



Unifying Integrated Business Planning

ACROSS FINANCE & SUPPLY CHAIN



Introduction

Collaboration efforts between Finance and Supply Chain teams have been a long standing issue due to the disconnected application setups used to run the business and the inevitable by-product of the division of labor: **siloed organizations**.

This guide explores the most recurrent challenges related to planning and performance management that repeatedly surface in the relationships between Finance and Supply Chain teams.

In doing so, this guide explains how to unify integrated business planning across Finance and Supply Chain teams, provides use cases as proof points, and introduces the unique capabilities OneStream's Intelligent Finance Platform brings to unify Finance and Supply Chain planning activities.

UNIFYING DATA, STRATEGY, PROCESSES AND PEOPLE

This guide also examines the hypothesis that all planning activities should be anchored on a central Finance planning capability that orchestrates and aligns data, strategy, processes and people across all business units and functions.

Also, this guide shows that true planning unification happens when a single technology platform is leveraged to manage planning, budgeting & forecasting (PB&F), consolidation and reporting without the need to duplicate data or otherwise maintain multiple solutions.

A BROADER VIEW TO INTEGRATED BUSINESS PLANNING

Finally, this guide is framed around the concept of the Integrated Business Planning (IBP) model, a process to deploy strategy and holistically manage plans to improve corporate performance.

Despite the focus on PB&F, the guide also considers other critical capabilities required to manage performance, such as measuring execution (actuals) against the financial baseline, reporting and analytics.

To understand and improve business performance, all these activities must be united.



Challenges With a Dysfunctional Relationship Between Finance And Supply Chain

The traditional relationship between Finance and Supply Chain teams is one of report and control imposed by Finance.

Supply Chain holds valuable insights about both the top and bottom line. On one hand, supply chains are predominantly cost centers with a focus on efficiency, but on the other hand, supply chains have real-time information about when and how the performance obligations are being met by the organization. And all too often, the collaboration between Finance and Supply Chain is difficult due to the following **four challenges**:

1 DATA INCONSISTENCY

Business functions don't always speak the same language. Finance typically looks at product-family data expressed in currency by business unit.

Meanwhile, Supply Chain is interested in planning at the SKU level per location, measured in units. Currencies are subject to exchange rates, and units of measure (kilograms vs. pounds, liters vs. gallons, etc.) are linked to what the company is producing and the location.

2 LOW DEMAND FORECASTING ACCURACY

In an ideal world, supply chain planning should begin with demand forecasting. Yet many organizations struggle to produce accurate forecasts for demand, either because demand predictability is hard and good data is difficult to obtain, or because current business and economic trends make it challenging.

3 POOR VISIBILITY INTO WHAT'S HAPPENING

Finance teams struggle to get a view of supply chain performance due to the absence of a unified view of metrics and harmonized language of the business. Reporting back financial and plan performance is incredibly difficult if financial and supply chain KPIs aren't linked. Supply chain metrics provide business context, and financial metrics validate the strategy and execution efforts.


4 BURDENSOME SHIFT TOWARD SERVICE AND PROJECT-DRIVEN SUPPLY CHAINS

Supply chains are shifting from being mere cost centers that manufacture a product to being value chains that deliver solutions (composed of multiple products, software and services) that enhance and sustain client experiences and loyalty. As a result, planning for solutions and measuring performance have become extremely complex.

Solving For These Challenges

Bridging the gap between Finance and Supply Chain teams **is critical** for organizations **to thrive** in today's **volatile markets**.



 Solving for these challenges has traditionally involved two options:

1 COLLABORATIVE PROCESSES

Processes such as those involved in Sales and Operations Planning (S&OP) and Integrated Business Planning where Finance plays a leading role together with the IBP lead to ensure alignment among all business lines and functions.

2 HORIZONTAL ROLES

Roles such as the Supply Chain Finance Planning & Analysis conceived to connect Finance with Supply Chain to carry out variance analysis, risk and opportunity evaluations, and more.

While these types of roles and processes have proven highly valuable, not much has been done to work on data and systems. Either the planning solutions available don't provide for cross-functional requirements or wouldn't solve the need for the Management and Executive teams to get meaningful insights necessary to steer the company effectively.

Those insights come through Enterprise Performance Management (EPM) applications – and that layer is what supports the corporate strategy and provides agility to business decision-making.

42%

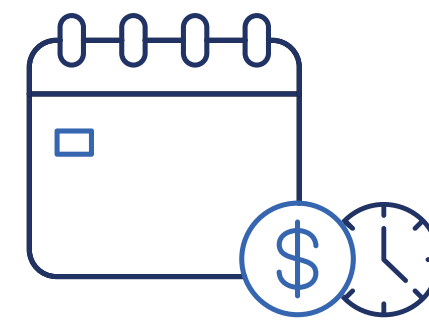
average efficiency improvements
when organizations opt for **one**
platform with **one data model**
that **unifies planning**

Download OneStream's Value Realization Report to Learn More >



An **EPM Solution** like this **unlocks value** to the organization in the following ways:

BENEFITS WHEN FINANCE AND SUPPLY CHAIN WORK TOGETHER



IMPROVED DSO



SHORTER DPO CYCLES



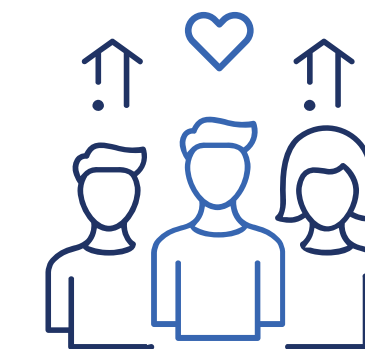
BETTER USE OF CASH



INCREASED REVENUE



REDUCED IT COSTS



BETTER EMPLOYEE MORALE

A New Way Forward

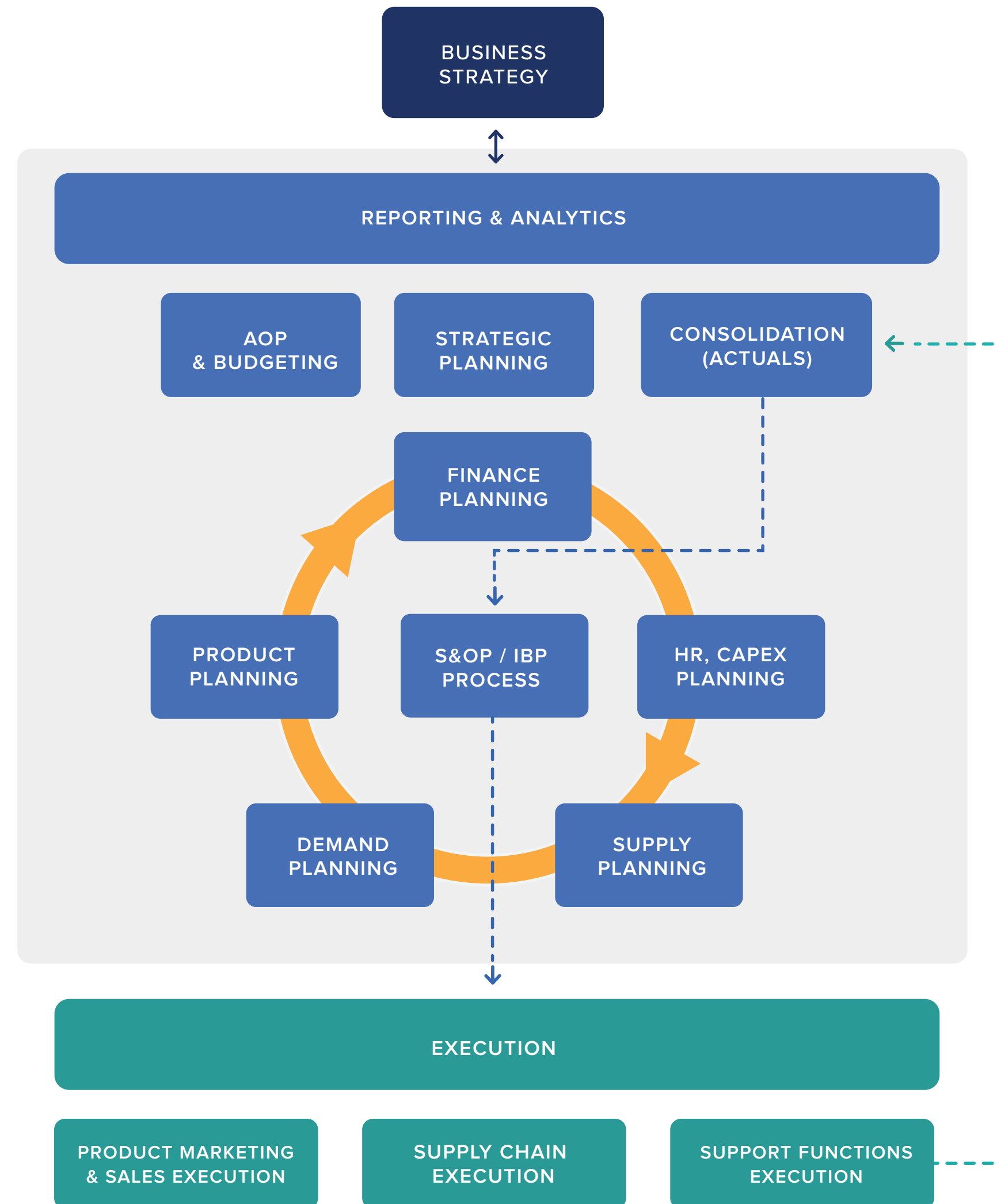
A sound EPM solution must provide for the entire range of managerial capabilities the Office of Finance needs to plan and make informed decisions, track back the execution results, and then feed them back into the planning and reporting cycles. At the same time, the solution must be able to ingest, organize and present enormous amounts of disparate data since supply chain and operational data is rich and comes in high volumes.

When the EPM solution is capable of blending supply chain and financial data, the solution then cuts through organizational boundaries and unifies planning activities between the Supply Chain and Finance teams (see Figure 1: Unified Integrated Business Planning Model).

FIGURE 1.
UNIFYING INTEGRATED BUSINESS PLANNING MODEL

Unifying Integrated Business Planning (IBP) ensures that planning, budgeting and forecasting are tightly linked to execution through the collection of actual results*.

Gathering all these capabilities (greyed area in the graph) under a unified data model and solution is the most efficient approach to deploy IBP and align strategy with planning and execution.



*A closed loop between planning and execution through actuals is represented with the dotted arrow lines.

A unified Integrated Business Planning (IBP) model helps provide answers to the most compelling questions about IBP:

- Is the C-level actively engaged in the organization's IBP process?
- Is it easy to get consistent data even under changing market and organizational conditions?
- Is Finance integrated within the operational planning process, at every step of the process?

Unifying Finance & Supply Chain Teams

Here is a selection of use-case scenarios that illustrate the power of an EPM solution that follows the unified Integrated Business Planning model to handle end-to-end planning and reporting activity and how that benefits both Finance and Supply Chain teams. This list of use cases is not exhaustive but rather features a few proven cases/scenarios.

See the following pages for more detail.

UNIFY SUPPLY CHAIN AND FINANCIAL KPIS

Link Supply Chain KPIs (e.g., manufacturing throughput, inventory turns, perfect order rates, etc.) with the financial model by unifying supply chain and financial data in EPM.

FINANCE-DRIVEN PROJECT MANAGEMENT

Ensure budget targets are met by regularly comparing actual costs with planned values and the financial accounting baseline.

VALUE CHAIN INTEGRATED BUSINESS PLANNING

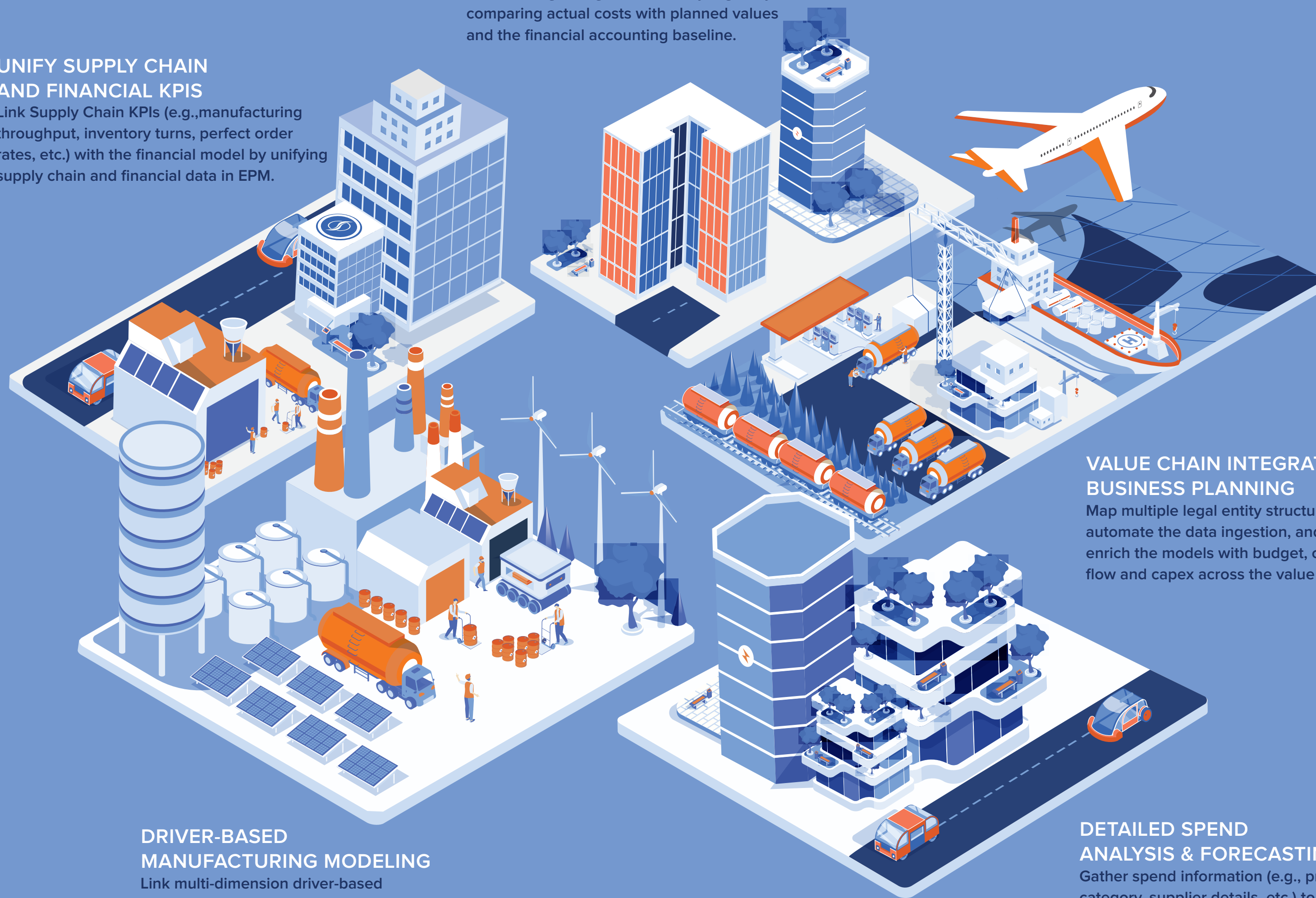
Map multiple legal entity structures, automate the data ingestion, and enrich the models with budget, cash flow and capex across the value chain.

DRIVER-BASED MANUFACTURING MODELING

Link multi-dimension driver-based manufacturing modeling to the strategic and financial plans.

DETAILED SPEND ANALYSIS & FORECASTING

Gather spend information (e.g., product category, supplier details, etc.) to better analyze and reduce costs.



Unifying Supply Chain & Financial KPIs



BUSINESS CHALLENGE

The market demands that organizations lead at speed. Yet agility is hindered by not only the lethargic processes and systems that organizations use, but also the inability to link financial data with operational data.

Supply Chain Management (SCM) and ERP systems provide cost and revenue data, but these systems typically do not provide insights into margin and cash. Financial data resides in different systems of record, and extracting that information to compare it with planning data for variance analysis and for better reporting is a logical step forward.

USE CASE DESCRIPTION

Link Supply Chain KPIs with the financial model by unifying supply chain and financial data in EPM.

If organizations can measure manufacturing yield or throughput and compare it with the financial model in detail, then - for example -simulating a throughput increase could be gauged instantly against EBIT impact and not separately against revenue or cost.

In logistics, one planning solution could model networks, optimize warehouse space, and enhance historical data with calendar events, climatology and other drivers to refine forecasts, all tied down to the P&L and the financial model to avoid costly spot rates and expedited shipments.

EXPECTED BENEFITS

- Improved visibility when Finance teams add business context to financial information, which makes it easier to perform variance analysis, report performance and explain financial results.
- Agility and informed decision-making emerge due to Supply Chain teams being able to understand the financial implications of choices down to the P&L, cash and net working capital.
- Process efficiency results from eliminating the manual effort required to extract, collate and cleanse the inputs coming from different systems of record.

All together, improved visibility enables a much more collaborative and insightful IBP process.

Finance-Driven Project Management



BUSINESS CHALLENGE

Project management is a critical capability within Supply Chain. With the growth of service-oriented business models, finance-driven project management is becoming a primary driver of profit.

Reporting earned value, forecasting expenses and recognizing revenue are usual challenges that project managers deal with in order to meet financial targets such as Pre-Tax Income (PTI) or to achieve budgets.

USE CASE DESCRIPTION

Ensure PTI and budget targets are met regularly by comparing actual costs with planned values and the financial baseline.

Forecast expenses, revenues and margins by project, by business units and at the corporate level.

EXPECTED BENEFITS

- Increased visibility through a detailed view per project of Earned Value and Estimate at Completion. Track financial data, labor and contractor activity in one place.
- Improved expense, revenue and margin forecasting.
- Better collaboration between Finance teams and the Project Management Office.
- Margin and cash protection results from having one reporting of all project activity linked to margin.

Value Chain Integrated Business Planning



BUSINESS CHALLENGE

Organizations with a vertically integrated value chain struggle to plan at the group level due to the following factors:

- Failure to view planning data homogeneously through different group structures with specific charts of accounts and planning structures.
- A lengthy, slow sequential process due to multiple hands-off and manual manipulations of data.
- Last-minute adjustments to respond to market volatility.
- Comparison of future cash flow against actual data in the planning modeling.
- Long-term planning horizons.

USE CASE DESCRIPTION

Being able to map multiple legal entity structures and charts of accounts, automate the data ingestion from different source systems, and enrich the models with budget, cash flow and capex. It also expedites the planning process and provides the same numbers for every legal entity within the value chain.

EXPECTED BENEFITS

- Process efficiency results from automating the data preparation, eliminating manual work and enriching the planning models.
- Agility and informed decision-making are possible due to the entire value chain – from the raw material extraction and processing to the finished goods production and distribution – is being able to see the exact same plan and expedite decision-making.
- Vertical collaboration and alignment to corporate objectives is achieved when all entities are aligned to the financial model.

Detailed Spend Analysis & Forecasting



BUSINESS CHALLENGE

Large organizations deal with thousands of suppliers and even more spend categories, making bottom-up expense forecasting a struggle.

Category managers use spreadsheets, custom-developed applications and different reports to conduct detailed analyses of spend trends since most of the solutions cannot handle extensive dimensions (e.g., thousands of suppliers and categories).

USE CASE DESCRIPTION

Enable category managers with a single data source without using separate structures (whether spreadsheets, modular solutions or something else) to better analyze expenses and drive down costs.

At the same time, full data granularity drives accuracy in the spend forecasts used by FP&A.

EXPECTED BENEFITS

- Reduced spending occurs as forecasting expenses in detail by vendor, location and category unleashes a faster, more concise analysis of expense trends.
- Process efficiency is achieved by eliminating spreadsheet and data wrangling, and by providing financial intelligence for the procurement analysis.
- Faster reporting occurs as Finance teams can improve cost analysis submission and gain speed in closing and reporting activity.

Driver-Based Manufacturing Modeling



BUSINESS CHALLENGE

Whether engineering, discrete, process or mixed-mode, modeling for manufacturing is extremely complex for Finance and Supply Chain teams today.

Many manufacturing companies are building planning models on spreadsheets, and this is prone to error. In addition, many use a run-rate approach heavily burdened with assumptions to offset the lack of detailed data and multiple factors to consider.

USE CASE DESCRIPTION

In the current volatile market conditions, it is critical for organizations to move beyond spreadsheets and consider a more systematic approach to unify driver-based manufacturing models with financial goals.

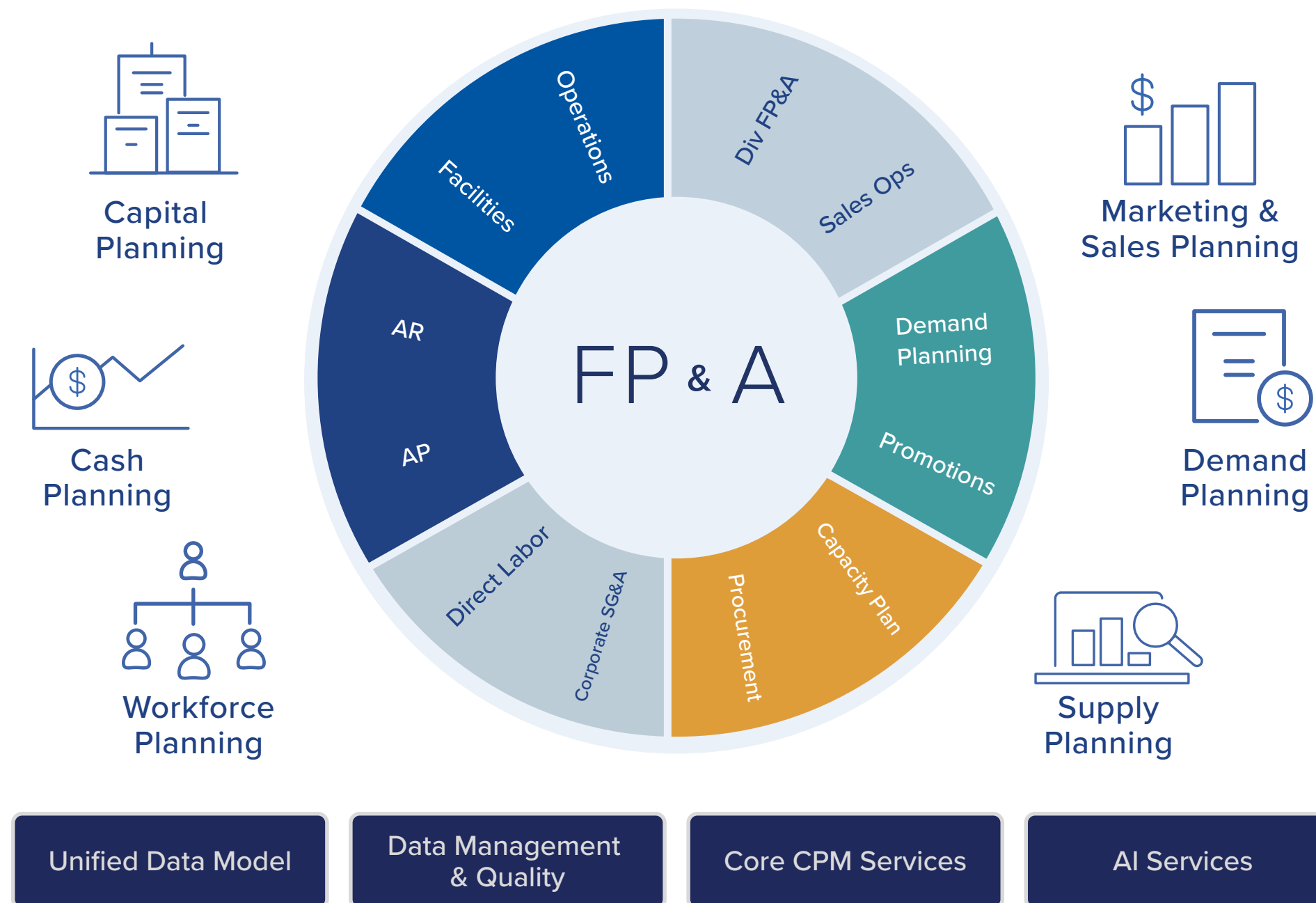
Perform multi-dimensional driver-based modeling for Manufacturing and link it to consolidated results or the strategic and financial plans.

EXPECTED BENEFITS

- Improved transparency due to Finance teams adding manufacturing and operational context to the financial information.
- Improved variance analysis against plans, operational and financial performance reporting.
- Agility and informed decision-making is increased because the Manufacturing and Supply Chain teams can understand the financial implications of choices down to the P&L, cash and net working capital.
- Process efficiency results from eliminating spreadsheet and data wrangling, and from providing financial intelligence to the manufacturing analysis.
- Reduced cycle times for everything from planning to producing and shipping.

ONESTREAM UNIFIES INTEGRATED BUSINESS PLANNING

OneStream's Intelligent Finance Platform provides the granularity, flexibility and agility needed for integrated business planning while providing the structure, governance and control required for corporate financial planning – **all in a single, unified data model and solution.**



Key Advantages of OneStream to Unify Integrated Business Planning

UNIFIED DATA MODEL

Not all solutions are technically ready to bring operational data at scale, so the solution must have a unified data model that caters to both financial and supply chain-related data – and does it seamlessly without moving and reconciling data between the architecture.

BUILT-IN DATA MANAGEMENT & QUALITY

The way the solution manages and ensures the quality and integrity in data is imperative to building one version of the truth and turning data into insights.

CORE CPM SERVICES

The solution must support the main needs of Finance teams. Having all CPM services, including built-in financial intelligence, in a single platform enables strategy validation, planning and budgeting accuracy, profitability analysis, bias reduction, and more credible reporting without having to code account intelligence, FX intelligence and intercompany relationships across planning models.

AI SERVICES

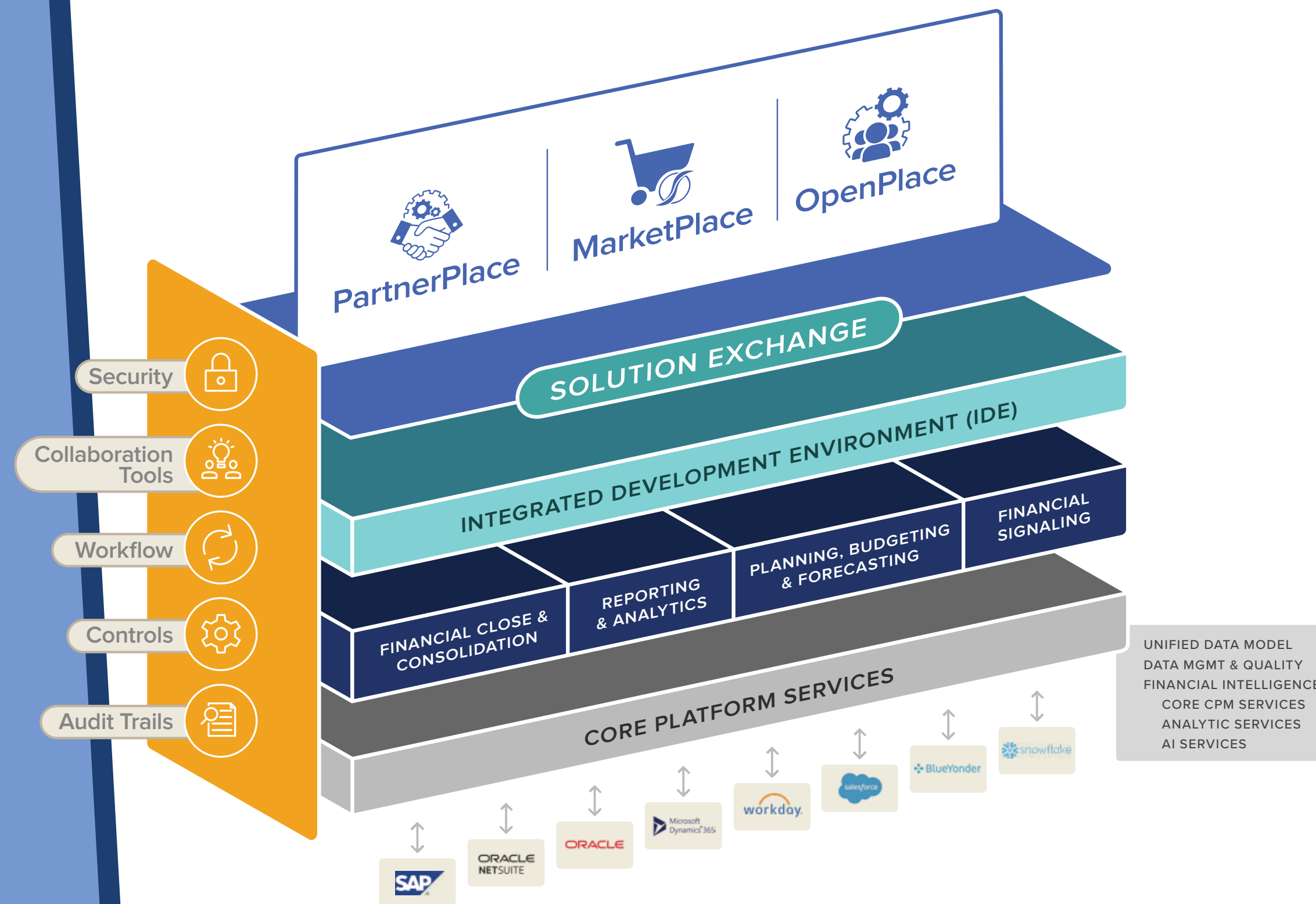
The solution must deliver scalable AI capabilities for the Office of Finance and beyond. Machine learning in forecasting is helping organizations reach higher levels of accuracy.

ONESTREAM'S INTELLIGENT FINANCE PLATFORM

OneStream unleashes organizational value by unifying data management, financial close and consolidation, planning, reporting, analytics and machine learning.

We empower Finance and Operations teams with AI-enabled insights to make faster and more intelligent decisions every single day.

All in a single, modern CPM platform designed to continually evolve and scale with your organization.



Advanced Technology

OneStream's Intelligent Finance Platform is a highly secure, single-tenant, and multi instance cloud platform with advanced technology that provides these unique capabilities:

FLEXIBLE MODELING

Work seamlessly together to cater to and process different types of data. Cube-based modeling and relational modeling work side-by-side to provide optimal performance.

EXTENSIBLE DIMENSIONALITY®

Allows for different lines of business to focus on their relevant information while still working within a single unified data model.

DATA BLENDING

Allows the different levels of data to be presented in a single dashboard, from consolidated figures and planned budgets through to transactional level data.

GUIDED WORKFLOWS

Simplify processes and tasks, providing ease of use and allowing users to focus on data quality and results instead of system mechanics.

Supports industry standard security and privacy frameworks, including SOC1, SOC2, ISO and FedRAMP.