

PrecisionView

The Next Generation of Financial Forecasting

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Meet the Speakers



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Evolution of Financial Planning & Analytics



Reflective to Predictive



What is Traditional Forecasting?

Traditional financial forecasting uses simple trendbased models to project the future financial performance of the business by relying on historical company and market data and assumptions



Challenges with Traditional Forecasting Post-Covid

In addition to the several traditional challenges, FP&A is further complicated by the recent unprecedented Covid-19 environment which cannot be efficiently handled by traditional forecasting methods

Additional Challenges Being Faced During Times of Uncertainty

- **Constant Scenario Development and Modeling**
- **Discomfort and Lack of Confidence in Future Projections**
- **Urgent Need for Decision and Courses of Action**
- **Unclear Decision-Making Framework & Ambiguous Criteria/Triggers**
- **Excessive Manual Iterations are required**

SHIFT IN FOCUS!!

- There is a huge interest to understand how demand / revenue are rebounding in-light of the pandemic
- CFOs are shifting focus from long-term P&L and growth planning to more immediate business continuity risks and cash positions
- There is a need for quick decision-making capabilities through improved scenario analysis, predictive analytics and ability to drive financial insights and visuals

Traditional Forecasting Methods are unable to account for and handle uncertainty due to...



Limited Scope In today's uncertain business environment, companies need more from Finance in addition to traditional metrics like revenue and profit



Lack of Integrated Forecasting Cross functional planning and integrated forecasting across financial statements is not possible with traditional forecasting methods

Level of Detail



It is a tradeoff - more detail takes time & hampers flexibility for scenario creation, whereas less may not be insightful

Driver Based Forecasting

To face an uncertain and volatile market, a fast-changing business environment, traditional forecasting is not sufficient. It's essential to leverage operational cause that have an impact on the financial outcomes.

What is it?

- Driver-based forecasting is a process that is focused on identifying the key business drivers and producing forecasts that account for infections in those drivers
- The process is forward-looking rather than considering historical data only
- Identifying key drivers and understanding it's varying of effect on business, is imperative for effective forecasting



How can Al power driver-based forecasting? Sophisticated forecasting tool can help organizations with their strategic objectives, overcome finance

bandwidth concerns and nimbly respond to changing market conditions.

Changing Technology Landscape



Rapid digitization and availability of massive amount of data needs nextgeneration planning capabilities to capitalize on data availability, inform strategic real-time decision making, and support everyday business decisions.



Machine learning capabilities can now carry out tasks and shift strategies in real-time unlike previous times wherein numerous hours or even days were invested.



Real-time analytics and real-time decision making are very crucial as organizations need to navigate through complex competitive environments.

How AI can Help Automate repeatable Manual interventions can be reduced leading to tasks less errors and freeing up resources who can then focus on more creative activities By flexing the external micro and macro economic Identify factors and the forecasted account, AI powered complex algorithms can unravel **unexpected and complex** relationships relationships Models can be leveraged to standardize the forecasting process and increase accuracy by **Process large** supporting the ever-growing datasets amounts of data

Precision View Explained



PrecisionView[™]: Overview

With PrecisionViewTM, the finance organization can expand capabilities, increase capacity, and enrich internal collaboration, all while enhancing the overall credibility of the finance function with the business and external parties



PrecisionView[™]: A complete Integrated Approach

PrecisionViewTM leverages data aggregation technologies with predictive analytics, cognitive and machinelearning capabilities to provide a seamless experience



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Enhanced Forecasting with PrecisionView[™]

PrecisionView[™] goes beyond traditional forecasting methods and allows companies to quickly gain visibility and predictability to more practical measures in addition to traditional performance metrics like revenue and EBITDA

PrecisionView™ enables you to crawl, walk and run

- PrecisionView[™] uses advanced analytics and a forecasting approach which is built on an integrated three-statement forecast model combined with a deeper transaction level analysis enabling use cases such as **Revenue**, **Expense and Cash Flow Forecasting as well as Working Capital Optimization**
- The integrated linkage between the three statements, along with the capability and confidence to forecast each one, creates a higher quality complete view and makes clients prepared for unparalleled events



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Use Cases



Case Study: Consumer Products Food & Beverage Company

Issues	Lack of transparency due to business complexity, unclear accountability & unstructured reporting	Limited analytical capabilities resulting in lack of business insights and understanding of variance drivers	Varying degrees of forecast accuracy and inconsistent methodology for scenario planning
Approach	Predictive Analytics and Driver Analysis	Visualization	Socialization and Transition Management
	ldentified key drivers and analyzed their relation to P&L	Supplemented forecast baseline & process changes with more dynamic & flexible reporting	Drove consistency & transparency by producing consistent results from forecasts and standard reports
	Leveraged statistical regression and driver-based modeling approach to predict business direction	Enhanced visualization to help drive better business	Developed visibility into revenue streams and opportunities for increased margins
Impact	 Increased forecasting accuracy, achieved 99.6% accuracy in full-year unit sales forecasting (1st year of 2-year horizon for full company) Provided executives with transparency into the drivers of the business and corresponding financial impact 		

- Provided executives with transparency into the drivers of the business and corresponding financial impact
 - Enabled better and quicker decision-making in order to enhance future performance

PrecisionView[™] Case Study: Major Health Corporation

A major heath corporation was looking to create 'top-of-the-house' financial forecasting solution. PrecisionView helped to not just to build high accuracy, driver-based forecasting but also provided deeper insights into driver impact, and enabled scenario planning and reporting capabilities.

MODEL OUTPUT...



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... PROVIDES THE FOLLOWING VALUE

Architecture Deep Dive





PrecisionView[™] : Simplified Architecture

Why Databricks?



Collaborative Unified platform for the Data Teams

 Cloud native Collaboration feature enables Data Engineers/ Data scientists/ Data Analysts to work on Data science workspace



Flexibility in Coding

- Databricks supports multi language feature, same notebook can have Scala, Python, R and SQL
- It also implements a programmatic approach providing flexibility of fine-tuning codes to optimize performances

At Anywhere, At Any Scale

- Databricks can be deployed in any cloud platform at any scale.
- It also caters to the heterogeneity and scale of customers and enables consistent, compliant data environments across the organization on-demand for ease of convenience

Future of Forecasting with Databricks

Delta Lake for Machine learning

- ML Run time Optimized performance/ ACID transactions leading to consistent data
- ML Flow Integration Automatic tracking of data versions due to time travel / Full lineage (from data to model) and governance

MLOps Implementation

With a combination Delta Lake, Repos and ModelOps, Databricks provides a core ML functionality to streamline the machine learning life cycle considerable reducing the model development and deployment time

Feature Store

Reusable features in Feature Registry and consistent version of features accelerating the model development time

AutoML Forecasting Capability

Databricks augments the data teams by providing a lowcode automated solution and enables us to create a baseline model for a forecasting project





Human Intelligence + Artificial Intelligence

The true power of AI based forecasting comes from combining business expertise and statistical expertise.

Organizations can achieve the most significant performance improvements when humans and smart machines work together. Through such partnerships, machine and human can enhance each others' strengths.

Machines are highly dependent on data, whereas people are needed to provide their cognitive intelligence and train the machines

Dive deeper into success factors for algorithmic forecasting.



DATA+AI SUMMIT 2022 Reference: https://www2.deloitte.com/us/en/pages/consulting/articles/trusting-machine-learning-powered-financial-forecasting.html

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Thank you