LEADING CONSUMER GOODS COMPANY

A CASE FOR CHANGE TOWARD ENTERPRISE PLANNING LEVERAGING SAC, S4 AND SAP IBP

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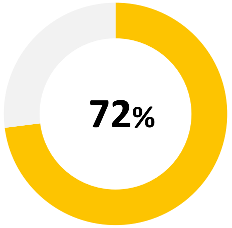
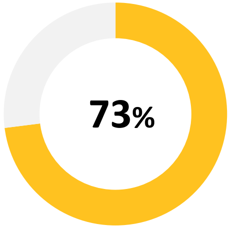
Finance Is On A Digital Transformation Journey…

Digitizing Finance Harnessing the Power of Data



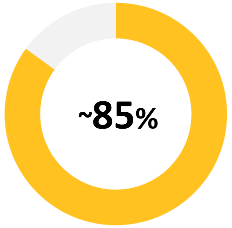
of Finance executives believe digital technologies will **change how Finance is structured and run**[1]

Finance: A Leader of Digital Transformation



of C-suite feel usefulness of **operational insights to improve productivity is a key driver** for digital technologies adoption[2]

Developing Future Finance Talent



of CFOs report talent as major concern, requiring a broader range of capabilities, including **understanding of technology and strategic direction**[3]

[1] Accenture Modern Finance [2] Escaping the Complexity Trap [3] High Performance Finance Review

Enterprise Planning enables organizations to reach an enterprise-wide planning based on common trusted data

SALES

Territory & Quota Planning, Commissions, Sales Forecasting, Account Segmentation, Price and Quote

FINANCE

Cost Controlling, Business Case, Profitability, Closing, Advanced Analytics and Insights

MARKETING

Pricing, Product Profitability, Loyalty, Campaign Optimization

SUPPLY CHAIN

Demand Planning, Inventory Management, Logistics Optimization, Warehouse Management

HR

Staffing Needs, Benefits Analysis, Pension Planning, Healthcare Planning, Facilities Planning

IT

Project Planning, Asset Management, Resource Utilization, Cost Allocations, Network and Facilities Optimization

BREAK THE SILOS	**CLEAR OWNERSHIP & ACCOUNTABILITY**	**ONE VERSION OF THE TRUTH**	**COLLABORATION**

Closed loop and improvements are ensured with Enterprise Performance Management of the future

Strategic Plan

Provide greater clarity of vision and roadmap to support intent of the company, identify strategic choices, ensure clear direction, and drive competitive growth

Long Range Plan

Multi-year financial plan to quantify strategic objectives and communicate broad expectations of KPIs to divisions

Annual Operating Plan

Target Setting

Distribution of global expectations and objectives across divisions to ensure short-term (1 year) actions achieve long-term expectations

Action Planning

Bottom-up fiscal year plan across divisions that translates top-down expectations into detailed action plans at the Category, Channel, & Customer level

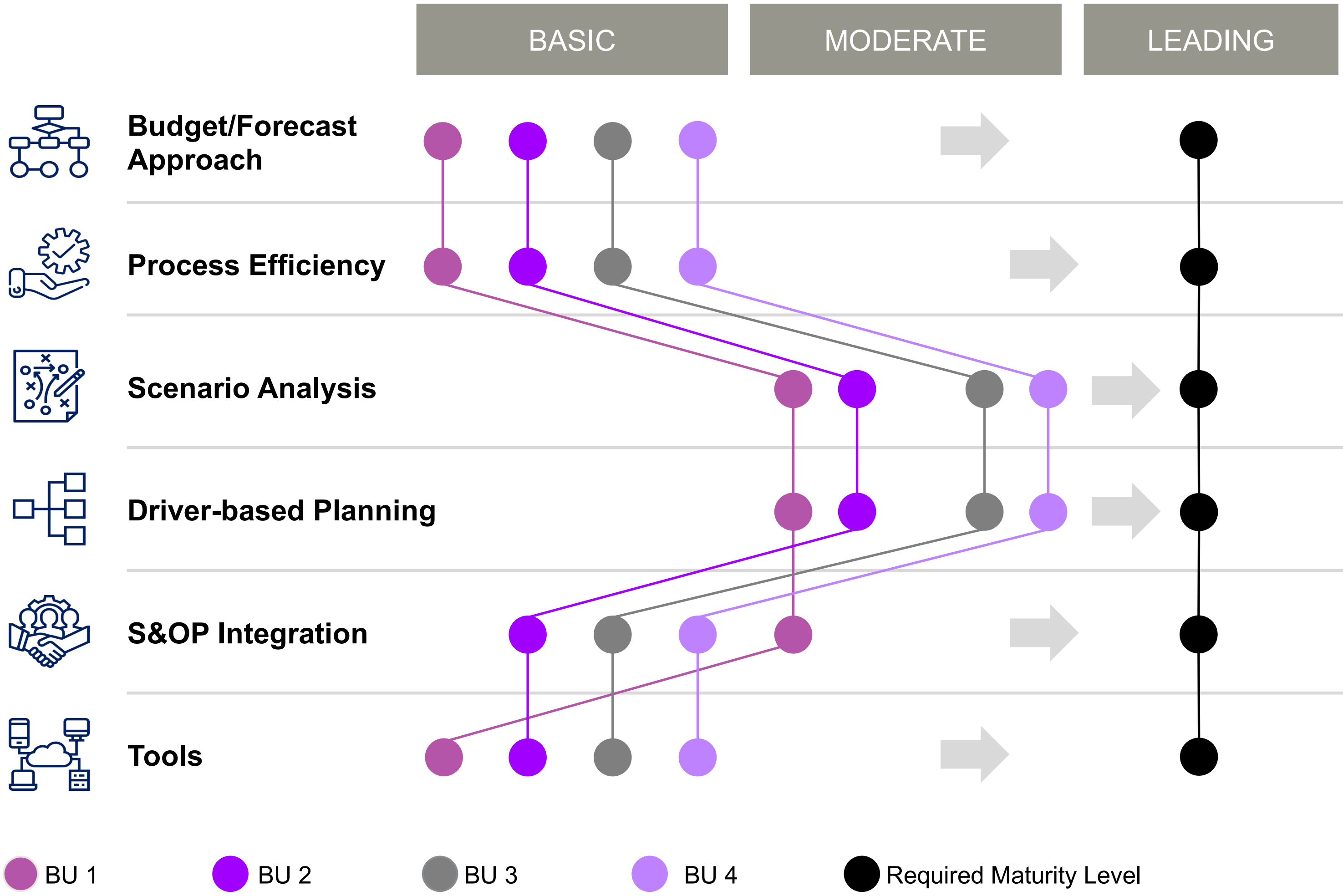
Intelligent Forecasting

Ongoing financial review that gives decision makers honest and well-grounded judgment of financial performance; informed by data-driven analytics

Strategic objectives and initiatives, which.. → **Drives 3 year financial plans that…** → **Inform annual targets to guide…** → **Bottom-up action plans that…** → **Are measured & updated due to material events**

Top-down expectations ⟲ **Bottom-up action plans**

Moving from local and non-integrated processes to integrated Business Planning



As-Is Situation

- No common process below Group level
- Clear instructions on Group level submission
- Forecast is not rolling, and the Budget is quickly out-of-date (only used in the first quarter)

- Many iterations between Countries, Regions and Business Units due to low Target transparency
- Budget and Forecast process is considered as very time-consuming and complex due to high Controller involvement

- Manual and simple ad-hoc Scenarios built in Excel
- Limited transparency of models and Scenarios
- No simulation capabilities for Sales & Marketing
- Scenario Analysis is considered as very time-consuming and specific

- Planning and Forecasting are mainly done on reporting lines
- Selected business drivers forecast in addition to result measures

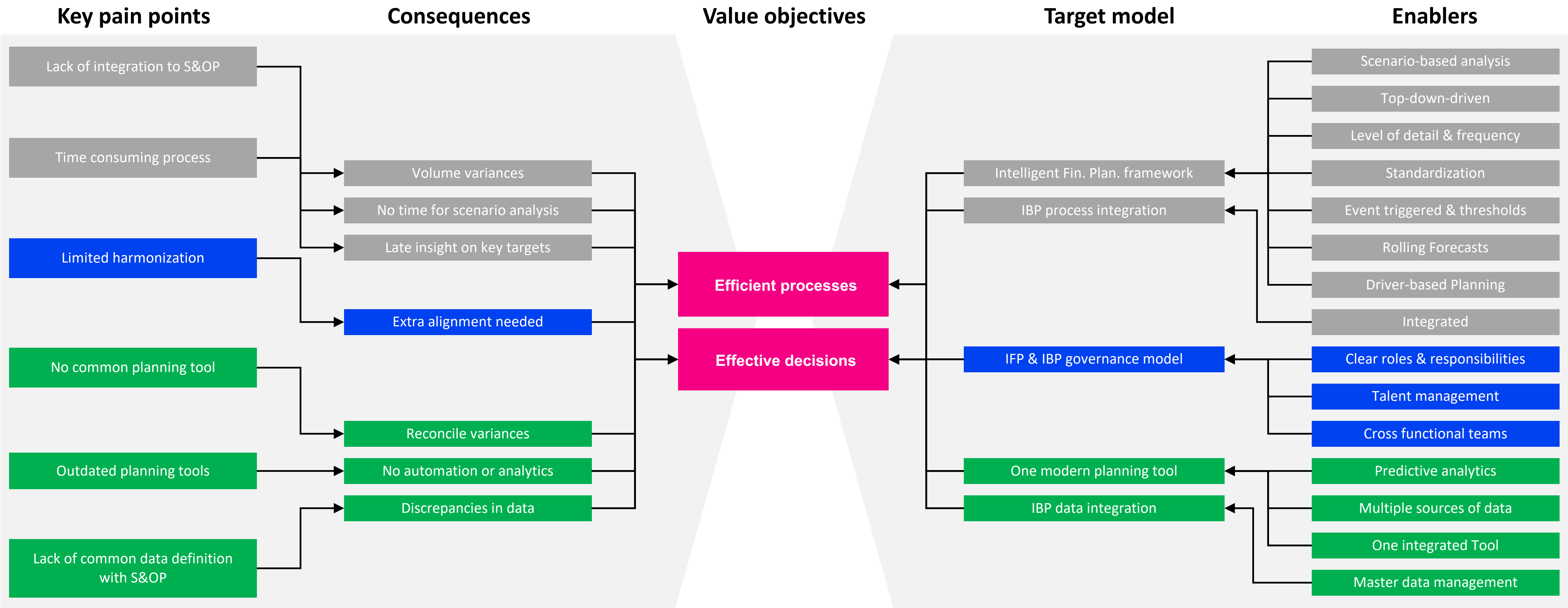
- Very limited S&OP Integration within the Business Units
- Low S&OP Planning Maturity in all geographies (two parallel processes)
- No alignment on „one volume number“

- Lack of common tool with advanced Forecasting and Planning functionalities and integration (e.g., Demand Planning) with other financial tools and data sources
- Planning tool is not considered as user-friendly
- Manual and complex process with no/limited (Excel) tool support

CLIENT EXAMPLE

Centered around distinct value objectives, the target model components have been defined

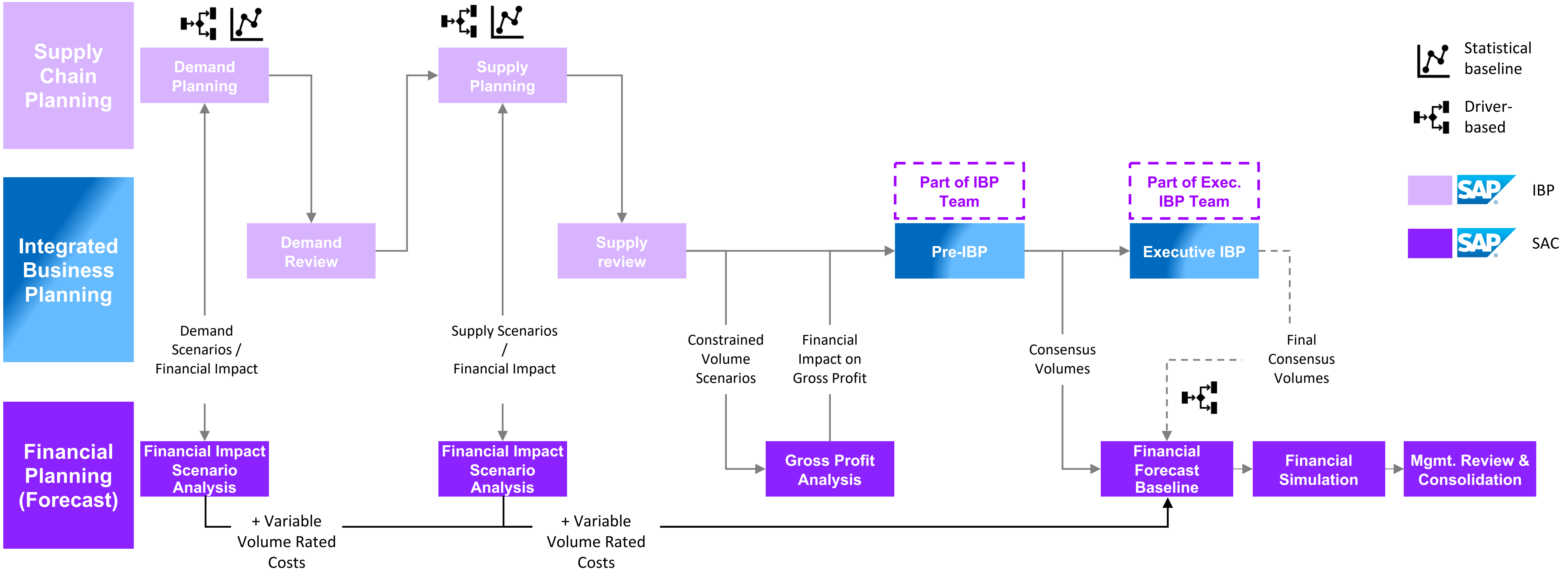
Value centric approach



Process & Capabilities | Org. & Governance | Technology & Data

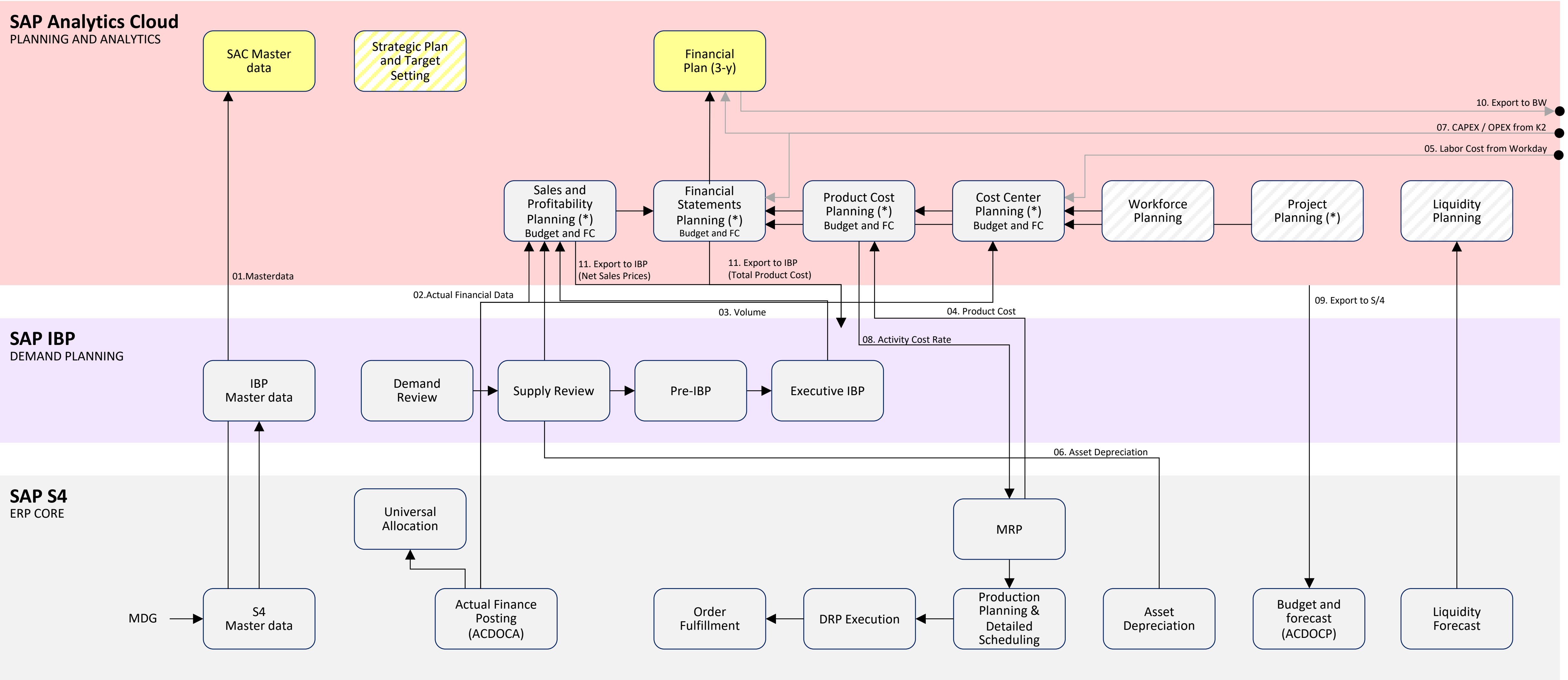
Process overview: Integrating S&OP and Financial Planning activities

Integration of S&OP and Financial Planning



CLIENT EXAMPLE

High level data flows for integrated business planning (Focus on financial planning)



Stand-alone SAC module
SAC module integrated with S4
Not in the current scope, potential enhancement for the future (TBC)
Data flows
External Dataflows (to be confirmed)

CLIENT EXAMPLE

To reach the proposed IBP target model a stepwise capability build-up is required

	1 DESIGN TO-BE FINANCIAL AND S&OP PLANNING	2 ROLL-OUT OF INTERMEDIATE PROCESS	3 TRANSFORM FULL ORGANIZATION TO IBP
	Key Design Decisions have been made to move to harmonized Financial Planning process framework	Preparation and implementation of first rollout (Release 1)	Roll out and deploy full IBP across the organization
Outcomes			
S&OP Integration	▪ Aligned calendars and IBP framework	▪ Interim IBP framework rolled out in immature countries	▪ Regular IBP meetings across the organization to agree on target volumes
Financial Planning	▪ Aligned value drivers ▪ Defined level of maturity for immature countries ▪ Aligned frequency and time horizon	▪ Value drivers implemented in the tool ▪ Process design and new ways of working documented	▪ Materiality-based continous planning based on business drivers and integrated in one tool ▪ Preparation of plans according to new cycle
Tools & Platforms	▪ Tool selected ▪ Wave 1 plan ready	▪ Roll out of Financial Planning tool	▪ Full integration of systems ▪ Top-down and bottom-up planning integrated in one platform
Talent	▪ Clear IBP roles & responsibilities	▪ Change Management Plan developed ▪ Started recruitment of employees to drive the IBP process	▪ Employees recruited to drive IBP activities

Key Learnings

1. Start with a **holistic target picture** to define **strategic cornerstones**
2. Focus on the **end-to-end view** of **processes, organization** and **technology & data** upfront
3. **Prioritize initiatives** based on expected **business value** (value-based approach)
4. Apply an **iterative implementation** of **tangible results**
5. **Pilot rollout** with selected markets and **incremental scope aligned with the planning calendar**
6. Leverage **standardized assets & models** and **explore the technology "standards"**

Thank You