



HOW TO ACCELERATE BUSINESS INNOVATION DURING A GLOBAL PANDEMIC

Enterprise Performance
Management

Abstract

Special situations demand extreme focus. In this whitepaper, we analyze how the COVID-19 global pandemic created unique business challenges and how Enterprise Performance Management (EPM) can be useful in these scenarios.

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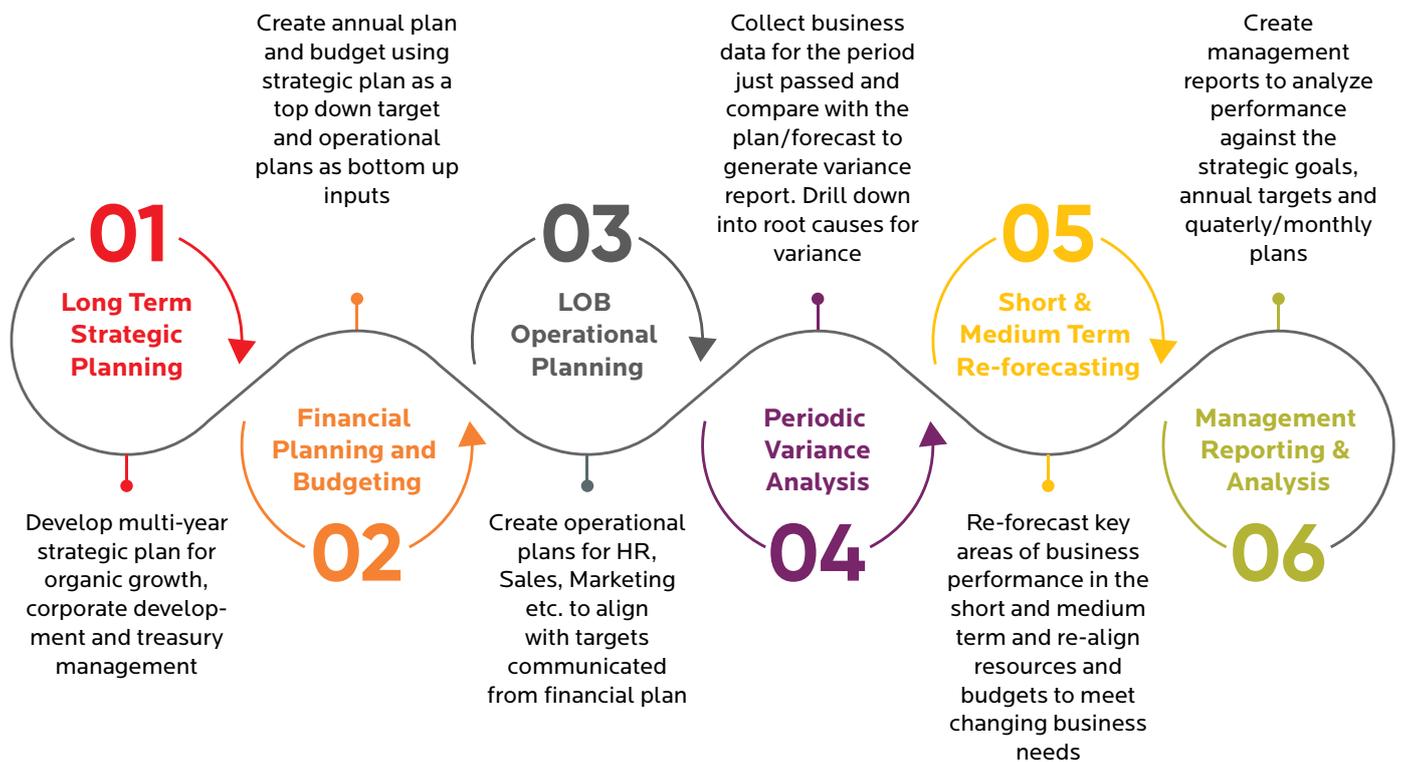
Summary

Introduction

Are you well equipped to handle unplanned market exigencies? Do you have a robust business performance planning model? Are you able to effectively plan out different alternative business strategy scenarios? Learn how Enterprise Performance Management can help accelerate business innovation, in the midst of a global pandemic.

Typical Enterprise Planning Process

The following is a typical budgeting process that is followed where a long-term plan is established and where a detailed annual budget is drawn. The budgeting process itself factors in a subset of operational plans. These plans get continually reviewed with the actual numbers for the reference period and then the forecasts are suitably adjusted and readjusted to account for course corrections required/projected. Finally, a variety of management reporting happens throughout the process. The entire process is a closed-loop process and feeds into one another.



1. Long Range Planning: 3-5 years
2. Annual Budgeting: Every year, 2-3 passes
3. Periodic forecasting - Weekly, monthly

Key challenges in the budgeting process

The budgeting processes are typically fraught with a variety of challenges. Key challenges included:

- Spread sheet driven
- Disconnected process
- Labor intensive (90% data collection, 10% analysis)
- No automation
- Data integration is a challenge
- Inability to comprehend cause & effect relationships in different perspectives
- Multi-dimensional analysis not possible
- Sophisticated simulations not possible
- No meaningful collaboration
- Iteration & versioning issues
- Not a controlled environment



How EPM Enterprise Planning Cloud comes to rescue during pandemic situations

| Sr. No. | Theme | Pandemic specific situations | What aspect of EPM helps? |
|---------|--|---|--|
| 1 | Strategic Modeling | Given the level of uncertainty that the current extraordinary circumstances have cast on business, it is essential for finance users to fall back on powerful and agile tools. They must be able to analyze the effects of fast-changing market conditions, be able to simulate a variety of possibilities, and model the long-range financial statements accordingly. Users can develop and evaluate long-term alternative strategies, establish contingent scenarios, and stress test financial models thereby giving them unconstrained ability to proactively and effectively respond to changing industry and economic dynamics. | EPM Enterprise Cloud – EPBCS – Strategic Modeling |
| 2 | Cash Flow Forecasting | Uncertain business conditions always warrant more prudent liquidity management methods. EPBCS offers a variety of ways in which to establish the different drivers for cash flow sources (Product Revenue, Services Revenue, Support Revenue) and Uses (Expenses and Payments), set dynamic assumptions for them, and thereby simulate the cash flow impacts. | EPM Standard Cloud – EPBCS – Financials |
| 3 | Simulations | Through a complex but meaningful interplay of scenarios and versions, coupled with drivers and global assumptions, perform a variety of simulations on the budget or forecast, to identify the effect of key variables. Model flex scenarios to deal with different possibilities such that you have budgeted financial statements for every parallel scenario. | EPM Standard Cloud – EPBCS – Financials |
| 4 | Capital Expenditure Evaluations & Simulations | Analyze all planned and inflight capital expenditure with complete detail, revisit cash flow assumptions, in-service dates, evaluate alternatives, leave vs. buy decisions, asset disposals etc. | EPM Standard Cloud – EPBCS – Capital |
| 5 | Granular Planning | Get more granular on your planning – start doing weekly planning for select combinations. | EPM Standard Cloud – EPBCS |

| Sr. No. | Theme | Pandemic specific situations | What aspect of EPM helps? |
|---------|---|---|-----------------------------------|
| 6 | Rolling Forecast | Perform continuous rolling forecasting for say next 12 months, every time, so you get a continuous medium-term view of your budgeted scenarios. | EPM Standard Cloud – EPBCS |
| 7 | Auto-Predict and Predictive Planning | Leverage power of predictive features capability of Oracle EPM coupled with Monte Carlo simulations to come up with auto-predictions, and then land on a desired scenario | EPM Standard Cloud – EPBCS |

Overview of EPM Enterprise Planning Cloud

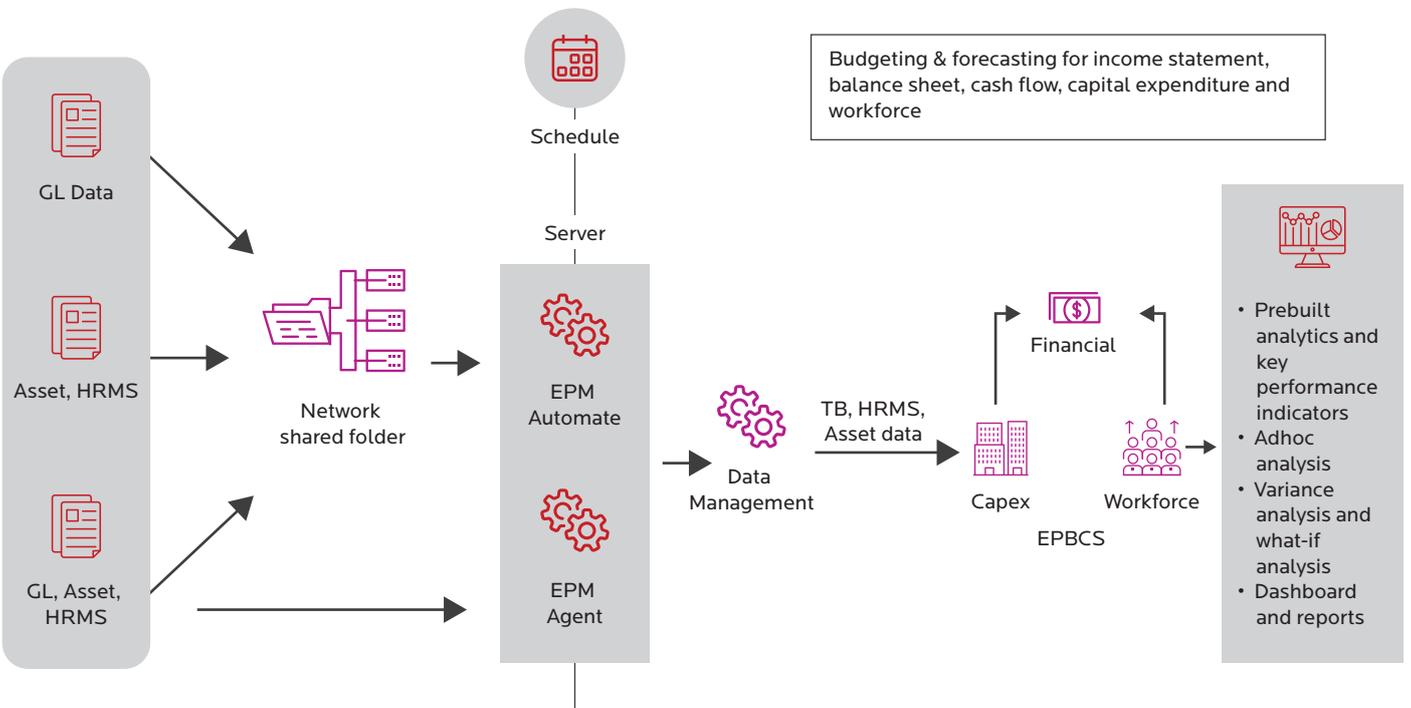
- **Strategic Modeling** allows you to construct forward-looking financial forecast models using innate modeling capabilities to simulate multiple alternative scenarios, debt and capital structure management etc. It is replete with business user-friendly but sophisticated features like scenario modeling, goal-seeking, trail analysis, account forecast, funding options, and free form reporting.
- Within the **‘Financials’ framework**, revenue, expenses, balance sheet and cash flow can be modelled with ease, through a combination of trend-based, driver-based, or manual input.
- The **‘Workforce’ framework** gives the ability to plan for new hires as well as manage existing employees. It addresses compensation spend by employee and/or job code as well as Strategic Workforce Planning (SWP) for Human Resource based skills and competency planning.
- **‘Projects’ framework** is particularly useful for project oriented industries that allows for granular planning for employees, contractors, materials and costs associated with large scale projects.
- **‘Capital’ framework** helps plan for new assets as well as existing assets, and intangibles. The model is self-sufficient and factors in asset-related impacts across the income statement, balance sheet, and cash flow.

According to an Oracle Study (Value Realization of EPM in the Cloud, 2019, n=500) 71% participants confirmed having been able to reduce the number of days to plan and forecast, per cycle. Similarly, 66% agreed being able to see improved flexibility in their planning and forecasting processes. And 58% confirmed being able to reduce number of FTEs in the Budgeting & Planning process.



Illustrative architecture

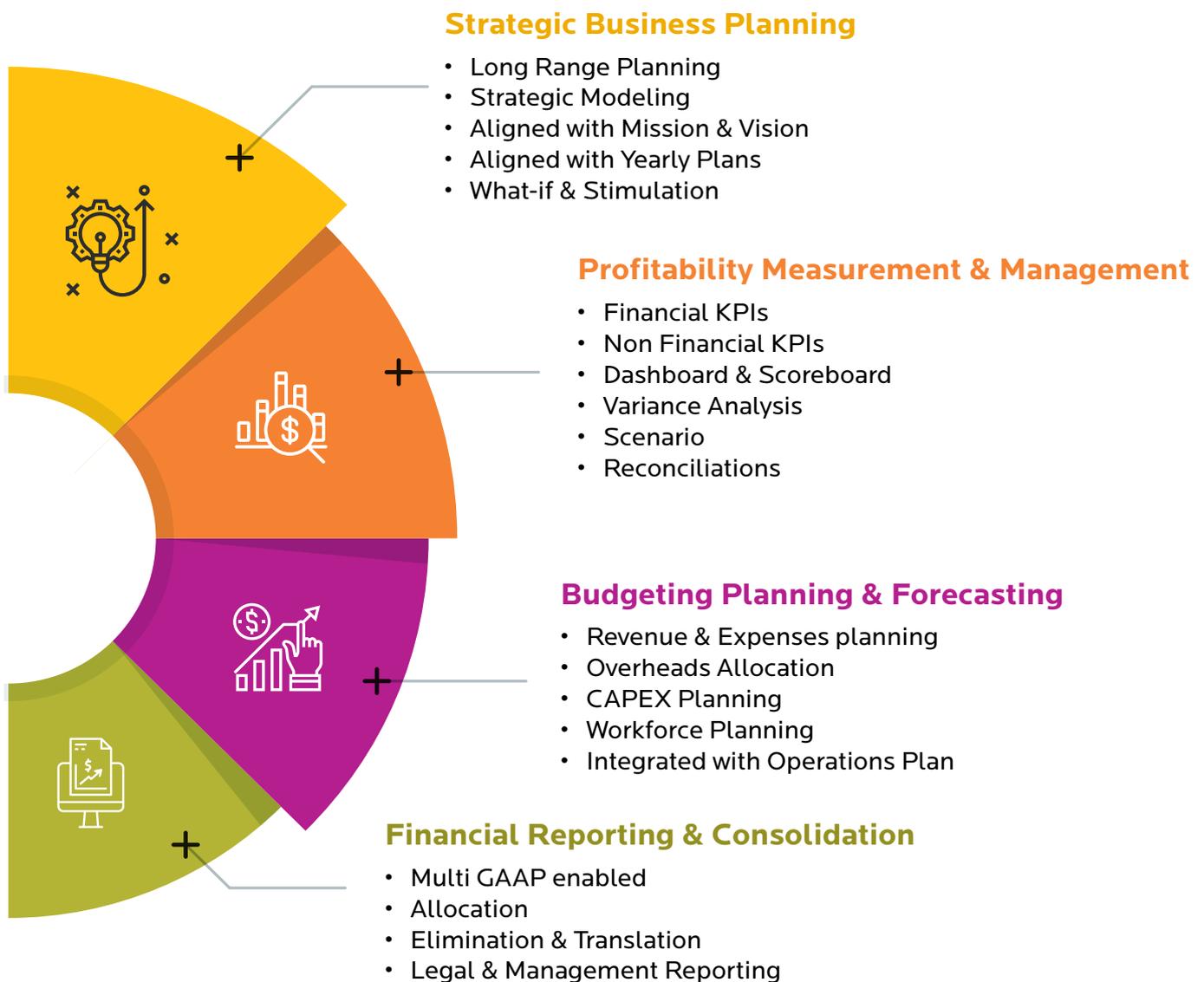
Below is an illustrative, conceptual architecture. All that is required is a SaaS licenses for EPM Enterprise cloud. Typically, there is no need for any other EPM or reporting product including for integration.



How Birlasoft can help

Birlasoft's Enterprise Performance Management experts can help you choose the right EPM roadmap. We provide consulting services to firstly understand your current process challenges, understand your vision, compare and contrast with industry standard practices and then suggest the appropriate adoption plan. We also offer implementation services, during which we use a variety of technical and functional accelerators to expedite the deployment time as well as to ensure a well-tested, robust solution framework.

Below is our vision of a tightly coupled, well-constructed EPM eco system which has the following vital components working together as a well-oiled machine. Such a framework not only improves your forecast accuracy, but also allows more time for analyzing the data and taking action on them.



Summary

Please reach out to Birlasoft for your Office of Finance solution needs at oracle@birlasoft.com. We would leverage our best practices framework, give you a solution that reduces the total cost of ownership and also demonstrate our thought-leadership throughout the journey.



RESOURCES

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Enterprise to the Power of Digital™

Birlasoft combines the power of domain, enterprise and digital technologies to reimagine business processes for customers and their ecosystem. Its consultative and design thinking approach makes societies more productive by helping customers run businesses. As part of the multibillion-dollar diversified The CK Birla Group, Birlasoft with its 10,000 engineers, is committed to continuing our 158-year heritage of building sustainable communities.