

Organizations Accelerate Planning Workflows And Optimize Frontline Operations Leveraging IBM Planning Analytics With Watson

[IBM Planning Analytics with Watson](#) is a comprehensive planning and analytics solution designed to integrate and streamline an organization's planning workflows, break down data silos across lines of business, and drive operational efficiencies for both knowledge and frontline workers.

IBM commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential ROI enterprises may realize by deploying IBM Planning Analytics with Watson. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of IBM Planning Analytics with Watson on their organizations.

To better understand the benefits, costs, and risks associated with IBM Planning Analytics with Watson, IBM commissioned Forrester Consulting to interview four decision-makers and conduct a Total Economic Impact™ (TEI) study.¹ Prior to leveraging IBM Planning Analytics with Watson, the interviewees' organizations lacked data cultures that would allow them to make the best decisions using accurate, real-time data. Frontline workers operated based on obsolete sales targets and inventory numbers while knowledge workers executed planning workflows using manual, spreadsheet-based tools and processes that were siloed, error-prone, and slow to compute.

After the investment in Planning Analytics with Watson, the interviewees' organizations were able to unify their disparate planning systems while increasing the speed and reducing the back-office



Return on investment (ROI)
159%



Net present value (NPV)
\$3.2M

burden related to various planning workflows. At the same time, the organizations leveraged insights from Planning Analytics with Watson to generate maximum efficiency in frontline operations, which impacted everything from staffing models to real-time accounting of inventories.

INVESTMENT DRIVERS

The following challenges drove organizations to seek out a holistic planning and analytics solution:

- **Obsolete data and insights.** Even when data was made easy to consume and visually appealing, it would often be obsolete by the time it was delivered. This is because the organizations often compiled data in batch reports, such as monthly sales reports. As a result, frontline workers had little visibility into their performance relative to their targets, and managers did not have the insights they needed to accurately forecast performance and create action plans.
- **Siloed planning workflows.** Organizations — particularly large enterprises — often adopt

several different planning solutions catered to specific departments, functions, or planning cycles. Ultimately, however, the outputs of individual planning activities must roll up into a single organizational hierarchy. This can be a challenge when two different solutions display the same data in different ways or they are configured to organize the data in a singular lens, such as a general ledger lens or a product lens. Interviewees from larger organizations with more complex planning cycles said the reconciliation of data from two or more different planning systems often required manual effort from dedicated resources.

“We used to have four different hierarchies for four different applications. Now, they all roll up to a single segment.”

*Business architect,
entertainment*

during planning cycles such as month-end reporting or forecasting. For example, a data refresh could take up to an hour to execute depending on the complexity and the amount of data being pulled, which would leave less time for review and analysis. Forecasting also required manual seeding of data from prior periods before any projections could even be made. The organizations repeated these manual processes for each planning cycle and workflow, which wasted valuable hours that could’ve be spent on other value-added activities.

“We had a billion dollars of sales over three businesses [and] on four ERPs linked through dozens of spreadsheets. You can see why that was a problem.”

*Commercial manager,
packaging*

- **Expensive and inflexible spreadsheet-based legacy planning systems.** Having siloed planning workflows also meant that the interviewees’ organizations needed to pay for additional licensing, hardware, and support for each planning system. Furthermore, these planning solutions required additional integration work so they could effectively communicate with each other. And any changes would require even more integration and customization work, ultimately resulting in hefty piles of professional services fees paid to system integrators or other third-party providers.
- **Time- and labor-intensive planning activities.** With their legacy spreadsheet-based planning solutions, the interviewees’ organizations needed to manually populate, refresh, and pull data

KEY RESULTS

After the investment in Planning Analytics with Watson, organizations experienced the following outcomes:

[Benefit 1]. Optimized frontline operations:

- **Increased staffing efficiency and reduced inventory shrinkage.** Real-time reporting through Planning Analytics with Watson gave frontline managers the data they needed to discern how many employees their organizations would need at any given moment to meet customer demand, which allowed managers to staff their branches with 10% more efficiency. Frontline managers also had better insight into their organizations’ inventory levels, and they

were able to reduce annual inventory shrinkage by up to 80%.

“We have a much better employee experience today because our branches are always staffed with the right number of people to support the workload on any given day.”

Director of FP&A, retail

- **Increased topline revenue.** With improved sales benchmarking and reporting, the interviewees’ organizations were able to set more accurate sales targets, monitor and measure the performance of individual associates, and develop action plans or incentive structures around specific levels of performance. This increased visibility led organizations to a sales uplift equal to 0.5% of total gross revenues.

[Benefit 2]. Improved planning, budgeting, and operational processes:

- **Streamlined budgeting cycle.** Centralizing planning processes on an enterprise level allowed the interviewees’ organizations to break siloes across disparate departments and lines of business, all contributing separately to the broader annual budget. In doing so, IBM Planning Analytics with Watson promoted collaboration and communication, created a single and real-time source of truth, and streamlined burdensome administrative steps such as data collection and consolidation, resulting in a 63% reduction in labor effort needed to complete the annual budgeting cycle.
- **Accelerated system processing.** Leveraging the powerful IBM TM1 calculation engine, the

interviewees’ organizations reduced the average time to run a planning system refresh from 45 minutes with their legacy planning systems to less than 10 minutes. With hundreds of reports refreshed during month-end reporting cycles, the organizations quickly experienced material time savings from faster system processing speeds that ran as much as 80% faster than legacy systems.

- **Streamlined forecasting process.** By leveraging templates and preexisting modules to seed historical data prior to calculating forecasting metrics for future periods, planning professionals spent less time on manual data collection and input and spent more time reviewing and analyzing forecast results. These efficiencies resulted in an overall 70% reduction in labor effort of completing annual forecasts.

“With high-quality data at such a granular level, [we] can make really good commercial decisions. Data-driven decision-making was a huge part of our turnaround story.”

*Commercial manager,
packaging*

TOTAL ECONOMIC IMPACT ANALYSIS

For more information, download the full study: “The Total Economic Impact™ Of IBM Planning Analytics with Watson,” a commissioned study conducted by Forrester Consulting on behalf of IBM, December 2021.

STUDY FINDINGS

Forrester interviewed four decision-makers at organizations with experience using the Planning Analytics with Watson and combined the results into a three-year composite organization financial analysis. Risk-adjusted present value (PV) quantified benefits include:

- Optimized frontline operations, including a 10% increase in staffing efficiency and 0.5% total sales uplift.
- Optimized planning, budgeting, and operational processes, including 63% efficiencies in planning and budgeting.



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Appendix A: Endnotes

¹ 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.

DISCLOSURES

The reader should be aware of the following:

- The study is commissioned by IBM and delivered by Forrester Consulting. It is not meant to be 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 IBM Planning Analytics with Watson.
- IBM reviewed and provided feedback to Forrester. 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.
- IBM provided the customer names for the interview(s) but did not participate in the interviews.

ABOUT TEI

Total Economic Impact™ (TEI) 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. The TEI methodology consists of four components to evaluate investment value: benefits, costs, risks, and flexibility.

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