

FUTURE-PROOFING FINANCE

The case for OneStream Software as the platform for both innovation and uncertainty



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 **ONESTREAM**
GET BACK TO BUSINESS

A LETTER FROM ARCHETYPE CEO & FOUNDER, JASON WEBSTER

As a paramedic in my twenties, I worked in both an ambulance and a hospital setting, and we had standard procedures for everything. We lived by acronyms that engrained years of training into a set of Judo-like reflexes. And what kept us all in sync – the paramedics, the firefighters, the doctors, the nurses – were those protocols that largely governed the hours of the shift.

Yet there was a separate set of rules used for unique situations we called an “MCI” or, a mass casualty incident. That unexpected volatility or chaos drove us to grab a different binder off the shelf and govern ourselves by a modified set of rules. How do you operate when the needs clearly outstrip the resources? Even the emergency experts had their own special protocols for the proverbial “Oh, \$%*#” moments.

In 2007, when the housing market meltdown drove the economy into a tailspin, business leaders were forced to reach for that same binder – if they had one. They had to answer the question: How do we operate when the demands outstrip our current processes and systems?

Blue chip companies abandoned their monolithic Corporate Performance Management (CPM) systems for spreadsheets in efforts to model the uncertainty of the economic environment. Investments in budgeting and reporting systems, in cutting-edge technology and detailed processes, were found to be almost useless when share prices were swinging rapidly by the day. The models couldn’t match the tempo of change or provide the insight necessary to make difficult decisions on those dark days; manual Excel models became the most effective means of planning, communication and collaboration.



PAIN AVOIDANCE IS THE GREATEST OF ALL MOTIVATORS

Fast forward twelve years, those same companies have started taking a second look at their CPM platforms. But this time, two major factors will be different.

First, finance groups will favor the GPS over the map. The traditional paper budget was not designed to tell you how to get there; it was designed to communicate the expected outcomes, tie compensation to goals and force everyone to justify their expenses. Unfortunately, neither the content nor the methodology put into that budget could effectively pivot when the world started changing. The GPS, in a finance context, is the rolling forecast. It updates routinely based on real-world feedback and quickly identifies the growing gap between plan and reality. Leading

organizations don't look at the forecast as a smaller, faster budget; they acknowledge that is fundamentally the replacement of a document with a process.

Second, if we start to see market corrections in 2019 and 2020, the traditional budget priorities, including replacing systems based on their asset lives, will be eclipsed by dynamic plans focused on surviving and profiting through the market turbulence. Regardless of how 2019 and 2020 play out from an economic perspective, today's finance leaders, who learned their trade over the last twenty years, will be expecting a lot more from CPM vendors over the next few years. They need CPM to provide the lifeline, security and confidence on those dark days.



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UNDERSTANDING THE CURRENT STATE OF VOLATILITY

We are twelve years removed from the financial crisis and we find once again ourselves facing similar uncertainty. While the economy appears to be healthy, and the unemployment rate is historically low, there is still volatility in the markets. The lack of affordable housing, trade wars, tariffs, taxes – it seems every day there’s a breaking news story that causes investors to react.

Managing the unexpected is not trivial. Whether it’s a response to a leadership request to model an acquisition, or planning for unexpected market turbulence, it is often very difficult to accomplish this within the same system finance uses to plan and analyze the day-to-day operations. This is driven by two fundamental and limiting factors older systems wrestle with.

Most CPM vendors have grown through acquisition which has resulted in financial data spread across several data stores (one for actuals, one for the plan, one for the strategic plan, one for manufacturing or operations). When this is the case, organizations rely on sophisticated processes to reconcile the data once a month or once a quarter. Answering a question in 24 hours for leadership may require the analyst to stitch data together in Excel, meaning that the model built immediately becomes perishable and can be received with a dose of cynicism when the numbers are outside of expectations.



These systems rely on a rigid set of hierarchies. The chart of accounts, product hierarchy or customer hierarchy is maintained through a data governance process that usually requires a change order to add or modify an account or roll-up. Again, these practices help keep the ‘house in order’ but limit an organizations ability to be responsive.

Regardless of whether it's driven by complexity, a highly integrated business environment, or external economic drivers, volatility seems to be the new norm. In fact, in a recent EY report on the “DNA of the CFO”, role stretch is identified as a big issue as CFO’s try to balance traditional responsibilities while navigating new market conditions. And there is no end in sight.

A SOLUTION FOR TODAY... AND TOMORROW

Now imagine having the opportunity in your career to start over with everything you know. To be given a 'clean slate'. So much of how we operate at work is a compromise between the status quo and the ever-changing needs of the organization. If you could really do it over again, what would you do differently?

Meet OneStream. A company and a product that has learned from the last twenty years of CPM's evolution and designed a different solution. Their team's collective experience enabled them to build OneStream as a platform for the future that, while effectively checking all the boxes against the traditional demands of a finance team, might *actually shine* the most during a volatile period.

WHAT HAS ONESTREAM DONE DIFFERENTLY?

First and foremost, it's a unified platform and provides a single version of truth at different levels of detail for both accounting and FP&A. This provides agility in supporting multiple versions of a forecast while also tying back to the details to validate those assumptions with history. It also supports transparency in the close process to quickly understand and communicate variances to budget and the most current plan.

It dynamically integrates data across the value chain in a way that quickly identifies diverging assumptions related to sales, headcount, inventory, working capital, cash flow, etc., providing an incredible advantage to leadership, enhancing their ability to decide and act much more efficiently.



But, most importantly, it is Finance's management system, providing the dashboard for the business. Having real-time access to both actuals and plan at any level of detail and insight beyond the general ledger to forces outside the walls of the company (such as customers and market drivers) is not something most leadership teams are used to. The level of integrated reporting that OneStream can provide immediately increases visibility, trust in the numbers, and confidence in the decision-making.

3 COMPONENTS OF THINKING DIFFERENTLY

Single Version of Truth

As stated above, many companies are aligned with disparate GL systems; they've grown through acquisition. Oracle, QuickBooks, SAP, JD Edwards, PeopleSoft – organizations and even departments are all maintaining their own expenses in their own way.

However, in moments of volatility, the disparate systems will delay progress, action, and perhaps the ability to survive it. Imagine being a part of the opening scene. You're in the back of an ambulance during an MCI and no one – not the doctors, police officers, nurses, or even the victims – speak the same language. Victims wait for critical care, command centers and triage fail to deploy, and ultimately, the disaster's toll is greater than it ought to be.

Its language connects us and allows us to act. OneStream allows the entire company to speak the same language. It's a truly unified CPM application which means that budget, forecasts, actuals all share the same metadata and the data lives together.

In a volatile environment, having access to a unified GL, a single source of truth is essential.

Our client, Avante Health Solutions, now maps their unique GL and global Chart of Accounts (COA) to OneStream. Regardless of the department, office location, or product line, everyone uploads their unique P&Ls and balance sheets to OneStream.

Everyone at the company understands how their data is shown in OneStream and therefore, everyone is speaking the same language. The CFO is looking at the exact same report that the department shared.

KEY TAKEAWAY

By having a single source of truth CFOs and leadership can make decisions knowing that the data they are using is accurate and there's no missing Excel sheet that they need to reference.

Avante | Health Solutions

The teams at Avante Health Solutions now upload their unique P&Ls and balance sheets directly to OneStream regardless of department, location, or product line.

3 COMPONENTS OF THINKING DIFFERENTLY



Budget vs. Forecast

How we travel today is very different than how we travelled forty, twenty, and even ten years ago. In the past, we'd print off pages of directions or referred to a map that would help us arrive at our destination. But, if we take a wrong turn, we might not know that we made a mistake. Think about any movie scene where a tired driver takes the wrong turn on the highway and goes hundreds of miles in the wrong direction. Once he realizes his error, he knows he lost time and money.

Today, apps like Waze help us arrive at our destination. When we miss a turn, Waze instantly recalculates the route to get us back on track and updates our time of arrival. There's no huge consequence because the hundreds-of-miles-in-the-wrong-direction-mistake no longer exists. Even the dad-who-won't-stop-to-ask-directions-arguments have disappeared too.

Why, then, in the business world, wouldn't organizations jump at the chance to use something that would remove risks, catch errors, and eliminate any arguments?

There are still companies that rely on static budgets. They, like the famous infomercial, "set it and forget it" in hopes that the plans they made at the beginning of the fiscal year haven't taken them off-course. Relying on static budgets is like travelling with printed directions. These budgets aren't updating when mistakes are made or highlight real-time data. Cue those family arguments.

Companies typically start their budgeting process in August and September, with hopes of ending the process before the end of the year. Honestly ask yourself if that process *has ever been completed by the end of the year!* By the time most organizations are done, the budgets are already obsolete.

Zayo Group noticed this issue and decided to move away from relying on a static budget. Zayo recognized that they, as a company, weren't in the same situation in January that they were in the previous August.

They wanted to find a technology to help them catch errors early and remove risks of money and time loss, allowing them to adjust and stay on course.

3 COMPONENTS OF THINKING DIFFERENTLY

By implementing OneStream, Zayo aligns real-time data with a rolling, dynamic forecast in a single solution, and now has a unified view on the financial impact of decisions. In this context it's not time and gas; it's time and money companies are saving with OneStream. At the



Rolling forecasts became Zayo's GPS app. They can now rely on a continuous forecast to see the year – and years ahead.

end of the day, the rolling forecast became Zayo's GPS app. They began to forecast current years as well as future years. Because of this, they could leave the budget behind. They are relying on a continuous forecast and by the time August arrives, they will know what the next year will look like and those forecasts will only continue to get more accurate.

OneStream allows organizations to have visibility into their numbers and will dynamically update forecasts and help with planning. Organizations can see how a slow first quarter will impact the financials and can also see what would happen if the sales team crushes their goals. At this very moment, does the organization have the cash flow they hoped to make a new hire, or should they delay posting the job? By dynamically updating the forecast, employees aren't driving in the wrong direction:

with OneStream, organizations can see the dynamic impact to their financial destination.

Trust in the financials increases trust in one another. The unified view that OneStream's dashboards provide allows employees, like families who use Waze, to eliminate arguments. No one is searching for the most updated version of the spreadsheet; no one made an error because the version they were told used wasn't the most updated version. Rather than waste time searching for a version of a spreadsheet, employees can collaborate on value-added projects instead.

KEY TAKEAWAY

OneStream's ability to help organizations trust the numbers allows for employees to do what the organization hired them to do: make better financial decisions with the real-time data available to them.

3 COMPONENTS OF THINKING DIFFERENTLY

Tighter Controls to Speed Up the Close

Ask any CFO or financial leader for a wish list and a faster close usually appears somewhere near the top. No one wants to be closing August on September 21, let alone September 14. But another item you might find on that list is tighter controls. The more humans that touch financial data and numbers, the more likely an error will occur.

In times of uncertainty, the desire for these wish list items only increases. The longer it takes to close the books, the longer it will take to see that your organization is driving in the wrong direction and going off-course. And furthermore, if there is a manual component, you may not know who is behind the wheel.

If organizations want to stay competitive and pivot, they need to achieve a faster close. If any tasks are past due, who isn't completing them?

By having sight into these tasks, companies can achieve a faster close *and* can keep tighter controls on their financial data. OneStream can provide solutions to both. With OneStream, organizations can use MarketPlace solutions like the Task Manager and the Close Manager which guide users through the month-end process and hold people accountable for their part in the process. The state-of-the-art dashboards they provide show visibility into the progress.

Moreover, in OneStream, every action is cast into a log. If employees need to adjust the forecasts, companies can see which employee changed it and when. There are controls of every action to hold people accountable. These controls make auditors happy – external and internal – as they can see how things came together. They can see on top adjustments.

Tighter controls mean more confidence in the numbers and a clean dashboard allows for good visibility into the company. Employees can spend more time analyzing the results than compiling the results. In those days of the longer close, by the time the CFO needed the numbers, no one has the time to give the CFO a proper story of what's going on with the numbers.

Now, with OneStream, it's hours. CFOs can adjust and get those divisions on the phone. Employees can tell a story on Day 2 and not Day 10.

KEY TAKEAWAY

OneStream highlights dashboards and reports to drive the conversation and gain visibility into the company. They can make those real-time adjustments to get back on track faster and not drive further in the wrong direction.

CLIENT STORY | AVANTE HEALTH SOLUTIONS



Avante Health Solutions was running Hyperion Enterprise, an antiquated system, as a centralized model for their corporate location. This meant that site locations would send Excel files to be transformed in a format to load into Hyperion. As you can imagine, this was a highly manual process and this model made it difficult to close the books quickly and required at least a day's work by a single employee to upload the data correctly.

Moreover, the company hoped to grow through acquisition which meant they needed to understand what the financial picture looked like given certain options. As options were considered, employees once again would have to turn to Excel and manually "piece together acquisitions" and then upload them into Hyperion. As a result, Avante's employees spent more time compiling the results rather than analyzing them which stalled acquisition conversations.

Leadership opted to implement OneStream to replace Hyperion products and Excel spreadsheet consolidation.

"We hadn't upgraded our system in 15 years," said Andrew Stream, Avante Health Solutions, Corporate Controller. "We knew this was a huge undertaking but needed a solution that would allow us to analyze potential companies and easily integrate future acquisitions. By choosing OneStream, we know we are looking at data in real-time and can review potential acquisitions faster."

In a time of volatility and where it seems like the economy swings like a pendulum, having the ability to automate the financial close and the ability to have all their company's data in one place is a competitive advantage. It allows companies to make good business decisions with real-time data and get further detail into the detail companies need. The solution is designed to collect multiple versions of the budget to meet different reporting needs, which allows Avante to pivot and change directions if they need to make a change. By using OneStream, it allows Avante to improve efficiencies with their data collection and providing much needed auditing capabilities.

"Using OneStream has given me more accuracy and confidence in our numbers – and in less time." Stream says. "My time, my team's time, is money. The more time my team can spend analyzing potential acquisitions, analyzing our own numbers, and making appropriate changes to stay on course, the better we will be able to navigate what opportunities come next."

CLOSING

THE ULTIMATE VOTE OF CONFIDENCE

It's hard to overstate the vote of confidence KKR recently put in OneStream as the new leader in the CPM industry. More than most, KKR understands complexity and turbulence and they see OneStream as an asset to their customers and the market. And of course, they view it as a highly-profitable investment in a mature, saturated market. Don't buy OneStream because it's a replacement of your ten-year-old CPM system; buy it because it will help you navigate complexity and turbulence – or whatever 2019 and 2020 bring.

KKR is making a huge investment in OneStream, but whether we realize it or not, we are investors as well. As partners and customers, we are investing our collective time, money and feedback into the R&D of the vendors that win our business. While competition is a powerful motivator for growth and excellence, it benefits all of us to pool our resources against a set of aligned priorities. So, if you're looking for a new CPM platform, or are trying to figure out if your current vendor is more interested in your needs or winning a war for cloud dominance, evaluate your options. Narrow them to two or three. OneStream will, without a doubt, belong on that list. And then, consider the following, as KKR clearly has: No vendor is better positioned today to align a clear and unencumbered vision for the future with a state-of-the-art technology stack and the funding necessary to build, grow, compete and win. Let's all invest and align on OneStream. The payoff is for all of us.

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