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**NUCLEUS
RESEARCH**

**GUIDEBOOK
CONNECTED PLANNING
WITH ANAPLAN**

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THE BOTTOM LINE

Companies are increasingly challenged to make faster decisions and execute them across all pillars of operations. From sales and marketing to inventory, finance, supply chain, human resources, and operations, managers need access not just to timely data but to tools that enable them to understand that data and the potential impact of their decisions across the business. The Anaplan Connected Planning platform enables planners and managers to pull together data from disparate operational systems and applications and understand it in real time, breaking down disconnected budgeting and planning processes and enabling rapid data-driven change. Nucleus found that Anaplan customers adopting a connected planning strategy were able to drive faster decision making, increasing manager productivity while accelerating planning and reporting, reducing costs, and increasing flexibility.

THE SITUATION

The nature of planning has changed, from an annual or quarterly process to an ongoing effort by managers to optimize their business. Managers across marketing, sales, operations, human resources (HR), information technology (IT), and supply chain need rapid access to actual data so they can plan and pivot faster and more often, and finance needs to understand the immediate impact of those pivots on the bottom line.

The need for technology to support planning has changed as well. Historically, planning applications were used by a few in finance and planning, with line of business managers relying on spreadsheets to review their budgets and provide input. This resulted in a planning process that was inherently:

- Unproductive. Multiple revisions and slow planning cycles impacted the overall productivity of line of business managers and drove additional headcount in finance and planning departments.
- Slow. The time required to gather, assimilate, and analyze data from multiple operational systems meant dramatically slowed time to decision, and forced businesses to make decisions with imperfect or old data.
- Disconnected. Without timely access to data for decision making across interdependent processes, managers couldn't plan their operations effectively. This lack of connectivity also supported a culture where data wasn't transparently shared and was often open to debate.

Traditional planning tools have continued to have limited adoption because of these challenges. In late 2018, Nucleus analyzed the worldwide state of planning by analyzing

Nucleus ROI case study data and conducting in-depth interviews with 32 organizations who used spreadsheets and other tools to support their planning processes. Using this data to estimate the breakdown of employees by department involved in planning processes across specific departments (sales, marketing, finance, supply chain, human resources, IT, and operations), we applied the breakdowns to International Labor Organization (ILO) data on employees in managerial (planning) positions by region. Based on this analysis, we found approximately 72.1 million individuals were involved in planning worldwide. The majority of managers responsible for planning were still relying on spreadsheets or custom applications to support their efforts, with only a small percentage using packaged commercial applications.

More than 72 million workers are involved in planning worldwide, with the vast majority using spreadsheets.

At the same time, the term “Connected Planning” has gained ground as a new approach for planning, one in which real-time data is key and decision making is dynamic and interdependent. In connected planning, for example, marketing uses actual sales data to re-evaluate marketing funding allocations on an ongoing basis. To better understand the nature of connected planning and the benefits Anaplan customers are achieving from a connected planning approach, Nucleus conducted in-depth interviews with a number of Anaplan customers.

CONNECTED PLANNING

The concept of connected planning has grown as managers have sought to accelerate decision making using actual real-time data and focus on future planning rather than simply analyzing old data. Rather than trying to combine separate data siloes or create planning processes based on historical data, connected planning uses a single platform to share data so it can be accessed and analyzed by users across the business for both financial and operational planning. In conversations with Anaplan customers, Nucleus found that examples of connected planning included:

- Adjusting sales quotas on an ongoing basis and immediately understanding the impact of adjustments on sales, inventory, and compensation.

- Delivering financial reports within days after a quarter close and providing guidance within a week of annual close based on continuously updated operational and financial data.
- Managing a portfolio of projects based on real-time operational data from a variety of external sources and tying that data back to actual project costs to reallocate resources for accelerated outcomes.
- Using real-time data on professional services staff availability to optimize profitability when costing and bidding projects and hiring additional resources.

In short, connected planning accelerates a company's ability to gather, consolidate, and agree on data, allowing planners to focus instead on analyzing data, identifying risks and opportunities, and making decisions using more sophisticated what-if analyses and predictive techniques.

THE SOLUTION

The Anaplan Connected Planning platform enables planning and line-of-business managers to rapidly create plans, model scenarios, and build forecasts to increase the efficiency and accuracy of the planning process to reduce risk and costs. Main features of the solution include:

- Support for strategic and corporate plans, annual budgets, and forecasts, with driver and assumption-based plan capabilities, role-based views, and top-down and bottom-up views.
- Version and scenario modeling capabilities, including support for multiple versions and scenarios with centralized control and versioning, and support for complex multidimensional "what if" analyses.
- User-owned business rule creation with no coding, and drag-and-drop modification of hierarchy rollups, currencies, charts of accounts, and other business rules.
- Support for revenue planning and forecasting with more than 15 unique revenue models including support for multiple currencies, and CAPEX planning with multiple depreciation methods and payment plans.
- Personnel planning capabilities including planning at the group, role, or individual level; the ability to split, transfer, and adjust headcount across hierarchies; and automating key calculations related to benefits and salaries.

The functionality is delivered on Anaplan's cloud-based platform, which supports real-time scalable modeling and calculations through in-memory processing. In addition to the

standard templates and publishing features, users can access applications and templates from Anaplan's App Hub to manage planning of different processes across key business functions, including sales, marketing, HR, IT and operations, finance and budgeting, and supply chain. Nucleus found that customers were using Anaplan to support various planning and budgeting processes including:

- Sales performance, including incentive compensation, territory and quota planning, sales forecasting, account segmentation and scoring, and sales capacity planning.
- Financial performance, including financial budgeting, planning and forecasting, covering workforce, capital expenditures, operational expenses, revenue forecasting and profitability analysis, tax and treasury planning, financial consolidations and reporting, and long-range planning.
- Supply chain performance, including demand planning, supply planning, sales and operations planning, inventory, and merchandise optimization.
- Workforce plans and performance, including headcount planning, succession planning, and global compensation.
- Marketing performance, including trade promotion planning, pricing optimization, and marketing budget and resource management and attribution analysis.
- IT performance, including project budgeting.

WHY ANAPLAN

Nucleus found that, before adopting Anaplan, many customers were using a combination of traditional on-premise corporate performance management (CPM) applications, custom-built applications maintained by IT, and spreadsheets. These customers tended to face the same problems: a disconnected, time-consuming planning process that lacked both a single version of the truth and a consistent way to cascade down or roll up changes. Nucleus found that customers were attracted to the Anaplan platform for three main reasons: high usability, Anaplan's single-platform approach for enterprise-wide planning, and scalability.

USABILITY

Customers cited high usability as a key factor in choosing Anaplan. An intuitive user interface that required minimal training to use, as well as the ability to make changes without the need for consultants or IT intervention, enabled managers to rapidly learn to use Anaplan and create new models based on business needs. Customers said:

- *“With our business it was as simple as being able to do a reorganization – with a constantly evolving business, things are changing, and having flexibility in the tool enables us to adapt quickly instead of bringing in consultants to restructure things.”*
- *“It had high usability for analysts. We can build our own reports; we don’t have to rely on other groups to get something up and running quickly.”*

A SINGLE PLATFORM

At a high level, Anaplan’s single-platform approach is about providing a single application layer with common and consistent data that can be used for planning across all pillars of the business. Operationally, the single-platform approach enables companies to use a common approach for modeling and planning across all areas of the business, building reusable models and components that accelerate the plan-building process while ensuring consistency. Nucleus found this approach, as opposed to traditional planning tools that were developed and used on a divisional or departmental basis, was critical to a connected planning strategy. Anaplan’s investments in AppHub, including pre-built templates and apps that users can access and adapt to meet their needs, were also compelling. Users said:

- *“We now have a solution that everyone can use. Everyone is making decisions off of the same data, and we’re defining things once.”*
- *“With our old tools, so many people had touched it it wasn’t scalable and wouldn’t adapt to our needs. With Anaplan we structure the models once and we can be more strategic instead of in the weeds of our models.”*
- *“We look at Hub for different templates of specific models and use those for ideas as to how we can best use Anaplan’s capabilities.”*

SCALABILITY

Nucleus also found that companies seeking to manage connected planning with multiple source data systems and multiple groups of users found Anaplan’s scalability to be critical to their needs, particularly compared with other applications and systems that were not architected for broad connected planning processes. Customers said:

- *“We outgrew our former solution – multiple users were stepping on each other trying to run calculations. Anaplan gives us a real cloud solution with dynamic calculations.”*
- *“We had [a legacy on-premise application] but we were looking for something more dynamic, it wasn’t up to the database level that could handle this.”*

KEY BENEFIT AREAS

Nucleus found that the key benefits customers achieved from Anaplan Connected Planning included increased productivity and visibility, accelerated time to insight, improved budgeting, and reduced risk.

Finance and planning staff increased productivity by an average of 30 percent using Anaplan.

INCREASED PRODUCTIVITY

Nucleus found increased productivity, both for line of business managers and those in finance and planning roles, was a common benefit for Anaplan customers. Productivity gains fell into two main categories: increased productivity for finance and planning staff, and increased productivity for managers involved in the planning process. Customers said:

- *“Now that we have a financial model everyone can use, we can extract more value per person. We had two analysts and created Anaplan as our third – we have a lean team with a more sustainable solution without an additional person instead of managing spreadsheets.”*
- *“We’re growing year on year. Without Anaplan we’d have another three to four headcount but now we’re able to do more.”*
- *“Something that took us five to seven hours in the past to pull data on we can now see immediately, and, if we make a change, we can see the outcome.”*

Productivity gains for managers ranged from 2.5 to 10 percent.

Nucleus found that the average increase in productivity for finance and planning staff was 30 percent, with some organizations achieving even greater savings. These savings often

resulted in the ability to grow without a commensurate increase in staff and enable users to focus on more value-added analysis rather than data gathering and validation.

For business managers, productivity gains varied widely, with most managers noting they were able to gain visibility into the impact of their decisions and perform “what-if” analyses that simply weren’t possible before Anaplan. Nucleus found that productivity gains for managers ranged from 2.5 to 10 percent, with additional time savings for managers moving from a time-intensive annual budgeting and planning process.

INCREASED VISIBILITY

Increased visibility for decision making was a key benefit experienced by both line of business managers and finance and planning users. Key features, including top-down and bottom-up views and the ability to perform scenario analysis, gave managers greater visibility into data for faster, more confident decision making. Users said:

- *“The method we’re using to forecast isn’t that different, but the inputs are vastly different. Before we would ask business managers to enter their subjective forecasts. Today we get directly from source applications and an algorithm does the forecast. We can more quickly parse the data and have the discussion of challenging assumptions instead of compiling and calculating.”*
- *“We’re doing things today that we could never have done in the old environment. We have more than 2000 sales people and track seven metrics – there’s no way we could do that and it would be impossible to do in spreadsheets.”*

ACCELERATED TIME TO INSIGHT

Faster time to insight was another common theme among Anaplan Connected Planning users. Users talked about the changing nature of meetings, and how they were more effective because everyone had the same data and could look at it together. Users said:

- *“Our conversations are much more strategic, because we’re talking about the analysis and scenarios instead of the data.”*
- *“Meetings are still happening; it’s always easier to talk through things in person. In Anaplan we’re able to click around and look at different things on the fly that you can’t do with other tools. We don’t necessarily have fewer meetings, but more valuable meetings.”*
- *“Anaplan gives us real-time information, and the ability to see immediately, if we pull a lever, if it will really have the result we intended.”*

IMPROVED BUDGETING AND REDUCED RISK

Nucleus also found that organizations were able to accelerate and reduce the number of revisions in their budgeting processes. Using Anaplan, they moved to a more fluid and ongoing approach to managing budgets by providing business users with ongoing up-to-date views of their budgets' inputs and outputs.

Overall risk was reduced by enabling managers to rapidly see how immediate decisions would impact overall budgets and reduce the possibility of unexpected cost overruns. Users said:

- *"We're bringing marketing budgeting together with revenue projections so finance will understand how campaigns will impact profit and loss and everyone's talking the same language."*
- *"Before we were all over the place. Now we can forecast accurately – one quarter out we're within 1 to 1.5 percent."*

Anaplan users can reduce audit time by 20 to 30 percent.

Nucleus also found that because of the nature of connected planning, those responsible for managing audit processes were able to dramatically reduce the time devoted to audits. They were also able to more rapidly expose data to reviewers and auditors to accelerate audits and reduce overall audit costs. Although the impact on audit burdens varied based on the type of business, regulatory requirements, and planning processes supported by Anaplan, companies were able to typically reduce their overall audit time by 20 to 30 percent, with some experiencing greater savings.

BEST PRACTICES

Nucleus found that Anaplan customers who were most successful with a connected planning strategy followed a number of common best practices: defining data and processes upfront, taking a phased approach, leveraging Anaplan platform resources, enabling executive sponsors, and addressing the human factors associated with changing the processes and norms for sharing data.

CLARIFY DATA DEFINITIONS AND PROCESSES

A common theme found among Anaplan customers who had been successful with their deployments was that they worked to have a common definition of data and clearly-defined processes at the organizational level to ensure that planning could be rolled out scalably as connected planning was adopted across the business.

TAKE A PHASED APPROACH

Nucleus found that most Anaplan customers took a phased approach to rolling out connected planning, starting in key areas such as sales or marketing and then extending to other parts of the enterprise. This enabled them to take advantage of the knowledge and skills gained from the first modeling efforts and accelerate time to value as their use of connected planning was extended.

LEVERAGE PLATFORM RESOURCES

Nucleus also found that customers who were able to take advantage of the reusable nature of modeling components as well as the prebuilt models, templates, and resources on AppHub were able to gain insight into best practices that accelerated their modeling efforts and, ultimately, time to value. Nucleus also found that customers were able to accelerate time to value by leveraging Anaplan community resources and training as well as Anaplan's Master Planner program.

ENABLE AN EXECUTIVE SPONSOR

All technology projects benefit from executive sponsorship. However, Nucleus found that Anaplan customers were most successful when they did more than just name an executive sponsor. Companies were most successful when they provided that sponsor with the tools and data to show the value of connected planning on an ongoing basis. In particular, customers found that establishing a connected planning roadmap with milestones for value, often supported by the Anaplan Accelerate team, helped the sponsor to drive broader adoption of, and clear outcomes from, connected planning.

ADDRESS THE HUMAN FACTORS

Nucleus also found that organizations moving from a separated annual or quarterly planning process to connected planning also needed to address the human factors associated with sharing data and having greater accountability for outcomes. In connected planning, for example, the onus is on sales to get forecasts right, and on marketing to show the downstream impact on their investments. Although this is great for the business, greater

visibility into previously siloed (and self-reported) data can make planners nervous. This makes executive sponsorship, and a defined effort to market the positive results of connected planning-driven decisions, such as reduced costs or risks avoided, all the more important.

CONCLUSION

Business managers are increasingly challenged to make data-driven decisions based on multiple, interrelated, ever-changing data sources. The connected planning approach modernizes the planning process by leveraging a common platform and modeling approach. This enables not just better planning, but scenario analyses and ongoing decisions making based on actual (not historical or estimated) operational and financial data.

In examining the experiences of Anaplan customers, Nucleus found that they were able to leverage the Anaplan Connected Planning platform to dramatically reduce the time and effort spent gathering and validating data from multiple systems and focus instead on collaborative business planning. This resulted in not just increases in productivity for planners and business managers, but increased visibility, accelerated time to insight, and more data-driven decision making that reduced costs and mitigated risk.



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