Eight Key Factors to Consider when Evaluating Continuous and Extended Financial Planning Software

Is your existing planning process creaking at the seams, struggling to keep up with new pressures to forecast more frequently, more accurately, and with input from across the whole organization? Do you spend too much time reconciling and manipulating data and files from multiple data silos? Does this prevent you from creating detailed analysis and forecasting across demand plans, capex plans, and labor plans? How easily can you respond to sudden events and test different scenarios when a situation requires decisive—yet well informed—action? If you can relate to any of these points, it's probably time to revisit your financial planning software and consider alternatives. But how do you know what to look for?

Introduction

The extreme market volatility stemming from COVID-19 has upended many of the ways that modern business is conducted. However, the pandemic isn't solely to blame. In many ways, it served as nothing more than a catalyst for the trends that were already long underway in the business community. The size and speed of its disruption simply forced these issues into the spotlight.

To begin, the continued globalization of enterprises and their supply chains has introduced both risk and complexity alongside its opportunities. Now these multinationals need to account for ever more variables when planning their operations and finances across all constituent entities. Diverse government regulations, target markets, business climates, and logistics all need to be accounted for. When a disruption happens in any one of these areas in any one of their jurisdictions, it can set off a chain reaction that can be felt throughout the whole enterprise. For example, COVID-19 may have caused raw goods shortages for a manufacturer, leading to delays for the distributor and lower

sales for the retailer. This type of complexity is only growing for organizations, and corporate planning teams need to meet the challenge.

The second major trend is the increasing speed of business. While methodologies like just-in-time manufacturing and agile software development have enabled businesses to be even more nimble than before, it also means tougher competition as your rivals become more agile, too. Whenever disruptions happen, enterprises now need to be able to change course at the drop of a hat. Such is the case with the US-China trade war that has unfurled tweet by tweet. Each time a new measure was announced, the global shockwaves caused entire trade routes to be redirected in a matter of hours and days, not weeks or months. Even if buyers and traders acted quickly on the news, producers and distributors needed to be just as responsive in their own planning and operations in order to support those shifts.

Financial planners are often on the front lines of these shifts, modeling the impacts of any disruption as well as the potential responses.

However, many planners are not provided with the right tools to adequately address the complexity of what they're modeling in the short timeframes they're given. Even routine planning is affected, because the increasing speed of business means that financial plans quickly stagnate. Thus, one of the best ways for organizations to remain competitive is through connecting their financial and operational plans, and revisiting these plans on a continuous basis.

Adopting purpose-built software for continuous planning is the best way forward, but not all solutions are created equal. Finding one that specifically connects your finance department to all edges of your organization's operations is crucial in order to realistically address complex business scenarios.

Although this is the general north star to aim for, there are specific operational and strategic considerations to work through when evaluating which software to choose.

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- **90%** of surveyed users rated Tidemark's implementer support as **excellent** or good
- On average, **85%** of the users in a company **used Tidemark** for planning and budgeting
- **41%** of surveyed users **chose Tidemark** because of its **large data handling capacity**, compared to 17% for the average planning tool

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Here Are The Eight Key Factors To Consider When Evaluating Continuous Planning Software:

Operational Factors When Considering Continuous Planning Software

1. Will any manual data sourcing and manipulation be needed?

Financial planners can't actually plan if they spend all their time chasing data and running calculations manually. This is what software is for. Even if planners need to work with data from diverse entities across the world, the best planning software should be able to automatically pull data from these multiple sources and the diverse ERPs they may use. The resulting framework creates a single, connected, standardized platform upon which all calculations and repetitive processes can be automated.

Because the data are automatically pulled, centralized, and calculated, there should be minimal manual work involved. The result should be extra time to spend on analysis and modeling, as well as a greatly reduced risk of error in the calculations and underlying data integrity.

2. How much ongoing support will be needed from the IT department to maintain or update our processes?

Financial planning and BI tools can be built in many different ways. If the architecture of your software does not complement your business processes, you will likely run into some major challenges. Most significantly, you'll run the risk of being overly reliant on your IT department to create workarounds whenever the solution is too fickle to meet your needs. You may also end up relying on them to code new processes whenever additional calculations or reports are needed. Even though IT will likely be able to help you with these things, you'll be competing with other departments and projects for time and attention.

Instead, look for financial planning software that is flexible and can be managed autonomously by finance teams. Ditch the illogical, rigid, and complicated cube structures, and instead opt for modern, cloud-based solutions that easily accommodate new data feeds, processes, and reports.

3. Can this software process large volumes of data? How long does the processing take?

Sometimes financial planning software can struggle to handle large data volumes and robust business logic. For organizations looking to build models that crunch enormous amounts of data or apply multiple complex calculations, it's important to ensure that the software can keep up. Failure to do so can lead to long delays and even see your team obligated to load and process multiple batches of data separately.

The best software should be able to handle the most sophisticated, data-rich, and enterprise-wide processes that planners need for their models. This is often achieved through scalable, elastic architecture that is not reliant on data cubes, but rather a multi-tenant, computational cloud framework.

4. Is it possible to create and collaborate on reports from within the software?

Take a minute and count the number of apps you use throughout the day at work. Even if we discount the supremely obvious ones, like email and video call apps, there's a good chance you're still shuffling between many different software programs throughout the day. If Excel, various ERPs, and your actual planning software are your current mainstays, it's highly likely that your workflows are already tedious. Then add in separate BI software for reporting and analysis, and you're absolutely juggling too many programs that can threaten the integrity of your data.

Look for a solution that combines data aggregation, processing, and reporting for a more end-to-end experience that saves time and provides peace of mind. Add to this the ability to collaborate with coworkers on reports and you'll even be able to reduce those unwieldy email chains.

Strategic Factors When Considering Continuous Planning Software

5. Does this solution support rolling forecasts, and what does the workflow look like?

Many organizations still treat their financial planning as a once-a-year initiative. This results in a serious problem: Those plans quickly become outdated, leaving everyone flying blind for the rest of the year until new plans are drafted. The solution for this is to implement rolling forecasts, which require the plans to be continuously updated based on the latest operational data and market indicators. Some of the largest enterprises have even moved to making daily adjustments and cash forecast calls.

In order to achieve such a feat, it's necessary to implement a technical solution that automates most of the data aggregation and number crunching. However, it's equally necessary for the software's workflows to support such heavy usage and forecast updates. Be sure to request a demo to familiarize yourself with the key workflows you'll be performing on a regular basis. The smoother they are, the happier—and more effective—you'll be.

6. Is scenario modeling supported, and what are the capabilities?

As businesses become more sophisticated, the risks they face also become more complex. Add to this the accelerating speed of business, and it becomes readily apparent that financial planners need to not only create more models, but more complex models much faster than ever before. Take COVID-19 as an example. It threw the entire global business community for a spin, but the smartest organizations were able to quickly and fully explore their options before deciding on any major course of action. While sometimes it's entirely necessary to make split-second judgement calls based on intuition alone, why put up with the extra risk in the instances that it's completely avoidable?

The best software should offer comprehensive modeling capabilities. For starters, it should allow for unlimited versions and scenarios, so that organizations are never left without the ability to dig deeper or consider new options. And it should also facilitate both holistic and granular models without ever losing a level of detail. Planning across subsidiaries and lines of business should be just as easy as delving into demand plans, capex plans, labor plans, and any other areas your business may need to model.

7. Will non-finance professionals be truly empowered to contribute their KPIs for planning purposes?

When financial plans seem disconnected from reality, there's a good chance that those plans aren't incorporating enough operational input. This isn't always the finance department's fault, though. When finance teams have to plan across multiple entities and lines of business, it's no wonder that they struggle to manually source data from numerous departments in different offices around the world. Manual, top-down approaches to reaching out and gathering the information simply aren't feasible. Instead, this approach should be flipped on its head. Operations professionals from around the organization, such as factory managers and store directors, should be empowered to consistently feed their KPIs to the corporate finance department, thereby proactively letting them know what's happening on the frontlines.

Although the crowdsourcing of operations data sounds perfectly sensible in theory, it can turn out quite differently in practice. If frontline managers don't understand why they need to add another task to their list of things to do, they may very well avoid doing it. This means that any planning solution should have easy workflows for non-finance professionals and support the organization in underlining why it's important to work closely together on the KPIs. The results are significant. Operations doesn't simply become more aligned with Finance; Finance also becomes more aligned with the operations team.

> The best planning solutions encourage wider participation by offering engaging, consumer grade user interfaces, while leaving finance in control of the overall process.
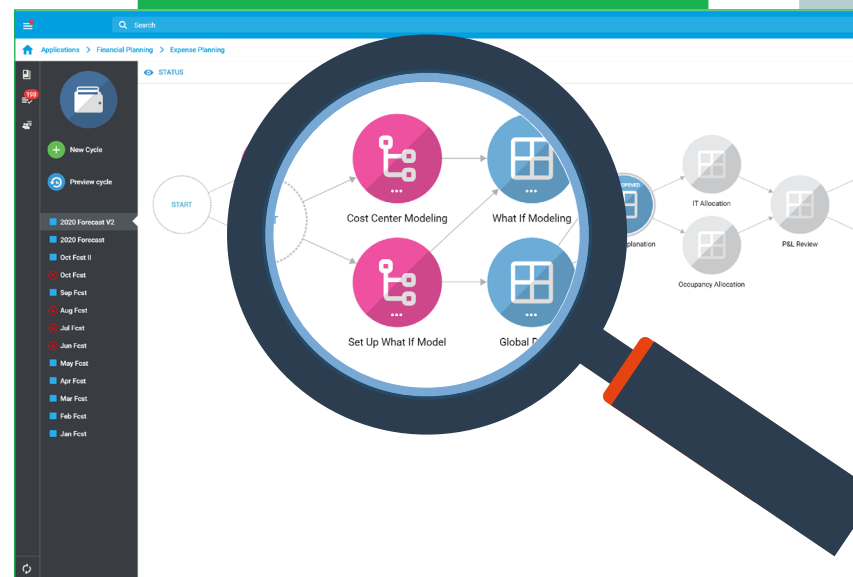
8. Will this solution help us find clear trends and act on the story behind our numbers?

Gathering and processing data is only helpful if it can lead to insights that support action. While this may sound like an obvious statement, it's worth noting that many organizations fall prey to believing that their reams of reporting are more helpful than they actually are. It's crucial to set up reporting in a way that specifically answers the same sets of questions every time. Yes, data should be gathered with specific goals in mind so that they clearly answer questions, and only when this happens consistently will broader trends begin to emerge. If numbers come in at different reporting levels from various ERPs, or the data sets themselves are constantly being changed, it becomes much harder to identify those trends.

Thus, it's important for your planning solution to prioritize not only standardization and consistency within its data workflows, but also the way in which it shows those data to planners, operations managers, and executives. Planning software is not a true solution if it forces planners to export their data into separate BI tools for analysis, only provides fickle and limited reports that IT may have to constantly update, or does not allow for easy in-context collaboration. The best solutions source standardized data, apply all business logic with ease, and then present those findings via comprehensive and flexible reports that everyone can look at together.

Conclusion

Financial planning is only helpful if it's relevant, but many financial plans are woefully irrelevant because they are outdated, disconnected from reality, or take too long to create. This is because today's business climate is extremely complex and moves at an unsettling rate, and the only way to keep in step is by adapting the planning process to meet these challenges.

Continuous financial planning software is an excellent way to help ensure that plans are consistently updated based on shifting markets. However, it's also important to connect these plans to true operational data from the frontlines of the business. These should be the main goals of every planner when looking to implement a new solution.

But no two solutions are made alike. There are a number of considerations that must be explored in order to pick the best fit. Thinking through the operational benefits of any given software is just as important as thinking through the strategic initiatives it will support.

The organizations that choose wisely end up reaping significant benefits:

1. Their forecasts are constantly updated, which greatly reduces the amount of surprises they see.

2. Their plans are grounded in realistic operational KPIs, which boosts the entire company's confidence in its forecasts.

3. Their critical business decisions are based on thorough modeling.

As the world becomes ever more complex and competitors catch on to the benefits of continuous and extended planning, it will become ever more imperative to adopt the right supporting software.

About Tidemark

Tidemark empowers medium and large enterprises to transform their business with real-time, cloud-based planning, forecasting, and analytic applications that work for everyone on any device. Unconstrained data storage, scenario planning, and modeling on a scalable platform simplifies planning for diversified organizations. By adapting to your business processes, supporting granular cross-departmental plans, and providing a consumer-grade UI, people at the edges of your organization can easily plan and interact in the same platform, while finance still retains control. This drives greater accuracy and enables you to adopt a continuous planning process.

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