column5 EPM SUMMIT ROADSHOW

# Moving Beyond 1st BPC Deployment

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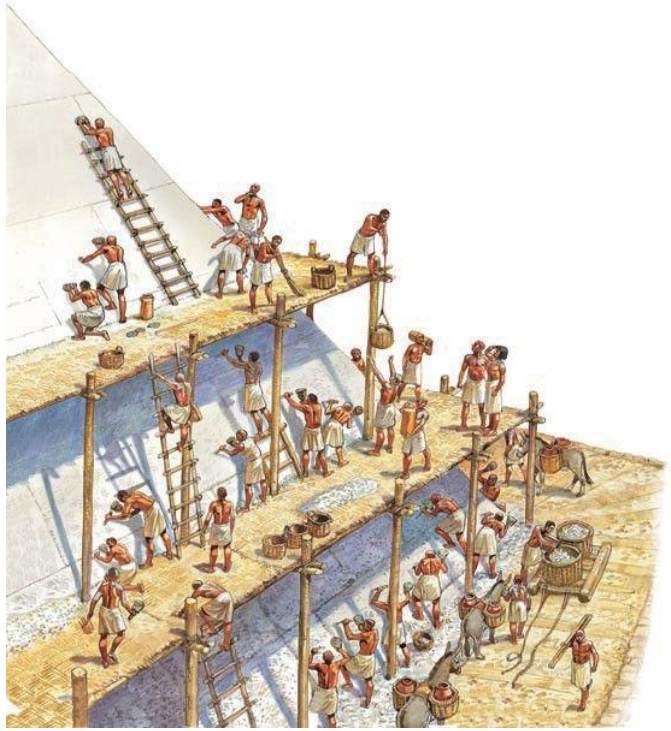
# Agenda

- **Typical Phasing**
- Status Quo Observations
- Our views on Ideal EPM
- Measuring Value
- Q&A

# Typical BPC Project Phasing

- Phase 1 – Initial rollout
  - Business case
  - Design/Blueprint
  - Largest training budget & efforts
  - IT: Hardware & software deployment decisions
  - Operational model defined
  - Realization: Development work
- Phase 2 – Follow Up to Phase 1
  - SKIPPED: business case, design, training, IT deployment, refined operating model
  - Scope: remediation (#1), deferred scope pertaining to phase 1 (#2), and expansion (#3)
- Phase 3+ - Add new features, but may scale back full project mode



- See any problems?

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# Status Quo Observation: Cut corners carry hidden costs

- Business Case: Most projects never have one, but failure to evaluate and ***reevaluate*** at each phase makes actually achieving positive value difficult
- Design: We already know the requirements or trust the consultants, so we don't need to do a formal design again.
  - Just get working on building, we'll get a solution faster
  - We talked about what we want, so revisiting and documenting takes longer and would waste time/resources.
  - RISK: Cutting design elements makes ensuring deliverables meet expectations difficult at best
- Training: Assuming one training session for a limited audience is all you need is a missed opportunity
  - Incomplete training plan increases user frustration
  - Low skilled administrators increase reliance on 3rd parties & extend resolution times
  - RISK: Inadequate investments in training translate to much higher costs with 3rd parties and low user satisfaction

# Status Quo Observation: Cut corners carry hidden costs

- IT/Deployment: Server load changes every time you touch the solution. Neglect is expensive
- Operational model:
  - Single admin is most common, but skills should be both less concentrated and deeper than what is typical
  - Reliance on third party for more difficult tasks is more common
  - Limited investments to keep abreast of changes outside single admin and trusted consultant
- Realization/development: With incomplete understanding of destination, process to get there is inefficient. Telltale sign: “If I knew then what I know now…” (Understood: “I would have taken different approach”)

# Status Quo Observation: Customers who lack vision, struggle

- Don’t know have clear and quantifiable understanding of objective
- Business case – not documented
- Process change investments – not identified nor allocated
- ROI Expectations – not measurable
- Unable to define ‘success’ – project is not successful

# Net results of cut corners

- Unstable system – poor performance, errors, difficult to use, not something users can support
- Higher than acceptable cost of ownership – limited automation, no real process contribution, expensive support model required, feeling “boxed in” and any forward momentum to improve process is difficult and costly
- Difficult to support expansion of BPC – Who doubles down on system that requires so much tinkering and support just to operate?

- Customers don’t often know what they should expect from BPC or be striving for

# EPM Technology Stages

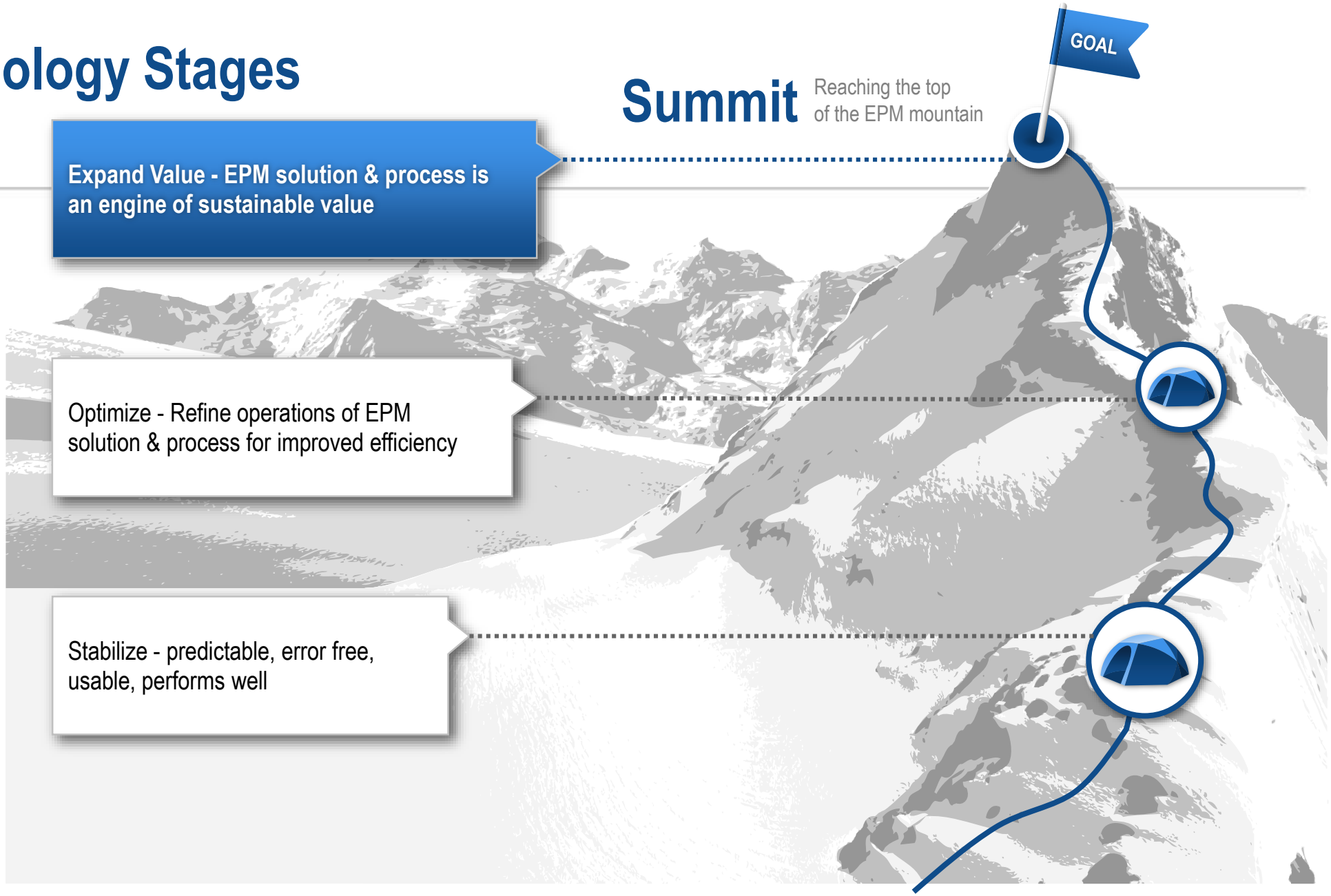
## Summit

Reaching the top of the EPM mountain

**Expand Value - EPM solution & process is an engine of sustainable value**

Optimize - Refine operations of EPM solution & process for improved efficiency

Stabilize - predictable, error free, usable, performs well



# Important!

- Can't advance until system is stable
- Difficult to prioritize advancing until TCO is reasonable
- After each change to scope, must constantly reevaluate stability and EPM operating model
- Recommend evaluating stability and optimization on recurring basis even with no changes
  - Formal surveys, numeric analysis about how well EPM solution is functioning
  - Be open and honest about challenges – as well as fixes – so users know you are 'on it'
  - Share results with users so confidence in solution can grow

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# THE EPM MATURITY PROFILE


## RIGHT OPERATING MODEL

- FINANCIAL PLAN, SALES PLAN, STRATEGIC PLANS
- LEGAL & MANAGEMENT DATA MODEL
- STAND ALONE BUSINESS PROCESSES & SYSTEMS
- INDEPENDENT DATA DEFINITIONS

- INTEGRATED BUSINESS PLANNING
- ENTERPRISE REPORTING
- STANDARDIZED CORE PROCESSES
- COMMON DATA MODEL



## RIGHT AUDIENCE & PARTNERSHIPS

- FINANCE RELIANCE ON IT
- FINANCE & FUNCTIONAL SILOS
- EXCEL SUSTAINED BUT MANUALLY INTENSE
- PRODUCTION NOT ANALYSIS

- EVERY DECISION MAKER
- FINANCE BUSINESS PARTNERS
- SYSTEMS SELF-RELIANCE
- MAXIMUM AUTOMATION


## RIGHT TIME & ON TIME

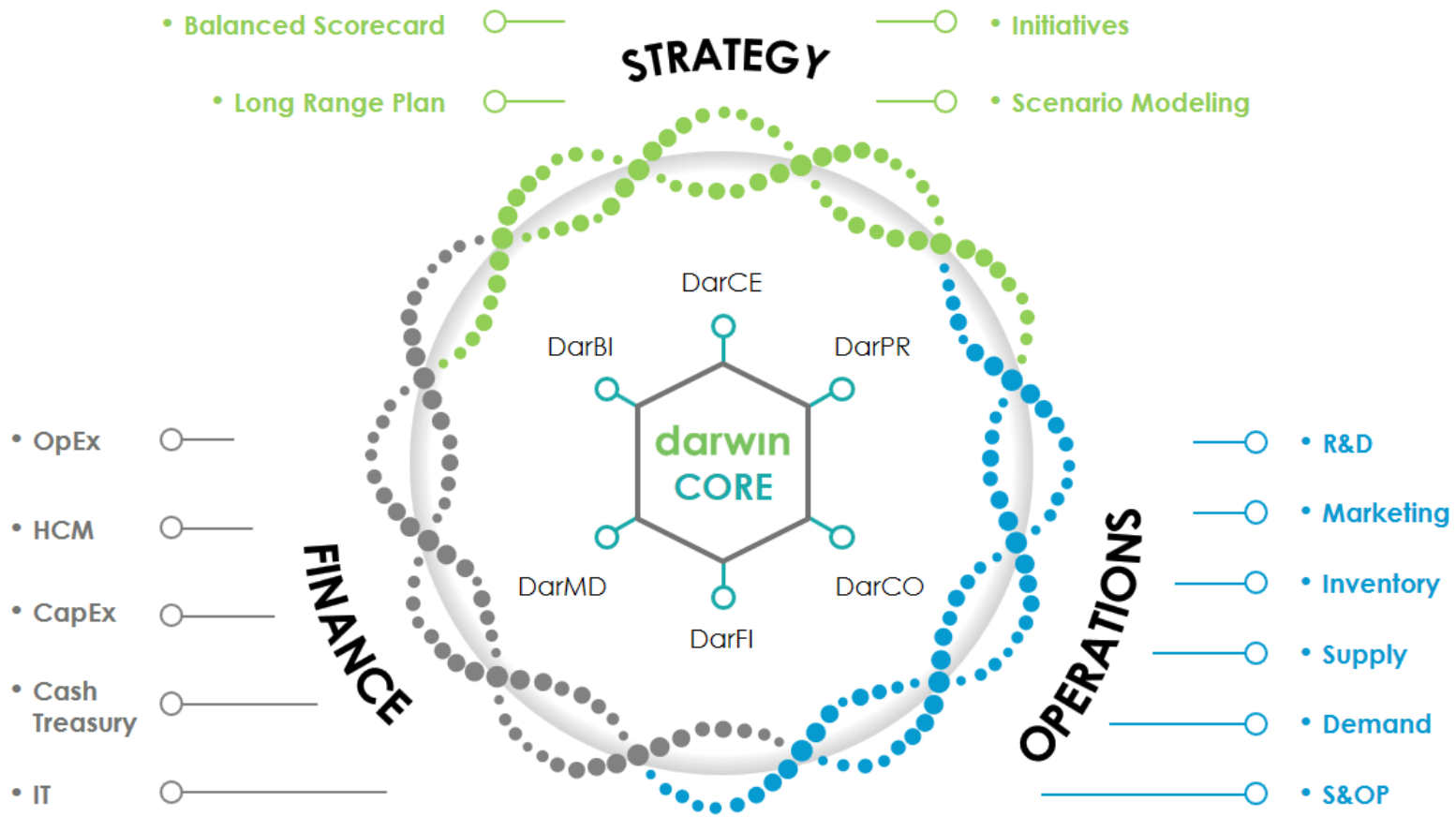
- 120 DAY ANNUAL BUDGET CYCLE
- FLASH REPORTING
- 15 DAY CLOSE
- FORECAST TO YEAR END

- AGILE & FAST ROLLING FORECAST
- SELF-SERVICE ANALYTICS
- SELF-SERVICE SCENARIO PLANS
- 5 DAY CLOSE / 30 DAY AOP

# Model Objectives

- Horizontal Model –
  - Strategy, Operations & Finance

# THE DARWIN PROGRAM




## LEGEND

**Core**

**DarCE** : Darwin Calculation Engine

**DarPR** : Darwin Predict

**DarCO** : Darwin Connect

**DarFI** : Financial Planning & Analysis

**DarMD** : Darwin Master Data

**DarBI** : Darwin BI

darwin
enterprise performance management

# Model Objectives

- Horizontal Model –
  - Strategy, Operations & Finance
  - Working together on common terms: shared taxonomy, workflow, data sources, rules, etc
- Vertical Model –
  - EPM placed in context of BI, EDW, and integrated data…not a siloed solution “just for finance”
- Data content –
  - Not single version (like budget), but consider “ensemble modeling” – multiple models providing context and consensus
  - Consider constant currency, benchmarking to competitors, macro economic data, predictive models etc

# Audience Objectives – Bi-Directional communication

- Enable bi-directional communication
  - Disseminate directives and expected performance outputs from top down
  - Communicate up challenges and changing conditions detected at field level
  - Empirical, fact based language…transcends cultures/languages/geographies
  - Which management group should be left out? (no one)
- Proper demographic –
  - Cross functional: Not just for finance
  - Support service provided to operations, executives…AND finance (every decision maker)
  - Outreach to make real goal of “being partner to business”
- Rationalize tools –
  - Too much chaos (each group chooses their preferred tool) = nightmare to mature
  - Align tools without forcing everyone to use single tool

# Time Objectives – Enabling the speed of business

- Strive to polish process to enable rapid updates
  - Automation to maximum extent
  - High performance and sustainable execution of transactions (sends, refresh, data uploads, calculations)
- Embed checks and balances into system to catch errors quickly and suggest corrections
- Eliminate redundancy and multiple “hops” in landscape – often intentional, but with weak justification

# Overall Mission

- Finance shifts from reporting scorekeeper to:
  - Better partner to business – integral model builders and analysts of key decisions
  - Administrators for bi-directional communication system
  - Enables & empowers users to make better decisions
    - Seeks out models with more and more relevant analysis
    - Presents pre-analysis to users to validate entries are of good quality
    - Suggests alternate entries that may be more in line with expectations
    - Collects explanations for variances before submission
- Enables business to move faster
  - Remove rigid and slow annual-focused cycles, replaced with more opportunities for course corrections
  - Challenges historical commitments to annual plans, 5 year strategies, and other commitments (primarily to expenses)
- Redefines process to be a nimble & iterative ‘discussion’ about performance vs a herculean cycle that produces obsolete plans

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# Measuring Value

- Model
  - Hard savings: Labor reduction (automation, streamlined landscape). Tool consolidation (licensing).
  - Soft value: Better decisions made with superior analysis (cross functional context), better alignment with peers, less time spent on data processing and more time spent on analysis
  - Strategic alignment: Roadmap defined, less time wasted evaluating non-aligned solutions/processes
- Audience
  - Hard savings: Solution rationalization (reduce licensing and maintenance cost of rogue solutions), labor efficiencies by removing highly redundant individualized solutions
  - Soft value: Better decision making as users are better served (choice of tools/interfaces, centralized maintenance with faster updates, aligned context)
  - Strategic alignment: Centralized service to define and sustain evolving analytic capabilities
- Time
  - Hard savings: Labor – less time spent:
    - Fighting same data across multiple systems
    - Manually operating system
    - Creating derivative reports
  - Soft value: Better decisions made with fresh plans, fresher variance analysis
  - Strategic alignment: builds cadence of planning and decision making – faster decisions, anomaly identification and remediation

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# Thank You for Attending!

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