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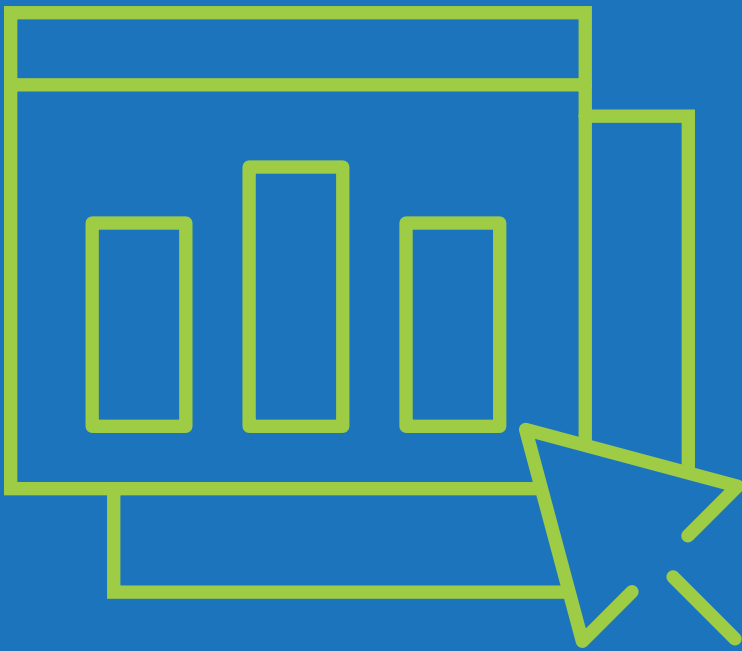
A Guide to Choosing the Best Extended Financial Planning and Analysis (xFP&A) Solution

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Ready to take your financial planning to the next level? Discover how xFP&A software helps you navigate an increasingly complex business environment.

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Executive Summary

Adopting extended financial planning and analysis (xFP&A) software is a popular solution for the often-burdensome task of monitoring business performance metrics, reporting out, and taking actionable steps. Analyzing key performance indicators (KPIs) can provide businesses with indispensable insights into the company's health. When coupled with strategic planning and an effective business model, KPIs can boost the organization's future success. Businesses that can react more swiftly to shifting corporate landscapes have an advantage over their competitors and increase their profits.

But not all xFP&A solutions are equal. There are several factors CFOs, financial executives, and business owners should take into consideration when selecting the right software for their company. It is important to consider a solution's scalability and flexibility, integration capabilities, user-friendliness, cost and return on investment, and the availability of support and training. The right xFP&A software can provide business leaders with in-depth insights and visibility into their business' performance to guide strategic decision-making for long-term success.

What is xFP&A?

Extended Financial Planning and Analysis (xFP&A) revolutionizes the traditional planning process by extending beyond the finance department to encompass all facets of your business. xFP&A enables business professionals to run comprehensive planning scenarios that integrate every department, fostering a collaborative approach.

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Introduction

If your finance team is continually bogged down by crunching and re-crunching numbers in Excel or other standalone spreadsheet programs, operating based on out-of-date data, and being hamstrung by disengaged and uncoordinated departments across your business, it might be time to consider adopting extended financial planning and analysis (xFP&A) software.

Financial planning and analysis (FP&A), which covers basic budgeting, forecasting, and analysis, has increasingly become a part of a business or finance leader's purview. xFP&A expands beyond the basics to put finance at the center of a company's performance management efforts. With an effective xFP&A effort in place, a business can make nimble decisions to drive company success.

Monitoring and auditing financial performance, market share, and profitability metrics are critical for any business' success. Analyzing operational KPIs, can provide businesses with indispensable insights into a company's health. When coupled with strategic planning and an effective business model, these KPIs can indicate, and foster, success. Often, the tools and process to measure business performance can be streamlined, simplifying the unnecessary complexities in your position as a finance leader.

"The majority of organizations are stuck with a multitude of tools to manage their planning, reporting, and analysis. The result is many versions of the truth." —Nils Rasmussen, CEO of Solver

One approach to streamline is investing in xFP&A software, which can help create effective business processes and guide strategic planning. Not all xFP&A software is equal, so there are several factors CFOs, financial executives, and business leaders should take into consideration when selecting the right fit for their company.

How xFP&A can benefit your business

Budgeting, planning, and forecasting is a historically arduous and time-consuming set of tasks. Cloud-based applications and dedicated software programs have made these processes far less laborious, though it can be unnecessarily time consuming to share data across the smattering of disconnected apps and spreadsheets required to complete each function.

"The majority of organizations are stuck with a multitude of tools to manage their planning, reporting, and analysis," said Nils Rasmussen, CEO of Solver, who has led the organization for almost 30 years. "The result is many versions of the truth."

According to the Corporate Finance Institute, xP&A—a variation on xFP&A—is fueled by data from across the company that helps the business align with operational goals and improve its financial planning. xFP&A drives better and more agile business outcomes by aligning inputs from the organization and the macroenvironment into a single process or solution.

Let's break that down. xFP&A software is a one-stop shop that provides CFOs and financial departments greater visibility into their company performance, leading to better management and control of operations, revenue, capital investment, and expenses. Insights can include identifying outperforming areas of the organization and isolating profit-draining activities. This, ultimately, translates to business success.

> *"Modern xFP&A solutions combine many tools—ERP report writers, niche reporting, budgeting, homegrown data marts, dashboards, and Excel … and Excel … and Excel— into a single solution with a single database, and with planning and reporting that show one version of the truth." — Nils Rasmussen, CEO of Solver*

The right xFP&A solution should be able manage the following:

- Built-in analytical capabilities for advanced cash flow forecasting, analysis, and modeling.
- What-if analysis.
- Automated monthly reporting and consolidations.
- Workflows to manage multi-user budget processes.
- Dynamic integrations to data sources, such as ERP systems, to ensure near real-time reporting and analysis.
- Protection of payroll and financial data through robust user security.

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A solution that provides consolidation from multiple data sources is important because it solves many of the common issues financial professionals face on a daily basis. By consolidating data from multiple sources, leaders can work from a single source of truth. Here are three examples:

1. **Subsidiary data to divisional and parent companies.** Using built-in organizational trees, you can dynamically consolidate reports across unlimited roll-up structures without hard-coding subsidiaries in summary reports.

2. **Operational and financial reporting.** Manage operational and financial reports to enable consistency to analyze and report on business data.

3. **Objective and automated KPI tracking.** Formula-based, custom KPIs enable professionals to track team financial performance based on business goals.

Avoiding dated reports is key. In fact, Oracle reports that real-time analytics lets companies detect operational or market blips in the moment and accurately anticipate the next events, allowing them to design smarter, more personalized products and services, and even automate processes to make the business more efficient and less expensive to run.

If your finance operation is experiencing difficulties managing these capabilities across multiple tools, consider streamlining the process. xFP&A software has the ability to help others outside your finance and executive teams as well. When it comes to planning, key players in your company better strategize with more reliable and up-to-date data that allows for better decisions. This can help the business respond with greater agility to challenges and opportunities, while also mitigating risk.

"Modern xFP&A solutions combine many tools—ERP report writers, niche reporting, budgeting, homegrown data marts, dashboards, and Excel … and Excel … and Excel—into a single solution with a single database, and with planning and reporting that show one version of the truth," said Rasmussen.

When businesses can react more swiftly to shifting corporate landscapes, the result often provides an advantage over competitors, along with boosting profits. McKinsey observed that performance-driven companies are 3x more likely to outperform their corporate peers and experience an average 28% return on invested capital.

An xFP&A solution that provides real-time data monitoring positions businesses to be nimble—making quick, smart decisions—in response to economic and environmental changes, as well as internal shifts in goals. That requires nimble forecasting and modeling to understand the impact on business, without the time drain of doing the manual work in spreadsheets.

"Businesses of all sizes struggle with finding planning solutions that do budgeting, forecasting, and modeling to provide the flexibility of what they do in Excel, while providing the security, scalability, and data integrity of a purpose-built application,"

— Tad W. Remington, CMA, chief commercial officer at Solver.

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What Businesses Should Consider in an xFP&A Solution

Not all xFP&A solutions are as comprehensive, flexible, or helpful as your business might need. There are several factors you should consider as you evaluate different xFP&A solutions to assess the best fit.

Five key factors to consider in an xFP&A solution include:

1. **Scalability and flexibility:** A system's ability to handle increased loads and adapt to changing requirements without significant performance degradation or major modifications.

2. **Integration capabilities:** A system's capacity to seamlessly connect and interact with other systems, applications, or services. Examples include accounting and finance applications, business intelligence platforms, human resources systems, and sales and marketing tools.

3. **Cost and ROI:** Evaluating the total expenses associated with implementing a solution (cost), and the financial benefits gained from it over time (ROI).

4. **User friendliness:** Is the solution an intuitive system or application users can easily learn and operate effectively?

5. **Support and training:** Vendor or provider assistance and the educational resources for users to effectively use a system.

Change is constant in business, so xFP&A software needs to adapt with your business. The software also needs to scale. When looking for an xFP&A solution, you are likely to come across solutions that "lock" you into a set of reporting and analysis models. However, these models can be limiting as your business needs change over time. As a result, it is important to seek out solutions that offer flexibility in their modeling capabilities—and grow with you as your company also grows.

Similarly, the xFP&A software you use should have a wide array of integration capabilities. While you might think you only need a spreadsheet integration at the outset, business growth might necessitate integrations with other third-party solutions for performance tracking and analysis—including ERP accounting software. It is key that you don't limit your business down the line with a less-than-capable xFP&A solution.

"One of the benefits of modern cloud solutions is that they are cloud-based, so the underlying hardware can scale with customer's performance and user requirements. The solutions are subscription-based, so customers can easily add or remove users based on their growth and requirements." —Nils Rasmussen, CEO of Solver

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Before shopping for an xFP&A solution, understand what your business is already spending across all departments for budgeting and reporting. If possible, estimate the cost of employee time spent switching between software solutions, integrating them into your systems, manually re-entering data, chasing down missing information, and of course, employee implementation. Robust vendors and providers should be able to help you determine these costs.

Software can be a substantial cost for companies, but it is an investment in financial and employee well-being that pays dividends in the long run.

Of course, any xFP&A software solution will only be effective in helping your business set and adjust to new goals to stimulate growth *if you can use it*. The scenario isn't about having a new, shiny toy, or the latest bells and whistles. You should test various xFP&A options for their user experience; ask for a demo or dummy account to give the software a test drive. Whichever one you ultimately select should be intuitive, yet provide users with proper training and support in the setup phase and for years to come. No one wants to work with a software provider that isn't responsive or proactive.

The right xFP&A software for your business should:

Create time-savings for its users

Make decision-making easier

Let you easily create data models, forecasts, and budgets.

Ultimately, the goal is to use xFP&A software to connect real-time financial and operational data in order to provide a more dynamic and fuller view of your operations. It is important that the xFP&A software you use is scalable as your company grows. Specifically, whichever software you choose has scalable cloud architecture and a flexible licensing model.

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5 Tips to Kickstart the Search for the Right xFP&A Solution

If an organization is used to static, non-dynamic software and systems that do not integrate or "talk" to each other, it may be overwhelming to not only look for a better solution, but to start the process. Here are five tips to help:

1. **Share details with xFP&A software vendors.** It might take a number of inquiries with xFP&A solution vendors to find the best fit for your business. Get to know the vendors even before you do a demo, then ask questions to make sure they are a fit for your company. Find vendors at trade shows, through social media and group discussions, or by asking your own professional network; you'll be surprised at the responses you'll get simply because you asked. As you engage in these conversations, be upfront about the inner workings of your business. Providing this information helps vendors showcase the solutions that are most applicable to your company's needs.

2. **Ask for a demo tailored to your business.** This is not the time to withhold important information about your company. Tell potential vendors about what you are looking for in an xFP&A solution. A personalized demo shows how closely they have listened to you and your needs. If the demo seems cookie cutter in any way and you are still interested in the vendor's software, ask for a more custom-tailored presentation. Don't be afraid to ask questions, get connected with product experts, and press the team for a proof of concept that meets your unique requirements.

3. **Ensure you can set relevant targets.** Be sure that you can set and visually track the KPIs that are most relevant for your business, including any niche indicators for your industry.

"Customers generally have common KPIs such as gross margin, EBITDA, and revenue per full-time employee,"—Nils Rasmussen, CEO of Solver. "However, they also have a variety of KPIs that are industry-specific. For example, healthcare providers have operational KPIs based on data from their electronic medical records system compared to a construction company that almost always has project-focused KPIs derived from their ERP project module."

4. **Seek feedback from internal stakeholders.** While finance team members are likely the primary users of xFP&A software, other departments will engage with it as well. Be sure your choice will address requirements across your business. It is critical to engage with a variety of stakeholders, so other employees feel heard and invested in the new software.

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5. **Make sure your business can use it.** If the xFP&A software you choose is not easy to use, then all its features and capabilities are moot. Clunky software with a poor user interface and experience often negates the good it can provide. You, your team, and other stakeholders must feel confident using the software or in getting the training needed to build confidence.

Evaluate your own needs and determine what else you need to find in a solution, and plan to spend time upfront in your research phase. The smarter you are, the more knowledge you will have to ensure the xFP&A software meets your short- and long-term needs.

The potential benefits of implementing a robust xFP&A solution are vast. But to truly harness its power, organizations must go beyond the basics. As we've seen, there are numerous factors to consider. Where do we go from here?

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Conclusion

Budgeting, planning, forecasting, and reporting can be incredibly burdensome tasks. Wrangling and analyzing performance data is not only time-consuming, but if not done effectively, can hamstring a company's success and future growth.

xFP&A software programs can streamline this process by providing financial officers and business leaders with greater bandwidth to see the bigger picture. It sets their company up for future success through more effective management and control of operations, revenue, capital investment, and expenses.

When it comes to determining which solution is best for a business, it is important to consider the scalability and flexibility, integration capabilities, user-friendliness, cost and ROI, and the availability of support and training options.

The right xFP&A software can provide business leaders with in-depth insights and visibility into their business' performance. The result makes for better management of operations, revenue, capital investment, and expenses. When it comes down to it, the more thoughtfully you track and analyze the results of your business decisions, the better business decisions you will likely make in the future.

About Solver

Solver is a global provider of a cloud-based extended financial planning and analysis solution (xFP&A) that increases access to actionable insights beyond the finance department to accelerate better decisions. Providing mid-market businesses with planning and reporting software tailored to their specific needs, the all-inclusive Solver Suite consolidates information from any data source to provide a single source of truth. Connected with Solver's budgeting and forecasting, Solver's comprehensive planning tool enables organizations to manage budgets, create detailed reports and automate forecasts all in one place. These insights are then presented in easily shareable graphs and dashboards. Solver provides organizations with a trusted data source to efficiently drive intelligent and accurate decisions.

Solver Suite

REPORTING   PLANNING   ANALYSIS

DATA WAREHOUSE

WEB STATS   PAYROLL   ERP   CRM   OTHER   CLOUD
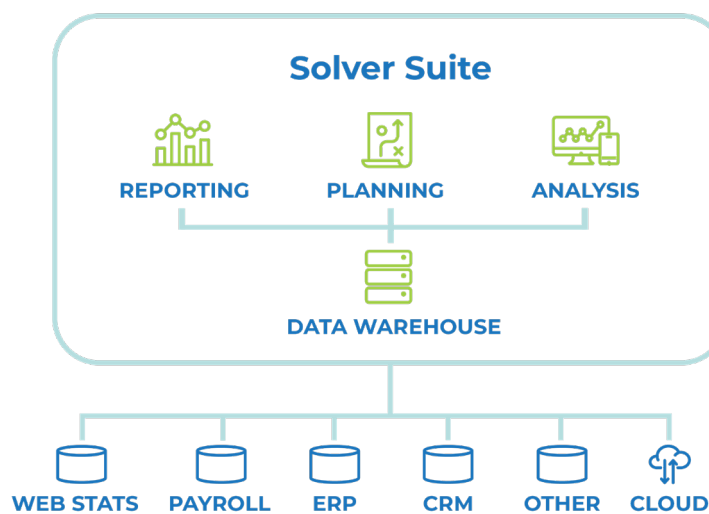
With Solver, organizations can automate and streamline operational data to pave the way for business leaders to make high-level decisions against the backdrop of an ever-shifting economic landscape. Adaptability is key to scaling and success.

Watch a demo and contact Solver today for more information on solving your xFP&A needs.

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