

BUDGETING, FORECASTING & DATA ANALYTICS

Increasing Agility through Technology



RSM Overview

First-choice advisor to middle market leaders, globally

- **Largest firm world-wide focused on serving the middle market**
- **Fifth largest audit, tax and consulting firm in the U.S.**
 - Over \$1.8 billion in revenue
 - 86 cities and more than 9,000 employees in the United States
- **Sixth largest independent network of audit, tax and consulting firms globally***
 - Presence in more than 120 countries
 - More than 41,000 people in over 800 offices
 - \$4.8 billion (U.S.) in worldwide revenues



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Introductions



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CURRENT STATE OF THE FINANCE FUNCTION



The way finance operates is changing

New expectations

Partner
with
business
leaders

Drive
internal
strategy

Satisfy
external
customers

Plan for
future
growth

*Align departmental actions
with company-wide mission*

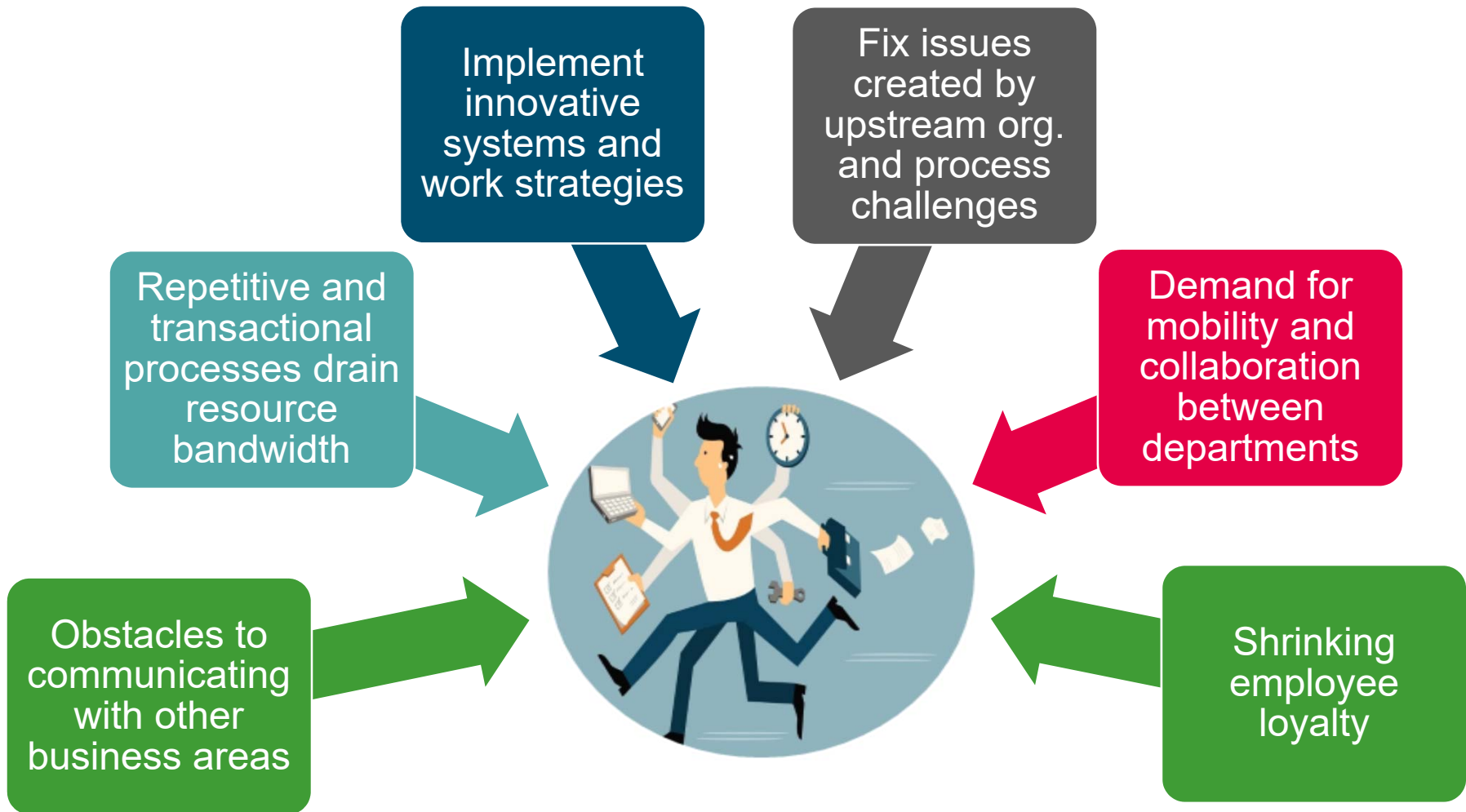
*Collaborate to strengthen
ongoing initiatives*

Manage finance technology

*Provide meaningful insights
into performance*

*Make informed decisions
using real-time data*

Traditional internal finance challenges still exist, but are further compounded by new challenges



Rapidly changing external factors require expanded capabilities and greater agility

- Social media and other news platforms reach large user bases within minutes of breaking news
- Customers demanding more transparency and quicker response time to inquiries
- Uncertain economic conditions and scarcity of quality resources
- Reduced technology development lifecycles minimize time between upgrades and new system purchases
- Compliance requirements are increasing in scope and complexity and creating a greater administrative burden
- Regulatory changes are reshaping the business landscape for certain industries



LEADING TRENDS



Today's working world is tech savvy and deeply immersed in technology

TOTAL
POPULATION



7.395
BILLION

INTERNET
USERS



3.419
BILLION

ACTIVE
SOCIAL MEDIA
USERS



2.307
BILLION

UNIQUE MOBILE
USERS



3.790
BILLION

ACTIVE MOBILE
SOCIAL USERS



1.968
BILLION

➔ Over 200 million cell phone users in the US alone in 2016

➔ 76% of U.S. Americans have a social media profile

➔ Median employee tenure is down to four years

➔ 79% of employees say they have worked from home

Leading agile finance functions are high-speed, efficient and responsive to internal and external trends

Technology forward

High-speed, data backed decision making

Cost efficient

People are prioritized

24/7 support capabilities and rapid turnaround

Streamlined organizational structure



MAKING IT RELEVANT FOR THE MIDDLE MARKET



Key technology investments are critical to the evolution of middle-market finance functions

Today's technology is widely available and more affordable. Middle market firms should consider these investments at a minimum to optimize their finance function.

Unified business applications

Analytical tools

Corporate performance management

Financial close automation

Communication and collaboration tools

Remote accessibility



Cloud technology plays a critical role in making these investments a reality.

Enable middle-market organizations to focus on making data-driven decisions to improve organizational performance



- Organizations are utilizing tools to harness both internal and external data to drive real-time decision-making and improve performance
- Several data analytics platforms have been developed for middle-market organizations and are designed to be easily supported by internal resources

DRIVING AGILITY IN PLANNING



Budget process: today



- The budgeting process can be viewed as 5 key phases
- Phases in the budget process are ongoing throughout the entire year
- Companies get stuck in preparing, approving, and executing the budget, and often neglect taking the time to evaluate their overall process
 - Failure to capitalize on opportunities to improve the process are often the result of time and resource constraints

Budget process: Phase 1 – Set Goals and Objectives



Key Tasks:

- Define corporate and operational goals
- Define KPI's and link to incentives
- Set budget objectives & priorities
- Communication objectives
- Obtain organizational input & buy-in
- Identify required resources

Budget process: phase 2 – Planning and Prep



Key Tasks:

- Communicate planning process to company
- Ensure assigned resources have adequate bandwidth, training, and tools to prepare budget
- Determine timing for budgeting activities and build schedule
- Create assumptions & obtain feedback

Budget process: phase 3 – First budget pass & iterations



Key Tasks:

- Build budget model
- Input data
- Data manipulation
- Submit information for consolidation
- Create reports for comparison & variance analysis
- Review reports, data & apply changes
- Accept submission & consolidate
- Complete first pass of budget

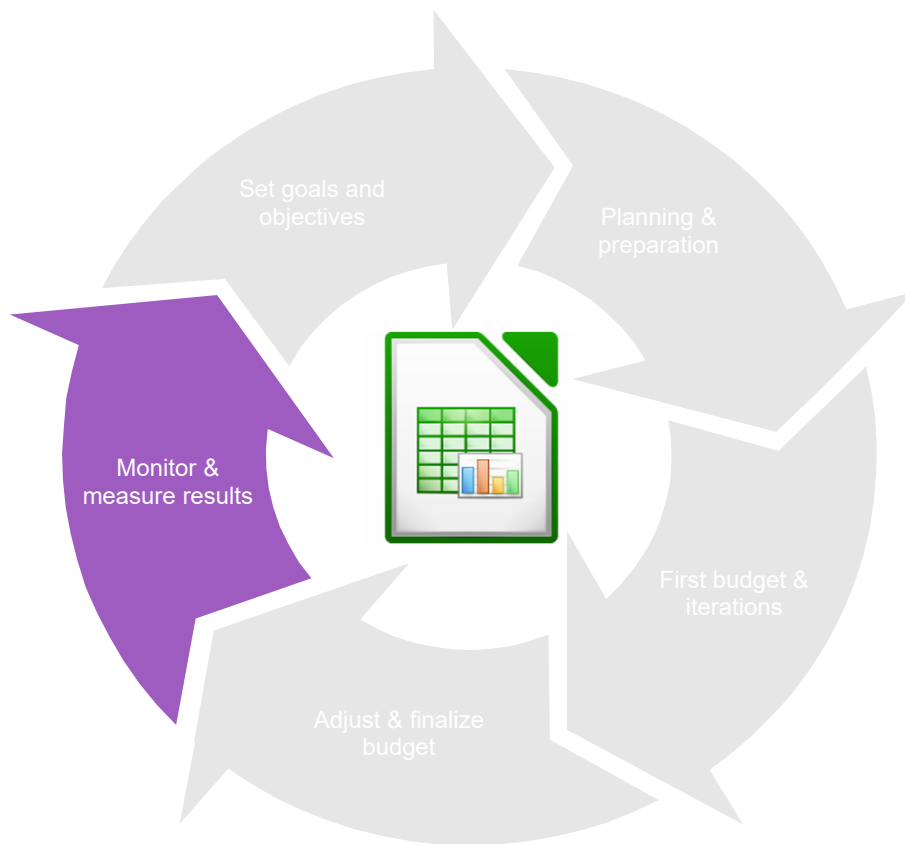
Budget process: phase 4 – Adjust & finalize the budget



Key Tasks:

- Complete second pass of budget
- What-if analysis
- Forecast & reforecast
- Evaluate budget areas with variances
- Review overall process performance and align with business strategy
- Make changes on an ongoing basis to improve process

Budget process: phase 5 – Share finalized budget



Key Tasks:

- Finalize budget
- Communicate final budget to departments
- Review overall process performance and align with business strategy
- Make changes on an ongoing basis to improve process

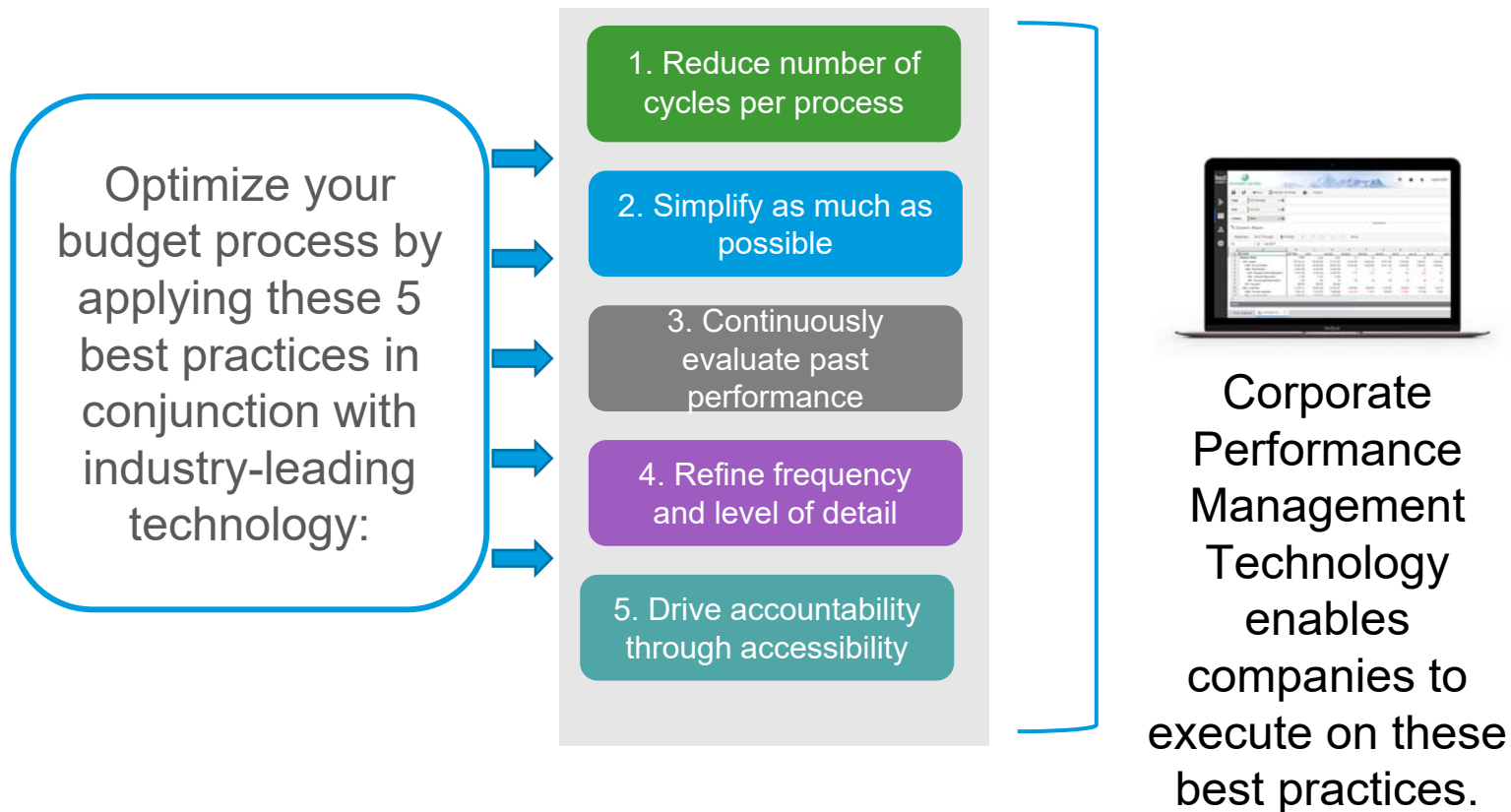
Budget process: challenges



Analyzing, monitoring, measuring results, and improving upon the process are the biggest challenges facing companies during the budget process... but why?

Preparation, supporting business units, pestering business units, pestering them some more, rushing to consolidate budget templates, executive management makes a change, revisit the process again, rush to finalize the presentation, review and finalize, getting ready for the next reforecast.

5 best practices for driving agility in planning



Best Practice #1 – Reducing the # of cycles

- Preparation is key
 - Prepare & communicate early and often
 - Set clear process guidelines, goals and targets
 - Evaluate budget end user competencies & identify those needing more assistance than others
- Manage the process like any other project
 - Implement a formal project management structure
 - Constantly evaluate project issues, risks and open items
 - Manage to a project plan / schedule
 - Leverage process workflow

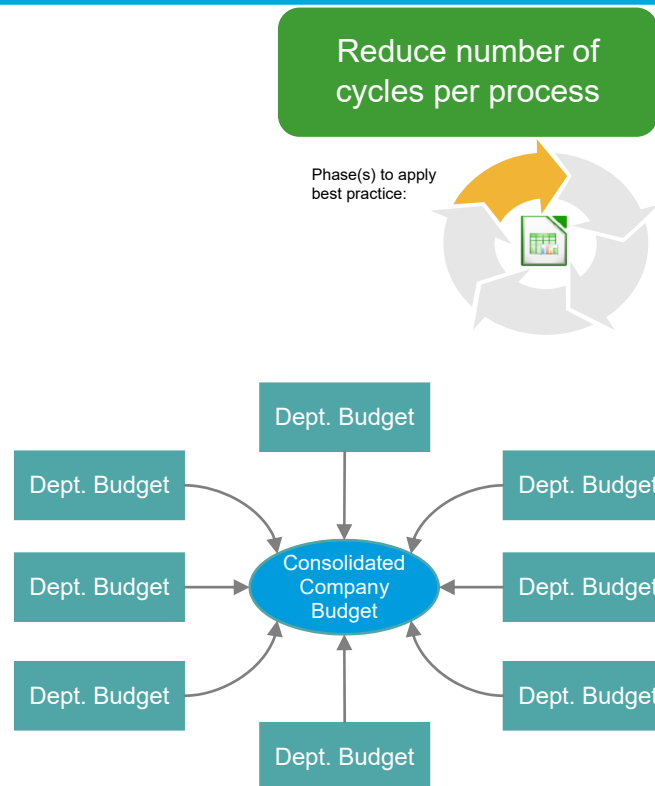
Reduce number of cycles per process

Phase(s) to apply best practice:



Best Practice #1 – Reducing the number of cycles cont.

- Enhance communication between departments
- Departments should align their goals and communicate frequently to identify synergies and cost savings
- Overall business strategy, internal, and external forces should all be considered at the department and aggregate level



Best Practice #2 – Simplify as much as possible

- Prior to diving into the process, evaluate the process for opportunities to streamline and simplify for end users
- Questions to Ask:
 - Do we have the right people involved?
 - Can we eliminate any unnecessary or redundant steps?
 - Is our technology optimal?
 - Is data entry and aggregation automated?
 - Are we using global drivers and formulas?

Simplify as much as possible

Phase(s) to apply best practice:



Best Practice #3 – Evaluate past performance

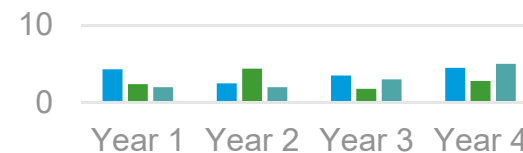
- Evaluate department/business unit past performance to budget
 - Review historical data during every iteration
 - Review accuracy of numbers in key areas – why did we budget incorrectly?
 - Where do we need greater assistance?
- Use quarterly close processes to keep managers on track
 - Involve resources across the organization

Continuously evaluate past performance

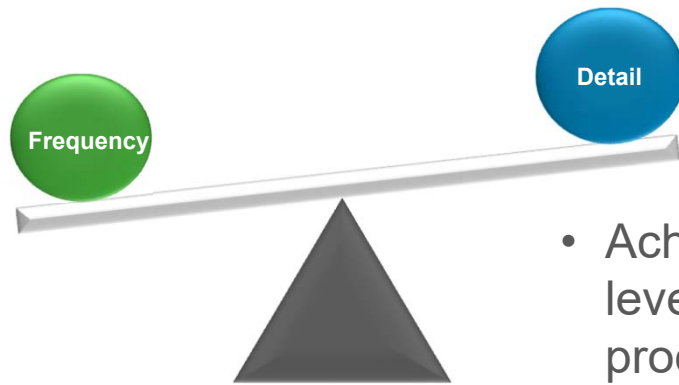
Phase(s) to apply best practice:



Historical Trend Analysis



Best Practice #4



Refine frequency and level of detail

Phase(s) to apply best practice:



- Achieving a balance between frequency and level of detail is critical to a successful budget process
- Use the 80/20 pareto principle to focus on GL accounts representing 80% of your business

Factors impacting detailed analysis:

- Market & industry volatility
- Resource availability
- Technology
- Scope
- Organizational strategy
- Key decision points
- Timing
- Drill-down levels

Best Practice #4 – Rolling forecasts

Using Rolling Forecasts

- Rolling forecasts acknowledge that a company functions as an ongoing operation by:
 - Reducing or eliminating the traditional approach of the previous period plus an uplift
 - Helping to eliminate the annual mind-set and focus on the current year
 - Providing a continual business outlook at all times
 - Reducing or potentially eliminating the annual budgeting process
 - Continually emphasizes focus on GL accounts that are the greatest reflection of the performance of the business throughout the year

Refine frequency and level of detail

Phase(s) to apply best practice:



Best Practice #5

- Establish a self-serve finance function
- Self-service finance functions reduce the burden on finance team members
 - Provide budget managers with access to financial data and ability to analyze data through technology
 - Enables finance to hold budget managers accountable for their performance to budget since they have access to relevant data at all times
- Encourage access to financial and operational data during the month instead of only after close
- Help departments identify relevant KPIs and reporting requirements so they can effectively manage the business
- Develop dashboards and reports specific to departmental needs

Drive accountability through accessibility

Phase(s) to apply best practice:



Best Practice #5 – Technology

- Enterprise Performance Management solutions create visibility into financial and operational data to allow quick decision-making
 - Departments and business units can monitor budgets an ongoing basis & align with business objectives
 - Quicker response to business needs

Drive accountability through accessibility

Phase(s) to apply best practice:




Examples of how to use a EPM system as part of the budget process:



Budget Process Activity	CPM System Feature
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<ul style="list-style-type: none"> Planning & forecasting Financial & mgmt. reporting Financial consolidation Profitability Models LT Strategy 	<ul style="list-style-type: none"> Budgeting, rolling forecasts, historical tracking Customizable report books Inter-company and multi-currency Allocations, cost analysis by product/customer/service line Scorecards, dashboards, KPI's

Benefits of adopting these best practices

- Automation and reduction in errors
- Ownership and accountability brought back to the process
- Control over the information processes
- Faster and more reliable monthly closes and consolidations
- Better communication throughout the company
- Increased satisfaction from upper management with positive financial outcomes
- Detailed, advanced analysis in a user friendly end-to-end package
- Strategy alignment within departments and company as a whole

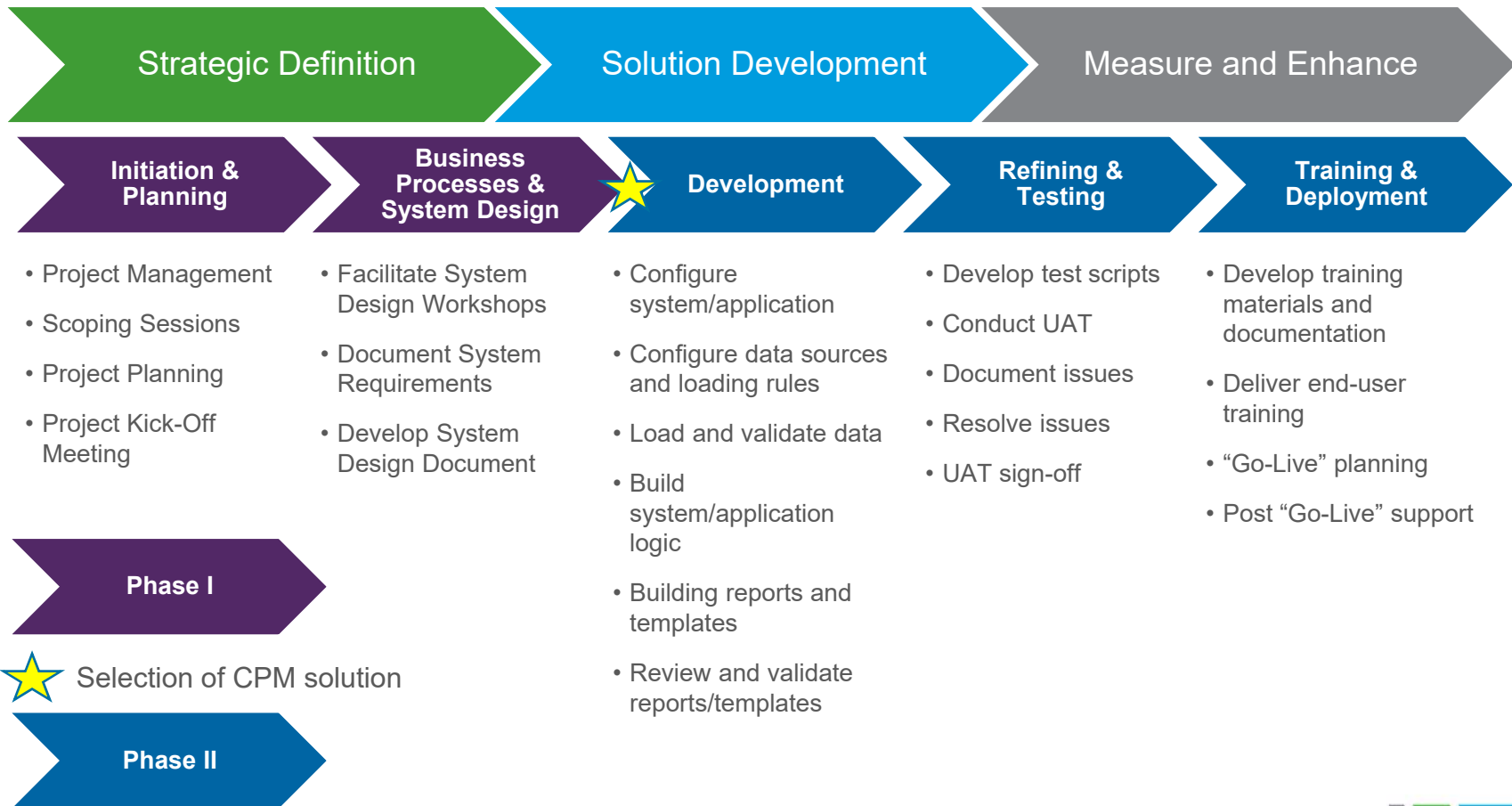


QUESTIONS AND ANSWERS

APPENDIX

Implementation Methodology

RSM's standard implementation methodology is presented below:



NFP Clients we've helped...

Reporting: Enhancing information through consistency

International Association

Business Need

Reporting across the finance organization was primarily a manual process and did not provide the appropriate information to management in a timely manner.

Manual intervention within the reporting processes caused control issues and resulted in inaccuracy of results.

Result

- Designed and implemented an enterprise reporting solution to optimize performance within the finance organization
- Provided real time financial visibility into department and project performance
- Improved operational reporting to support faster, more effective decision making

Improving Budgeting/Forecasting

Social Service Organization

Business Need

Budgeting, reporting, and consolidation processes were complicated and inefficient.

Information was sourced from a number of different locations across the globe and a significant amount of manual intervention and effort was involved in developing recurring reporting.

Result

- Developed a reporting process to improve close cycle and accuracy of information
- Decreased hours spent on the budgeting cycle by 50%
- Delivered a budgeting solution to analyze scenarios including possible grant additions, new projects, and country office openings, all while aligning forecasts with organization strategy.

Program Budgeting/Forecasting

Foundation

Business Need

Budgeting, forecasting and reporting actual was not done at the program level.

Many man hours were being spent post budget process assuring the budgeted and actual dollars for salaries, taxes and benefits were allocated to programs.

Result

- Consistent programmatic definition across the organization
- Enable programmatic reporting and budgeting
- Cross functional collaboration
- Provided a centralized location for all data, streamlining and integrating personnel figures with other elements related to the financial budget.



OTHER SERVICES OFFERED

Technology and Management Consulting

We offer a comprehensive scope of technology services, covering IT strategy, application and systems integration, infrastructure and outsourcing.



Business intelligence (BI)

RSM'S BUSINESS INTELLIGENCE (BI) SERVICES EMPOWERS ORGANIZATIONS TO TRULY LEVERAGE THEIR DATA TO FOSTER INNOVATION, DRIVE ORGANIZATIONAL EXCELLENCE AND CREATE MARKET ADVANTAGE

Traditional BI

- Focused data marts
- Enterprise analytic platforms
- Rapid Assessments ®
- Data/BI strategy
- Data governance
- Data quality assessments
- Reporting/analytics/dashboards
- Advanced analytics
- Big data
- Internet of things (IoT)

Specialty data services

- SQL Server optimization
- Data integration/migration
- DBA as a service
- BI support as a service
- Data analysis/forensic support
- Audit data support
- Tax data support
- RAS data support

Technologies



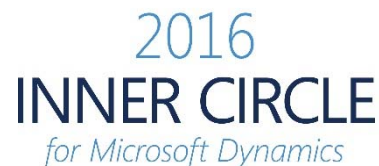
Enterprise resource planning (ERP)

IDENTIFY AND IMPLEMENT THE CORRECT ERP AND BUSINESS PROCESS SOFTWARE SOLUTIONS FOR YOUR BUSINESS NEEDS.

Our consultants go beyond implementing new software—we offer a broader business perspective to ensure your technology investment is wisely spent.

- Centralizing your organization's data
- Automating operational processes
- Streamlining complex reporting
- Integration with suppliers and customers

The objective is overall performance improvement so you can compete in today's local, national and global marketplace.



National strategic partners





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