



ASSOCIATION FOR  
FINANCIAL  
PROFESSIONALS

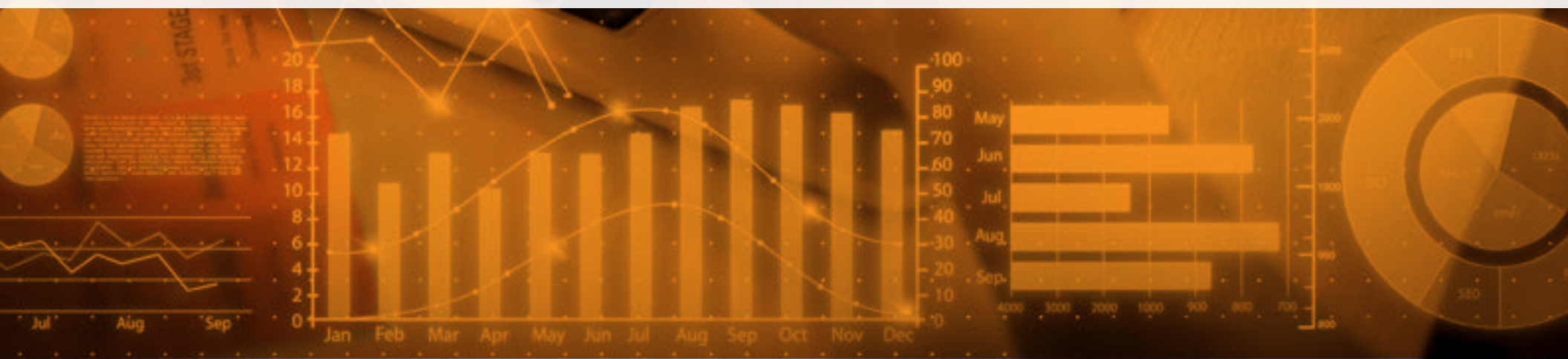
2021 AFP®

# PROGRESS AND CHALLENGES ON THE PATH TO xP&A

Key Findings

Underwritten by

**jedox.**  
Simplify Planning



## INTRODUCTION

The vision of xP&A—Extended Planning & Analysis—is to increase the frequency and accuracy of forecasting and incorporate both business and operational drivers into the planning function. To fulfill this vision, the methodology behind xP&A applies FP&A tools and related processes to additional departments within an organization, and links data, systems, and people both horizontally and vertically. This enables organizations to unify, integrate and align planning and forecasting activities throughout the entire value chain.

For finance teams, the implementation of xP&A processes promises to minimize the time and effort required to assemble and share forecasts and plans. This will allow for increased collaboration across all functions of an organization so that all departments

can better understand the financial implications of operational decisions. Finance can then be a more strategic business partner, provide stronger insights, align different business expectations, create scenarios and make data-driven decisions.

In April 2021, the Association for Financial Professionals® (AFP) conducted a survey to determine how far organizations' finance functions have progressed on their journey to unify and automate their business planning and forecasting. The survey consisted of seven questions, each with four possible responses ranging from low to high levels of xP&A achievement; higher levels were assigned higher scores, then scaled from 1 to 100. Higher xP&A scores indicate higher levels of integration. While subjective, this scoring allows

for relative rankings across different demographic breakouts.

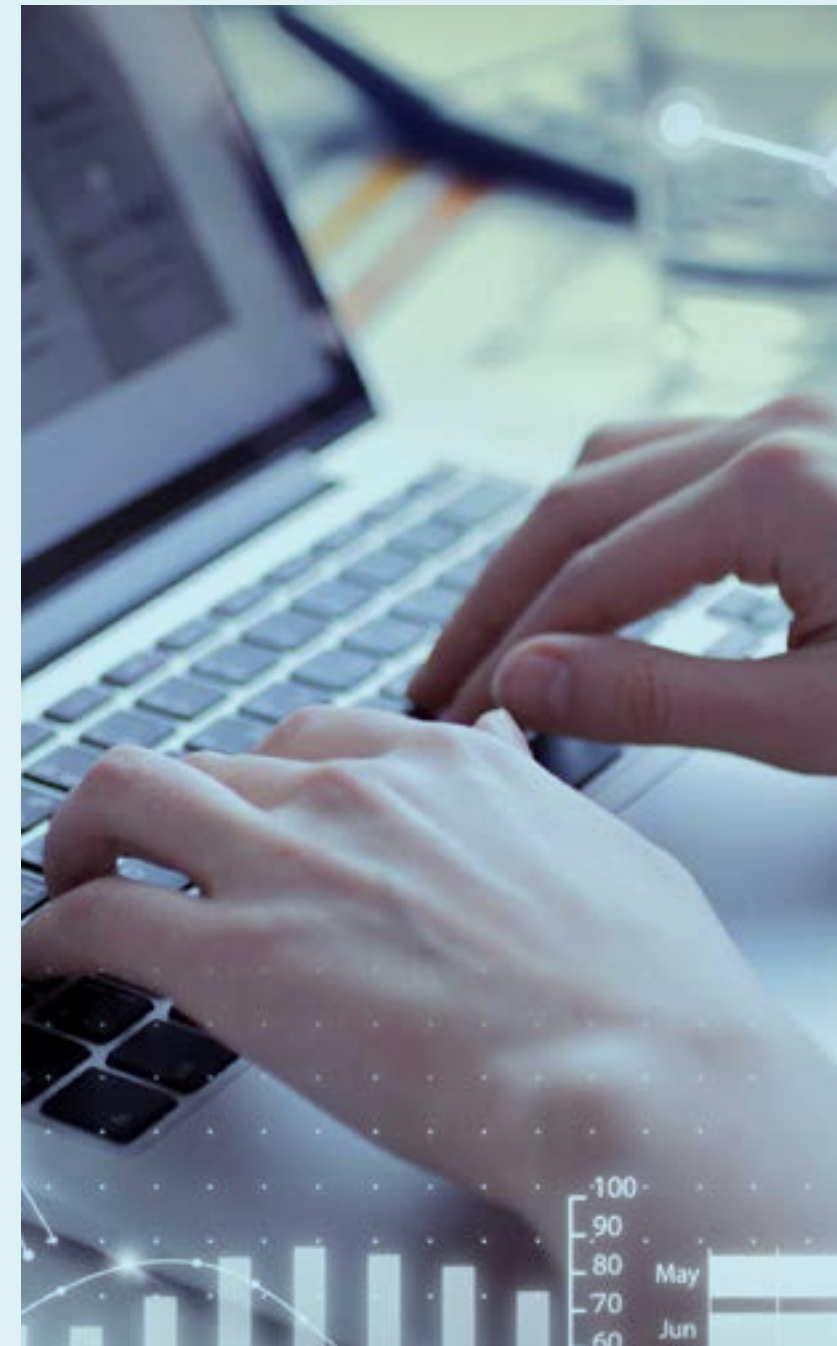
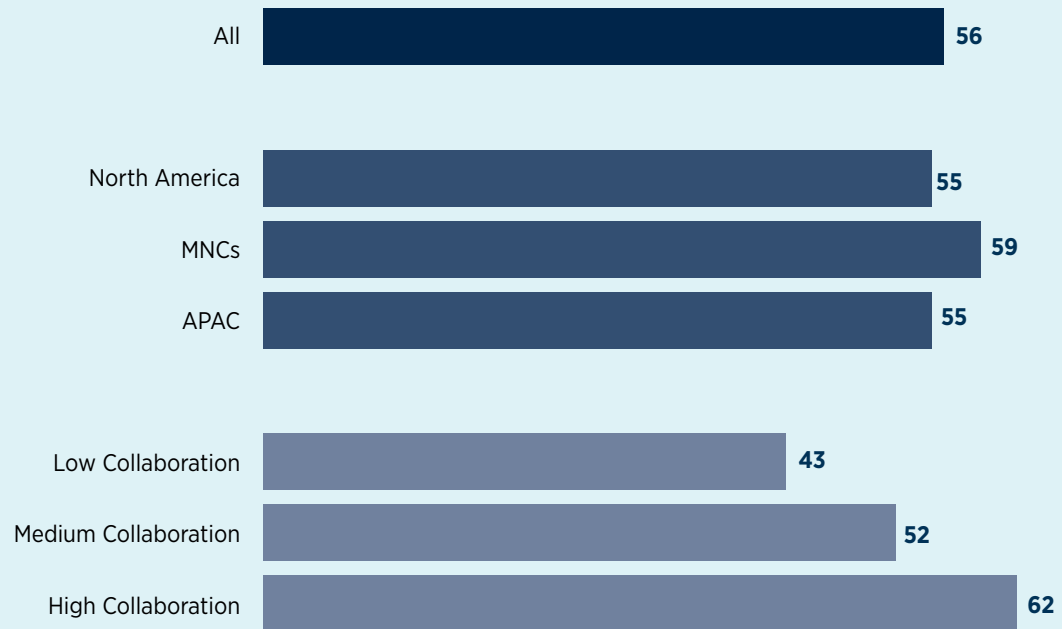
The survey generated 300 responses from corporate finance practitioners. These responses form the basis of this report. AFP thanks Jedox for underwriting the *2021 AFP® xP&A Survey*. The AFP team designed the survey questionnaire, analyzed the results, wrote this report, and is solely responsible for the content. Responses are segmented into three groups i.e., North America (USA and Canada), Asia Pacific Region (APAC) and Multinationals (MNCs) that is those companies which have a global presence. For more detailed information, please see the demographics section at the end of the report.



## KEY FINDINGS:

The general finding was that FP&A assessed itself and its planning partners in the business and operating units slightly beyond the midpoint of the 1 to 100 range.

### Adjusted xP&A Scores



### High levels collaboration...

- Overall, the xP&A scores were high in collaboration and process alignment, reflecting well on FP&A's efforts to gain input from the business and share ownership with the business for their financial and operating plans. This is a critical first step; when analyzing and cross-tabulating the data, high collaboration scores correlate to high xP&A scores.

### ...but low automation...

- Across all groups, xP&A scores declined as the questions assessed levels of automation and data accessibility. Manual work plugged gaps in end-to-end process automation.
- Notably, larger companies—multinational companies (MNCs) and those with an annual

revenue at least \$1 billion—tended to have higher xP&A scores overall, although they faced more challenges in obtaining nonfinancial data, which may indicate challenges in merging data from embedded legacy systems.

### ...limit the successful realization of xP&A.

- Company agility depends on the ability to understand your current position and make or change your course of action. The challenges companies face in accessing nonfinancial data and creating actual-to-plan variances limit the ability to understand results versus plan and easily create out-of-cycle reforecasts.

“With more than 50 percent of the survey participants confirming significant collaboration between Finance and operations, the results shows that in many organizations, Finance has indeed taken on the role of a strategic advisor,” said Dr. Rolf Gegenmantel, Chief Product & Marketing Officer, Jedox. “At the same time, the surveyed organizations report enormous effort to obtaining data from financial and non-financial data sources, track operational plans, or to create out of cycle forecasts. This can make it difficult to for business and operational teams to measure the financial impact of their decisions.”

xP&A is a journey, from siloed finance efforts to automated and integrated processes in a way that aligns strategic, operational, and financial goals. Organizations can use the results of this survey and the individual questions to assess their progress on this journey and the next steps of their evolving planning enterprise.

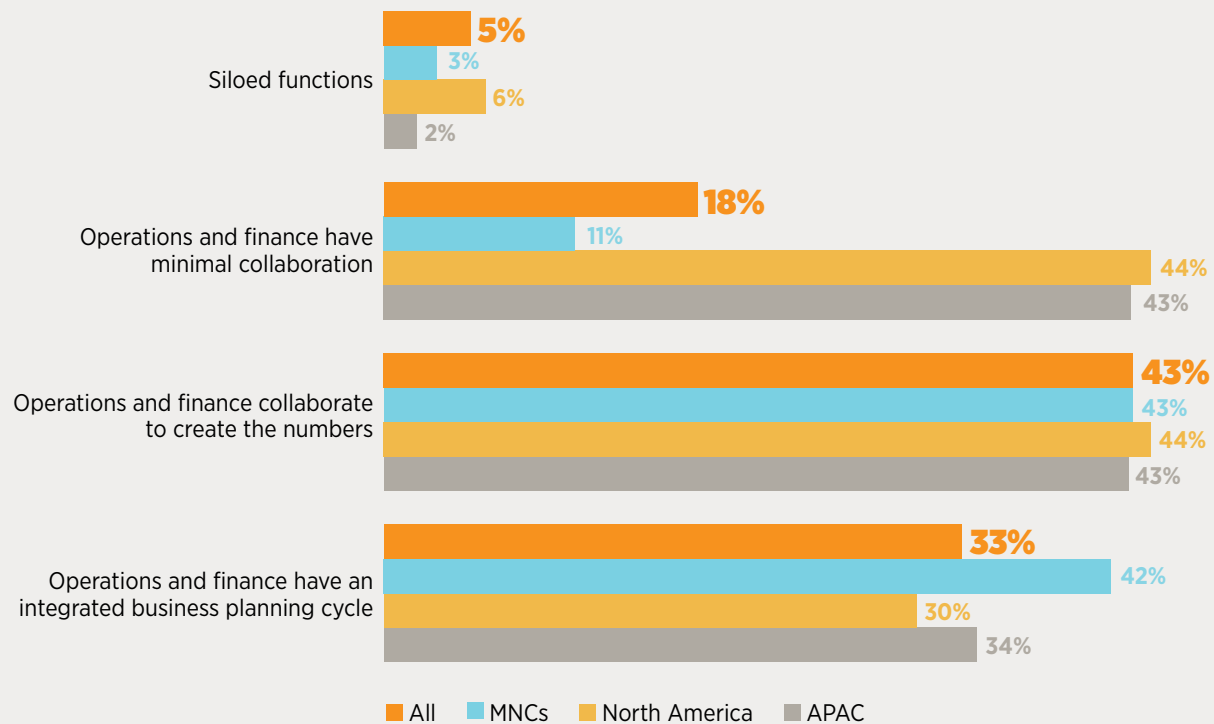




**FP&A has high levels of collaboration with the business and operational teams, with 77 percent of responses indicating “integrated” or “collaborative” processes.** This encouraging finding indicates that FP&A is actively collaborating with business and operations counterparts on forecast and planning activities. This is a crucial step in extended planning and apply finance insights; higher collaboration scores correlate to higher overall xP&A scores.

### Collaboration Between FP&A and Business and Operational Teams When Forecasting and Planning

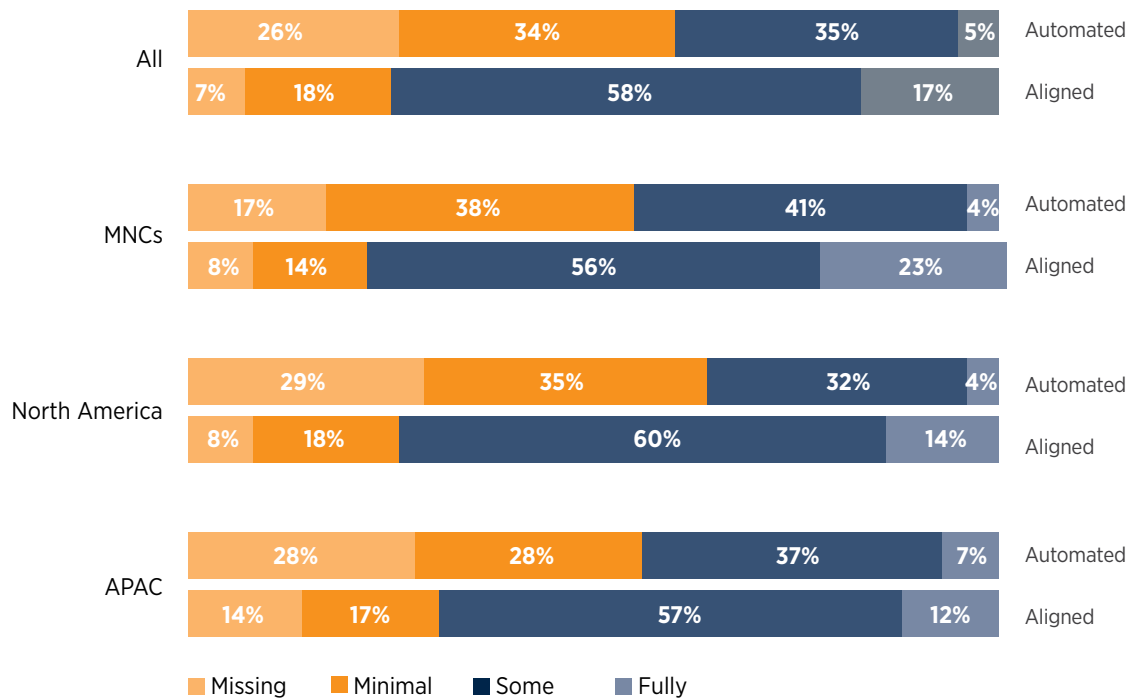
(Percentage Distribution of Organizations)



*Note: Due to rounding, percentages do not total 100%*

**FP&A and the business and operational planning teams also have high levels of end-to-end alignment with 75 percent indicating some or fully aligned; however, this alignment slows down as only 40 percent have automated this process flow.** The disparity between these related questions highlights the state of FP&A today; more teams are working together, but the automation gaps leave room for delays, errors and other frustrations that limit the effectiveness of the planning function. Two leading causes of this low automation score are evident in the next two findings.

**Alignment of Financial and Business & Operations Planning**  
(Percentage Distribution of Organizations)



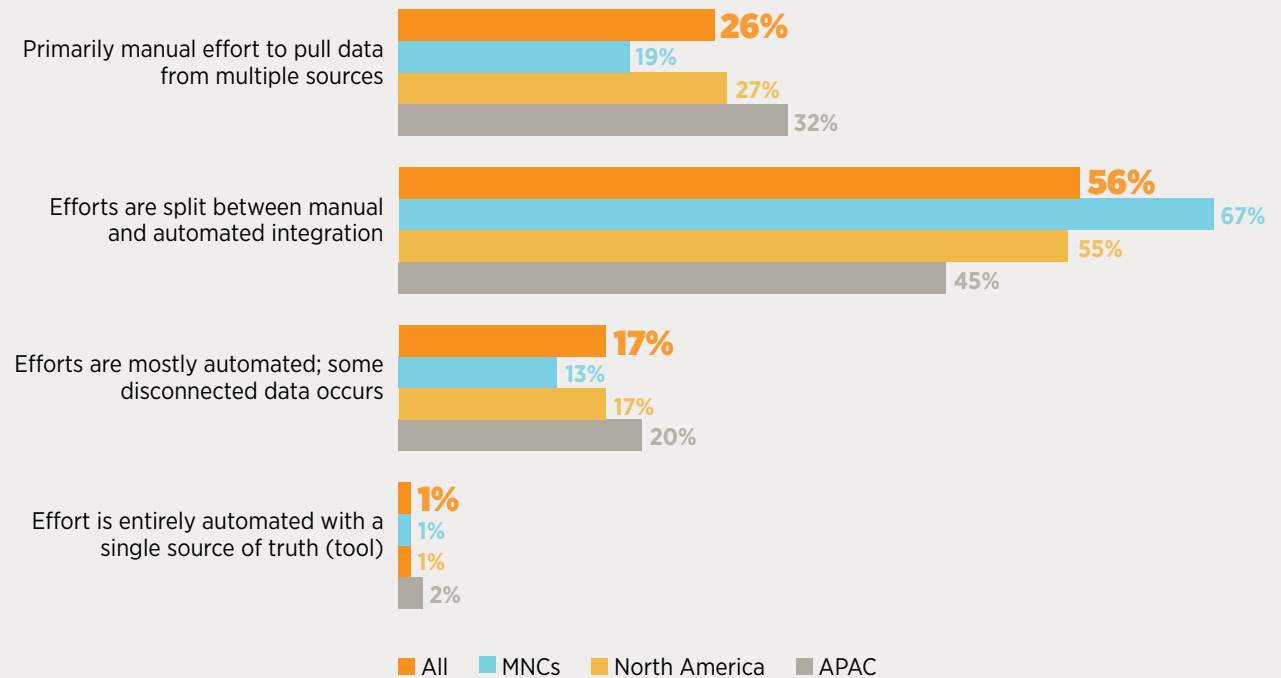
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**Process limitation: Only 18 percent of respondents can easily obtain and reconcile financial and non-financial data.** The disconnect between finance and operational data leaps off the page with this result, as 82 percent of respondents report the heavily manual efforts to pull together these disparate data sources. Relating general ledger-based data with operational data can be filled with execution risk, best-fit efforts and frustration.

### Level of Effort Required to Obtain Data from Financial and Nonfinancial Sources

(Percentage Distribution of Organizations)



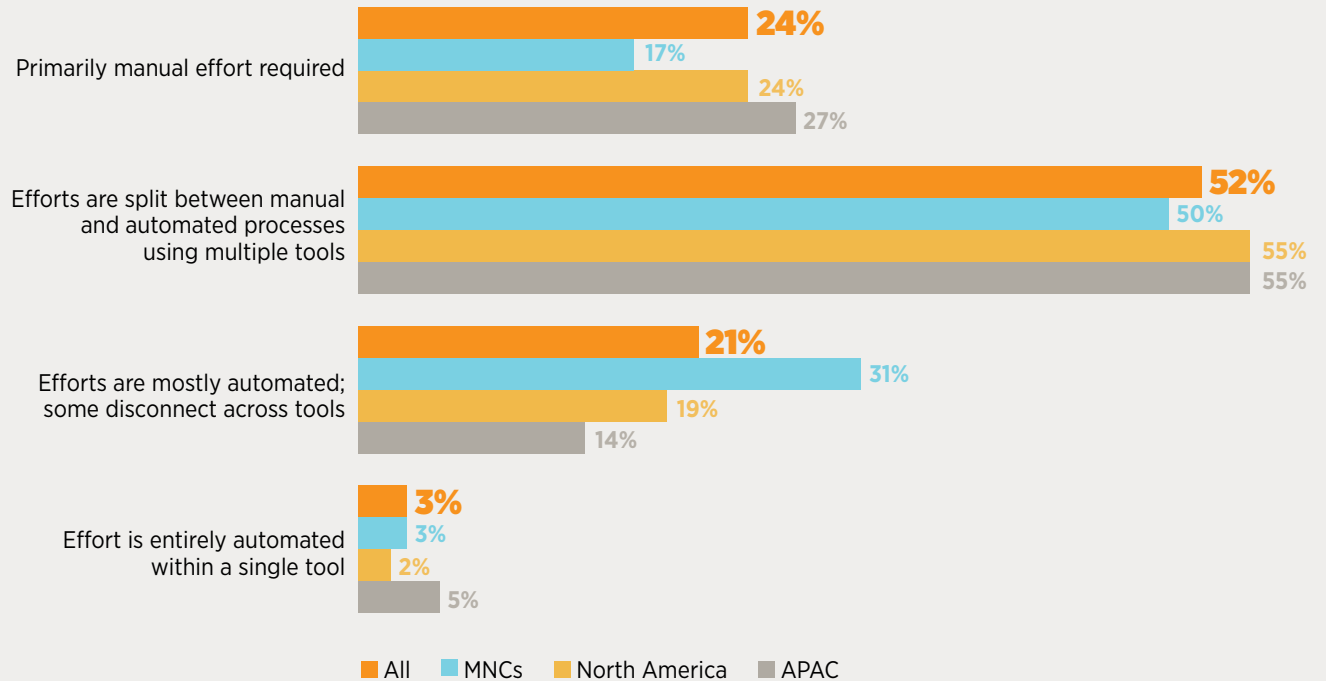
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**Process limitation: Only 24 percent of FP&A functions have automated actual-to-forecast reconciliations.** Tracking and analyzing variances is a basic task for FP&A, but three out of four respondents utilize manual processes for the reporting period throughout the year. This may be compounded by the previous finding that obtaining and matching financial and nonfinancial data is challenging for most companies. If a company cannot quickly update and understand their current position, it is a challenge to create new plans.

### Level of Effort Required to Track Actual Results of Forecast and Operational Plans

(Percentage Distribution of Organizations)



Note: Due to rounding, percentages do not total 100%



**Outcome: Only 50 percent of companies can easily create an out-of-cycle forecast.** Responses are evenly split between two groups: 1) organizations lacking the ability to create out-of-cycle forecasts or can only do so with significant effort, and 2) organizations able to create out-of-cycle forecasts with some or minimal effort (defined as on-demand or continuously). After more than a year of the COVID-19 pandemic and overturned budgets, this result feels surprisingly sluggish. Agility in planning demands that financial professionals react quickly to changing circumstances and contribute to planning at the highest levels; this finding indicates there remains room for improvement.

### Organization’s Ability to Easily Create an Out-of-Cycle Forecast

(Percentage Distribution of Organizations)

	ALL	MNCS	NORTH AMERICA	APAC
NOT AT THIS TIME	11%	7%	9%	23%
YES, BUT ONLY TOP-DOWN OR WITH SIGNIFICANT EFFORT	40%	37%	41%	32%
YES, ORGANIZATION CAN REFORECAST WITH SOME EFFORT	42%	50%	42%	39%
YES, WE CAN REFORECAST ON-DEMAND OR CONTINUOUSLY	8%	7%	9%	7%

Note: Due to rounding, percentages do not total 100%

**Outcome: Only 30 percent of Finance’s partners on the business and operations teams can independently understand the financial impact of their decisions.** A goal of xP&A is to provide business insight into the financial impact of operating decisions; if the business is unable to do so, it will either operate without the insight or ask FP&A for assistance which adds to its workload in the form of extra reporting or analytical research. This likely results from the challenge of integrating financial data from the general ledger with operational data from transactional systems.

### Ability of Business & Operations Teams to Measure Financial Impact of their Decisions

(Percentage Distribution of Organizations)

	ALL	MNCS	NORTH AMERICA	APAC
NOT AT THIS TIME	9%	8%	7%	18%
YES, WITH THE HELP OF FINANCE	61%	54%	67%	46%
YES, THEY UNDERSTAND THE FINANCE AND OPERATIONS CONNECTION	24%	28%	24%	27%
YES, THEY UNDERSTAND AND CAN INDEPENDENTLY MAKE DECISIONS	6%	11%	3%	9%

Note: Due to rounding, percentages do not total 100%

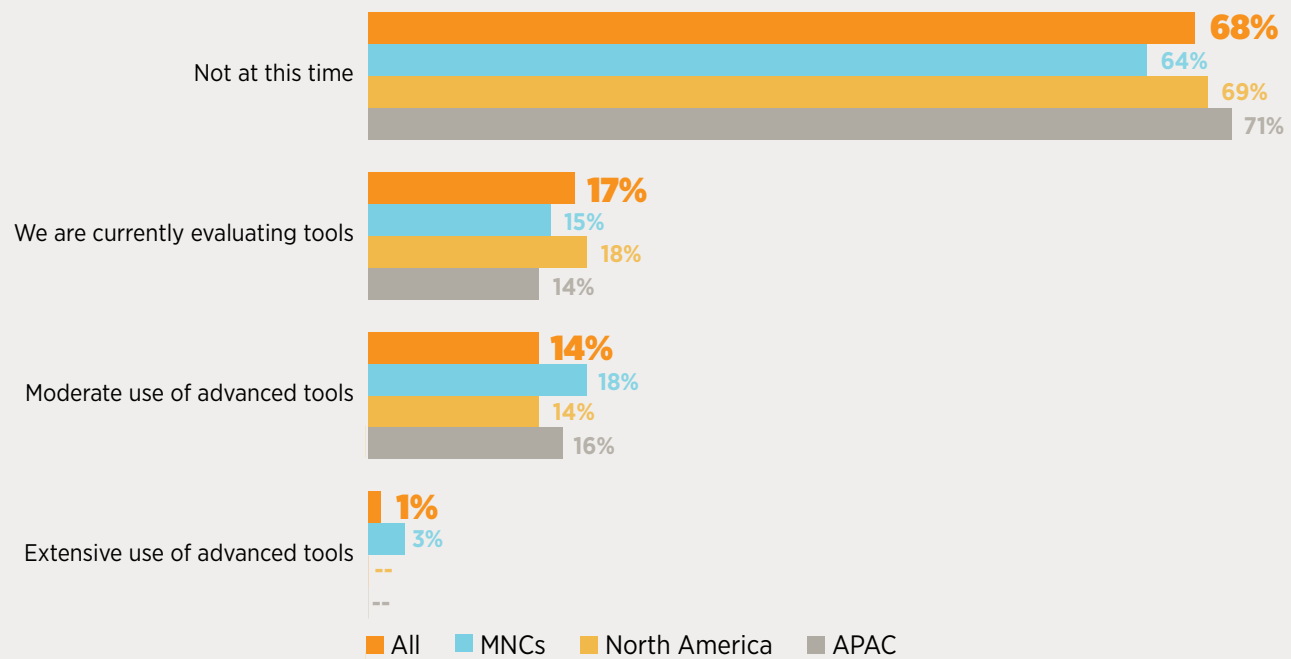




**Looking ahead to the next generation of tools, 15 percent of respondents are making moderate or extensive use of advanced tools.** Not surprisingly, this question generated the lowest xP&A score in the survey. Over time, these tools and methods will transition from “advanced” to become part of our every-day toolkit. With two out of three respondents reporting their organizations are not evaluating these tools, the opportunity exists for forward-thinking finance teams to claim this space. AFP members frequently note that automation is a step-by-step process, with success building on prior efforts.

### Use of Advanced Technologies in Forecasting (e.g., machine learning, artificial intelligence, natural language generation (NLG), natural language processing (NLP))

(Percentage Distribution of Organizations)



*Note: Due to rounding, percentages do not total 100%*

## APAC Findings

Comparing the xP&A scores for each question among the APAC, North America and MNCs segments reveals areas of comparability and divergence:

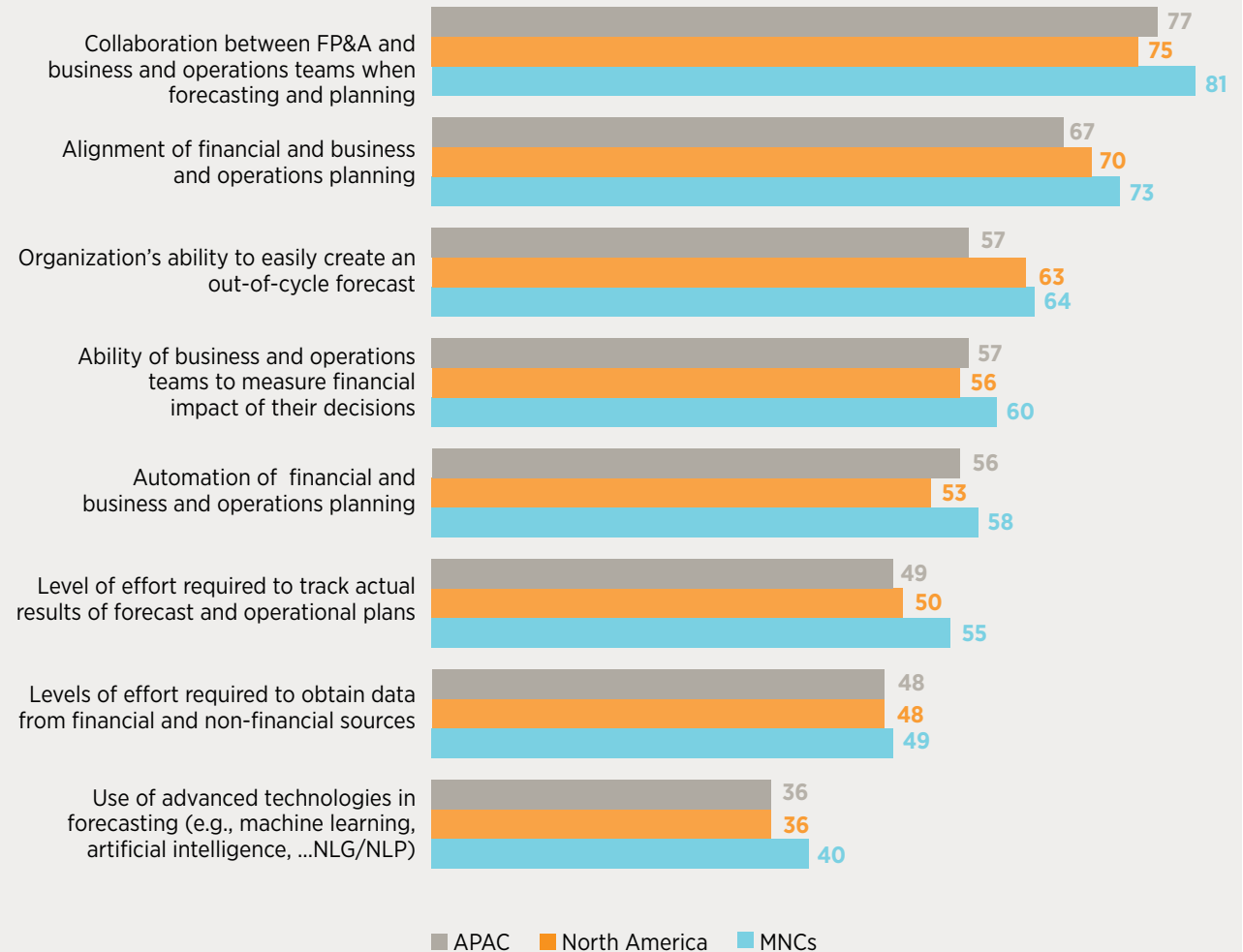
In general, APAC scores follow the trend of all respondents where high collaboration and alignment scores have not fully translated into automation, leaving room for delays, errors, and other frustrations.

APAC's relatively strong xP&A score for collaboration between FP&A and business and operational teams is comparable with North America but lower than MNCs. This is a baseline for future success, as higher collaboration scores correlate to higher overall xP&A scores in the survey.

If the path to xP&A is a journey, the step after collaboration would be alignment of processes, such as a no-touch connection from sales leads to revenue to cost of sale. Here, APAC's scores fall from a leading to lagging position, and could become an inhibitor of connected, automated processes.

APAC's relatively lower xP&A score to create an out-of-cycle forecast is a key outcome and an area of opportunity. On-demand and continuous forecasting enables company agility and rapid reaction to changing circumstances, and is a significant xP&A goal.

**xP&A Scores for Questions Covered in Survey: APAC Region**  
(Percentage Distribution of Organizations)

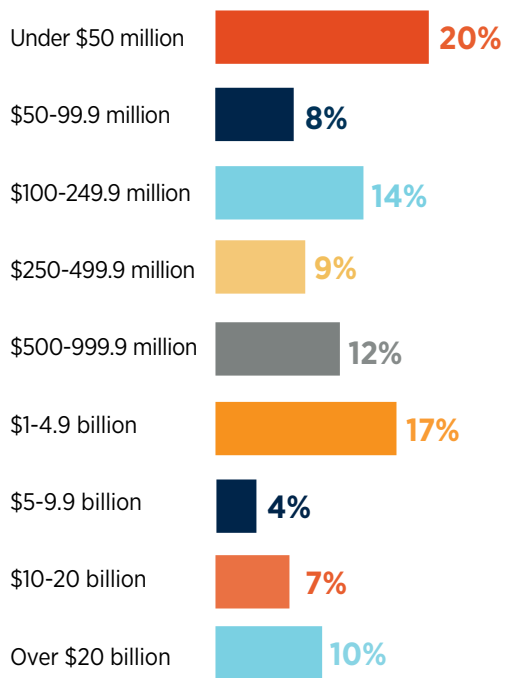


## DEMOGRAPHICS

The following tables summarize the characteristics of the survey respondents where organization-level demographics are provided. Job titles of respondents include CFO, Vice President of FP&A, Controller, Director of FP&A, Manager of FP&A, Senior Financial Analyst, Financial Analyst, Senior Accountant and Accountant.

### Annual Revenue (USD)

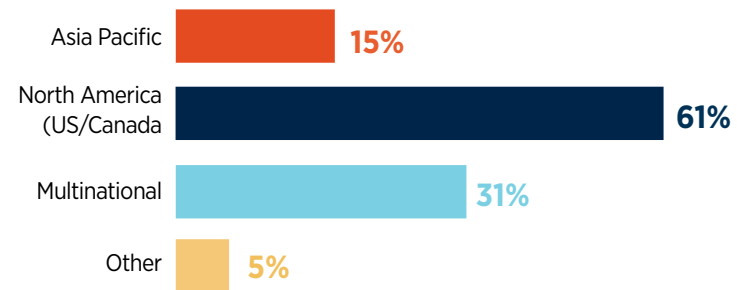
(Percentage Distribution of Organizations)



*Note: Due to rounding, percentages do not total 100%*

### Responses by Geography

(Percent of Organizations)



*Note: Percentages do not total 100% due to some respondents choosing multiple options*



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AFP Research provides financial professionals with proprietary and timely research that drives business performance. AFP Research draws on the knowledge of the Association's members and its subject matter experts in areas that include bank relationship management, risk management, payments, and financial accounting and reporting. Studies report on a variety of topics, including AFP's annual compensation survey, are available online at [www.AFPonline.org/research](http://www.AFPonline.org/research).

### **About AFP®**

Headquartered outside of Washington, D.C. and located regionally in Singapore, the Association for Financial Professionals (AFP) is the professional society committed to advancing the success of treasury and finance members and their organizations. AFP established and administers the Certified Treasury Professional and Certified Corporate FP&A Professional credentials, which set standards of excellence in treasury and finance. Each year, AFP hosts the largest networking conference worldwide for more than 7,000 corporate financial professionals.

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