





Gary Simon
CEO FSN & Leader of the
Modern Finance Forum
[LinkedIn](#)

Dear Colleagues,

FSN's Innovation in the Finance Function Survey 2018 is one of the largest surveys of its kind covering responses from more than 1,000 senior finance professionals worldwide. It is the first time that there has been an in-depth study of attitudes toward innovation in the finance function and it reveals startling insights about the appetite for finance innovation, including the impact of culture, attitudes to risk, organizational politics, style of project investment and levels of confidence in measuring return on investment. (You can download a free copy of the full report and analysis [here](#))

The research shows unequivocally a strong link between innovation and performance. Those organizations that are early adopters of technology or invest in innovation in a balanced way across the enterprise outperform organizations that are diffident and risk averse. These leading finance functions close their books faster, produce more accurate financial forecasts and are less tied to legacy systems and traditional ways of working.

Regional differences, especially between economically advanced and developing nations colors attitudes to where investment is most needed in the finance function. Nevertheless, wherever finance professionals reside and no matter how sophisticated their investment plans are, all agree that the number one priority for innovation is around the need for better business insight.

Yet earlier FSN research, (The Future of the Finance Function 2017) highlighted that only 6% of CFOs understand the technologies available to them. Only 37% know what solutions are available in the market and only 25% of CFOs have the time to investigate opportunities for technology innovation. Determining the innovations that will help companies achieve better business insights is the first step on their journey.

With this in mind, FSN has created the “Innovation Showcase”, an opportunity to bring to the attention of hard-pressed finance professionals what we consider to be leading innovations in core finance processes that could materially improve the way you work both now and in the future. Our work this year covers ten leading vendors and in this document, we showcase the work of Anaplan, a leading provider of connected planning solutions.

We hope that you find the innovations set out in this document thought-provoking and interesting. But above all we hope that the contents will inspire you to explore innovation in your own organization and discuss with colleagues how you can leverage these developments to take your finance processes to the next level.

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THE ANAPLAN INNOVATION SHOWCASE

The phrase ‘failing to plan is planning to fail’ has never rung as true as it does in the volatile economic and political climate facing organisations today. It’s no longer enough to rely on hard won budgets that quickly become obsolete when the consumer environment changes or the supply chain is interrupted unexpectedly. To effectively compete with nimble start-ups and industry disruptors, businesses must have clear visibility of historic and forecast performance across the enterprise and be able to drive consensus around the initiatives necessary to achieve their targets. So called, ‘connected’ organisations collaborate easily across business functions and from the head office to the shop floor. These connected organisations steer business performance dynamically by linking operational causes with financial effects in near real-time, collaboratively with all the right people from the head office to the front lines of the business, and intelligently by spotting and addressing trends, performing what-if analysis and creating more reliable forecasts.

But previous generations of planning software have fallen short of this vision. Historically, collaboration has been difficult to achieve, crucial data has been scattered across multiple data sources, and planning models have proved inflexible to change, and required too much IT support. As a consequence, spreadsheets proliferate and surround the previous generation of software as organizations seek greater speed, agility and insights. Organizations are finding it harder and harder to plan for the future and manage the uncertainties.

It was this background that inspired the founders of Anaplan to develop a better technology that would enable Connected Planning across the entire enterprise, allow management to analyse performance, understand business drivers, collaborate on knowledge and assess different courses of action which could inspire initiatives that drive the organisation to greater heights of performance.

In this showcase we highlight three major innovations that support these objectives, Anaplan’s Hyperblock® technology, the App Hub, and Anaplan’s latest developments in machine learning and artificial intelligence.

Innovation 1: Hyperblock® in the cloud driving the connected organisation

Hyperblock® is truly an innovation in the marketplace for planning solutions. Developed by one of Anaplan's founders, Michael Gould, Hyperblock® is the powerful analytical engine behind Anaplan's detailed and scalable cloud-based modeling capabilities—and is an enabler of the dynamic responsiveness required in connecting plans across finance and operations.

Collaboration has been at the forefront of planning professionals' minds for more than a decade but its implications are more far-reaching than the number of concurrent users that need to be accommodated. Connected Planning, in which different functional areas work together to provide a single and consistent view of the business, requires different strands of data to be brought together as well. This in turn drives up complexity, modelling dimensions, data volumes, and, most likely, the size of the underlying business model(s).

Anaplan's innovative and patented Hyperblock® technology was designed from its inception to (i) analyse the ever-growing volume of data modern companies generate, right down to the transactional level (product SKU, stores, employees, etc.) (ii) to support real-time impactful business decisions (ii) to connect operational and financial business drivers across functions, (iii) to connect high volumes of users to a single unified planning environment, and (iv) to be accessible through a business self-service and intuitive modeling interface. The focus here has been in providing a flexible environment that can generate and monitor plans at a very granular level.

Historically, highly granular models with complex and uneven dimensionality gave rise to 'data sparsity' or empty (unused) cells at the intersection of dimensions which could impair performance. But Anaplan's Hyperblock® technology—imbued with multi-core, 64 bit and in-memory processing—can handle the most demanding of models, i.e. with billions of cells, dynamic hierarchies, and real-time model changes at a very detailed level of granularity without obvious impairment.

FSN's research highlights why this is so important. A 2016 study, "The Future of Budgeting, Planning and Forecasting" documented the profound advantages of large and granular data models for forecast accuracy and the ability to look further out on the time horizon. For example, 40% more organisations that have built larger models say they are able to forecast revenue to within plus or minus 5 percent, and 25% say they are able to forecast beyond 12 months.

Innovation 1: Hyperblock® in the cloud driving the connected organisation

Anaplan is also notable for the ease with which planning models can be changed by finance professionals and accommodate multifaceted requirements without complex language scripts. And being resident in the cloud means that changes can be unveiled to all users at the same time and deployed quickly rather than being gradually rolled out as was the case with older technologies or spreadsheet-based systems. Additionally, platform innovation around application lifecycle management (ALM) on the cloud enables this rollout process to be managed in a secured and trusted way with the ability to roll back to previous versions, if needed.

A further advantage of Hyperblock® is that it is designed to draw data from any number of sources, which is becoming crucially important as organisations begin to leverage non-financial data and other novel sources of data for competitive advantage. We've found that 78% of CFOs say that the key to forecasting more accurately lies in the greater use of non-financial data (The Future of Budgeting, Planning and Forecasting (PBF) 2017). The same research showed that organisations that have been able to harness non-financial data are more than twice as likely to be able to forecast beyond the 12 month time horizon.

A further development is that Anaplan is beginning to see organisations leverage large models to share information in the cloud beyond their traditional boundaries. For example, Anaplan users are able to link their planning models with their supplier's data, using a single model to refine their supply chain, spot potential problems, and generate more reliable forecasts.

Innovation 2: the App Hub

Anaplan's solutions aren't limited to traditional financial planning and analysis, the software is equally used for operational planning as well, supporting sales, supply chain, human resources, IT and marketing to name a few. The breadth of its functionality increases the already wide remit of requirements for each individual business or business unit, and Anaplan provides specialized, customisable solutions through its application marketplace, or App Hub—a digital ecosystem for connected planning.

Launched in 2014, the App Hub is thought to be the broadest and deepest collection of specialist capability in the market and now hosts over 250 applications designed to solve complex, or more esoteric planning problems facing organisations in almost any sector or department. It can provide easy access to expansions across the Anaplan platform with pre-built applications. This can trigger better organic growth across an organization and can more easily enable a truly connected planning approach.

The key to the success of the App Hub is the ease with which an app can be created and customized, by Anaplan, its partners or customers. This not only increases the number of applications available but casts a spotlight on the 'art of the possible', highlighting the potential of the Anaplan platform to provide the best solution for all planning requirements. Even if that solution isn't available, it may be customizable from existing applications, reducing the design cycle and building on best practice. Anaplanners (as Anaplan users are sometimes called) can build applications for themselves or simply lift concepts and features found in the App Hub.

Anaplan-built apps are free to use and can quickly be downloaded for subscribers, while partner-built apps may require some engagement with the implementation business partner. Anaplan's finance apps range from a feature film distribution planning solution to restaurant workforce planning, taking in more traditional sector-specific budgeting, planning and forecasting along the way. Customers can choose to manage their entire supply chain planning requirements or their human resourcing needs from customizable apps, as well as ensuring that major IT projects run on time and on budget using their planning resources.

But Anaplan's App Hub is also indicative of a shifting tide in the vendor-customer relationship. While there is still substantial reliance on external consultancies for major finance transformation projects (65% of senior finance executives consider them a viable option in tech decisions according to the Future of the Finance Function 2017 survey), 55% are also happy to go directly to the vendor for assistance. Anaplan's App Hub showcases the practical application of their technology, across a very wide range of use cases, and allows prospective customers to see the potential of Anaplan's solution for themselves before deciding whether to partner with a consultancy or directly with the vendor

Innovation 3: Machine learning and advanced analytics

Anaplan already provides predictive algorithms, linear regression techniques, and optimization techniques that assist in developing reliable forecasts based on historical data. But in an era of rampant change, more needs to be done to respond to risk and uncertainty. Which is why Anaplan is turning to machine learning to support the modern finance function.

At Anaplan's annual product showcase and annual conference, Hub, machine learning (ML) and advanced analytics provided the vision for the company's Connected Planning future. Not satisfied with enabling customers to build large, detailed models and plans across departments and business units, Anaplan is seeking to provide machine learning capability to planning and performance management processes that will unlock new insight and intelligence from a range of data types and variables.

Anaplan is working with a number of ML techniques, including TensorFlow, an open source library of software used for machine learning computation. Anaplan is currently working to produce pilot studies and proof of concepts (POC) for several Fortune 50 customers by understanding the true application of ML in the planning use cases. These POCs are designed to improve planning for specific areas like revenue forecasting, sales predictions, workforce optimization and demand planning. These POCs are able to draw in internal data, such as transaction records or promotions information and connect that with a range of external data sources, such as weather or demographic information to provide insights and inform planning models. ML algorithms will iterate multiple times through this data set with the goal of improving accuracy of predicted outcomes.

Initially these pilot studies will take the form of 'supervised' machine learning through human intervention in the machine learning process, providing context, identifying business drivers or signals and suggesting hypotheses. But over time, with more insights produced automatically by better trained data, the process will become more machine led. For example in the future, Anaplan's Connected Planning platform will 'know' that an Anaplan user is building a budget for the following year, and ML algorithms running behind the scene will automatically suggest the next steps, proffer the supporting information that may be needed, and propose the benchmarks against which to measure quality. This would be reinforced through the customers' actions and feedback, building on the data from which the machine can continuously refine its learning, relevance and reliability. This is how Anaplan plans to achieve its ultimate goal to democratize planning for all use cases and users.

In the fullness of time, Anaplan expects to be able to improve the planning process straight out of the box, from the point of implementation, but then also to go further with customization and specific use cases that connect the organization across functions, departments and from the home office to the front lines— wherever they are required or helpful.

It's pioneering work but one of the most valuable aspects of it is the ability to help organizations develop a compelling ROI (Return on Investment) – something that this year's innovation research shows that organizations struggle to achieve. In a sort of 'virtuous cycle', in the not too distant future, machine learning will not only help drive performance but show the explicit link between that performance and superior returns.

About Anaplan

[Anaplan](#) is the leader in Connected Planning. Our purpose-built software—powered by our patented Hyperblock engine—enables dynamic, collaborative, and intelligent planning. Large and fast-growing companies worldwide use our solutions to connect the people and data required for trusted plans and accelerated decisions essential to leading in their markets. Based in San Francisco, we are a privately-held growth company with 20 offices, 175 expert partners, and more than 850 customers worldwide.

To learn more, visit anaplan.com

The Anaplan logo features a stylized blue triangle icon to the left of the word "anaplan" in a bold, lowercase, sans-serif font.

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Methodology

All of the products which have been showcased by FSN are extremely complex and sophisticated and in all cases have taken many man years of development effort. FSN has independently desk reviewed publicly available information (for example, websites, customer testimonials, videos, demonstrations, technical details and white papers) about the organisation and its products. We have then identified independently three areas that we consider to be differentiating and interesting innovations to bring to the attention of the FSN Modern Finance Forum on LinkedIn and discussed their development history, the ideas behind their creation and their direction with senior members of the management team. As such, this document is not a product review, and neither is it an exhaustive list of all the innovative ideas in the product. It simply represents what we consider, in our experience of the market, to be great examples of innovation in finance processes.

About FSN

[FSN](#) is a global publisher of thought leadership, research and “must-have” content for CFOs and senior finance professionals around the world. FSN’s highly popular and active [Modern Finance Forum](#) on LinkedIn has a membership of more than 51,000 readers in more than 23 countries and across every major industry segment. It is also the publisher of the popular www.fsn.co.uk website and regularly holds networking dinners and events for its members.

Contact:

HQ Office in United Kingdom

Clarendon House

125, Shenley Road,

Borehamwood,

Herts, WD6 1AG

Switchboard: +44 (0)20 84452688

[The Modern Finance Forum LinkedIn](#)

<http://www.fsn.co.uk>

enquiries@fsnelite.com

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