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Netzwerk Dialog

Planning Excellence

Trends & Insights

Netzwerk Dialog | May 5th ,2021

MAKING AN IMPACT THAT MATTERS since 1845

Agenda

Topic	Person responsible		Timing
Welcome and introduction	Prof. Dr. Ralf Dillerup *Hochschule Heilbronn, Netzwerk-Dialog*		2:00 p.m. – 2:10 p.m.
Planning Excellence – Trends in Planning, Budgeting and Forecasting	Tobias Witzemann *Director, Deloitte, Stuttgart*		2:10 p.m. – 2:20 p.m.
Deep Dive #1: Scenario Planning	Dr. Florian Klein *Director, Deloitte, Frankfurt*		2:20 p.m. – 2:40 p.m.
Deep Dive #2: State of the Art Planning Tools	Jan Ahlers Senior Manager, Deloitte, Hamburg		2:40 p.m. – 3:00 p.m.
Deep Dive #3: Predictive Planning	Tobias Flath *Director, Deloitte, München*		3:00 p.m. – 3:20 p.m.
Panel discussion and audience discussion	Speakers: J. Ahlers, T. Flath, F. Klein, T. Witzemann Moderation: R. Dillerup		3:20 p.m. – 3:55 p.m.
Summary and conclusion	Prof. Dr. Ralf Dillerup *Hochschule Heilbronn, Netzwerk-Dialog*		3:55 p.m. – 4:00 p.m.

Welcome and introduction

Prof. Dr. Ralf Dillerup
Hochschule Heilbronn, Netzwerk-Dialog

Tobias Witzemann
Director, Deloitte, Stuttgart

Dr. Florian Klein
Director, Deloitte, Frankfurt

Jan Ahlers
Senior Manager, Deloitte, Hamburg

Tobias Flath
Director, Deloitte, München

Participants

	Name		Firma
1	Ahlers	Jan	Jan Ahlers, Senior Manager, Deloitte, Hamburg
2	Bauer	Hans	Berater, Bad Mergentheim
3	Berg	Erika	
4	Blanke	Hermann	Steinbeis Transferzentrum Oldenburger Münsterland
5	Brim	Ali	Dieffenbacher GMBH Maschinen- und Anlagenbau
6	Dillerup	Ralf	Hochschule Heilbronn, Netzwerk-Dialog
7	Flath	Tobias	Deloitte München
8	Friedl	Fabian	
9	Gishieva	Aizana	
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11	Harmanci	Kamile Dilan	
12	Hehl	Cherilyn	
13	Heiling	Marcel	
14	Huber	Janis	
15	Karabulut	Haris Efdal	
16	Klein	Florian	Founder and Director of the Center for the Long View, Frankfurt
17	Krist	Nadine	WITTENSTEIN SE
18	Miehle	Madeleine	
19	Mugler	Nils	Arnold Umformtechnik GmbH & Co. KG
20	Müller	Christoph	OPTIMA packaging group GmbH
21	Pfeil	Gottfired	Bechtle AG
22	Schacht	Simon	Deloitte Stuttgart
23	Schaffitzel	Tobias	OPTIMA packaging group GmbH
24	Schöllig	Luisa	
25	Sparkling	Derek	A. Würth GmBH & Co KG
26	Streng	Iris	BTI Befestigungstechnik GmbH & Co. KG
27	Von Reitzenstein	Johannes	
28	Wagner	Jessica	
29	Wild	Leah	
30	Witzemann	Tobias	Deloitte Stuttgart

Leben wir in einer VUCA-Welt?

Volatility/ Volatilität – Flüchtigkeit

- Geschwindigkeit, Umfang und Dynamik von Veränderungen werden größer
- Schwankungsbreiten nehmen zu
- Wandel ist Katalysatoren für radikale Veränderung

Complexity / Komplexität – Vernetzheit

- Systeme sind dynamisch und bestehen aus vielen Teilen. Ebenen vermischen sich und Zusammenhänge werden unübersichtlicher.
- Widersprüchlichkeiten, Zeitverzögerungen, etc. erschweren das Problemverständis
- Mehr Handlungsoptionen machen Entscheidungen schwieriger

Uncertainty / Unsicherheit – Vorhersehbarkeit

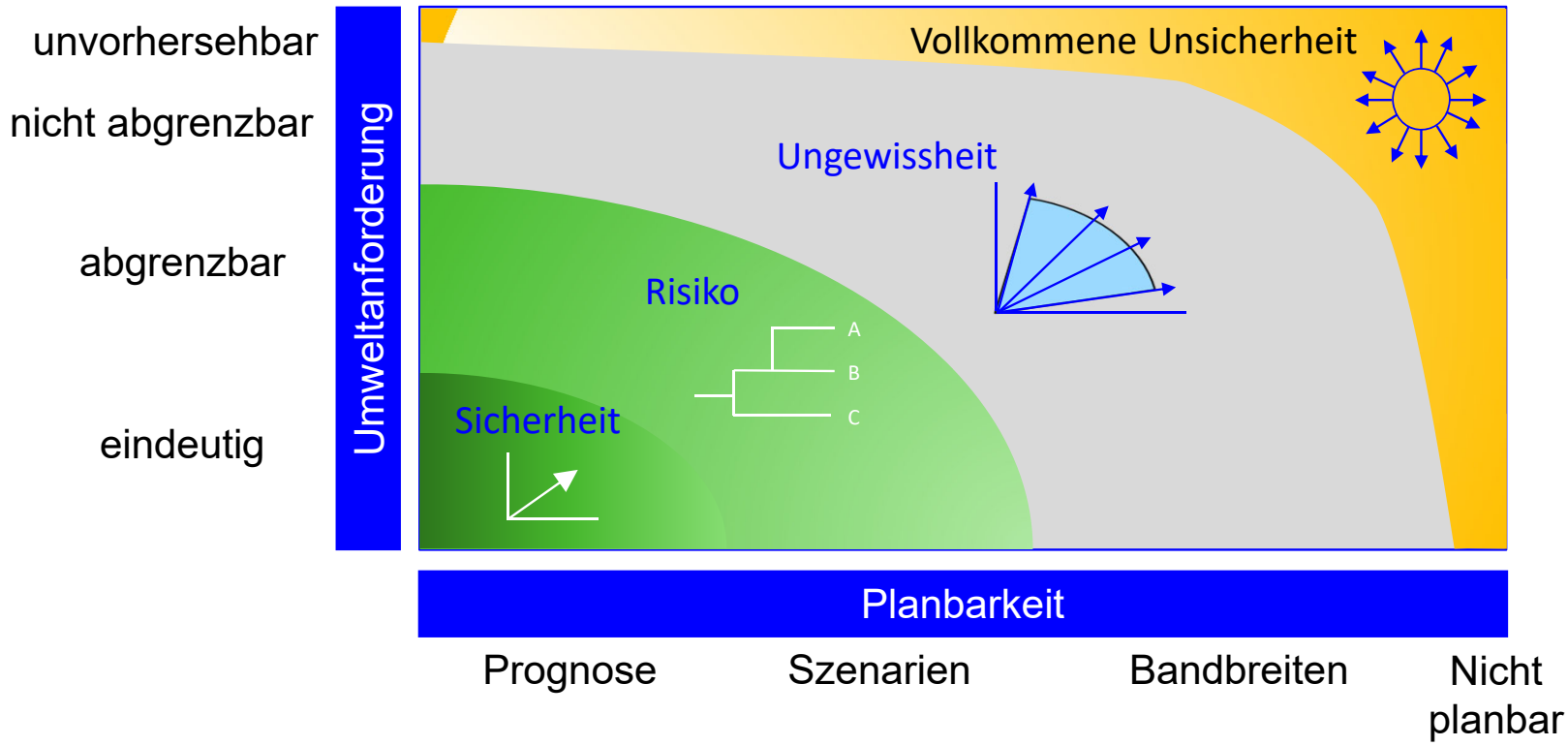
- Vorhersehbarkeit schwindet, Neues entsteht, z.T. überraschend
- Berechenbarkeit von Ereignissen nimmt ab, Konsequenzen werden schwer kalkulierbar
- Prognosen und Erfahrungen aus der Vergangenheit verlieren Gültigkeit und Relevanz für die Zukunft

Ambiguity / Mehrdeutigkeit – Kausalitäten

- Einfache Ursache-Wirkungszusammenhänge bzw. Eindeutigkeiten schwinden
- Informationen bedürfen Interpretation, die Realität ist schwer unverständlich und planbar
- Entscheidungen fordern Mut zum Risiko, selten ist etwas eindeutig bestimmbar

Oliver Mack, Anshuman Khare [u. a.] (Hrsg.): Managing in a VUCA World. Heidelberg/New York 2016

Unsicherheit der Unternehmensumwelt



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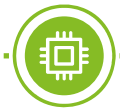
Challenges in planning

New, digital as well as crisis challenges arise besides traditional evergreens

Traditional

- Rigid outcomes
- Limited accuracy
- Sandbagging
- Time & resource consuming



Digital

- Increased speed of change
- Agile organizations
- High amount of external data
- Cultural change

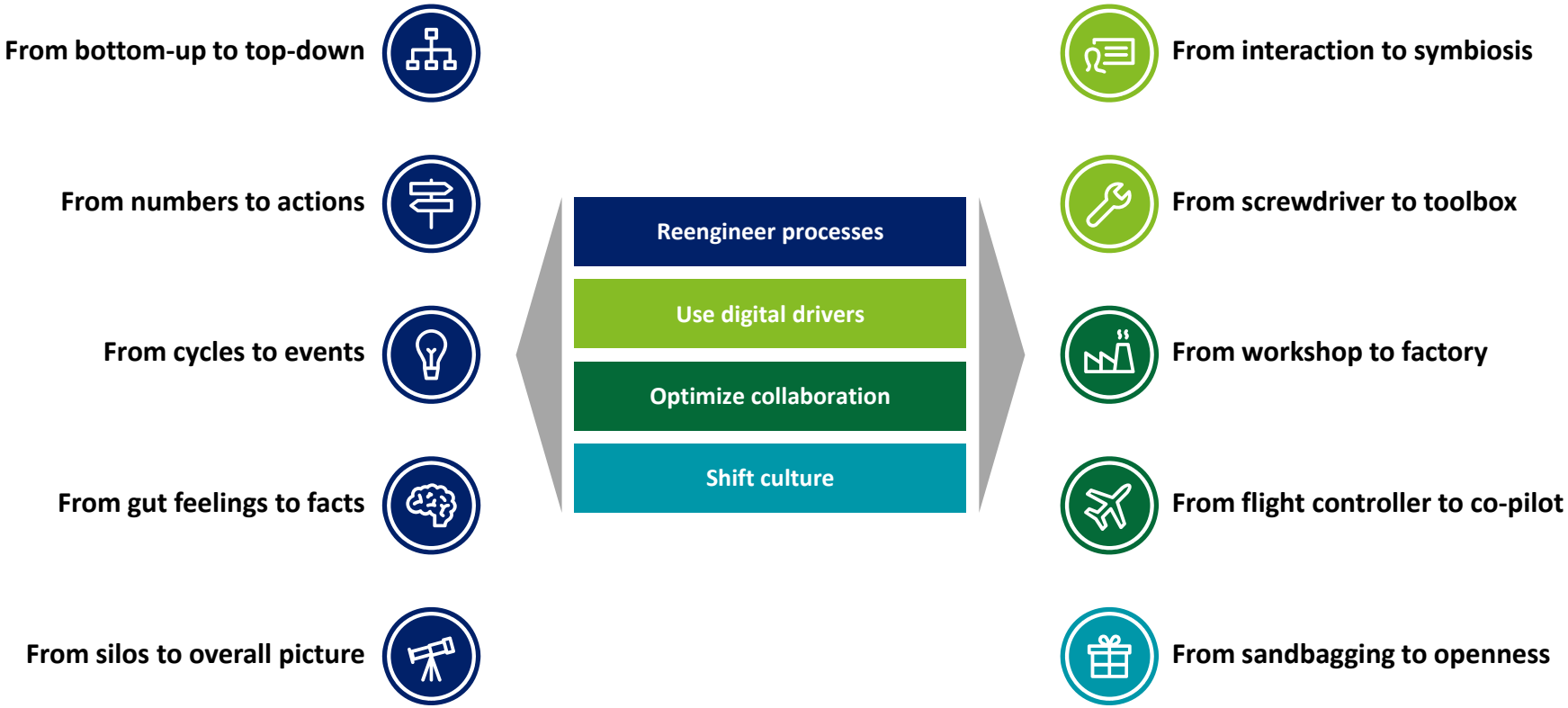
Crisis

- Outdated strategies & targets
- Unreliable reference values
- Missing acceptance of budgets
- Lacking what-if insights

Source: Deloitte analysis and market observations

Trends in planning

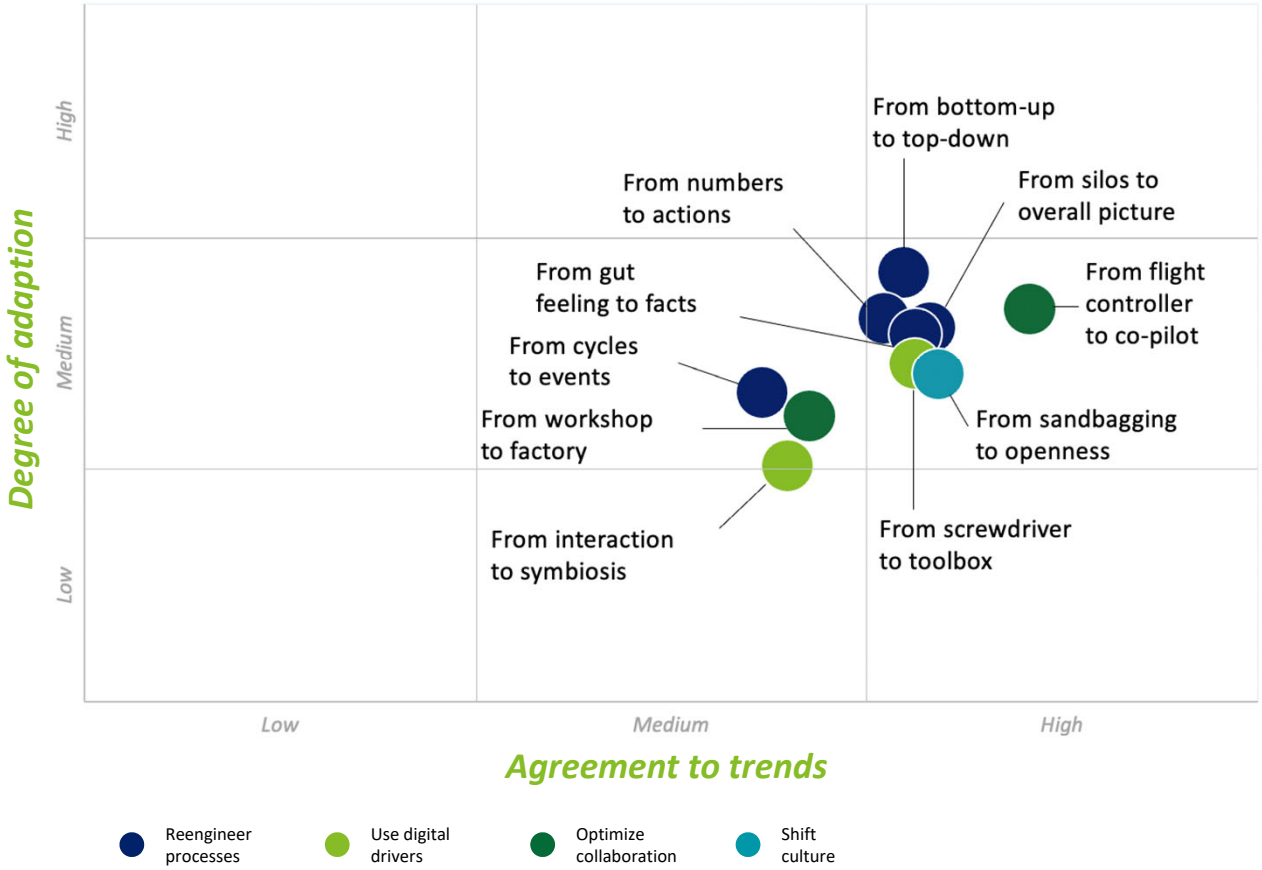
Ten trends are identified to unlock the full potential of planning



Color-code indicates that the trend is mainly (but not exclusively) driven by a certain improvement lever

Trends in planning

Experts strongly agree with the ten trends, but a significant implementation gap exists



87% rate
scenario planning very high

72% plan
to professionalize their **IT solution**

Only **4%** use **Analytics & AI,**
46% will follow

[Selected highlights]

Source: Dillerup/ Witzemann/ Schröckhaas (2019): Zehn Trends der Unternehmensplanung, in: Controlling & Management Review (CMR)

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Decision-makers face formidable challenges

Taking the long view has never been harder

We have to make the **best possible** judgement calls every day…

…while the world around us is unruly…

Volatility — Increasing volatility of business environments

Uncertainty — Interconnectedness and unpredictability of influencing factors yield uncertainty in decision-making

Complexity — Excess information, problem of trustworthiness of information sources and unpredictable political development

Ambiguity — Ambiguous interpretations of available information leading to possibly wrong assumptions

… under the constraints of bounded rationality

Cognitive bias — Traditional decision-making based on inside perspective, neglecting external drivers

Static thinking — Inflexibility of thinking with regards to decisions once taken

FROM
precarious uncertainty

TO
robust yet flexible strategic options

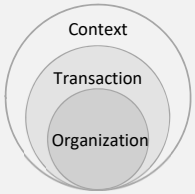
WHILE
ensuring strategic validity

Our purpose

We support executives to take optimally informed and reflected decisions, and to keep them valid over time

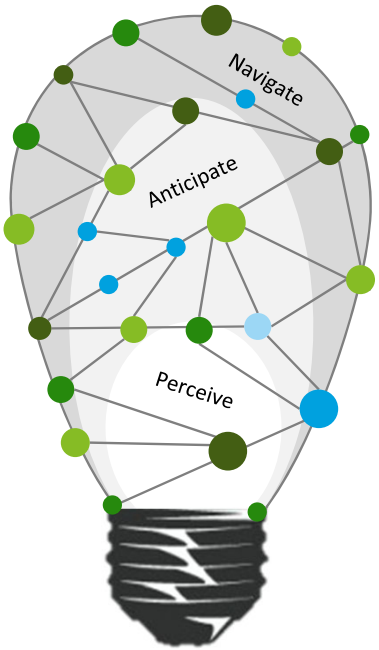
Think outside in …

Enable clients to review their current situation from an outside in perspective



Embrace uncertainty …

Consider and understand relevant driving forces to be prepared for the future



Zoom-out / Zoom-in …

Change perspectives to dynamically improve the clients' strategic options

Combine objectivity with intuition …

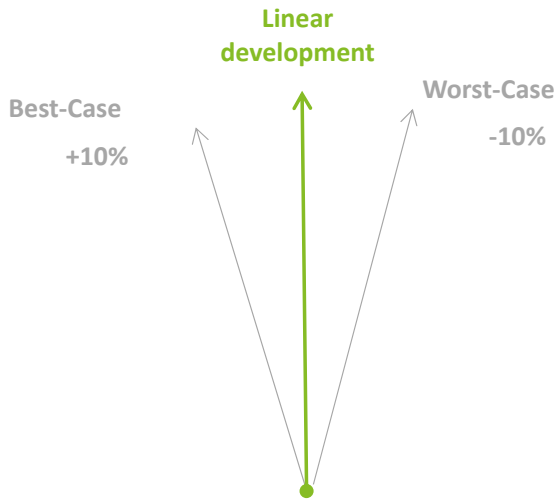
Be ahead by combining latest AI tools with best in class scenario practitioners

Dynamic Strategy Approach

Predicting the future is impossible

Anticipating plausible scenarios is more robust than traditional forecasts

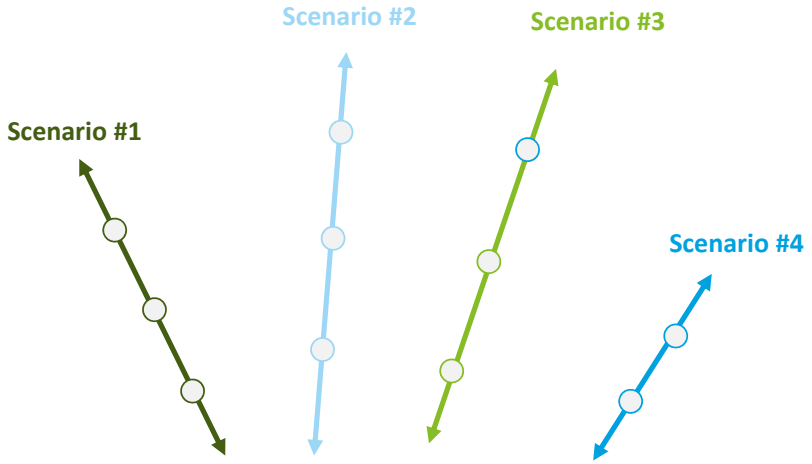
Forecast mindset



Knowns

Conventional approaches to planning yield conventional and often **unsurprising answers** …

Scenario thinking



Knowns & Uncertainties

…whereas scenario planning **challenges assumptions** and provides organizations with more options to make **better decisions**

The dynamic strategy approach

We combine scenario-based strategic thinking with cutting-edge Artificial Intelligence

Dynamic Strategy Approach

Perceive

Understand your market and competitors

Anticipate

Build a future-proof strategy based on scenarios

Navigate

Keep your strategy up to date

Activate

Ensure consistent and holistic implementation of strategic actions

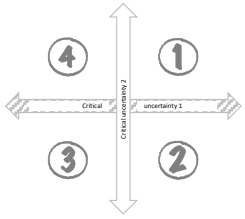
1 Sensing

Identify and prioritize driving forces using AI tool

Deep View

2 Modeling

Develop scenario model & strategic implications



3 Future-Proofing

Wind tunnel existing strategies & develop actionable strategies

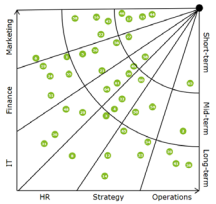
4 Monitoring

Monitor and adjust strategy supported by AI-based tool

Gnosis.strategy

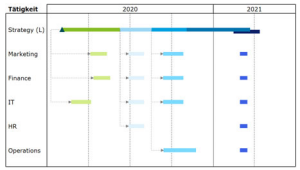
5 Transforming

Prioritize and transform strategic options using AI input



6 Embedding

Implement strategic options through an implementation roadmap



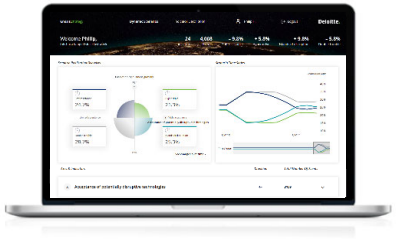
Step three: Navigate

Scenarios can inform and structure strategic decisions, but they do not predict the future. Hence, monitoring is critically important

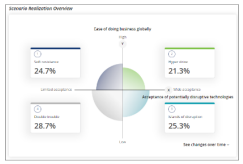
MONITORING future scenario

Gnosis.strategy

Gnosis.strategy is a web-based decision support tool, which combines AI with scenario methodology and makes (un-) structured data[1] usable



Future direction



Monitor & interpret

Monitoring scenario realization over time to identify and evaluate resulting strategic needs for action

Market intelligence

Comprehend & inform

Tracing business environment changes back to events, analyzing trends, or assessing competitors

Indicator management

Identify & validate

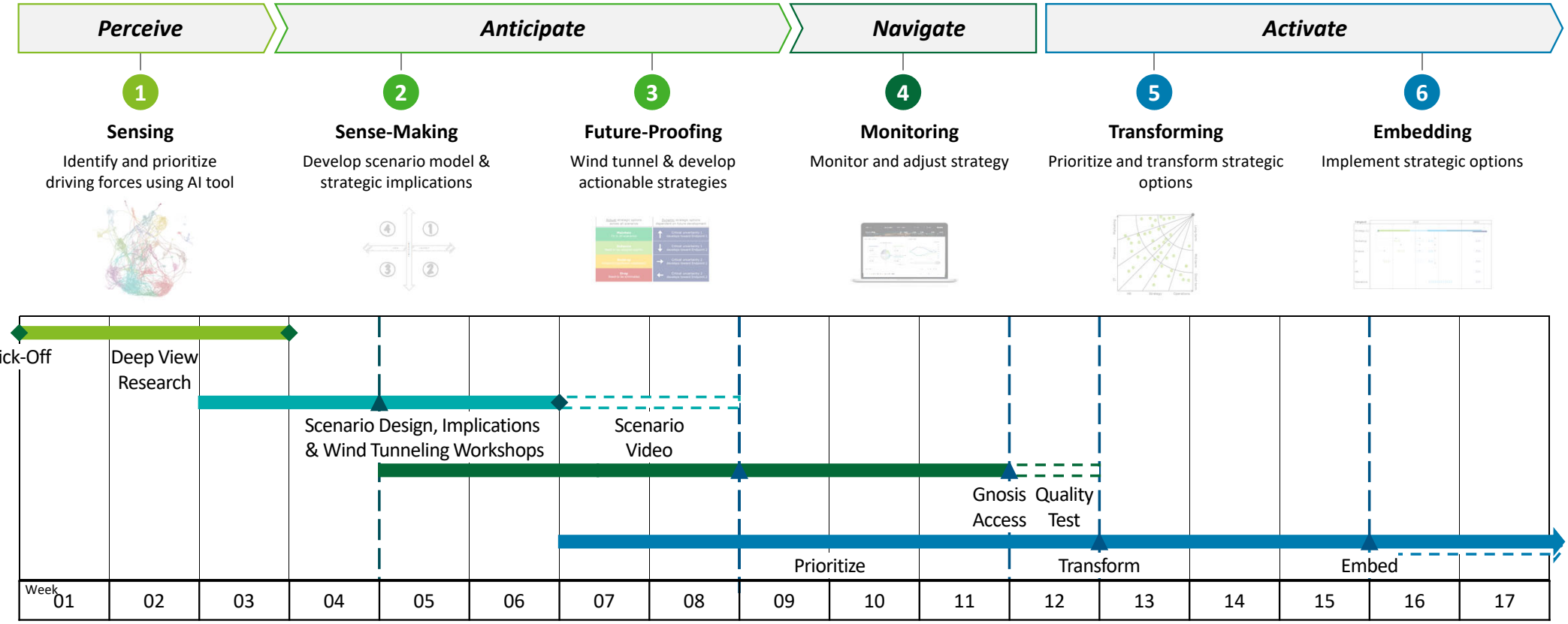
Ensuring indicator exhaustiveness and validity over time by actively managing monitored indicators

- **Clear and structured** understanding of the future business environment
- **Real-time and continuous** validation of decisions and information
- **Efficient** decision-making with pre-structured and interpreted data
- **Long-term** scenario thinking and near-term data analyses
- **Reduced** cognitive **bias** based on reliable data sources

1) Data sources include inter alia news, blogs, journals, social media, patents, investment data, etc.

Dynamic strategy: Fast, robust, efficient

We use digital tools to speed up strategizing, and to maximize the effectiveness of workshops



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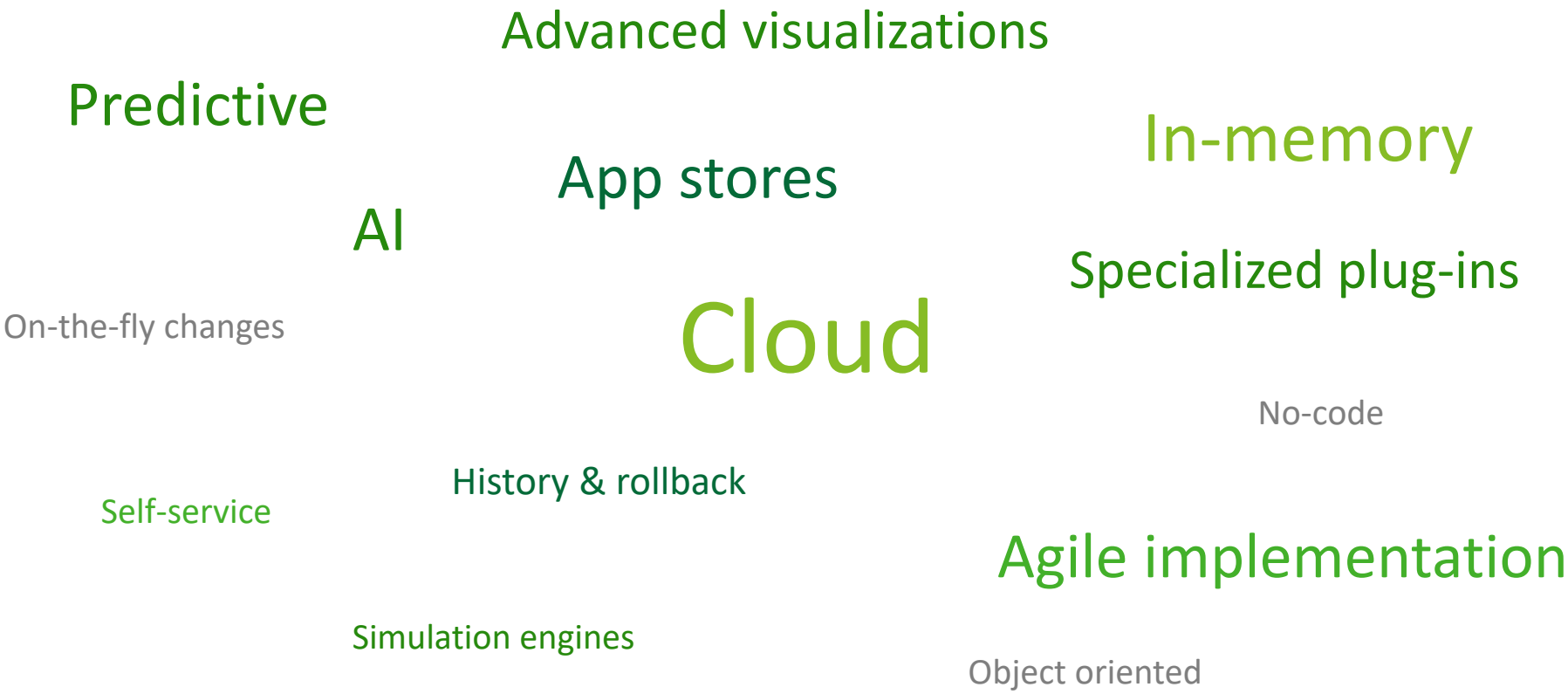
Planning tool trends

Variety of emerging functionalities, technologies and approaches require new, system-based planning solutions



Vendor overview

Gartner quadrant depicts current relevant vendors on the market

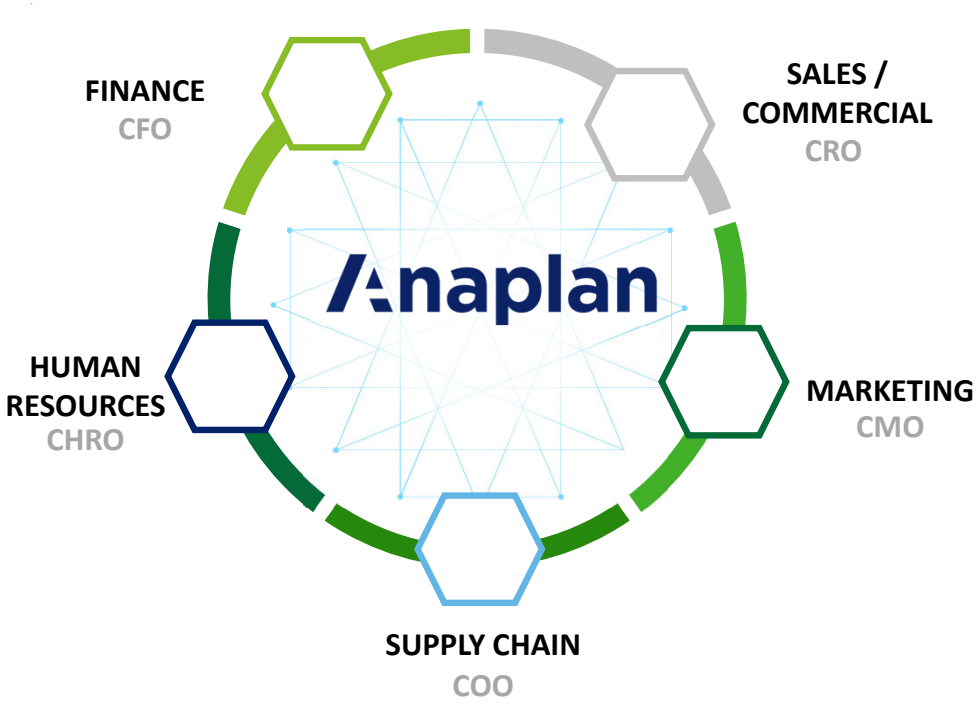
- Market for planning tools displays **high level of fragmentation**
- **Big Three** (SAP, Oracle, IBM) vs. small, agile, innovative **challengers**
- Competitive landscape drives **high degree of innovation**...
- ...but also leads to **shortage of skills** for particular tools
- **Focused tools** (FP&A, SCM etc.), **plug ins/ point solutions**...
- ...vs. **versatile planning platforms**
- S4 HANA integration is top of mind for many, but general **trend to look beyond SAP planning portfolio**
- "Cloud age" has brought back **Best of breed** strategy

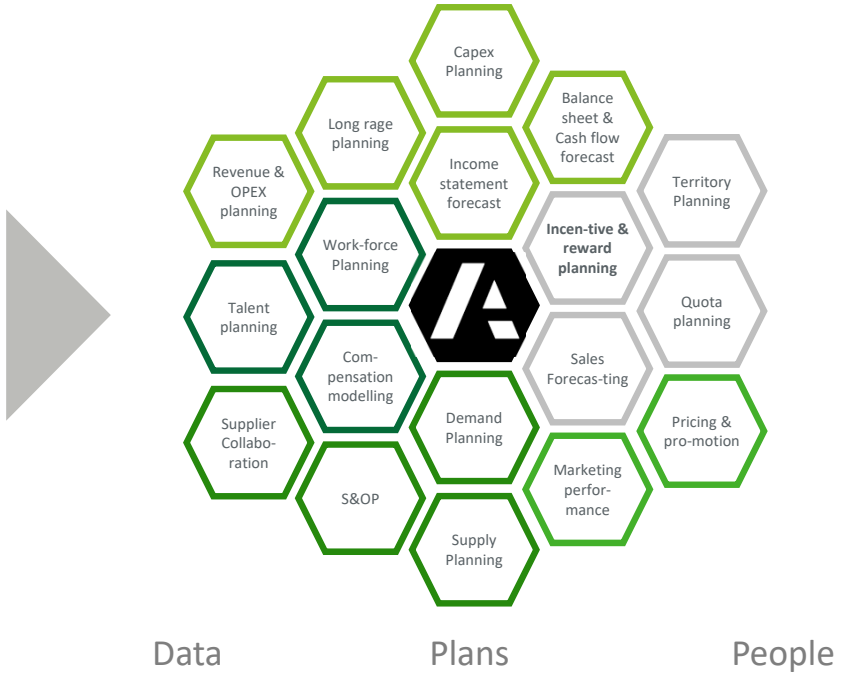
Gartner Magic Quadrant 2020 for Cloud Financial Planning and Analysis Solutions

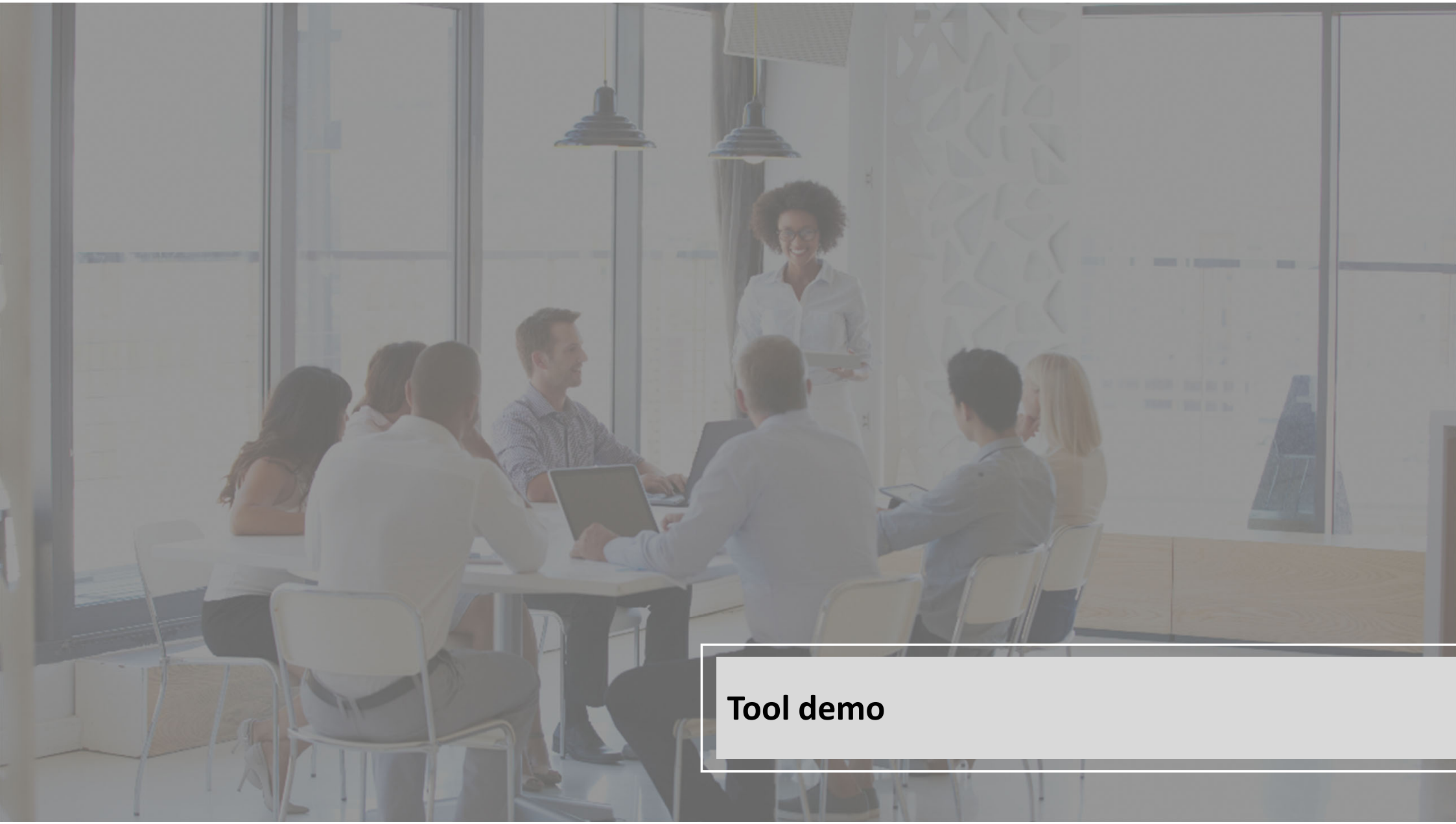
Source: Gartner (August 2020)

Tool demo

The Anaplan platform creates the foundation for connected planning across functional boundaries through its flexibility, versatility and excellent integrability







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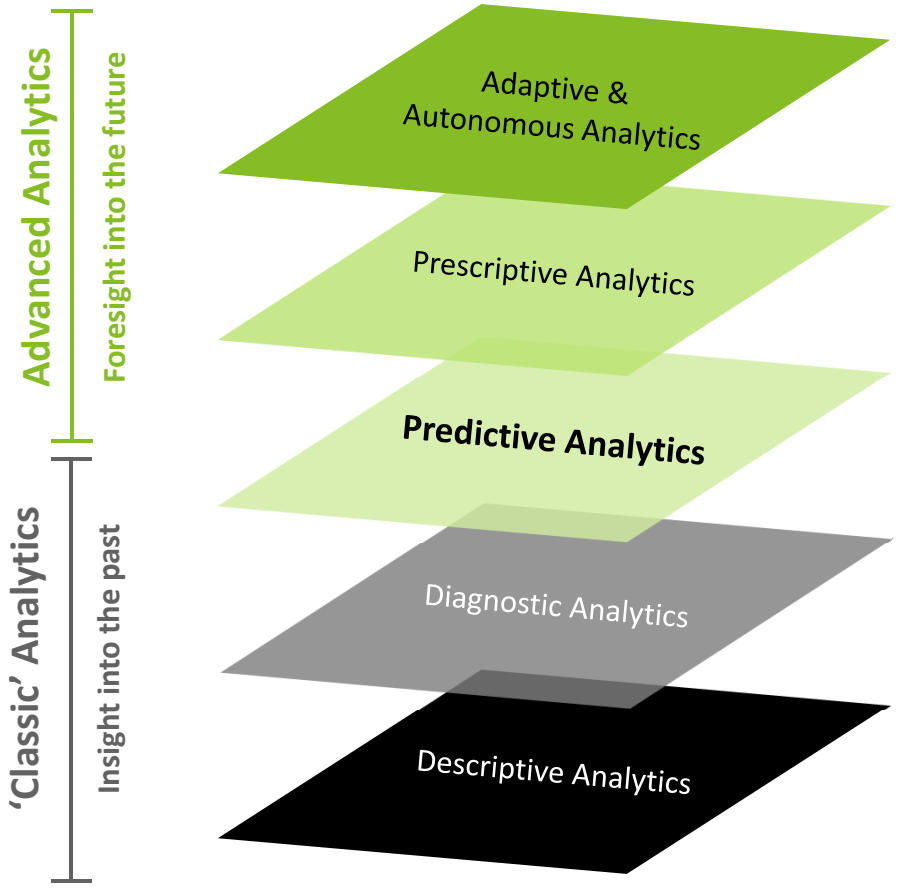
Evolution of analytics

From ‘classic’ analytics to advanced analytics



How to adapt changes?	Monitor results on continuous basis Dynamically and automatically adjust strategies and decisions making based on changing environment and predictions
What should be done?	Establish and automate interlinkages between big data, statistical analysis, machine learning and company data Highlights measures to optimize business on the basis of forecasts from e.g. recommendation engines
What will happen?	Apply statistical methods and econometric models in order to gain insights from digital data sources and forecast future developments Highlights possible future scenarios through forecasts in confidence levels by forecasting algorithms
Why did it happen?	Gain a deeper insight e.g. correlations in a complex system Highlights why it had happened (e.g. root cause analysis)
What happened?	Visualize and analyze historic raw data. Highlights what has happened (e.g. plan vs actual)

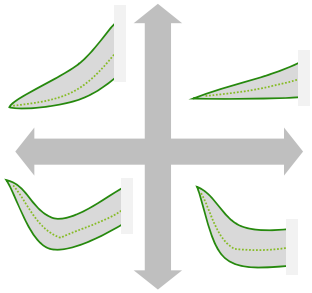
Predictive planning

Applying predictive analytics for financial planning

Predict baseline

Predict future developments based on objective information across all levels in your value chain

„What happens if we keep doing the same thing?"

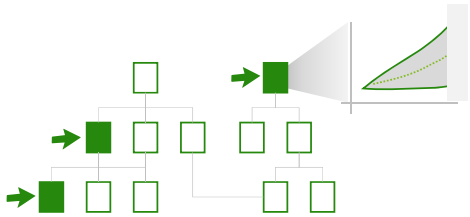


Create a baseline forecast with Predictive Analytics using internal and external data

Define ambition level

Define ambition level to challenge the organization

„What do we want to achieve?"

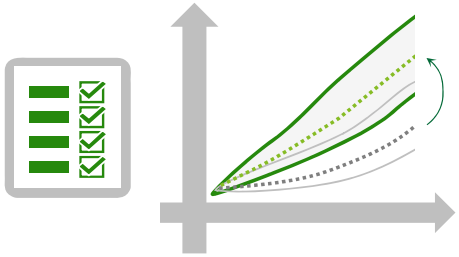


Use confidence intervals around the base-case prediction to derive the likelihood of meeting your targets and gain insights on the level of ambition

Drive & monitor execution

Validate ambition level and define measures to achieve ambition

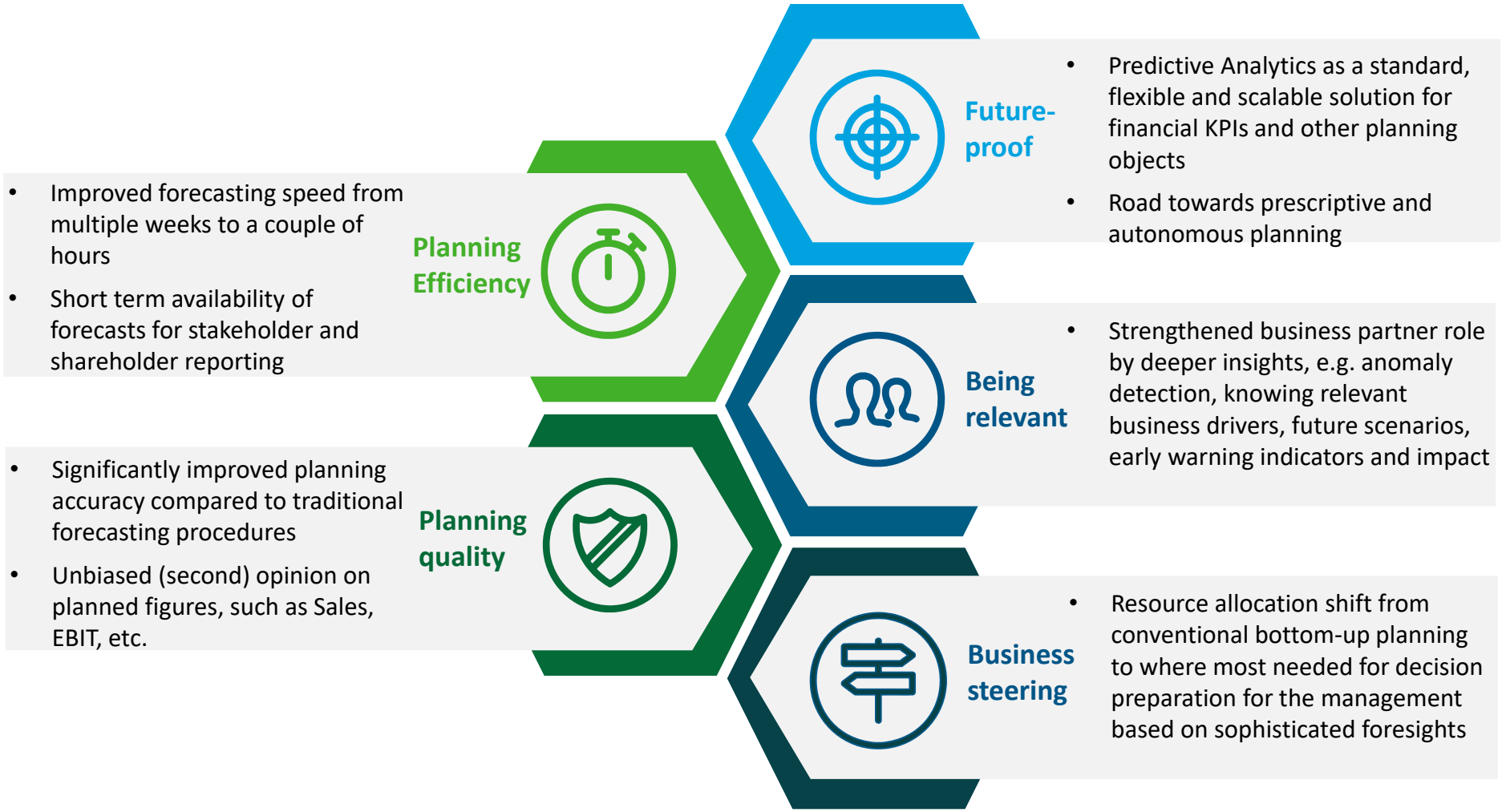
„How do we ensure we get there?"



Identify your key business drivers by using Predictive Analytics and know which levers to pull to get there

Benefits of predictive planning

Power of analytics for financial planning



Predictive planning demo

Anonymized case illustrates combination of process and technology to realize business centric and pragmatic forecasting solution

Use case highlights:

We start by sourcing a number of time series data of variables (business drivers) which could have a relation to the prediction object (e.g. P&L line item)

→ Internal & external input data

We analyse the relation amongst the drivers and the prediction object and perform statistical procedures

Based on the identified relations, drivers are automatically clustered and selected

→ Automated identification of business drivers

With the selected drivers we feed different forecast models and compare their prediction quality

→ Selection of forecast models

The results of the final prediction models are evaluated

→ Machine generated forecasts & evaluation

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Deep Dive #2: State of the Art Planning Tools	Jan Ahlers Senior Manager, Deloitte, Hamburg		2:40 p.m. – 3:00 p.m.
Deep Dive #3: Predictive Planning	Tobias Flath *Director, Deloitte, München*		3:00 p.m. – 3:20 p.m.
Panel discussion and audience discussion	Speakers: J. Ahlers, T. Flath, F. Klein, T. Witzemann Moderation: R. Dillerup		3:20 p.m. – 3:55 p.m.
Summary and conclusion	Prof. Dr. Ralf Dillerup *Hochschule Heilbronn, Netzwerk-Dialog*		3:55 p.m. – 4:00 p.m.

Panel discussion and audience discussion

Agenda

Topic	Person responsible		Timing
Welcome and introduction	Prof. Dr. Ralf Dillerup *Hochschule Heilbronn, Netzwerk-Dialog*		2:00 p.m. – 2:10 p.m.
Planning Excellence – Trends in Planning, Budgeting and Forecasting	Tobias Witzemann *Director, Deloitte, Stuttgart*		2:10 p.m. – 2:20 p.m.
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Summary and conclusion	Prof. Dr. Ralf Dillerup *Hochschule Heilbronn, Netzwerk-Dialog*		3:55 p.m. – 4:00 p.m.

Your contacts

We are happy to continue our dialogue!

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Further reading

Additional planning excellence insights are available

Planung im digitalen Zeitalter

“Planung im digitalen Zeitalter”

Zehn Trends der Unternehmensplanung

“Zehn Trends der Unternehmensplanung”

Deloitte Planning publications *(Selection)*

CFO insights: Financial impact & rapid response

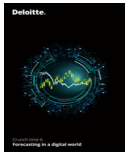
Financial Forecasting for Extreme Uncertainties

Financial Forecasting for Extreme Uncertainties

Forecasting in volatilen Zeiten – eine Herausforderung für Unternehmen

Forecasting in volatilen Zeiten

Zoom Out/ Zoom In



Forecasting in a digital world

Gestaltungsprinzipien für einen erfolgreichen Zielsetzungsprozess im Rahmen der Unternehmensplanung

Gestaltungs-prinzipien der Unternehmens-planung

Reaktionsfähig in stürmischen Zeiten

Szenario-planung und Künstliche Intelligenz

CFO Insights
Capital expenditures: Will your investments deliver the desired results?

CAPEX Capital Planning

Backup

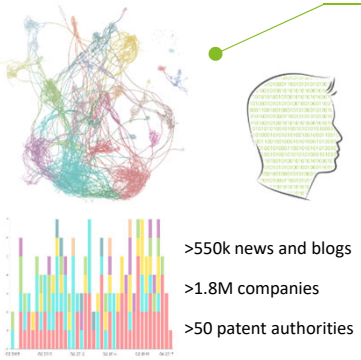
Deloitte 2021

Step one: Perceive the future

Building a robust driver base, differentiating facts from opinion, is the key prerequisite to taking valid future-oriented decisions

SENSING trends

Deep View and human expertise



AI-enabled research approach

Combining human expertise with an AI-enabled research tool

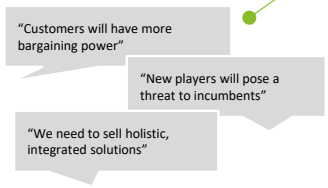
Complex and diverse data sets

Collecting, analyzing and clustering datasets from news and blog sources as well as patent and company data, enabling broad screening of the world

Natural language processing

Using state-of-the-art natural language processing algorithms to ingest ideas and opinions expressed in written language and to cluster information bits by topics

Expert interviews



Client interviews

Gaining knowledge from client to understand specific peculiarities and to provide additional context

Global Deloitte expert network

Exploiting world's largest professional service network

Learn more about Deep View in the following video

- **Rapid detection** of emerging trends, hidden patterns and public controversies
- Highest levels of **objectivity** through AI, combined with human expertise
- **Holistic and tailored overview** of relevant topics
- **Simplification** of unstructured and complex data and topics

Step two: Anticipate (1/2)

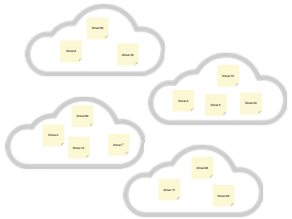
To make sense of the identified drivers, we model them into scenarios. We do this in workshops with a diverse group of topic experts

MODELING future events

Based on **Perceive**

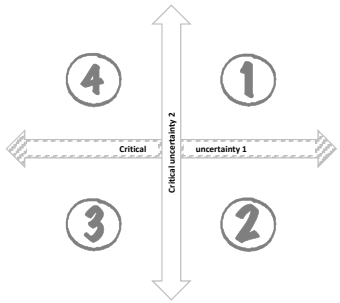
Deep View and expert interviews
Generating insights on current hot topics & emerging trends

70-100 driving forces that have the potential to shape the future



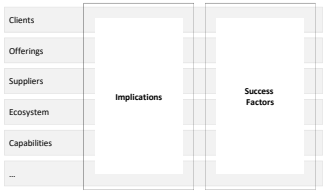
Critical uncertainties

Identifying drivers that are of particular interest based on an online survey & clustering them into critical uncertainties



Scenario framework

Combing two critical uncertainties to form scenario framework with four divergent futures & developing scenario narratives



Implications and success factors

Determining resulting implications for all market players & collecting respective success factors

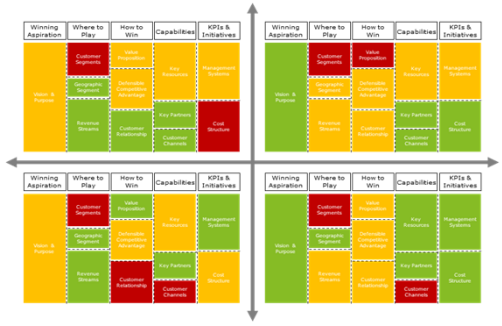
- Identify **trends** which have **considerable impact** on shaping the future
- Challenge common assumptions with **extreme, yet plausible scenarios**
- Understand the **implications** for the **ecosystem** and oneself
- **Joint perspective** of different stakeholders on future of related topics

Step two: Anticipate (2/2)

The four plausible scenarios provide the basis for the executive team to deliberate and decide on the best-suited strategic options

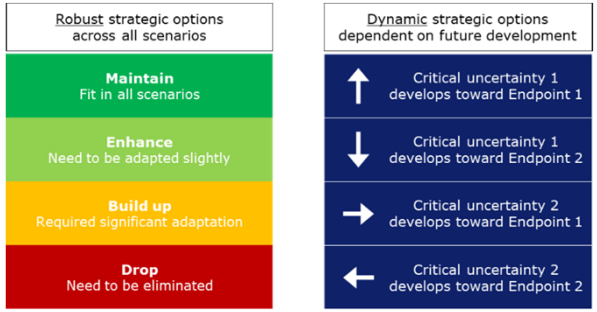
FUTURE-PROOFING strategies

Wind tunneling of current strategy



- Examining each strategic initiative to determine if it fits, needs to be adjusted, or needs to be dropped or overhauled completely
- Repeated for all four developed scenarios

Strategic options



Robust strategic options

Hold true regardless of the scenario possibility

Dynamic strategic options

Dependent on the future developments along the axes

- Fundamental analysis on **resilience of existing strategy** against scenarios
- **Early stage preparation** for multitude of unforeseen external developments
- **Robust strategic options** that are **"no-regret-moves"** in all four scenarios
- Ideal preparation for future uncertainties through **anticipatory strategic options**