



# The Future of Planning

## Tackling changed requirements with comprehensive modernization



MANAGEMENT SUMMARY

### Authors

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This study was prepared by BARC, an independent market analyst firm. It is available free of charge thanks to the generosity of Board, Corporate Planning, Jedox, OneStream Software and Unit4.



# Preface

The COVID-19 pandemic caught most companies unprepared. Overnight, the impact of uncertainty, dynamics and complexity on markets could no longer be ignored. Local events in an increasingly interconnected economy and uncertainties such as the climate crisis will continue to create high volatility and even chaos. Accordingly, many organizations will have to adjust their corporate governance to meet these demands. Although many initiatives have already been realized around planning and forecasting in recent months, too many were just short-term fixes that did not bring the significant and lasting improvements required.

This study examines the contribution modern planning and forecasting can make to corporate management. We asked companies around the globe about the measures they are taking to modernize and the challenges they need to address to meet elevated requirements. In our research for this study, we analyzed the following questions and used a survey to derive recommendations for our readers:

- How will complexity and dynamics develop and what influence will this have on the predictability of events?
- What are the biggest challenges in forecasting and planning today and what are their causes?
- What improvements are needed and what measures are being taken to achieve them?
- How can it be ensured that the improvements meet current requirements and move companies forward?

Dr. Christian Fuchs and Robert Tischler  
Würzburg, September 2021

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# Management summary

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Planning and forecasting is currently being put to the test in many companies due to shifted priorities. Experts and decision-makers are asking themselves the following questions: Is our approach still up to date? Is our chosen technology still fit for purpose? Does the effort match the benefit? Are there better methods?

Particularly in dynamic markets, up-to-date information is essential for well-founded decisions. In order to discuss the contribution that planning and forecasting can make in the future, we asked our survey respondents about their importance as well as their new requirements and challenges. We also reveal the measures companies are taking and planning to take to achieve their goals.

**89%**

think that the predictability of important events is low or zero.

**01**

## In an increasingly dynamic world, the predictability of events is low

89 percent of the companies surveyed believe that the predictability of important events that significantly affect their own business is low or close to zero. Where dynamics and complexity are high, predictability is low. Increasing dynamics means that traditional budgeting is losing relevance for many companies. Therefore, more than 80 percent of organizations agree that it will become more important to rely on quick forecasts instead of elaborate budgeting in the future. The relevance of continuous forecasts with automated projections will thus continue to increase. In dynamic markets, the regular updating of forecasts and projections is a core requirement in order to quickly interpret signals from the market and understand their impact. Forecasts must be able to be produced quickly and at short notice to provide relevant and timely insights for management. Today, four out of ten companies update their forecasts at least once a month, and for leaders it is even more than six out of ten. This is not feasible with a 'more of the same' approach, so the pressure for substantial adjustments is correspondingly high.

**80%**

agree that it will be more important to rely on quick forecasts instead of elaborate budgeting in the future.

# Management summary



## 02 The importance of planning for agile corporate management has increased as a result of the pandemic

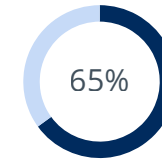
Especially during the first months of the pandemic, controlling had a very high priority in many companies, as it is often the controllers who collect information from all areas of the company, organize it and translate it into helpful recommendations for action.

The elevated importance of forecasts and plan revisions in the context of high uncertainty is reflected in the frequency with which companies put in increased effort. One driver for this was the need for many revisions due to significantly changed epidemiological parameters and the political measures taken to tackle the pandemic. As a result, investment in these areas has been extended rather than reduced, unlike many other areas.

## 03 Current challenges in planning and forecasting exist in almost every company

Planning and forecasting is viewed with suspicion in many organizations. It takes too long, ties up too many resources, produces high costs and the quality of the results is not good in relation to the effort involved. This is the opinion of many critics. The main challenges include the efficiency, duration and transparency of planning processes. Lengthy planning processes with bureaucratic coordination and negotiation rounds have long been outdated. Especially in times of crisis, no company can afford this.

With increasingly dynamic markets and competition, up-to-date information is essential to make well-founded decisions. For their management, organizations require faster forecasts more frequently. Automation plays an important role here. Automated forecasts require a high-quality data inventory that is regularly fed with up-to-date data from internal and external sources. The time-consuming consolidation of this data from a variety of source systems not only involves plenty of effort, but also delays its provision. As a result, the use of data from multiple sources is by far the main cause of many of the challenges mentioned above.



...of companies report increased effort due to the pandemic.

More investment than originally planned



Level of investment unchanged



The majority of companies did not reduce investment during the pandemic. Some even spent more.

Lack of efficiency, due to high effort in preparation and execution



Too bureaucratic, as coordination and negotiations in preparation take too long



Excessive effort and tedious coordination are the biggest challenges in planning and forecasting

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# Management summary

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1 Improve technical integration

2 Stronger automation of data management

3 Introduction of new software

Top 3 technical measures for better data management and integration of sub-plans

1 Plan in more detail

2 More frequent simulation and analysis of scenarios

3 Rolling forecasts

Top 3 methodological measures to better integrate operational plans without losing flexibility for simulations and fast forecasts

04

## Modern software for better integration and stronger automation

Many companies have already invested in better data management, responding to the challenge of having many source systems - even if this struggle sometimes seems similar to that of Sisyphus.

Technical integration automates the data flows between sub-plans by translating the business planning model into processes and rules in the software. As the relevance of linking further operational sub-plans increases, the technological basis must also become more powerful. The introduction of new software as well as the more extensive use of existing software is the third major area in which companies have invested. This shows once again that organizations see the right software support as an essential lever for improving planning and forecasting.

05

## Operational sub-plans and sophisticated simulations provide directly actionable findings

The expansion of planning, which is often very financially oriented, to include operational sub-plans is one of the most important topics in planning and forecasting. With this, companies get a better picture of their internal and external situation and interrelationships.

Simulations, on the other hand, are essential for the well-founded evaluation of alternative courses of action. Done correctly, they provide important information for decision-makers. Increasing dynamics and the associated uncertainty increase the importance of simulations for corporate management. They help to better evaluate possible future developments as well as one's own measures. Based on the insights gained, the necessary preparations and measures can be initiated.

# Management summary



## 06 Tighter cooperation and greater competence accelerate processes and increase quality

The organizational adjustments made in the months since the onset of the pandemic are largely aimed at speeding up processes in order to obtain more up-to-date data for decision support. For this purpose, interdisciplinary teams were formed who, among other things, could quickly adjust forecasts and projections based on developments in all areas of the business. This tighter cooperation eliminates the need for coordination rounds and the most important guidelines can be set more quickly.

Employees in controlling and finance need to be fitter in a volatile environment in order to be able to do their jobs. They need to be good at working with data and analytics, for example, to be able to include important indicators for the business based on external data in analyses and simulations. This requires a high level of data literacy, which often has to be built through training and development initiatives.

- 1 Better training, documentation and content support
- 2 Increasing the methodological competence of employees
- 3 Interdisciplinary planning teams

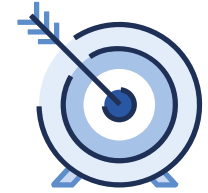
Top 3 organizational measures: Better collaboration increases quality and creates transparency and understanding



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# Action items

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For the future orientation of planning and forecasting, several major challenges need to be addressed: Lack of efficiency, excessive bureaucracy, long lead times and lack of transparency in planning processes. Based on the results of the survey and our consulting experience, we at BARC have formulated the following recommendations to help you align planning and forecasting with your current and future requirements:



Identify the time wasters in your processes. Is it never-ending reconciliations, the tedious entry of meaningless details or the lack of automation in data imports, transfers or projections? Do users have problems understanding or using the solution? Is the software too slow? Can changes be incorporated without time-consuming programming or not? If you do not understand the disease, you cannot recommend the right treatment.



Evaluate the costs and benefits of planning and forecasting. In volatile markets, plans are often difficult to formulate and, once written down, can prevent new opportunities from being seized. That is why eight out of ten companies say it is more important to rely on efficient forecasts and projections instead of tedious budgeting. A similarly high proportion also sees the advantage of rolling forecasts compared to forecasts with horizons stopping at the financial year-end.



Automate forecasts and projections with predictive methods (statistical methods or machine learning). Only with decent automation can you calculate and update forecasts quickly enough and with little effort. Automated forecasts require comprehensive data of high quality to create meaningful projections. Automated forecasts significantly simplify and accelerate the simulation of different scenarios and thus offer another important glimpse into the future.



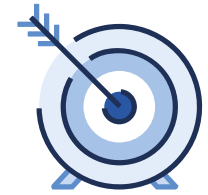
Think beyond finance. Incorporating key operational sub-plans into your business model broadens the view of important challenges, integrates knowledge and expertise from many areas and clearly shows crucial interrelationships. Absent operational plans are often the missing link between the design of an action and its implementation. Good connection speeds up implementation and returns relevant results quickly.



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# Action items

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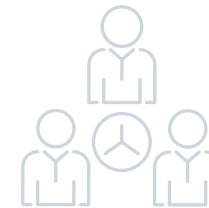
Modernize your software if you have not already done so. Modern software not only supports planners through better usability, but it also facilitates the efficient preparation of the required data, enables the integration of operational sub-plans and provides the tools for automated projections. Many long-established solutions no longer meet current requirements. If it takes a lot of manual effort to prepare your data, creating projections takes forever or adjustments to the planning model are avoided because they are too risky or expensive, then you should consider better software support.



Work together more closely. Assistance for planners from controllers significantly reduces the effort of planning and forecasting and improves the flow of information in all directions. To make optimal use of predictive technologies, you need the right skills in your company. A good understanding of the methods and data (data literacy) is needed in controlling to obtain valid results.



Optimize technology, methods and organization in a well-coordinated way. Isolated adjustments often only lead to short-term improvements. New methods usually require different software, but new software always enables new approaches and often more efficient processes. Software alone does not solve problems; it is merely the technological basis for an agile and flexible environment. However, the necessary skills for effective use must be actively built up. Completely relying on external expertise for changes and adaptations is no longer appropriate in the face of constant changes.





# BARC – MAKING DIGITAL LEADERS

## BARC – BUSINESS APPLICATION RESEARCH CENTER

BARC (Business Application Research Center) is one of Europe's leading analyst firms for business software, focusing on the areas of data, business intelligence (BI) and analytics, enterprise content management (ECM), customer relationship management (CRM) and enterprise resource planning (ERP).

Our passion is to help organizations become digital companies of tomorrow. We do this by using technology to rethink the world, trusting data-based decisions and optimizing and digitalizing processes. It's about finding the right tools and using them in a way that gives your company the best possible advantage.

This unique blend of knowledge, exchange of information and independence distinguishes our services in the areas of research, events and consulting.

### Research

Our BARC studies are based on internal market research, software tests and analyst comments, giving you the security to make the right decisions.

Our independent research brings market developments into clear focus, puts software and vendors through their paces and gives users a place to express their opinions.

### Events

Decision-makers and IT industry leaders come together at BARC events. BARC seminars in small groups, online webinars and conferences with more than 1,000 participants annually all offer inspiration and interactivity. Through exchange with peers and an overview of current trends and market developments, you will receive new impetus to drive your business forward.

### Consulting

In confidential expert workshops, coaching and in-house consultations, we transform the needs of your company into future-proof decisions. We provide you with successful, holistic concepts that enable you to use the right information correctly. Our project support covers all stages of the successful use of software.



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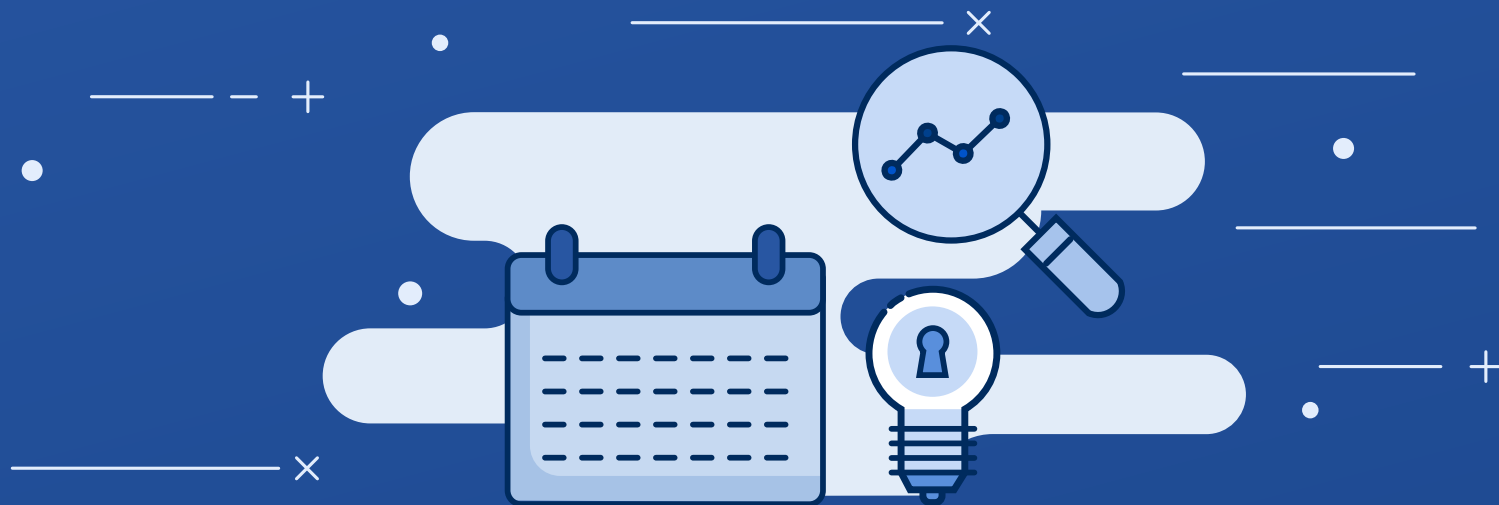
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