



2019 SAP

**FP&A Empowerment Survey:
Collaborative Enterprise Planning
Review**



About the research

In this uncertain, technology-driven world, we conducted a survey of FP&A professionals to assess whether the work they do and the skill sets they employ, are adequate in today's fast-moving business world.

The 2019 SAP FP&A Empowerment Survey allows FP&A leaders to identify opportunities that could improve their strategic value across all aspects of this evolving function. It does this by focusing on how teams are leveraging technology for planning and analysis across the enterprise and how they are coping with the challenges of speed and complexity.

The results provide benchmarks and insights drawn from **285 participants** who are engaged in the finance function across a diverse set of industries around the globe including **North America (125); Europe (94); Asia (37); MEA (16) and South America (13)**. This analysis, along with our 2017 survey, offers a foundation for improving the role of FP&A.

We would like to thank our sponsor SAP and all those who invested their valuable time to participate in the survey-without your support this whitepaper would not be possible. We are also thankful for all the candid answers from survey participants. These offer a much-needed reality check on where FP&A is today and what needs to happen for FP&A teams to develop their best practices from theory into reality.

FP&A Global is an independent research team of thought leaders:

- Larysa Melnychuk, CEO, FP&A Trends Group
- James Myers, CEO, FP&A Strategy Consulting

With special thanks to Michael Coveney.

Executive Summary

Collaborative Enterprise Planning Review

Collaborative Enterprise Planning (CEP) is key to improving overall business performance. To achieve CEP, organisations need to employ the latest planning techniques, supported by the right technologies and processes, to create a single integrated plan across the organisation.

A single integrated plan requires moving from the siloed planning approach, that typically occurs when using a spreadsheet, to one where each department understands how their actions can affect another department's performance. In addition, traditional communication methods, such as email, need to be replaced with alerts and comments that are built into the planning system. This is so that nothing is missed and the process is agile, fast and efficient.

But how far away are organisations from true CEP? In the latest worldwide Empowerment Survey of FP&A professionals, the answer is clear, there is a long way to go! The survey shows that many FP&A teams employ inefficient planning techniques and systems, that encourage a siloed planning approach and produce inaccurate results. Organisations are not taking advantage of new technologies, such as Augmented Analytics: Machine Learning (ML), Artificial Intelligence (AI) or Predictive Analytics (PA), which would greatly help them manage integrated plans. It is only by adopting these newer technologies that organisations can realise the true value that a CEP solution delivers.

10 Key Findings:

Act in the Moment

- Only 11% of organisations spend less than one month on the budgeting process
- Forty-three percent (43%) of organisations take at least 5 days to create a forecast
- The majority of time spent on analytics is focused on the low-value tasks of data collection (21%) and data validation (33%)

Continuously Collaborate

- FP&A teams are spending only 23% of their time on high-value activities (including collaboration)
- 28% of respondents believe that their organisation does not understand the value of business partnering
- 63% of organisations use email as a collaboration tool during the planning and forecasting process

Intelligent Enterprise

- 32% of organisations say their most challenging issue is having a single source of truth
- Over 30% of organisations have had no investment in technology in the past 3 years
- Only 32% of organisations are using driver-based modelling
- 46% of organisations have no plans to leverage AI for planning

Act in the moment

The time taken to produce a budget or a revised forecast is still far too long in today's fast-moving business world.

The perennial problem within FP&A is how it conducts the management processes of strategic planning, business planning (FP&A) and operational planning. For too long these processes have been overly time-consuming, open to abuse (game playing on both sides of the management divide), and have had little connection to the implementation of strategy.

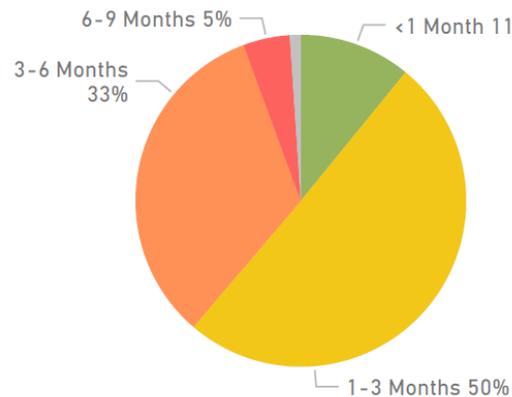


Fig 1 Time spent on Budgeting process

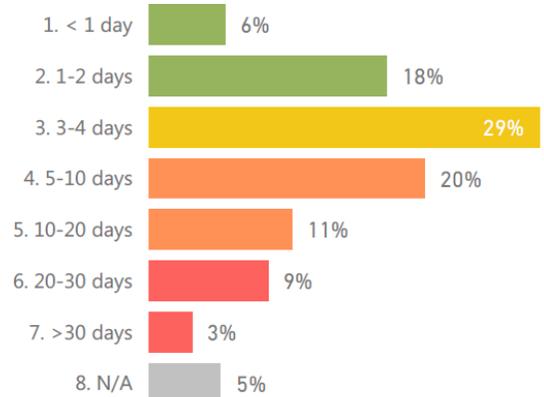


Fig 2 Time spent on the Forecasting process

The time taken to produce a budget or a revised forecast is still far too long in today's fast-moving business world, which greatly reduces its relevance and its value.

From our survey, the key ways to improve accuracy while reducing planning timescales are:

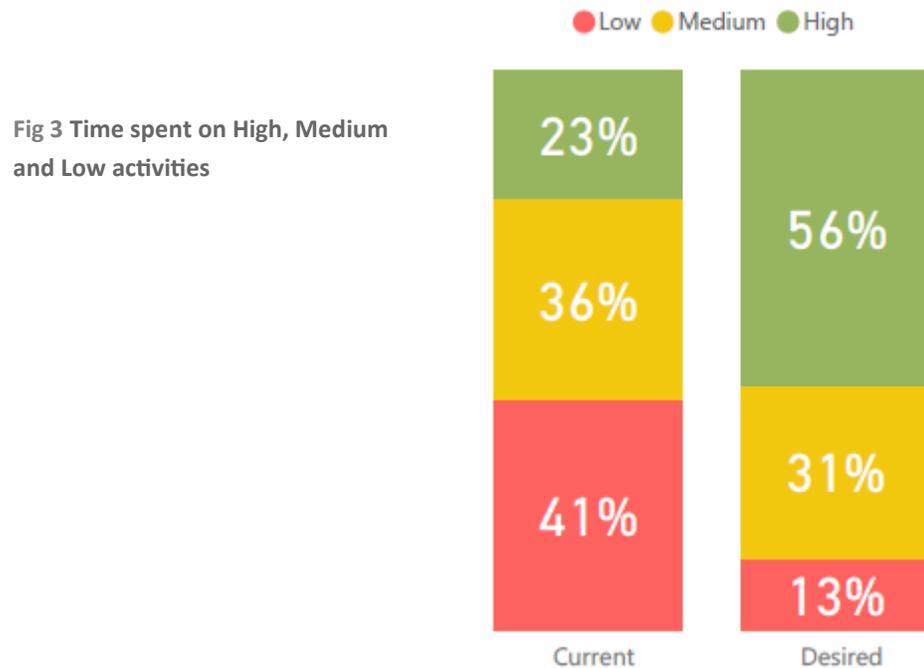
1. **'Driver-based' models.** 36% of organisations now use these models indicating that this is on the increase. This planning approach removes a lot of the game-playing that happens within forecasts and can automate cost setting, thereby dramatically reducing the time required for planning.
2. **Replace Excel with a modern cloud-based planning solution.** Our survey indicates that the majority of FP&A departments are using systems that are not flexible or dynamic enough for modern business requirements. The 16% of organisations that have already migrated to cloud-based planning solutions have reduced their Excel usage during the planning process from 72% to 53%.
3. **Provide users with cloud access.** Cloud-based solutions provide complete control over what data is entered, when and by who, all of which is immediately available for analysis. These cloud-based solutions enable scenario analysis since multiple plan versions can be created, updated and compared side by side, in the same system. However, 32% of respondents are finding it difficult to justify the ROI of these investments when compared to shorter-term Sales and Marketing investments.
4. **Increase data visualisation to drive change.** Data visualisation, provided by modern planning solutions, can greatly reduce misunderstandings and highlight issues when they occur. Yet, 70% of organisations do not use the data they collect to drive change, which begs the question why they collect it in the first place?

Continuously Collaborate

FP&A teams spend too much time on non-value added activities (41%) such as data collection; validation and historical reporting. This leaves most FP&A teams with little time for analysis, business partnering and collaboration.

Collaboration is essential if people are going to work together effectively. Targets need to be communicated along with the rationale behind them. Feedback should be received from those who face customer situations every day. These two things must be aligned if targets are to be realistic and owned by all the departments involved.

However, the challenge facing FP&A is finding the time to collaborate. In the survey, only 23% of FP&A's time is spent on high-value activities such as business partnering, collaboration, strategic support, customer-facing activities and influencing actions. The desired amount of time for such high-value activities is more than double of that actually being spent (56%).



From the survey, the key methods to improve collaboration are:

1. **Single source of truth.** 32% of organisations report that one of the biggest issues they face with data is that there is no single source of truth, with many indicating the reliance on spreadsheets as the cause.
2. **Make Planning more connected.** The right planning system allows individual business units to plan, in terms they understand, whilst remaining connected to other units across the enterprise. This means that for anything that impacts more than one business unit, the system is able to alert all of those affected. For example a higher sales target may have a bearing on both the production and the customer service department. This allows for closer collaboration between departments on the things they have in common.
3. **Select the right collaboration tools.** Our survey suggests that most communication is conducted either by email (63%) or in meetings (61%). Using the in-built messaging and workflow functions of a modern planning tool greatly helps drive true collaboration.

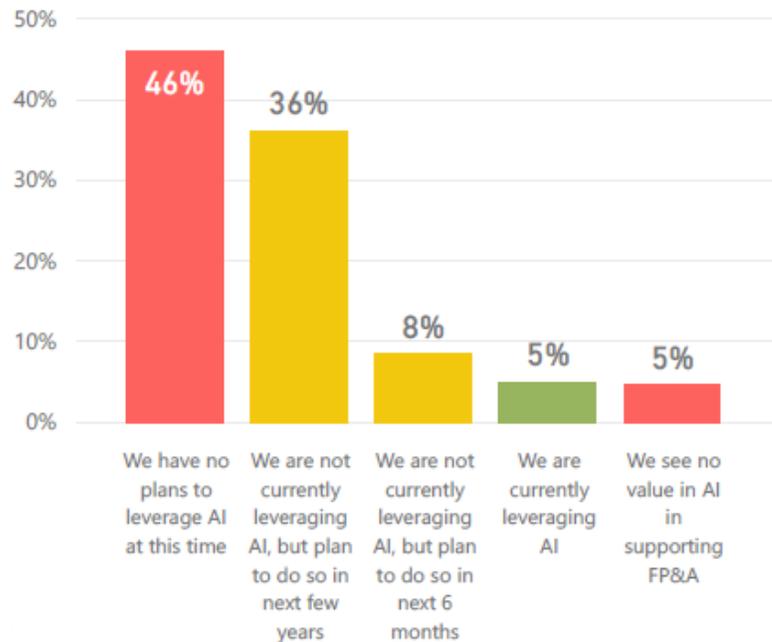
Intelligent Enterprise

Half of the organisations do not use the data they collect to manage the future.

An intelligent enterprise means an organisation that uses the data they collect to drive insight and action. So, in an age where data has never been so abundant or easy to access, it is surprising to see so few organisations using AI or Predictive Analytics in their forecasting and planning processes. Our survey indicated that less than half of the organisations base their decisions largely on data. We also found that 32% of organisations say they have access to relevant data, while only 10% receive this data in a timely manner. In contrast, 13% suffer from data overload, which would indicate that the data being provided is neither being filtered or presented in a meaningful format.

In today's data-driven world, where the amount of data being generated is growing exponentially, organisations must make use of this valuable source. To this end, we suggest that organisations investigate the following options:

Fig 4 The number of organisations leveraging AI in FP&A



- Modern CEP solution** . A modern planning solution allows organisations to create a single, integrated plan where everyone works together to achieve corporate objectives. The result is a data repository that everyone can trust, less time spent on low-value activities, such as data collection and validation, and significantly more time spent on analysis.
- Machine Learning (ML) /Artificial Intelligence (AI) and Predictive Analytics**. In our survey only 5% of organisations are currently using any form of AI, but 44% plan to do so over the next few years. These latest technologies can make FP&A's job more effective and efficient by uncovering trends. Our survey shows that when combined with driver-based models, ML, AI and Predictive Analytics can have a real impact on result accuracy and the speed of the decision-making process.
- Move from Reporting the past to managing the future**. Our survey shows that most organisations use systems to report data, but only 32% use it to predict future results. It also shows that only 22% use them to prescribe actions that should be taken in the future. Once an organisation has a modern CEP solution, FP&A are able to create an intelligent decision-making environment that can help navigate a fast-moving and complex business environment.

Conclusion

Collaborative Enterprise Planning is fast becoming an essential requirement for all organisations to survive and grow in today's business world.

As a consequence, it is essential that FP&A move away from outdated practices and single-user technology solutions. However, to do that requires investment in both the skills of FP&A and its technology. Organisations that make this move will see an increase in the value that FP&A delivers. FP&A need to prioritise the following areas:

Act in the Moment

By investing in technology and training, FP&A teams can be proactive with their data. This investment will help them spend more time on high-value activities and get closer to their preferred amount of time for these tasks (56%).

Continuously Collaborate

FP&A teams that take a holistic, integrated, collaborative approach to planning will have a deeper understanding of change impacts on their organisation. This will enable them to react faster in times of uncertainty and improve on the predictability of their plans.

Intelligent Enterprise

Augmented Analytics, whether it is Machine Learning (ML), Artificial Intelligence (AI) or Predictive Analytics (PA), are beginning to play a larger role in FP&A. However, adoption is low. Organisations cannot simply ignore this trend. The world is moving on and those that stay where they are will be left behind.

Executive perception of FP&A's strategic value has improved from 60% to 69%, since the last survey. FP&A leaders have an opportunity to turn this momentum into investment. The investment they need to enable them to achieve strategic agility and drive growth in their organisations.

We hope the results of this survey will spark the dialogue needed for change. We wish you well and look forward to you taking part in future surveys.