

# The Case for Integrated Planning

*How the best enterprises use planning to thrive in accelerating digital transformation*



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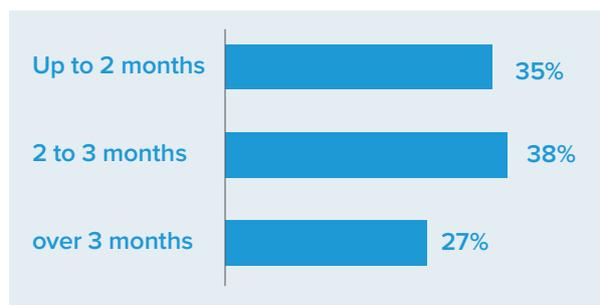
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## I. Introduction

Digital Transformation is accelerating global business, bringing more volatility. The cloud, mobility, social technologies and analytics are lowering barriers to entry and bring the threat of new competitors. Supply chain complexity and data proliferation make it a challenge to align strategic plans with execution.

As economic shifts occur more frequently, flexible business planning becomes essential.<sup>1</sup> Planning provides the foundation for strengthening every part of corporate performance by translating long-term business strategies into immediate operational objectives. With continuous planning, the best organizations can innovate to increase revenue, improve market share, and embrace new business models.

But many enterprises struggle in making planning cycles effective. Spreadsheets can compromise accuracy. The Business Application Research Center (BARC) highlights slow, costly, and manual budgeting processes that do not deliver desired results. A recent BARC recent study found annual budgeting often takes more than **two months**. 27% required **three months** or longer.<sup>2</sup>



**Figure 1: Time for budgeting process** Source: BARC

Sales and Operational Planning (S&OP) has progressed from basic production planning of demand, supply, and inventory, to a unified approach that connects corporate strategy with budgeting and forecasting.

Now, **integrated Financial planning** in the cloud, enables CFOs to align strategic financial planning with actual operational execution.

<sup>1</sup> Ernst & Young, "Starker Anstieg bei Gewinnwarnungen deutscher Unternehmen," March 4, 2015 (<http://www.ey.com/DE/de/Newsroom/News-releases/20150304-EY-News-Starker-Anstieg-bei-Gewinnwarnungen-deutscher-Unternehmen>).

<sup>2</sup> BARC Research Study: "Effizienter Planen mit Advanced Planning, Status Quo und Nutzen fortgeschrittener Planungsansätze," 2015, p. 8.

## II. From Spreadsheets to Integrated Planning

*“Instead of everyone working in silos, integrated planning draws together all the functional departments into an enterprise-wide approach. Integrated planning makes it easier for the CEO to drive strategy to all parts of the organization.”*

**David Upton**  
Vice President Asia at Jedox



### The Problem with Spreadsheets for Planning

Spreadsheets are easy to use, but create problems:

- » Poor visibility across the planning cycle
- » Everyone works in isolation
- » Increase the risk of errors
- » Require a manual consolidation
- » Changes are hard to track and auditing is impossible

Whether your enterprise plans top-down, or bottom-up, building strong links between strategic and operational plans is hard. It is painful for the Corporate Office of Finance to consolidate budgets across entities and countries when each one has a different Finance system and its own chart of accounts.

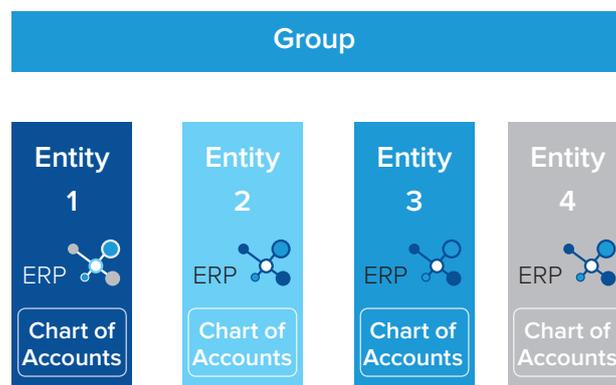
What makes this even harder, is that most enterprises still rely on spreadsheets for planning. While CFOs have gone beyond spreadsheets with Business Intelligence (BI) and data discovery to analyze historic data, the humble spreadsheet remains the default for planning.

Spreadsheet limitations mean consolidated plans are often disconnected from detailed departmental plans.

When top-level management requires a rapid adjustment, it's done at the summary level, with little buy-in from the bottom-up plan. The outcome? No clear visibility and no ownership by departments.

*“Spreadsheet-based planning makes it hard to align strategic planning with operations. It takes so long and people have to make last minute adjustments. It's very difficult to manage complex enterprises process in spreadsheets,”* notes Upton.

In contrast, integrated planning unifies corporate strategy and objectives. The process is collaborative. It aligns departmental functions (and external partners such as suppliers or customers) and enables more agile and more accurate planning.<sup>3</sup>



**Figure 2: Group Finance has the challenge of consolidating regional budgets from multiple entities, often from different ERPs and different charts of accounts.**

With the Jedox planning platform, each entity still works locally in their own familiar accounts and local currency while corporate manages the process. Agility with governance means world-class planning with the simplicity of the cloud.

<sup>3</sup> Dogan, Can A., “Integrated Business Planning: Bridging the Gap Between Finance and Supply Chain,” Industry Week, January 29, 2014 (<http://www.industryweek.com/governance-risk-amp-compliance/integrated-business-planning-bridging-gap-between-finance-and-supply->).

### III. Best-in-Class Integrated Planning Solutions



**Figure 3: Spreadsheet scenario is often a nightmare**

Source: Jedox

Professional tools help make processes easier, and simplify data structures to make planning smoother for users and management alike.

A recent study by PricewaterhouseCoopers, a consultancy, highlights **key success factors** for integrated enterprise planning:<sup>4</sup>

#### **Unify actuals and budget to strengthen analytics:**

When your planning platform combines reporting, you can immediately compare your targets to actual performance. You can confidently analyze and report data at any level, right down to underlying business drivers and transactions. This means you dramatically decrease the time-to-close for reporting. You can combine budgets with historical data, with instant variance analysis to build a financial narrative.

#### **Real-time modelling:**

Planning processes are volatile. The most advanced solutions utilize advanced in-memory modelling to instantly calculate and consolidate. This empowers you to define your rules based in natural language. You can create driver-based models and instantly run what-if scenarios with sophisticated trend analysis. This helps Finance move from descriptive analytics (describing the past), to predictive and prescriptive analytics.

#### **Automatic data integration:**

Your platform must have inbuilt integration, with pre-defined connectors to easily ingest data from your on-premise and cloud-based CRM, ERP, marketing, and other operational systems. This eliminates slow manual data extraction and increases accuracy.

#### **Access from any device:**

Mobility is enabling new business collaboration. Your planning solution must enable you to collect and validate plan data from web and mobile devices while using dashboards to visualize forecasts in real-time. This means there is no need to distribute, collect, and process individual spreadsheets. Status monitors and workflow increase transparency.

#### **Enterprise controls:**

Enterprise data governance and security ensure individuals only see authorized information based on their roles and permissions. Audit trails clearly document who made changes to the plans and when. This trust is a crucial step in strengthening governance and compliance.

<sup>4</sup> PricewaterhouseCoopers: Digital Controlling: Digital Transformation in Controlling, 2015, p. 13.

To ensure high user acceptance, you need a simple and intuitive interface for planners.

Your planning solution must fit into users' everyday work environment. Real-time interaction through familiar tools like Microsoft Excel makes it easier for business users. This means you bring your spreadsheet to the enterprise.

Combining advanced modelling, security and workflow with spreadsheet-like familiarity provides a fast return on investment. You gain higher operational efficiency by keeping familiarity and ease-of-use.

You empower business users with less IT-burden and consulting support. This saves time and costs.

Integrated planning enables you to extend in a model-based approach, adding workforce planning, revenue planning, capital planning, project financial planning and financial statement planning.

Your platform should empower Finance self-service flexibility to extend in new areas like profitability and cost models.

This means Finance can continually enhance forecasting accuracy, and be a trusted advisor to the business by converting Financial data into actionable insights. This accelerates growth opportunities by modelling business outcomes to identify opportunities and differentiation strategies.

	Today	With Digital Transformation
<b>Empower Employees</b> 	Finance is a silo. Each department works alone on planning and analysis that is inefficient, duplicates effort, and lacks coordination.	Technology-empowered Finance shares strategic insights as an active enterprise integrator. Leveraging mobility and social technology makes it easier to share ideas and insights from Financial data.
<b>Optimize Operations</b> 	Finance have a passive role looking back with reporting, changes are slow and steady, typically and reinforced the status-quo.	Transformative Finance harnesses the cloud for planning for big-data scenarios to constantly look forward and drive agility in planning and execution.
<b>Strengthen Governance</b> 	Finance are indirectly but ultimately responsible for un-auditable multiple versions of the truth. Insights are hidden in hard-to-replicate spreadsheets with no audit trail, few standards, and weak security.	Finance balances risk and regulatory pressure by improving reporting and planning with trusted data. Finance can identify and manage risks like compliance violations, fraud and reputational damage.



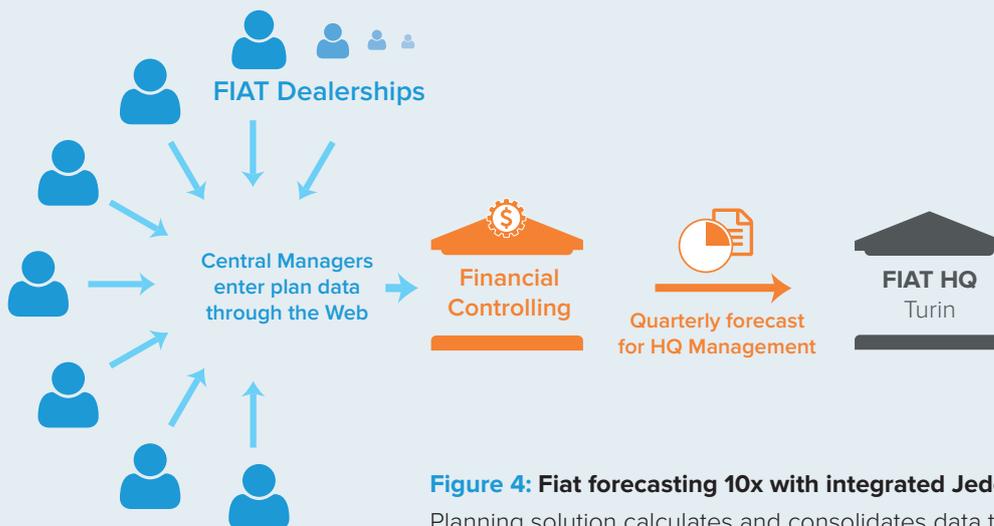
## Use Case: Fiat

Global automaker Fiat used this approach to speed up planning **10x**. Their legacy planning relied on spreadsheets before being uploaded. Forecasts were slow and manual, with high risk of error. The system couldn't model complex calculation logic for corporate planning and reporting. This meant Fiat wasted time gathering and reconciling data which could not support fact-based decision-making.

Fiat solved this by moving to integrated planning solution that needed minimal administration. Business users can now adjust reports and planning methods quickly and independently.

The solution unifies top-down and bottom-up planning making it more consistent. Because the solution automatically connects to other systems, Fiat now has daily visibility actual versus plan KPIs on budget and forecasts. Users across departments and locations now trust the data.

Fiat's head of controlling describes the benefit of building on their familiarity with spreadsheets, *"The Excel-like interface makes it easy to create reports with just a few clicks. You do not need to be an IT expert in order to work with the solution; your Excel knowledge will get you where you need to be on your own."*<sup>5</sup>



**Figure 4: Fiat forecasting 10x with integrated Jedox solution**

Planning solution calculates and consolidates data the moment it is entered through Web interface

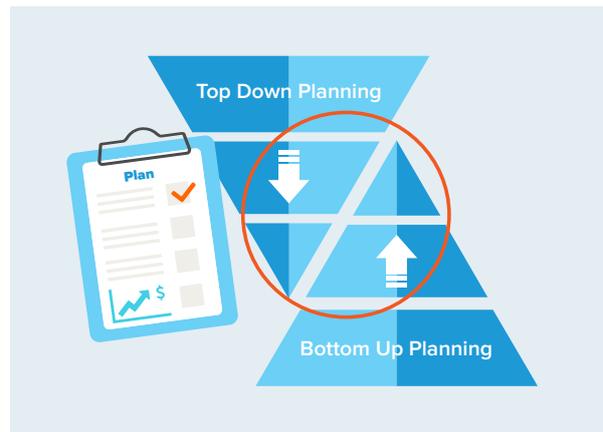
<sup>5</sup> Jedox, "Fiat Forecasting 10x Faster with Unified Jedox Solution," case study, 2015 ([http://www.jedox.com/wp-content/uploads/2015/04/Jedox\\_Success-Story\\_fiat\\_en.pdf](http://www.jedox.com/wp-content/uploads/2015/04/Jedox_Success-Story_fiat_en.pdf)).

## IV. The Benefits of Integrated Planning

Integrated planning aligns departments. It improves compliance and controls around the planning process. *Integrated planning links financial targets to operational drivers – the activities that each department actually does day-to-day. Users compare actuals with plan, and drill-down below the KPIs to understand ‘why’ it is happening. Combining performance monitoring with integrated planning means you can rapidly take action.”*

Planning is not rigid. You need self-service modelling to customize planning rules and adjust to respond to growth and change.

Every department has a small number of advanced Excel users, these are often perfect ‘power users’. You want to empower these people. Because departmental processes can change rapidly, your planning platform must allow business users to securely access their own data and define KPIs quickly and easily on their own. Centralised governance with local agility.



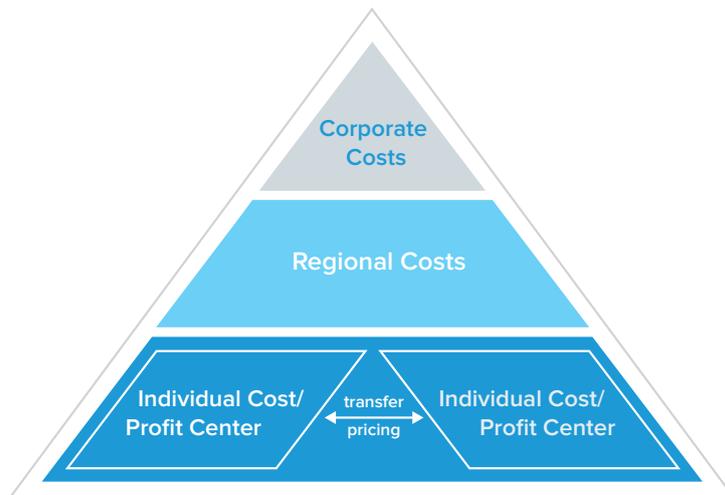
**Figure 5: Align top-down and bottom-up**

Top-down sets strategic boundaries. Bottom-up creates ownership. Jedox empowers both.

### Integrated planning delivers:

- ✓ Faster insights to all stakeholders to align operational planning and with strategic goals.
- ✓ More accurate forecasts. Stronger modelling and what-if analytics.
- ✓ Simpler planning that saves time and eliminate manual reconciliation.
- ✓ Greater process visibility and transparency that strengthens risk management.
- ✓ Access to summary and detailed plan and actuals for faster decision-making based on facts.
- ✓ Improved cross-functional collaboration across teams and entities.
- ✓ A secure and trusted one version of the truth with transparent methodologies and processes.

# Corporate Allocations



**Figure 6: Overhead cost allocations and transfer pricing is controversial in many enterprises**

Source: Jedox

Jedox makes the process transparent and auditable so there is no surprise at the end of the budget cycle.



## Use Case: SANOFI

Worldwide healthcare leader Sanofi-Aventis (Sanofi) leveraged integrated planning to transform spreadsheet-based planning and automate detail sales, marketing, staff, and cost-center planning through to P&L. After merging entities across Europe, Sanofi's financial management needed to consolidate revenue, HR, and cost center expenses. They had previously manually prepared data to one system for reporting and consolidated planning with Excel and Access to manage detail sales planning. According to Michael Bailey, senior manager of controlling at Sanofi, *"The internal reorganization took us beyond Excel's boundaries. Manual reconciliation took a lot of time and the whole process could no longer handle complex planning."*

Sanofi commenced with a fast-start in one country to implement integrated planning and reporting. They had results in weeks. Then they transformed the enterprise. Now departments across Europe independently enter plans ensuring data consistency to all detail planning models. The solution connects automatically to extract market data, SAP BW and Oracle HFM.

Results are exceptional. Sanofi now has 360-degree view of corporate actuals and plan. The solution won *"Best Practice"* for integrated planning and reporting.<sup>6</sup>

<sup>6</sup> Jedox, "Sanofi Unify Planning & Reporting with Jedox," case study, 2015 ([http://www.jedox.com/wp-content/uploads/2014/10/jedox\\_success-story\\_sanofi\\_en.pdf](http://www.jedox.com/wp-content/uploads/2014/10/jedox_success-story_sanofi_en.pdf)).

## V. How to Start: 5 Essential Steps

Five essential steps to move beyond spreadsheet to integrated Financial planning:

### #1 Secure senior management buy-in

Leading CFOs recognize that it's time to transform finance. 30% of enterprise IT spend is now invested beyond the traditional corporate IT realm. This creates opportunity. *"First, build hunger for change within the organization. Get senior management buy-in. That's the way for anything on an enterprise scale to started. Everyone agrees with the principal, but different departments may have a different idea about how things are going to work. Senior management support ensures you remain focused."*

You must define your strategic goals: *"Your initiatives must improve profitability, improve customer experience, reduce costs or strengthen compliance"* notes Upton. This can mean using data insights to identify new opportunities, saving your employees' time and improving accuracy. Only once you understand your overall goals, can you define your requirements.

### #2 Identify must-have and nice-to-have requirements

Your organization must figure out what it needs from a business perspective. Discuss your needs before you get caught in vendor technology presentations.

While features are important, ease-of-use is more important. Look for a modern, light and scalable solution. There's no point in having a complex tool when your team never use 90% of the functionality. Keep focused on your business needs.

Empowering business users is essential. While spreadsheet-based planning has problems, it is owned and managed by Finance. *"If an organization moves to integrated planning software that is too IT-heavy*

*they've lost autonomy. Finance is still responsible for enterprise budgeting process, but can't adjust the process themselves because they burdens an already overworked IT department, or require external consultants,"* explains Upton. *"Don't just think of what you want to do, but also consider who can do it. Can your Finance team become power users and budget administrators?"*

The key is balancing the autonomy and flexibility of spreadsheets, with the rigor and control of an enterprise solution.



### #3 Find a business partner, not just a vendor

When working with a solutions provider, look beyond the technology they offer, to the value they bring in providing innovation and best-practice. You're not just selecting technology; you're choosing a solution to provide your enterprise a sustainable advantage.

Ensure strategic IT-involvement early on. If your business is already on the cloud, you will need planning on the cloud. If you have private cloud or internal data-centres, you may need a hybrid or on-premises solution. Ensure your vendor is flexible and can support your needs. Together, you must establish how you will integrate with on-premises systems, ensure enterprise data security and understand the level of customization and control for your team.

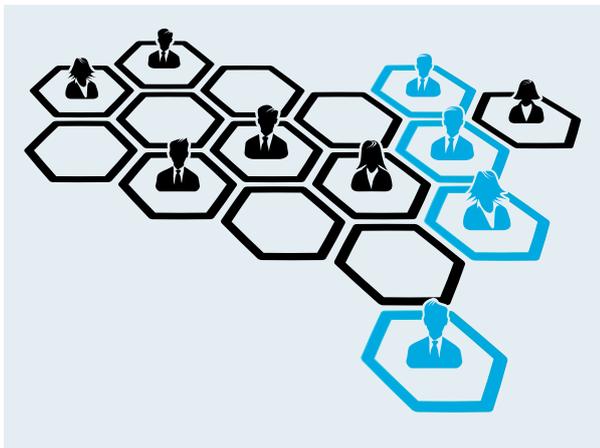
This means evaluating beyond a formal RFP (Request for Proposal). It's not only **what** a product can do but **how** you do it that makes the difference. Conduct interactive workshops with your shortlisted supplier to work through key questions.

Run a Proof of Value around to see how the solution manages your business needs instead of only relying on a standard software demonstration and sales pitch.

The Proof of Value supports your diligence. Be prepared to invest in this with your chosen vendor. Rather than build the whole solution, focus on proving key questions, like addressing your complex calculations, performance. An onsite Bootcamp with hands-on training is an excellent way to share knowledge.

The Proof of Value is an excellent catalyst getting other stakeholders engaged. Even when Finance selects a solution, you want other parts of the organization committed. One of the best ways to do that is to showcase with a tangible demonstration with your data.

### #4 Get cross-functional involvement early on



**Figure 7: Each department has unique needs**

Jedox planning supports cross-department processes for enterprise transformation.

After your Proof of Value and selection, start with your own department or region. Make your Finance team the experts.

Focus on a short catalytic fast-start with key users that builds your capacity and experience. Keep the timeframe short and keep the goals contained.

A slow 'big-bang' project can bring big challenges. A project that takes more than 6-months, is not a project - it's a problem. Project team members come and go and original goals are forgotten. Instead, take a rapid Phased approach that starts with you transforming your department.

Configuring planning models is not like an ERP implementation. ERPs take a long time and remain relatively static. They define daily operational processes. Performance Management solutions enables you to manage your business. With planning, reporting and analysis, each new financial period brings subtle changes to methodologies and planning processes. Integrated planning must be agile so you can adapt quickly to changing business and compliance requirements.

## #5 Transform your enterprise

Now you have the experience to create models with internal skills you can extend your planning foundation with new models to **transform your enterprise**. This phased approach is faster, manages risk, and reduces costs.

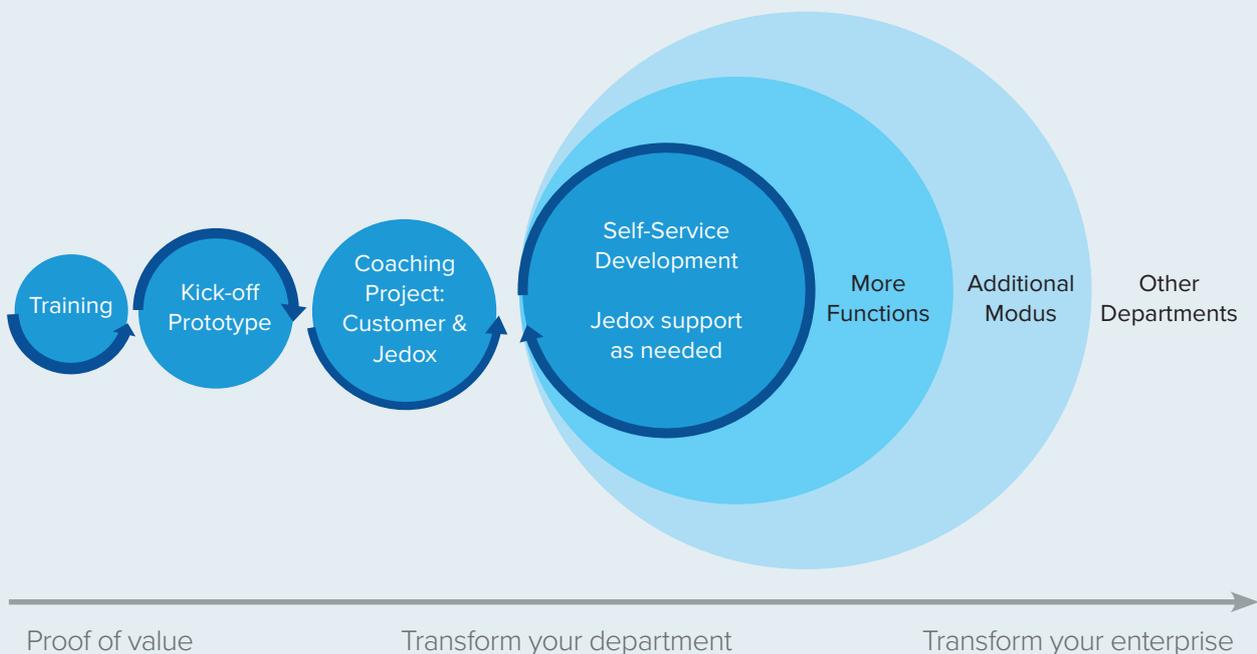
For transformational integrated planning you must involve departments in the project. Don't push a solution on them after it is implemented. Form a cross-functional team of relevant Subject Matter Experts.

Some organisations have autonomous operations where everything is treated differently for both an actuals and plan. You must take the lead to guide stakeholders to agree on common methodologies and definitions.

A rapid phased-project is catalytic, because it forces pragmatic decisions that move projects forward. Business users are excited because they can see the results. By building your own skills, you can continuously innovate in future phases.

Be pragmatic. Done is sometimes better than perfect, when you're bringing together disconnected processes where there may have been no alignment before. Engage with HR, Marketing, Sales and Operations to ensure their needs are included. Transformational success needs your entire business embracing your integrated planning vision.

### Agile Methodology



**Figure 8: Think big. Start small. Scale fast.**

Through a measured “walk before you run” approach, Jedox provides coaching and self-service empowerment.

Source: Jedox AG

## VI. The Cost of Indecision

Ernst & Young, a consultancy, identifies that since 2000, 52% of Fortune 500 became bankrupt, acquired, or ceased to exist – because of digital disruption.<sup>7</sup> And yet, many Finance functions are stuck when it comes to transforming planning. Some enterprises are hesitant to move towards integrated planning, concerned that time, money, and resources won't bring payback.

### Keep in mind these points:

**i** Most companies have yet to tap the full potential of true enterprise planning. Integrated planning enables you to **use your data to innovate business models and be agile in response to digital transformation**. Your competitors that have embraced integrated planning in the cloud can plan faster, more accurately and with less resources.

**i** A recent BARC study underscores that integrated planning is now essential to survival. **Over 51% of respondents believed that a completely integrated, professional planning system is the most effective way to optimize planning**. Only one-fifth of participating companies have them.<sup>8,9</sup>

**i** Jedox planning makes it easier to move to integrated planning. **Cloud, mobility, social and data analytics help you simplify planning, reporting and analysis, even with few resources**. You can make changes rapidly with a minimum of outside help. And once your team is no longer stuck in spreadsheets, they are freed up to do more valuable activities.

**Get in touch now and find out how to simplify planning and analysis within your enterprise, Jedox experts will share insights on how you drive Finance Transformation.**

Go [here](#) to start that process.

<sup>7</sup> Ernst & Young, "Decoding digital transformation" (<http://www.ey.com/IN/en/Services/Advisory/EY-how-is-digital-disruption-transforming-businesses-decoding-digital-transformation>)

<sup>8</sup> Ibid, BARC.

<sup>9</sup> Ibid, PricewaterhouseCoopers

# About Jedox

Jedox simplifies planning, analysis, and reporting with one unified cloud-based software suite. Jedox empowers decision makers and business users across all departments to help them work smarter, streamline business collaboration, and make insight-based decisions with confidence.

Over 1,900 organizations use Jedox in 127 countries for real-time planning on the web, in the cloud, and on any device. Jedox is a leading international Business Intelligence and Corporate Performance Management solutions provider, with offices on four continents and collaborating with over 180 certified business partners.

Independent analysts Gartner, Howard Dresner and BARC recognize Jedox for its leading enterprise planning solutions.

**Simplify planning with Jedox and start your free trial today: [www.jedox.com](http://www.jedox.com)**



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