

# Implementing Predictive Forecasting at Shutterfly

Ralph Shields, Donyati

Russell Selman, Shutterfly

# WHAT IS THE BIGGEST ISSUE WITH CASH FORECASTING?



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# AGENDA

- Presenter Portrait
- Shutterfly Snapshot
- Memory Book Shutterfly's EPM journey
- Configure versus Customize
- Demonstration Scrapbook
  - Predictive Cash Forecasting Capabilities Implemented
  - Comparing Direct to Indirect Forecast
- Future of Predictive: Vision Board

## Session Overview

For FP&A practitioners, accurate cash forecasting is critical to managing liquidity, optimizing working capital, and making informed strategic decisions.

Shutterfly sought to escape its legacy systems and spreadsheets to deploy a predictive forecasting capability that improved visibility into seasonal cash flow cycles and supported smarter working capital decisions.

This session dives into the “why” behind their transformation, the “how” of implementation, including change management strategies, system integration, and dashboard design, and the “so what,” highlighting the impact it's had on financial planning and risk management.

# Presenters



**Russell Selman**

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Treasury and Risk Management

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**Ralph Shields**

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“Let’s make  
finance boring!”

# Russell Selman

- Director, Treasury and Risk Management, Shutterfly
- 25 years of experience spanning a wide range of industries, from aerospace to retail.
- Education
  - BBA in Finance from Texas A&M University
  - MBA in Finance and Marketing from the Cox School of Business at Southern Methodist University (SMU)
  - Executive Education Certificate in M&A from SMU.

Throughout his career, Russell has worked in Finance and Corporate Strategy with companies ranging in size from \$300 million to \$15 billion, gaining extensive experience in both public and private sectors, with a recent focus in private equity-owned companies.

# AI-Ready. Expert-Led. Globally Delivered.

10+

IP, Tools and Accelerators



95%

Customer Retention Rate



400+

Employees



250+

Customers



20+

Years of Experience

500+

Projects

15+

AI Data Scientists



4

Oracle ACEs



Avg Net Promoter Score

85



## Global Services Team

North America

APAC

EMEA

LAD



## Transformative Intelligence that Connects Data Strategy, Modernization, and Profitability



AI

Data Analytics

EPM

ERP

HCM

Technology



# About Shutterfly



# Shutterfly leads in personalized e-commerce

Consumer (B2C)  
(65% of Consolidated Revenue)



Shutterfly

Snapfish

Spoonflower

## Mainstream Offering

- Leading e-commerce player in personalized merchandise
- Vertically integrated to enable customization
- Highly loyal customer base: >80% of revenue from existing customers
- International presence (leader in UK, Australia, & New Zealand)

COSTCO  
WHOLESALE

amazon



Photo Books



Cards



Wallpaper



Fabrics



Home Décor

B2B & Other  
(35% of Consolidated Revenue)

Enterprise, Institutional & Platform-Enabled Solutions

- Partnership with more than 400 JCPenney studios
- Leading provider of educational photography
- Digital printing services for enterprise customers
- Accelerating growth for healthcare customers
- Utilizes excess manufacturing within the Shutterfly platform



Book Publishing



Gifting



Transactional



Direct Mail

385M+  
Transactional Letter  
Packages Sent

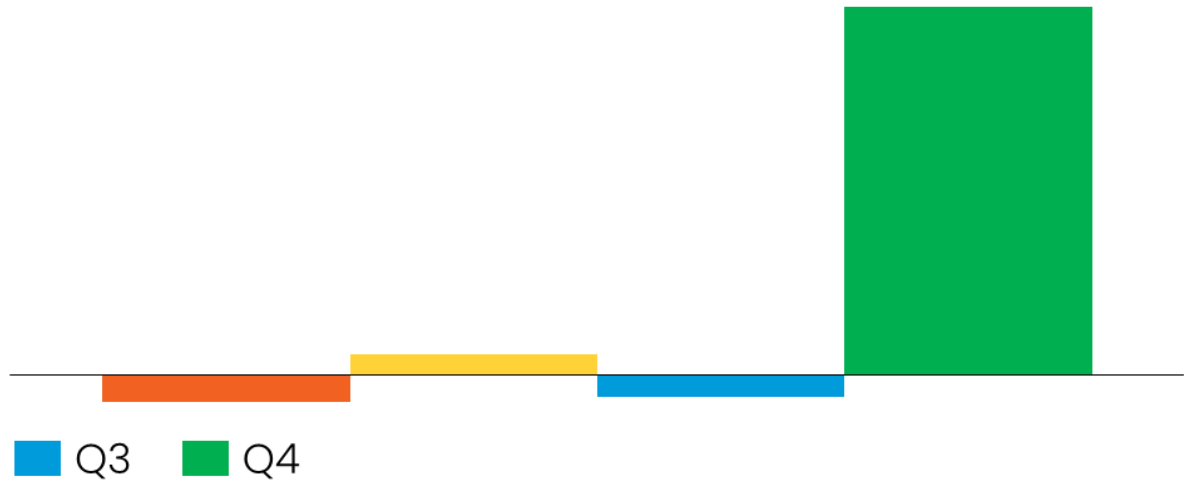
~200M  
Personalized Direct Mail  
Pieces

# Heavy Seasonality Makes Cash Forecasting Critical

REVENUE

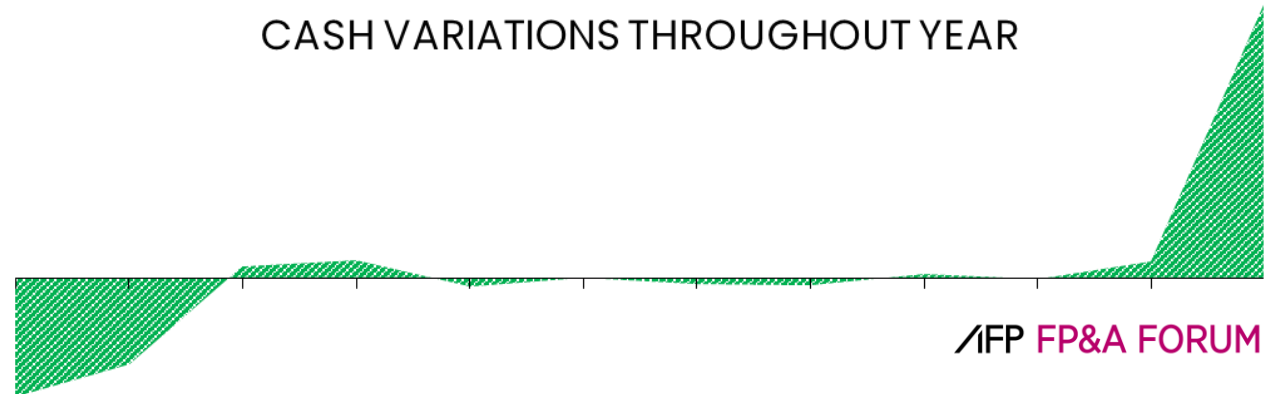


AEBITDA

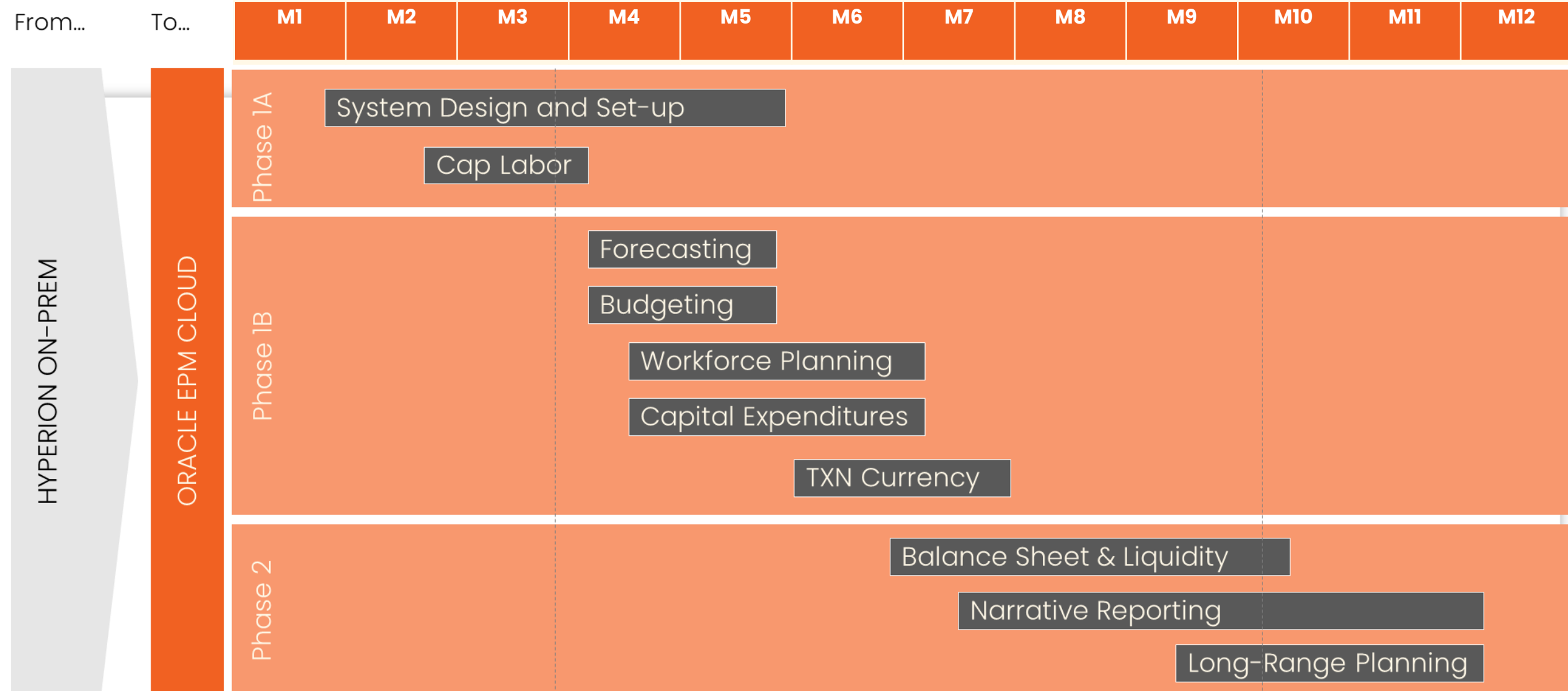


- Most positive change in cash comes during Q4
- Q1 sees working capital shift as vendors are paid for Q4 peak
- Cash preservation and working capital management become extremely important the remainder of the year

CASH VARIATIONS THROUGHOUT YEAR



# Shutterfly's EPM Cloud journey spanned ~18 months



# Predictive Cash Forecasting at Shutterfly

- Challenge:

- Managing Cash Flow
  - Seasonal Peaks
  - Lots of Moving Parts

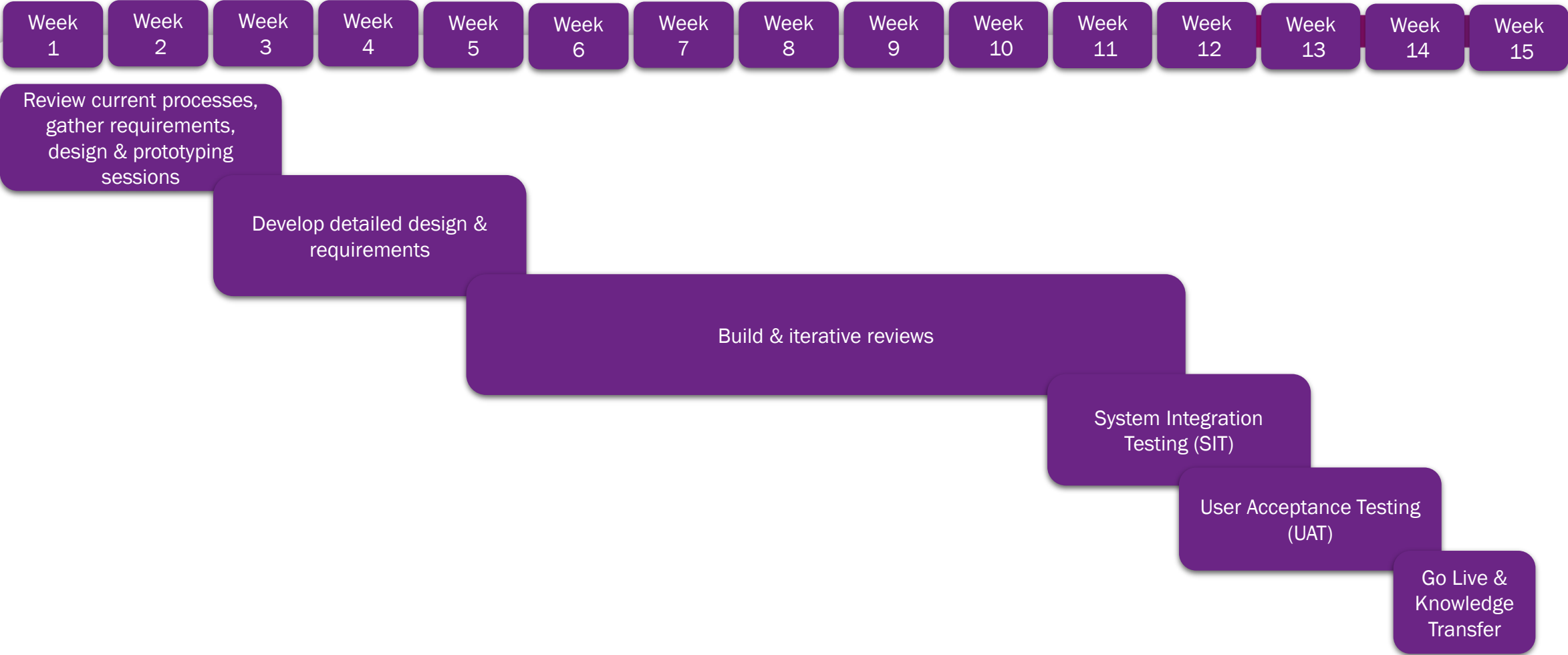
- Solution Value:

- Better Financial Planning Accuracy
- Smarter decisions about Working Capital
- Confidence

# Top Business Benefits

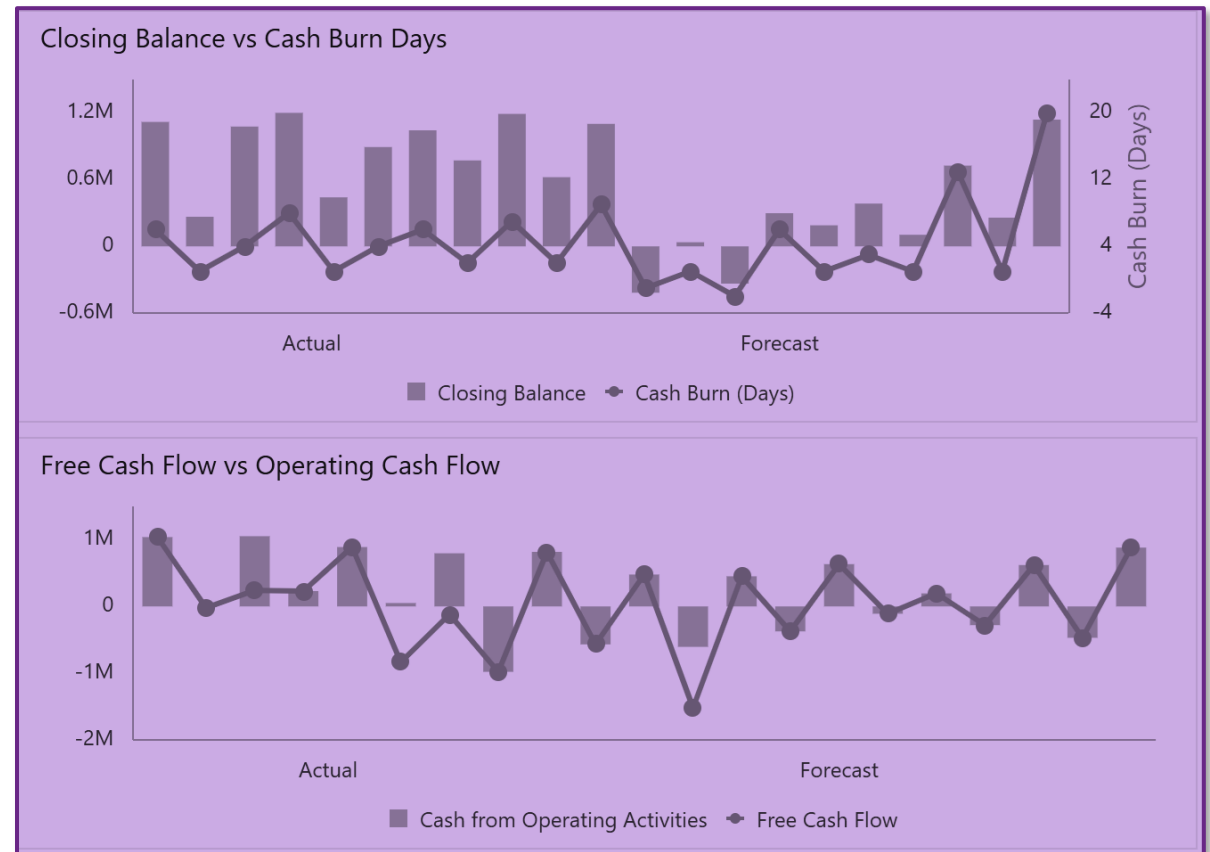
- Make decisions based on accurate data in a timely manner
- We achieved “Let’s make Finance boring”
- What impact has this had on Shutterfly?
  - One source of truth – all financial data now comes out of EPM – everyone is in the same environment
  - Streamlined processes, clear calendars and due dates
  - Developed user friendly input templates
  - Greater visibility to details (capex, vendors, employees, etc.)

# Predictive Cash Forecasting Implementation Timeline



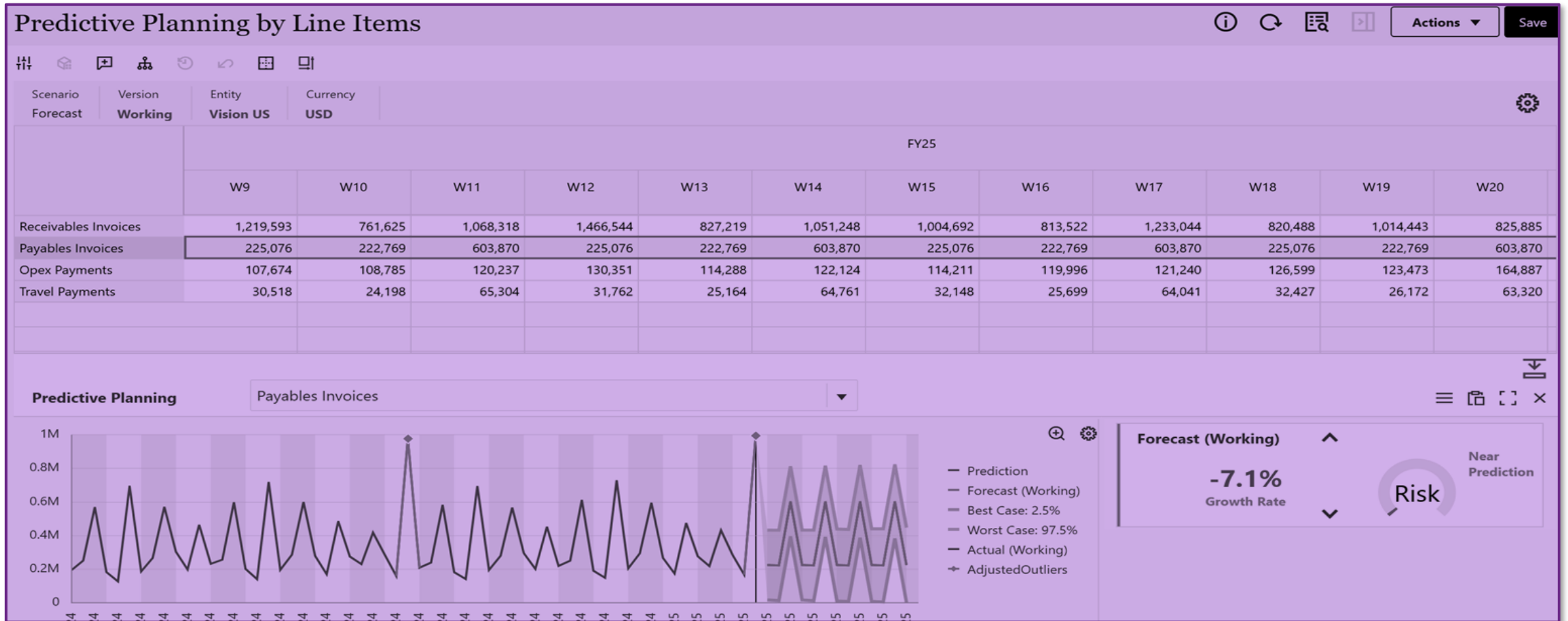
# Core Capabilities of PCF

- Automated Cash Flow Forecasting
- Machine Learning Models
  - Analyze historical data and provide more accurate forecasts
- Daily visibility into cash requirements
- Collaborative Forecasting
  - Multiple users can interact with forecasts



# Core Capabilities of PCF

- Predictive Planning



# Core Capabilities of PCF

- Forecast Accuracy Analysis

Receivables Invoices		W2	W3	W4	W5	W6	W7	W8
Forecast	Smart Drivers	963,595	1,605,922	904,329	1,254,596	559,174	671,200	884,296
	Predictive Planning	982,724	1,233,192	829,203	1,453,711	824,333	1,070,415	1,108,532
	Driver Method	1,083,715	1,686,528	930,158	1,239,739	566,985	823,629	861,387
	Trend (Naive)	649,142	1,611,800	826,093	1,163,066	544,756	828,519	825,623
	Actuals	961,780	1,460,898	1,005,267	1,473,914	828,354	1,107,657	1,153,684
Forecast Accuracy	Smart Driver	99.81%	90.07%	89.96%	85.12%	67.50%	60.60%	76.65%
	Predictive Planning	97.82%	84.41%	82.49%	98.63%	99.51%	96.64%	96.09%
	Driver Method	87.32%	84.56%	92.53%	84.11%	68.45%	74.36%	74.66%
	Trend (Naive)	67.49%	89.67%	82.18%	78.91%	65.76%	74.80%	71.56%

Forecast Method Assumptions						
	Preferred Method 1	Method 1:End Period	Preferred Method 2	Method 2:End Period	Preferred Method 3	Method 3:End Period
Assumptions	Smart Drivers	Two	Statistical Prediction	Ten	Statistical Prediction	Thirteen

# Core Capabilities of PCF

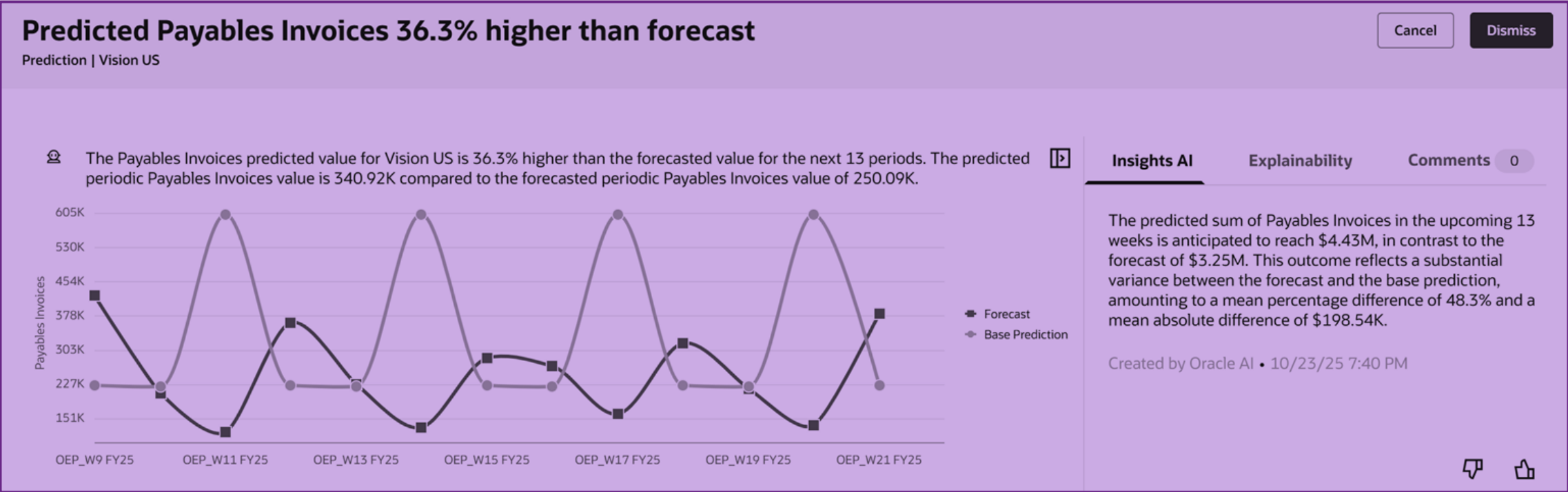
- Multiple forecast methods can be defined by account for different time frames
- Reporting and Analytics, analyze discrepancies and identify areas of improvement

	W9	W10	W11
Smart Drivers	1,453,152	1,223,144	1,274,603
Predictive Planning	1,219,593	761,625	1,068,318
Forecasted Cash + Adj	1,453,152	1,223,144	1,068,318

	Preferred Method 1	Method 1:End Period	Preferred Method 2	Method 2:End Period	Preferred Method 3	Method 3:End Period
Assumptions	Smart Drivers	Two	Statistical Prediction	Ten	Statistical Prediction	Thirteen

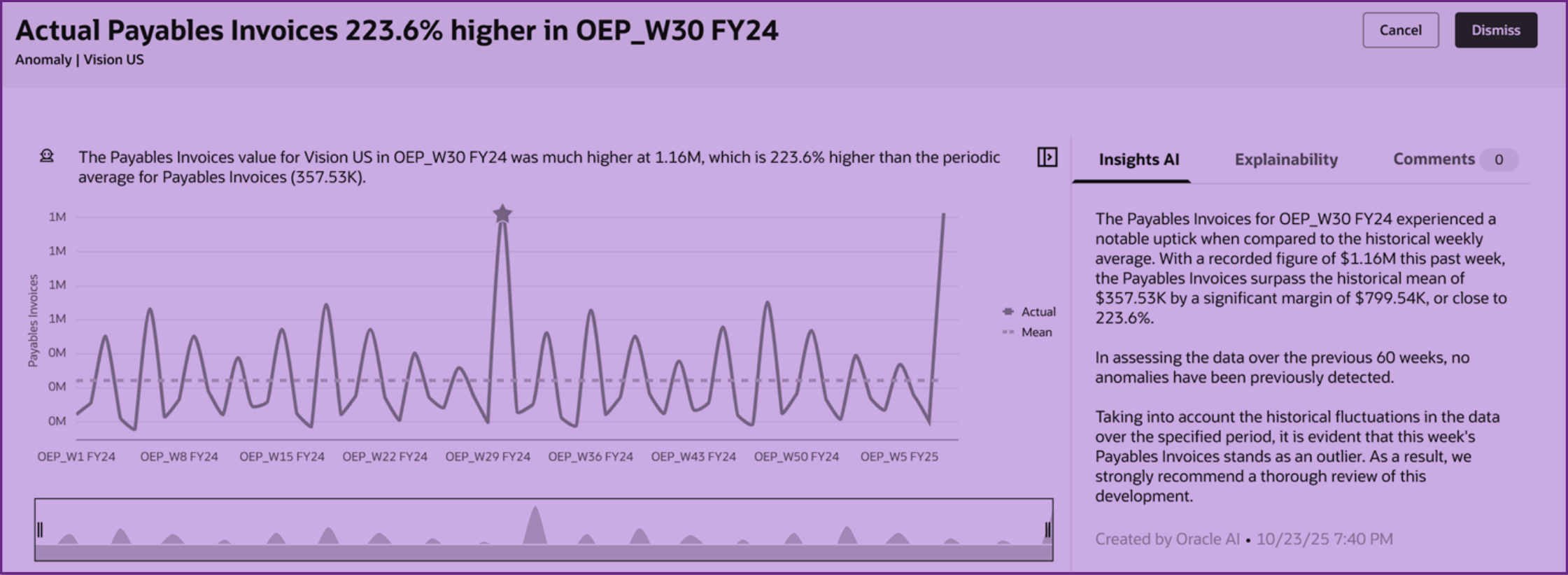
# Core Capabilities of PCF

- Prediction Insights



# Core Capabilities of PCF

- Anomaly Insights



# Key Outcomes

## Cash Forecasting – Key User Goals



Optimal Cash

Maintain Optimal  
Cash Reserves



Risk Management

Cash Utilization and  
Risk Management



Analysis

Cash Reporting and  
Variances



Collaboration

Collaboration across  
stakeholders  
involved in cash  
management

Shifting from data keying to  
analysis and problem  
solution

Automated variance analysis  
between forecast and actual  
results in continuous  
variance reduction

Major Reduction in daily  
bank file reconciliation effort

Major improvement in  
forecast accuracy

# Define Process first, then apply Technology

- Technology Enabled the Solution, but not before:
  - Project Roadmap
  - Stakeholder buy-in
  - Partnership of Business Owners and Delivery Team
  - Change Management process
- Why are these key to define BEFORE applying the technology?

# Keys to Success: Operated as one team

- Common struggle between IT, Finance, and Implementer
- This struggle existed day one, but we reacted quickly as this was a primary success factor
- Team leadership changes
- Re-allocation of key resources

# How to Overcome Obstacles

- Pivot Quickly if an initiative is faltering or not going to provide expected value

# Future of Predictive

Connected Plans
Approvals

Currency	Market	Years	Entity	Prediction Version
USD	US Market	FY24	Sales US	Sarimax

Info
Refresh
Settings
Actions
Save

Prediction Output

Volume

Product	Actual Jan
Standard Retail Installment Contracts	8,171
Subvented / Promotional APR Programs	3,046
Balloon & Residual-Based Financing	31,312
Closed-End Consumer Lease Programs	11,078
Lease Pull-Ahead Initiatives	9,149
Residual Value Strategy & Pricing	17,703
Dealer Floorplan Financing	6,661
Commercial Fleet Financing	3,626
Working Capital Lending	4,914

Sales Volume and Drivers - Product

Standard Retail Installment Contracts

	Jan
Volume	8,171
Average Selling Price	449
Discount %	6%
Marketing Spend	5,817
Kia Subvention	106,155
Supply Chain Status	Normal
Personal Consumption Expenditure (in Billions)	17,677
Consumer Confidence Index	111

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	Forecast Oct	Forecast Nov
Volume	5,580	11,218
Average Selling Price	3,409	5,788
Discount %	20,888	48,664
Marketing Spend	10,512	20,334
Kia Subvention	3,827	16,078
Supply Chain Status	20,852	30,955
Personal Consumption Expenditure (in Billions)	5,783	10,824
Consumer Confidence Index	3,357	5,322

Sales Volume Mix

Actual: Q1, Q2, Q3, Q4

Forecast: Q1, Q2, Q3, Q4

	Oct	Nov	Dec
Volume	5,580	11,218	
Average Selling Price	449	449	
Discount %	4%	4%	
Marketing Spend	2,200	9,000	
Kia Subvention	106,214	182,402	10
Supply Chain Status	Normal	Normal	Normal
Personal Consumption Expenditure (in Billions)	18,785	19,547	2
Consumer Confidence Index	106	105	

Targets to Plan Sync
Driver Based Revenue Planning
Predictive Planning
Advanced Prediction
FVA
Apply Forecast Method
Revenue Overview
Volume Analysis

# Closing Thoughts

- Have you ever found yourself in this guy's position?
- Turn all the data into usable information
- Make Finance boring – systems enable us to do this



- Before EPM we were more like my first car
- Adding Predictive Cash Forecasting to our suite will take us to a Cadillac allowing us to...
- Get ugly early

## Q&A

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