



# From Annual Planning to Continuous Forecasting: The Modernization of Planning, Forecasting, and Analysis

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# Presenting to you today...



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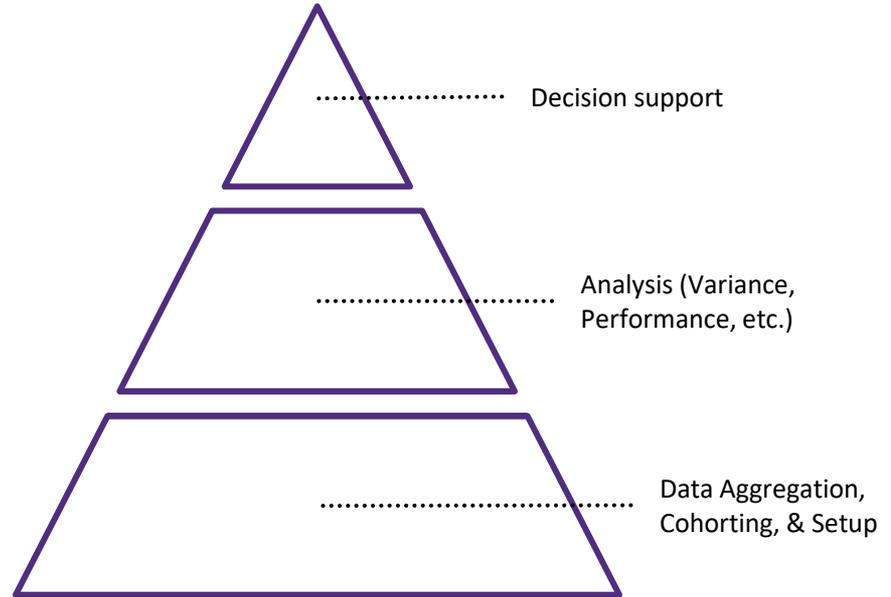
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# Common Legacy Planning Characteristics

- Disconnected data collection, aggregation, modeling, and manual processes performed in a combination of databases, spreadsheets, and custom solutions
  - Difficult to enact change to process and evaluate environmental change
- Lack of connectivity in data and modeling of key variables (e.g., new business planning to labor model)
- Extended planning cycle that isn't approve until plan year
  - Requires plan updates once finalized
  - Does not produce relevant insight
- Large, decentralized planning teams with non-standardized processes
- Accounting focus that does not align to strategic and long-range plans
- If forecasts are prepared, they are not timely and irrelevant once finalized



# Legacy Planning Process

## FRAGMENTED MODELS

Difficult and time consuming to consolidate plans and forecast across diverse business organization with different priorities.

## LACKS AUTOMATION

Manual activities to aggregate data, validate it, and run the model, which extends the planning timelines and allows for little time to analyze output.

## LACKS GOVERNANCE

Disparate data sources and manual touchpoints add risk to integrity of underlying data in plans & forecasts.



## LIMITED CAPABILITIES

Planning and forecasting process has limited driver-based planning, does not incorporate rolling forecasts, and does not provide the level of frequency desired.

## INFLEXIBLE

Reactive approach due to inability to stress the plan, run scenarios and sensitivities, and integrate into an organization view of the Company's financial health.

## IMMATURE REPORTING

Limited reporting capabilities for self-service analysis, variance analysis, and scenario analysis.

# The Opportunity: Modernize FP&A to be an Effective Strategic Partner for LOBs & C-Suite

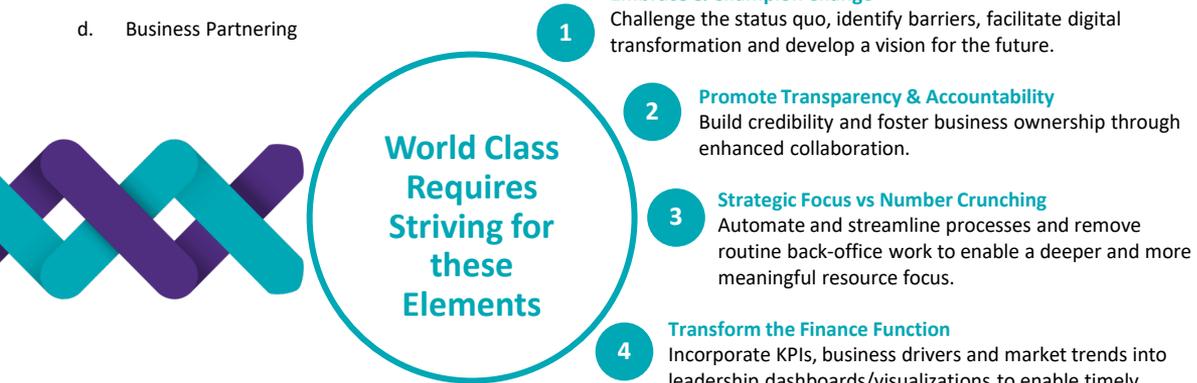
By performing planning, reporting and analysis, FP&A teams take a proactive approach to performance management and focus on continuous improvement. Leveraging business insights and historical trends, they attempt to anticipate obstacles and predict future performance, enabling the organization to manage credit & liquidity, mitigate risk, and capitalize on opportunities.

## Primary Responsibilities

- a. Financial Planning
- b. Analysis [Ongoing & Ad Hoc]
- c. Performance Management
- d. Business Partnering

## World Class Leading Practices

Eliminate silos, promote collaboration and empower individuals, leading to a highly efficient planning process.



World Class  
Requires  
Striving for  
these  
Elements

1

### Embrace & Champion Change

Challenge the status quo, identify barriers, facilitate digital transformation and develop a vision for the future.

2

### Promote Transparency & Accountability

Build credibility and foster business ownership through enhanced collaboration.

3

### Strategic Focus vs Number Crunching

Automate and streamline processes and remove routine back-office work to enable a deeper and more meaningful resource focus.

4

### Transform the Finance Function

Incorporate KPIs, business drivers and market trends into leadership dashboards/visualizations to enable timely decision-making.

## Outcomes of World Class FP&A Function

### 1. Driver-based Financial Models

Connect operating metrics to financial performance. Determine what factors impact growth and profitability – e.g. Policyholder lifetime value, underwriting expense ratios etc.

### 2. Financial and Scenario Analysis

Hypothesize a variety of outcomes. Provides guidance to meet financial goals.

### 3. Link Strategic Initiatives to Financial KPIs

Align the budget to organizational long-term objectives and cascade KPIs through the organization,

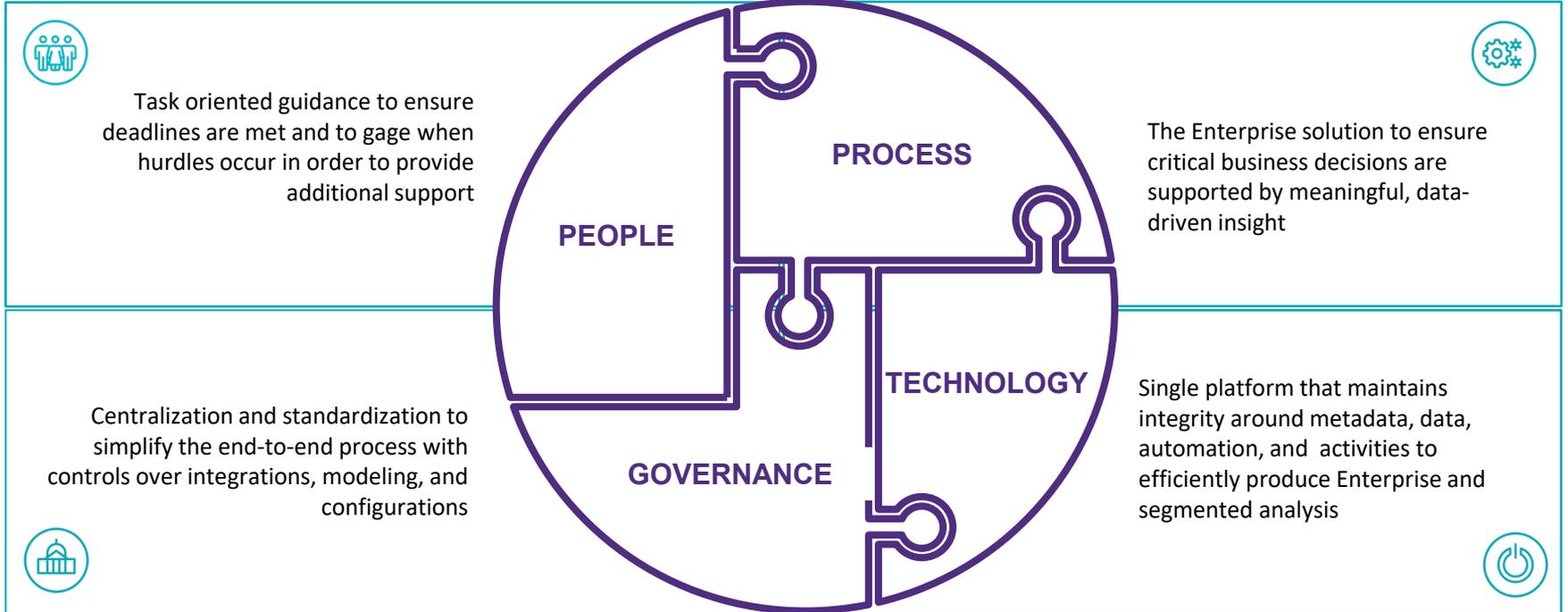
### 4. Foster a Collaborative Environment

Break down barriers across the finance organization and utilize a common language to capture efficiencies.

### 5. Establish an Internal Network of SMEs

Provide valuable insights and cultivate line of business partnerships.

# What is Connected Planning?



# Insurance Use Cases Addressed by Connected Planning

...across the enterprise for  
faster, better decision making

-  Finance Transformation
-  HR & Operations
-  Sales Performance Management



# Integrating the Planning Process



## PROFITABILITY

Profit and cost analysis at Enterprise and key segments (e.g., product, division, etc.) to evaluate concentration risk and support the future year strategic plan.



## LONG RANGE PLAN

Evaluate multiple scenarios over longer horizon (e.g., five, 10, 20 years) to evaluate impact of economic events and evaluate the impact on capital metrics.



## STRATEGIC PLANNING

Executive driven targets, goals, and objectives for the enterprise considering prior year plan effectiveness and market trends.



## BUDGET & PLAN

Targets and initiative metric seeding into annual budget and financial plan over varied horizons with capabilities to run sensitivities to stress plan (e.g., 2008 financial crisis, 2011 loss year, etc.) and perform ad hoc what-if analysis.



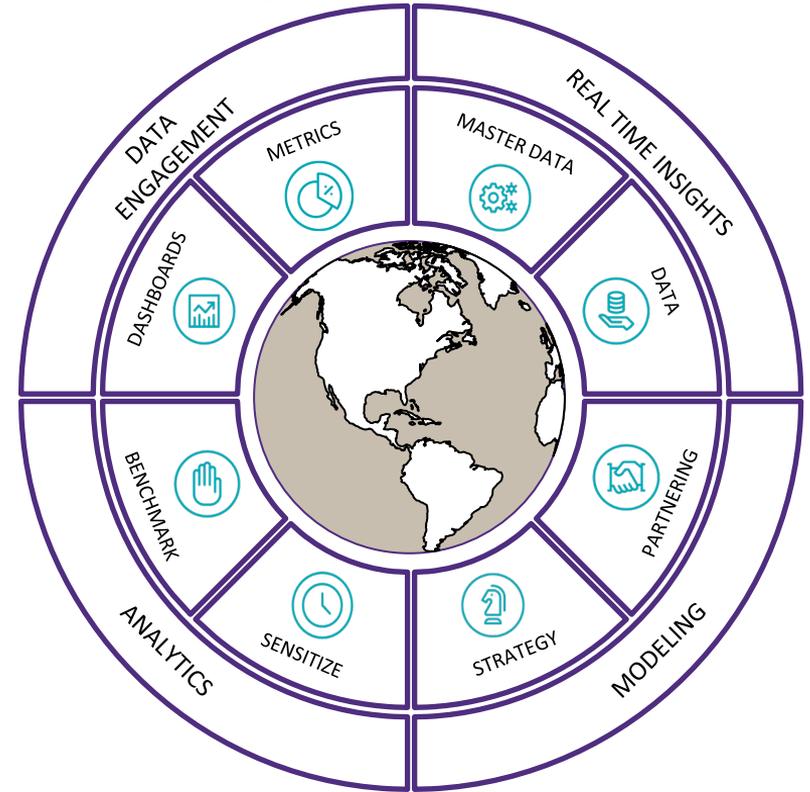
## FORECASTING

Rolling forecast over varied horizons (e.g., 18, 24, 36 months) to evaluate current performance impact on short and long-term results.

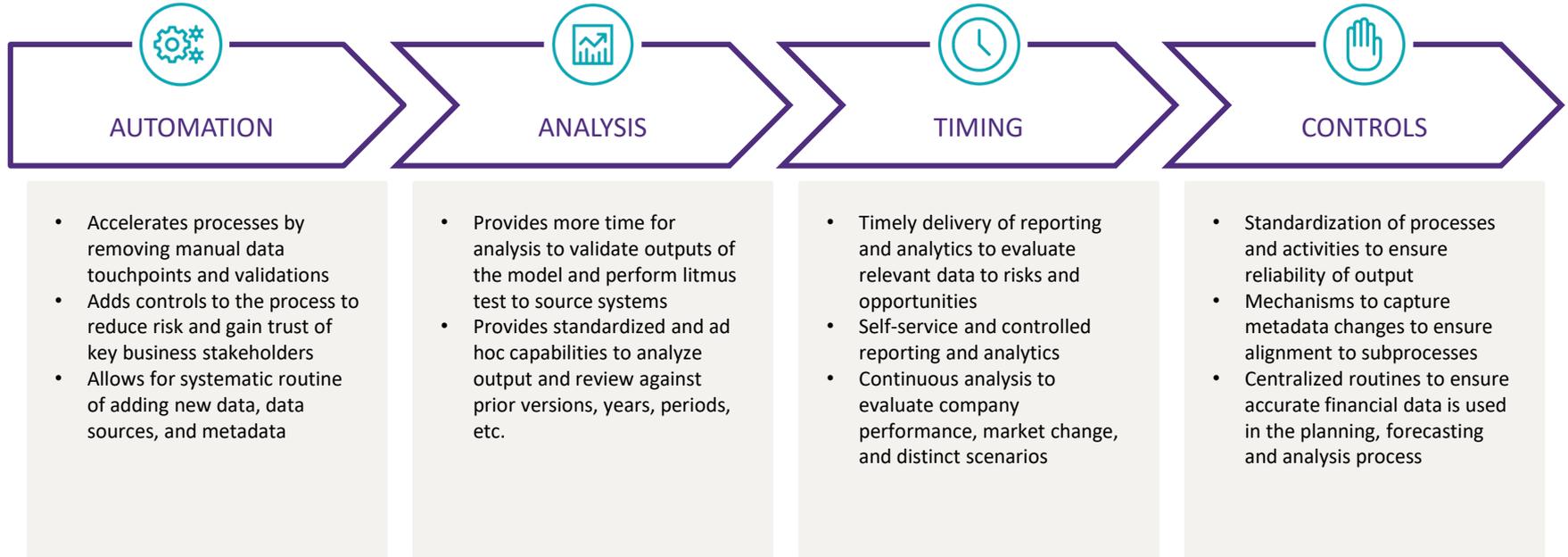
# Continuously Forecasting

## Proactively monitoring and interpreting the impact of change

- **Operational insights**  
Partnering to allow the business to proactively manage and adapt to change
- **Aligning data to strategy**  
Utilizing operational data to understand the effectiveness of strategy
- **Change is inevitable**  
Driving insight of real-time data, events, and outcomes as well as the hypothetical scenarios
- **Engaging data**  
Providing insight and supporting discussions to support actions
- **Empowering talent**  
Eliminating silos and flipping the script to allow a systematic approach to analyzing results and extending the planning and analysis process



# Modernizing the Planning Process



# Connected Planning

## VISION

- **Fully integrated** budget, plan, forecast, and reporting process
- **Meaningful insight** to transform decision support analysis
- Creative, **data-driven mindset**

## GOALS

- **Balance** between top-down and bottom-up plans
- Provide **varying reporting capabilities** (e.g. dashboards, financial reports, Excel, self-service, etc.)
- **Scalable & reliable** solution to adapt to future change
- **Transform** operational tasks into strategic analytics
- **Deliver visibility** into financial outcomes, trends, and hypothetical events
- **Eliminate** of labor-intensive process, offline routines, and activities
- **Unite** business & finance for business partnership



## Benefits to the enterprise

- Share core assumptions and drivers to standardize analysis and allow for ad hoc analysis
- Actively engage with connected data to analyze key levers and the impact throughout the financial statements
- Reduce risk of errors, omissions, & redundancies by driving process automation
- Provide sensitive and relevant scenario and financial analysis timely
- Gain agility in overall process and analysis
- Standardization of common processes
- Collaboration and workflow to afford opportunity to support process issues
- Talent retention

# Planning Maturity



	LAGGING	EMERGING	OPTIMIZING	LEADING
Views	Divisional / BU	Some differing views	Multiple views	Enterprise & Segmented
Capability	<ul style="list-style-type: none"> <li>Manual / offline prep</li> <li>Limited data sources</li> <li>No version control</li> <li>No scenario planning</li> <li>Manual reporting</li> <li>No standardization or analysis</li> </ul>	<ul style="list-style-type: none"> <li>Several data sources</li> <li>Basic modeling</li> <li>Manual reporting and analysis</li> <li>Minimal standardization</li> <li>No scenario analysis or version control</li> </ul>	<ul style="list-style-type: none"> <li>Several data sources</li> <li>Mature modeling</li> <li>Automating reporting with ad-hoc and standard analysis</li> <li>Version and scenario capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Many data sources</li> <li>Multi-modeling capabilities</li> <li>Multi-formatted reporting and analysis</li> <li>Standard and ad-hoc version and scenarios</li> </ul>
Modeling	Expense budget	<ul style="list-style-type: none"> <li>Expense budget</li> <li>Sales forecasting</li> </ul>	<ul style="list-style-type: none"> <li>P&amp;L</li> <li>Budget &amp; Forecast</li> </ul>	<ul style="list-style-type: none"> <li>P&amp;L, BS, &amp; CF</li> <li>Rolling forecast</li> <li>Long-range plan</li> </ul>
Automation	Manual data aggregation and compilation	Some financial data source integration	Advanced data & metadata automation	Lights out automation for data and metadata
Timing	Annual	Annual	Annual & Monthly/Quarterly	Annual & Continuous

# Key themes of challenges FP&A faces

## Data challenges

Insufficient data granularity, multiple sources of truth, inconsistent definitions, calculations between finance and operational data are often symptoms of inadequate data strategy and governance. Deploying appropriate data governance strategy and enabling solutions shifts time spent on preparing and processing data to generating insights.

## Inefficient planning processes & systems

Increasing demand for more dynamic planning requires efficient process execution, otherwise, they absorb all the team's time and resources. Deploying an integrated, purpose-built, enterprise-modeling and performance management platform and re-engineering processes enables FP&A and business teams to focus on drivers, trends and strategic planning.

## Descriptive rather than predictive analytics

FP&A teams operating without sophisticated / self-service tools and/or training to use them are limited to historic analysis. Predictive and prescriptive analysis facilitates the exploration of what might happen and supports the creation of multiple paths and quick iterations combined with robust computation and data visualization capabilities.

## Limited automated & self-service reports

Tools frequently used by FP&A teams often don't allow for self-service reporting and don't scale with the business. A Reporting Center of Excellence built on a centralized data lake and empowered by the right tools enables standardized and ad hoc reporting integrated with visualization and facilitates seamless and controlled distribution or reports.

## Finance strategy and M&A

M&A transactions are an important part of insurance brokers', insurers' and reinsurers' growth strategy and efforts to strengthen balance sheet and diversify risk portfolio. An FP&A function with specialized skill sets are required to support decision making in regard to strategic growth or divestiture opportunities.

## Maintaining regulatory compliance

Continued scrutiny from regulators, shareholders and other external stakeholders on the financial performance and operational resiliency of the company require enhanced awareness of the FP&A function.

# Transforming Finance



Business outcome	Key benefits	Relevance
Support for business decisions	Centrally managed solution for annual plan/budget, monthly/quarterly forecasting, and reporting with the ability to efficiently support Division & Enterprise decisions on hedging, investment re-balancing, product initiatives, market events, etc. with trust in the data that is being supplied from the process.	Ability to evaluate current market trends & re-think division and enterprise objectives
Modeling efficiency	Simplification of the financial planning & analysis process accompanied by a centralization of reporting mechanisms to gain cost efficiencies, quicker analysis of results tomorrow, rather than next week.	Data and results to proactively evaluate & manage risk & opportunities
Solution optimization	Right tool for the job, which provides optimization to minimize solution downtime, calculation time, and ensure overall solution performance and availability. This reduces the burden on the technical and business staff by reducing tasks performed to prep the model and evaluate reliability of outputs.	Self service to question & evaluate data & results throughout the process
Data engagement	Automated and enriched data and master data management processes, including integration to Actuals, Connectivity between processes (e.g. expense analysis to sales and actuarial, etc.).	Systematic process that will connect data points within the division & enterprise
Forward-looking insight	Flexibility to provide effective analysis and the ability to quickly provide insight to the business and division for change in economic events (e.g. change in tax legislation, changes in interest rates, market volatility, pricing, etc.), tied into overarching ERM, Treasury, and Capital models, and facilitating a financial view of business strategy.	Single source of the truth to connect plan & forecast to current market events to observe impact for tomorrow

# Considerations for Connected Planning

## WORKSTREAM

## APPROACH

General

- Source of strategic goals, initiatives, and plan
- How to incorporate predictive planning and how many years of historical data are needed
- Level of granularity of planning processes
- What are the key sensitivities and scenarios to run and what is the frequency
- What versions are critical

Business

- Level of detail in driver-based planning
- Source system integration vs Oracle EPM modeling execution (e.g. actuarial, FTP, etc.)

Long Range Plan & Forecasting

- Frequency of updates, granularity, and horizons
- Outward logic differences

Investments

- Logic supporting re-balancing, reinvestment, or new investment acquisitions

Expense & Allocations

- What expense allocations are critical to the plan and forecast process
- To ensure alignment, should allocations for actuals run through the same solution
- Is the use of ABC modeling critical for the future state and does the company have a service catalog

Treasury & Capital

- Who will own the treasury and capital models
- What capital models are critical to incorporate into the plan and forecast process

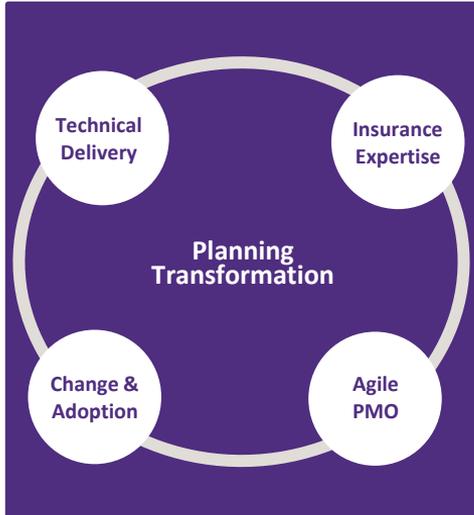
Profitability

- Does the company measure profitability today that will support tomorrow's planning process

Reporting

- What are the packaged reports
- Should benchmarking be deployed
- What are critical analytics that will add value, as well as books

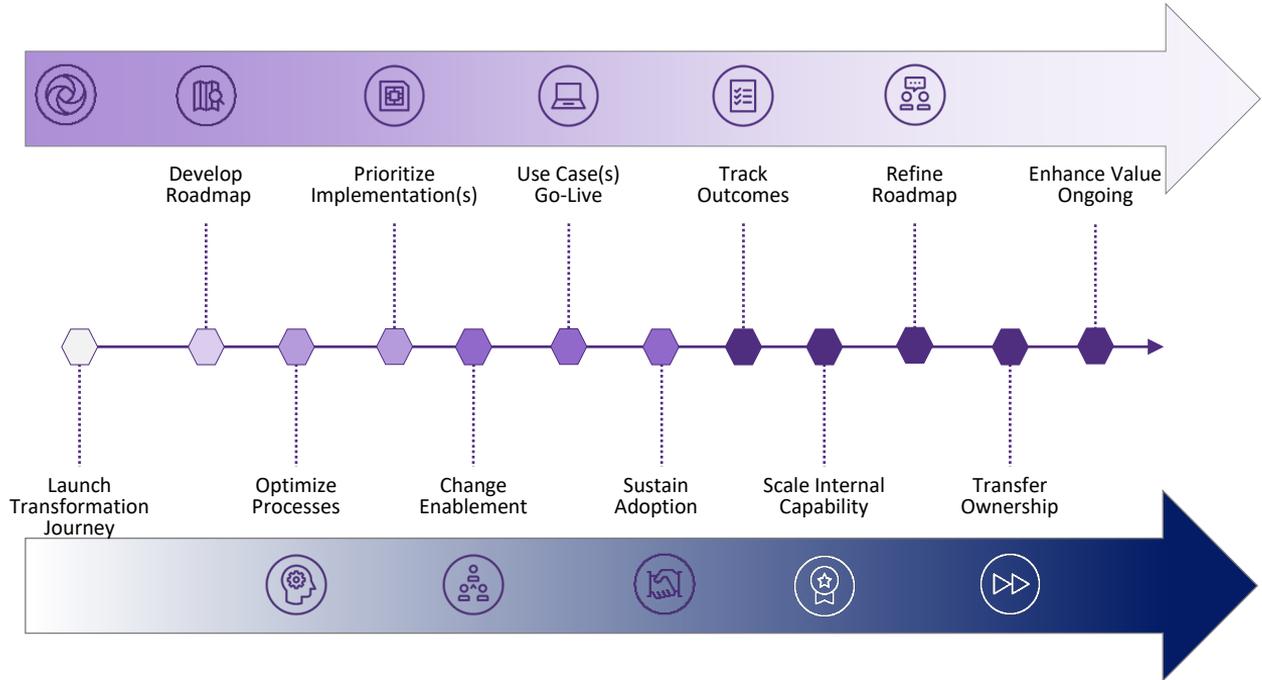
# Our Performance Analytics Transformation



## DELIVERY PRIORITIES

- **FAST** time to value
- **FLEXIBLE** to accommodate your priorities
- **COLLABORATIVE** development and ownership
- **SUSTAINABLE ADOPTION** focused transformation

We employ a proven four-pillar transformation approach that combines Anaplan configuration with industry and functional best practices, agile PMO, and change enablement to ensure successful delivery and long-term adoption to deliver sustained value for your organization.



# Wrap up



1. Agile and scalable for organizational, societal, and environmental changes, which allows for independent thinking and analysis
2. Improves reliability of plans, forecasts, and reporting by incorporating standards and controls
3. Governance and automation lead to quick turnarounds of plans, forecast, sensitivities, and other analysis
4. Increase in the frequency of planning and forecasting process to perform “on the fly” analysis of current events
5. Systematic process in place to align strategic plan, annual plan, forecast, long-range plan, and profitability to drive valuable insight across the enterprise
6. Workflow and collaboration drive an effective and efficient workplace that provides awareness into the process, bottlenecks, and potential synergies



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