JD Edwards
INNOVATION SYMPOSIUM

Enhanced Planning, Forecasting and Financial Reporting for JDE

Brought to you by Fusion5

Our budget is more than just a set of numbers.

It shows our values, our priorities and our intent.

We should not just try to predict the future.

Actionable Forecasting & Planning give us the opportunity to influence the future!

Planning is more than just an **annual budget cycle!**

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Key Business Problem:

Organisations need to be able to plan effectively to be successful

DEFINE GOALS AND OBJECTIVES
- Set feasible targets and budgets
- Make timetables clear
- Project the impact

GATHER RELEVANT DATA
- From across the organization
- Disparate sources & local spreadsheets
- Make data available to decision-makers

ANALYZE AND EVALUATE
- Identify successful trends and patterns
- Develop contingencies and alternatives
- Iterate and revise

IMPLEMENT AND MONITOR
- Collaborate and focus
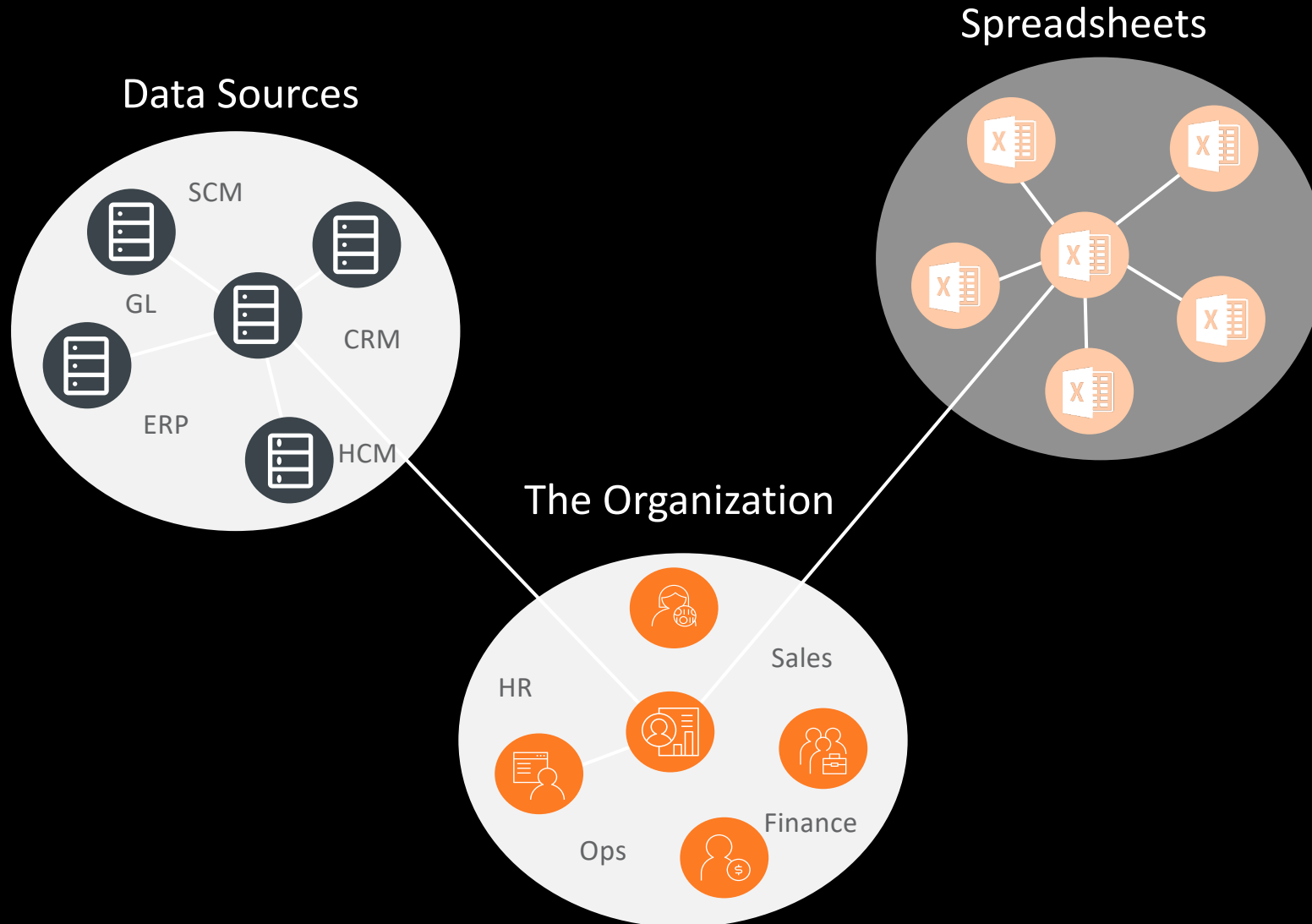- Compare budgets to actuals6
- Communicate status to stakeholders

REACT AND ADJUST
- Revise and evolve with market shifts
- Track performance and make corrections

Building the plans

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Traditionally organisations have used MS Excel

Data Sources

SCM
GL
CRM
ERP
HCM

Spreadsheets

The Organization

HR
Sales
Ops
Finance

Advantages

- Easy to understand (everyone knows & uses Excel)
- Flexible
- Low overhead

Disadvantages

- Inefficient Manual processes
- Analytical silos
- Multiple versions of the truth
- Difficult to maintain
- Not secure
- Inherent risk to completeness

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*Various studies report that nearly 9 out of 10 spreadsheets (88%) contain errors. Most of these errors were from **human error** (and could have been avoided).*

Limitations - Spreadsheets

Spreadsheet models typically fall short

- Version control

- Time to update with actuals to date

- Scaling / right level of detail / number of projects

- Error prone

- Audit trails

- Presentation / dashboards / comparisons

- Access to and documenting processes

Is your planning model based on how your organisation work?

Or what you can model in Excel?

Is your planning model interactive? Input is required from those who has the knowledge and Information. *Sales volumes by sales team, etc.*

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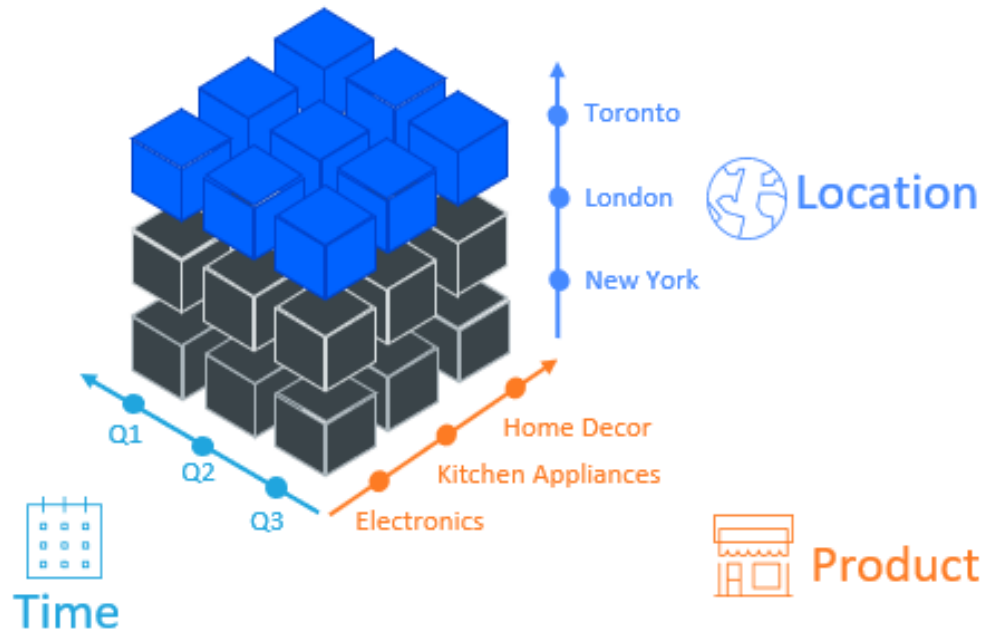
Limitations - ERP

ERP typically fall short

- Can only plan / report on what is in ERP

- Only dollars (or typically disconnected)

- Scaling / number of projects

- Parameter driven?

- Dynamic presentation / comparisons

- Access to and documenting processes

- Ad Hoc reporting

Is your planning model based on how your organisation works?

Or what you can model in the ERP?

Is your planning model interactive? Input is required from those who has the knowledge and Information. *Sales volumes by sales team, etc.*

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Plans can be complex

Time — Q1, Q2, Q3

Location — Toronto, London, New York

Product — Home Decor, Kitchen Appliances, Electronics

+channel, vendor, warehouse, entity, market segment, …

Structural Complexity

- Objects grow exponentially with additional dimensions
- Dimensions often change (new products, channels, etc.)
- Need to input data at different levels of the dimension

Interaction Complexity

- Multiple users contributing to a plan at the same time
- A sandbox for 'what if?' scenarios
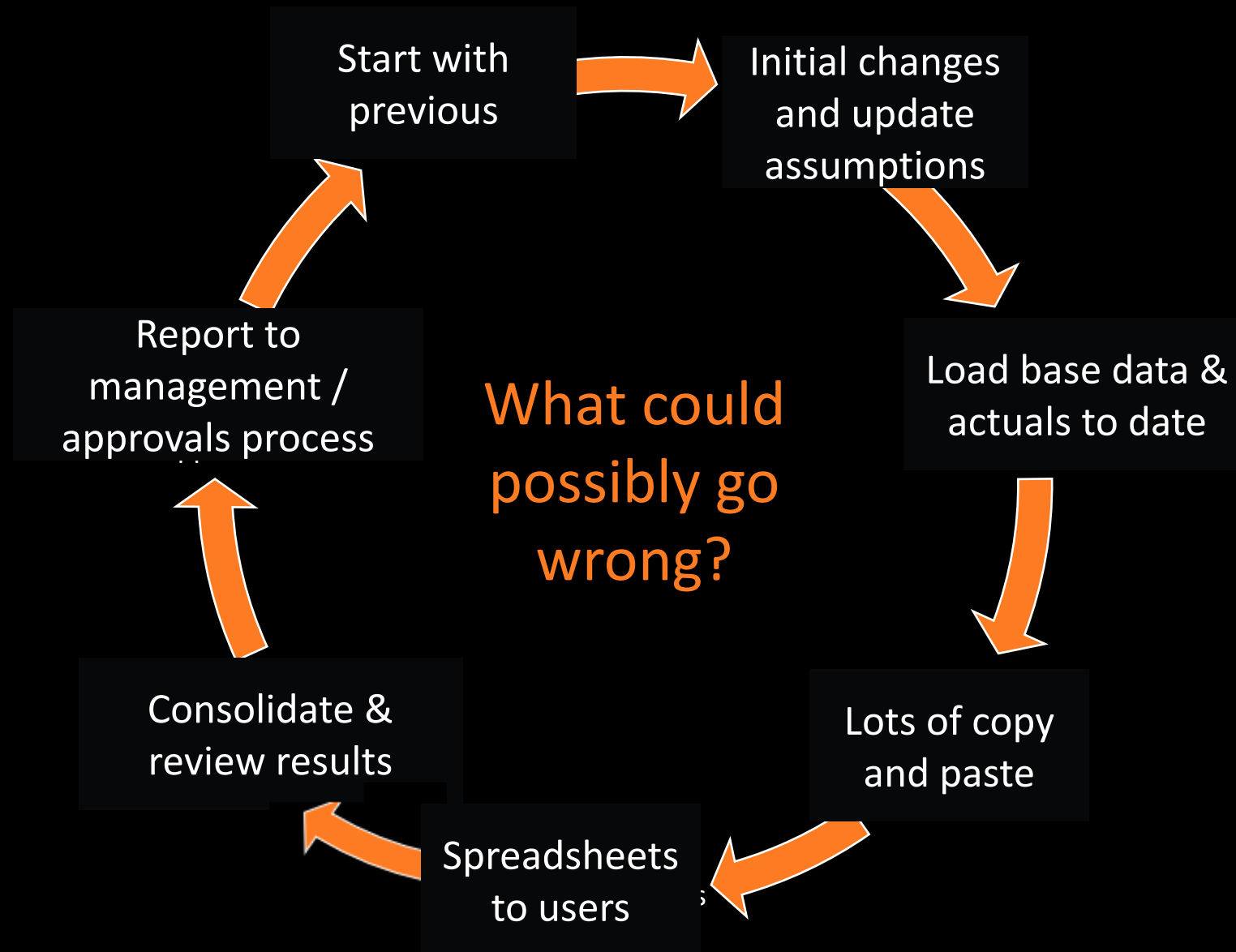- Approvals/workflow processes

Calculation Complexity

- One single data value could affect 1000s of calculations and aggregations

Timing Complexity

- Plans need to be more dynamic – like using a rolling forecast instead of just doing an annual forecast

A sample budgeting & forecasting workflow

Start with previous

Initial changes and update assumptions

Load base data & actuals to date

Lots of copy and paste

Spreadsheets to users

Consolidate & review results

Report to management / approvals process

What could possibly go wrong?

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Our Planning & Forecasting Platform

PEOPLE

Workforce planning
Headcount and staffing planning
Salary & compensation planning

SALES & OP

Sales forecasting
Demand planning
Supply chain planning
Sales & operations planning
Inventory planning

MARKETING

Promotion planning
Revenue planning
Customer profitability
Customer churn analysis

Continuous

Scalable

Integrated

Perspective

Predictive
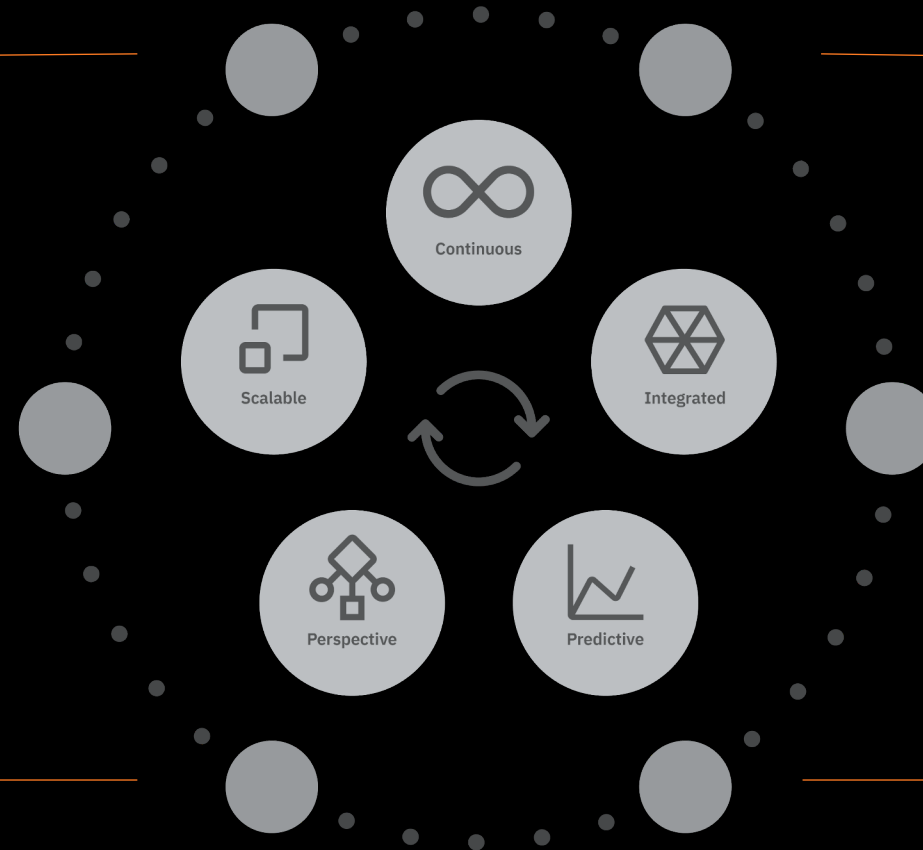
ENVIRONMENT

Emissions / Carbon Accounting
Sustainability Planning
Health and Safety
Asset Maintenance

FINANCE

Financial planning & analysis
Strategic planning
Capital planning
Expense planning
Cost allocations

IT & PROJECTS

IT portfolio planning
Project planning
IT budgeting

DIFFERENT TYPES OF PLANS

Common starting point:

- P&L
- Balance Sheet
- **Cash Flow** (month/week/day)
- Allocations
- Integrated financial statements
- HR Costs
- Capex
- Projects (over BAU)
- Sales (volumes and $)
- Travel

- **Emissions reporting**
- Sustainability reporting
- Funding and borrowing
- Workforce Planning
- Non - financial data
- Throughput / utilisation
- KPIs and score cards
- **Scenario planning**
- Vendor and Supply chain
- Customer Profitability

- Inventory
- Marketing & Advertising
- **IT costs**
- **Rolling Forecasting**
- Strategic plans
- Dashboards & visualisation
- Demand planning
- S & OP
- Sales compensation
- Geospatial reporting & planning

*** Drill through to source*
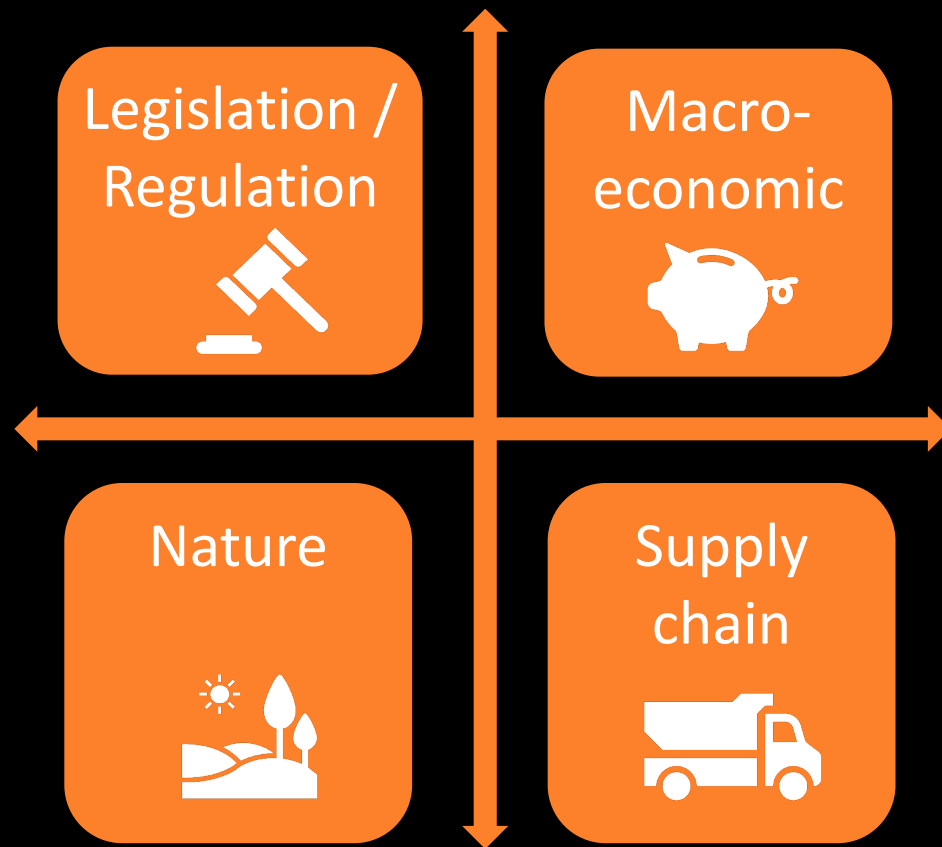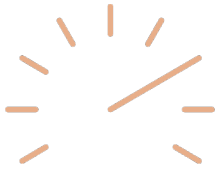
Planning – some of the moving parts
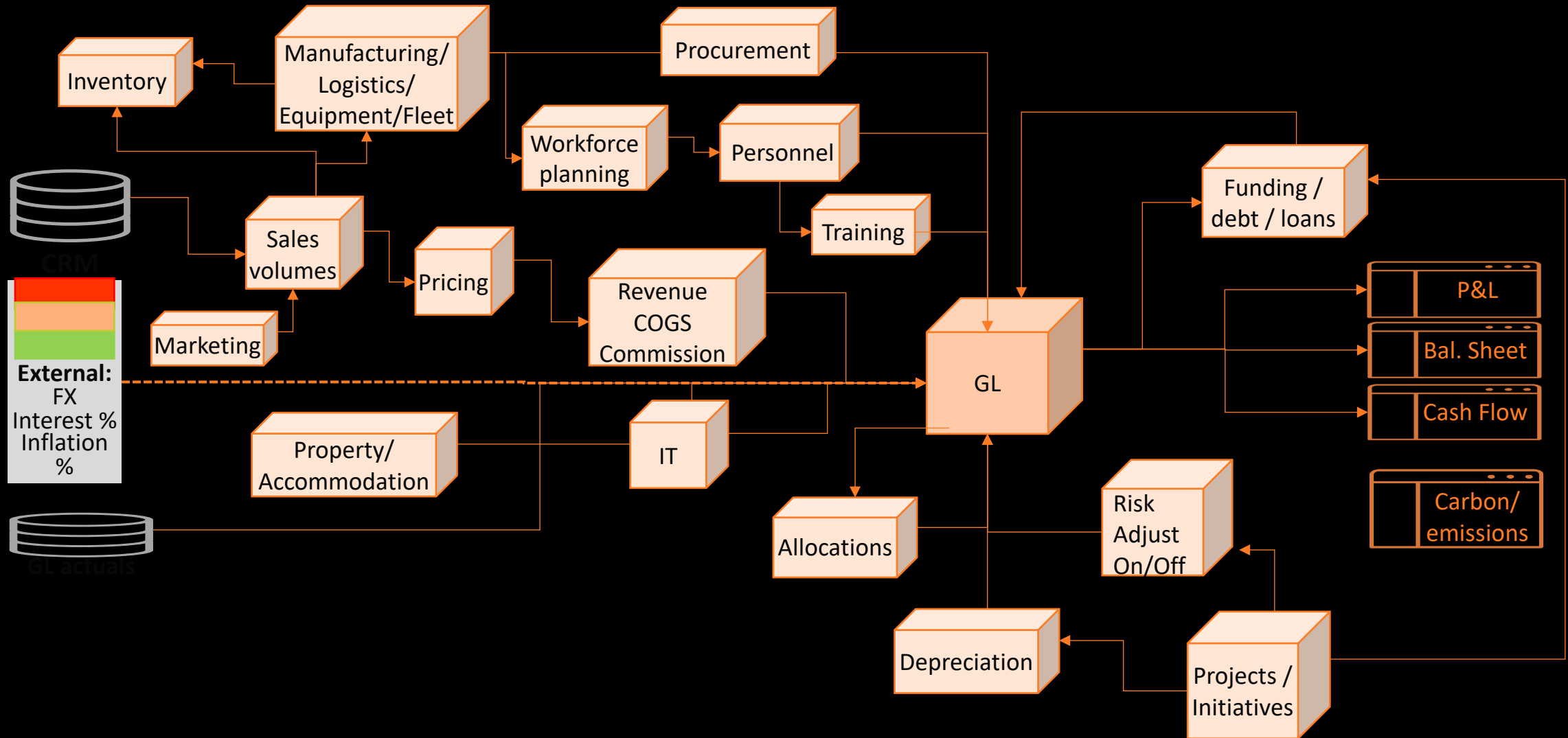
What does a Planning & Analytics platform do differently

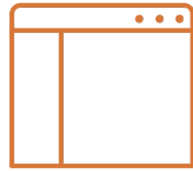It provides capabilities that transcend the limits of manual reporting, planning & analytics
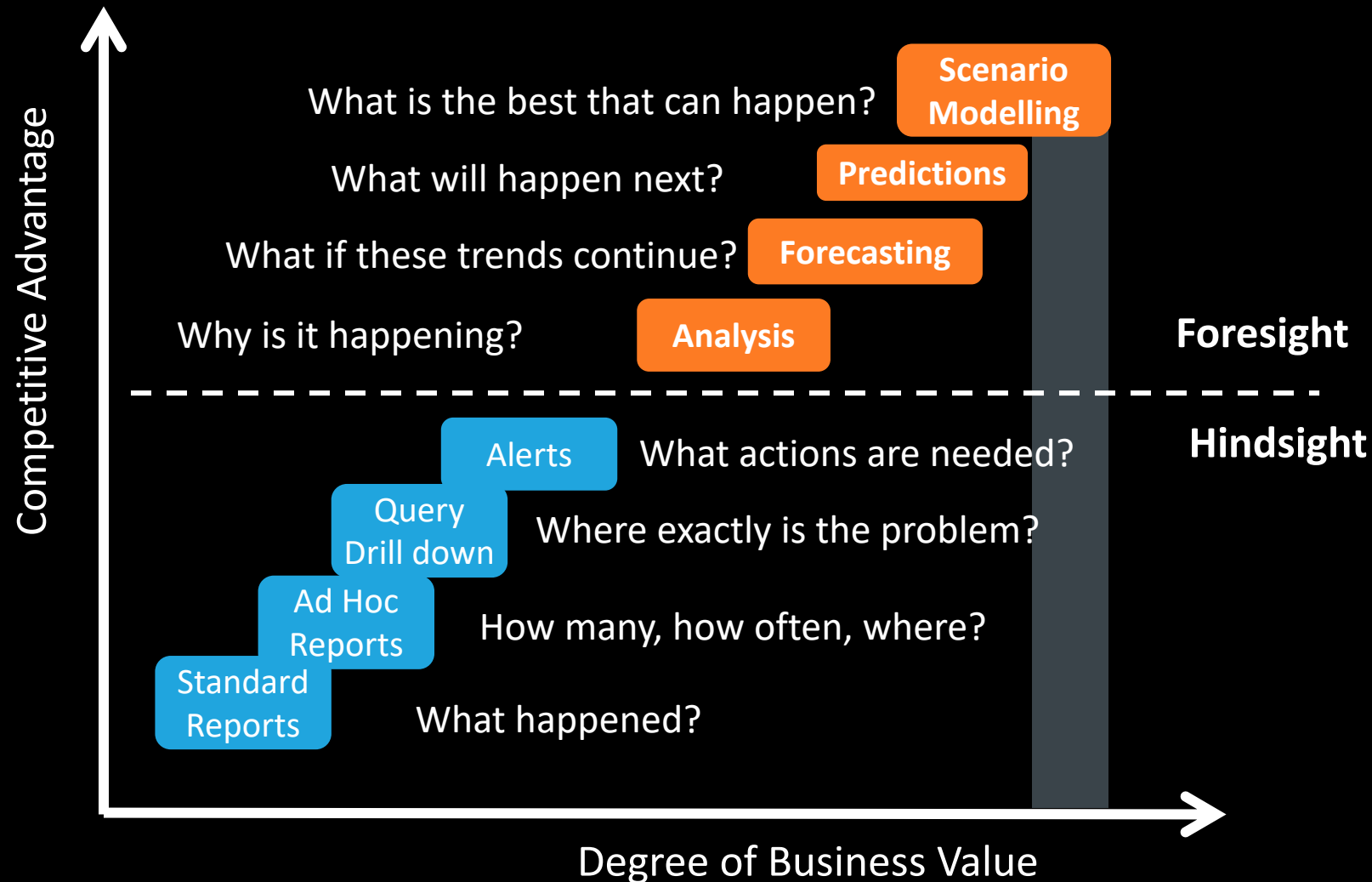
POWERFUL OUT-OF-THE-BOX CAPABILITIES

Fast performance providing real-time decision-making agility

Easy-to-use web-based experience

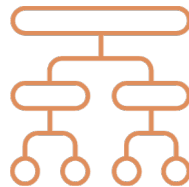Option to use Microsoft Excel interface

Automated Reporting and Visual analysis

Powerful modeling that supports any business requirement

Self-service exploratory analytics

Flexibility to scale and adapt to any organisation change

Flexible deployment options

Secure, governed and compliant

Align planning process with corporate strategy

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Client Story: Fletchers

Feasibility modelling and reporting for Fletcher Residential

RESIDENTIAL & LAND DEVELOPMENT DIVISION				
FY22 REVENUE & MARGIN ANALYSIS FOR JUL				
			Actual/Forecast	
Rev & Margin		Revenue	Branch Margin	Total Margin
Total Developments		46,250,337	13,387,596	16,429,209
− Auckland South	+ Total Stages	14,627,844	3,889,312	4,656,249
Karaka Estates	+ Total Stages	1,563,478	281,622	281,622
Beachlands	+ Total Stages	-	153	153
Ormiston - Flatbush	+ Total Stages	6,708,261	1,426,952	1,798,680
Waiata Shores	+ Total Stages	6,356,105	2,180,585	2,575,794
− Auckland Central	+ Total Stages	7,826,087	1,378,992	2,258,812
Stonefields	+ Total Stages	-	-	-

ABOUT

<u>Fletcher Building</u> is one of the biggest building materials suppliers and construction firms in Australasia; with 18,000 employees & 1,000 homes p.a.

CHALLENGES

Limited planning capacity and flexibility of JDE
=> heavy reliance on MS Excel. – plans in different workbooks (not linked)
- Planning and reporting prone to errors
- Time consuming to update and refresh

PRODUCTS

IBM Planning Analytics Workspace
IBM Planning Analytics for Excel

SOLUTION

Chose IBM Planning Analytics (TM1) to deliver what they needed:
- Regular reporting (weekly/monthly)
- Continuous (live) forecasts
- Feasibility and financial modelling
- Data analysis for Management

BENEFITS

Its advantages have been immeasurable"
- Consistency and accuracy of our reporting
- Standardised reporting formats and information
- 24/7 access and visibility of forecasts
- Less time creating + more time analysing
- Confidence in reporting financials to management

UNINTENDED BENEFITS

- The solution has been able to **adapt to new businesses as the division has grown**
- Familiarity with what is possible
=> more features added
=> benefited everyone

"it has probably paid us back five-fold or ten-fold what we originally anticipated in the volume of business we've won"
Rodney Deacon, CFO

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Client Story:
Dairy Product Supplier

ABOUT

World leader in specialised dairy ingredients and dairy foods who focuses on producing safe, high quality dairy foods and dairy ingredients for a global customer base.

CHALLENGES

Being able to plan collaboratively and provide consistent reporting across the business.

Needed a solution that was available 24/7 to support global operations

PRODUCTS

JDE & IBM Planning Analytics with Watson

SOLUTION

- Base Financial, Sales and Production data fed through from JDE into IBM PA to provide collaborative forecasting & reporting
- Product costing & Bill of materials, modeled directly in IBM PA and sent back to JDE
- Additional business modelling around FX, Marketing and
- Inventory completed within the platform

platform

BENEFITS

An integrated financial information management solution which support day to day as well as strategic business decisions.

A single source of the truth.

Client Story:
Emergency Services Provider

ABOUT

A large-scale fire and rescue service, not for profit, with a large workforce and even larger volunteer workforce, a large asset base and complex funding model

CHALLENGES

Multiple data sources
Heavy reliance on Excel
Complex funding model, change over time
Different lines of business

PRODUCTS

JDE with IBM Planning Analytics with Watson

SOLUTION

Connecting forecasting, planning and management reporting application with JDE as source
Connect to emergency management system to update key metrics of responses
Key users to provide cost allocation input

BENEFITS

- Delivery to business
- Daily visibility of performance
- KPI monitoring
- Understanding cash impact at any time
- Complex cost allocation model
- Auditable cost allocation application

LOCAL COUNCILS

ABOUT

- **What they do**

    Several Local Councils are using IBM Planning Analytics for Budgeting and forecasting, and preparation of their Long-Term Plans.

    This include detailed modelling for:

    Personnel Planning

    Revenue and Funding

    Capex and Depreciations

    Cost Allocations

SOLUTION OUTCOMES

- **Key outcomes in the HR Space**
    - Collaborative Planning & Self-service
    - Detail planning by department and employee, including Councillors
    - Start from current actual staff and model changes, including FTE, increase %, Kiwisaver, Leave and other benefits / on-costs
    - Terminations and new starters
    - Staff allocation of costs across departments
    - Staff allocation to projects where required
    - Notes and comments per employee

Performance Dashboards
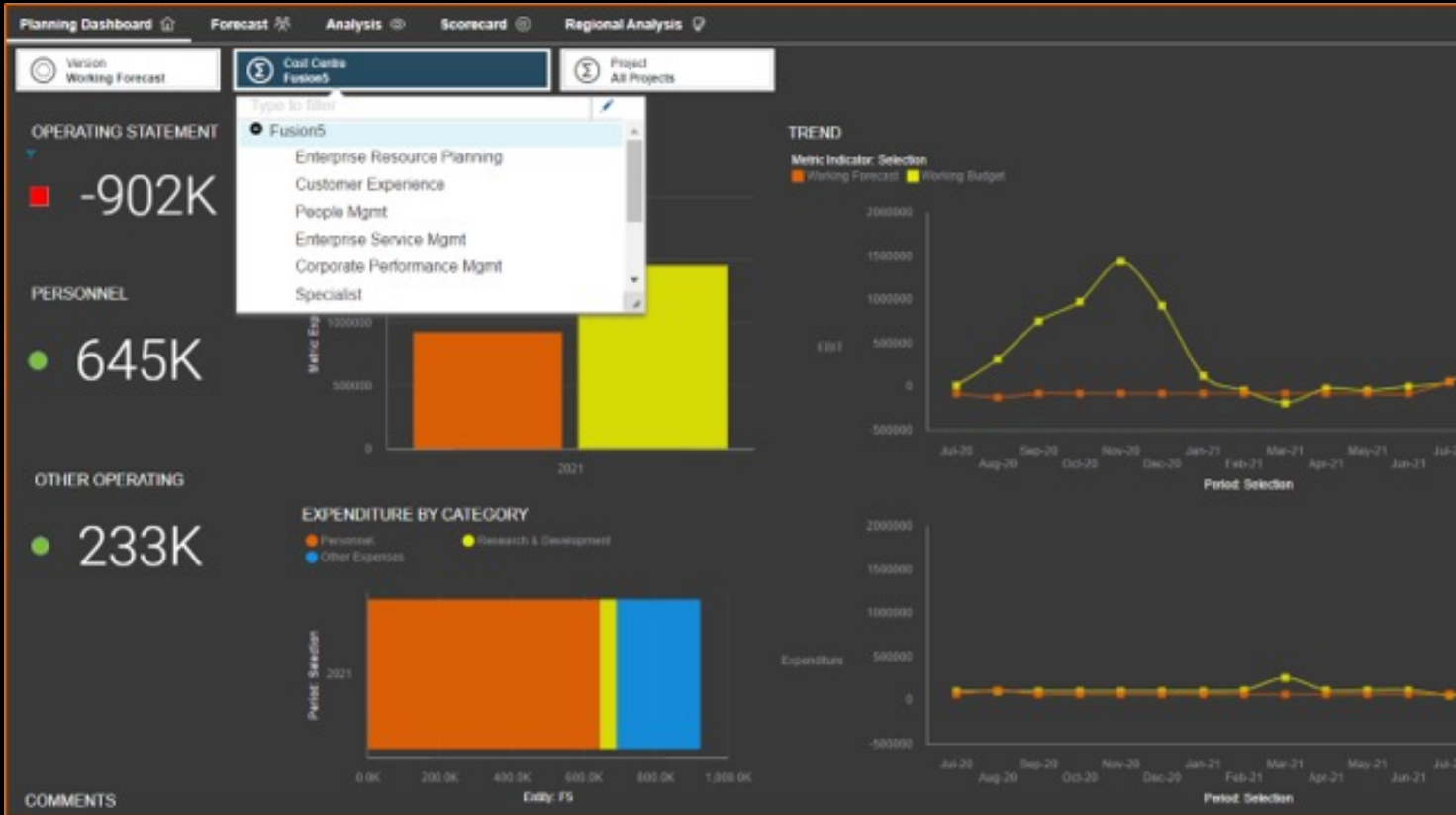
Customer Use Case

- Being able to deliver a standard set of dashboards to the business to monitor monthly performance

- High-level view with **drill-through** capability

- Ability to capture comments

Benefits

- Reduced manual work to pull together dashboards each month

- **Commentary** able to be analysed
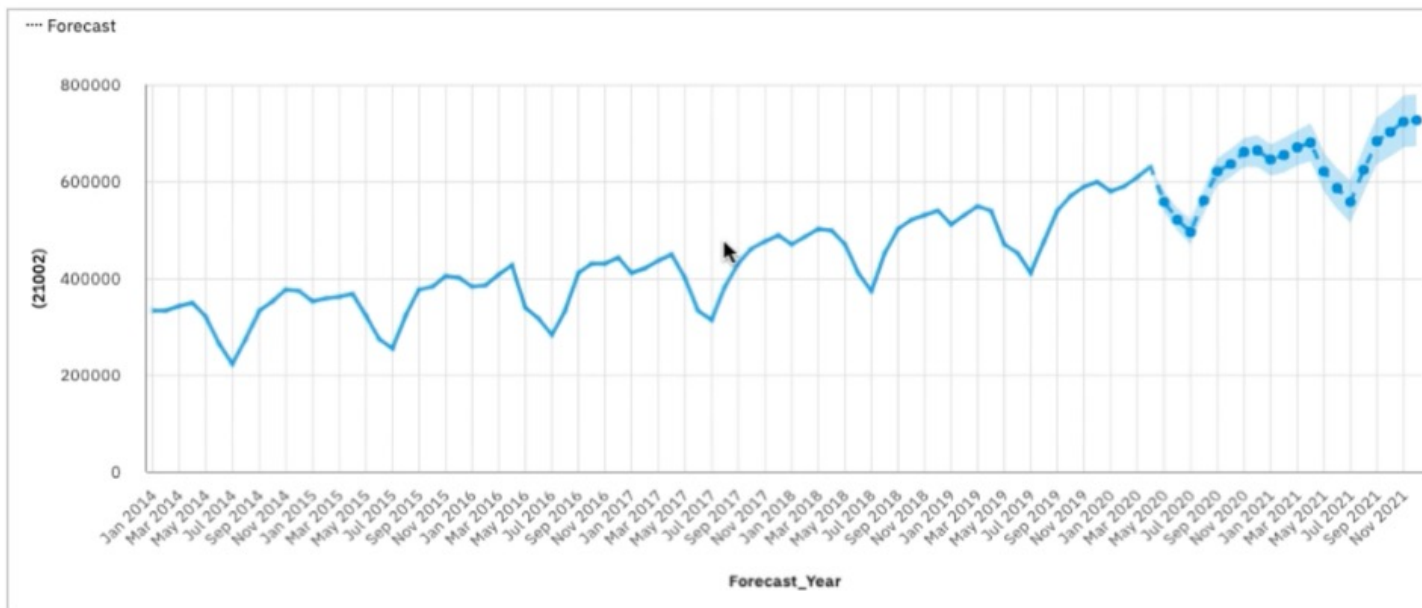
- One dashboard served multiple purposes

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Rolling Forecasting

Forecast preview

Forecast Sample / 5G 32Gb

Prediction accuracy: ● High

Preview chart   Statistical details

Confidence interval 95%

Customer Use Case

- Roll forecasts forward automatically each month with minimal setup

- Spread the budgeting effort across the year

Benefits

- Ownership of forecasting shifted to the business units

- More accurate planning that was no longer a burden on the business

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Predictive & Smart

10% Data Entry & 90% Analysis
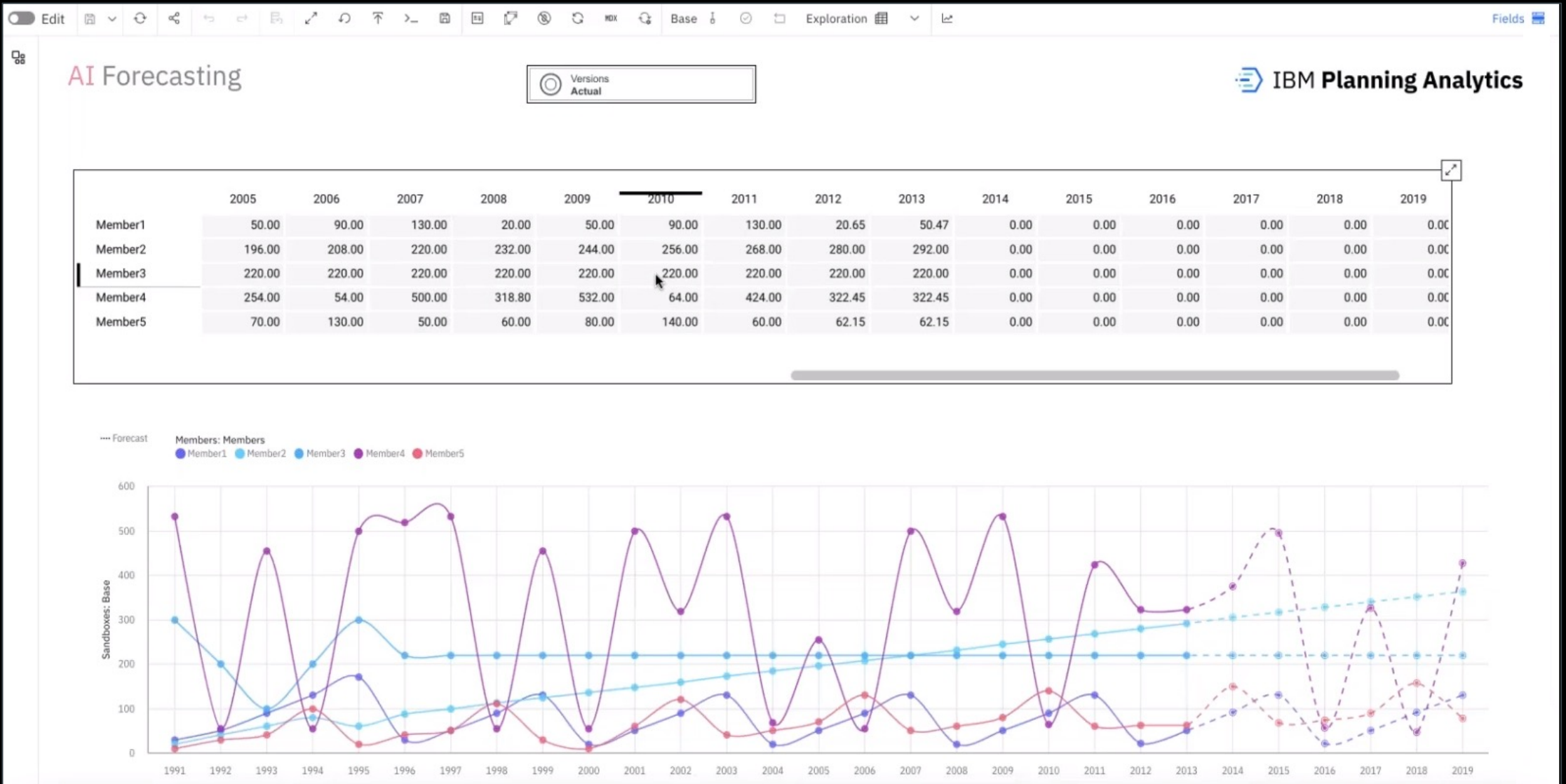
Performance Dashboards

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Automated Report Packs

2. Metrics

Net income/(loss) and shares used to compute basic and diluted earnings/(loss) per share (EPS) are reconciled below:

Metrics	Jan 2021	Feb 2021	Mar 2021	Mar 2021		
			Actuals	Working Budget	Var	% Var
Financial KPIs						
Cash Ratio	9.49	9.21	18.78	9.91	8.87	47.2%
Debt/Asset Ratio	0.10	0.11	0.05	0.10	(0.05)	-92.0%
ASP- Average Sales Price	83.24	83.44	85.59	84.09	1.51	1.8%
Per Employee Metrics						
Total FTE	121.29	125.46	138.24	140.84	(2.60)	-1.9%
Total Headcount	124	134	158	159	(1)	-0.6%
Revenue per Employee	91,236	85,937	76,468	72,175	4,293	5.6%
Cost per Employee	32,371	26,256	39,161	25,266	13,894	35.5%
Avg. Payroll	25,112	21,696	18,703	19,409	(706)	-3.8%
Avg. Employee Expense	29,442	25,883	22,512	25,711	(3,199)	-14.2%
Avg. Office Expense	1,522	1,119	2,227	1,487	740	33.2%
Avg. Travel & Entertainment	1,981	935	20,022	1,255	18,768	93.7%

For the month ended March 31, 2021, there was an increase of $2.15 in Average Sales Price from 83.44 last month to 85.59 this month.

Customer Use Case

- Automate monthly board & management packs for key business areas
- Reporting required in a variety of formats - MS PowerPoint, Excel & Word

Benefits

- Automation of report packs resulted in significant time-savings
- Removed the risk of incorrect numbers being shown in reports

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Flexible Planning, Reporting & Analysis

Customer Use Case

- Consolidate, plan and report off information in different ways – by department, by region, by project

- Different reporting hierarchies e.g., mgmt vs stat

- Handling of consolidations

Benefits

- Significant time-savings. No need to take the data into MS Excel & re-classify it

- Moved to more of a self-service reporting model

Scenario modelling & variance analysis

- Run different scenarios with different sets of assumptions and compare the results

- Create long term capital & financial plans – initially 10 & then out to 30 years.

Benefits

- Could consider different options before committing to the "live" plan

- Significant time-savings in setting up scenarios

Foundations for Success

2 key components: you need both to succeed

Methodology

Technology

Foundations for Success

Plan big
Keep your desired end-position in mind

Start small
Select a pain point and start there, get visibility, learn how to maximise the benefits of this software
Quick wins bring confidence

Roll out to the right audience
Involve the right audience (finance, HR, sales, procurement, production, ...

Questions?

Thank You!