



PREMIUM  
RESOURCE  
EBOOK

# Complete Guide to Modernizing Your Financial Processes

How an EPM system  
brings planning,  
budgeting and  
forecasting to the  
digital workplace

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## INTRODUCTION

From rising regulations and changing technologies to ever-growing data and reporting compliance, finance has undergone major shifts over the years, with no signs of stopping. As finance and business leaders work to keep it all balanced, they're finding that the old ways of doing business just don't fit in with today's fast-paced digital workplace.

Outdated processes and legacy technologies have hindered planning, budgeting and forecasting, making it hard for lines of business to contribute meaningful financial data, and get the insights they need to grow their organization.

"Excel has done its job for the last 40 years," said Christelle Flahaux, CMO for Redwood City-based Host Analytics. "It's a love-hate relationship with Excel and finance organizations are looking for ways to manage their financial processes without the pain of Excel. They need systems that support collaboration, accountability and transparency."

Innovation, agility and growth have become the hallmarks of successful business. If your organization isn't where it needs to be, this ebook is for you. Here, you'll learn:

- ▶ **How to make budgeting easier for your employees**
- ▶ **How to solve your biggest budgeting problems**
- ▶ **The importance of real-time financial planning**
- ▶ **What to look for in an enterprise performance management (EPM) platform**

# Making Enterprise Budgeting Easier and Employees Happier

Ask most business professionals which part of their job they struggle with most, and you'll likely find budgeting, planning and forecasting at the top of the list. Which makes sense when you consider that although leaders in marketing, sales and operations have budget responsibilities, most were not hired for this primary purpose. What's more, if they don't have clear guidance, support or adequate tools to be successful, the budgeting process will always be something employees dread when it comes around.

"Although budgeting, forecasting and planning are vital, many organizations continue to struggle through the annual budgeting cycle with manual processes supported by spreadsheets and emails, or with legacy applications that no longer meet business needs," said Brian Martell, senior product marketing manager for Host Analytics.

## Getting Employees to Love Budgeting (Almost)

While this might seem like a lofty goal, it is possible with the right resources, training and tools. Here, said Martell, are three key ways companies can help their employees take the pain out of the enterprise budgeting process.



## Move Your Budgeting to the Cloud

Like other executives across the organization, CFOs are investing in the digital workplace, including making the switch to digital for important business processes. In fact, 69 percent of those who answered Grant Thornton's 2018 CFO Survey say that to stay competitive in the market, they plan to invest more in digital transformation in the coming year. And many of those dollars will be going to the cloud.



According to Gartner's 2017 [Magic Quadrant for Cloud Financial Corporate Performance Management \(FCPM\) Solutions](#), most enterprises will move to cloud FCPM solutions by 2020. Also known as enterprise performance management (EPM), corporate performance management (CPM), financial performance management (FPM) or business financial management (BFM), these software solutions are designed to support financial planning, budgeting and forecasting processes with capabilities like financial reporting and analytics.

“Cloud-based solutions have become standard in the marketplace at an enterprise level,” said Martell. “The legacy way of filling out an Excel spreadsheet provided by the finance team, and emailing it around the organization is filled with pain points.” Among those include broken spreadsheet formulas, data security, data integrity, versioning control issues and the collaboration problems that come with exchanging files through email. The ultimate pitfall, he added, is that people lose faith in the numbers.

“Not only do these issues make the budgeting process really painful, time consuming and cumbersome, they also make it inaccurate,” said Martell. “After you’ve spent so much valuable time putting a budget together only to find out that you don’t trust the numbers, it can be demoralizing.”

... if managers have to wait a week to get analytics, they end up making decisions without all the facts.

“That’s why it’s important to identify and address those issues as soon as you can,” he recommended. “Market-leading EPM systems solve these challenges by supplying built-in structure, security, collaboration, and scalability, all while leveraging a single source of truth so that everyone trusts the final numbers. Unlimited scenario and version capabilities enable users to run any what-if analysis they need, and track who made changes and what underlying assumptions drove those changes. The result is a final budget or forecast that is accurate, trusted, and meaningful to everyone in the organization.”

## Give Users Real-Time Data

“Budget owners often wonder why it takes so long for finance to give them the reports they need to fill in their budget and forecasting numbers,” said Martell. Because things change so quickly, he added, if managers have to wait a week to get analytics, they end up making decisions without all the facts.

“You need to be sure the drivers you’re basing your budgeting decisions on are informed by the most recent data, instead of having to wait for reports and then interpreting the data after the fact,” he explained. “With a fully integrated EPM system, users always have access to the most current data, ensuring confidence in the data and resulting in more proactive and insightful planning and analysis.”

Another way to help budget owners move more smoothly through the process, he added, is to go the self-service route and let people build reports themselves, rather than having to rely on IT. Not only does this encourage ownership and responsibility, but giving people the tools they need to make more informed decisions without wasting time crunching the numbers frees them up for more strategic activities.

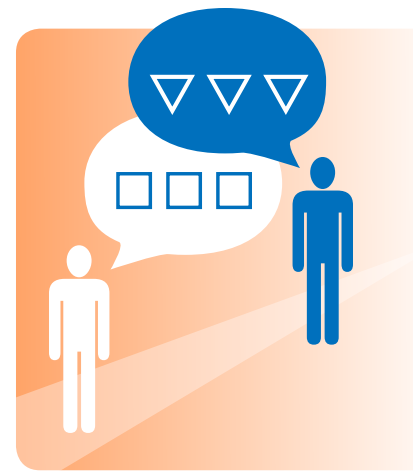
“When you give people quick, easy access to the data they need, they can get back to the important work of analyzing and using those insights to make better business decisions,” he said.

### Speak In a Language They Understand

“For all the potential problems that spreadsheets can cause, the simple fact is, they’re the tool of choice for financial professionals,” said Martell. The rows, the columns, the formulas. They’re all written in a language that finance can understand. So making budgeting easier for those teams means giving them a user interface that includes the Excel syntax and capabilities they’ve grown accustomed to using.

Non-finance users, on the other hand, would likely yawn at the sight of a general ledger account template, so it’s important to give those budget owners terms and visuals they use in their daily work, he added. For example, a VP of marketing who lives in a world of leads, opportunities and funnels will be much more engaged in the budgeting process if the tools he or she uses are written in similar terms.

When everyone is speaking the right language, business owners are more active in the process and feel accountable for the numbers they provide to the finance team. In turn, finance gets more relevant, timely budgeting data.



“When budget owners are empowered to take responsibility in the budgeting process, they’re more engaged, and in a lot of cases rewarded because they’re getting a tool that helps them run their business better”, says Brian Martell.

Budgeting can be intimidating if it’s not part of your everyday work. And if it is your main responsibility, getting busy budget owners to fill in all their line items can be frustrating. But with the right tools, the right data, and a little communication, your co-workers might just love budgeting as much as you do. ■



# Solving the Biggest Budgeting Challenges

According to a report by [The Hackett Group \(registration required\)](#), 62 percent of finance organizations plan to make moderate or major changes in their forecasting, budgeting and planning processes. The study, which surveyed more than 160 executives around the world, also found that 71 percent plan to standardize or automate their finance processes.

No business can survive without proper budgeting, yet it's a process many organizations just can't seem to get right. And it's no wonder. Whether financial silos or technology limitations, certain budgeting challenges have plagued CFOs and finance departments for years, prompting many to call for change.

But before you can make any of these changes stick, it's important to understand where you've been. Here are a few of the biggest budgeting challenges organizations typically face, along with advice on what you can do to help ease the pain.

## CHALLENGE #1

### **Budgeting Is Too Complex**

Whether you work in finance or are a line-of-business employee, chances are you've encountered inefficiencies in your company's budgeting process. In many instances, finance has to chase down business owners to collect budget numbers, manually verify and input data, and then spend hours consolidating single spreadsheets into a master budget, leaving them with less time to analyze and make strategic financial decisions.

For business owners, the process is just as complex. Most look at the budgeting process with dread, either because they're unclear about the process, it takes too long to get financial insights to complete their budgets, or the tools and spreadsheet templates they work with just aren't very efficient.

Lee Johnston, VP of Finance and Corporate Strategy for LT Apparel Group, knows the challenges of complex budgeting processes all too well. When he joined the New York City-based apparel company a few years ago, he found the only tool he had to manage the multiple budgets for wholesale, retail and online divisions was Excel.

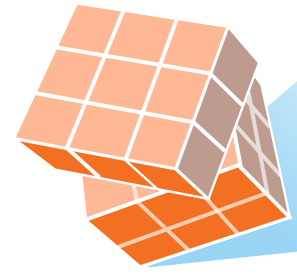
At the time, he and his team would have to download copies of spreadsheets stored on remote servers, update them, and then merge the data, which resulted in version control and other issues. In addition, many of the existing spreadsheet templates had errors, which cost valuable time to fix and ultimately dragged out the budgeting process. "I vowed at that point to my boss, the CFO, that if we had to do it again the same way next year, I'd quit," Johnston said.

But Johnston stuck around, and LT Apparel Group has improved its budgeting process significantly. It went beyond spreadsheets and simplified the process with the help of a cloud-based enterprise performance management platform. As a result, the company was able to automate data collection and reporting, eliminate version control issues, and conduct what-if scenarios to see the impact decisions would have on their forecast and budget.

## CHALLENGE #2

### Business Users Don't See the Value

Typically, it's up to finance to build the budget, with limited input from business owners. This results in less-than-perfect numbers, a failure to understand and address the financial needs of each department, and lots of back and forth until the budget is right.



**"Reporting requests from the CFO that used to take four or five hours to compile are now completed in five minutes, a 98 percent reduction in turnaround time." [\(link\)](#)**

— Lee Johnston, VP,  
Finance and Corporate  
Strategy at LT Apparel

That's why budget owners are such a critical part of the budgeting process. They know their area of the business best and can provide the most accurate input around their needs the first time around.

However, getting business owners to participate in the budgeting process is difficult, mainly because most business users see budgeting as just one more time-consuming thing on their to-do list. Often, they fail to see how the budgeting process can help them in their own work. And when people don't see what's in it for them, they rush through just to check the box, which leads to inconsistencies.

To help budget owners feel more connected to the planning process, Johnston recommends getting them involved and holding them accountable. Meet with line of business owners to understand what they're doing to drive the business and their planning process. Then empower them to enter data and run reports using a budgeting and planning system, rather than having to hound finance for them. "It's slightly more work for business owners up front, but it helps them do a deeper dive, and conduct a more thorough review of their business needs," said Johnston.

He added that showing stakeholders how the budget supports the success of their own department and meets larger company goals will help make the process more meaningful and valuable to everyone involved.

## CHALLENGE #3

### Change Is Hard

Organizations that go through budgeting challenges similar to these usually recognize a change is in order, but find it difficult to try and improve processes while in the midst of budgeting season. And once it's over, going back to evaluate what needs improvement will likely take a back seat to the next pressing financial initiative.



But change in any area of the business doesn't come easy. It just takes the right mindset, writes organizational psychologist Nick Tasler in a [Harvard Business Review](#) article:

*“Change is hard in the same way that it’s hard to finish a marathon. Yes, it requires significant effort. But the fact that it requires effort doesn’t negate the fact that most people who commit to a change initiative will eventually succeed.”*

Johnston offers specific recommendations for making lasting process changes:

- ▶ **Start off slowly by choosing a department or process owner you think “has the stomach for changing the way they do their planning.”** It also helps if that person has an interest in software and technology, he added.
- ▶ **“Give them reasons why the new process and technology are mutually beneficial,”** he said.
- ▶ **Test it out with a small group of people and make changes to improve the process along the way.**
- ▶ **“Once you’re in good shape, then roll it out to the masses, using your experience with that small group of people as a selling point.”**

### Less Pain, More Gain

Your budget is an important tool for managing your business, but to get the most value out of it, everyone has to be on board. By reducing the pain associated with budgeting, you can help budget owners understand the financial impact their decisions have, help them make better choices, and keep your company performing at its best. ■

**Start off slowly by choosing a department or process owner you think has the stomach for changing the way they do their planning**

# 3 Tips on Delivering Real-Time Financial Planning

New technologies and quick-changing market dynamics have affected every area of the workplace — including finance. According to a report by [Aberdeen Group](#), pressures like lengthy budgeting processes, inadequate budget numbers, poor collaboration and market volatility are forcing organizations to reconsider their financial processes.

“External and/or internal conditions are constantly changing, and organizations of all types are struggling to keep pace with their financial planning, budgeting and forecasting,” according to the authors of the report. “Even the slightest change will make previous data out-of-date, and result in a budget or forecast that is completely inaccurate.”

Not only that, finance departments are also being asked to provide more input on how upcoming changes in the business might affect budgets, making it even more important to have easy access to real-time information. But if you're stuck working with hundreds of spreadsheets and manual processes, real time might seem worlds away. Here are some tips to help you get closer to real-time financial planning and analysis processes that keep executives satisfied, and your business moving ahead.

## Move to a Rolling Forecast

Rather than being constricted by an annual budgeting process that takes months to modify, rolling forecasts help you quickly adapt to anything the market, or your business, throws at you. Keith Pekarek, VP of financial planning and analysis for Chicago-based The Warranty Group, understands the challenges that come with annual forecasting.

“We used to look at the annual budget process in January and notice, for example, that we lost business in China,” he said. “We did the plan in September, and people got upset about it in November. Instead, we should have been upset about it in January, and thinking about how we were going to fix it.”

Pekarek says that with a rolling forecast and the right tools, instead of being a months-long process, organizations can immediately see where they’re going to miss their budget numbers, understand why they’re going to miss, and then come up with ways they can make up those variances. And by taking care of financial issues as they arise, finance leaders can spend their time strategizing instead of troubleshooting.

In fact, according to a [report by Deloitte](#), implementing standardized processes like rolling forecasts and trending across the organization can help finance free up as much as 30-35 percent of their time and resources when combined with self-service reporting, flexible operating models and supporting technologies.



## 2 Experiment and Plan for Different Scenarios

One of the benefits of working with rolling forecasts is the ability to consider multiple, or what-if, scenarios. By looking at a variety of possible financial outcomes based on different assumptions and drivers, companies can better prepare for the future and make more informed decisions rather than simply reacting.

For example, let's say you want to find out what impact adding five new support staff to your team would make. As a finance professional you'd be interested in knowing how these new hires would impact payroll, while the support team would want to know what kinds of equipment and training programs they need to support the new staff.

Using cloud-based modeling in conjunction with rolling forecasts, organizations can immediately update the rolling forecast and run scenarios to come up with ways to best deal with new variables and risk factors that arise in the business, staffing, industry, economy or the market. This ensures that the forecast is always accurate, and always up to date with the newest information.

## 3 Connect Your Organizational Data

As you can see in the example above, having access to real-time financial information across the organization is critical to making timely and accurate planning and budgeting decisions. That's why pulling your data together into one central system is so important. This is the basis of [integrated financial planning \(IFP\)](#), also known as Connected Planning — a process that helps companies plan for the future by taking into account variables from every function of the organization.

Having access to real-time financial information across the organization is critical to making timely and accurate planning and budgeting decisions

In order to make the most informed decisions and develop the most accurate forecasts, you need visibility into the most updated organizational data, as well as the ability to easily analyze that data. That way, instead of waiting until the books are closed, or wading through spreadsheet after spreadsheet, you can instead access data in real time, run more accurate reports, and move through the planning and budgeting processes more smoothly.

### **Make Way for More Strategy**

Staying competitive in fast-moving digital markets means being able to make swift decisions based on accurate, up-to-the-minute financial data. By having easy access to the latest numbers from across your entire organization, and using that data to keep your forecasts and budgets in line, you'll spend less time analyzing variances, and more time growing your business. ■



# The 4 Pillars of a Successful EPM Solution

By the year 2020, at least 75 percent of businesses will look at consolidating data from across the organization to improve the accuracy and accountability of financial planning and analysis, according to [Gartner](#). And one way they plan to better manage that data is by adopting an enterprise performance management solution.

There is no shortage of EPM solutions on the market today. What's tough is finding one that fits the needs of your organization and will help your business prosper. To help you better understand what you should look for when evaluating a new financial planning and budgeting solution, we've put together a list of some of the most important EPM features that can help your business make the best use of its data.

## Intelligent Use of Excel

Departments in every area of the organization have depended on Excel to manage budgeting and planning for years. The interface is familiar, it's simple to enter numbers into cells, and frankly, it's always been done that way. But companies are finding that Excel has its limitations and shortcomings.

Emailing spreadsheets back and forth has become cumbersome. Unprotected documents allow users to change formulas, diminishing the integrity of the data. Multiple disconnected spreadsheets make it impossible to get a holistic view of your entire organization's finances. And, as companies grow, juggling huge numbers of spreadsheets just isn't sustainable.

But even if you're ready to upgrade to an EPM solution, you still need to ensure that people will use it. That means adopting an interface that is familiar to employees, regardless of their business unit or role in the organization. An EPM that uses Excel intelligently is one that gives front-end users the familiar look and feel of their favorite spreadsheet program, while reducing the risk that comes with insecure templates and disconnected data.

**Employee productivity was one the of the top 10 CFO concerns over the last quarter of 2018**

### **EPM in the Cloud**

Employee productivity was one the of the top 10 CFO concerns over the last quarter of 2018, according to a study by [Duke CFO Global Business Outlook](#). But if your employees are spending all their time gathering, troubleshooting and emailing data instead of analyzing and strategizing, your productivity numbers are going in the wrong direction.

With a cloud-hosted EPM, you can increase productivity by simplifying your processes around budgeting, planning and forecasting. And since finance will no longer have to rely on IT for software implementation, maintenance and upgrades, you can lighten their load, as well, freeing that team up to develop and focus on more strategic initiatives for your entire company.

Cloud-based solutions also help decrease licensing fees and equipment costs associated with on-premise applications, can integrate more easily with a variety of existing applications like CRM and ERP, and shorten time to value due to flexibility and

speed in deployment. Finally, as your business grows — along with the data that growth generates — EPM in the cloud can scale easily to accommodate, preventing the risk associated with upgrading your entire finance system.

### Designed for Collaboration Across the Organization

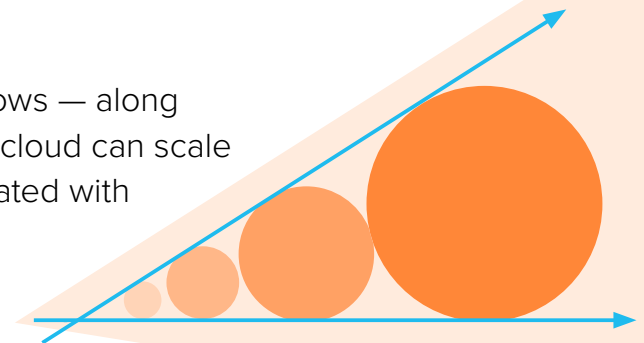
Gartner reports that by 2020, at least 25 percent of organizations will conduct more collaborative, continuous and consistent financial planning and performance management. By closely aligning financial strategies and processes across business units, according to analysts, finance can better manage the performance of the entire organization.

Keep this in mind as you consider your EPM. Be sure it makes it easy for people across the business to use the tool to input their budget and forecast numbers at their convenience. That way, finance doesn't have to spend the time gathering the information and going back later to ask questions if they find variances.

Empowering employees in this way keeps them engaged and allows them to collaborate in real time, while giving them ownership and accountability. As a result, functional business leaders can better understand their own lines of business, as well as make better strategic decisions around how to keep the overall business growing.

### One Unified Platform

Protecting the integrity and accuracy of your data while keeping it secure has become a major challenge for today's finance organizations. That's why it's so important to have a platform that provides you with a single source of truth. But you'll never have it if you're



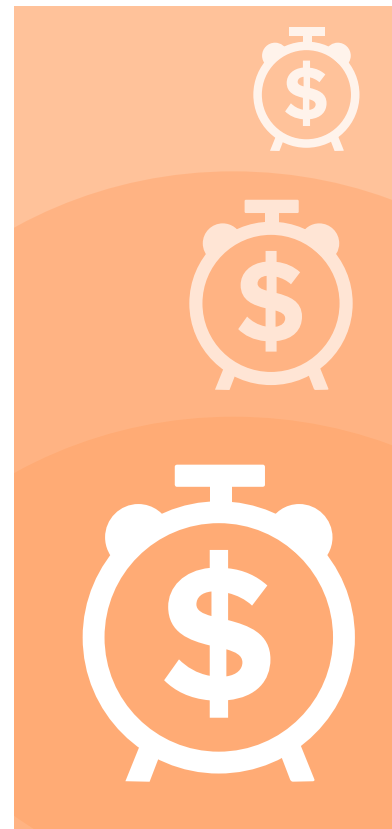
pulling data manually from lots of different sources. By copying and pasting even one number into the wrong field, you could put your entire forecast at risk.

By bringing together planning, budgeting, forecasting, modeling and reporting into one platform, you can keep your data secure, streamline your budgeting and planning processes, and give budget owners more confidence that the numbers they're entering, comparing and reporting on are up to date and accurate.

### **More Productivity, Higher Value**

As you can see, there are many areas to consider when modernizing your financial systems and processes. By looking to the cloud, engaging in collaborative planning, and consolidating your data and processes, you can get more value from your planning, budgeting and finance forecasts, while helping your employees become more productive in the areas that matter most to your company.

“The efficiency that software and digital transformation bring is imperative to driving an organization forward and is really a competitive advantage,” concluded Flahaux. “Extending that budgeting, planning and forecasting exercise out to everyone — making business partners feel like they have skin in the game — allows organizations to amplify the digital transformation that software can bring.” ■



# Q&A with Host Analytics Finance & Marketing Executives

**Ben Tang**, VP of Finance and Business Operations  
**Christelle Flahaux**, CMO

**What are some of the most important strategic decisions companies need to make when modernizing their planning, budgeting and forecasting processes?**

**Christelle:** Having the dynamic ability through technology to see where you are and what you're considering for the next period is something that the modern finance team needs to embrace. By giving finance a seat at the marketing table, we can become more proactive, and work together to find solutions to financial issues that may be around the corner.

**How can organizations refine their current budgeting and forecasting processes?**

**Ben:** Give your finance team tools that pull financial data together and make insights available to everyone in the organization. That way, finance can spend more time discussing insights with business partners, and making sound, rational decisions for the company, and less time ticking and tying numbers to make sure they're accurate.



**BEN TANG**  
VP OF FINANCE AND  
BUSINESS OPERATIONS



**CHRISTELLE FLAHAUX**  
CMO

## How does having a single view of your financial data help business partners develop a closer relationship with finance?

**Christelle:** With access to a single source of financial data, I have more accountability as a business owner, and can speak the same language to my finance partner. It levels the playing field, making finance less of a siloed organization, while allowing us all to be better business partners.

## What are your thoughts on the future of EPM?

**Christelle:** There's a lot of innovation quietly happening in EPM around machine learning and predictive analytics, and there's a lot of innovation to come. Gone are the days of being stuck with one or two on-premise options, or even Excel. We can now really start to leverage all the benefits that the cloud offers. ■

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