A Forrester Total Economic Impact™ Study
Commissioned By Planful
January 2019

The Total Economic Impact™ Of The Planful Continuous Planning Platform

Cost Savings And Business Benefits Enabled By Cloud-Based Planning, Modeling, And Reporting

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ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

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Executive Summary

Planful provides a cloud-based financial planning and analysis (FP&A) platform. Planful delivers a vision of Continuous Planning by accelerating the end-to-end FP&A process and fostering business-wide participation in agile planning and decision-making. This study demonstrates how an organization can get the most from its financial planning and analysis talent by evolving beyond spreadsheets for company planning, modeling, and reporting. Organizations can use cloud-based FP&A tools to plan and forecast with flexible modeling capabilities, gain insight into business performance, make agile and impactful decisions, and meet financial and management reporting requirements.

Planful commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying the Planful Continuous Planning platform. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the Planful cloud-based FP&A platform on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several customers with experience using Planful FP&A.

Prior to using Planful customers interviewed for this study were burdened by the administrative overhead and productivity limitations of using spreadsheets for most of their financial planning, analysis, and reporting. With their investment in Planful cloud-based FP&A capabilities, the companies experienced significant relief from cumbersome spreadsheet models of their business and gained new visibility into their operations, shorter time-to-decision, and improved business decision making.

Key Findings

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:

- **Increased productivity and capability for financial planning and analysis staff.** By eliminating the burden of work-making spreadsheet models and reports, financial planning and analysis (FP&A) teams benefit from a virtual increase in professional talent equaling five full-time equivalents (FTEs), with no actual increase in headcount. Over three years, this boost in an FP&A team's contribution to an organization is worth $731,630.
- **Increased efficiency of line-of-business managers.** Planful enables financial planning and analysis associates to provide more accurate estimates of quarterly budgets against sales goals. As a result, the line-of-business managers can begin conversations with their financial peers with solid budget estimates in place rather than building from the "ground up." This reduces the number of hours the business manager spends reviewing and revising quarterly budgets and estimates. Over three years, this boost in line-of-business managers' efficiency is worth $270,016.

Investment Benefits

Productivity improvement: FP&A staff
$731,630

Better analysis + planning = decisions leading to > revenue
$233,142

Improved efficiency of line-of-business managers
$270,016

ROI
393%

Benefits PV
$1.2 million

NPV
$984,577

- **Increased business opportunity.** Business leaders access more accurate budgets and forecast data with greater frequency when using Planful. They can make more accurate, informed business decisions about the costs associated with strategic initiatives such as capital investments, new store openings, sales growth, and personnel additions. Their ability to review past data enables them to time their decisions for investment, growth, and acquisition, all of which contribute to increased business opportunity and the resulting incremental revenue and profit. Over three years, this improved decision making equates to a conservative estimate of $233,142.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

- **Better scenario planning.** Interviewees commented on the improvement in financial scenario planning due to Planful. Better integration of different data sources, categorization of spend, and use of the “Initiatives” feature contributes to easier adjustment of the variables for scenario planning.

- **Closing the books faster.** Interviewees related how their organizations can close their accounts faster at the end of fiscal periods. This benefit frees accounting and finance staff to spend time in planning and analysis, process improvement, and other higher value-add activities.

- **Employee retention.** Results of this study underscored the belief that inefficiency and frustration in these finance environments will directly result in employees seeking greater job satisfaction in organizations that employ better tools. Talented professionals do not want to spend their time hunting for numbers, fixing errors and broken spreadsheet links, or suffering the frustration of inadequate analysis.

Costs. The interviewed organizations experienced the following risk-adjusted PV costs:

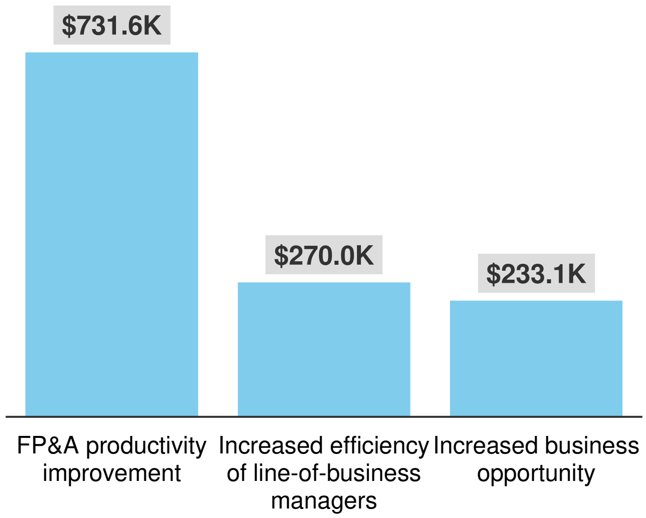
- **Service fees to Planful.** This amount varies by the size of the organization and the number of modules purchased. This study depicts a composite organization paying $149,211 in present value terms over three years.

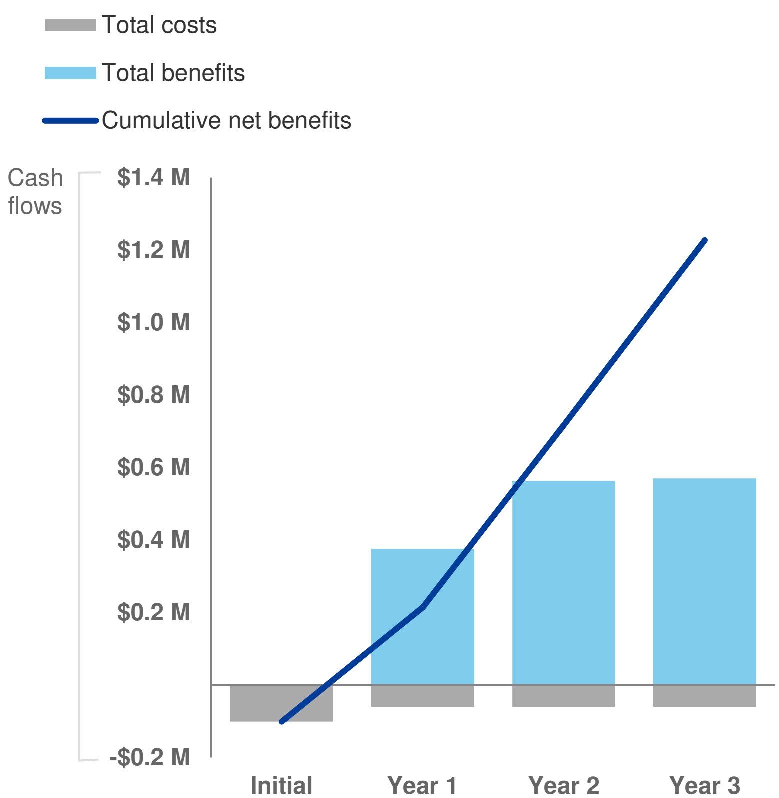
- **Implementation labor.** The aforementioned composite organization has three employees spend 500 hours each for implementation and light integration for the size and scope in this study. The initial implementation labor costs total $90,000 in Year 1 in the financial analysis of this study.

- **Professional services.** The composite organization also receives assistance with implementation, integration, and customization in Year 1, totaling $11,000.

Forrester’s interviews with four existing customers and subsequent financial analysis found that an organization based on these interviewed organizations experienced benefits of $1,234,788 over three years versus costs of $250,211, adding up to a net present value (NPV) of $984,577 and an ROI of 393%.

Benefits (Three-Year)





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TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing the Planful Continuous Planning Platform.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that the Planful Continuous Planning Platform can have on an organization:

The TEI methodology helps companies demonstrate, justify, and realize the tangible value of technology initiatives to both senior management and other key business stakeholders.

DUE DILIGENCE
Interviewed Planful stakeholders and Forrester analysts to gather data relative to FP&A.

CUSTOMER INTERVIEWS
Interviewed four organizations using FP&A to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION
Designed a composite organization based on characteristics of the interviewed organizations.

FINANCIAL MODEL FRAMEWORK
Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.

CASE STUDY
Employed four fundamental elements of TEI in modeling the impact of Planful FP&A: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to technology investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Planful and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in Planful's cloud-based FP&A Platform.

Planful reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Planful provided the customer names for the interviews but did not participate in the interviews.

The Planful Continuous Planning Platform Customer Journey

BEFORE AND AFTER THE FP&A INVESTMENT

Interviewed Organizations

For this study, Forrester conducted four interviews with Planful customers. Interviewed customers include the following:

INDUSTRY	REGION	INTERVIEWEE	ENTERPRISE/SCOPE
Apparel	New York, NY headquarters, national wholesaler	VP, finance & strategy	400 employees, owner/licensee of top clothing brands
Social media information seller to enterprises	West Coast headquarters, North American sales	Senior director, FP&A	500 employees in global offices serving hundreds of media industry clients
Social media for consumers, businesses	West Coast headquarters, global sales	Financial systems lead	800 employees serving millions of users worldwide
Furniture manufacturer	Midwestern headquarters, North American sales	Financial planning & reporting manager	800 employees serving in over 30 retail stores

Key Challenges

Prior to investing in Planful services, each of the organizations interviewed for this study had been managing its financial planning, modeling, analysis, and reporting with spreadsheet software packages. All of the participants described the delays, frustrations, errors, and inefficiencies they experienced as they ran into the limits of using spreadsheets for enterprise finance and accounting functions.

In terms typical of all study participants, one interviewee noted: "We really had no way to manage, much less predict, where the business was going. It would take us so much time just to create P&Ls, we never had time to do the good [higher corporate value-add] stuff." Another participant explained: "Leadership quickly saw that having a bunch of finance people constantly running around trying to chase down what we reported to the board last time and why, was just a waste of all of our time. So, we were able to convince them to go for a cloud-based solution. It would help us lock down numbers. It would help would us to be more predictive and prescriptive in how we spend our dollars."

- **Timely reporting.** Reporting took most of the FP&A teams' time; reports were typically delivered just in time or, too often, late. Meetings with business managers were spent creating the numbers from the bottom-up rather than reviewing initial estimates based on the past.
- **Accuracy.** Huge, manually operated spreadsheet models, slow-running on companies' networks, frequently contained broken links to other spreadsheet models, with plenty of version control challenges. If a model owner left a company, even greater risk of errors and delays ensued. This hurt the credibility of the teams and reduced accuracy.

> "When you are coming from not having much in the way of reporting and analytics, the investment in Planful is game-changing."
>
> *Vice president, finance & strategy, apparel*

- **Decision support.** FP&A professionals could not easily project the budget for new initiatives, assist with scenario planning, or respond to executives' questions and ideas due to the labor demands of spreadsheet models. It was a manual effort to assemble data into new views to evaluate alternative scenarios or predict the impact of initiatives, such as a new store opening, an acquisition, or hiring new employees.

> "It's huge for us to make sure that people believe our numbers — it only takes one wrong number for people to say, 'They don't know what they're doing.' It takes a lot to build that credibility up, and the more that we can safeguard that by using automation and reduce the risk for errors is a really, really is a huge benefit for us."
>
> *Financial planning & reporting manager, furniture manufacturer*

Solution Requirements

The interviewed organizations searched for a solution that could:

- Increase efficiency while keeping FP&A headcount the same.
- Increase proactive internal customer service and decrease reactive efforts related to mundane processes.
- Integrate with general ledger, enterprise resource planning (ERP), and CRM systems, for help with workforce planning, detailed budgeting, and then reporting.
- Retain a strong spreadsheet add-in for ad hoc computations.

Key Results

The interviews revealed their key results from the Planful investment, including:

- **Support for business growth.** An FP&A team that is hampered by spreadsheets can't provide strategic recommendations. The same FP&A team can be a major asset in business growth and development if its talent is exposed to the leading edge of the organization and its market. "When the CEO and CFO go on vacation," explained the senior director of FP&A, "they come back with new ideas. We can now play those scenarios in real time, with confidence. The old way would involve guesstimations, and we would just hope to be close." Another interviewee told Forrester: "Reports that used to take two weeks now take 5 seconds. [With that time freed,] we're now having the conversations in monthly and the weekly meetings with department leaders to talk about their forecasts, their plans, and their investment requests. Those are just things that weren't happening before because there was no time. And I think we've dramatically improved how we present to the board, our confidence in the numbers, confidence in the future, and all of that is at least in part due to having a stable and consistent reporting package." A third interviewee attested to this value: "We have five people that can do serious work for this organization instead of hunting down numbers, errors, and links that don't work. We are able to scale without throwing bodies at the growing workload."

> "We have the same headcount, but now we have smarter heads (and they are the same people). Planful helped us put the 'A' back into FP&A."
>
> *VP, finance & strategy, apparel*

- **Realizing talent in the company.** Finance and accounting people understand the difference between value recognition versus realization. The latter refers to the taking advantage of that value rather than just knowing it's there. The FP&A system in which these organizations invested enables their organizations to realize the value of individuals on the finance team by freeing them to have planning and strategy discussions with line-of-business leaders.

- **Greater collaboration.** "We are just scratching the surface on collaboration," explained a vice president of finance and strategy. "We can have the smartest departments in the world get no value out of them if they don't talk to each other. A single system shared by merchandising and planning teams enables each to take responsibility for their respective numbers and accounts. We can place the ownership of different pieces of the P&L where they belong." Shared visibility and clear ownership results in better plans — and ultimately better results, according to study participants.

- **Retaining FP&A talent.** Several of the interviewees shared that they, and some of their colleagues, would have resigned from their companies if they had to endure another budget cycle using spreadsheets. They credited the investment in Planful for keeping them in their jobs and increasingly engaged with the growing business, as they can contribute greater value while honing skills other than chasing numbers.

"It would take us so much time just to create P&Ls, we never had time to do the good stuff."

Senior director of FP&A, social media industry

Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization that Forrester synthesized from the customer interviews has the following characteristics:

Description of composite. The $500 million company is a business-to-consumer organization that sells products in-store and online. The organization has a strong brand, North American operations, a large customer base, and a strong online presence.

Deployment characteristics. The organization has North American operations in five states and customers in all 50. International expansion is currently under consideration.

The composite organization that Forrester synthesized from the customer interviews has the following additional characteristics:

- Has 10 finance and accounting staff members.
- Has 400 employees.
- Purchased the Planful Continuous Planning Platform consisting of Financial Reporting, Structured Planning, Dashboards, and Dynamic Planning platform areas.
- Integrated with accounting, ERP, CRM, and eCommerce software.

Key assumptions
400 employees
10 FP&A staff
Integration with accounting, ERP, CRM, and eCommerce

Analysis Of Benefits

QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	FP&A productivity improvement	$180,000	$360,000	$360,000	$900,000	$731,630
Btr	Increased efficiency of line-of-business managers	$101,769	$109,038	$116,308	$327,115	$270,016
Ctr	Increased business opportunity	$93,750	$93,750	$93,750	$281,250	$233,142
	Total benefits (risk-adjusted)	$375,519	$562,788	$570,058	$1,508,365	$1,234,788

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of $1,234,788.

FP&A Productivity Improvement

All the organizations interviewed for this study needed to implement an FP&A system that would spare their small financial planning and analysis teams from low- and no-productivity number assemblage. To satisfy this need, they sought to automate all the financial inputs to the budgeting, reporting, and forecasting activities. All of the organizations participating in this study had built very large spreadsheet models with dozens of tabs and links to other spreadsheets. Some organizations used one giant spreadsheet to build the companies' income statements, statements of cash flow, and balance sheets, as well as their forecasts. These spreadsheet models were exceedingly unwieldy, slow or nearly impossible to run on a network, and highly prone to errors. FP&A staff spent much of their time "chasing down numbers" and trying to understand how important metrics had been generated, even after they had been reported, to connect historical numbers to current results or projections.

Another interviewee explained: "By the time [management] saw the numbers, they were unable to do anything because it was already time to close the books. We were reactive, not proactive, but there was no time to react, much less anticipate." This was echoed by another study participant, who explained: "We can't change anything unless we can get a good look into the future *well* in advance of things happening. We need to see things ahead of time — like 18 months — to build things or make changes in the business."

"I think the biggest change is just that it changes our focus from looking in the rearview mirror to looking out the windshield. Instead of always trying to analyze the last month and the last year, we can lock down that data and use our brains to help make these decisions looking forward."

Senior director of FP&A, social media industry

After the deployment of the Planful Continuous Planning platform, organizations could assign resources to higher-level activities, such as creating forecasts of the business, with much greater frequency and reliability and a new ability to tell the business which levers it could pull.

The overall result: overcoming business analysis and reporting complexity that had been compounded by an inadequate understanding of the business. Organizations reached a new level of mastery over the details of the current state of the business and could better estimate future financial expectations. They could also spend time planning scenarios to develop and grow the business which wasn't possible before.

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

In accordance with the accounts from the FP&A leaders interviewed for this study, Forrester assumes that the composite organization accrues a benefit equivalent to the compensation of 2.5 senior financial analysts in Year 1, as the organization changes to adopt the new capability. This grows to five FTEs in Years 2 and 3.

This FP&A productivity improvement will vary with:

- The size of the organization and the number of FP&A resources.
- The time needed to develop the FP&A integrations.
- The fully loaded compensation of software developers.

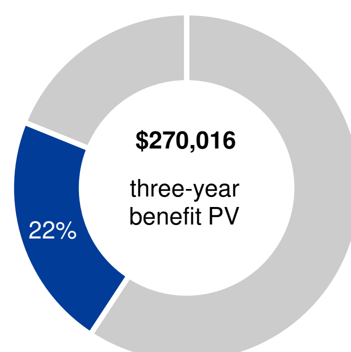
To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year risk-adjusted total PV of $731,630.

FP&A Productivity Improvement: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Number of FP&A staff		2.5	5.0	5.0
A2	Yearly rate per person		$80,000	$80,000	$80,000
At	FP&A productivity improvement	A1*A2	$200,000	$400,000	$400,000
	Risk adjustment	↓10%			
Atr	FP&A productivity improvement (risk-adjusted)		$180,000	$360,000	$360,000

Increased Efficiency Of Line-Of-Business Managers

In addition to the FP&A productivity benefits experienced by the interviewed customers, the line-of-business managers with whom they partnered also experienced increased efficiency. In the past, those managers relied on spreadsheets for sales and budgeting decision making. These spreadsheets were manual and often error-prone and were delivered and reviewed with less frequency. With Planful, line-of-business managers (and even individual contributors and store associates) have access to daily and monthly reports and scorecards. This decreases the time they spend creating and reviewing budget and sales forecasts. One interviewee reported: "We get information to managers faster so that they have it in their hands to help make better decisions or change actions within the month. We are spending less time creating numbers and more time analyzing them, which I believe results in a better plan and better forecast.".



Increased efficiency of line-of-business managers: **22%** of total benefits

For the composite organization, Forrester assumes that:

- There are approximately 70 line-of-business managers for the composite organization's size, growing to 80 over three years.
- The time needed to review and revise spreadsheets for budgeting and forecasting in the past was 6 hours every quarter per line-of-business manager. This is a conservative estimate because it assumes that not all managers spend the same amount of time or face equal business complexity.
- The rounded hourly rate for a manager is approximately $67.31 fully loaded.

The increased efficiency of line-of-business managers will vary with:

- The number of line-of-business managers in the organization.
- The complexity of the business and P&L for which the manager is responsible.
- The fully loaded compensation of line-of-business managers in an industry.

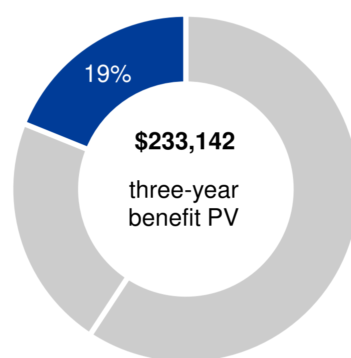
To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of $270,016.

Increased Efficiency Of Line-Of-Business Managers: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Number of business managers		70	75	80
B2	Hours saved per quarter forecasting		6	6	6
B3	Hourly rate per person (rounded value shown)		$67.31	$67.31	$67.31
Bt	Increased efficiency of line-of-business managers	B1*B2*B3*4	$113,077	$121,154	$129,231
	Risk adjustment	↓10%			
Btr	Increased efficiency of line-of-business managers (risk-adjusted)		$101,769	$109,038	$116,308

Increased Business Opportunity

Business leaders access more accurate budgets and forecast data when using Planful. The increased frequency, accuracy, and depth of the reports available to them leads to better decisions and, ultimately, increased business opportunity. Furthermore, the inclusion of nonfinancial data in Planful reports, such as customer satisfaction scores and shopping patterns, increases the full picture of business performance. Interviewed customers used the “Initiatives” feature in Planful, which separates one-time expenditures (such as a new store opening, manufacturing investments, or one-time managers’ travel) from the regular budget to enable a clearer picture of the P&L and growth rates of the business to inform future decision making. Features in Planful allowed interviewed customers to adjust variables such as sales projections or personnel costs and see how that would impact overall company performance. One interviewed customer said: “We’re able, in real time, to take ‘what if’ requests, play them through a working model, and give a fast answer about revenue or bookings growth. Having a much cleaner and reliable data source allows us to answer those questions readily, and we’re confident in the results because we know everything talks to each other.”



Increased business opportunity: **19%** of total benefits

Forrester assumes that:

- The composite organization has annual revenue of $500,000,000.
- The composite organization has a gross margin of 25%.
- The increase in business opportunity that can be attributed to Planful is a conservative 0.1%.

The realization of increased income from new business opportunity depends on many factors:

- The annual sales of an organization and its gross margin.
- Internal or external factors contributing to business opportunity outside of Planful, such as economic conditions, organizational leadership, and the employees who serve customers.
- The accuracy of the data that is fed into Planful.

To account for these risks, Forrester adjusted this benefit downward by 25%, yielding a three-year risk-adjusted total PV of $233,142. When projecting impact on income attributed in part to a technology implementation, Forrester projects a more conservative scenario than may be the case for many organizations.

Increased Business Opportunity: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Total annual revenue		$500,000,000	$500,000,000	$500,000,000
C2	Gross margin		25%	25%	25%
C3	Increase in operating income due to better forecasting and planning		0.1%	0.1%	0.1%
Ct	Increased business opportunity	C1*C2*C3	$125,000	$125,000	$125,000
	Risk adjustment	↓25%			
Ctr	Increased business opportunity (risk-adjusted)		$93,750	$93,750	$93,750

Unquantified Benefits

The unquantified, aspirational benefits that study participants indicated came as part of their FP&A investments may, for some organizations, exceed the productivity benefits calculated above.

- **Closing the books faster.** When accounting can close faster, not only does management get the business results faster, but resources are freed for more days spent on planning and analysis. During the close process, accounting and some finance staff are unavailable for other initiatives.
- **Employee retention.** "What's the ROI of people not quitting?" asked one participant rhetorically. Another FP&A interviewee explained, "Planful improves the career pathing with FP&A whenever we can get out and actually work with the different organizations instead of chasing numbers; we are confident and comfortable working with the business leaders as the trusted business advisor." Several study participants recounted how they or their colleagues would likely have sought other opportunities if they had to endure the old ways of financial planning and analysis.

  To calculate the value (e.g., replacement cost) of retaining valued FP&A talent because of greater job satisfaction, multiply the salary of the managers and directors retained by the company by the commonly used factor of 1.5x.

Better analysis and better planning lead to better decisions, which beget a higher company valuation.

Flexibility

There are multiple scenarios in which a customer might choose to implement a Continuous Planning platform and later realize additional value and business opportunities. When Planful customers in this study were asked about the future options of potential business development initiatives that would, if exercised, be made possible because of their investment in Planful, they described the following real options:

- **International expansion.** High business potential exists for at least two of the study organizations in their new ability to roll out budgets on a geographic basis, thus supporting international expansion. Planful makes it possible to report in different currencies, produce multinational P&Ls, and keep track of multiple subsidiaries.
- **Domestic focus.** Corollary to expansion ambitions, companies can also more granularly focus on existing, growing operations by analyzing their business at a subdepartment level “with the flick of a switch.” “I can look at things in a variety of different intersections that I was unable to see in the past,” noted a senior director. “The number of intersections right now that I have to play with gives me so much more latitude into the reporting capabilities that we have as a company.”
- **Acquisitions and divestitures.** Strategic finance people like to evaluate the options, play out scenarios, and advise on business development. “The ability to model unlimited scenarios lets us see what happens to the numbers if we divest a brand. Or acquire a new one. Our confidence in the numbers that we present to the CEO and CVO is priceless.”

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization.

Flexibility could also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

Analysis Of Costs

QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE

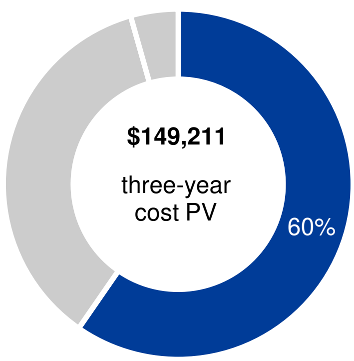
Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Dtr	Subscription fees (yearly)	$0	$60,000	$60,000	$60,000	$180,000	$149,211
Etr	Implementation costs	$90,000	$0	$0	$0	$90,000	$90,000
Ftr	Professional fees	$11,000	$0	$0	$0	$11,000	$11,000
	Total costs (risk-adjusted)	$101,000	$60,000	$60,000	$60,000	$281,000	$250,211

Subscription Fees

The annual fee to Planful for a company of this size is $60,000. The interviewed customers shared their annual costs of Planful, and these amounts were corroborated by Planful. The annual subscription fee is based on the number of platform modules and seats purchased and will vary between organizations.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of $250,211.



Subscription fees: **60%** of total costs

"To make the business case to executive management, I explained that we were spending 75% of our time getting information together. We hardly had time to check the numbers, much less analyze them. We had no time to put it into the storytelling format to make it useful. Now, here are all the things that we're going to be able to do. . ."

Senior director of FP&A, social media industry

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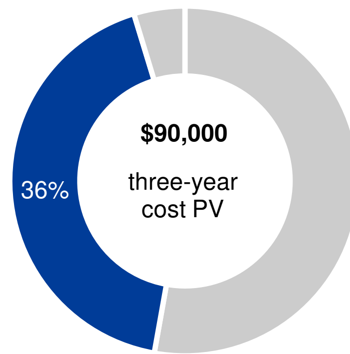
Subscription Fees: Calculation Table						
REF.	**METRIC**	**CALC.**	**INITIAL**	**YEAR 1**	**YEAR 2**	**YEAR 3**
D1	License fees			$60,000	$60,000	$60,000
Dt	Subscription fees (yearly)			$60,000	$60,000	$60,000
	Risk adjustment	0%				
Dtr	Subscription costs (risk-adjusted)			$60,000	$60,000	$60,000

Implementation Costs

The companies that participated in this study described the time and effort to implement their cloud-based FP&A capabilities, and Forrester adjusted the estimate for the composite organization. For the composite organization, Forrest estimates that:

- Three FP&A staff are assigned to the Planful implementation and integration initiative. Each member of the team earns $50.00 per hour on a fully loaded basis, and these internal resources devote 500 hours each to the project. This expense amounts to $75,000.

The entire implementation effort lasts four months or less. To account for the risk or unexpected challenges and delays, Forrester adjusts this cost upward by 20%, yielding a three-year risk-adjusted total PV of $90,000, as shown in the calculation table below.



Implementation labor: 36% of total costs

Implementation Costs: Calculation Table						
REF.	**METRIC**	**CALC.**	**INITIAL**	**YEAR 1**	**YEAR 2**	**YEAR 3**
E1	Number of people		3			
E2	Hourly rate per person		$50.00			
E3	Hours		500			
Et	Implementation costs	C1*C2*C3	$75,000			
	Risk adjustment	↑20%				
Etr	Implementation costs (risk-adjusted)		$90,000			

3 to 4 months
Total implementation and deployment time

Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

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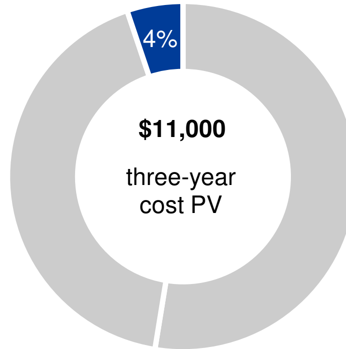
Professional Fees

Based on the accounts of implementation of FP&A from study participants, Forrester assumes that a company resembling the composite organization would engage the services of either Planful professional services or a third-party provider. Initial assistance is sought for setup, data connections, implementation, and a short parallel testing period. Such expenditures are estimated to sum to $10,000. To account for the risk of unanticipated delays or complexity, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of $11,000.



Professional fees: **4%** of total costs

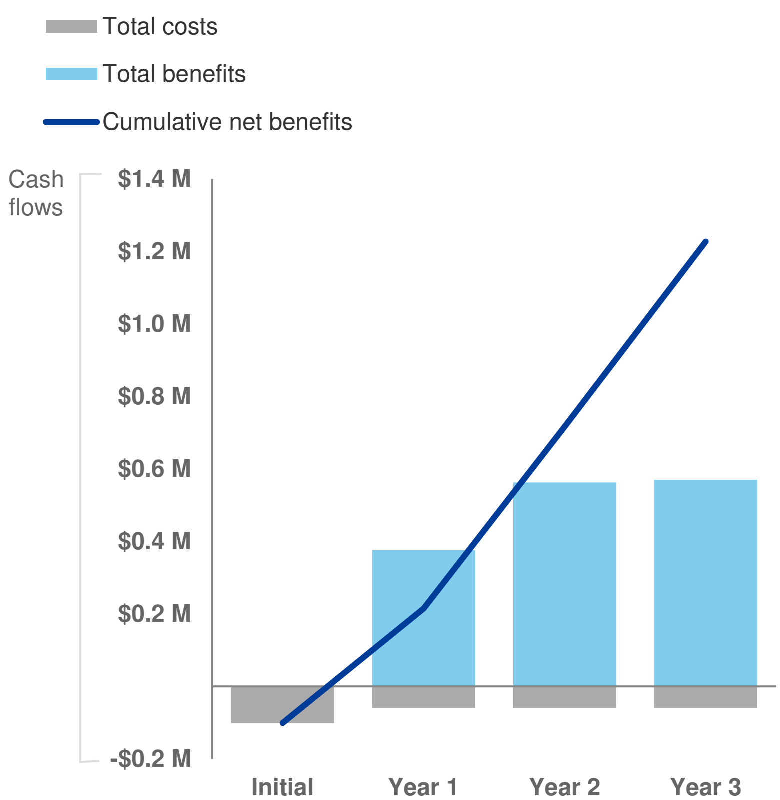
Professional Fees: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Professional fees		$10,000			
Ft	Implementation costs		$10,000			
	Risk adjustment	↑10%				
Ftr	Implementation costs (risk-adjusted)		$11,000			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	($101,000)	($60,000)	($60,000)	($60,000)	($281,000)	($250,211)
Total benefits	$0	$375,519	$562,788	$570,058	$1,508,365	$1,234,788
Net benefits	($101,000)	$315,519	$502,788	$510,058	$1,227,365	$984,577
ROI						393%
Payback period						<6

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Planful FP&A: Overview

The following information is provided by Planful. Forrester has not validated any claims and does not endorse Planful or its offerings.

Planful is a leading financial planning and analysis (FP&A) cloud platform. Planful delivers a vision of Continuous Planning by accelerating the end-to-end FP&A process and fostering business-wide participation in agile planning and decision-making. More than 800 customers rely on Planful for financial planning and budgeting, dynamic operational planning, financial consolidations, reporting, and visual analytics. Planful is a private company backed by Vector Capital, a leading global private equity firm specializing in transformational investments in established technology businesses. Learn more at www.planful.com.

Continuous Planning: The Modern Framework for Planning and Decision-Making

Continuous Planning is the modern framework for financial decision-making in business. It's the recognition that business is continuous and therefore planning and decision-making should be continuous too. Business advantage comes from being nimble, agile, and smart with your capital. Business leaders need to be able to respond to changing conditions at a moment's notice in order to capitalize on new opportunities, protect against threats, and be competitive in their markets. To do that, they need the ability to make fast, agile, and confident decisions all the time. Continuous Planning is the framework to achieve this business advantage, and Planful is the platform and partner that makes it possible.

Dedicated to the Success of Every Customer

Planful exists to make customers successful. Our proven QuickStart methodology and flexible training options help customers get started fast. A customer success manager and architect help every customer overcome obstacles, implement new processes and respond to changing business needs. Every customer receives 24/7 premium support and benefits from the latest innovations with quarterly customer-driven releases and automatic upgrades.

Deep Financial Expertise and Focus

As finance and accounting specialists, we strive to be the best at what we do and to make every customer successful. Our customer success teams combine product expertise with finance and accounting experience. We design our products to be deployed, used, and administered autonomously by finance and accounting teams, with minimal dependency on IT, external vendors, or consultants.

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.

Return on investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

Payback period

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Supplemental Material

Related Forrester Research

“Now Tech: Enterprise Performance Management, Q1 2018,” Forrester Research, Inc., February 8, 2018