Taking financial planning and analysis to the next level with Big Data, mobile and cloud applications

EXECUTIVE SUMMARY OF SURVEY RESULTS

This survey—created by Steve Player from the Beyond Budgeting Round Table (BBRT)ⁱ — polled *Business Finance's*ⁱⁱ readership in November 2012. The study's overall focus was on planning and performance management, looking at how three new technologies — Big Data powered by in-memory computing and analytics, mobile and cloud are helping Finance improve best practices. The 155 respondents (C-level officers, senior finance executives and managers) represent a global, cross-industry group consisting of manufacturing (33%), business services (21%), financial services (12%) and high tech/communications (10%). In addition to the survey, selected attendees from the 12th Annual Beyond Budgeting Round Table Conferenceⁱⁱⁱ were interviewed and asked to comment on these topics. This executive summary was prepared by Steve Player who is the North American Program Director of the Beyond Budgeting Round Table. The survey was sponsored by SAP.

Introduction

In November 2012, the Beyond Budgeting Round Table surveyed finance executives about their best practices in financial planning and performance management, and polled them about their use of Big Data, cloud and mobile applications. The survey revealed that finance organizations are increasingly recognizing the value of these new technologies and are leveraging them to rapidly expand performance management capabilities.

As organizations need to analyze growing quantities of structured and unstructured data, "the ability to rapidly turn data into fact-based decision making" surfaced as the number one need to improve planning and performance management, and the use of in-memory computing appeared as a key solution to meet that need. In-memory computing can unlock the secrets buried in the increasing supply of organizational "Big Data", it greatly expands the muscle for heavy calculations at much faster response times, it enables data capture "on the fly" and real-time data analysis to directly support faster decision making. This allows planners to rethink what is possible.

The other driving force leading to changes in planning and analysis best practices is the increased use of mobile devices and applications. Mobility enables planners to input, plan, and report from anywhere at any time. According to the survey, mobile devices provide planners with far greater reach by allowing them to freely move throughout the organization. They can input data from anywhere, run planning applications remotely and bring results to front line managers or the board room directors with equal dexterity.

Finally, changes are also being driven by the expanding adoption of cloud computing. This increases options on when and how to deploy new applications. Cloud computing also makes implementation costs more adaptive. As reported in the survey, more than half of the respondents agree that cloud computing can help facilitate rapid deployment and updates of planning applications. Additionally, it shifts cash outlays from capital costs to operating costs and frees IT resources to be more flexible.

Take these three innovations in combination and planners can move to a position of far greater strategic impact.

Unlocking the power of Big Data to plan more accurately with in-memory computing and analytics

Financial planning and analysis departments are finding new tools to harvest better insights into the future. One of the most promising developments is the use of in-memory computing and analytics to unlock the secrets buried in the increasing supply of organizational Big Data.

Recognizing the critical role that data plays within their businesses, 93% of respondents declare that "the ability of our organization to accurately plan is increasingly dependent on our ability to analyze growing quantities of structured and unstructured data." By similar margins, 82% of respondents said they "would like to plan 'on-demand' when required vs. purely on a periodic basis", and that their "finance team would like to improve the flow and usability of the information to the Lines of Business to more directly engage them in the planning process".

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While these goals are shared by most, many respondents indicate that their organizations are in various stages of understanding how Big Data can help them reach these objectives. According to the survey, almost half of respondents believe that "the use of Big Data and in-memory computing for financial planning and performance management will increase significantly in our organization in the next one to three years" as compared to 24% who disagree or somewhat disagree with that statement (the remaining 29% being neutral). Slightly more than 25% of the total respondents have deployed or were in the process of deploying one or more Big Data applications. Another 23% are considering such a deployment.

Additionally, respondents were asked to provide their thoughts on the "main ways that financial planning and analysis can benefit from the shift to in-memory computing to address Big Data." Several key themes surfaced and are worth noting in their own words:

- More Accurate and real-time analysis "accurate data analysis" "it would eliminate guesswork" "quicker results to data analysis for decision making" "more real time analysis" "more timely decision making"
- Quicker, more timely management response time "faster calculations" "more info faster" "provide managers with almost immediate access so they can quickly react to opportunities"
- More robust data modeling and scenario testing "create more robust data" "more robust modeling" "ability to quickly update rates and assumptions which flow throughout the plan, allowing for multiple scenarios at once..."
- Enables deeper insights and greater business intelligence "predictive business intelligence" "being able to analyze data to help build demand predictions"

Also weighing in on the benefits of in-memory computing on financial planning and analysis is Mark Lack, Planning and Financial Analysis Manager for Texas-based building products manufacturer Mueller, Inc. Lack notes that "In-memory processing allows it to happen right then – crunch the data, find out what the drivers of this information are, so then we can get back down to the processes and make the changes we need."

Additionally, Lack describes how this has changed the planning function, "I have so many users who rely on this information – I have created analysts out of people who need to know what the results of this data are. So I can spend my time adding value by supporting them with additional reports or pointing them in the right direction of more self-service which frees up my time to look at the larger picture items or to do deeper analytics."

While Mark Lack and the majority of survey respondents are excited about the opportunities presented by Big Data, there are almost an equal number of respondents who have yet to see the benefits. They are unsure of the concepts or of how applicable they are to their organization. Other managers dismiss Big Data's potential because attempts in years past were overwhelmed by the sheer volumes and complexity. But like so many areas where technology is changing our environment, the move to Big Data is already well underway.

From the survey analysis and the related Big Data interviews, there is a growing awareness of the constant streams of digital information flowing through and around organizations. Planners have an opportunity to help their organizations by learning how Big Data can dramatically improve planning. This requires a combination of understanding how your planning processes will be impacted as well as gaining that basic understanding of what these innovations can do. For a quick start, refer to the "Appendix – Additional Resources for Further Learning" noted below.

Planning, analyzing and making real-time decisions—anytime, anywhere—with mobile tools

While already widely-deployed, the use of mobile devices, in particular tablets, is still very recent. Given the current adoption rates, it is easy to forget that the Apple iPad (which seemed to launch wide spread usage of mobile devices) is only three years old. As expected, iPads are the most used tablets but the survey also found broad adoption of Android-based and Windows-based devices. Over 20% of respondents supported multiple technology types.

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In specific regard to planning and performance management, 57% of survey respondents said their senior management teams are currently using tablets. Middle managers are also working with tablets but at a slightly slower rate with only 46% currently using them.

But further survey analysis reveals that even when usage is widespread, the transformation of management activities is just beginning. Over 60% of those managers using tablets are using them for less than 20% of their activity. Slower usage rates are also found in middle manager ranks as 73% of those using tablets are using them for less than 20% of their activity.

Also weighing in on the benefits of mobile computing on financial planning and analysis is Anders Liu-Lindberg who serves as the finance manager and CFO of North American operations for Copenhagen-based Maersk Drilling. According to Liu-Lindberg, "basically all, from director level and up, they have gotten iPads now. They travel around with iPads all around the world". And, as Holt CAT CFO Paul Hensley notes "We like mobility because it helps us better serve our customers."

The key to expanding usage lies in the benefits that mobility provides. In the survey, respondents were asked to provide their thoughts on the "main ways that financial planning and analysis can benefit from the shift to mobile computing." Following are the key themes identified by the respondents reported in their own words:

- Enables more informed decisions and greater planning agility "react more quickly to changes/ projections from plans" "allows users throughout the organization to access the data, make informative inputs on the fly as they go about their work day..."
- Enables a continuous planning process that can supplant the "batch mode" process "real time adjustments to forecasts" "fluid, actionable forecasts"
- Creates more options for managers to remain productive while away from the office —
 "portability" "let more people work from home" "real time access when on the road and linking locations" "management can make quicker decisions—working on plans can be done any time"
- Facilitates planners to work collaboratively with business partners in the field "It no longer tethers them to a desk. They can collaborate in 'the field' with business partners ...to effectively gather the inputs needed to prepare their plans" "ability to better leverage field insights into the plan" "...better ability to serve our clients"
- Enables planners to provide greater strategic value to the organization "minimize team member time crunching numbers and utilize their time to analyze and improve the business" "allows for various ways to analyze and present proposals to guide how the company will move strategically"

"I think the most exciting thing about mobile devices is the ability to work anywhere, anytime. It really provides you the opportunity to give your employees or your customers 'knowledge on the go'" notes Cindy Hubert, Executive Director for Houston-based APQC. Mobility enables planning analysts to use that knowledge at the front lines. "Before we had mobile technology ..., you were just never able to see these trends. So it's not a matter of increasing your visibility – it's basically going from being blind to perfect sight" notes Brian Kalish, Finance Practice Director for the Association of Finance Professionals (AFP).

While the majority of survey respondents are excited about the opportunities presented by mobility, there are also those who raise concerns. Often discussed concerns such as security, access to information, and the potential loss of these mobile devices continue to merit consideration. However, policies and procedures in these areas continue to improve. The sheer numbers of organizations moving to mobility has increased the attention to these issues.

Survey results show that rapid adoption of mobility is expected over the next three years as total senior management usage expands from 57% to 85%, and total middle management usage is expected to grow from 46% to 76%. Much higher usage percentages are also expected by those currently using devices more than 20% of the time — senior management usage is expected to double and middle management usage is expected to triple in the next three years.

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Maersk Drilling's Liu-Lindberg agrees: "The technology is there so it's more about getting the apps or some other tools there [in the managers hands] so they can use it even more. So it is definitely spreading for sure."

The research, interviews and survey results found excitement for mobility – but the key benefits of mobility are driven by how the mobile devices are used. To get significant benefits you must do more than simply use them with your existing planning and performance management processes. To maximize their benefits you need to re-engineer your process to take advantage of the benefits that mobility provides. This increases the frequency in which you can plan and report results. This will move financial planning and analysis into the field to provide more direct support of operations. It will increase collaboration efforts across functions and geographies. Decision making needs to become faster both in making decisions and taking action. With properly redesigned planning processes, your organization can freely move in today's agile world.

Tapping into the real value of cloud computing for finance

Survey respondents had very favorable views of cloud-based applications with three out of five agreeing that cloud-based applications would reduce costs and time needed to deploy tools for quicker analysis and planning, while only 14% somewhat disagreed or disagreed. In helping to improve planning and performance management in their organizations, 42% believed they would be helped by use of cloud computing for rapid deployment of specific applications.

Respondents also favored cloud usage by almost a two to one majority. Of those with a propensity to use the cloud-based finance applications, 36% had already deployed one or more applications and 23% had deployments in process. Another 28% are considering deployment of one or more cloud-based apps. In fact, 13% of all respondents have decided to forgo on-premise and are only considering cloud-based apps.

From the executive interviews conducted at the 12th Annual Beyond Budgeting Conference^{iv}, the key themes revealed concerning cloud computing are (1) understand how cloud applications can provide planners with greater reach and more rapid deployment, (2) identify and understand how cloud computing can change your cost structure, and (3) work with your IT organization to make sure that cloud computing fits your organization's strategic vision. Overall, the interviewees believe that the cloud gives planners more cost-effective options to consider.

Conclusion

The key takeaways from the survey results show how rapidly finance organizations are embracing new technologies to evolve their planning and performance management best practices. Mobile, cloud and inmemory computing are all rapidly expanding existing capabilities. Organizations are realizing how quickly new re-engineered processes can be created and deployed. Senior and middle management are both planning expanded mobile usage. Cloud approaches are lowering costs, expanding options, and merit consideration. These technologies are making planning departments faster, more agile and enabling more direct front line support. These approaches are transforming information access and usability for planners, getting users more engaged at the right time and are driving more optimal results.

Appendix – Additional Resources for Further Learning For additional materials on these areas see the following:

- 1. Steve Player Blog Series on "How cloud computing, mobility, and in-memory computing harnesses Big Data to dramatically expand Best Practices in financial planning and analysis." This can be found at the SAP CFO Knowledge Blog: http://goo.gl/gqLfk
- 2. Further information on the Beyond Budgeting Round Table can be found at BBRT.org and BBRTNA.org.
- 3. Recent changes in the way organizations are planned and controlled are noted in two CFO magazine articles:
 - A. The May 2011 CFO Magazine cover story "Let it Roll: Why More Companies are abandoning the budgeting and moving to rolling forecasts" by Russ Banham at http://www.cfo.com/article.cfm/14570220
 - B. The Sept. 2012 CFO magazine cover story "Freed from the budget" by Russ Banham at http://www.cfo.com/article.cfm/ 14658946

Endnotes

- The Beyond Budgeting Round Table (BBRT) is a membership based organization which has created a community of practice focused on improving the way companies plan and control operations. For more information see http://bbrtna. org/membership.html
- Business Finance magazine is a Penton publication serving the needs of the senior finance professional. For more information see http:// businessfinancemag.com/ budgeting-reporting
- iii The BBRT provides public outreach through an Annual Conference which shares leading edge practices in planning and control. As part of the overall SAP funded research project the authors interviewed many of the speakers and attendees. Portions of those interviews are included herein which help illustrate the research findings. These interviews included Mueller's Mark Lack, Maersk Drilling's Anders Liu-Lindberg, APQC's Cindy Hubert, and AFP's Brian Kalish.

^{iv} ibid

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