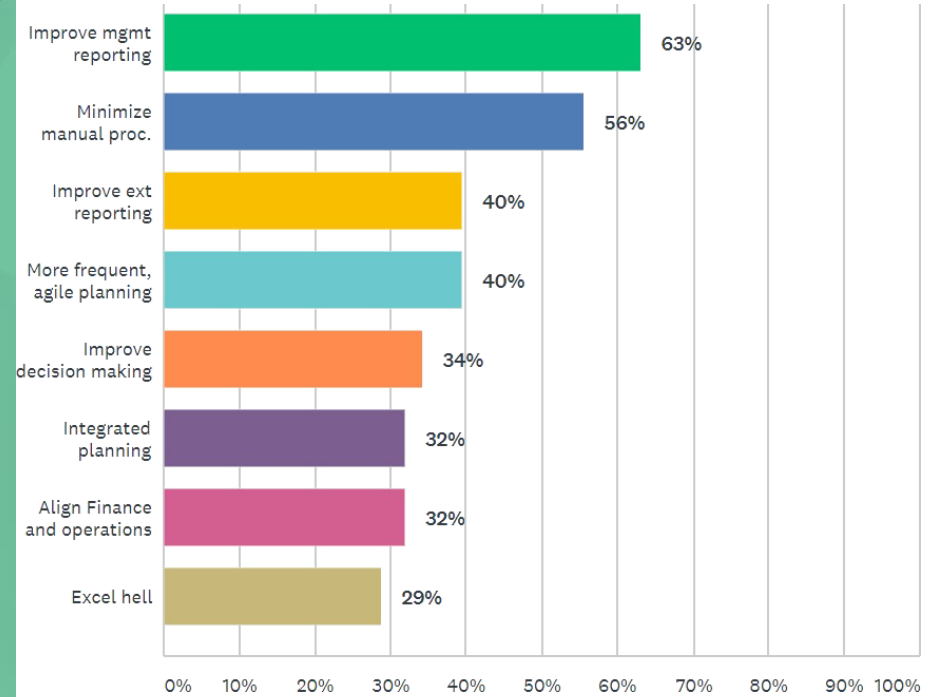
- a. Better reporting and analysis
- b. More frequent forecasting
- c. Automation of manual processes
- d. Something else

Poll Question 1 Results: (Placeholder)

Primary Drivers

Question:

What are the main reasons you have initiated a performance management/FP&A project?



Source: BPM Partners 2021 BPM Pulse Survey

The Planning and Forecasting Journey

Steps on the Planning and Forecasting Journey

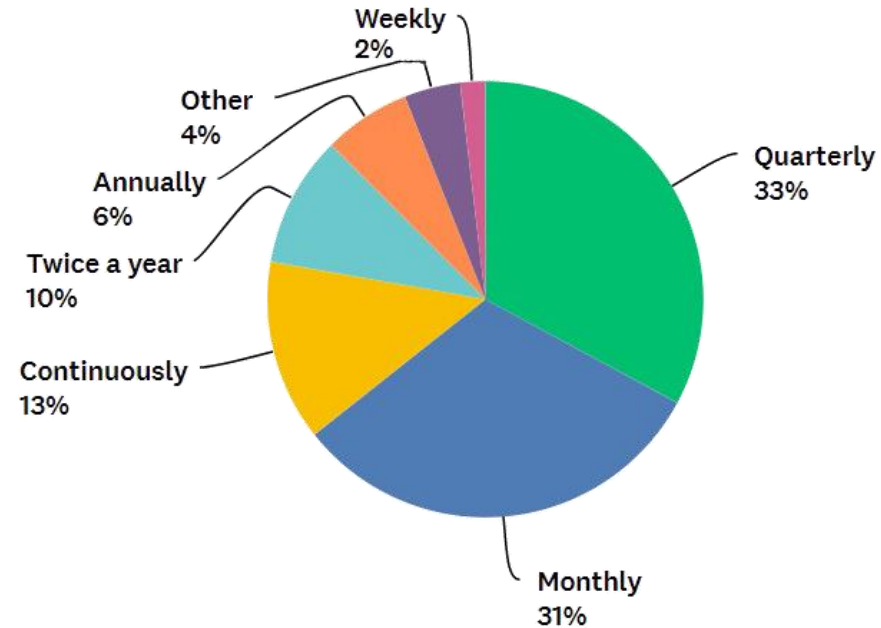
Item	Starting Status	First Step	Next Step	Goal
Forecasting Frequency:	Annual, Semi-annual	Quarterly, Monthly	Rolling Forecast	Continuous
<i>Benefit: Greater agility, decisions based on most current conditions</i>				
Forecasting Methodology:	Direct Entry	Driver-based Modeling	Scenario Modeling	Predictive Forecasting
<i>Benefit: Enhanced probability of forecast coming to pass</i>				

Forecasting Frequency

Question:

How often do you forecast?

- 16% are at the starting gate
- 64% are at the monthly/quarterly step on the journey
- Only 13% have reached the goal of continuous



Source: BPM Partners 2021 BPM Pulse Survey

Predictive Analytics

What it is:

Predictive analytics leverages statistical methods coupled with machine learning/deep learning capabilities to determine the likelihood of a future outcome based on historical data, for example the probability of a particular forecast being accurate, it can also be used to generate the forecast itself and select the best drivers

Benefit:

Greater accuracy



Predictive Analytics & AI – Example

Business Assumption / Goal Setting

We want to increase our “Loca drinks” revenue by 10% from 100M to 110M

Simple Predictive

Our predictive algorithms (AI, ML) predicts revenue stream to grow only by 8% to 108M

Driver-Based

We will reduce our avg. price by 2% and will be able to sell 15% more units → Revenue 112.7M (lower Profitability)

Advanced

Our predictive tools will allow us to optimize price based on short-term demand prediction
We will be able to still sell 15% more with a lower price reduction → Higher profitability & Revenue

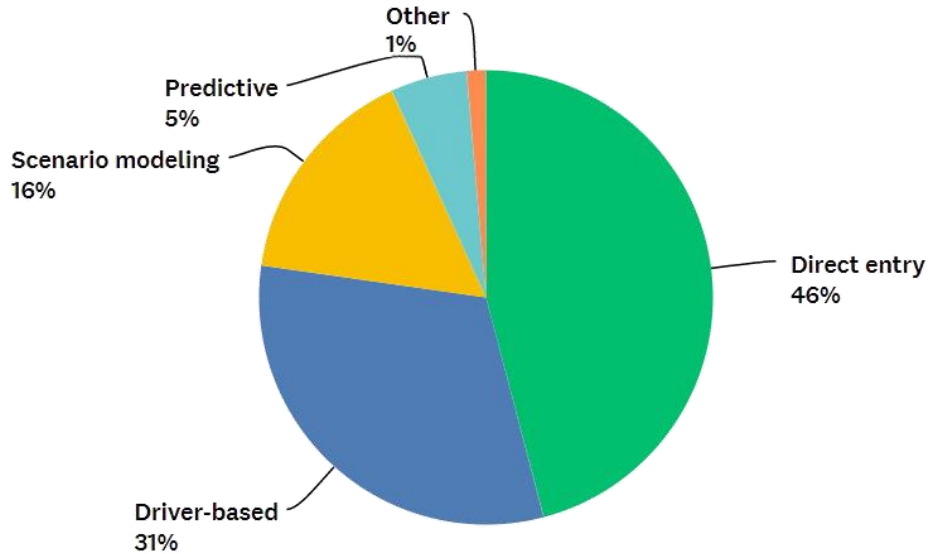
Poll Question 2:

How do you primarily create your forecasts today?

- a. Direct Entry
- b. Modeling (Driver-based or Scenario)
- c. Predictive Analytics/Forecasting

Poll Question 2 Results: (Placeholder)

Forecasting Methodology and Accuracy



Method	Accuracy (out of 100)
Direct Entry	70
Driver-based Modeling	74
Scenario Modeling	76
Predictive Analytics	82

Source: BPM Partners 2021 BPM Pulse Survey

The Reporting and Analytics Journey

Steps on the Reporting and Analytics Journey

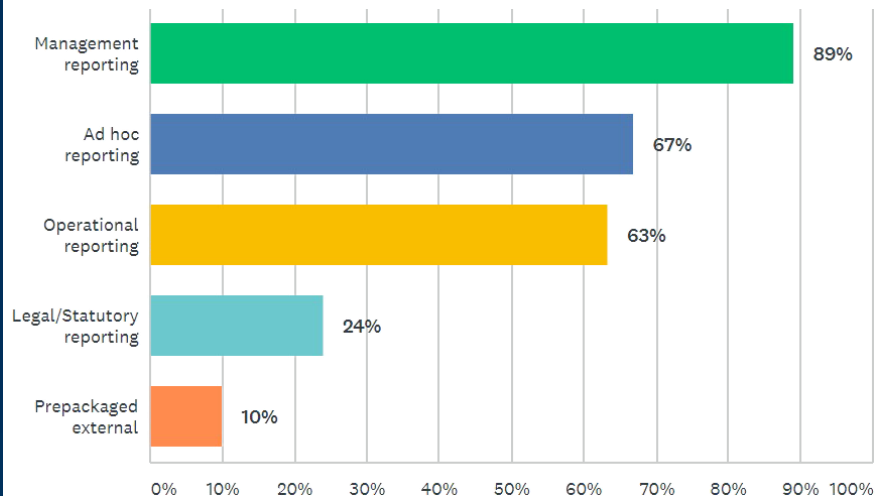
Item	Starting Status	First Step	Next Step	Goal
Reports:	Financial Statements (production)	Financial Reports (ad hoc)	Operational Analysis (with profitability)	Scorecards (KPIs)
<i>Benefit: Level of detail and focus that enables more precise decision-making, particularly investments, facilitates strategic alignment</i>				
Presentation:	Numbers	Dashboards	Pervasive Data Visualization	Analytics
<i>Benefit: Visual data highlights trends and challenges, more intuitive for more users, analytics offer additional insight</i>				

Reporting Focus

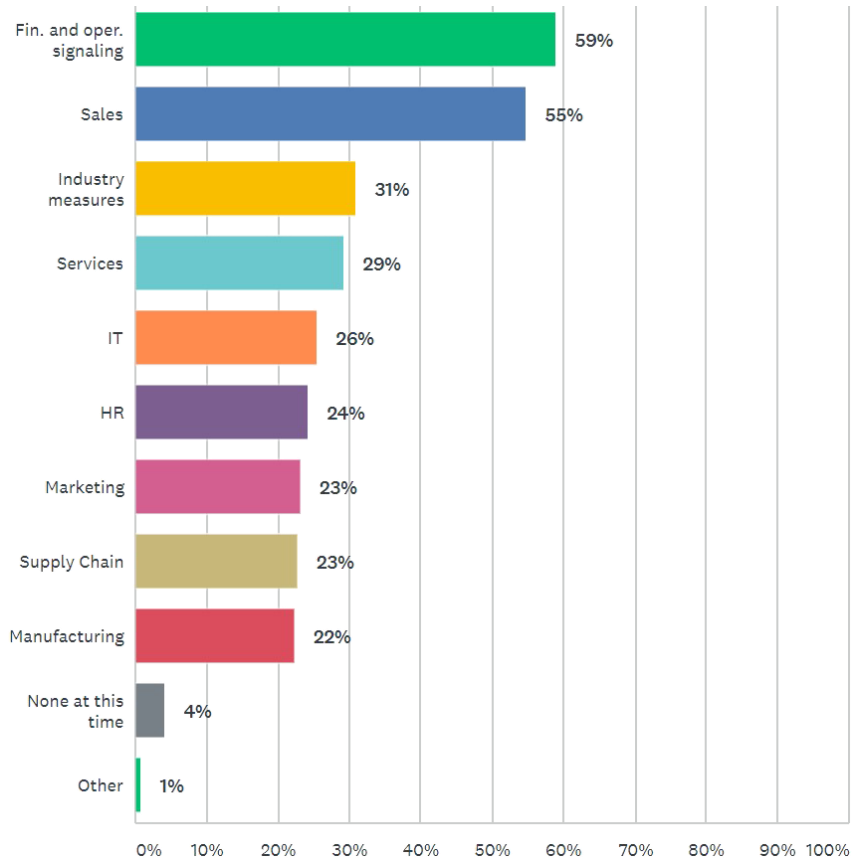
Question:

Which type of reporting is important in a performance management system?

- Management reporting was a primary driver and its importance ranking here is consistent
- The interest in ad hoc and operational reporting has been growing rapidly
- While statutory reporting is very important to some, it is not a priority for FP&A groups primarily focused on budgeting and planning



Source: BPM Partners 2021 BPM Pulse Survey



Source: BPM Partners 2021 BPM Pulse Survey

Operational Focus

Question:

Which areas are you focused on for operational analysis?

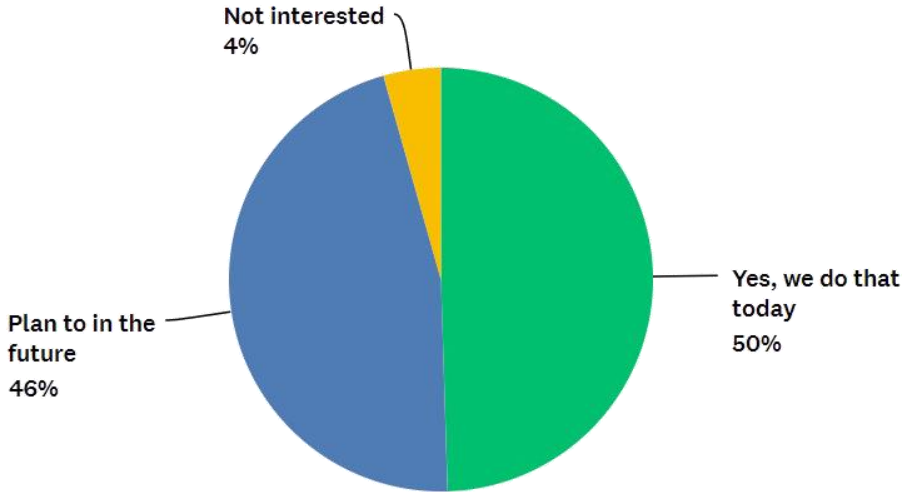
- Financial/operational signaling is new to the list this year
- Sales, or more specifically sales performance management, is usually the first area outside of Finance to be focused on
- Only 4% are not interested in operational analysis at present

KPIs

Question:

Do you populate your dashboards with key performance indicators?

- Only 50% answering yes is surprising since that is a key element of a performance management system
- Balanced scorecards have fallen out of favor, but focusing on a set of key metrics is still important
- Most dashboards today are populated with standard financial ratios



Source: BPM Partners 2021 BPM Pulse Survey

Poll Question 3:

Which type of data visualization/analytics is most important to you?

- a. Performance Dashboards
- b. Simple Charts and Graphs
- c. True Analytics (Descriptive, Predictive, Prescriptive)

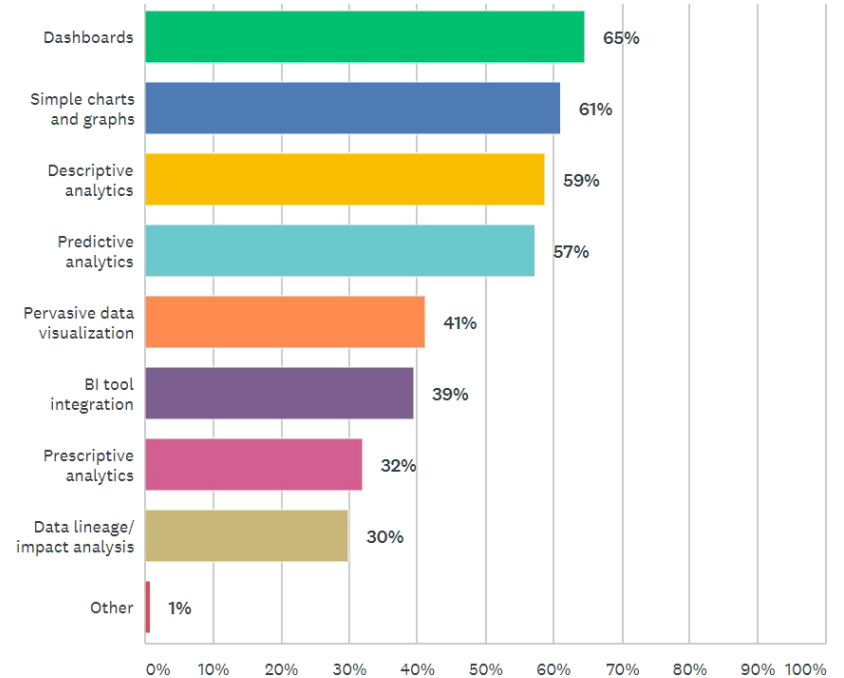
Poll Question 3 Results: (Placeholder)

Analytics

Question:

Which analytics capabilities are important to you in a performance management system?

- Dashboards top the list, but many are also satisfied with more simplistic charting capabilities
- True analytics rank high
- Prescriptive analytics and data lineage are just beginning to generate interest
- This confirms that the term analytics is used broadly for a wide variety of capabilities



Source: BPM Partners 2021 BPM Pulse Survey

The Focus and Technology Journey

Steps on the Focus and Technology Journey

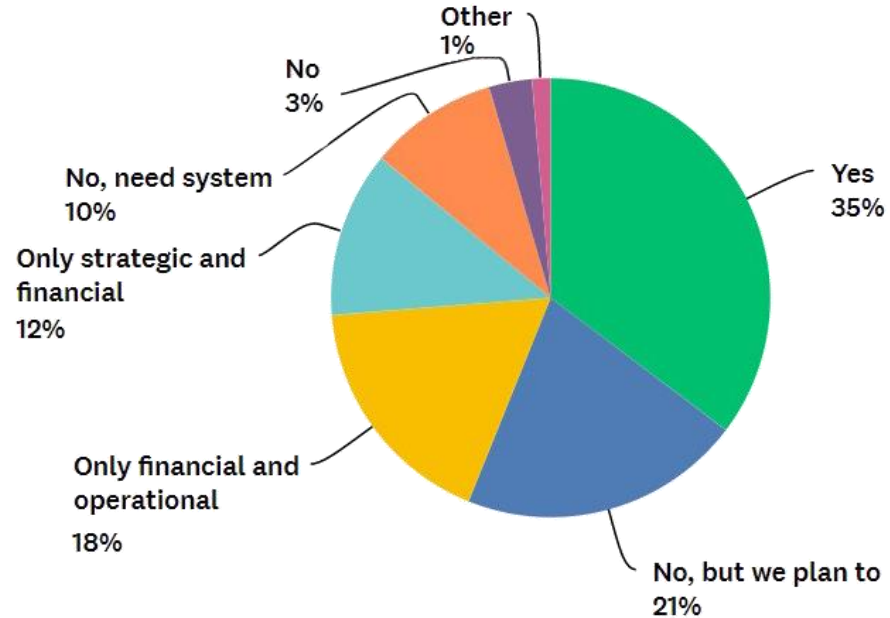
Item	Starting Status	First Step	Next Step	Goal
Focus:	Financial	Operational	Strategic	Integrated
<i>Benefit: Provides a holistic view of the business, supports financial/operational signaling, delivers on the vision of performance management</i>				
Technology	Manual, ERP, In-House Developed	Spreadsheets	Legacy On-Premise BPM	Modern Cloud-based BPM w/AI
<i>Benefit: Enables and supports all the other Journey elements</i>				

Focus

Question:

Are Strategic, Financial, and Operational plans linked?

- 53% in total have linked Financial and Operational plans
- 47% in total have linked Financial and Strategic
- Only 35% have achieved the key goal of performance management



Source: BPM Partners 2021 BPM Pulse Survey

Poll Question 4:

What technology are you using to support your FP&A processes today?

- a. Spreadsheets primarily
- b. On-premise performance management or other legacy systems
- c. Modern cloud-based performance management

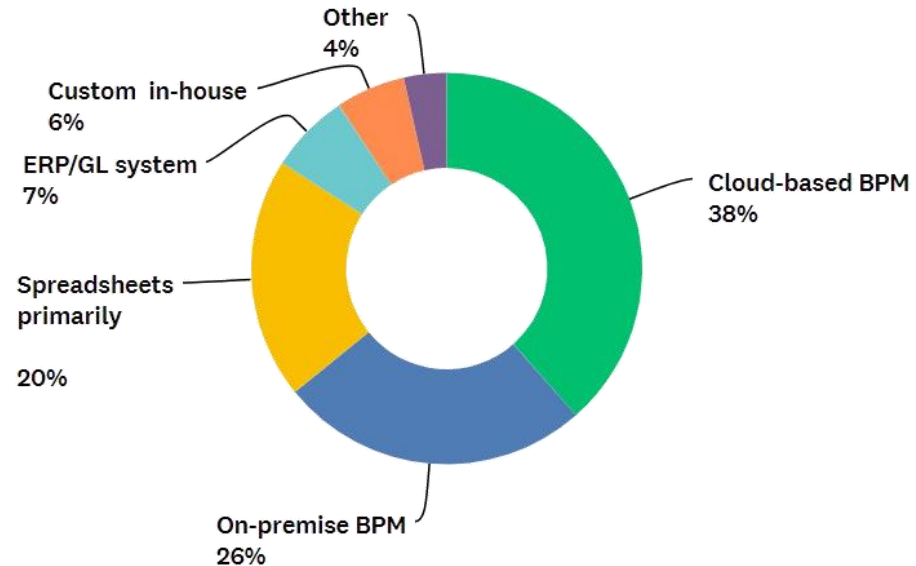
Poll Question 4 Results: (Placeholder)

Current FP&A System

Question:

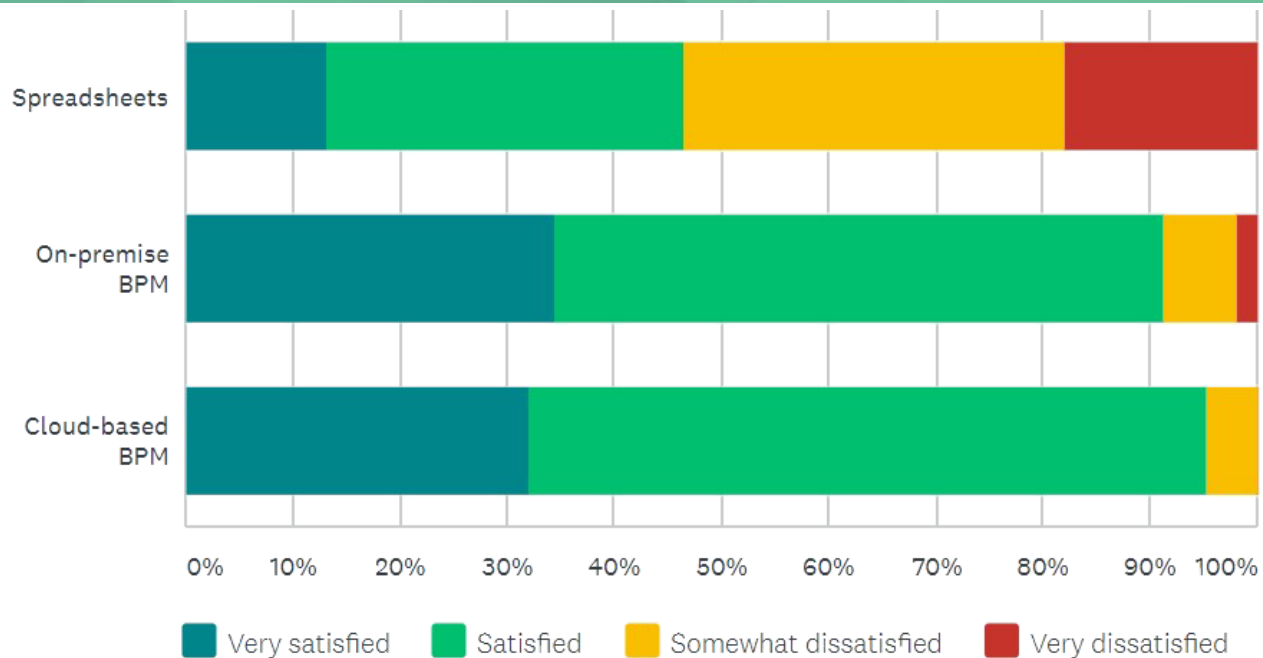
What are you currently using as your budgeting and planning system?

- 64% are using a performance management FP&A solution
- The majority are now on a cloud version
- 20% (probably more) primarily use spreadsheets



Source: BPM Partners 2021 BPM Pulse Survey

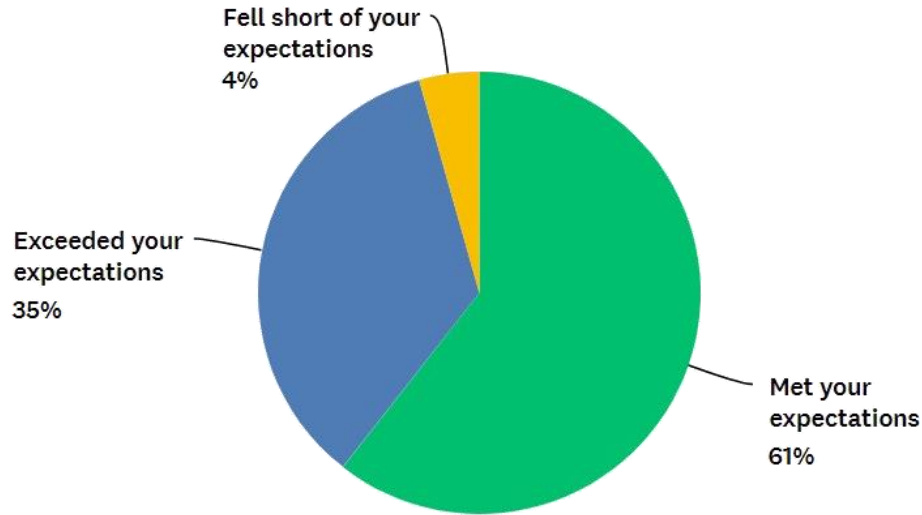
Budgeting and Planning Satisfaction



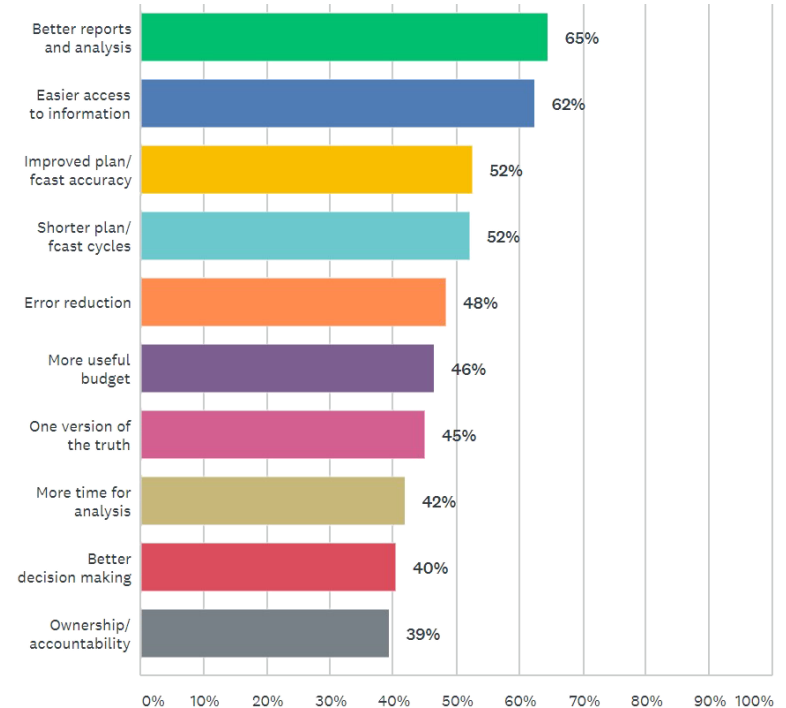
Source: BPM Partners 2021 BPM Pulse Survey

Results and Recommendations

Performance Management Project Results



Source: BPM Partners 2021 BPM Pulse Survey

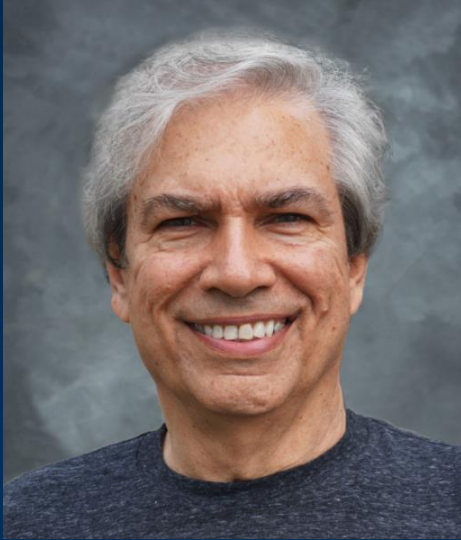


Recommendations: The Way Forward

1. Assess where you are on the FP&A Journey for each major element
2. Assemble a cross-functional team (Finance, IT, Operations, Senior Management) to Identify and prioritize which steps need to be taken next – document in a multi-year roadmap
3. Review and optimize the processes and related organizational structures in those key areas
4. Identify requirements for the technology to support your desired state in each area (including future roadmap elements)
5. Select a modern, cloud-based performance management FP&A solution with AI that can best meet those requirements
6. Implement in phases

BPM Partners
Recommends

Questions and Answers



Craig Schiff
CEO
BPM Partners

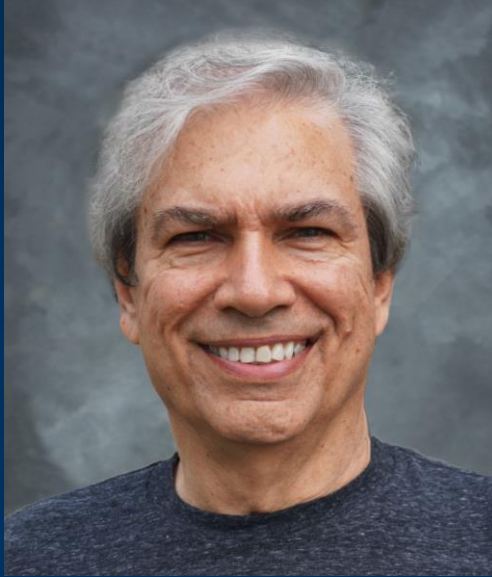


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Thank You to Our Featured Presenters!



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