



Planning 2.0

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- 12 years of Hyperion Implementation Experience
- 20 years of Financial Process Experience
- Implemented Hyperion Planning Solutions for over 10 years

Hyperion Planning 2.0 - Getting more from your Hyperion Investment

Making a Hyperion Planning Application a Mission Critical Solution

- Creating a Sustainable/Repeatable Planning Process that can be Improved
- Making Hyperion Planning a true planning solution as opposed to an aggregation of data
- Adding value to the management decision process of an organization
- Making the planning process an activity that employee want to work on
- Getting beyond the traditional financial statement view of an organization
- Enhancing reporting capabilities to effectively monitoring performance
- Getting off of Excel as an application (relax Excel is still an integral part of a Hyperion Planning interface)



Hyperion Planning 2.0 – What are companies doing to improve their planning processes

Financial Modeling in Hyperion Planning

- Modular approach to creating a forecast or budget
- Enterprise versus local business unit needs
- Bringing all the pieces together
- Globalization



Incorporating Non-Financial Data

- Key to modeling success
- Enables performance reporting
- Communication to non-financial users

Looking beyond the traditional financial statement point of view

- Planning in layers (e.g. growth products, core versus acquisition, investment in initiatives)
- Requires dimensional support in Hyperion Planning

Moving to a continuous Planning Process

- Annual Planning process becomes a long forecast
- Rolling Forecasts

Taking Advantage of the Technology and Functionality You Own

- Training on application features
- Reporting tool heavily underutilized

Hyperion Planning 2.0 – Evaluating the Planning Process

Budget Control

- Clear roles and responsibilities of planning process
- Communicate of key assumptions, budgeting calendar
- Ability to easily determine budget status
- Monitor Spending (plan versus actual dollar variances)
- Review and approval of plan
- **Most organization do pretty well at this**



Budget Effectiveness

- How well the organization can predict future results **(based on a given set of assumptions)**
- Understanding the key drivers and parameters that affect financial and operational performance
- Managing the numbers versus identifying opportunities and risks
- **Wide range of capabilities on an individual company basis (within an organization)**
- **Companies struggle with adoption of planning best practices across the Enterprise**

Budget Efficiency

- Effort required to create a plan
- Ability to quickly adapt to new forecast processes or parameters
- **Organizations really struggle with efficiency**
- **Brute force of finance personnel to meet deadlines**

Hyperion Planning 2.0 – Top 10 List of Planning Mistakes Companies Make

10. Avoid the Direct Entry of Plan Values Whenever Possible
9. The Reporting Package You Build and Maintain in Excel are the Most Expensive Reports in your Organization to Produce
8. Do Not Forget that the Business Units have Needs Too
7. Planning Processes Do Change and Evolve Quickly (be prepared to support the process)
6. A Little Bit of Training Goes a Long Way (Process and Technology)
5. If It Is Not In the Planning Solution the Finance Organization will Create it (Off-line)
4. Do not Skimp On Technology Purchases (Servers are Cheaper than Labor Hours)
3. Planning Processes Need Technical Enablement to be Successful (Sustainability)
2. Planning Applications and Financial Close Processes Do Not Mix
1. Repeat after me – Excel is not a planning application



Hyperion Planning 2.0 – Financial Modeling

Cornerstone of Planning Process Enablement

- Relies on drivers and assumptions rather than direct entry
- Enables Repeatability of Planning Process
- Self documenting process

Can Develop Financial Models by Components

- Sales planning module
- Staff or workforce planning

Streamlines Creation of Plans, Reduces Effort

- Calculation processes can populate view of the business that would be impossible with manual data entry
- Enables Forecast and Annual Plan processes to Merge into one process

Focuses Planning Process on Key Drivers of Your Business

- Assumptions are just as important as the plan numbers

Enables Non-Financial Resources to Participate in the Planning Process

- Training on application features
- Reporting tool heavily underutilized

Enterprise Enablement of Best Practices

- Standard Calculations Across the Business or Enterprise

Quick Processing of Scenario Analysis

- Financial impact of changes in assumptions
- Best case, worst case analysis

Requires Calculation Development Skills

- Ability to write business rules
- Optimization expertise
- Finance Personnel Can and Do Master these Skills
- System Can be Constructed with User Flexibility in Mind

Greater Explanation Ability in Performance Analysis

- Travel expense per salesperson rather than total dollars
- Cost per unit rather than total material dollars

Does not Imply that Adjustments Cannot be Made to Calculated Values

Hyperion Planning 2.0 – Looking Beyond the Traditional P&L

Looking at the “Sub Modules” of the Planning Process

Staffing Costs

- Workforce Planning is very popular application (separate presentation on that topic)
- Track and calculation costs at an employee level of granularity
- Headcount reporting also a key deliverable as part of the staff plan process

Initiatives

- Can manifest itself in a variety of ways
- Formally or informally run projects
- Potential acquisitions
- Identification of actual tracking processes for performance reporting

Detailed Sales Planning

- May require sales channel, customer, product detail

Application Support of these Planning Needs

May Require Additional Plan Types or Applications

- Additional plan types actual as sub modules for process
- No additional licensing costs for additional application or plan types
- Allow the application to scale

Reporting

- Additional dimensionality provides robust reporting capabilities
- Challenge in aligning actual with projections for project, employee, asset dimensions

Data Flow

- Need to establish data flow/synchronization processes for data between sub modules and main planning repository

Hyperion Planning 2.0 – Rolling Forecasts

Popular Topic for Finance Organizations Today

Technical Enablement of Rolling Forecast Process is Pretty Straightforward

- Typically involves the calculation of multiple planning years using a standard calculation process
- New Version of Hyperion Planning has Data Entry Template Functionality (can create in old version as well)
- Calculation Processes will take longer for multiple years
- May need separate business rules/forms for forecast and annual plan
- Additional columns needs for review and input of plan may make Smartview more attractive for end-user interface

Rolling Forecast Process

- Financial Models very helpful for enabling the process (speed and effort required to complete the process)
- May involve process changes for data collection
- Source system data (pipeline data sources may be unreliable for additional time period projections)

Reporting and Analysis

- Management expectations regarding reporting of partial year

Hyperion Planning 2.0 – Enterprise versus Business Unit Needs

Looking at Planning Requirements for the Enterprise versus Individual Product Lines or Businesses

- Standard Enterprise processes versus “Localized” requirements

Some Planning Process Lend Themselves Very Well to Enterprise Requirements

- Staffing budgets - standard salary, benefits, tax calculations
- Currency translation
- Administrative expenses



“Local” Requirements

- Globalization – requirements of local markets
- Sales, cost of sales
- Business may need unique dimension that other do not e.g. region
- May require unique dimension rollups that are not required for the enterprise
- Allocation processing

If Local Requirements are not Met Offline Process Proliferate

- Solutions build in access, Excel, customer programming
- Business units use enterprise planning solution as reporting mechanism as opposed to planning solution
- Potentially view the Enterprise solution as a compliance process as opposed to owning the planning solution

Hyperion Planning 2.0 – Allocations

Providing Full P&L Picture including Shared Services Costs

- Ability to transfer shared services costs to chargeable centers
- Transparency key to reducing questions for allocation recipients
- Usually Build a Separate Dimension to hold pre-post allocation information

Lines are Blurring Between Profitability and Planning Solutions

- Allocations to product, customer, market segment P&L's
- Allocation processes for these calculations can become complex, require different logic based on line of business
- Used to enhance data analysis and for matrix organization goals and targets
- e.g. Targets for sales force (vendor), product management (product line), field organization (service or product bundle), finance (growth targets)

Reporting Implications

- Hyperion Planning (Essbase) provides robust, efficient allocation processes
- What solution calculates allocations for actual results (where should allocation processing reside)
- Timing of when data is needed is key consideration
- Maintenance of allocation methodology across applications
- Aggregate Storage Option now available in Hyperion Planning 1.1.2.3 to enable reporting and analysis on larger data sets

Hyperion Planning 2.0 – Predictive Analytics

Using a software application to predict future values based on historical information and assumptions

- Can be a great way of incorporating market data into your planning process
- Can provide great insights into macros drivers of demand, commodity costs
- Housing starts, Car sales, Retail sales growth, etc.

Hyperion Planning Has Multiple Predictive Methodologies Available

- Crystal ball for Monte Carlo simulations
- Essbase has multiple statistical methods available for predictive analysis processing

Important to Know the Statistical Method Used and Its Limitations

- When are future calculations suspect
- Requires additional training and skills for those individuals using the process
- Not a mainstream function of planning solutions that we have encountered
- Important to know that capabilities are available



Hyperion Planning 2.0 – Reporting and Training

Hyperion Reports is one of Most Underutilized Tools in the Hyperion Environment

- Very robust reporting tool
- Provide output in multiple formats
- Report distribution capability
- Enablement of Enterprise Reporting Standards
- Can streamline report creation processes (Need some management support for developing standards)
- Excel reporting is flexible but very expensive and is not lined to the application

Training is Essential for Optimal Use of the Solution

User Training

- Understanding what is available in Hyperion Planning (standard and configured functionality)
- Understanding the information contained in the solution
 - Dimension Hierarchies
 - How to perform Ad-hoc queries in Smartview
- How to Create and Run Standard Reports

Administrator Training

- Daily, periodic maintenance of the solution
- Power User Support
- Light Enhancements

The image displays two overlapping windows. The primary window is the Oracle Hyperion Planning 'Consolidating Balance Sheet' for Eden Corporation, covering the quarter ending in Quarter 2, 2010. The report is organized by region: North America, Latin America, EMEA, APAC, and Corporate US. It lists various asset categories such as Cash and Cash Equivalents, Accounts Receivable, and Fixed Assets, along with their respective values for different periods. A secondary window in the background shows a Microsoft Excel spreadsheet with columns for months (May) and rows for financial metrics like 'Actual' and 'Budget'.



Q & A



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