



/IFP FP&A FORUM

Evolve Your Budgeting & Forecasting for the Next Generation FP&A

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Here with you today



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Why Evolve Budgeting & Forecasting Now?

Multiyear journey of a global manufacturing company to evolve their budgeting and forecasting

1. The Reality

Why FP&A is stuck in effort-heavy forecasting

2. The Problem

Why traditional forecasting is failing

3. Reimagining Forecasting

How they defined Next Generation Forecasting

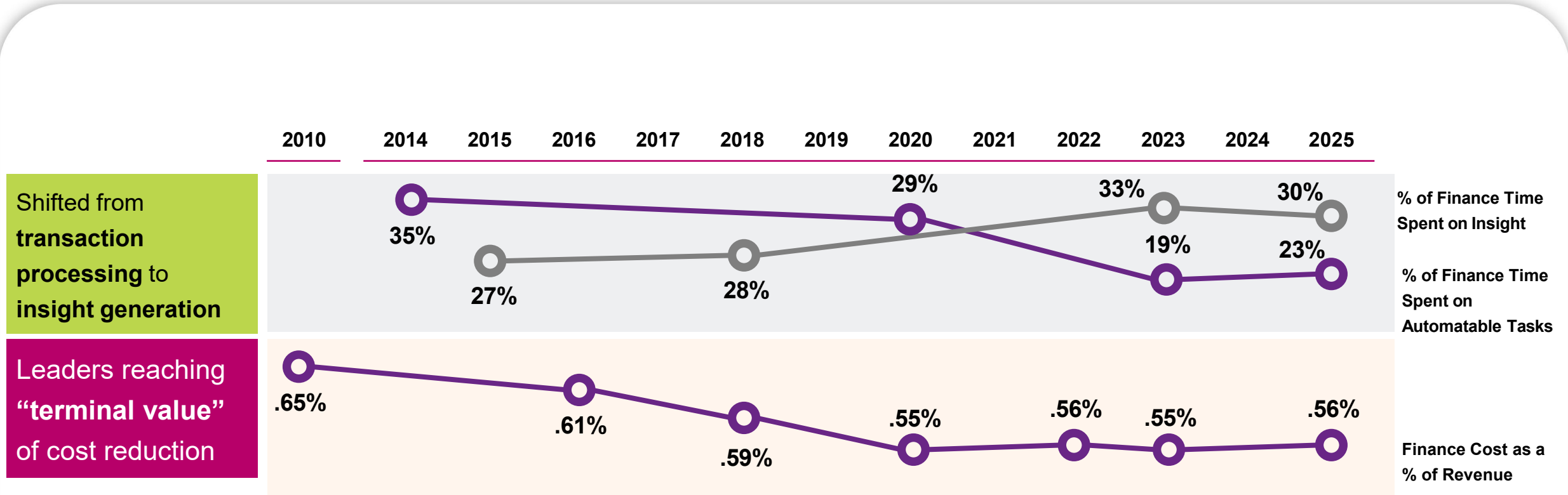
4. Five Key AI & Cloud Capability Unlocks

Five AI & cloud unlocks enabling decision advantage

5. The Practical Path

Lessons learned and how to start

The next frontier isn't cost — it's decision advantage.



Shifted from transaction processing to insight generation

Leaders reaching "terminal value" of cost reduction

% of Finance Time Spent on Insight

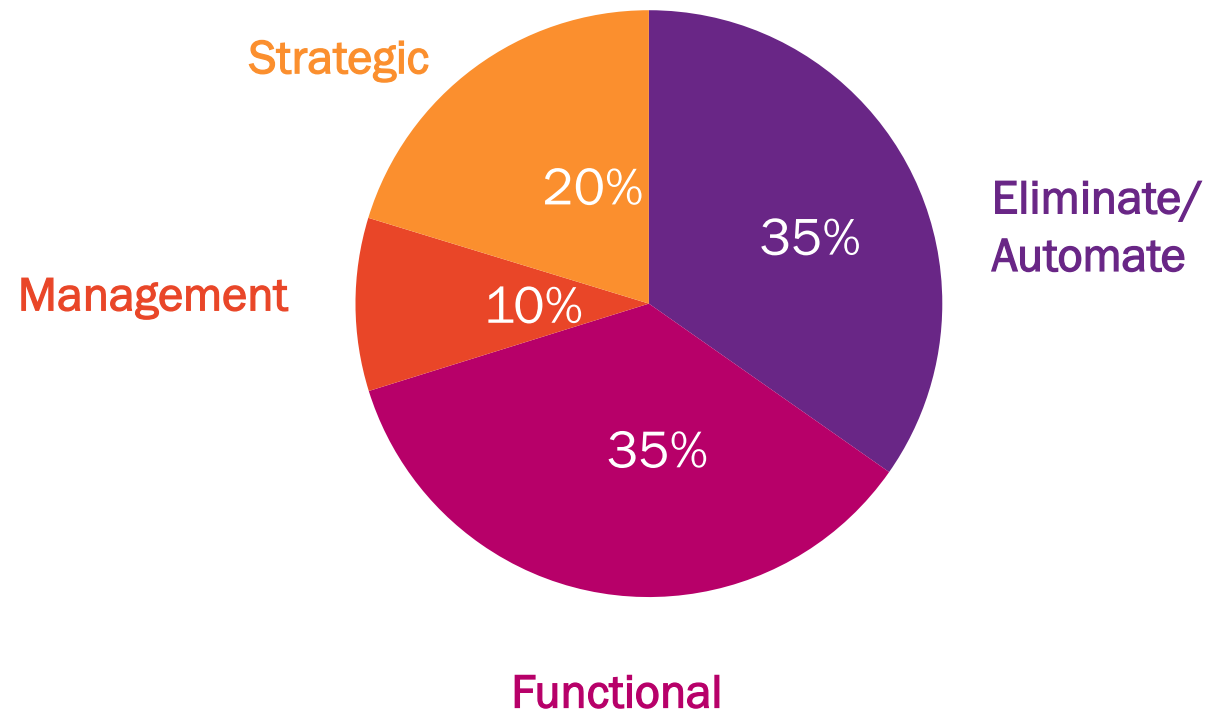
% of Finance Time Spent on Automatable Tasks

Finance Cost as a % of Revenue

Our reality, we are still stuck in our process

- 45% still do a monthly bottoms-up forecast
- Forecast cycle still takes ~15 days
- Only 20% is spent on true analysis
- 35% of our time is spent on tasks that can be eliminated or automated

How FP&A spends their time
Median benchmark of 130 companies



The problem

We are focusing on the wrong things

Example: \$20B Industrial Products Company
Materiality, volatility and accuracy assessment

High Materiality

Low
Volatility

People Costs	Sales
Freight	Std COS
3 rd Party Commissions	Mfg Variances
Repairs & Maintenance	Temp Labor
Lease/ Rental	Marketing
Depreciation	Travel & Ent.

High
Volatility

Low Materiality

Accuracy:

<3% 

3-10% 

>10% 

- Very accurate where it's not material
- Inaccurate where it is material
- One-size fits all approach
- Difficult to sort through the noise to see the true signals

Why is forecasting failing us today

At the heart of the issue:

1. Forecasts overloaded with competing purposes
2. Precision \neq better decisions
3. Hindsight focused
4. High effort, late cycles, limited insight

Example: Forecast Accuracy for \$20B Industrial Products Company

Account	Forecast Accuracy		Number of End User Adjustments
	Preseeded by Driver	Post user adjustment	
Other Outside Services	-2%	-34%	741
Supplies, Equip, Telecom	10%	-15%	930
Marketing & Advertising	-4%	37%	129

Driver-based forecasts were more accurate; frequent user adjustments increased effort and reduced accuracy.

Reimagining Forecasting


+

Five Key AI & Cloud Capability

Unlocks

How we defined Next Generation Forecasting

Traditional

 Manual close scramble

 Spreadsheet-based

 Forecast = reforecast


 Backward-looking reviews


 High effort

Next-Generation

 Automated anomaly detection

 Driver-based full P&L

 Forecast = scenario engine

 Forward-looking actions

 High insight

Keys to success

- Defining the purpose of the budget and forecast
- Standardize by default; specialize where we can differentiate
- Centralization & specialization
- Move fast but prepare for ongoing training & upskilling

Vision for Next Generation Forecasting

WD -0

Pre-close alignment:

- New Orders
- Backlog Conversion
- Cost Trends
- Workforce changes
- Scenario Planning

WD 1-2

Close Review:

- Anomaly detection
- Automated commentary (Act vs PF)

WD 3-4

Forecast Pre-population:

- Full P&L Pre-populated using drivers
- Focus on updating for one-time events or major changes

WD 4-7

Review & Finalize Forecast

- Operating reviews packages automated
- Forward looking focused/ action oriented

Key outcomes unlock

2X

Shift in effort: Increasing time spent on “Strategic” activities

50%

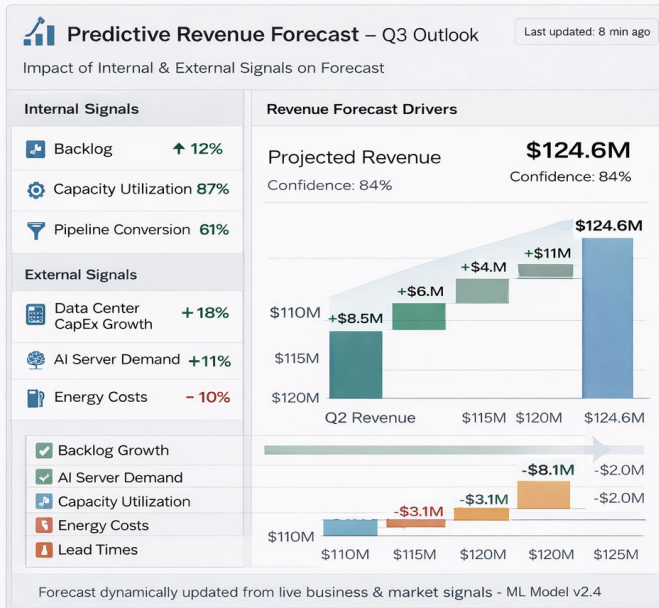
Reduction in forecast cycle time decreased

70%

Of FP&A is moving to specialized FP&A roles

5 Key Next Gen Capabilities unlocked with AI & Cloud

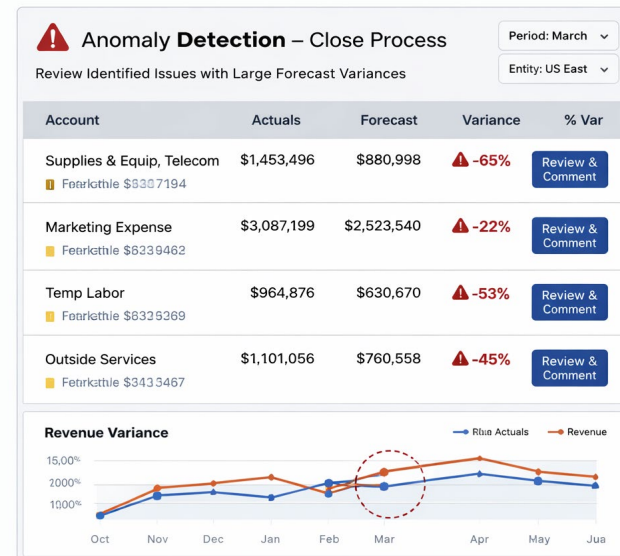
Predictive Forecast & Scenario Planning



Key Unlocks:

- Separate Signal from the noise
- On demand forecast updates
- On demand scenario analysis

Anomaly Detection

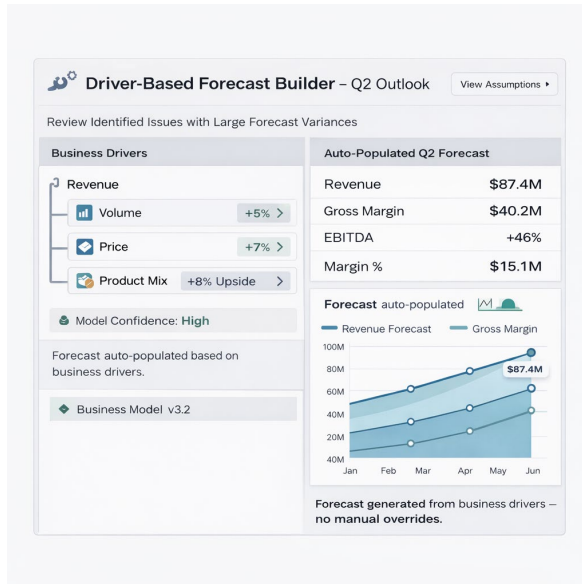


Key Unlocks:

- Automatically surface material variances
- Detect emerging risks before period-end
- Explain likely drivers behind variances
- Trigger investigation workflow

5 Key Next Gen Capabilities unlocked with AI & Cloud

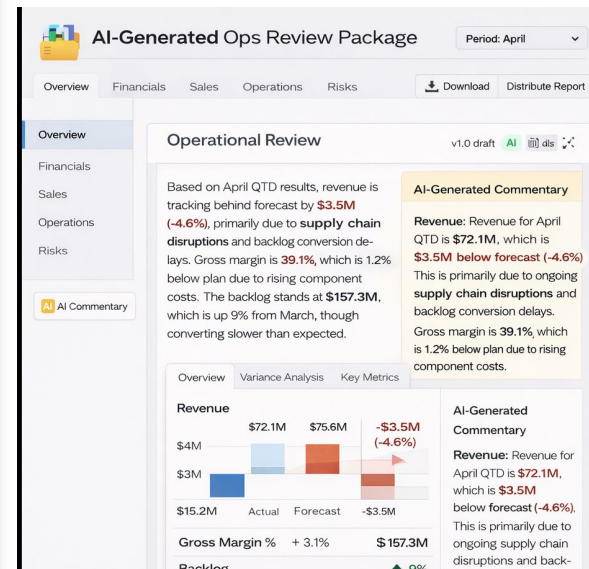
Driver-based forecast model



Key Unlocks:

- Pre-populated forecasts
- Event-driven updates
- Insight into key assumptions

AI Generated Ops Reviews w/ Commentary



Key Unlocks:

- “Gold source” of data ensures integrity
- Analyst time spent on action planning/alignment vs. preparation

5 Key Next Gen Capabilities unlocked with AI & Cloud

FP&A Agent

Meet Finley
 Finley uses reasoning and agent orchestration to perform data analysis and provide actionable data insights that power your finance transformation journey.

Type in your question

Finley will auto-select relevant data sources • [view data sources](#)

Automated workflows
 Access intelligent insights from organization-approved workflow playbooks. Create your own workflows using the chat response planner in reasoning panel to run it on a recurring basis.

- Monthly Variance Analysis** (Controlship) - Omega3.0 and Sentinel rise to the top as key revenue variance drivers.
- Spend Anomaly Detection** (FP&A) - Significant anomalies detected in Vendor ABC and Vendor XYZ spend.
- Trend Analysis** (FP&A) - SensorPlus is showing a significant margin decline.
- Revenue Performance Review** (FP&A) - Q2 revenue missed budget by 16.38% with Data Analytics showing highest variance.
- Scenario Simulation** (FP&A) - Revised growth scenario based on new GDP forecast slowdown from 2.0% to 0.5%.
- Payment Behavior** (OTC) - Updated list of customers based on aging history.

Reasoning Panel:
 analyze forecast vs actuals
 Initial plan approved by user
 Financial Receptionist: Now I'll query past reflections to learn from previous interactions related to revenue analysis.
 Input: {"query": "revenue forecast actuals variance analysis", "limit": 5, "min_score": 7, "agent_id": "receptionist"}
 Output: Relevant Past Reflections
 • receptionist (9.0): Successfully performed a comprehensive month-over-month revenue variance analysis for September 2023 using FinanceCrewTool. Enhanced the original question with specific requests for:
 1. Identify the latest two periods for analysis (likely October and November 2025 based on current date)
 2. Compare actual revenue performance to forecasted figures for both periods
 3. Calculate overall variance percentages and absolute differences between forecast and actuals
 4. Break down variances by customer segments (Novelly Shop, Corporate, Computer Store, Gift Store, Supermarket)
 5. Analyze profitability metrics: gross margin, EBITDA, net profit for both periods compared to forecast
 6. Identify key drivers of variances through segment contribution analysis
 7. Examine day-of-week patterns to identify timing factors affecting performance
 8. Analyze month-over-month trends to provide context for the forecast vs actual comparison
 9. Assess year-over-year performance for the same periods to identify seasonal factors
 10. Identify potential external and internal drivers of performance variances
 11. Provide actionable recommendations based on the variance analysis
 12. Note any data limitations that might affect the analysis (especially regarding segment-level and product-level data)
 Done
 confirm plan approval
 Response generated
 Financial Receptionist: Now I'll query reflections to understand the context better.
 Input: {"query": "revenue forecast analysis plan approval", "limit": 5, "min_score": 7, "agent_id": "receptionist"}
 Output:

Revenue Forecast vs Actuals Analysis: October-November 2025
 Executive Summary
 Our analysis of October and November 2025 revenue performance reveals significant variances between forecasted and actual results:

- October 2025: Actual revenue **underperformed** forecast by **-8.2%** (-\$75,943)
- November 2025: Actual revenue **outperformed** forecast by **+4.6%** (+\$39,893)

This represents a notable shift from negative to positive variance between periods, with key profitability metrics showing mixed results. Overall Performance Comparison

Metric	October 2025		November 2025	
	Actual	Forecast	Actual	Forecast
Revenue	\$851,057	\$927,000	\$906,893	\$867,000
Variance \$	-\$75,943		+\$39,893	
Variance %	-8.2%		+4.6%	
Gross Profit	\$352,539	\$380,070	\$328,598	\$355,470
Gross Margin	41.4%	41.0%	36.2%	41.0%
EBITDA	\$242,551	\$278,100	\$207,984	\$260,100
EBITDA Margin	28.5%	30.0%	22.9%	30.0%
Net Profit	\$169,796	\$194,670	\$145,589	\$182,070
Net Margin	20.0%	21.0%	16.1%	21.0%

Download as CSV

Customer Segment Analysis
 October 2025: Segment Variance from Forecast

Segment	Actual	Forecast	Variance \$	Variance %	Contribution to Total Variance
Novelly Shop	\$424,727	\$649,000	-\$224,273	-34.6%	295.3%

Type in your question

Finley will auto-select relevant data sources • [view data sources](#)

Require plan approval

Key Unlocks:

- Conversational finance insights
- Workflow automation
- Autonomous analysis
- Driver & impact simulation
- Memory-enabled context

Practical Path Forward

Tips for starting or continuing your journey

1. Come to terms with your reality
2. Define your why, make sure your business partners are behind you
3. Separate forecast from performance, remove the bias
4. Define your future state organizational structure and process to get the most out of your technology
5. Don't wait to leverage AI

“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten.”

- Bill Gates