

Taking Performance Management to the Next Level with **Intelligent Finance**



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The New Inflection Point in Finance

The increasing market volatility and disruption are reshaping and accelerating the future of Finance. CFOs and their teams now face a new inflection point. Analyzing revenue, costs, cash flow and operational signals on a weekly or even daily basis is no longer just a vision — it's essential to navigate through rapidly changing business conditions. For many organizations, breaking through the traditional month-end reporting cycles to take action “mid-stream” to drive continuous performance improvement is a requirement to survive and thrive. In short, modern Finance organizations need to **lead at speed**.



**FINANCE MUST
LEAD @ SPEED**

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

Unfortunately, however, the ability to lead at speed remains aspirational for most Finance organizations. According to FSN's The Future of Analytics in the Finance Function Global Survey 2020, **86%** of CFOs reported that analytics initiatives **miss the mark**. CFOs must **address this issue now if they want to be seen as strategic leaders who meet their CEOs' expectations**.

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

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

We call this Intelligent Finance.

The Intelligent Finance Organization

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



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

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

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

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

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

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

Intelligent Finance teams **embrace Advanced Analytics**, such as Predictive Analytics and Machine Learning (ML), to reduce risk, increase forecast velocity and accuracy, and deliver intelligent insights that show how collaboration across Finance and Operations optimizes planning and performance across the enterprise.

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

The rigidity and inefficiency of disjointed legacy Finance systems have been a reality for Finance organizations for years. But the unprecedented volatility of 2020 exposed the importance of an agile Finance team that can effectively steer the enterprise through turbulent waters.

Finance leaders are prioritizing technology investments that provide **speed to value**, lower total cost of ownership (TCO) and drive organizational performance.

Finance leaders want to focus more on those benefits and less on how to integrate and reconcile cloud and on-premise systems, or how to analyze the pros and cons of the public vs. private vs. hybrid cloud.

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

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

The Rise of eXtended Planning & Analysis (XP&A)

Intelligent Finance isn't only about raising the IQ of the Finance team. Intelligent Finance leaders also take pride in elevating the value of Finance across the entire organization. In fact, according to Accenture, 77% of CFOs believe it's within their purview to drive organization-wide operational transformation (see figure 1).

77%

77% of CFOs believe it is within their purview to drive business-wide operational transformation.

81%

81% of CFOs see identifying and targeting areas of new value across the business as one of their main responsibilities.



Figure 1: Accenture CFO Reimagined Report

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

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

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

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

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

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

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

Lost sales and revenue from under-forecasting. To meet customer demand, products must be in the right place at the right time.

Lost profit from under-forecasting and rush shipments. To meet customer demand, companies may rush product shipments at a higher cost than planned.

Gartner, 2020 Strategic Roadmap for Cloud Financial Planning and Analysis Solutions, Robert Anderson, John Van Decker, 21 February 2020.



Moving Beyond Connected Finance

In recent years, we’ve seen the introduction of terms such as the “connected financial close,” “connected planning” and “connected reporting” to describe the integration of key Finance processes — including financial close and consolidation, account reconciliation financial reporting and integrated business planning (now XP&A). And there’s a reason for that: the concept of connected sounds compelling. The idea is that by “connecting” people together with data, financial reporting and plans, “connected Finance teams” can move forward with speed and agility. But is connected finance really the best approach?

Connected Finance Solutions – Fragmented

Multiple Applications, Points of Maintenance and Data Integration

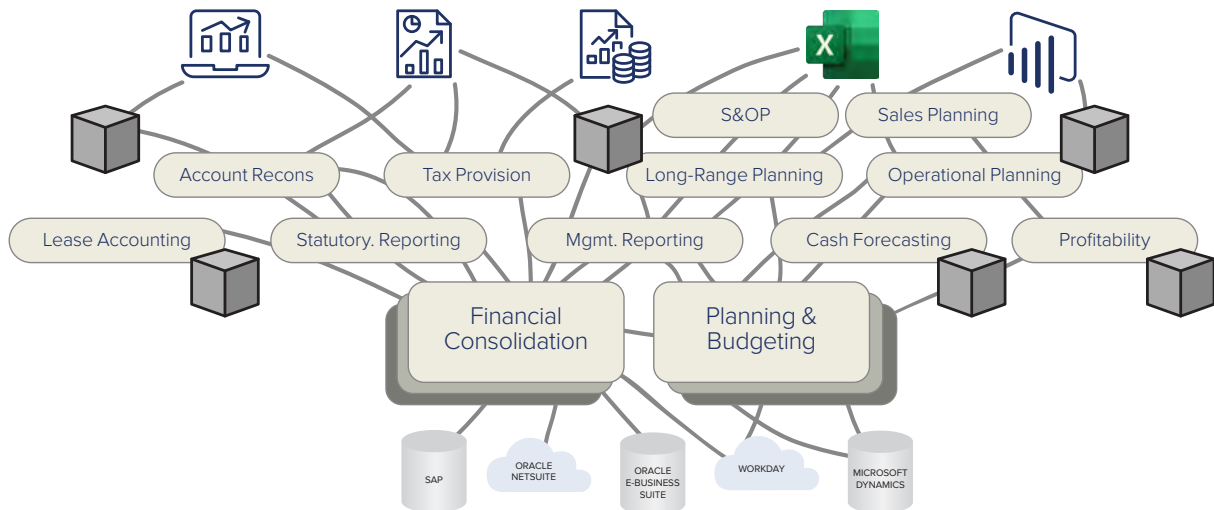


Figure 3: Connected Finance Solutions

While connected Finance solutions (see figure 3) have propelled Finance transformation for over 20 years, these solutions **aren't really designed** to help the largest and most complex organizations lead at speed in this new era.

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

For complex, global organizations, connected Finance solutions are **difficult to scale**. Why? Because each and every departmental and corporate application or model must be connected — **adding risk, cost and complexity** to already-taxed Finance teams. Here are some additional factors to consider:



Fragmented Software & Processes

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



More Data Management & Administration

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



Lack of Financial Intelligence

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

Intelligent Finance teams are not just “connected” – **they’re completely unified**.

OneStream’s Intelligent Finance Platform

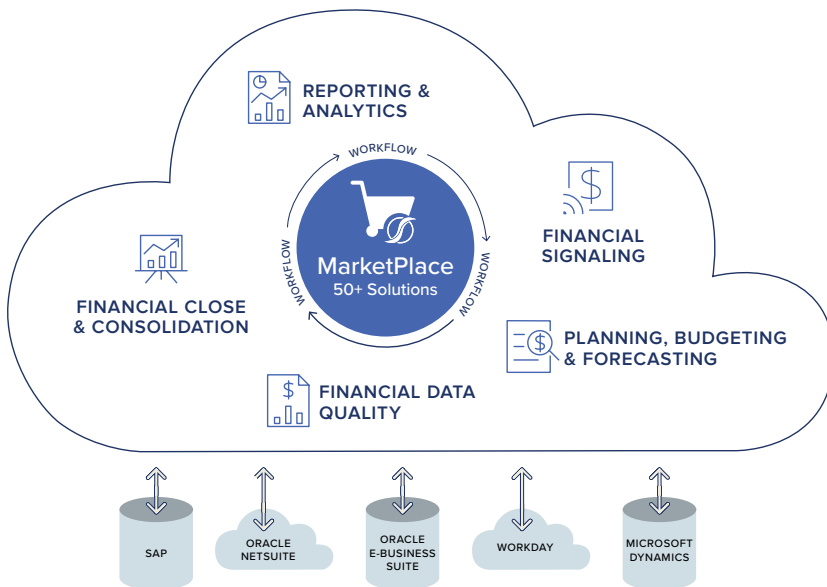


Figure 4: OneStream’s Intelligent Finance Platform

OneStream’s Intelligent Finance platform (see Figure 4) is specifically architected to address the complexity of financial operations, which expands the value of Finance by unifying the office of Finance with line of business groups.

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

Conquering Complexity to Lead at Speed

Why is OneStream different from connected Finance solutions?

OneStream’s mission of delivering **100% customer success** requires full focus and dedication to the Office of Finance. That’s why the platform was designed, from inception, with built-in financial intelligence and scale in mind. Such a design illustrates that OneStream uniquely understands account structures, intercompany

eliminations, foreign currency translation and time – ensuring your organization doesn’t need to build from scratch or spend a lot of time customizing the solution.

OneStream intelligently leverages and reuses its core components vs. relying on “connecting tools” that create the kind of complexity and redundancy that prevent Finance teams from leading at speed.

With financial intelligence at the core (see figure 5), OneStream enables Finance and line of business teams to rationalize the complexity of diverse CPM requirements and processes while unifying the user experience across critical processes.

Below are the core capabilities of OneStream’s Intelligent Finance Platform:

Budgeting, Planning & Forecasting

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

Close & Consolidation (Book of Record)

- ✔ Financial Consolidation
- ✔ Intercompany Eliminations / Foreign Exchange
- ✔ Financial & Stakeholder Reporting
- ✔ Statutory Reporting



Performance Reporting

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

Financial Signaling

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

Figure 5: Financial Intelligence + Unification = Scale



Financial Data Quality

OneStream’s built in Financial data quality delivers confidence and reliability in your data quality with 150 GL/ERP, HCM, CRM and other systems such as SAP, Plex, MS Dynamics, Oracle B-Business Suite, JD Edwards, Infor and others. OneStream offers full drill-back and drill-through (from the platform) down to the transaction detail in source systems for 100% traceability and audit trails for data, metadata and process changes..



Financial Close and Consolidation

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

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

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



Planning, Budgeting and Forecasting

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

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



Reporting and Analysis

Finance teams can then share and reuse the components of financial and operational data to drive efficiency in reporting and analysis through self-service visual dashboards (see figure 6). Powerful production reporting capabilities give users access to over 50 pre-built report types and guided-reporting capabilities, all of which can be delivered through MS Word® and PowerPoint®. Not to mention, the Excel® add-in and embedded spreadsheet features deliver the full range of OneStream’s reporting and analysis capabilities with the ultimate flexibility and ease of use within Excel®.



Figure 6: OneStream Self-Service Visualizations



Financial Signaling

And finally, Finance teams can take advantage of all the platform’s capabilities to uniquely apply financial intelligence to convert operational and financial data into financial signals (see Figure 7). These signals to provide insight into financial and operational metrics on suppliers, customers, controllable costs and working capital on a weekly or even daily basis. That insight then supports more agile decision-making and helps Finance and operational leaders drive continuous performance.



Figure 7: Financial Signaling

Intelligent Planning with Predictive Analytics & Machine Learning (ML)

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

These advancements are at the core of OneStream’s strategy to help Intelligent Finance teams finally take advantage of [Advanced Analytics](#) (see figure 8).

Here are the three components of our advanced analytics strategy:

For Organizations without Data Science Resources

- **Built-In Predictive Analytics**
[Predictive Analytics 123](#) provides end users with the power to predict future performance based on applying predictive algorithms to historical data. With predictive analytics, users can execute seasonal trend models right from the same interface already being used for planning, forecasting and reporting.
- **Sensible ML**
Sensible ML will provide Finance teams with the power to leverage ML models without data scientists. This solution will take users through a step-by-step process for each part of the ML model-building and deployment process, including feature engineering through advanced algorithm configuration, training and deployment.

Advanced Analytics Strategy



Predictive Analytics



ML 1-2-3



Sensible ML

Figure 8: OneStream Advanced Analytics Strategy

For Organizations with Data Science Resources

• **ML 1-2-3**

ML 1-2-3 will provide powerful and seamless integration with data scientist projects and link that their models back into core Finance processes (see figure 9).

Step 1: Leverages OneStream’s advanced [data preparation engine](#) to assist with feature engineering, such as incorporating gas prices, weather patterns and the impact of the holidays.

Step 2: Integrates data from Step 1 with third-party ML platforms to allow Data Science teams to use their tools of choice. For example, figure 4 illustrates OneStream’s integration with Azure® ML.

Step 3: Integrates the output from the ML models back into OneStream users’ workflows, enabling data scientists to deliver ML models directly into the planning and reporting process.



Feature Engineering



Data Science



Deployment

Account	Period	Balance	Change	Forecast	Actual
1000	2019-01-01	1000.00	0.00	1000.00	1000.00
1000	2019-01-15	1000.00	0.00	1000.00	1000.00
1000	2019-02-01	1000.00	0.00	1000.00	1000.00
1000	2019-02-15	1000.00	0.00	1000.00	1000.00
1000	2019-03-01	1000.00	0.00	1000.00	1000.00
1000	2019-03-15	1000.00	0.00	1000.00	1000.00
1000	2019-04-01	1000.00	0.00	1000.00	1000.00
1000	2019-04-15	1000.00	0.00	1000.00	1000.00
1000	2019-05-01	1000.00	0.00	1000.00	1000.00
1000	2019-05-15	1000.00	0.00	1000.00	1000.00
1000	2019-06-01	1000.00	0.00	1000.00	1000.00
1000	2019-06-15	1000.00	0.00	1000.00	1000.00
1000	2019-07-01	1000.00	0.00	1000.00	1000.00
1000	2019-07-15	1000.00	0.00	1000.00	1000.00
1000	2019-08-01	1000.00	0.00	1000.00	1000.00
1000	2019-08-15	1000.00	0.00	1000.00	1000.00
1000	2019-09-01	1000.00	0.00	1000.00	1000.00
1000	2019-09-15	1000.00	0.00	1000.00	1000.00
1000	2019-10-01	1000.00	0.00	1000.00	1000.00
1000	2019-10-15	1000.00	0.00	1000.00	1000.00
1000	2019-11-01	1000.00	0.00	1000.00	1000.00
1000	2019-11-15	1000.00	0.00	1000.00	1000.00
1000	2019-12-01	1000.00	0.00	1000.00	1000.00
1000	2019-12-15	1000.00	0.00	1000.00	1000.00
1000	2020-01-01	1000.00	0.00	1000.00	1000.00

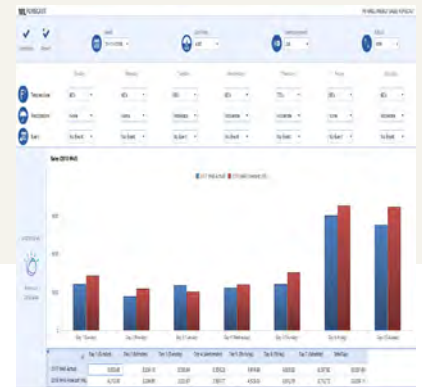
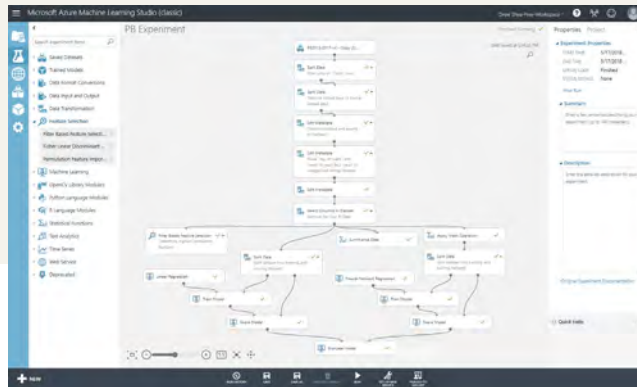


Figure 9: ML 1-2-3

No matter where your team sits in its Intelligent Finance journey, OneStream’s advanced analytics solutions are designed to help your team focus on collaborating with your business partners, find new ways to ask why and drive performance. Here are just a few of the top use-cases for organizations considering adding predictive analytics and ML into a wide variety of financial and operational planning processes:

- ✓ **Assist** with target-setting for strategic planning, annual operating plans (AOPs) and rolling forecasting
- ✓ **Create** baseline predictive forecast scenarios for comparison with bottom-up forecasting from divisional Finance or Operational partners
- ✓ Automatically **seed** all or portions of new forecasts with predictive models
- ✓ **Adjust** baseline predictive forecasts with known business changes, such as new customers or products, plant shutdowns, acquisitions, etc.

Intelligent Finance in Action

OneStream is helping hundreds of Intelligent Finance teams unleash their potential and empower their organizations with the insights required for effective decision-making.



Hyperion Insurance Group

Hyperion Insurance Group had a pronounced need for flexibility, controls and standardization. And with all its growth, Hyperion required ongoing maintenance to connect plans and lacked the **financial intelligence** required for reporting. These challenges drove the group's need to replace Anaplan with OneStream's Intelligent Finance platform for financial consolidation, planning, management reporting, employee costing and task management across 40 countries and four divisions. The OneStream platform has helped central teams monitor and control back-office processes with built-in, granular reporting within a single solution.



The Carlyle Group

The Carlyle Group replaced multiple, fragmented Oracle and SAP solutions with OneStream for driver-based people planning, modeling and real-time reporting across its Office of Finance within North America, South America, Europe, the Middle East, Africa, Asia and Australia. The time needed to consolidate a full year of GAAP actuals was reduced from six to eight hours to three to four hours while including significantly more detail than was previously loaded in Hyperion (e.g., project-level details). Submitting revenue and expense budget updates and reviewing the impact was reduced from one week to five to 10 minutes. Updating allocation metrics and reviewing the impact was reduced from one week to 30 to 60 minutes and is now run four times daily. And updating headcount assumptions and reviewing the impact was reduced from one week to 20 minutes.



Herbalife

Herbalife streamlined its financial data quality, financial close and planning processes by replacing multiple Oracle solutions with OneStream's unified Intelligent Finance platform. With Herbalife needing to manage 600 accounting and FP&A users globally across 90+ entities and 30+ currencies, OneStream helps Herbalife manage a high volume of intercompany sales activity to calculate the transfer profit in ending inventory, prepare the monthly elimination journal entry and assess the FX impact to cost of sales. The company is using driver-based rolling forecasts to seed next year's budget by forecasting revenue and expenses. Cash flow reporting is automated, and the end users have access to OneStream's built-in reporting and analysis tools. "Comparing data across multiple forecasts and translating at different FX rates without a waiting period has definitely improved our efficiencies," said Neal Yeung, Director of Financial Systems FP&A.

Conclusion

Finance leaders are facing a diversity of challenges. Uncertainty from external factors and geopolitical forces are impacting consumer demand and supply chains in ways not yet fully understood. Finance teams are navigating the complexities associated with the vast explosion of data and enterprise systems — and are struggling to create ROI and business value from their Finance systems.

Finally, Finance teams have the opportunity to conquer the complexities of their organizations, move away from siloed decision-making, and respond rapidly and effectively to the pace of change around them.

COMPLEXITY IS THE INEVITABLE BY-PRODUCT OF GROWTH



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

To unleash the entire organization with innovations that automate tasks, eliminate low-value processes

and reduce risk. To empower the organization with the data-driven insights required to unify decision-making across Sales, Marketing, Operations and Finance. And to inspire the organization to continuously evolve with a digital foundation capable of meeting the challenges of this unprecedented moment in time.

OneStream helps organizations conquer complexity, so Finance teams can lead at speed.

For more information, visit [OneStreamSoftware.com](https://www.onestreamsoftware.com).

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