IBM Planning Analytics, powered by IBM TM1, is a comprehensive planning and analytics solution designed to integrate and streamline an organization's planning workflows and processes, thereby allowing for more efficient and productive planning cycles. Forrester Consulting conducted a Total Economic Impact™ (TEI) study to provide readers with a framework to evaluate the potential financial impact of IBM Planning Analytics on their organizations. To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with experience using IBM Planning Analytics. This summary is based on a full TEI study, which can be downloaded here.

Through these customer interviews and subsequent data aggregation and analysis, Forrester concluded that IBM Planning Analytics has the following three-year financial impact: $3.0 million in benefits versus costs of $1.3 million, resulting in a net present value (NPV) of $1.7 million and an ROI of 133%.

Quantified benefits. The following risk-adjusted quantified benefits were experienced by a composite organization representative of the organizations interviewed:

› 63% Reduction in labor time needed to complete the annual budgeting cycle. Centralizing planning processes on an enterprise level allowed organizations to break siloes across disparate departments and lines of businesses, create a single and real-time source of the truth, and streamline burdensome and time-consuming administrative steps, such as data collection and reconciliation, resulting in cost savings equal to a present value of nearly $1.2M

› 80% Faster processing of planning data. Leveraging the powerful IBM TM1 calculation engine, organizations reduced the average time to run a planning system refresh from 45 minutes with their legacy planning systems to just 9 minutes with IBM TM1. Over three years, these efficiencies accumulated a present value of just over $1M.

› 70% fewer labor hours required to complete forecasting cycles. By leveraging templates and pre-existing 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 more time reviewing and analyzing forecast results. Over three years, the labor cost savings amounted to a present value of $195K.

› Cost savings from retiring and replacing legacy planning solutions. IBM Planning Analytics replaced organizations’ legacy planning solutions with a simple IT data feed, creating a central data repository accessed across users, resulting in cost savings totaling a three-year present value of $689K.

SUMMARY

Based on a commissioned study, “The Total Economic Impact Of IBM Planning Analytics”

METHODOLOGY

The objective of the TEI 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 of IBM Planning Analytics, including interviews with Forrester analysts, IBM stakeholders, and four current IBM Planning Analytics customers. Forrester constructed a financial model representative of the interviews using the TEI methodology.

COMPOSITE ORGANIZATION

This analysis uses a composite organization, based on the interviewees, to present the aggregate financial analysis.

RISK ADJUSTMENT

Forrester risk-adjusted the financial model based on issues and concerns of the interviewed organizations to account for uncertainties in benefit and cost estimates.
The IBM Planning Analytics Customer Journey

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

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>SIZE</th>
<th>PLANNING ANALYTICS DEPLOYMENT</th>
<th>INTERVIEWEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>Revenue: &gt;$10B</td>
<td>IBM Planning Analytics Local</td>
<td>Director of FP&amp;A</td>
</tr>
<tr>
<td></td>
<td># of FTEs: 100K-200K</td>
<td>(on-premises)</td>
<td></td>
</tr>
<tr>
<td>Financial services</td>
<td>Revenue: $500M to $1B</td>
<td>IBM Planning Analytics Cloud</td>
<td>Business intelligence and systems accountant</td>
</tr>
<tr>
<td></td>
<td># of FTEs: 1K to 5K</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitality</td>
<td>Revenue: $100M to $500M</td>
<td>IBM Planning Analytics Local</td>
<td>Director of enterprise systems</td>
</tr>
<tr>
<td></td>
<td># of FTEs: 1K to 5K</td>
<td>(on-premises)</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>Revenue: $100M to $500M</td>
<td>IBM Planning Analytics Cloud</td>
<td>Group controller</td>
</tr>
<tr>
<td></td>
<td># of FTEs: 1K to 5K</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key Investment Drivers And Results

The interviewed organizations shared the following investment drivers:

- **Siloed planning workflows.** Organizations, particularly large enterprises, can 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 become a significant pain point when two different solutions display the same data in different ways or are configured to organize the data in a singular lens, such as a general ledger lens or a product lens, ultimately requiring manual reconciliation of data.

- **Expensive and inflexible spreadsheet-based legacy planning systems.** Having siloed planning workflows also meant that organizations needed to pay for additional licensing, hardware, support, and professional services work for each planning system. As one organization put it, “The main reason we had this mandate to change our planning system is because our existing solution was highly inflexible and every request to change something cost us a million bucks.”

- **Time- and labor-intensive planning activities.** With their legacy spreadsheet-based planning solutions, organizations needed to manually populate, refresh, and pull data during planning cycles such as month-end reporting or forecasting. A data refresh, for example, could take up to an hour to execute depending on the complexity and amount of data being pulled, leaving less time for review and analysis.

The interviewed organizations achieved key investment results:

- **A unified planning process.** By having a central planning system, organizations ensured that disparate planning workflows all rolled up to the same hierarchy, thus eliminating the issue of numbers not reconciling. At the same time, employees from different parts of the organization were able to more efficiently collaborate by pulling data from a single source of truth, therefore reducing the risk of errors and expediting planning cycles.

- **A simplified planning environment.** Instead of having several planning point solutions leveraging disparate spreadsheets, organizations could rely on IBM Planning Analytics to cover multiple planning use cases. This reduced the need for constant integration, customization, and break/fix support from third parties and ensured that changes deployed to one planning workflow seamlessly applied to the entire planning ecosystem.

- **Scalability.** Organizations found that IBM Planning Analytics could easily adjust to a
The Total Economic Impact Of IBM Planning Analytics

Scalability and growth are huge with Planning Analytics because it’s very easy for me to onboard a new property now. I don’t really do a whole lot anymore. The templates are ready, the departments are ready, the accounts are ready, the reports are ready, and all I need to do is create a new company on the system.

— Director of enterprise systems

Planning automation. Interviewed organizations spent the majority of their hours during planning cycles manually collecting, compiling, and validating data rather than analyzing and extracting insights from the data to create business value. IBM Planning Analytics helped these organizations automate the data collection process, making it repeatable and scalable, and enabling further value-added analyses such as what-if or scenario-based segmentation.

Streamlined analysis. Leveraging Planning Analytics’ TM1 calculation engine, organizations performed any number of what if and scenario-based calculations to show the impact of an incremental change in a business driver to the organization’s bottom line. Some organizations used these results to create additional reports and dashboards for executive or board consumption, ultimately contributing to executive decision making and business level strategy.

Composite Organization

Based on the aforementioned 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 for this study. The composite organization that Forrester synthesized from the customer interviews has the following characteristics:

- Retail enterprise operating in the Americas with annual revenues of $800M and 5,000 employees.
- By Year 3, the organization has 175 users of IBM Planning Analytics, including 87 read-only users, 70 read/write users, and 18 power users (including administrators/modelers).
- The organization operates 30 retail branch locations in Year 1 and grows to 35 retail branch locations by Year 3. Each branch acts as a separate revenue and cost center, thus necessitating individual input toward annual budgeting and monthly forecasting and reporting.
- Deploys IBM Planning Analytics Cloud, leveraging both IBM Planning Analytics for Microsoft Excel and IBM Planning Analytics Workspace.
- Prior to adopting IBM Planning Analytics, the organization relied on spreadsheet-based planning solutions for individual planning workflows, including core FP&A (financial planning and analysis) planning and supply chain planning. As the organization continued to grow, repeating planning processes across the branch footprint became a time-consuming and expensive endeavor, prompting the organization to eventually engage IBM.

IBM Planning Analytics Streamlines And Facilitates Each Core Planning Activity

A common pain point across organizations is the time and effort required to coordinate and execute on recurring planning activities, including budgeting, forecasting, and reporting. These activities involve any number of manual tasks such as creating templates, inputting historical data, compiling and merging datasets, and reconciling numbers from disparate planning sources. IBM Planning Analytics solves for these challenges by acting as a central planning system that can be integrated across rapidly growing business without requiring additional planning resources or spreading existing resources thin. With a centrally managed planning environment, organizations could add and remove cost centers, branches, and offices by using pre-existing templates or modules, thereby significantly reducing the time needed to create these additional resources from the ground up and integrate them across the organization’s various planning workflows.

Key assumptions

- Retail enterprise with 35 branch locations (Y3)
- $800M annual revenue
- 100% cloud-based deployment of IBM Planning Analytics
- 175 IBM Planning Analytics Users (Y3)
- Leverages Planning Analytics for core FP&A and supply chain planning use cases

“Planning Analytics reduces waiting times and allows us to have several extra days to analyze our results, trends, and business performance.”

— Group controller

“Scalability and growth are huge with Planning Analytics because it’s very easy for me to onboard a new property now. I don’t really do a whole lot anymore. The templates are ready, the departments are ready, the accounts are ready, the reports are ready, and all I need to do is create a new company on the system.”

— Director of enterprise systems
different endpoints and planning workflows within the organization, ultimately providing a single and real-time source of truth, and in the process, reducing the need for manual data seeding and reconciliation.

The benefit impact experienced by the composite organization is based on the past and current experiences of the four interviewees that Forrester interviewed for this study. Over three years, this composite organization expects risk-adjusted total benefits to be a present value (PV) of more than $3 million.

Total Benefits

<table>
<thead>
<tr>
<th>REF.</th>
<th>BENEFIT</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>TOTAL</th>
<th>PRESENT VALUE</th>
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<tbody>
<tr>
<td>Atr</td>
<td>Streamlined budgeting process</td>
<td>$368,874</td>
<td>$507,202</td>
<td>$537,941</td>
<td>$1,414,017</td>
<td>$1,158,678</td>
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<td>Btr</td>
<td>Streamlined reporting process</td>
<td>$279,936</td>
<td>$461,894</td>
<td>$489,888</td>
<td>$1,231,718</td>
<td>$1,004,278</td>
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<td>Ctr</td>
<td>Streamlined forecasting process</td>
<td>$54,432</td>
<td>$89,802</td>
<td>$95,256</td>
<td>$239,490</td>
<td>$195,267</td>
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<td>Dtr</td>
<td>Cost savings from retired legacy planning solutions</td>
<td>$212,500</td>
<td>$314,500</td>
<td>$314,500</td>
<td>$841,500</td>
<td>$689,388</td>
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<td>Total benefits (risk-adjusted)</td>
<td>$915,742</td>
<td>$1,373,398</td>
<td>$1,437,585</td>
<td>$3,726,725</td>
<td>$3,047,611</td>
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› **Streamlined budgeting process.** On average, the composite organization reduces the time needed to execute its annual budgeting cycle by 63.25% with IBM Planning Analytics relative to its legacy spreadsheet-based planning environment. These benefits amount to a risk-adjusted PV of $369K in year 1 across a 30-branch footprint, to $538K in year 3 across a 35-branch footprint.

› **Streamlined reporting process.** The composite organization generates planning system refreshes 80% faster with IBM Planning Analytics relative to its legacy spreadsheet-based planning environment. These benefits total to a risk-adjusted PV of $280K in year 1 with 8,640 reports refreshed across 30 branches, to $490K in year 3 with 15,120 reports refreshed across 35 branches.

› **Streamlined forecasting process.** By automatically seeding historical planning data during forecasting cycles, the composite organization reduces the time needed to execute monthly forecasts by 70% with IBM Planning Analytics relative to its legacy spreadsheet-based planning environment. These benefits add up to a risk-adjusted PV of $54K in year 1 across 30 branches, to $95K in year 3 across 35 branches.

› **Cost savings from retired legacy planning solutions.** The composite organization is able to simplify its planning environment by replacing existing planning solutions and leveraging IBM Planning Analytics across multiple use cases. In year 1, this organization replaces its core FP&A planning solution, resulting in risk-adjusted PV cost savings of $213K, and in years 2 and 3, the organization also adopts IBM Planning Analytics for supply chain and operational planning, saving the organization a combined risk-adjusted PV of $315K during each of these years.

**IBM Planning Analytics Costs Include Licensing, Implementation, And End User Training.**

Planning Analytics costs included both external costs (licensing, professional services, and support), and internal costs (implementation and user training). Over three years, the composite organization expects risk-adjusted total costs to be a PV of more than $1.3 million.

“We now have a seamless solution that rolls up and pulls together multiple elements, including risks and opportunities. It is now easy for us to move the data around to provide the type of multifaceted perspectives that leadership is looking for during the budget cycle and beyond.”

-- Director of FP&A
Total Costs

<table>
<thead>
<tr>
<th>REF.</th>
<th>COST</th>
<th>INITIAL</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>TOTAL</th>
<th>PRESENT VALUE</th>
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<tbody>
<tr>
<td>Etr</td>
<td>Licensing, support, and implementation services</td>
<td>$315,000</td>
<td>$316,596</td>
<td>$145,984</td>
<td>$156,038</td>
<td>$933,618</td>
<td>$840,696</td>
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<tr>
<td>Fr</td>
<td>Internal deployment costs</td>
<td>$209,790</td>
<td>$139,860</td>
<td>$0</td>
<td>$0</td>
<td>$349,650</td>
<td>$336,935</td>
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<td>Gtr</td>
<td>IBM Planning Analytics user training</td>
<td>$0</td>
<td>$102,375</td>
<td>$37,060</td>
<td>$11,193</td>
<td>$150,628</td>
<td>$132,106</td>
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</table>

**Licensing, support, and implementation services.** The composite organization paid IBM directly for IBM Planning Analytics licensing and leveraged a third-party IBM Business Partner for implementation services. Over three years, the combined risk-adjusted cost PV totaled to $841K.

**Internal deployment costs.** To facilitate the implementation process alongside IBM’s Business Partner, the composite organization engaged several internal resources, including project managers and technical IT resources. Over three years, the combined risk-adjusted labor cost PV amounted to $337K.

**IBM Planning Analytics User Training.** End users needed to undergo training commensurate with their access levels, ranging from read-only access, to read/write access, and finally, full modeler access. Across the enterprise, the total labor cost PV associated with user training accumulated to a three-year PV of $132K.

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**An IBM Planning Analytics Investment Today Can Create Future Opportunities**

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement IBM Planning Analytics and later realize additional uses and business opportunities, including:

**Strategic analysis.** While interviewed organizations primarily leveraged IBM Planning Analytics for various planning use cases, they recognized that the ability to easily manipulate and pull data across cubes and hierarchies could be extended beyond planning to include other value-added analyses with the potential to drive strategic business decisions. By continuing to deploy IBM Planning Analytics across the enterprise, organizations believe that the platform can eventually be adopted as an analytics tool rather than just a planning tool by groups such as product or corporate strategy.

**Hybrid configuration.** Because IBM Planning Analytics functions identically across cloud and on-premises deployments, organizations can deploy IBM Planning Analytics for multiple planning environments without risking lack of interoperability from one environment to the next. Additionally, this allows organizations to take advantage of the benefits of hybrid computing while maintaining their preferred deployment model.

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“We had dedicated people who were trained by IBM, and then in turn, went out and trained the businesses.”

-- Business intelligence and systems accountant

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 so.
Financial Summary

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 in IBM Planning Analytics. Forrester assumes a yearly discount rate of 10% for this analysis.

For more information, you can download the full IBM Planning Analytics TEI analysis [here](https://go.forrester.com/consulting/content-marketing-consulting/).

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.
- 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 interviews but did not participate in the interviews.

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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. [https://go.forrester.com/consulting/content-marketing-consulting/](https://go.forrester.com/consulting/content-marketing-consulting/)

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