Elevating FP&A:

Navigating the Future with Intelligent Finance

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The New Inflection Point in Finance

In an era marked by rapid technological advancements and evolving global economic landscapes, corporate Finance teams are now confronted with an array of challenges that demand innovative solutions. In response, the realm of corporate Finance is transforming as it grapples with complex, interconnected issues ranging from inflation to increased interest rates and the growing demands for sustainable financial practices. CFOs and their teams therefore now face a new inflection point.

Analyzing revenue, costs, cash flow and operational signals on a weekly or even daily basis is no longer just a vision — such analysis is essential to navigating the uncertain terrain ahead and steering Finance organizations toward financial resilience and success. For many organizations, breaking through the traditional month-end reporting cycles to act "mid-stream" to continuously improve performance is a requirement to survive and thrive. In short, modern Finance organizations must lead at speed.

FINANCE MUST LEAD @ SPEED

The need to lead at speed is also forcing Finance teams to accelerate and automate their planning processes and prioritize investments in predictive analytics and machine learning (ML). Why? Because amid the increasing pace of change and expanded scope of responsibilities, Finance and Operations leaders must intelligently supplement planning processes with statistically significant forecasts and quickly compare them to business forecasts potentially biased by the fog of uncertainty created by blending financial intelligence with business acumen. That process then enables Finance leaders to forecast on demand — at speed — and at scale across wide-ranging financial and operational scenarios.

Unfortunately, however, the ability to respond quickly to internal and external change and promote agility in financial processes remains merely aspirational for most Finance organizations. According to FP&A Trend's 2023 Survey, more than half of all organizations (51%) continue to struggle with completing a forecast in less than 5 days. Burdened by excessive manual work, only a mere 15% claim to be optimized or performing well. CFOs must address this issue now to be seen as strategic leaders who meet their CEOs' expectations.

To lead at speed requires Finance teams to conquer the complexities of internal systems and processes, ensuring Finance has the time and confidence to focus on driving business strategy and performance. Finance teams must rationalize and streamline the hard (and mission-critical) corporate performance management (CPM) processes, such as budgeting, planning & forecasting, consolidation & close, reconciliation and financial reporting. Yet process automation, though critical, is not a new concept.

Finance leaders must inspire a digitally ready, data-driven and performance-focused culture across the entire organization. True Finance transformation is more of an evolution than a transformation — a journey that occurs over time. And for many Finance teams, the journey begins by re-establishing a clear purpose and mission for the Office of Finance.

At OneStream, we call this

Intelligent Finance.

The Intelligent Finance Organization

What is Intelligent Finance? While many Finance organizations have transformed specific processes and increased productivity, Intelligent Finance organizations are taking performance management to the next level. Comparatively, the latter are more agile, more data-driven and taking better advantage of digital technologies that enable faster and more informed (including financial ramifications) decision-making across the enterprise. Below are a few key attributes that define the Intelligent Finance organization:

Intelligent Finance teams unleash their true value by inspiring and enabling a performance-driven culture.

CFOs today must develop both a long- and short-term approach to Finance Transformation. Such an approach includes the agility to quickly deliver transformational value in targeted areas while establishing a solid foundation for executing the long-term vision of Finance transformation.

Intelligent Finance teams invest in digital technologies to automate tedious tasks and increase the productivity and effectiveness of financial close processes, planning, budgeting, forecasting and reporting—empowering the organization to focus on value-driving initiatives.

Intelligent Finance teams take steps to unify critical Finance processes by eliminating the silos within the Office of Finance and finding solutions with the scale and flexibility to address corporate requirements AND diverse lines of business.

Intelligent Finance teams *empower* decision-makers with data-driven financial and operational insights by speaking both the "language of the business" and corporate financial speak.

Such insights also empower the Line of Business partners with governed, *daily and weekly* financial and operational data. In turn, the application of financial intelligence turns that granular data into financial signals that accelerate informed decision-making.

Intelligent Finance teams embrace *advanced analytics*—such as predictive analytics and ML—to reduce risk, increase forecast velocity and accuracy, and deliver intelligent insights that show how collaboration across Finance and Operations optimizes planning and performance across the enterprise.

Intelligent Finance teams evolve their organization and processes to address the ongoing challenges and requirements in today's uncertain, volatile and competitive market.

The rigidity and inefficiency of disjointed legacy Finance systems have been a reality for Finance organizations for years. However, the unprecedented volatility in recent years exposed the importance of having an agile Finance team that can effectively steer the enterprise through turbulent waters.

Finance leaders prioritize technology investments that provide speed to value, lower total cost of ownership (TCO) and drive organizational performance. Finance leaders want to focus more on those benefits and less on how to integrate and reconcile cloud and on-premise systems or on how to analyze the pros and cons of the public vs. private vs. hybrid cloud.

Intelligent Finance organizations invest in their teams to enhance analytical capabilities and develop future leaders, attracting new talent to the Office of Finance.

Intelligent Finance teams support Operational Planning & Analysis (OP&A) by dedicating resources and expertise to Sales, Merchandising, Operations, Marketing and HR to accelerate decision-making and unify planning across the organization.

The Rise of Operational Planning & Analysis

Intelligent Finance goes beyond just raising the IQ of the Finance team. Intelligent Finance leaders also take pride in elevating the value of Finance *across the entire organization.* In fact, according to Accenture, *77% of CFOs (see below)* believe it's within their purview to drive organization-wide operational transformation.

81%

of CFOs see identifying and targeting areas of new value across the business as one of their main responsibilities.*

77%

of CFOs believe it is within their pureview to drive business-wide operational transformation.*

*ACCENTURE CFO REIMAGINED REPORT

Gartner[1] predicts that, by 2024, *70% of all new FP&A projects will have an extended scope beyond the Finance department. What are the implications of such an evolution? The answer is a new era of FP&A known as Operational Planning & Analysis (OP&A). Why does this shift matter? Here are just a few important impacts to consider:

01

The "lines" between operational planning and financial planning *no longer exist.*

02

Finance teams are now serving as *strategic business partners* and help (see figure 2) drive Merchandising plans, Sales and Marketing plans and Operations plans.

03

Finance must *intelligently* align these granular operational plans with consolidated financial plans. And do it seamlessly at speed and *at scale.*

The emergence of OP&A underscores the importance of Finance leaders embracing integrated business planning processes to drive performance across the enterprise — and not just in Finance.

Organizations that fail to align financial plans with granular operational plans will ultimately struggle with forecast accuracy — due to operating in silos. Financially, the impact can take many forms and impact both profit and cash generation. Here are just a few examples:

Excess inventory from over-forecasting, which impacts the cost of managing inventory (e.g., inventory holding costs) and working capital.

Lost sales and revenue from under-forecasting since meeting customer demand requires products to be in the right place at the right time.

Lost profit from under-forecasting and rushing shipments when companies struggle to meet customer demand and thus may rush product shipments at a higher cost than planned.

[1] GARTNER, MARKET GUIDE FOR CLOUD EXTENDED PLANNING AND ANALYSIS SOLUTIONS, ROBERT ANDERSON, GREG LEITER, MELISSA HILBERT, 19 JULY 2022

Moving Beyond Connected Finance

In recent years, we've seen the introduction of terms such as the "connected financial close," "connected planning" and "connected reporting" to describe the integration of key Finance processes — including financial close and consolidation, account reconciliation financial reporting and integrated business planning. And there's a reason these terms have emerged: the concept of connected sounds compelling. The idea is that, by "connecting" people together with data, financial reporting and plans, "connected Finance teams" can move forward with speed and agility.

While connected Finance solutions (see figure 2) have propelled Finance transformation for over 20 years, these solutions aren't really designed to help the largest and most complex organizations lead at speed in this new era.
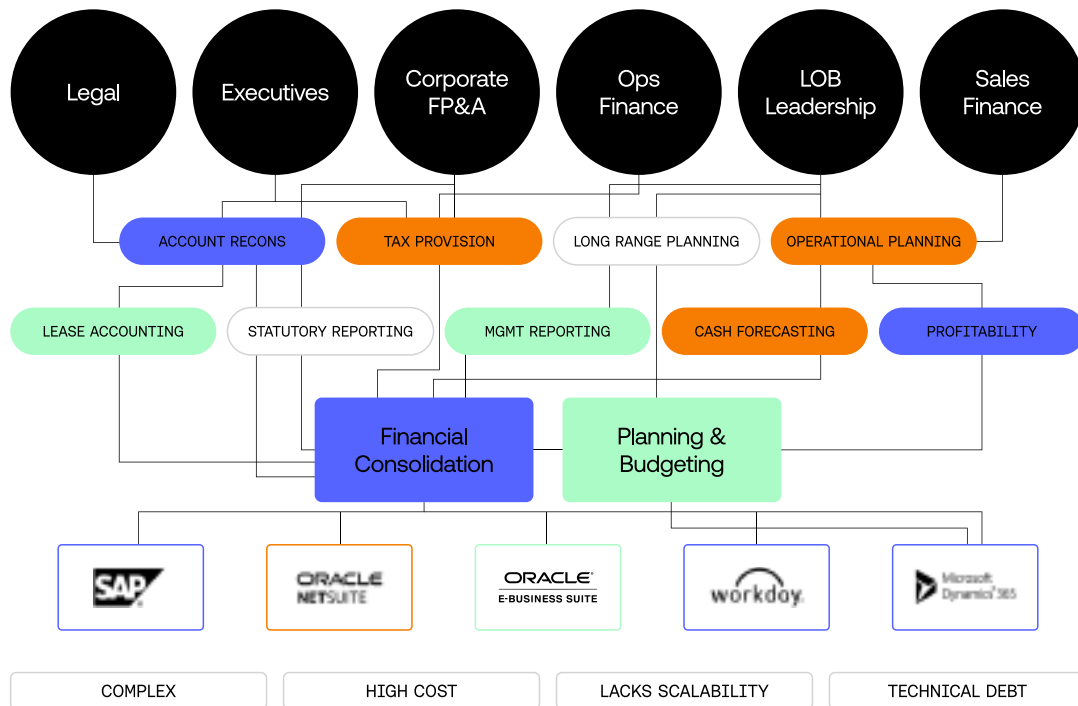
FIGURE 2: CONNECTED FINANCE SOLUTIONS

Today, connected Finance solutions offer a nice alternative for corporate and departmental Finance teams seeking to evolve from manual, spreadsheet-intensive processes. And for organizations with little complexity, connected Finance solutions might work well. But how do connected Finance solutions fare among large, global organizations with sophisticated requirements that extend *across the entire Office of Finance and into the lines of business?*

For large, global organizations with dozens of diverse planning and financial processes, connected Finance solutions are *difficult to scale* given the requirements of such sophisticated organizations. Why? Because *every* departmental and corporate application or model must be connected—*adding risk, cost and complexity* to already-taxed Finance teams. Here are some additional issues to consider:

Fragmented Software & Processes

Connected Finance solutions require fragmented cubes, modules and sometimes third-party software to support critical financial close processes, financial data quality, reporting, analysis and diverse planning processes such as S&OP, sales planning and long-range planning. At scale, the *constant addition* and introduction of new software and processes add *risk, cost and complexity* across the Office of Finance.

More Data Management & Administration

The fragmented software and technical processes needed to support CPM processes create added *technical complexity* and administrative burden on the Finance team. This burden includes moving and reconciling data, constantly managing metadata, monitoring data latency, and managing security between fragmented products or models. All these aspects *dilute* the ability of strategic Finance teams to focus on driving performance and supporting critical decision-making. In fact, data management and administration are major barriers that prevent Finance organizations from leading at speed.

Lack of Financial Intelligence

Many connected Finance solutions, particularly for planning, offer no financial intelligence. What does that matter? Well, it means all the core "financial logic" for monthly financial processes—such as debit or credit account types, hierarchies, dimensionality and currency translation—must be *built completely from scratch.*

In other words, connected planning doesn't work for Intelligent Finance teams — who aren't just "connected." They're *completely unified.*

OneStream's Intelligent Finance Platform

OneStream's Intelligent Finance Platform (see figure 3) is specifically architected to address the sophistication of financial operations, which expands the value of Finance by *unifying* the Office of Finance with Line of Business groups.
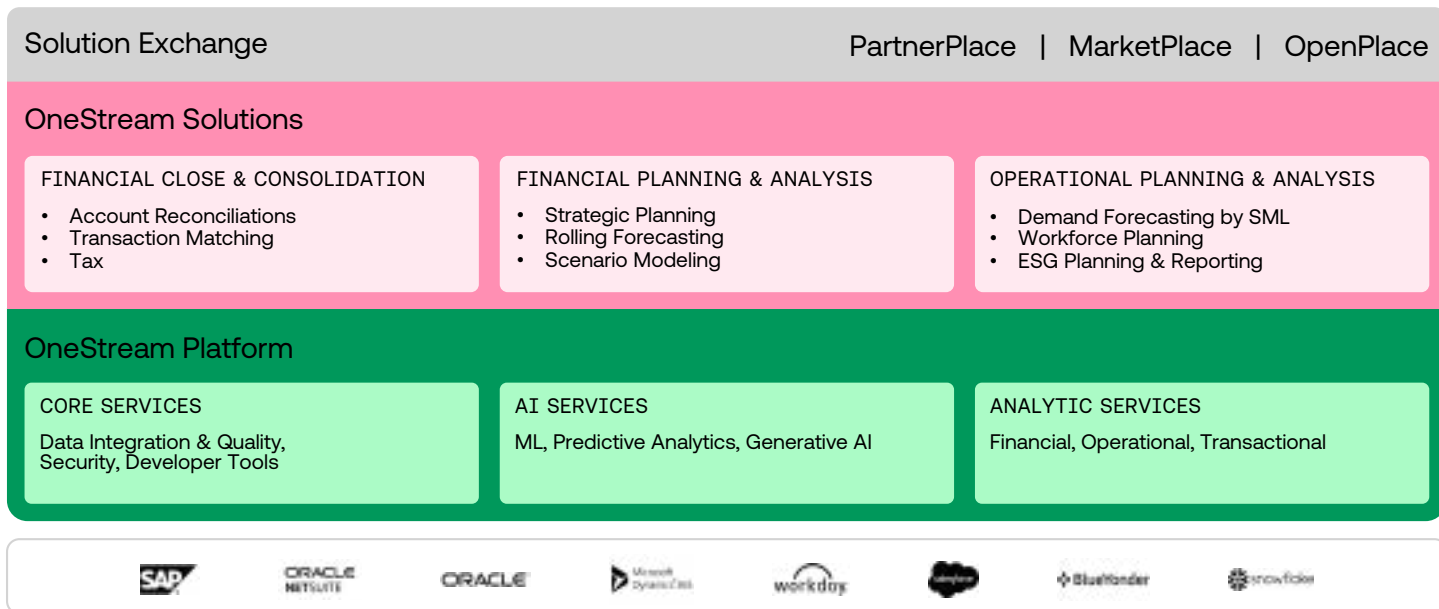

FIGURE 3: ONESTREAM'S INTELLIGENT FINANCE PLATFORM

OneStream unleashes the power of Finance by unifying CPM processes such as planning, financial close & consolidation, reporting and analytics through a single, extensible solution. Our platform enables Finance teams to empower the enterprise with financial and operational insights from the same data to support faster and more informed decision-making — all in one single, unified platform. And we do it all in a cloud platform designed to continually evolve and scale with the organization.

Conquering Complexity to Lead at Speed

Why is OneStream different from connected Finance solutions?

OneStream's mission of delivering *100% customer success* requires *full focus and dedication to* the Office of Finance. For that reason, the platform was designed from inception with built-in *financial intelligence and scale* in mind. Such a design illustrates that OneStream *uniquely understands* account structures, intercompany eliminations, foreign currency translation and time — ensuring organizations don't need to build from scratch or spend a lot of time customizing the solution.

OneStream *intelligently leverages* and *reuses* its core components vs. relying on a complex network of connected tools and the additional tools needed to stitch all those disparate systesm together that create the kind of complexity and redundancy that prevent Finance teams from leading at speed.

With financial intelligence at the core (see figure 4), OneStream enables Finance and Line of Business teams to *rationalize the complexity* of diverse CPM requirements and processes while unifying the user experience across critical processes.

Budgeting, Planning & Forecasting
- Rolling Forecasting
- Driver-Based Integrated Business Planning
- Long-Range Planning
- Predictive Analytics & Machine Learning

Close & Consolidation (Book of Record)
- Financial Consolidation
- Intercompany Eliminations/ Foreign Exchange
- Financial & Stakeholder Reporting
- Statutory Reporting

Performance Reporting
- Guided Reporting
- Profitability by Product, Customer, Channel, etc.
- Self-Service Visualizations
- Ad-hoc Analysis

Financial Signaling
- Financial and Operational Data
- Daily & Weekly Insights
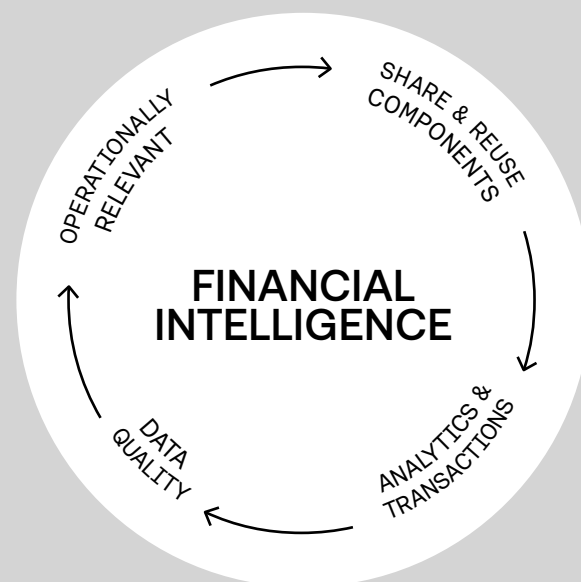- High Volume, High Velocity
- Take Action Mid-Stream

FIGURE 4: FINANCIAL INTELLIGENCE + UNIFICATION = SCALE

Core capabilities of OneStream's Intelligent Finance Platform:

FINANCIAL DATA QUALITY

OneStream allows for unparalleled flexibility and transparency into the data-loading and integration process. Financial data quality is *not a module or separate product*, but rather sits at the core of the platform — providing strict controls to deliver confidence and reliability in data quality with seamless connection to more than *200+ GL/ERP, HCM, CRM and other systems* (e.g., SAP, Plex, MS Dynamics, Oracle B-Business Suite, JD Edwards, PeopleSoft, Infor, etc.). OneStream offers full drill-back and drill-through (from the platform) down to the transaction detail in source systems. These processes are fully automated with 100% traceability and audit trails for data, metadata and process changes.

FINANCIAL CLOSE AND CONSOLIDATION

This process drives the "book of record" reporting for the organization, making the process an important one to conquer with confidence. Whether the organization is private or publicly held, reporting for external stakeholders must be accurate, timely and compliant with US GAAP, IFRS or other local regulations. These requirements apply to financial statement reporting, as well as statutory reporting and filings for regulatory bodies.

Here are just a few of OneStream's *built-in, intelligent capabilities* designed to support the financial consolidation requirements of the largest and most complex organizations around the globe:

Statutory consolidation and reporting according to US GAAP, IFRS, Multi-GAAP and local requirements
- Advanced foreign currency translation
- Powerful, automated intercompany eliminations
- Flexible organizational structures with varying ownership percentages
- Base and topside journal entries
- Powerful allocations
- Complete audit trails and drill-through capabilities

PLANNING, BUDGETING AND FORECASTING

Having the same financial *intelligence* about organizational hierarchies, dimensionality, time and currency translations means that even the most *granular operational plan*s are aligned with consolidated financial plans — for fast, flexible and agile business modeling. Having the same intelligence also enables the *control and governance* required at the corporate level to support xP&A and other key processes.

With a completely unified platform and unique innovations — such as Extensible Dimensionality® Data Blending — OneStream naturally brings together detailed operational planning requirements AND the scale to address the needs of Corporate Finance. OneStream also features pre-built solutions that leverage the power of the platform for cash-flow planning, *people planning* and capital planning while enabling users with capabilities to support driver-based *rolling forecasting*, *scenario planning* and intelligently seeded forecasts. These requirements are non-negotiable for Intelligent Finance teams in today's volatile and disruptive environment.

REPORTING AND ANALYSIS

Finance teams can *share and reuse the components* of financial and operational data to drive efficiency in reporting and analysis through self-service visual dashboards (see figure 5). Powerful production reporting capabiltiies give users access to over 50 pre-built report types and guided-reporting capabilities, all of which can be delivered through MS Word® and PowerPoint®. Not to mention, the Excel add-in and embedded spreadsheet features deliver the full range of OneStream's reporting and analysis capabilities with the ultimate flexbility and ease of use within Excel.

FIGURE 5: ONESTREAM SELF-SERVICE VISUALIZATIONS

FINANCIAL SIGNALING

Finance teams can take advantage of all the platform's capabilities to uniquely apply financial intelligence to convert operational and financial data into financial signals (see figure 6). These signals provide insights into financial and operational metrics on suppliers, customers, controllable costs and working capital on a *weekly or even daily basis*. Those insights then support more agile decision-making and help Financial and Operational leaders drive continuous performance.

Daily/Weekly Operational & Financial Data

- Supplier Performance
  Orders & Shipments
- Customer Churn
- Working Capital
- Days Sales Outstanding (DSO)

Monthly Financials

- Consolidated Accruals
- P&L Balance Sheet, Cash Flow
- Financial Plans & Forecasts
- Operational Plans
- Management Reporting
- Analysis

DAILY FINANCIAL SIGNALS

Monday
Tuesday
Wednesday
Thursday
Friday

WEEK 1   WEEK 2   WEEK 3   WEEK 4

FINANCIAL INTELLIGENCE

MONTHLY FINANCIALS

31

FIGURE 6: FINANCIAL SIGNALING

Intelligent Planning with Predictive Analytics & Machine Learning (ML)

The increasing pace of change, increased complexity and explosion of data volumes represent a "new normal" for the Office of Finance. How are CFOs reacting? Intelligent Finance leaders are actively seeking opportunities to harness the recent innovations in compute power and advancements in data science, such as predictive analytics and ML, to create intelligent planning processes.

AutoAI solutions such as OneStream's Sensible ML break down the barriers that have traditionally held back Finance and Operations teams by powering scenario planning with time-series ML forecasting across hundreds or even thousands of targets. And the platform does so at scale within a seamless user experience and single solution (see figure 7).

FIGURE 7: ONESTREAM SENSIBLE MACHINE LEARNING DASHBOARD

5 Benefits of AI-powered financial planning include the following:

ENHANCED SPEED AND ACCURACY

AI-powered financial planning automates many manual tasks involved in traditional financial planning, ultimately reducing the time to generate and share the results. In addition, in today's digital economy, companies have access to more data than ever. AI can process this ever-growing data and consider additional business intuition — such as events, pricing, competitive information and weather — to produce more accurate scenario predictions. AI-enabled financial planning can also automate a lot of the repetitive, menial tasks required in financial planning and provide more time for analysts to develop strategic recommendations for the organization based on the results of AI-generated financial plans.

IMPROVED RISK MANAGEMENT

Finance can identify and react to potential risks easier and quicker compared to traditional forecasting and planning, as well as more easily capitalize on opportunities by leveraging AI-powered financial planning. For instance, AI can incorporate substantially more drivers, both internal and external, to automatically identify correlations, patterns and anomalies across thousands of products and locations, which can then be used to make better-informed decisions on managing risk and preparing for potential financial planning scenarios. This efficiency will dramatically cut down the amount of time needed to complete various "what-if" analyses to better plan for the rapidly changing environment. Now, planners can focus more on leveraging the potential scenarios rather than producing them.

BETTER CROSS-FUNCTIONAL COLLABORATION

Machine learning has the capability to forecast at very granular and frequent levels to support processes such as demand planning and S&OP processes where planning by product and/or region is required. Such forecasting can, with ML, be done on a daily or weekly basis. These processes drive cross-collaboration between operational and financial planning. In essence, effective financial planning looks across the organization for various scenarios that might impact financials, negatively or positively. That process requires cross-functional collaboration outside the Finance department and across various lines of business. Engaging in such financial planning creates a process by which financial planners broaden their awareness of external influences (see figure 8) and appreciate the importance of including a wide range of inputs in planning, budgeting and forecasting.
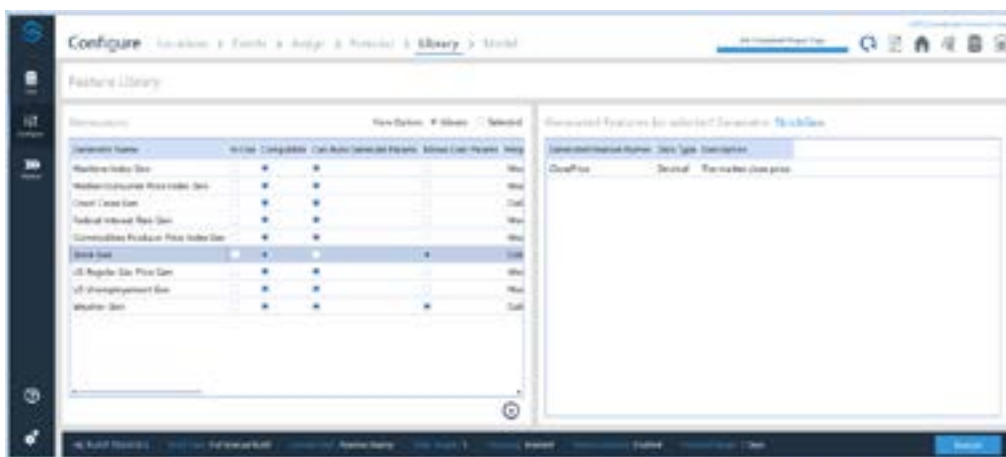

FIGURE 8: SENSIBLE ML FEATURE LIBRARY PAGE WITH EXTERNAL VARIABLES

INCREASED STRATEGIC DECISION-MAKING

Ultimately, all the benefits gained through AI-powered financial planning result in better strategic decision-making. By analyzing more data more quickly and with better accuracy, analysts can then use their time to take a more comprehensive approach to various possibilities and how they would impact the company's financial health. This approach gives Finance leaders visibility into how various scenarios would impact cost of goods sold (COGS), gross margin, EBITDA, cash flow and other important financial metrics that are critical KPIs to understand when navigating uncertainty. All leaders want timely and accurate insights to increase performance efficiently and effectively, and AI-powered financial planning will help leaders do just that.

DEEPER INSIGHTS

Understanding the prediction is critical for AI-powered forecasts. Business analysts must justify how they arrived at the results, so the organization can develop a strategy going forward. For example, if a sales promotion at a particular time of the year had a large positive impact on sales, this information is valuable for the business to know for future sales promotion planning. Sensible ML comes with several transparency dashboards highlighting feature influence across the portfolio or on individual predictions for each product-location combination (see figure 9). The Feature Impact dashboard below shows that the "Week of the year" feature has a relative importance of 11.63% to the prediction amount, which is relatively high compared to the other features.

Feature Impact		
Feature Name	Impact Score	Impact Percentage
Label-DayOfYear	65.00	13.99%
Label-WeekOfYear	54.00	11.63%
Label-DayOfWeek	50.00	10.76%
A7~B5-Lag(28)	49.50	10.66%
A7~B5-Lag(21)	47.00	10.12%
Label-Day	44.50	9.58%
Label-Month	42.00	9.04%
A7~B5-Lag(14)	41.50	8.93%
Label-Year	41.00	8.83%
Label-Quarter	15.50	3.34%
ClosePrice	14.50	3.12%

FIGURE 9: SENSIBLE ML FEATURE IMPACT

No matter where your team sits in its Intelligent Finance journey, *OneStream's advanced analytics solutions* are designed to help your team focus on collaborating with your business partners, find new ways to ask why and drive performance. Here are just a few of the top use-cases if your organization is considering the addition of predictive analytics and ML into a wide variety of financial and operational planning processes:
- Assist with target-setting for strategic planning, annual operating plans (AOPs) and rolling forecasts
- Create baseline predictive forecast scenarios for comparison with bottom-up forecasting from divisional financial and operational partners
- Automatically seed all or portions of new forecasts with predictive models
- Adjust baseline predictive forecasts with known business changes, such as new customers or products, plant shutdowns, acquisitions, etc.

Intelligent Finance in Action

OneStream is helping hundreds of Intelligent Finance teams unleash their potential and empower their organizations with the insights required for effective decision-making. Below are just a few customer success stories.

Autoliv, Inc. is the worldwide leader in automotive safety systems. Used by major car manufacturers worldwide, Autoliv's products save over 35,000 lives every year. Through organic growth, acquisition and a merger, Autoliv has become a market leader with over 65,000 employees across 27 countries. This rapid growth ultimately created a complex, multi-divisional operational structure on both the product and organizational side, including data spread across several systems. Having a single planning process in the OneStream platform enables Autoliv to proactively respond to changes in the market, as information moves along the value chain, and impact what the company produces. Automation and unification target much-needed efficiencies that enable the effort to respond in a timely manner to those market changes, from preparing plans to acting upon insights those plans provide. This streamlined process not only means less time spent on mundane work but also provides an opportunity to develop new skills and transform the Finance function into a strategic business partner within Autoliv. In addition, the reporting process has been simplified with more automation and maximized commentary capabilities. Autoliv can now derive more value from the data loaded via dashboards and data blending at a part number level of granularity.

Accell Group designs simple and smart solutions to create a fantastic cycling experience for everyone who uses Accell bikes. Since 2022, Accell Group has been leveraging OneStream for consolidation and lease accounting processes and for ESG reporting. This transformation reflects Accell Group's commitment to sustainability and transparency, and the group's recognition of the importance of ESG reporting for stakeholders. One of the main benefits of aligning ESG reporting with financial close processes is the ability to unify data from multiple sources into a single platform. This capability makes it easier to track and report on key sustainability metrics (e.g., carbon emissions, energy usage and employee diversity). By unifying all ESG data, Accell Group can easily compare and analyze performance across different business units and locations. Accell Group now generates more complete information reflecting the interdependencies between financial and non-financial performance.

Cimpress invests in and builds customer-focused, entrepreneurial, mass-customization businesses for the long term. In the search to find a system that could streamline financial consolidation, reporting and planning processes, Cimpress landed on OneStream to help transform the company's financial processes and accommodate user feedback to tailor the system to organizational needs. Cimpress's 120 users have already enjoyed many benefits and increased agility. To add further value, Cimpress continues to build user feedback into the solution to address user needs, drive efficiencies and extend the use of the platform. Upgrades for Cimpress are now quick and easy, freeing up time the Finance team previously spent manually integrating data or implementing different modules. Since going live with OneStream, Cimpress has seen a significant reduction in the time it takes to load data into the system. Cimpress loads and consolidates data hourly within the close cycle, allowing users to get up-to-minute information in the tool. Manual processes have been automated, freeing up time for users to spend on evaluation and analysis.

Conclusion

Finance leaders today are facing diverse challenges. Uncertainty from external factors — such as rising inflation, increased interest rates and other instabilities affecting consumer demand and availability of resources — continue to impact Finance teams and their forecasting processes. In this environment, Finance teams must navigate the complexities associated with the vast explosion of data and enterprise systems — and struggle to create ROI and business value from existing Finance systems.

But with OneStream's Intelligent Finance Platform, Finance teams can now conquer the complexities of modern organizations, move away from siloed decision-making, and respond rapidly and effectively to the pace of change.

Intelligent Finance offers a path forward to unify the Office of Finance and beyond by working smarter, not harder as sophisticated organizations face the challenges of the 2020s and beyond. And with a corporate mission of delivering 100% customer success, OneStream is designed for Intelligent Finance teams with a vision that spans well beyond the numbers.

> To unleash the entire organization with innovations that automate tasks, eliminate low-value processes and reduce risk.

> To empower the organization with the data-driven insights required to unify decision-making across Sales, Marketing, Operations and Finance.

> To inspire the organization to continuously evolve with a digital foundation capable of meeting the challenges of this unprecedented moment in time.

In sum, OneStream helps organizations conquer complexity — empowering Finance teams to lead at speed.

To learn more, visit *OneStream.com*

LAST UPDATED NOVEMBER 2023

OneStream Software
362 South Street
Rochester, MI 48307-2240

P: +1.248.650.1490

E: Sales@OneStreamSoftware.com