THE ADAYTUM SOLUTION CENTER SERIES

PEOPLE > PROCESS > TECHNOLOGY

Taking the Hype out of Enterprise Business Planning

Considerations for EBP Evaluators

ADAYTUM®

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About the Adaytum Solution Center:

At the Adaytum Solution Center, we research the best possible approaches to enterprise business planning. By applying what we've learned in successful implementations, we establish performance benchmarks to help clients more accurately assess and drive their performance. And by maintaining a library of proven models around specific industries and business processes, we deliver quick results and drive more efficient use of financial and human resources. Clients also visit the Solution Center to review and learn from the best practices we develop as we implement our solutions in the most demanding corporate and public sector environments.

INTRODUCTION

As global competitive threats increase, new markets emerge, and new regulatory pressures for financial clarity and accuracy arise, businesses face unprecedented requirements for greater speed and accuracy in forecasts and plans. More than ever, your stakeholders are counting on you to provide accurate guidance about future operating performance. In this context, it's difficult to name a more important process than business planning.

That's leading many forward-thinking organizations to carefully evaluate the merits of enterprise business planning (EBP) solutions. Enterprise business planning can help you get more value out of your resources, drive efficiency and accuracy into key business processes, and improve decision making at every level.

If you're like many evaluators, chances are you've been inundated with a mountain of features, benefits, claims, contradictions, comparisons, and confusing data points. But when it comes time to make a strategic commitment to an EBP platform, hype is the last thing you want or need.

This handbook provides a list of key factors that you should consider as you evaluate competing EBP solutions.

INTELLIGENT ARCHITECTURE FOR MAXIMUM COLLABORATION

In the past, business planning was a lengthy, rigidly centralized process—done by the few, for the many. In the new paradigm of high-participation enterprise business planning, companies are seeking input, expertise, and commitment from managers, directors, and executives up, down, and across the enterprise.

Previously, in a spreadsheet-centric planning paradigm, the feasibility of such a scope of participation and consolidation would have been unthinkable.

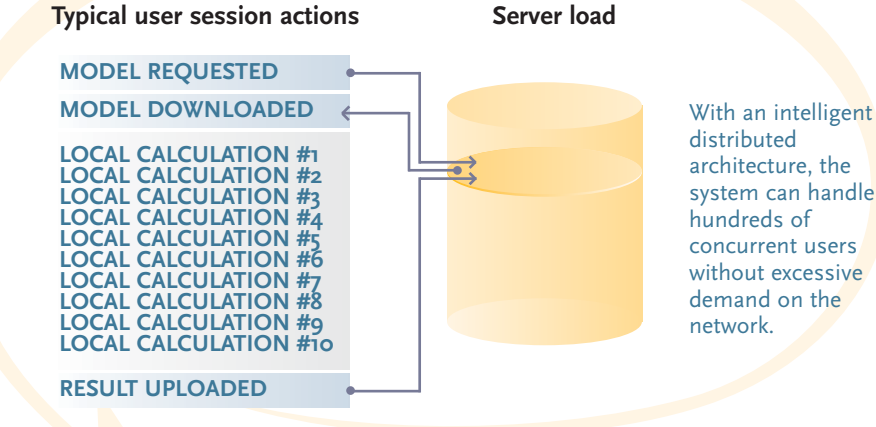
With the Adaytum e.Planning architecture, broad and rapid participation is feasible and proven. Instead of a few professional planners laboring over an annual plan, you can ask for small plan contributions from hundreds. That gives your plans front-line accuracy from the people closest to the activities being planned. And it gives greater granularity as well.

When it comes to system architecture, however, some vendors will pose a question: thick client or thin? Fact is, it's a false choice. When other vendors talk about the need for thin clients or the inherent disadvantages of a footprint on the client, understand that they are trying to distract you with factors that aren't relevant.

Adaytum e.Planning uses an intelligent XML Web Services architecture that downloads a small calculation engine onto the user's PC the first time they access the system via web browser. That's a one-time download that Adaytum e.Planning manages and maintains automatically.

XML Web Services is the architecture that Microsoft and Sun are vigorously pursuing and promoting because they understand that zero-

The distributed architecture advantage



With Adaytum e.Planning, complex calculations are built-in client functions that spare the server any calculation overhead.

footprint clients using pure HTML are underpowered for the intensive challenges of applications like EBP. And it recognizes that Java components require instantiation at the start of every session—a pointless waste of bandwidth and processing.

By contrast, a persistent local calculation engine delivered via Web Services harnesses processing power in the desktop browser for local calculations. This distributed architecture provides unprecedented, unbeatable scalability to thousands of users. It judiciously consumes precious bandwidth and doesn't bring a server to its knees when 250 plan contributors simultaneously scramble to meet a 5 p.m. Friday deadline.

THE BOTTOM LINE: Adaytum e.Planning is the only proven, scalable EBP solution to provide sensible client processing, proper bandwidth consumption, and appropriate server-resource usage.

REAL-TIME AGGREGATION, REAL-TIME PLANNING

The idea of the "real-time enterprise" is drawing enthusiastic attention from many business leaders—including even Alan Greenspan, chairman of the Federal Reserve. That's because business moves at a faster pace than ever before.

Enterprise business planning not only needs to reflect and support the real-time nature of today's business operations but must actually be the driver of real-time operations. Delays in business plans have a rippling, multiplicative effect on tactics and execution.

That's one of the reasons Adaytum e.Planning presents a significant EBP advantage through its real-time aggregation. Again, thanks to its intelligent distributed architecture, Adaytum e.Planning can instantly and immediately update an entire business plan after it receives each and any individual contribution. There are no nightly batch consolidation processes. Consider two alternatives:

- With competing EBP solutions, once a contributor changes his plan or forecast and submits it, his boss won't be able to review those changes until after the next batch consolidation is complete—a process that typically takes several hours overnight. There's no real-time consolidation, no real-time decision-making.
- With Adaytum e.Planning, a contributor can make her changes locally and submit her results. In real-time, her plan contributions roll up and are available for her boss to review, approve, or reject.

With real-time aggregation, your planning proceeds at the pace of the quickest participant, rather than the slowest. There's no waiting for the last person to submit their information before consolidating, and you get instant visibility to changes.

THE BOTTOM LINE: Real-time aggregation and plan consolidation facilitates the pursuit of the "real-time enterprise." It's the difference between updates in seconds and updates in hours.

MODULAR DESIGN FOR ULTIMATE FLEXIBILITY

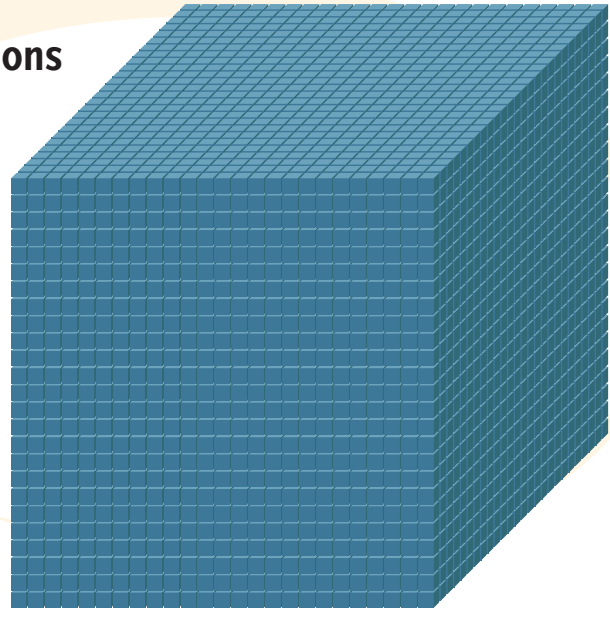
Business planning is an inherently multi-dimensional discipline. That is, you want and need to analyze and plan from multiple perspectives—products, regions, time periods, and so forth. That's why most leading EBP solutions build on a multidimensional data foundation.

However, it's important to understand that there are vast differences in how that foundation is implemented. Consider the following straightforward and typical scenario, a profit-and-loss model involving:

- 200 products
- 100 divisions
- 50 cost centers
- 12 P&L items
- 50 sales representatives
- 50 employees
- 100 expense line items
- A 12-month plan
- Three versions (best, worst, and likely)

Competing solutions

Single cube model
- Products
- Sales representatives
- Divisions
- Employees
- Cost centers
- Expense line items
- P&L items
- Balance sheet items
- Capital expenditure projects
- A 12-month plan
- Three versions



Single, monolithic cube encompassing profit-and-loss, sales planning, salary planning, and overhead planning defies business logic and strains IT resources

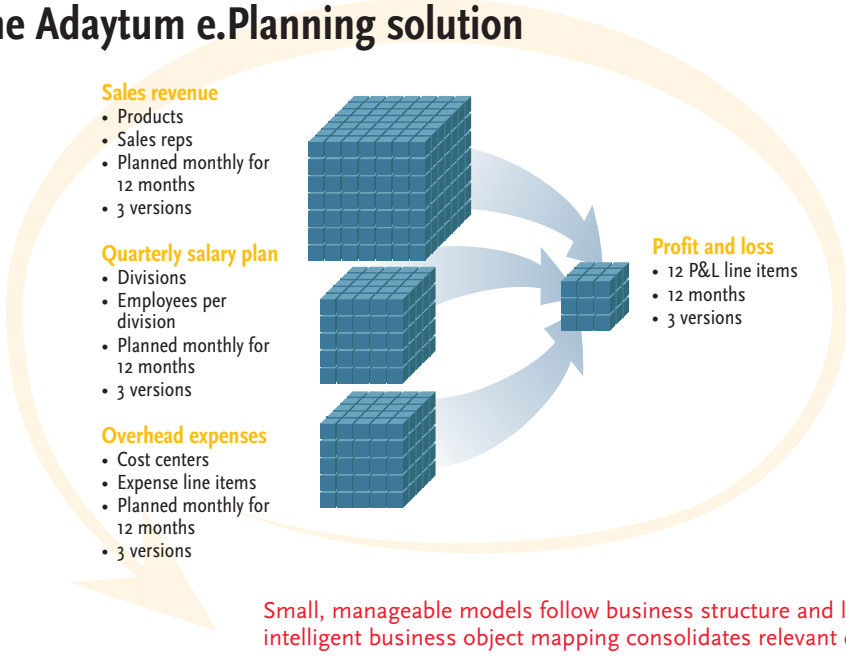
Some solutions will force you to put all of these dimensions in a single monolithic cube—the one that takes so long to update you likely have to do it overnight—regardless of the relevance of each dimension to the planning process. The model size grows exponentially with each added dimension, potentially mushrooming to unsupportably large sizes. In this example, a fully populated cube with these dimensions would be 108 *trillion* cells. Maintaining such a model would require an unreasonable amount of server overhead and divert your IT staff from more important work.

Even with effective sparsity management, such an unwieldy structure could also force severe compromises in your planning. Instead of 50 products, you might be forced to choose just 10 product groups. You delete the 50 cost centers (eliminating multiple hierarchies and therefore richer analysis). You eliminate line-item detail by deleting the employee dimension. Maybe you eliminate scenarios. With enough cutting, you can perhaps make your multidimensional foundation somewhat more manageable. You do this not to improve your analysis—in fact, quite the opposite happens. You're simply handicapping your EBP efforts in order to conform to the limitations and restrictions of the technology.

Just as bad, think about what happens when you change your business—and changing conditions are the heart of a nimble, thriving enterprise. You'd have to rebuild that monolithic cube model—usually with the assistance of highly trained, highly sought IT personnel.

Consider a different way—the Adaytum way. Adaytum e.Planning uses a series of manageable, modular cubes, connecting them together with intelligent links that you create with point-and-click commands.

The Adaytum e.Planning solution



Small, manageable models follow business structure and logic; intelligent business object mapping consolidates relevant data

The benefits of a multi-cube architecture are manifold. First, managing complex business problems is easier—from both a human and IT standpoint—if you can break them up into logical, more manageable components. With Adaytum e.Planning, several individuals or teams can more easily collaborate in developing the model across functional areas, using common definitions where appropriate.

Beyond that obvious benefit, business modeling and analysis with Adaytum e.Planning is further optimized by the use of common metadata components. Put more simply, imagine that a staffing increase requires you to adjust portions of your model. Rather than updating headcount information in several places, you make the change once and the new data automatically populates all cubes that refer to headcount.

What's more, the modular architecture makes it easier to update your model with information from external business systems. For example, if headcount information is updated in your HR system, e.Planning can automatically reflect those changes throughout the model. It all adds up to easy system maintenance and fast, nimble model changes.

THE BOTTOM LINE: Monolithic cubes that force all dimensions into a single structure are unmanageable and inflexible, actually hindering EBP and its analysis.

SOPHISTICATED ANALYSIS WITH BREAKBACK

Breakback—the ability to declare a total and force the software to "break it back" across members of the dimension—is a signature feature of Adaytum e.Planning, an innovation we pioneered more than 10 years ago.

For example, if you're planning travel expenses, you might have a fixed amount to work with, say $600,000. Sure, it's easy to breakback that number evenly across 12 months—that's $50K a month. But suppose you have a major trade show in August and you anticipate at least $150K in travel expenses that month. With the sophisticated breakback in Adaytum e.Planning, you plug in the $600K total and $150K in August. Click a button, and e.Planning automatically spreads out the remainder, $450K, across the other 11 months, populating in $40,909 for those months. Then, play with the number by changing either the annual $600K, the August $150K, or "hold" an amount in a different month. Adaytum e.Planning gives you interactive, what-if analyses for any line item in your plan with the same spreadsheet-caliber, instantaneous response time.

But our breakback doesn't stop there. Adaytum e.Planning can do multiple–line-item breakback across multiple dimensions. For example, you might

want to assess different scenarios in the sales/margin mix by package size and brand across different time periods. To achieve a particular gross margin, you might "hold" prices and breakback cost increases to see the impact on gross margin. With Adaytum e.Planning, you see it all in a couple of seconds. With competing products, that kind of analysis can take several hours to achieve.

THE BOTTOM LINE: Just because they call it "breakback" doesn't mean it has the same power and sophistication you need for enterprise-class business planning and analysis.

INTEGRATION THAT LEVERAGES EXISTING INVESTMENTS

In order to close the loop between performance management and business planning, you need systems supporting these processes that can share data and metadata easily, systems that will ensure consistency and minimize the time and effort spent on maintenance.

Unless you are willing to compromise with a one-size-fits-all solution and risk missing out on the benefits of best-practice planning, you need to be sure that your EBP system integrates smoothly with other key IT assets, such as your ERP and CRM systems.

That's why we've made sure that e.Planning can synchronize data and metadata (for example, charts of accounts, product hierarchies, cost center hierarchies, or employee lists) with other systems automatically. Where possible, we avoid moving data around at all. Adaytum e.Planning can provide reports using data from multiple sources, for example, to produce a variance report comparing actual performance versus plan.

THE BOTTOM LINE: EBP solutions built with open architectures, and with an emphasis on integration with existing systems, help you capitalize on the technology investments you've already made.

OFFLINE OPERATION DRIVES USER ADOPTION

In an age when telecommuting and traveling professionals have made notebook computers a dominant choice for business computing, it's essential that EBP support disconnected, offline usage.

Consider the predominant networked application that virtually all business professionals use: e-mail. Few employees today use a system that requires constant connection to read or compose e-mail.

Instead, the mobile user will download new messages and disconnect the PC before leaving the office. On an airplane, he can read and reply to messages and compose new messages. Once re-connected with the network, his outbox sends his composed messages, and he refreshes his inbox with any new inbound mail.

Adaytum e.Planning provides the same experience. A contributor can load his small portion of the plan on his PC and work with it entirely offline. (Remember, that's because Adaytum e.Planning uses local calculations and an intelligent distributed architecture.)

And, of course, just like e-mail, once he's completed his offline planning work and re-connects with the network, his updated changes are available immediately—without any reconsolidations or aggregations that take hours to process.

THE BOTTOM LINE: Companies require the ability to support full-scale EBP contributions from offline users. By ensuring your EBP solution supports disconnected use, you'll better conform to contributors' work styles and increase user adoption.

A COMPANY COMMITTED SOLELY TO EBP SUCCESS

When it comes to enterprise business planning, the only proof that counts is what's been deployed. Be sure your chosen EBP partner isn't talking about futures, theories—or customers using their other, non-planning products.

Adaytum has already seen and documented production deployments involving hundreds, even thousands, of Adaytum e.Planning users distributed around the world. It's not talk, not slides, not futures, not hype. It's reality.

What's more, Adaytum is focused solely on delivering excellence in EBP, period. Some EBP vendors spread their development resources over several product lines—but master none. The result? Their products are quickly outmoded or obsolete. Instead of improving the products you've licensed, they phase them out, forcing you into new and frustrating purchasing cycles.

Our people, our technology, and our domain expertise in virtually every aspect of planning—budgeting, forecasting, modeling, analytics, reporting, and performance management—are unrivaled. We know where the future of planning lies. It's not in hype and gamesmanship, but in the successful deployments of proven technology by leading companies.

2051 Killebrew Drive, Suite 400
Minneapolis, MN 55425
Tel: 1 952 858 8585
Fax: 1 952 858 8881
E-Mail: info@adaytum.com

Hythe House
200 Shepherds Bush Road
London W6 7NL
United Kingdom
Tel: +44 (0) 20 7471 9000
Fax: +44 (0) 20 7603 3363

Level 24, 111 Pacific Highway
North Sydney
New South Wales 2060
Australia
Tel: +61 (2) 9458 1300
Fax: +61 (2) 9955 9574