How to Take the Pain Out of Your Budgeting Process

Introducing the NetSuite Financial Planning Module

Mini Peiris
VP Product Marketing, NetSuite Inc.
Your Hostess Today:

Mini Peiris
VP, Product Marketing
NetSuite Inc.

Co-Presenters:

Rob Hull
CFO & Founder
Adaptive Planning

Tom Kelly
CIO/CTO
Kardia Health Systems
Agenda

- Welcome
- NetSuite Now Adds Financial Planning
  Budgeting, Forecasting & Reporting in Uncertain Times
- Customer Success
  - Tom Kelly, Kardia Health Systems
- Live Demonstration
- Q&A
Financial Planning Module
NetSuite Fills Gap in Current BPM Landscape

**Low End: Spreadsheets**
- Manual
- Error-Prone
- Can’t Scale
- Guessing-Game Visibility

**NetSuite Financial Planning Module**
- On-premise alternatives are simply too expensive and complicated for most companies.
- Enterprise Scalability
- More than 90% of corporate spreadsheets have material errors in them.
- Empowers Business User with Ease of Use.

**Designed for Mid-Market**
- Implemented by Mere Mortals
- Single Source of Truth
- Real-Time Metrics
- Better Business Decisions

**Delivers Strategic Value**
- Source: PricewaterhouseCoopers, KPMG

**Enterprise: SAP (BusinessObjects), Oracle (Hyperion)**
- Expensive
- Slow to Implement
- Extremely Complex
- Requires Specialized Skills (Business Analysts)
- Rearview Mirror Visibility

Over 75% of companies still rely upon spreadsheets for planning and reporting.

NetSuite Fills Gap in Current BPM Landscape
End-to-End Business Management for Strategy, Planning & Execution

Set Goals

Analyze

Measure

Plan

Execute

CFO

CEO

Financial Planning Executive

Business Unit Manager

Individual / Employee
Complete Business Insight

- What have we achieved historically?
- What are we planning to achieve in the future?
- How well are we executing against our plans?
- What if ...?
- Not limited to Financial Planning
  - Sales quota planning, headcount planning, marketing spend, services workforce planning
Packaged Actuals-to-Plan Integration

Today: NOT a shelfware app
- Easy one-time setup
- Auto-map COA, Business Classes, Departments, Locations
- Full “multi” with NetSuite OneWorld: multi-company, multi-subsidiary, multi-location, multi-currency

2H 09: Bi-directional power
- Drill down into variance from plan to examine transaction detail via single-sign-on
- Bi-directional data exchange for execution against plan, budget enforcement, Dashboard metrics against performance
Budgeting, Forecasting & Reporting in Uncertain Times

Rob Hull
Founder & CFO
Adaptive Planning
Adaptive Planning Introduction

Background
Founded by our **CFO** in 2003

**Alternative** to Both Excel and Complex/Expensive Software

**First** True SaaS Offering for Budgeting, Forecasting & Reporting

Category Leader
- **The leading** SaaS Vendor
- **Free** Software & Training
- **First** Online Community
- **First** with Collaboration
- **Only** Open Source Offering

Industry Awards

*2009 Red Herring 100*

*2009 Winner Best BI Solution 2009 SIIA CODiE WINNER*

*2009 Finalist Best Business Software Solution 2009 SIIA CODiE FINALIST*

*2009 Emerging Vendor*

*Cool Vendor in Performance Management*

*Inc. 2008 Best Newcomer Gartner 2009 Core Vendor FinanceWeek 2009 Winner*

Growth

**Rapid Customer Adoption**

<table>
<thead>
<tr>
<th>Year</th>
<th># of Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>64</td>
</tr>
<tr>
<td>2007</td>
<td>188</td>
</tr>
<tr>
<td>2008</td>
<td>425</td>
</tr>
<tr>
<td>2009E</td>
<td>~700</td>
</tr>
</tbody>
</table>

~10,000 users > 85 Countries
The CFO’s Role in Navigating the Downturn

CFOs need to replace traditional budgeting and planning with a more aggressive crisis-planning mode focused on cash. They should prepare scenarios based on different economic assumptions and risks, such as the sudden unavailability of funding or bankruptcies of major customers or suppliers. And they must develop contingency plans in case the scenarios come to pass. Survival is not a certainty.


Frequent Re-planning

How many times did your company re-plan, re-forecast, or create what-if scenarios last quarter?

- 4 or More: 14%
- 3: 14%
- 2: 26%
- 1: 29%
- 0: 17%

- 2X as many re-planning 3+ times per quarter vs. Q4 08

More “What-Ifs” in Future

Will the uncertain economic environment cause you to re-plan, re-forecast, and perform what-if analyses more frequently in the next quarter?

- Don’t Know: 14%
- No: 35%
- Yes: 50%

Source: BPM Forum / Adaptive Planning poll of finance professionals, May 2009
Budgeting and Forecasting are **Critical** to **Business Success**, but are the Last Remaining **Manual** Processes.
Spreadsheet-Based Budgeting

**Slow**
- “…the average corporation spends 4 months and 20 – 30% of financial managers’ time budgeting.” - *APQC Study*

**Error-Prone**
- >88% of Spreadsheets Audited Had Errors
  - *Average of Surveys from Accounting Firms since 2000*

**Risky**
- Missing Minus Sign Caused Fidelity’s Magellan Fund to Overstate Projected Earnings by $2.6B - *CFO Research*

**Costly**
- 50% of companies say too time consuming and 73% plan to make process changes - *BPM Forum (Jan 2008)*

**Ineffective**
- “…the budgeting process at most companies has to be the most ineffective process in management.” - *Jack Welch*
Meeting Your Requirements

**Fast**
- Reduce Cycle Times by Up to 90%
- Enable More Frequent Forecasts

**Controlled**
- Implement a Consistent, Standardized Process
- Eliminate Excel-Based Errors

**Well-Aligned**
- Create a Single “Version of the Truth”
- Run Unlimited Versions of “What-If” Scenarios

**Affordable**
- Fit Within Constrained Budgets
- Avoid the Cost and Complexity of Enterprise Software

**Strategic**
- Improve Communication, Participation and Accountability
- Provide Deeper Analysis and Insights For The Business
Innovative Solution

Budgeting & Forecasting
- Collaborative Modeling
- Spreadsheet-Like Interface
- Organizational Roll-Up
- P&L, Balance Sheet, Cash Flow
- Unlimited Versions

Reporting & Analysis
- Drag & Drop Report Builder
- Actual, Budget, Forecast
- Multi-Dimensional Reporting
- “What-If?” Analyses
- Customizable Dashboards

Collaboration & Community
- Discussion Groups, Online Docs, Attachments, Search
- Alignment, Agility, Accountability
- Best Practices & Peer Connections
Customer Benefits

- Significantly reduce costs of running Finance/ERP and budgeting & planning processes using SaaS
- Achieve strong fiscal control based on accurate and timely historical data and up to date plans
- Better plan accuracy based on sound data and centralized plans – dramatically reducing budgeting and forecasting cycle times by up to 90%
- Effective execution of business strategy by improving planning across finance, sales, service and support
- Improved business agility and increased accuracy of forecasting based on real time view of performance and the ability to course correct in a timely manner
- Strategically changes the way companies do business
Early Customer Success

“With NetSuite and the Financial Planning module, we have been able to link together strategy, planning, and execution. We can continuously monitor actual performance while rapidly analyzing multiple ‘what-if’ scenarios, which allows us to be far more nimble and effective in making both tactical and strategic decisions.”

James Jones
Director, Financial Planning & Analysis
12 Languages, 170 Currencies
Summary:
End-to-End Business Management for Strategy, Planning & Execution

Real-Time Business Performance Management
- Elevate strategic value of Finance
- Make better business decisions
- Empowers timely course corrections

Dramatic TCO Compared to On-Premise
- Sophisticated functionality typically costing millions from on-premise vendors
- Unique dynamic drill-down from top level results to transactional detail for variance analysis

Best-in-Class SuiteCloud Integration
- Integration driven by NS-BOS development platform
- Brings two leading SaaS vendors together: NetSuite & Adaptive Planning
Customer Success

Tom Kelly
CIO/CTO
Kardia Health Systems
Improved Financial Health
Kardia Health and 2nd Wind

Kardia Health Systems
- Developed to bring Mayo Clinic - proven cardiology solutions to market
- HQ in Minneapolis
- 50+ employees

2nd Wind Exercise Equipment
- Premier fitness equipment dealer
- 100 locations in 10 states
- Exclusive dealer for many top brand manufacturers
- Over 300 employees
- Revenue $100+ million
**Environment**

- Doubled over an 18-month period
- Already running NetSuite
- Needed to protect profit margins - despite weak retail sales environment
- Spreadsheets unable to accommodate constant change
- Not realistic sticking to a static one-year budget

**Requirements**

- SaaS
- Unlimited what-if analysis
- Rolling forecasts
- More realistic short-term and long-term goal setting
- Collaboration...
- Workflow
Transformative Results: Increased Business Agility

- **Flexible Budgeting Process**
  - From static annual budget to rolling forecast
  - Increased overall accuracy

- **Accurate Bottom Up Sales Forecasts**
  - Sales managers across 100 store locations can input and update sales projections for forecast period
  - Sales team gained clear view into how performance impacts bottom line
  - Collaborative forecasting process improved accuracy

- **Responsive to Changing Conditions**
  - Multi-dimensional reporting and what-if scenarios to margins

---

Key Business Impact

Avoided 20 percent revenue declines common among retailers in a slow economy.
Government mandate to medical industry adopt technology to lower costs and improve healthcare

Travel and expense costs represented an unusually high % of operating budget - Not in line with peers

Spreadsheets not up to managing monthly change and adjusting projections

Inadequate tools to make department heads accountable for their budgets
Transformative Results: Accountability to Manage Expenses

Collaborative Planning

Improved accountability
  - Managers see actual vs. budget
  - Long Range Forecasting
  - 5 year forecast process integrated into the annual planning and budgeting process

Continuous Forecasting
  - Monthly operating forecast

Combined
  - Timely and accurate data and communication flow
End to End Financial Transformation

- Actual data
- Integrated ERP and CRM
- Operational Analytics
- Continuous planning
- Strong accountability Actual vs. Budget
- Collaborative forecasting

Integration

- Strategy, planning, and execution linkage
- Integration between actual and plan
- Able to continuously monitor performance
Financial forecasting is crucial, and even more so when times are tough and the future is more uncertain than usual.

You need visibility into current business progress and the ability to evaluate scenarios quickly.

Adaptive Planning gives you the tools you need:

- Scenario analysis: What if sales are 20% lower? What if I cut 5% of staff?
- Comparative reporting: budget vs. forecast, scenario comparisons
- Rolling actuals, forecasts: 9 months actuals from Netsuite, 3 months forecast
- Complete, integrated financial statements: quickly assess future cash impact
- Driver-based analysis: build calculations based on key business drivers
Simple 4-Step Integration Process

1. Set up connection
2. Map categories to dimensions
3. Map (auto map) dimension values
4. Import Actuals
### Summary Financials (Actual vs. Budget)

**Description:** This report shows key summary financial data for the actual and budget versions.

**Accounts:** Direct

**Currency:** United Kingdom, Pounds

<table>
<thead>
<tr>
<th></th>
<th>Q1-FY09</th>
<th>Q2-FY00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actuals</td>
<td>Final Budget</td>
</tr>
<tr>
<td>HEADQUARTERS - UK (Rollup)</td>
<td>2,572,075</td>
<td>2,085,580</td>
</tr>
<tr>
<td>EMEA (Rollup)</td>
<td>2,572,075</td>
<td>2,095,580</td>
</tr>
<tr>
<td>Denmark</td>
<td>725,000</td>
<td>715,333</td>
</tr>
<tr>
<td>Germany</td>
<td>1,282,420</td>
<td>1,350,007</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>635,397</td>
<td>62,190</td>
</tr>
<tr>
<td>Elimination - EMEA</td>
<td>-70,751</td>
<td>-50,000</td>
</tr>
</tbody>
</table>
Drill-Through Into Transactions

![Image of drill-through into transactions in a netSuite interface.]

<table>
<thead>
<tr>
<th>Financial Row</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
</tr>
<tr>
<td>4000 - Direct Revenue</td>
<td>£2,711,713.07</td>
</tr>
<tr>
<td>4002 - Other Revenue</td>
<td>£1,022,524.56</td>
</tr>
<tr>
<td>4003 - Standard Partner Revenue</td>
<td>£185,355.84</td>
</tr>
<tr>
<td>4004 - Premier Partner Revenue</td>
<td>£435,283.66</td>
</tr>
<tr>
<td>4005 - Retail Revenue</td>
<td>£246,352.64</td>
</tr>
<tr>
<td>4008 - Wholesale Revenue</td>
<td>£37,813.21</td>
</tr>
<tr>
<td>Total - 4000 - Direct Revenue</td>
<td>£3,005,043.08</td>
</tr>
<tr>
<td>Total - Sales</td>
<td>£3,805,043.09</td>
</tr>
<tr>
<td>Purchases</td>
<td></td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>£2,141,890.07</td>
</tr>
<tr>
<td>Total - Purchases</td>
<td>£2,141,890.07</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>£1,664,144.01</td>
</tr>
<tr>
<td>Overheads</td>
<td>£3,018,039.06</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>£1,383,898.04</td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
</tr>
<tr>
<td>8000 - Sales Discounts</td>
<td>-£5,300.79</td>
</tr>
<tr>
<td>8999 - Ask My Accountant</td>
<td>£532.49</td>
</tr>
<tr>
<td>Total - Other Income</td>
<td>£4,828.36</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>£365,043.70</td>
</tr>
<tr>
<td>Net Profit/(Loss)</td>
<td>-£1,202,770.04</td>
</tr>
</tbody>
</table>

Period: This Quarter
From: Apr 2009
To: Jun 2009
Subsidiary Context: EMEA (Consolidated)
Column: Total

[Buttons: Refresh, Customise]