Session Agenda

Introduction – Tony Wright

Active Planning Overviews:

    Mark Powers, Polaris

    Dr. KN Swamy, The Doe Run Company

Discussion/Q&A
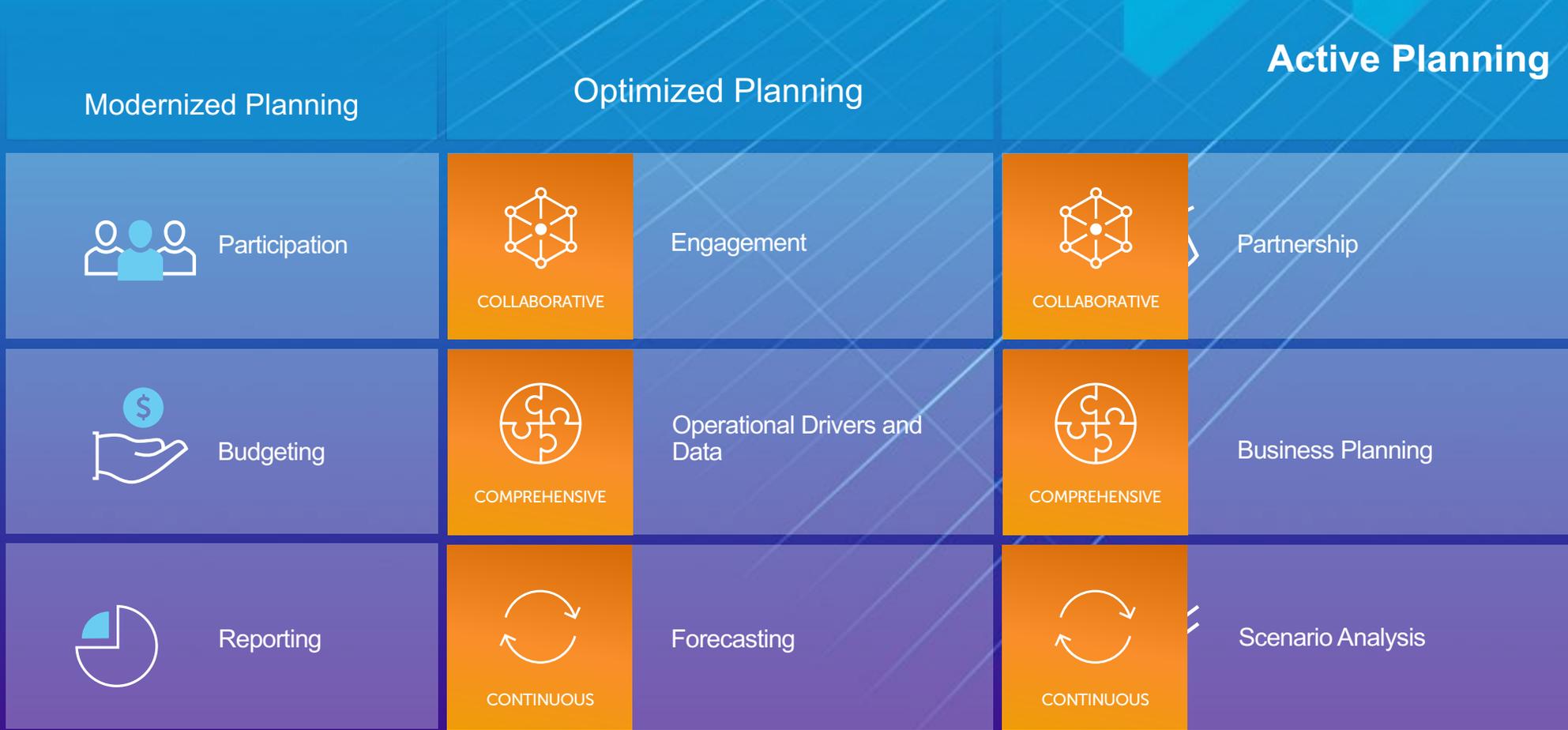
Our Panelists

Mark Powers
Director of Finance

Dr. KN Swamy
Manager, Corporate FP&A

Journey, Outcomes and Discussion

Based in St. Louis, MO ; privately held

Natural resources company

Metals mining, smelting, recycling and fabrication

CHALLENGES

- Using spreadsheets → broken links, manual, efficient use of time, tracking changes, overrides
- Lack of clear visibility into division expenses
- Limited time for strategic discussion, analysis and forecasting
- Resulted in longer budget cycles and prevented quicker responsiveness to business climate changes

SOLUTION

- Decentralized financial planning and forecasting at the divisions, each using unique business drivers and metrics
- Consolidation of the Plan/Forecast from the separate divisions at the corporate level
- Multi-instance planning was a key requirement
- Multiple version management with audit trail
- Drag and Drop user friendly reporting
- Enterprise tool that allows 300 or more people to actively collaborate on the Plan/Forecast

BENEFITS

- Previously, each of annual budget version took a minimum of 36 hours to consolidate. Now it takes about 30 minutes and a few clicks of a button.
- Better use of time towards added value tasks
- Reduced turnaround time provides better management insight and time for decision making
- More time for strategic discussion, analysis and forecasting
- Increased capacity to manage a lot of what-if scenarios to drive Active Planning

A Deeper Look - Benefits Achieved

- **Decentralized Planning**
  - Multi-instance deployment of Adaptive allowed the decentralization of unique/different business models for each division while still allowing us to consolidate the financial numbers at the corporate instance

- **Complex Standard cost calculations of WIP and Finished goods completely automated**
  - Division controllers don't have to spend three days building out standard costs anymore.
  - Any changes in the expense automatically adjusts the standard cost

- **Significant Time Savings**
  - Management reporting slides generated automatically using Adaptive reports
  - Financial Analysts and Division controllers have realized huge time reductions in managing plans and forecasts, and now have more time to focus on financial analysis.
  - Track current and older lease liabilities in a single (modeled) sheet in Adaptive, replacing a complex 25 tab spreadsheet

- **New Insights have been enabled**
  - Sales details by customer and product imported to Adaptive that enabled tracking of margins by customer and product
  - Department managers have much higher visibility on their expenses using Transaction Drill and are able to respond more quickly to any cost overruns

- **Management decisions can now easily be converted into realistic execution plans**
  - Forecasting is now an Active process with collaboration across the organization

Plan Go Forward

1 Help project managers better forecast their capital spend schedule through reports on historical capital spend

2 Revamp the Treasury Daily Cash tracking using the new time-granularity capabilities available in Adaptive 2017.2

3 Reduce the effort in Daily Sales Forecast with the new time-granularity capabilities available in Adaptive 2017.2

POLARIS®

CHALLENGES

- Cumbersome, complicated business process for Raw Materials COGS: 15 Access databases and 30+ Excel files for budgeting/forecasting/reporting
- No easy way to consolidate information
- Processes not scalable as business grows and diversifies
- Difficulty maintaining version control
- "Black box" perception for financial information

SOLUTION REQUIREMENTS

- Single Source of Truth for budgets/forecasts/actuals
- Integrate multiple sources of inputs/drivers with immediate calculation of impact
- Flexible tool as business needs change
- Multiple version management with audit trail

BENEFITS

- Created Single Source of Truth
- Pull vs. Push reporting model
- Easier consolidation of results
- Reduced turnaround time for quick-turn requests and rapid scenario analysis
- Ability to cut data across multiple dimensions without reworking templates or source data formats
- Ability to clearly explain calculations to Purchasing & Engineering customers
- "Adaptive" tool: ability to re-build model we drive continuous improvement along with our customers

Deeper Look - Benefits Achieved

Single Source of Truth

- Eliminated reliance on 15 Access databases and 30 Excel files to build up forecasts and budgets
- All budget/forecast drivers located in one tool
- Ability to cut data across multiple dimensions in same tool
- Have anchor points – like the movie *Inception*

Easier Consolidation of Results

- Budget & Forecast scenarios located in one tool rather than building comparison files in Excel
- Ability to drill up and down Product Line hierarchy rather than needing to create custom combinations
- Create ad hoc and standard reports for month-end and preliminary forecast "flash" results

Rapid Scenario Analysis – Two Real Life Examples

- Significant production volume change right before Budget due – turn analysis in <1 hour
- Product Line elimination – Run concurrent budget scenario in "hidden" status
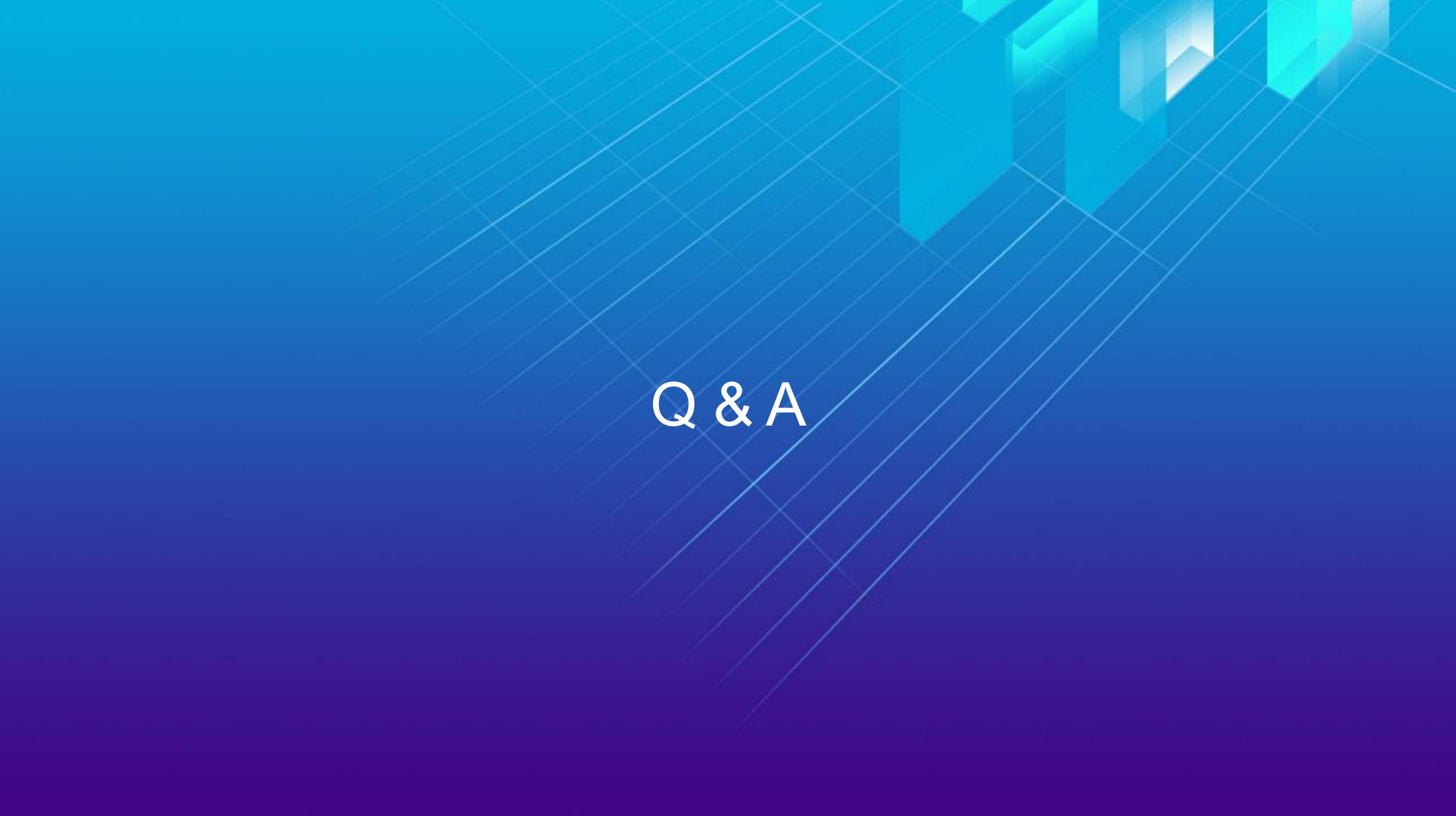
Clearly Explain Calculations

- Three main drivers: BOM structure changes, price changes, production volume
- Thread relationship of these drivers through model utilizing Explore Cell functionality

Plan Go Forward

1 Re-tooling the model to gain <u>additional efficiencies</u> and add <u>Logistics</u> function

2 Incorporate <u>fully burdened Standard Cost</u>

3 Implement OfficeConnect for monthly/quarterly reporting packages and variance analysis

4 Extend to Global Operations FP&A <u>Consolidation</u>

5 Incorporate <u>5-year Long Range Plan</u>

Q & A