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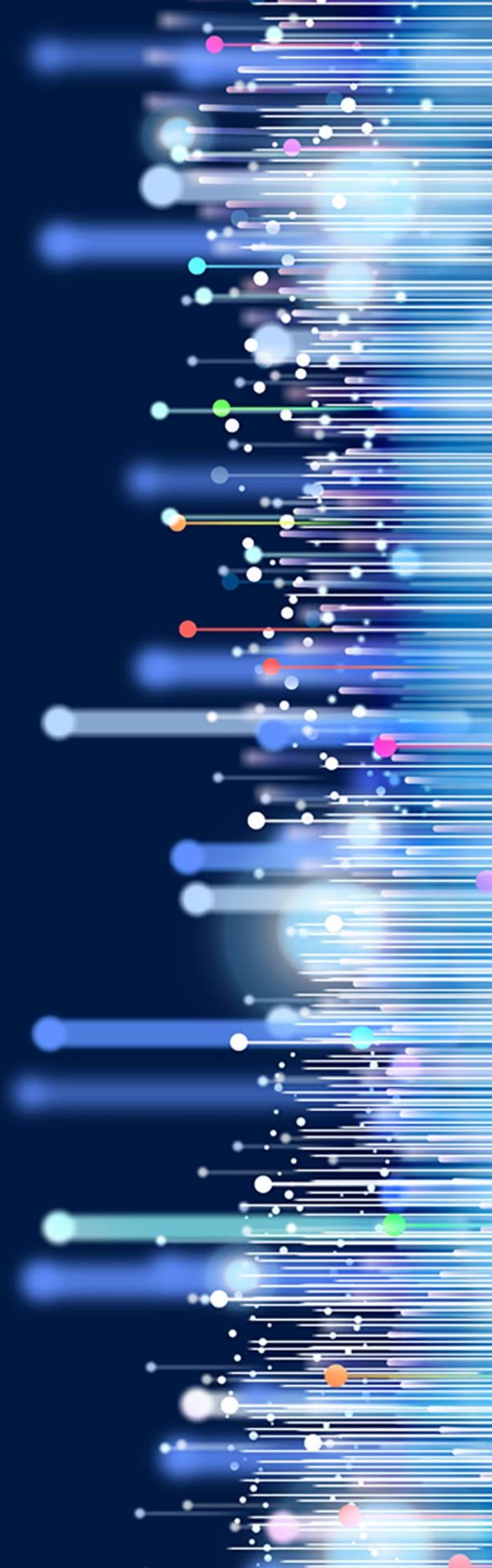
# The time is now?

**The future of Integrated Business Planning**

September 2021



[kpmg.com/uk](https://kpmg.com/uk)



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# Introduction

**In today's highly uncertain conditions, effective business planning has become more critical than ever. And to really make that planning effective, it needs to be integrated across key functions such as manufacturing, supply chain/operations, sales, finance and HR so that production, supply, demand and resource are aligned and able to flex in response to changing priorities and requirements.**

For many, IBP has long been a 'nirvana' – but it is notoriously hard to actually achieve.



IBP is a complex area. We all know the value of it – optimising business opportunities, driving efficiency, ultimately creating better financial outcomes. But it's something that most organisations on the whole tend to struggle with.



**Mark Newton, partner in Consulting, KPMG in the UK**

## Three primary objectives of IBP



### Integrate planning activities

Integrate strategic, finance, sales, product, workforce and operations planning activities.



### Understand key business drivers

Increase shared understanding of key business drivers.



### Improve business decisions

Optimise business decisions for improved financial & operational performance.



**But how is IBP supposed to work and what benefits does it bring? Maureen O'Shea, partner and Head of Supply Chain at KPMG, says it is all about arriving at "one version of the truth" that is accepted and agreed on across the functions of a business.**

# The 'one number' vision

IBP helps you create what is called a 'one number system' where the whole business is pulling together towards one goal. The entire organisation is clear on what they're doing and how they're going to do it. When the functions are lined up together, it also creates an agility which means the business is more able to pivot and flex. Some of the best successes we've seen through the pandemic are where businesses have been really agile – IBP helps you achieve that.

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The key letter in IBP is the 'B' in Business, even more than the 'P' in Planning. IBP is an enabler that brings the business strands together working in a common direction. It's about that alignment.

”

**Maureen O'Shea, partner and Head of Supply Chain, KPMG in the UK**

**IBP potential benefits:**



Harmonises financial and operational processes with customer demand.



Optimises collaboration and addresses critical, cross-functional business decisions.



Delivers enterprise-wide alignment of planning and execution processes to improve predictability and performance while managing risk.

**IBP potential benefits:**

4-14  
points

Higher ROE

5-10%

Reduced cost

1-4%

Increase revenue

13-50%

Increased agility (best-in-class companies)

15-30%

Cut working capital

# Barriers to success

## With the benefits of IBP so clear, what is it that has held organisations back from implementing it more successfully?

One of the key barriers is often that businesses still tend to operate in a siloed approach. As Kerry Nutley, Human Capital Management Strategy Director at Oracle said: “Studies have shown that we all tend to look for ways of establishing ourselves around status, and we also tend to look for certainty and autonomy. This naturally drives a functional perspective.”



One of the great challenges with IBP is the individual interests in how things are done and what targets are agreed. Each Business Unit has its own agenda, and so there’s a lack of alignment around an overall strategy for the business good.

**Mel Newton, partner in Workforce Transformation, KPMG in the UK**



Another key issue is data. IBP should be business-led and technology-enabled – but extracting and collating the data needed for meaningful IBP from across different functions has been a historical challenge.

In the past there has often been a heavy emphasis on managing data through Excel spreadsheets. This has meant there’s no over-arching process and no tight integration between systems. A lot of time is needed to collate and integrate data, and then a lot of time is also spent discussing whether it is reliable in terms of accuracy.



There’s no clear way of collaborating under such a process. And it also means that if a business area such as Sales updates its forecasts, these won’t automatically update elsewhere in the plan. These are all reasons why you really need a common, centralised platform to run IBP across.

**Wayne Heather, Executive Director of EPM at Oracle**



# Pandemic learnings turning the tide?

**If the challenges have become entrenched, the positive is that things are changing. Increasing numbers of businesses have moved to cloud-based ERP and other data systems that enable the better sharing of centralised, real-time information that everyone can access, update and input to.**

For all its extreme challenges, the Covid-19 pandemic taught businesses to become more adaptable and responsive. The crisis drove more of a hierarchy of needs culture – everyone simply had to do what needed to be done for the good of the organisation. It moved businesses out of their silos and made them collaborate. There's an opportunity now to capture the positive aspects from this – including the cultural and mindset shifts as well as the process changes - and connect it up in IBP.

The pandemic in fact led most organisations to become planning obsessed as they reacted to all the uncertainties by forecasting and re-forecasting, running multiple best and worst-case scenarios.

The planning benefits of the pandemic have been very real and most organisations have learned a lot about how to plan. What can be seen is very much a tale of two phases. The first phase, when lockdown first hit, was more or less one of chaos, with numerous questions and demands coming down to functions from leadership and a very top-down, action-oriented planning approach.

In many cases, Finance functions were particularly exposed, with limited data and almost non-existent networks to make things actually happen.

Then there was a period in which things settled down and organisations began to get a much firmer grip. Finance functions started to take more of a lead, creating new models and templates for reporting and planning. Functions pulled together – there was much less 'gaming' of budgets or targets by individual functions, and much more working for the common good.

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Speed and collaboration became even more crucial during the pandemic. Organisations with mature IBP capabilities already had this embedded into their cultures and, as a result, were much better placed during the worst of the pandemic and the recovery we are seeing now. ”

**Shaan Khalil, Director, Enterprise Performance, KPMG in the UK**

### An example of a business responding powerfully through the pandemic, enabled by IBP

A major supermarket needed to recruit several thousand new staff to cover for possible sickness and self-isolation absences in the early days of the pandemic at the same time as providing new health & safety training to existing staff, handling their 'business as usual' year-end closures, and re-assessing their marketing and advertising campaigns.

Having a mature IBP approach helped them connect the dots through their systems and gain a bird's eye view.



The crisis broke down barriers and was a great enabler for better joined-up, end-to-end planning. ”

**Mark Newton, partner in Consulting, KPMG in the UK**

# Rocky water challenges not over yet...

**As encouraging as this is, it is also clear that challenges very much remain. Even if it is much more under control in the UK due to the vaccination programme, the pandemic continues to cause disruptions and uncertainties. The global nature of our environment means that the effects of COVID-19 around the world continue to have supply chain impacts on businesses everywhere including the UK.**

Meanwhile, ongoing geopolitical shifts together with wildcard events like the Suez Canal blockage are putting further pressure. Then of course there is Brexit.

Politically, Brexit happened in January but in many ways it is only hitting now. Even major supermarkets are struggling with some aspects of their supply chains. Businesses can't find drivers. Freight costs from Asia have massively spiked. This all means that IBP is absolutely crucial – in a time of scarce resources, they need to be used wisely. One can't afford to waste time on things that may not happen.

“

Organisations are continuing to sail through shallow, rocky water – they need a really clear map to steer them. And that comes from IBP.

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**Maureen O'Shea, partner and Head of Supply Chain, KPMG in the UK**

# The changing workforce

**Another ongoing issue directly relevant to IBP is the changing shape of the workforce. The move to remote working is well-established, with a further shift to a hybrid model likely for most businesses.**

This means that workforce planning including the sourcing of talent and ensuring that the right work is done at the right time and in the right place becomes more important than ever, and must be reflected in the IBP approach.

Organisations have to really think through how they're going to scale capacity up and down in line with business needs and changing demands," Mel Newton of KPMG said. "This is a key aspect of effective IBP and is a particularly hot issue in relation to the hybrid models we're going to see emerging. It will require a truly flexible, agile and collaborative approach, underpinned by digitisation to enable it.



Once again, data is key. But people data in particular is something that many organisations are not good at. This needs to be a real area of focus moving forward.



**Mel Newton, partner in Workforce Transformation, KPMG in the UK**

# Integrated data platforms

**With data critical, there are many technology suites available that will help businesses manage the information flow needed. The aim must be to have simple and easy-to-use interfaces that provide digestible, real-time data, all in one place, to aid collaboration and cross-functional working.**

Oracle has invested in developing a range of tools that help businesses break out of siloed approaches and create a standardised data model across functions.



You can start small to solve a specific problem and then build the solution up by adding on more applications if you choose. It doesn't have to be a 'big bang' approach. You don't have to boil the ocean.



**Wayne Heather, Executive Director of EPM at Oracle**

## Key benefits of Oracle solutions



### Cloud based applications:

Oracle has moved its applications into the cloud and has integrated them at a process level across the board on a single data model to cover all aspects of planning. This acts as a real enabler to organisations to arrive at that 'single number' and create agreed, common targets.



### In-built AI and machine learning tools:

Oracle has also built in AI and machine learning tools as well as predictive forecasting, and enabled stress test simulations so that users can model the scenarios.



### Modular solutions:

A common worry with IT platforms is that businesses will be committed to buying lots of tools and functionality they don't need, effectively over-paying but Oracle enables a modular approach.

# Who should own it?

**Prompted in part by the many audience questions received, there was also discussion of another key aspect – who should be the owner of IBP? Of course, it is inherently a cross-functional endeavour meaning that all key business units have a responsibility, but at the same time there needs to be a lead sponsor.**

There are grounds to believe that IBP is an opportunity for Finance functions in particular to take a lead and be the catalysts for change. Finance has often been left at the end of the process, dependent on receiving everyone else's numbers, but with all the experiences and learnings of the pandemic, Finance can put itself in the front seat and begin to drive it much more. At the same time it is Chain/Operations who are best-placed to actually run the process.

IBP needs clear executive sponsorship and leadership must show that IBP is important.



Behaviours need to start at the top. Leadership have got to create that flexible and agile culture that enables everyone to adapt to change as they go. You need those attributes for successful IBP.



**Kerry Nutley, Human Capital Management Strategy Director at Oracle**

## Joining the dots



**Strategy**



**Finance**



**People**



**Marketing**



**Product**



**Sales**



**Supply chain**

# Looking to the future

**There was widespread agreement that IBP's time has really come. There is an opportunity now to seize on this as an enabler of future acceleration. There's a burning platform and now is the moment to start.**

Businesses should not over-complicate their approach but keep it simple. There's been a tendency in the past for too many bolt-ons and bells and whistles. Now, organisations need to understand what the essence of planning is for them and get to that using technology as an enabler.

By harnessing the power of today's technology tools, building on the collaborative and 'can-do' mindsets developed through the pandemic, and taking a committed and determined one team approach, there is little doubt that IBP holds huge potential for organisations to better manage their businesses.

The signs are that many are making significant progress on the journey.

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