

# Extended Planning and Analysis (xP&A):

**Our view of a Business leaders' priority in the "next normal"**



## Introduction

Business planning has never been easy, but the recent turbulent years and their long-lasting impacts have made it even more challenging. Former trademarks of the professional finance department — accuracy, consistency, and predictive planning cycles — are no longer enough to support business operations. The “next normal” requires business leaders to deal with complex, business-wide challenges within uncertain and volatile environments.

But all is not gloomy, as confirmed by [a recent PWC survey](#) found that 76% of ANZ business leaders are cautiously optimistic that their organisation is well placed for growth in the coming years.

How to plan for sustainability and growth in the current environment is the theme of this paper. Its core position is that CFOs have a critical role in leading organisations from reactive survival mode toward long-term resilience and adaptability.

## What’s coming next

**30%** of financial planning and analysis implementations will be extended to support operational finance processes.

**50%** will require substantial extended planning and analysis (xP&A) roadmap from the vendor.

— Gartner, Innovation Insight for Extended Planning & Analysis (xP&A)

In addition, we say that CFOs should consider implementing [Extended Planning and Analysis \(xP&A\) capabilities](#), combining financial and operational planning on a single platform, extending finance into other enterprise planning domains such as Workforce, Sales, Operations, Information Technology and Marketing.

In this paper, we explore the challenges and opportunities for CFOs in the “next normal” era. We explain what xP&A is and discuss how these capabilities can play a role in supporting the evolving needs of business planning. Finally, we recommend possible next steps for businesses that want to start their xP&A journey.



## The “next normal” — CFOs’ challenges and opportunities

“ Companies need a new approach to financial planning and performance management — one that informs rapid realignment of plans and actions and ensures organisational resilience. ”  
(McKinsey, 2020)

We agree with the series of recent articles where [McKinsey experts](#) highlight the rapidly evolving role of the CFO and Finance department. In the current volatile business environment, more agility is required with the need to respond to constant interruptions and greater uncertainty. Finance sits at the intersection between financial results (looking backwards) and strategy (looking forward), and is thus core to decision making. With the constant need to balance long- and short-term decisions, CFOs must link finance and strategy planning with planning and budgeting cycles. We also believe that CFOs will play a more critical role in resource and capital allocation in the coming years as businesses move from survival to sustainability and growth.

The reality of having months of data gathering and spreadsheet manipulation to produce yearly and long term plans has gone. CFOs’ current planning challenges include supply chain interruptions, talent shortages, and planning for sustainability due to environment volatility.

### Supply chain

Global supply chain weaknesses have been exposed, particularly in remote parts of the world like Australasia. A global [Accenture survey](#) at the end of 2021 found only 49% of executives agreed their organisations were meeting customer expectations for order fulfilment.

Moreover, increases in tradable goods prices — goods imported for local distribution or for the production of other goods — is becoming a significant factor in [escalating inflation rates](#).

Past practices, such as focusing on supply chain efficiencies and cost saving in isolation from other business goals and external factors, highlight businesses’ lack of visibility, slow response times, and overreactions to demand spikes. CFOs are now under pressure to expand their view from supply chain cost savings to providing increased value to stakeholders, greater integration with other business areas, and a more significant contribution to long term sustainability goals.

### Labour/skills shortage

CEOs around the globe consider labour shortages and mismatch of skills as the top issue likely to influence or disrupt their business strategy. The labour market is [particularly tight in New Zealand](#) due to its size and geographic location. Labour and skills shortages lead to higher costs of doing business and more extended fulfilment and production cycles, causing revenue losses.

As CFOs are best positioned to understand how to allocate resources for optimal results, they are expected to play an increasing role in identifying capabilities that can create value, ensuring talent goes to the most valuable parts of the organisation.

### Sustainability

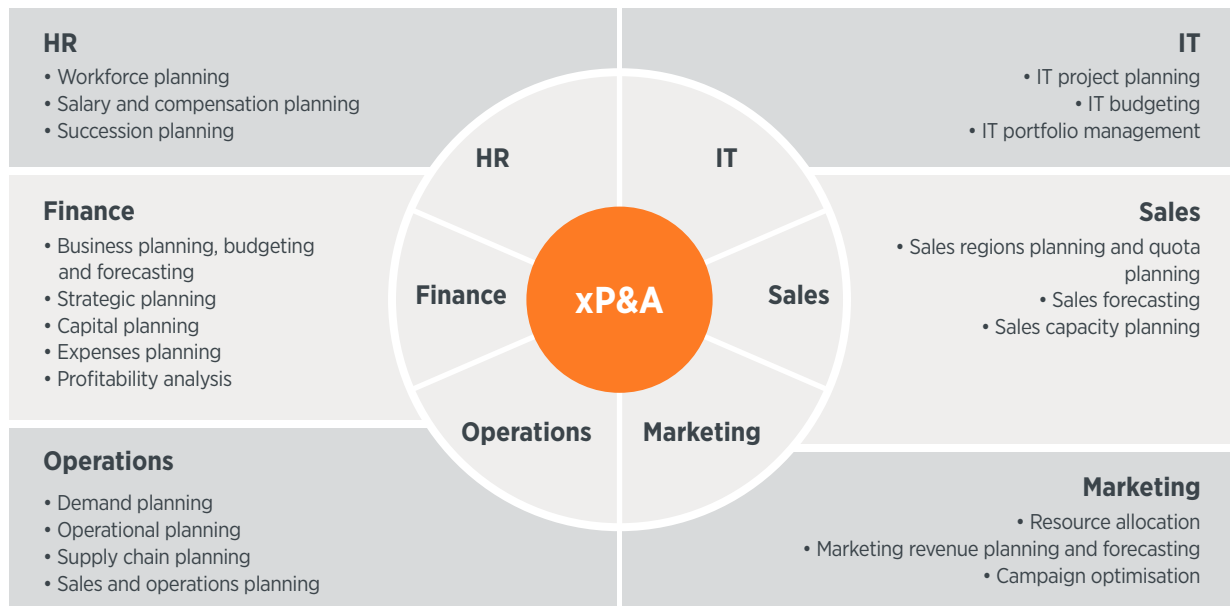
CFOs are the custodians of strategy, risk management, and performance reporting, and they are well placed to identify opportunities for end-to-end value creation within the organisation. For example, using integrated data such as fuel emissions with financial information can help them steer organisations toward sustainable growth and meet upcoming compliance requirements.

## Responding to the challenges with Extended Planning and Analysis (xP&A)

“ Through 2024, 30% of FP&A implementations will be extended to support operational finance processes, with 50% requiring a substantial xP&A roadmap from the vendor. ”  
(Gartner, 2021)

Gartner coined the term *Extended Planning and Analysis (xP&A)* to describe the solutions evolving in response to new planning capabilities needs.

xP&A solutions aim to advance collaboration and reduce data and planning silos, driving more access to information and immediate insights across the different divisions in an organisation. xP&A principles ensure that plans, budgets and forecasts are created with an integrated approach. By allowing all users to access unified information on demand from diverse data sources, xP&A solutions support emerging ways of doing business by extending planning capabilities across HR (workforce), Operations, Marketing, IT, Sales, and Finance.



*The xP&A solutions coverage*

In the “next normal”, CFOs need sophisticated planning capabilities relevant to business operation

**58%** of mid- to large-sized companies still use spreadsheets for their planning.

**41%** of these acknowledge that spreadsheets cannot adequately handle their data.

**50%** of business planning time is spent on collecting data and fixing errors.

— IBM (2021). **The future of Financial Planning and Analysis with Digital Transformation.**

However, a recent [IBM report](#) suggests that 58% of mid- to large-sized companies still use spreadsheets for their planning. Of these, 41% acknowledge that spreadsheets cannot adequately handle their data.

Many existing financial planning processes do not support integration and business collaboration — evidenced by the fact that 50% of planning time is spent on collecting data and fixing errors. Additionally, spreadsheet-based planning and analysis does not allow organisations to alter plans, forecast, or change budgets in real time.

**We believe the four “must have” capabilities identified by Gartner analysts suggest these are required to enable CFOs to be less reliant on spreadsheets:**

**Extended integration:**

Integrating multiple data sources across the business into a unifying platform to reduce silos and integrate disconnected systems.

**Extended visibility:**

Integrating data onto one unifying platform allows for a single version of the truth, accessed by all users in real time, usually through an easy-to-use interface. Visibility and real time access allow cross-business collaboration and can save considerable time in the consolidation and validation of data.

**Extended adaptability:**

Integration and visibility enable continuous planning aligned across all business areas such as Operations, Supply Chain, HR and Sales. Integrating financial and operational data supports strategic planning (macro-level) and operational, real-time financial forecasting.

**Extended Intelligent analytics:**

With large volumes of integrated data, finance analysts can use the power of Machine Learning (ML) and Artificial Intelligence (AI) to perform complex “what-if” scenario planning. Such scenarios are a major support in the uncertainty and volatility of today’s business environment and provide real confidence in planning for long-term strategic goals.

**Demonstrating the value**

While xP&A capabilities are still evolving, case studies have already shown their value.



**Genesis:**

New Zealand’s largest energy retailer (with around 500,000 customers) generates electricity from a diverse portfolio of thermal and renewable generation assets. The company planning and budgeting process used to take three months. With the implementation of an xP&A solution, Genesis automated more than 1,000 spreadsheets, quickly eliminating 980 of them. The integration provided business users with a single real-time source of truth. The business was able to update planning scenarios, returning insights within hours instead of weeks.

[Read more >](#)



**Deutsche Bahn:**

The national railway company of Germany already adopted best practices in financial planning and analysis as early as 2018, then adopted extended integration capabilities to cut data silos and move from short-term forecasting to long-term strategic planning. The implementation of xP&A, and the use of AI, enabled financial modelling to guide the company’s net-zero emission initiatives.

[Read more >](#)



**Delegat:**

Delegat is a global premium wine company with highly variable production, sensitivity to export markets, and a long-term planning horizon. With the use of an xP&A solution, the company can now bring together both demand and supply forecasts, overlaying exchange rate fluctuation in export markets.

## Scanning the solutions landscape

New and traditional vendors are offering xP&A capabilities. [Gartner](#) has classified three types of solution:

### Out of the box

Organisations can view, use, and customise fully functional applications as “out of the box” solutions. For example, [Workday Adaptive Planning](#) uses an “out of the box” standard data model to combine data workforce data with sales and operations, marketing, supply chain and IT.

### Accelerators

Rapid development and deployment solutions include templates, configuration capabilities, data models, connectors, and business logic. Businesses can use these tools to integrate multiple sources quickly using familiar interfaces such as Excel. An example is [IBM Planning Analytics](#). The solution offers an accelerated way of integrating operational and financial data, supplying web-based and Excel interfaces for ease of use. The IBM solution also uses AI powered by IBM Watson for capabilities such as predictive forecasting.

### Standard integration

Standard integration capabilities deliver quicker and easier integration with third-party data sources via APIs. For example, [Workday Adaptive Planning](#) has Success packs for rapid implementation for NetSuite, Salesforce, Dynamics GP and flat files. [IBM Planning Analytics](#) has an open API which means data can be ingested into the solution as well as supporting more traditional data integration methods.

## How to approach xP&A implementation

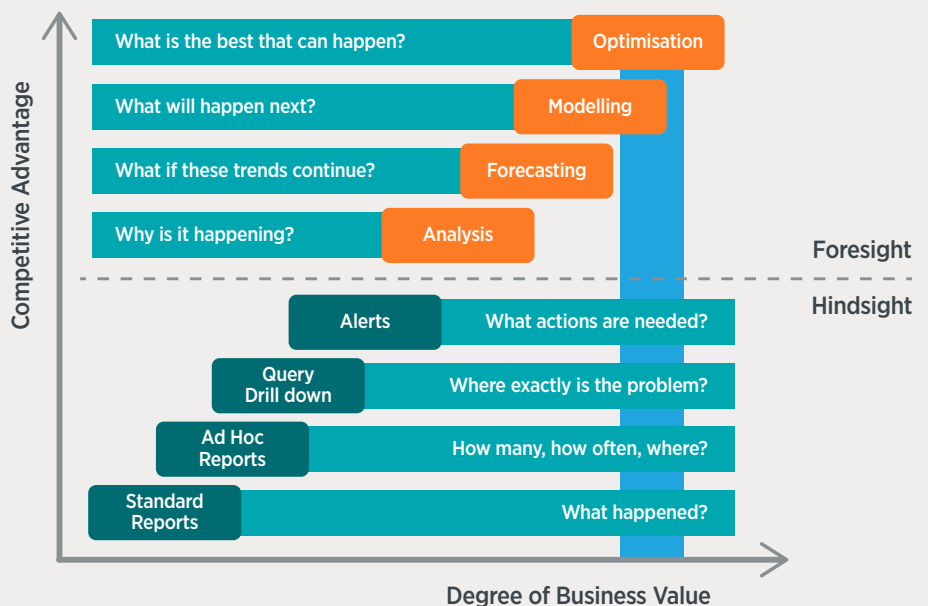
So far we have covered the need for CFOs to evolve their financial planning practice to support sustainability and growth, catering to the “next normal” of uncertainty and volatility. We have also explored how xP&A is enabling this evolution. The remaining question is: where should CFOs start on the xP&A journey?

While technology is an enabler and accelerator, it cannot be leveraged without an integrated approach to finance planning capabilities. So, when answering where to start, we recommend the following:

### Understand the current and desired state:

Business leaders should consider their current people, processes, technology and change capabilities when envisioning advancing their integrated planning. We also recommend that CFOs consider their future role from supporting business decisions to becoming a driver in moving the business forward. As illustrated in this diagram, the further developed extended planning capabilities are, the more future focused it is, and the more CFOs can contribute to competitive advantage and business value.

### The spectrum of business analytics



**Select a focus area:**

Business leaders can stage the integration based on the most critical challenges and business value that can be delivered. We recommend choosing a business area to focus on where there is a clear path to demonstrating business value.

**» Operations and Finance**

Operations planning focuses on reducing costs while staying agile enough to respond to customer demands. One particularly challenging area is the supply chain. Integration of the supply chain with financial plans ensures resources are allocated more effectively in response to ongoing disruptions and market opportunities.

**» HR and Finance:**

Finance and HR are critical to ensure the right people are in the right roles at the right time. Ensuring that workforce data such as staffing levels, compensations, talent and succession, training and benefits are all aligned with strategic business goals requires high levels of planning integration.

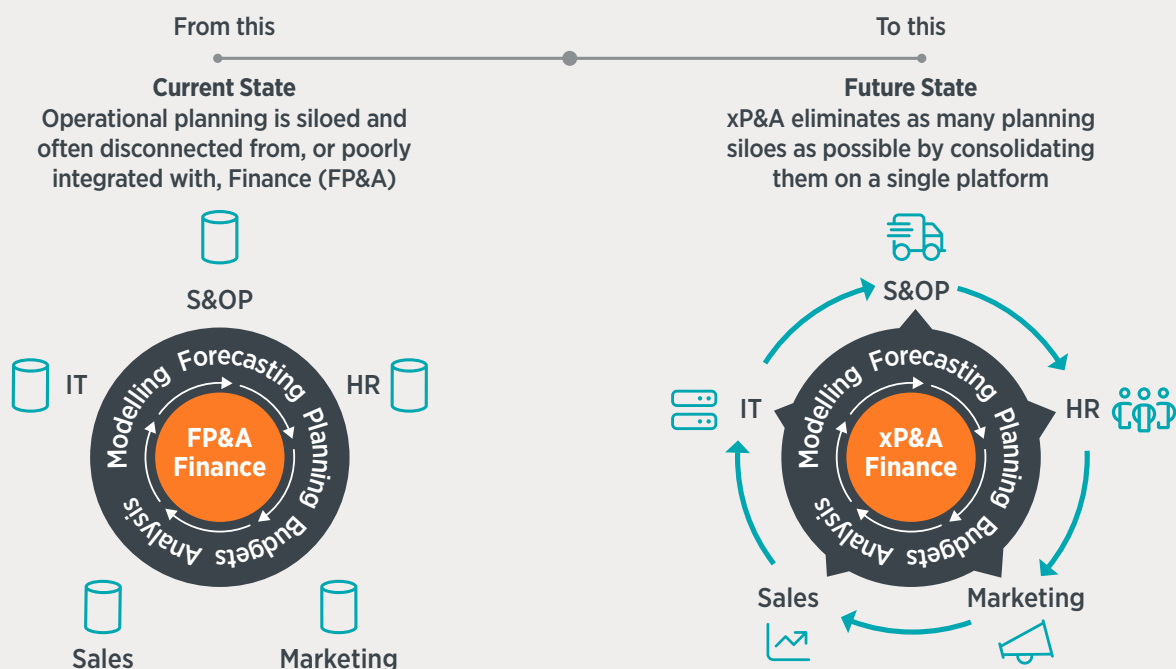
**» Sales, Marketing and Finance:**

Misalignment between Finance, Marketing and Sales, particularly in a fast-moving market, can lead to investment in the wrong initiatives, missed opportunities and inaccurate revenue forecasts.

**» IT, HR and Finance:**

The urgency for digital transformation and technology innovation require a business-wide strategic focus. Hence, it is critical to use an integrated view for prioritisation, tracking progress, and measuring ROI while also considering human resources' availability.

**The ultimate goal is to work towards achieving planning integration across all business areas (Operation, HR, Marketing, Sales, IT and Finance).**



*xP&A from Current state to Future State — Source: Gartner*

**Find a partner:**

Most organisations have a siloed, heterogeneous technology landscape. Hence, when considering xP&A options, CFOs should engage with partners who can provide a robust solution, understand the relevant context, and provide an integrated approach. An xP&A maturity assessment can be a good start for these partner conversations.

**Pilot and innovate:**

Finally, we recommend that CFOs accelerate their journey to xP&A by aiming for progress through identified focus areas. This should start with piloting in these focus areas, allowing a quick evaluation of the value of extended planning to the organisation.

## Conclusion

CFOs are positioned to lead their organisations from survival to growth. However, to fulfil on this vision they also need a new approach to financial planning and analysis — and the tools to support it. This approach should focus on business alignment, streamline processes by removing the need for cumbersome

manual work, integrating operational and financial data, and using advanced analytical capabilities such as Artificial Intelligence.

This imperative to transform planning and analysis capabilities relies on a substantial xP&A road map and implementation.

## Fusion5’s CPM (Corporate Performance Management) team:

In official language (thanks Gartner), Corporate Performance Management (CPM) is a term used to describe the methodologies, metrics, processes, and systems used to monitor and manage your business performance. And to enable CPM, you need the tools to provide the functionality to support the aforementioned processes, methodologies, and metrics.

We’re the largest, and most trusted and sought-after providers of CPM services in New Zealand. What sets our CPM practice apart is our customer experiences, our expertise, extensive suite of solutions, our focus on our customers’ needs and the desire

to improve their competitive edge. We can offer insight into your budgets, forecasting and workforce management, always moving you closer to your definition of success.

Our people understand the relationship between business, technology, and data. It’s our job to ask the tough questions and collaborate with our clients on the path of change (which is why we also embed Organisational Change Management in our services). And our goal? To deliver you tangible outcomes and benefits both now and in the future as you embark on your own transformation.

### Data, Planning & Analytics solutions to support better decisions



#### Data Management

Data Architecture  
Access & Security  
Quality & Governance



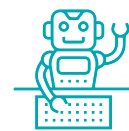
#### Analytics

Data Engineering  
Transformation  
Modelling  
Reporting  
Actionable Insights  
Dashboards



#### Planning

Smart, collaborative  
planning across the  
organisation



#### Automation & Compliance

Narrative Reporting  
Disclosures  
Close Optimisation  
Process Automation  
Reconciliations  
Transaction Matching

**Our Corporate Performance Management team are ready to partner with you through all aspects of your xP&A journey.**

**Talk to us today**





## We are Fusion5

Fusion5 provides business solutions and services that support you and your business in making potential reality.

Working with global technology leaders such as Microsoft, Oracle, IBM, and Workday, we partner with our customers to help increase operational efficiency, create people-centric cultures, strengthen customer relationships, and plan better for the future. By modernising and optimising the tools, systems, and processes your company uses, we can help you thrive.

When we work with you, we don't recommend technology for technology's sake. What drives

us is delivering outcomes that genuinely improve your business. Our business experience and insights from multiple industry sectors, advanced understanding of the solutions we offer, together with innovative technology that can be wrapped around them, means we can offer 'fit for you' solutions that deliver tangible results for your business.

We realise adopting new technology is not just a one-off activity — it requires change management, support, and continuous improvement to ensure your digital journey evolves with your business.

We're here to partner with you through all aspects of the journey. **#makingpotentialreality**