Optimized Activity-Based Planning for Firms with ABC Experience

*Enterprise Master Plan (EMP)*

* **Value Proposition**
  + Big profit planning upside opportunity for all firms
  + Models much easier to build in SaaS sw than traditionally because firms already have ABC data required for model build
  + Demonstrates “thought leadership” within firms by leveraging firms’ current investments in ABC data
  + If planning sw not installed, introduces firms to optimized planning
  + If competitive planning sw installed, value proposition is uniquely superior to those offered by installed competitors (e.g., Cognos, Hyperion, Business Objects, SAP) because their sw can’t optimize their plans. Rather, plans are developed traditionally, optimized and passed to installed planning systems. See business process flow, below.
* **EMP SaaS Business Process**

1. Build **activity-based** EMP model of last year’s financial results (t = -1) with 12 months’ detail (i.e., baseline)
2. Update that model with this year’s Financial Plan (FP) (as traditionally developed by Finance) where line items are different (e.g., forecast, elements of supply chain (e.g., capacity), revised sales/marketing expenditures)
3. Optimize (2), generating new **activity-based** EMP (t = 1)
4. Update FP with changes between EMP and FP = **FPO**
5. Traditional Planning process then proceeds, bau, including generation of budget and operations (S&OP)
6. Repeat when “new news’ becomes available (e.g., revision to this year’s forecast, new forecast available for next year)

