

Top Trends in Budgeting, Planning and Forecasting

“ The days of manual, spreadsheet-based Budgeting, Planning and Forecasting processes are numbered. As leading organizations seek new ways to supercharge their BPF processes, we take a look at nine key trends which are shaping the future of the field, including AI, real-time collaborative decision-making and the inclusion of non-financial data in forecasting activities. ”



1 PLATFORMS ARE THE WAY FORWARD FOR BUSINESSES

The concept of platforms is common amongst the most disruptive and successful companies, and this trend will continue to change the world during 2019.

Platforms create value by integrating technologies, thereby eliminating inefficiencies and providing a foundation for new solutions that were not practical with unintegrated technologies.

This is also true for Budgeting, Planning and Forecasting processes. The growing need for more flexible, end-user driven financial planning and modeling capabilities, able to offer more precise and accurate forecasting and simulation, requires a next generation approach to business thinking.

Combining analysis, reporting, planning and simulation in a single interactive environment, Decision-Making Platforms like BOARD are at the forefront of this transformation, connecting finance and operations by aligning the organizational need for governed planning and analysis processes with the needs of business users for quick and effective access to information. In a nutshell, that means bridging the gap between BI and Enterprise Performance Management.

“ Platforms have given rise to businesses like Airbnb, Uber and Amazon, and are also the foundation of what Facebook and Twitter do. However, platforms offer growth opportunities across all kinds of businesses, industries and sectors. ”

Bernard Marr

9 Technology Mega Trends That Will Change The World In 2018, Forbes 2017.

“ By 2020, at least 25% of large organizations will increase planning accuracy by integrating key operational planning processes with financial planning and analysis. ”

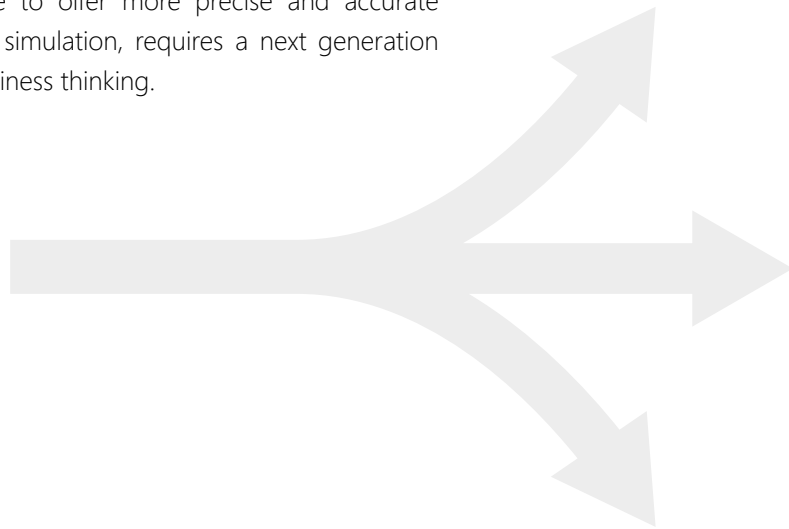
Gartner

Predicts 2018: SaaS Financial Management Applications Increase Integration, Automation and Sophistication, November 2017, p.2.

The future of Budgeting, Planning and Forecasting processes lies in the concept of a unified decision-making platform.

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2 INSIGHT-DRIVEN ORGANIZATIONS

Increasing numbers of companies are making substantial changes to their BP&F processes to generate better insight. Senior finance executives are taking heed of this evolution, since it is a fundamental way to improve the finance function and to distinguish FP&A from the accounting function.

Integrating BI with EPM and Advanced Analytics allows organizations to promote insightful planning and reveal unexpected pathways that lead to better business performance.

From reporting to discovery to prediction and planning, BOARD empowers organizations with a comprehensive set of functionalities designed to appeal to every type of business user. As an all-in-one decision-making platform, BOARD provides a single version of truth that keeps users aligned with common data sets, definitions, KPIs, metrics and objectives. In a nutshell, one of the main focuses for leading organizations will be achieving more meaningful insights to become increasingly insight-driven.



“ 71% of organizations intend to separate their FP&A function at some point. FP&A will increasingly become a separate discipline from the accounting function. ”

FSN

The Future of Planning, Budgeting and Forecasting, Global Survey 2017, p.12.

“ Volkswagen Mexico’s Office of Finance reports that the tremendous improvement in processes, accuracy and visibility in the finance strategy, combined with cost savings and improved accuracy of their premise data for planning, has reaped an increase in efficiencies from 57% to 91% since they implemented BOARD in February 2015. ”

Volkswagen Mexico

Office of Finance

In every company there is a hidden treasure trove of information that can be transformed into actionable insights.

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STANDARDIZATION AND AUTOMATION

Standardization and automation are among the fundamental cornerstones on which organizations will direct their technology efforts. Budgeting, planning and forecasting processes are at the center of this trend.

As FSN highlights – “standardization is the confluence of many individual physical and logical layers of computing. [...] Standardization lays the foundation for everything else, by releasing swathes of time, buying the breathing space that the finance function needs to make better decisions”; and that can be extended to any planning needs, beyond the Office of Finance. Indeed, **standardizing and automating even simple tasks has proven to be an effective place to start improving productivity and this trend will continue in the coming years, involving more complex tasks.**

A modern Decision-Making Platform like BOARD **allows for effective standardization and automation** thanks to:

- **A unified environment for BI & CPM with one definition of metadata** (e.g. hierarchies, account codes, time periods, currencies, etc.) shared by all applications, which ensures consistent data definitions and reporting
- **A common user experience across all the applications**
- **Data transparency across the entire decision-making process**, including different departments, hierarchical levels and information systems
- The ability to create business rules to **automatically manage consolidation, allocation, initialization and data flow processes**
- **Data Integration and Federation Capability**
- **Seamless integration across different planning applications**
- **Automatic data feeding and processing**

“ *BOARD has made everything much more orderly because it has allowed us to carry out analysis, planning and simulations within a single environment that has a single consistent logic, based on common algorithms. This lets us manage and compare data in the same way for the whole group. The weekly or monthly report that ends up on the Managing Director’s desk is formulated with the same methods as the report used by the director of each health facility or hospital.* ”

Giuseppe Motta

Director of Planning & Management Control at Kos Group

Organizations increasingly need to integrate financial and operational planning processes in a single end-to-end platform, linking strategy-level planning with their day-to-day, field level outcomes.

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4 ALGORITHMS IN THE SERVICE OF BUSINESS

The more computation capabilities of machines increase and Artificial Intelligence evolves, the more the interaction between people and technological solutions becomes natural and immediate. This holds true not only in everyday life, where we usually talk to our private devices – e.g. by means of Siri, Alexa or Google Assistant – but also in many business situations where AI and Machine learning are becoming a reality.

Although their application within planning, budgeting and forecasting is still relatively nascent, organizations in almost any industry are increasingly aware of the benefits from machine learning and AI in planning and analytics. On the one hand, AI solutions revolutionize the way in which any business user will interact with systems, making analysis and reporting more like a human interaction and requiring less customization.

On the other hand, machine learning helps decision-makers to minimize the substantial amount of bias that is usually introduced into the forecasting processes by gut feelings or innate preferences.

However, **to make AI and machine learning really effective, leading companies are addressing their efforts to achieve a consistent and complete view of the entire organization.**

Many senior managers and top executives are expecting

what Gartner calls **“intelligence for everyone.”** According to Gartner, is the democratization of information applies great pressure on data management platforms to support a range of data types and latencies post-big data (Predicts 2018: What Providers of Data and Analytics Offerings Need to Know, November 2017, p.1).

BOARD has been pioneering in bringing businesses into the era of the “democratization” of intelligence and advanced analytics, and it will go further during 2019.

Through an innovative algorithmic engine, specifically designed for business, BOARD offers users all the power of the most advanced statistical techniques without the need to physically develop, test and select the analytical models. Indeed, a business user with a basic knowledge of common statistical concepts will be able to quickly produce comprehensive forecasts, create clusters and use analytical functions, without relying on a data scientist.

BOARD empowers decision-makers and top executives with data-driven outcomes, simulation and predictive modelling, rather than indiscriminately replacing their business intuitions.

“ The way we interact with technology has changed dramatically in recent years – and is still changing. We are talking to our devices, using voice searches via Siri and the like. *Estimates suggest that, by 2020, 50% of all searches will be voice searches.* ”

Bernard Marr

9 Technology Mega Trends That Will Change The World In 2018, Forbes 2017.

“ Mathematically-driven financial planning scenarios that leverage AI and advanced mathematical formulas will soon be used far more commonly than they are now. In the near future, these capabilities will be *embedded into finance applications to increase plan accuracy.* ”

They’ll leverage expanded datasets to create a range of outcomes that are mathematically derived and probabilistic, as opposed to current methods that rely wholly on consolidating multiple, unrelated business forecast assumptions. ”

Gartner

Predicts 2018: SaaS Financial Management Applications Increase Integration, Automation and Sophistication, November 2017, p.2.



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5 INCREASING INCLUSION OF NON-FINANCIAL DATA

As noted by Gartner, **“in order to increase planning accuracy, there’s a growing tendency for corporate finance to include more granular operational data in their financial plans”** (Predicts 2018: SaaS Financial Management Applications Increase Integration, Automation and Sophistication, November 2017, p.6).

The reason, we believe, is quite simple: there is literally a treasure trove of relevant insight to be gained from operational data. Relying on unaligned spreadsheets, coming from different sources, is certainly not the best way to go in that direction.

Furthermore, to keep pace with the increasing inclusion of non-financial data in the processes of planning and forecasting, the inclusion of operational data alone is not enough. Indeed, without advanced analytical techniques, the included information won’t reveal its hidden insights.

BOARD can connect and integrate financial and non-financial data from disparate sources within a single unified interactive environment. Continuous monitoring and analysis of performance, with feedback into the plans, is key to creating and maintaining accurate plans and results.

This capability not only avoids all the Excel data plastering and data normalization workload required when using different point solutions, but also improves the ease, effectiveness and timeliness of decision-making.



“ 78% of organizations agree the key to forecasting more accurately is in the greater use of non-financial data. ”

FSN

The Future of Planning, Budgeting and Forecasting, Global Survey 2017, p. 20.

Companies are looking for ways to unleash the power of non-financial data to assess the best possible decision alternative, based on a 360-degree view of the organization.

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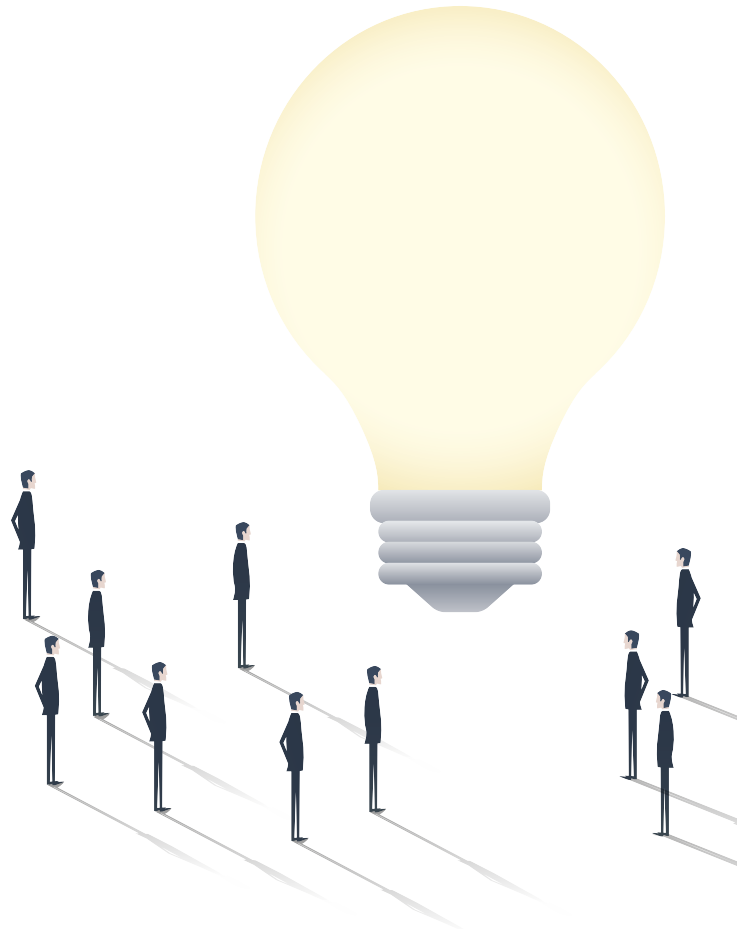
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6 INTELLIGENCE FOR EVERYONE

Senior executives and top managers are making self-service analysis and reporting a priority for 2019, in particular within financial planning, budgeting and forecasting. However, as CFO.com points out, "There is the need to combine self-service reporting capabilities with a unified, validated, consistent and always updated data repository". Self-service analytics and reporting, natural language search and other cognitive technologies are expected to transform the way business users interact with systems, making it much more like human communication and requiring less customization.

Thanks to BOARD, an individual user can take the company's enterprise reports, customize them, and use the end result to support his or her business objectives within the company— i.e., owning a personal version of the company's reporting.



“ 30% of our interactions with technology will be through “conversations” with smart machines.

Less than 10% of search installations will search only unstructured data, down from 40% today.

30% or more of enterprise search queries will start with a “what,” “who,” “how” or “when.” ”

Gartner

'Insight Engines' Will Power Enterprise Search That is Natural, Total and Proactive, April 2017, p.2

Self-service analytics and reporting, natural language search and other cognitive technologies will augment human decision-making ability.



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7 COLLABORATIVE REAL-TIME DECISION-MAKING PROCESS

Decision makers need to share and interact with information and with one another, in real-time.

Indeed, to ensure reliable planning processes, companies must share metrics and communicate goals effectively, establishing an enterprise-wide collaboration across the entire organization.

BOARD strongly enhances collaboration across decision-making processes by introducing the ability to work together on a shared analysis within a unified BI & EPM environment. It incorporates all the information required to support decisions, **including both structured and unstructured information, and can ensure the integrity and security of the underlying data.**

Virtual teams can instantly discuss their findings (e.g. by means of an embedded chat), explore new insights and make super-quick collaborative decisions based on a validated, up-to-date and holistic view of enterprise data.

BOARD allows organizations to move from a “push” concept, i.e. reports are sent by email, to a “pull” concept, where reports are located centrally and can be retrieved when needed.

“ *With BOARD, ZF has introduced a state-of-the-art reporting process that perfectly suits the dynamic nature of the business. Employees can view and assess reports on a tablet or a computer instead of on paper. The former push process, which saw departments send their reports by email, has become a pull process, with stakeholders being able to access centrally stored data at all times. Standardizing the design and content has made data faster and easier to compare.* ”

Armin Ohlinger

Head of Management Information Governance at ZF Group

Collaboration will be more effective if management plans are linked with downstream execution within a comprehensive environment that includes structured and unstructured data.



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8 MORE STAKEHOLDERS, BUT FASTER DECISIONS

*“Organizations increasingly struggle to straddle two painfully polarizing operating principles. **On the one hand, they desperately seek greater agility; on the other, they genuinely want to include all the right stakeholders in their processes.** Including more people, alas, typically increases coordination costs and response times. **But, almost paradoxically, greater organizational agility requires greater responsiveness and improved coordination**”.*

In this way, Michael Schrage (Harvard Business Review) effectively explains one of the most important challenges for organizations in the near future.

BOARD can solve such a puzzle by combining different data from disparate sources in a single platform, providing a baseline that allows a more effective collaboration, . Thanks to the integrated workflow automation, planning steps can be easily created and correlated to approval cycles, accurately reflecting the logic behind the processes. The possibility to flexibly define workgroups completes the picture, enhancing agility for business users, whilst ensuring the full control of any decision-making process.



“ 76% of respondents recognized the importance of connecting with more stakeholders from outside of the finance function to improve the accuracy of forecasts. ”

FSN

The Future of Planning, Budgeting and Forecasting, Global Survey 2017, p. 20.

The ability to make shared, fast, real-time decisions will be cultivated into a core competency to keep pace with an increasing set of players involved in the business.

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MOVING FP&A INTO THE CLOUD

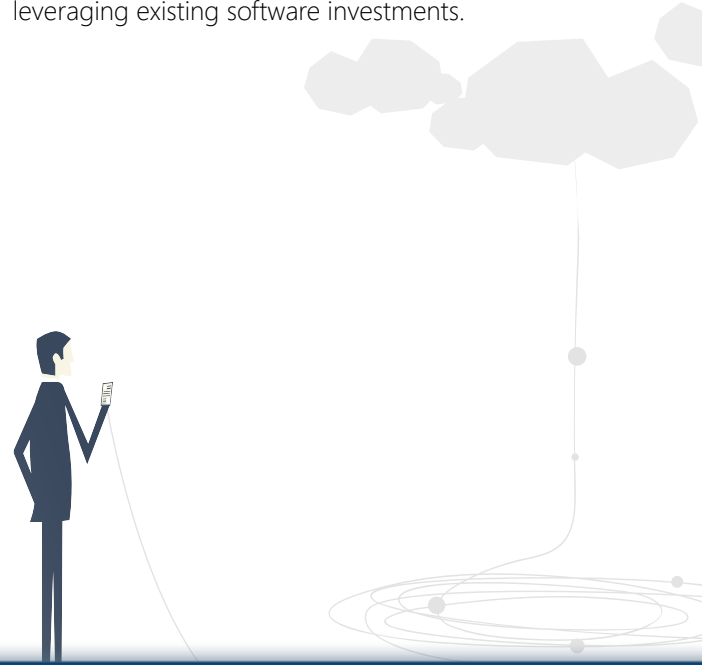
Like most types of enterprise software, the world of analytics and planning is moving into the Cloud faster than smoke in an updraft. The list of advantages is irresistible to businesses of all sizes. Economies of scale, savings, scalability, elasticity, faster time to value and access to a world of data and collaboration are but a few. According to the leading research firms, the global market for Cloud analytics is predicted to triple by 2020, exceeding \$23 Billion USD from \$7 Billion last year, and a host of not-so-adaptive vendors have emerged to chase those dollars.

Assessing vendors that provide FP&A Cloud solutions, organizations should aim to find a solution that delivers:

- Cost-effective scalability
- Efficient integration and consolidation of data from a wide variety of disparate data sources, either cloud-to-cloud, or cloud-to-on-premise
- The ability for business users to implement and manage their own applications for faster time to value

- Improved access to information and collaboration across teams, without geographic, language or technical boundaries
- Best-in-class security and compliance certifications

Backed by Microsoft Azure, the cloud version of BOARD has been designed to meet all of these requirements. BOARD Cloud gets BI, EPM and Predictive Analytics applications up and running faster, while providing world-class security, reliability, scalability and performance, and leveraging existing software investments.



“ Within the next three years, organizations have the largest plans to move data storage/ data management (43%) and business/data analytics (43%) to the cloud. ”

IDG Communications Inc.
Cloud Computing Survey 2016

To ensure the successful delivery of a Cloud platform for analysis, planning and simulation, organizations need to evaluate whether the technological solution is fit for their business rather than the other way around.

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