

White Paper

Top Three Reasons to Embrace an Integrated Business Planning Process

Welcome to the Next Generation of S&OP

Executive Summary

Thousands of companies of all size and types have reduced costs, improved service and gained a competitive advantage through sales and operations planning initiatives. But when companies reach a plateau in their S&OP process maturity, they face the risk of stalling business growth. At this point its important to embrace integrated business planning, which synchronizes strategic and operational planning. Combining data from sales, marketing, production, procurement, transportation and finance, IBP creates one powerful decision framework for stakeholders by removing organizational and technology barriers and aligning and synchronizing plans across strategic and tactical time horizons.

Fundamentally, IBP distills complex, cumbersome and disconnected tasks into a single integrated process that streamlines and unites planning activities across the supply chain. IBP can drive greater incremental value for your business by:

- Enabling high quality business decisions that deliver more bang for the buck
- Encompassing today's multitude of functions
- Enhancing the feasibility of long-range plans



Sales and Operations Planning

[S&OP]: The process of balancing and aligning supply with projected demand through monthly inter-departmental coordination meetings.



Integrated Business Planning

[IBP]: A comprehensive process that blends strategic business planning with tactical S&OP.

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It's crucial to establish a
global planning process
spanning business units,
geographies and channels.

An IBP Process Drives Higher Quality Business Decisions

Most companies today conduct a tactical sales and operations planning [S&OP] process to align supply with demand. Most have a strategic planning process for financial planning and longterm investment decisions.

Issue: Your S&OP and strategic planning processes are run by different people, based on different data and business assumptions. They produce completely separate plans.

Why it matters: Disconnected people and processes make it difficult to align operations with the organizations strategy and financial performance. Goals and objectives may not match. When the strategic planning process does not reflect operational capabilities, it leads to missed opportunities and unrealistic expectations.

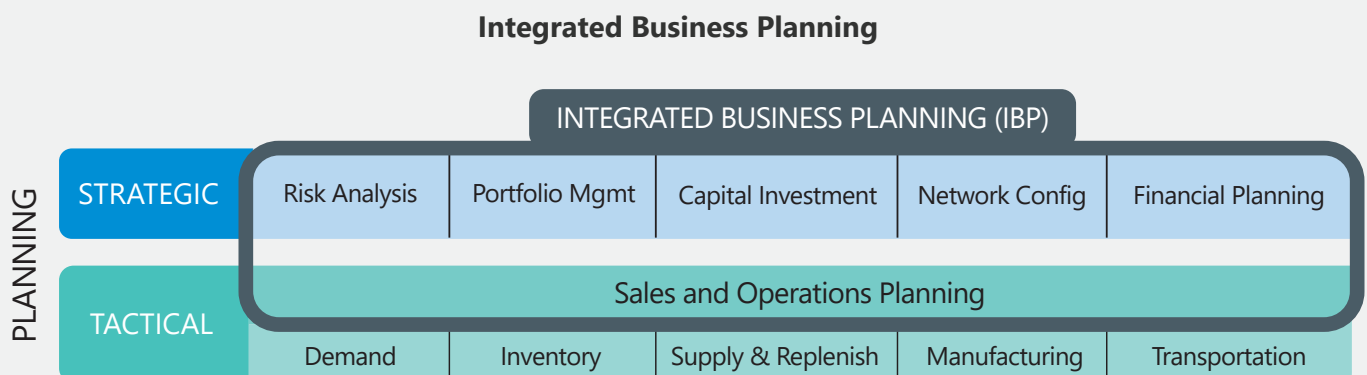
Experts say: Integrating S&OP and strategic planning into one comprehensive Integrated Business Planning [IBP] continuum revolutionizes the level of insight available to management teams. Global, regional and multi-divisional organizations examine budgets, forecasts, inventory, production plans and capacity needs—and all plans reflect the same level of assumptions, operational capabilities and priorities. The latest company-wide intelligence ensures informed decision-making.

The payoff: Global visibility, smart real-time reactions to exception conditions and forward-looking analytics drive thoughtful, proactive decisions that minimize future supply chain risk while harnessing new opportunities. Best-in-class companies are 94% more likely to respond to unplanned events in a timely manner that aligns with objectives.¹

IBP Process Highlights:

- Integrates strategic planning and S&OP processes by coordinating decision-making across the full planning horizon.
- Creates a demand-driven, profitable supply response across the extended supply chain.
- Provides comprehensive visual metrics to monitor, measure and report based on Key Performance Indicators [KPIs].

¹Industry Comparison for Best-in-Class S&OP/IBP Capabilities, Aberdeen Group, August 2016



IBP Encompasses a Multitude of Functions, Geographies, Units, Channels, Etc.

As companies grow, they acquire new geographies, functions, channels and businesses. Rationalizing supply chain planning processes and systems is often one of the last issues to be addressed when a company's scope increases.

Issue: If your company operates a variety of isolated planning processes, integrated planning across functions, divisions and geographies becomes virtually impossible.

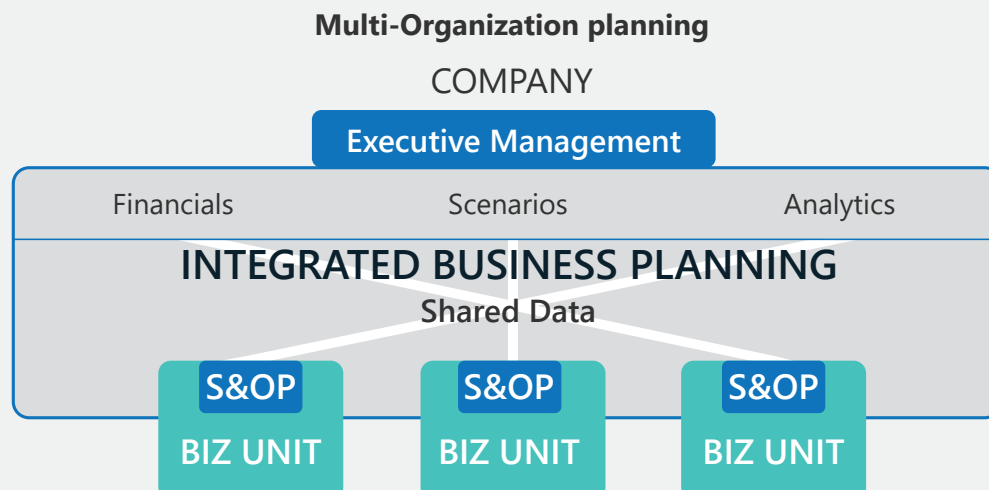
Why it matters: Customers expect the same level of service no matter what sales channel they engage through, which division they deal with, or what geographic location they reside in. Offering different services based on different supply chain capabilities leads to customer confusion and dissatisfaction.

Experts say: The pace of business requires fast, optimal responses to changes and disruptions. Customer expectations are shaped by a multitude of purchasing options and channels offered by sellers around the globe. It's crucial to establish a consistent global planning process that spans business units, geographies and channels.

The payoff: Being able to plan efficiently across the extended enterprise drives a huge competitive advantage for a multi-divisional, multi-national company. Best-in-class companies are 48% more likely to systematically enable feedback between the S&OP process and the financial planning and budgeting processes.²

How IBP Augments S&OP:

- Integrates volumetric and financial planning data.
- Links tactical S&OP with strategic plans, initiatives and activities.
- Provides more robust product and portfolio review and analysis.
- Provides enhanced modeling, simulation, and "what-if" scenarios.
- Improves operational risk visibility and mitigation.
- Drives multi-organization, multi-unit, and multi-national planning based on a common set of data.



²Industry Comparison for Best-in-Class S&OP/IBP Capabilities, Aberdeen Group, August 2016

IBP Enhances Long-Range Plan Feasibility

The purpose of long-range planning is to understand what market conditions and supply chain network challenges may exist down the road. The goal is to identify areas of opportunity, and anticipate what competitors may do over an extended time horizon. Most strategic planning is performed annually in financial units at a high level of aggregation. Projections derive from historical financial results and subjective strategic assumptions.

Issue: If your strategic planning processes are very manual and disconnected from true supply chain network capabilities, your risk of failure increases.

Why it matters: When strategic planning fails to take the results of lower planning processes into consideration, the disconnect often makes the strategic plan unattainable.

Experts say: IBP unites multiple disciplines and multiple process steps to develop an optimal business strategy that manages risk over long horizons, with effective mitigation plans.

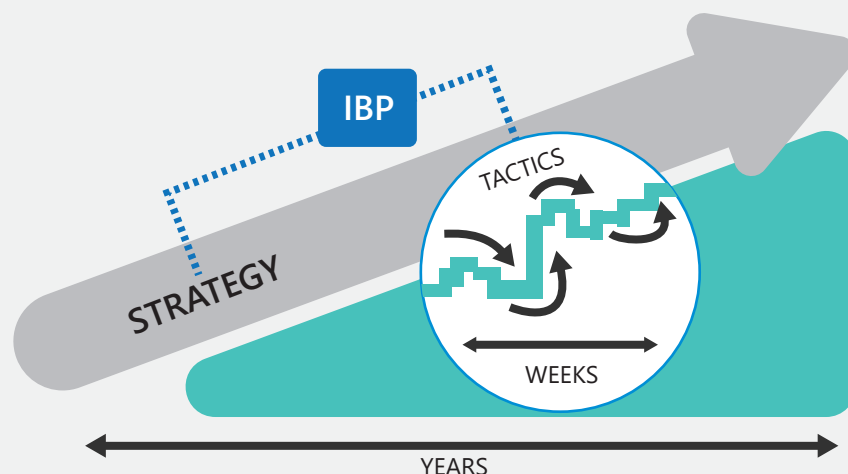
The payoff: Automating the exchange of data and business insights ensures that process dates are met and participants engage to create realistic, achievable plans. Best-in-class companies are 69% more likely to create downside risk modeling and assessment scenarios to analyze the S&OP plan.³

³Industry Comparison for Best-in-Class S&OP/IBP Capabilities, Aberdeen Group, August 2016

IBP Process Benefits:

- Enhanced revenue growth through better alignment of strategic goals to tactical plans.
- Faster and more informed decision-making, based on an end-to-end view of the business.
- Improved customer satisfaction through better alignment of supply to demand.
- More effective identification and response to supply chain disruptions.
- Clear ownership of plans, increased accountability for execution.

IBP aligns tactical and strategic plans over short and long time horizons





Conclusion

Not only does Integrated Business Planning [IBP] integrate volumetric and financial data, but it also links tactical and strategic plans, translating between aggregate and detail planning levels easily and effectively. Companies that adopt an IBP process can perform robust product and portfolio reviews as well as enhanced modeling, simulation and “what-if” scenarios. IBP encompasses the broad scope of multi-organization, multi-unit and multi-national planning based on a common set of data, while also improving operational risk visibility and mitigation capabilities.

The IBP process helps extended management teams align and synchronize planning processes in one highly visible and accessible shared environment that spans planning time horizons as far as a decade or more into the future.

Reasons to adopt an Integrated Business Planning process include:

- Driving higher quality business decisions that deliver more “bang for the buck.”
- Integrating planning across functions, units, channels and geographies to generate competitive advantage for multi-divisional, multi-national companies.
- Enhancing the feasibility of long-range plans with optimal strategy for managing business risk further into the future.

When you go beyond sales and operations planning [S&OP] to a higher level of coordination and efficiency across functions and planning horizons, you will have started an IBP revolution that will benefit your entire organization far into the future.



About Logility

Accelerating the sustainable digital supply chain, Logility helps companies seize new opportunities, sense and respond to changing market dynamics and more profitably manage their complex global businesses. The Logility® Digital Supply Chain Platform leverages an innovative blend of artificial intelligence [AI] and advanced analytics to automate planning, accelerate cycle times, increase precision, improve operating performance, break down business silos and deliver greater visibility. Logility is a wholly owned subsidiary of American Software, Inc. [NASDAQ: AMSWA].

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For more information, contact Logility:
Worldwide Headquarters **800.762.5207**
United Kingdom **+44 [0] 121 629 7866**
asklogility@logility.com