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Migrating from Essbase to Hyperion Planning Improving the Forecasting & Planning Process to Drive Profitability

Improving the Forecasting and Planning Process

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Sr. EPM Specialist

Emerging Solutions

Agenda

- Introductions
- Planning Process Challenges
- Essbase Architecture & Budgeting
- Hyperion Planning Overview
- Customer Success Story
- A View into Hyperion Planning
- How to Begin
- Questions ???

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Introductions

Emerging Solutions – Oracle Platinum Consulting Partner

- Oracle EPM & ERP (EBS, PeopleSoft) expertise
- Business Process as well as Technical Expertise
- Cover the Entire suite of EPM applications
- Experienced resources with typically 6-10 years of EPM implementation experience
- Full range of implementation and training services
  - Infrastructure assistance – installs and upgrades
  - Implementation expertise
  - Training execution and development

Len Romano – Sr EPM Specialist, Emerging Solutions

- 20+ years of EPM experience
- 13+ Years as Solution Consultant & Partner Manager with Hyperion/Oracle
- Deep background in planning and financial business processes and former administrator/user of Hyperion products

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Common Challenges of Planning Processes

:

- Processes Take Too Long / Require Too Many Resources
- Processes Are Not Defined and Consistent
- Excel Worksheets May Not Be Reliable and are Difficult to Maintain
- “Roll Up” or Aggregation of the Budget Difficult to Perform
- No Audit Trail (Calculations, Data, Allocations) or Controls/Compliance
- Inability of Planners to Get the Necessary Analytical Information Used in the Process
- Difficult and Timely to Administer the Process
- Obsolete Before Completed and Rolled Out
- Errors have significant impact on organizations

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EMERGING ORACLE Platinum Partner

Essbase Architecture & Budgeting

Data Entry-Planning in Essbase

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Most Comprehensive Suite of Financial Performance Management Applications

Strategic Planning

Planning and Budgeting

Financial Close Process

Cost and Profitability Management

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Oracle Hyperion Planning

- Scalable web infrastructure
- Low Cost of Administration-End User
- Planning Platform
  - Enterprise Flexibility
- Improved Planning/Forecasting
  - Event Based
  - Faster Cycles
  - Better Accuracy w/more participation
  - Ability to Forecast Frequently

- Process Management, Version Control, What if
- Essbase-Market Leading and Award Winning Analytical Platform
  - Powerful Reporting, Analysis, Complex Calculations & Allocations
- Special-purpose planning modules for fast deployment
  - Workforce Planning, CapEx Planning & Project Finl Planning

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Customer Success Story – US Foods
Essbase to Hyperion Planning

US Foods (formerly US Foodservice)

One of America's leading foodservice distributors to:

Restaurants, Healthcare and Hospitality Facilities, Government Operations and Educational Institutions

Offering more than 350,000 national brand products and own high-quality private label items ranging from meats to produce to frozen foods

Based in Rosemont, IL with revenue of $20 Billion, employs approximately 25,000 associates in more than 60 locations

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US Foods - Process Evolution

Data Flow Prior to Essbase in 2009

User Feedback

- Users didn't trust that calculations always worked
- Links between files break if not careful
- Very difficult to load to PeopleSoft using 'navigator'
- Unable to know 'real' AOP until PS reports are run
- Hard to update historic information
- Very few controls to prevent data corruption

Data Flow with Essbase in 2010

User Feedback

- Easy to load data and refresh historical data
- After workbook redesign, users trusted results
- Fewer links that can break
- The real-time reporting was essential and worked great
- Single source of data simplified planning
- Overall process reduced plan cycle time by 30%

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US Foods - Hyperion Essbase

What is Essbase?

- *Oracle Essbase is the market leading online analytical processing (OLAP) server for enterprise performance management (EPM) applications*
- *Designed specifically for business users, Oracle Essbase supports forecasting, variance analysis, root cause identification, scenario planning and what-if modeling for both custom and packaged applications*
- *It can be tightly integrated with multiple data sources and the information generated can be delivered through a wide variety of reporting options*
- *Engineered for scalability, security, and rapid-response, Oracle Essbase brings advanced analytics to the business user to enable greater understanding of the business, alignment of resources and improved business results*

	Prior State	"Essbase" State
Process Documentation	• No Documentation on Back end processes • Minimal Training Documentation • Undefined Security Roles	• Thorough Documentation on back end and front end Processes and reevaluation • Thorough Training Documentation • Integrated Enterprise Security with SIMON
Common Data / Data Integration	• Various Disparate Sources • No Audit Trail • Manual Manipulation	• One Single source of Data • Automated Data feeds from feeder sources • Documented and audited process
Global Assumptions / Corp. Guidance	• Memos • Spreadsheets • Conference Calls	• One Source and control point • Increased detail and customized • Archived for future comparison
Speed / Flexibility	• Slow and unreliable • Complex & Rigid • No IT / Enterprise Support	• Fast & responsive • Less Complex and more Flexible • IT / Enterprise Support
Functional Area Guidance	• Separate Non Integrated or dynamic • Manual • Time Consuming	• Integrated and dynamic • Automated • More time efficient
Other Applications	• N/A	• Ad Hoc Analysis and Reporting • Process improvement Opportunities (Flash, Weekly Sales, Productivity Reports)

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US Foods – Situation Assessment

	Current Environment…	Desired End State…
Planning Methodology	• Budget development	• Strategic initiative / Business plan
Process	• Annual planning cycle • Time-consuming, cumbersome	• Rolling forecast
Tools / Enablers	• Multiple data sources • Excel spreadsheets • Manual consolidation	• Single Integrated platform • Web-based, “off the shelf” solution

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US Foods - Planning Strategy

Current State

	Financial Planning / Budgeting	Identify Business Drivers	Integrate Tools with Common Data Set	Rolling Forecast
Methodology	• Budgeting	• Tools by driver • Begin to tie to P&L	• Tools are inputs • Direct link to workbooks	• Business driver driven process • Planning linked at all levels
Frequency	• 3x per year	• 3x per year	• 3x per year	
Process	• Financial plan / budget driven • Off-grid analysis used to test sensitivities • Focused on reporting versus analytics	• Disparate tools • Difficult to refresh / pull data • Pulling data from multiple sources • Cumbersome analytics	• Multiple tools (but linked) • More flexibility • Common data source	• 1 tool • Defined analytics
	• Excel • PeopleSoft	• Excel • PeopleSoft • Access	• Excel • PeopleSoft • (Essbase)	• Essbase • Hyperion Planning
Planning Year(s)	• 199x – 2008	• 2009	• 2010	• 2011

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Hyperion Planning – Key Capabilities

Accelerate the Enterprise Planning Process

- Centralized system
- Align top-down and bottom-up
- Consistent assumptions
- Common allocations & calculations
- Integrated Operational Planning to address in-depth revenue and margin planning
- Purpose-built Capital Assets and Workforce planning modules for fast deployment
- Powerful workflow and process management for budgeting and forecasting
- Leverages Essbase – powerful reporting and analysis

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US Foods - Hyperion Planning Benefits

	Current State	Hyperion Planning
Process Work Flow	• Sequenced planning activities to feed "Essbase" • Manual control and status checks • Scalable but to hundreds	• Simultaneous connected planning activities; sales planning, workforce planning & operations planning • Automated collaboration and control; progress alerts, budget approval, validation • Scalable to thousands of Users
Defined Business Drivers	• Finance Users interpret financial impact of operation drivers • Multiple spreadsheets	• Non Financial users enter operational drivers and business rules calculate financial impact • Single planning solution
Methodology & Standardization	• Refining business drivers, standards and agreeing on methods and approach • End user is asked to participate "Pulled"	• Defined drivers, consistent methodology and standardized practices • End user mush participate "Pushed
Defined Analytics	• Various interface for analytics reporting • No direct interaction with planning	• Single Interface for dashboards, interactive analysis, financial reports • Interaction in Planning system
Change Management	• **Excel Based and Microsoft Suite based user interface** • **No live tutorials, assistance**	• Simplified Web Interface & Integrated MS Office • Step by Step planning Wizard • Predefined proven solutions
Other Applications	• Ad hoc analysis, flexible but no synchronization	• Ad hoc Analytics with ability to change assumptions, perform calculation, analyze results and synchronize updates

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US Foods - Planning Roadmap - Timeline

Timing	• Proj2 2011 (Aug)	• Proj1 2012 (May)	• Proj2 2012 (Aug)	• AOP 2013 (Oct'12)
	Hyperion Planning Release 1	**Hyperion Planning Release 2**	**Hyperion Planning Release 3**	**End State Rolling Forecast**
Methodology	• Top Down & Bottoms Up financial plan • Planning linked at major P&L levels	• Top Down & Bottoms Up Business driver driven process • Planning linked at all levels	• Top Down & Bottoms Up Business driver driven process • Planning linked at all levels	• Top Down & Bottoms Up Business driver driven process • Planning linked at all levels
Process	• Multiple tools (but integrated) • More flexibility • Common data source • Defined analytics	• Reduced number of tools (but integrated) • More flexibility • Common data source • Defined analytics	• Reduced number of tools (but integrated) • More flexibility • Common data source • Defined analytics	• 1 tool multiple modules fully integrated
Scope	• Financial Planning for Support Office & VP's of Finance Field • P&L, Balance Sheet & Cash flow, Workforce Planning	• Logistic, Buying Income, Operations Planning	• Sales Planning, Capital, Buying income Catman Planning	• All

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Goals for the Project

- Design / Build / Implement a Hyperion Financial Planning system which is
  - Integrates the various US Foods models
  - Scalable
  - a provider of Standardization across the organization
- Provide Finance team a single data repository for forecasts / budgets / actuals P&L data for more visibility into assumptions
- Streamline forecasting / budgeting process
  - Allow for faster cycle times
  - "Real-time" roll-ups / consolidations
  - React to market conditions quicker
  - Systemically link HR data to Financial planning process (Work Force Planning)
- Move FP&A teams from "data aggregators" to "data analyzers"
- Eliminate Excel spreadsheet dependencies

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PROJECT TIMELINE

Six-Step Implementation Methodology

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We had a dedicated "core" cross-functional team

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Keys to Project Success

- Design & Development
  - Corporate FP&A led effort with clear knowledge & understanding of corporate and business unit requirements and goals
  - Flexibility during Development
  - Innovation on the Fly
  - Standardization and Efficiencies
- Training
  - Developed training program customized to US Foods and trained 25 power users leveraging a “train the trainer” approach
  - 200 total users

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Today – Results Achieved

- Vastly improved Planning and Forecasting process
- More visibility into assumptions
- Expanded Version Control
- A streamlined approval process
- Greater workforce planning capabilities
- Improved reporting and analysis
- A company wide rollout

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A View of Hyperion Planning

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Guide Users Through Budget Process

Fast Adoption and Increased Accuracy

- Budget wizard to guide planners
- Include instructions
- Set due dates
- Alerts and progress monitoring
- Send email reminders
- Report on budget status

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Intuitive Web Interface for Wide Deployment

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Units	7,386	8,182	8,869	6,246	7,170	9,371	7,640	5,764	9,960	21,166	17,0
Price	57	42	47	58	47	51	55	58	49	49	
Sales Return %	5.6%	5.6%	5.5%	5.5%	5.8%	6.6%	6.7%	5.9%	5.9%	5.9%	5.9
Sales Allowance %	4.0%	4.0%	3.9%	3.9%	4.1%	4.7%	4.8%	4.1%	4.1%	4.1%	4.1
Operating Revenue	424,621	340,208	416,222	363,892	340,145	478,390	416,686	337,021	485,351	1,031,419	1,078,4
Sales Returns	(23,829)	(19,091)	(22,912)	(20,032)	(19,641)	(31,422)	(28,005)	(19,720)	(28,398)	(60,350)	(63,1
Sales Discounts	(17,037)	(13,650)	(16,382)	(14,322)	(14,043)	(22,466)	(20,024)	(13,739)	(19,786)	(42,048)	(43,9
Returns and Allowances	(40,866)	(32,742)	(39,294)	(34,354)	(33,684)	(53,888)	(48,029)	(33,459)	(48,185)	(102,398)	(107,0
Net Revenue	383,755	307,466	376,928	329,538	306,461	424,501	368,657	303,562	437,166	929,021	971,4
Operating COS	236,024	261,461	283,414	199,595	229,122	299,456	244,141	184,192	318,278	676,373	544,0
Gross Profit	147,731	46,005	93,513	129,943	77,339	125,045	124,516	119,370	118,888	252,649	427,3

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Data Entry Forms are Centrally Maintained and Consistent Across Web and Excel

- Form layout
- Display options
- Form contents
- Access permissions
- Business rules

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Process Management and Workflow

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Integrated Reporting and Analysis

Quick Insight into Budget Status and Variances

- Sophisticated ad-hoc analysis
- Production quality financial statements reporting
- Easy and quick to build reports
- Leverage report template repository across entire organization
- On demand, real-time or batch reporting
- Automatically apply budget model changes

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Moving to Hyperion Planning

The Roadmap to Improving the Planning and Forecasting Process to Drive Profitability begins with …….

A Complimentary ½ day
Essbase to Planning Assessment

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THANK YOU !!!

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