Expense Planning Quick Start Template

Speed, agility and foresight with IBM Planning Analytics

Highlights

- Jump-start implementations and accelerate adoption

- Forecast spending at the appropriate level of detail

- Use business drivers to make expense planning faster and more accurate

- Monitor year-on-year and year-to-date spending

- Ensure consistency for accurate spend comparisons across the business

- Plan future periods with direct input from expense owners

Overview

The IBM® Expense Planning Quick Start Template is a customizable, pre-configured model that helps you build plans and models in IBM Planning Analytics quickly and easily. It provides finance teams with a faster, easier way to collect expense plans from across the organization. The template also supports the business with detailed, consistent and accurate insights about proposed spending and variances in actual expenditures. Using the template, you can plan, analyze and explore expenses across departments using business drivers to guide decision making and to identify opportunities for improving spending performance.

The challenge of enterprise-wide expense planning

In most large organizations, the expense planning process involves several related tasks, including managing existing projects, planning for new initiatives, tracking fixed and variable costs, and monitoring performance. Finance teams attempt to align departmental spending needs with broader organizational objectives and financial goals. All too often, however, that alignment is lacking, leaving organizations either spending too much on less profitable activities, or with inadequate funds to meet customer needs or take advantage of new business opportunities. The process is typically handled with a manual, spreadsheet-based process, which can lead to slow, disconnected and error-prone planning.

When organizations use spreadsheets to perform analysis, explore scenarios and plan, they are often faced with silos of data from different parts of the business that are difficult to combine for a single, coherent view of expense performance.

Finance teams have to collect and analyze data at an aggregate level, because the detail level makes the information too difficult to code and collect. In addition, gathering input from the many people involved in expense planning is time consuming and problematic, resulting in low participation and low frequency of updating data. Contributions are inconsistent, as drivers and assumptions are not easily controlled across the business. Accuracy suffers, as the complexity of expense allocations becomes obscured in an effort to make data entry simpler for non-finance users.

IBM Planning Analytics Quick Start Templates—Planning models tailored to your industry or function

Quick Start Templates are pre-configured data, process, and policy models that reflect the collective best-practice knowledge of IBM experts and leading IBM customers. Templates enable organizations to jump-start their software deployments and accelerate project implementation schedules. IBM's growing portfolio of template models address a number of essential functional areas as well as the unique needs of specific industries. They help organizations improve software project success rates as they drive faster return on investment.

Quick Start Templates are used with IBM Planning Analytics, the performance management solution built on the fast, scalable, in-memory OLAP engine of IBM TM1®. Available for deployment in cloud, on-premises or hybrid environments, IBM Planning Analytics can perform multidimensional analysis and calculations for the most demanding business scenarios.

Quick Start Templates are available at no charge to IBM customers (subject to license terms).

Expense Planning Quick Start Template—for an agile, integrated process

Fortunately, there is a better way. The Expense Planning Quick Start Template enables finance teams to get an accurate picture of expenses across the entire enterprise, ensuring that expense plans align with corporate and operational objectives.

Without the limitations of spreadsheets, organizations can quickly and easily plan expenses at the level of detail that makes the most sense for the business. Managers throughout the organization can work in a single integrated system, with spending decisions managed at the department level. Links to business drivers in other areas—such as sales, operations or customer service—can be established to ensure proper alignment with other plans or business events. In addition, complex fixed and variable spending requirements can be managed for virtually any industry or organization, even those spread over multiple countries.

Driver-based planning for speed, agility and foresight

Spending levels affect, and are affected by, business drivers in any number of other process areas. For example, sales forecasts can have an impact on spending in marketing, operations and production.

Driver-based modelling provides the depth and complexity necessary to accurately calculate expense performance in these different areas. Driver-based models enable non-finance users to quickly and accurately contribute to the larger process. Moreover, they allow you to involve more people more often to further increase accuracy and relevance.

By using drivers to plan expenses across the expense categories and business areas, finance professionals can perform detailed analysis with the confidence that the underlying data is accurate and consistent, enabling them to make apples-to-apples comparisons and identify opportunities to better align corporate and operational goals.

This approach enables finance analysts to create and compare alternative scenarios to determine the optimum strategy to control expenses. And with the ability to reach out across the organization to gather critical contributions from the people closest to the business, organizations can anticipate and react to changing circumstances.
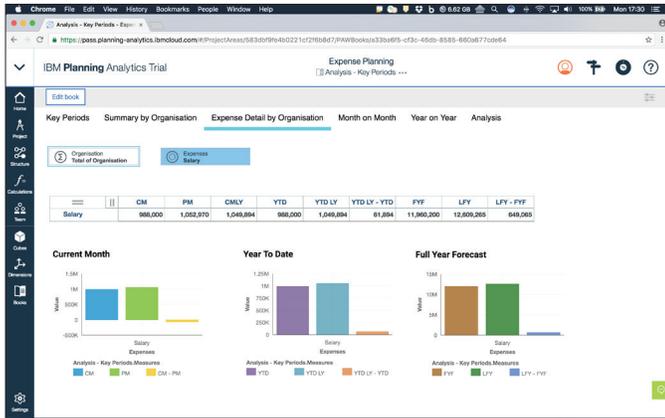

Figure 1: Quickly and easily perform comparisons of expense performance against key periods.

The template in action—Balancing needs and resources

The Expense Planning Template helps you to allocate funds for the full range of business needs and choose the best places for the organization to invest its resources.

It allows you to quickly and easily adjust calculation methods, drivers, and other properties, which act as the default for each expense category. Users can forecast each category for the different departments in an organization and see a real-time analysis of the effect on the business.

In addition, each expense planning method can be overridden and adjusted by managers in the affected departments, giving them the flexibility to apply their detailed knowledge to build a more accurate plan. The input is appropriate to the expense planning method chosen, making it easy to complete the plan accurately and eliminate costly mistakes. The finance team can then analyze the plan by expense type or key periods in order to see trends and variances, giving you important insights into expense performance.
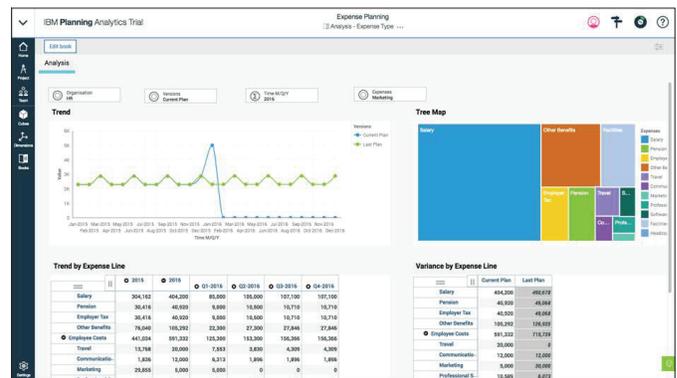

Figure 2: Templates include vivid graphics that provide visibility into factors affecting spending.

Communicating and sharing plans

The template enables you to create and share plans using graphically rich scorecards that communicate critical information at a glance. Graphs, charts and tables feature drill-up and drill-down functionality to display expenses at different levels of the organization so executives can see how specific expenditures contribute to the totals, rather than just receiving overall figures for a particular project or department.

Conclusion

The IBM Expense Planning Quick Start Template helps organizations perform many of their most important expense planning functions. It helps finance teams get an accurate picture of expenses across the entire enterprise and helps ensure that expense plans align with broader management goals and that spending is directed where it will do the most good to further those goals.

By replacing manual, spreadsheet-based processes with flexible modeling capabilities and integrated workflows, the template reduces errors, improves control and boosts accountability. Most important, by removing the error-prone, manual steps that are inherent in spreadsheet-based processes, finance teams are able to focus on getting information that's more timely, more accurate and more relevant, and help you get the best performance from every expenditure you make.

About IBM Analytics

IBM Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management, and risk management.

IBM Analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision-making to achieve business goals. For further information please visit **ibm.com**/analytics

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