Creating future ready solutions: EPM and analytics capabilities

Digitizing finance mandate and the drive for real-time business insights

The need for change

Trends in finance and FP&A

While industry-leading enterprise performance management (EPM) solutions have advanced Financial Planning and Analysis (FP&A) teams, increasing performance pressures and rapid technological change are pushing Finance to continuously evolve. FP&A often face challenges on multiple fronts, including:

- Increasing demand for **real-time insights** driven by both financial and operational data

- Growing need for **deployable tools that enhance analytical insights** and connect key business functions such as HR, Finance, IT, and Operations

- Shifting **FP&A from "finance for finance" to "finance for business"** to deliver greater strategic value

- Enabling **rapid what-if scenario modeling** to support planning with actionable analytics

- **Expanding use of internal and external data** to **improve predictive accuracy** and forecast outcomes

The way forward with EPM and analytics capabilities

In response to emerging trends, organizations are adopting cloud-based planning and integrating predictive forecasting, Generative AI, and agentic AI capabilities into their financial processes to help drive innovation and fuel growth. Embracing advanced cloud planning tools positions finance at the forefront of the new baseline era.

1 **Core performance management capabilities**

Develop a holistic understanding of drivers and operational metrics, with links to financial outcomes.

Analyst driven, leveraging financial and operational data to forecast through EPM solution

2 **Cross-functional planning**

Leveraging Excel-based capabilities paired with EPM functionality.

Analyst and system driven, requiring understanding to leverage functionality and data to support modeling

3 **Analytics and machine learning**

EPM with advanced features to analyze data and learn over time, to make better predictions.

System driven, leveraging data, to learn / create insight and predications

4 **GenAI and AI agents**

Evolving tools to simplify interactions, currently prompt driven to interact.

System driven to augment human interactions through agents, enabling enhanced business insights and end-to-end automation

Data model and reporting strategy →

Operating model people, process, and business partnering →

Out of the box functionality where available → **Expanded skillset - configure & increase investment** →

On-going change management to support strategies to enhance finance and educate downstream functions →

Solving with EPM and analytics

Mature EPM capabilities provide a natural path to capabilities #3 and #4

- Predictive forecasting
- Machine learning
- AI and GenAI
- Agentic AI for FP&A

#1: Core performance management capabilities for finance

There are **four core performance management capabilities**, outlined below, along with a high-level **maturity assessment** of these capabilities as **demonstrated by industry-leading planning applications**.
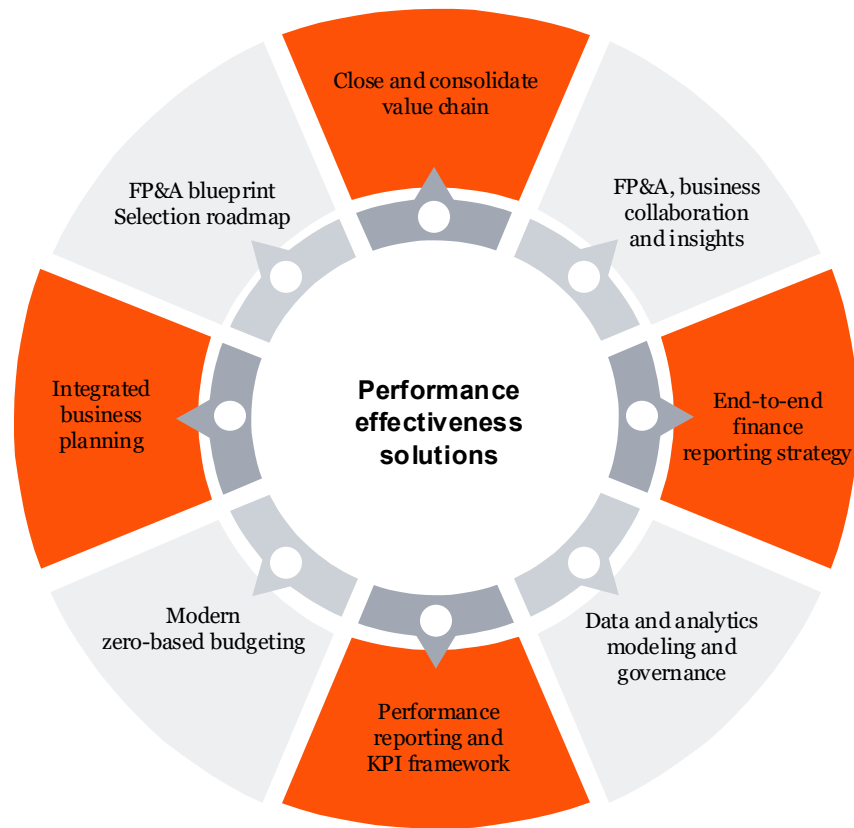
1

Budget and forecasting

Deploys resources to prosecute the company strategy

- Economic, capital, and financial budget & forecast
- Operating budgets

2

Consolidation and external reporting

Provides reporting for investors and external stakeholders

- Statutory consolidation
- Collaborative disclosure management
- Sustainability

3

Management reporting and analytics

Provides the company with real-time information

- Management P&L by BU
- Reporting and dashboards
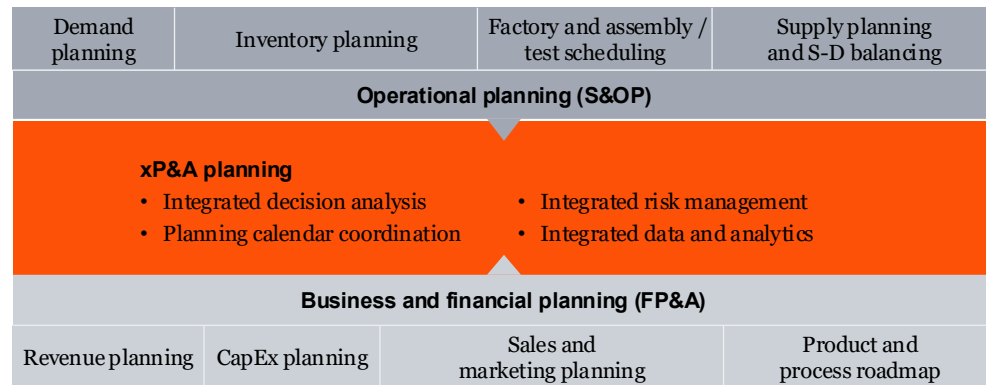
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Strategic reporting

Provides the company with real time information

- Strategic plan
- What-If analysis

#2: Advancing beyond finance into cross functional planning capabilities

The three core **cross-functional planning capabilities**, outlined below, along with a high-level **maturity assessment** of these capabilities as **demonstrated by industry-leading planning applications**.

PwC's extending planning framework

Demand planning	Inventory planning		Factory and assembly / test scheduling	Supply planning and S-D balancing
Operational planning (S&OP)				

xP&A planning
- Integrated decision analysis
- Planning calendar coordination
- Integrated risk management
- Integrated data and analytics

Business and financial planning (FP&A)

Revenue planning	CapEx planning	Sales and marketing planning	Product and process roadmap

Sales and operations planning (S&OP)

Aligns supply and demand planning

- Integrated sales, marketing, production, and inventory planning
- Enhanced inventory levels and better decision making

Integrated business planning (IBP)

Connects strategic, financial, and operational plans

- Extends traditional S&OP with financial goals, scenario planning, and executive-level insights
- Connected planning from plan to supply/demand to execution

Extended planning and analysis (xP&A)

Evolves traditional planning beyond FP&A

- Integrates planning with operational data, functions, and business units across the enterprise
- Real-time collaboration, driver-based forecasting, and scenario modeling

Key decisions enabled by xP&A planning:

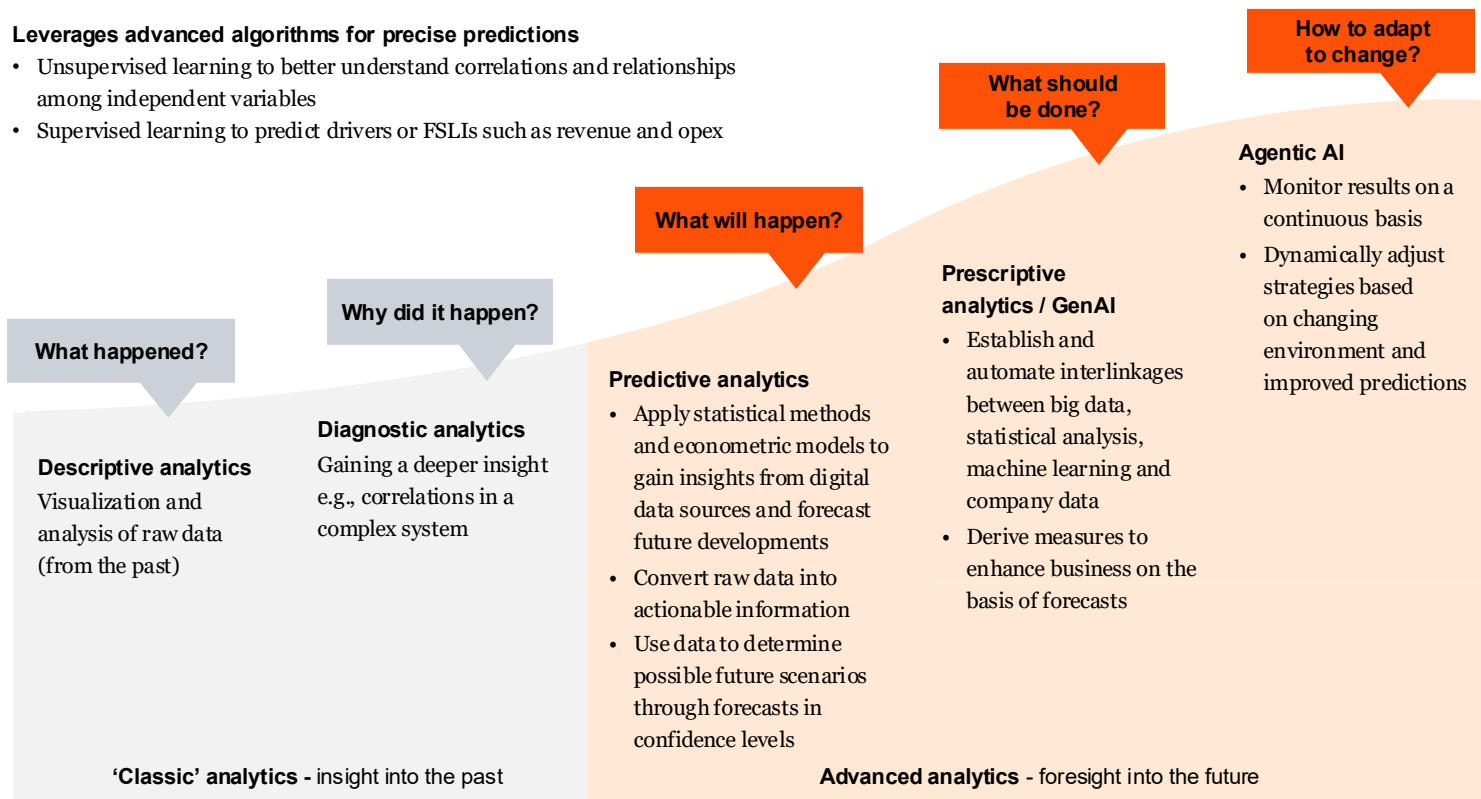|	Types of decisions made in integrated business planning forum	Decision horizon		
		Tactical (<13 weeks)	**Midterm (CQ+1 to CQ+7)**	**Long term (CY+3 to CY+5)**
Revenue	Identification of gaps between current plans and financial / corporate commitments (e.g., POR, AOP) including gap closure	✓	✓	✓
	Constrained supply and capacity allocation	✓	✓	
	Product mix adjustments to meet revenue / margin targets		✓	✓
Margin and cash flow	Affordability-based size targets for new products		✓	✓
	Risk build and risk sourcing (e.g., critical rare raw materials)	✓	✓	
Investment	Capital project investment (e.g., new factory, new tooling, retooling)			✓
	Asset / capacity allocation to market		✓	✓
Risk mitigation	Network inventory and service level decisions		✓	✓
	Manufacturing footprint decision		✓	✓
	Strategic sourcing for supply risk mitigation		✓	✓

#3 and #4: Stepping into the world of analytics, AI, and agents

In data science, **analytics** refers to the systematic analysis of data to derive insights and support decision-making. Finance teams commonly utilize multiple types of analytics. This section focuses on the use of predictive analytics with machine learning

Predictive analytics leveraging machine learning

Leverages advanced algorithms for precise predictions
- Unsupervised learning to better understand correlations and relationships among independent variables
- Supervised learning to predict drivers or FSLIs such as revenue and opex

What happened?

Why did it happen?

What will happen?

What should be done?

How to adapt to change?

Descriptive analytics
Visualization and analysis of raw data (from the past)

Diagnostic analytics
Gaining a deeper insight e.g., correlations in a complex system

Predictive analytics
- Apply statistical methods and econometric models to gain insights from digital data sources and forecast future developments
- Convert raw data into actionable information
- Use data to determine possible future scenarios through forecasts in confidence levels

Prescriptive analytics / GenAI
- Establish and automate interlinkages between big data, statistical analysis, machine learning and company data
- Derive measures to enhance business on the basis of forecasts

Agentic AI
- Monitor results on a continuous basis
- Dynamically adjust strategies based on changing environment and improved predictions

'Classic' analytics - insight into the past

Advanced analytics - foresight into the future

Key AI use cases for FP&A

Area	Use case	Description
Reporting, analysis and insights	Generative narratives and commentary in reporting	**Generate draft narratives** from vast amounts of financial and operational data and historical documents, **utilize technical knowledge and understanding to create annotations**, business unit performance review comments, and provide explanations.
	Create ad-hoc reports and visuals	Process vast amounts of financial and operational data in real-time and **perform "on-the-fly" analysis**. This enables the team to access up-to-date information and make decisions in an agile manner.
	Perform budget vs. actuals analysis	With combination of statistical analysis and ML algorithms, produce **detailed root cause analysis explaining the observed trends and their implications**, with potential to uncover new insights.
Market analysis	Survey competitors and perform benchmarking	Compare performance and offerings with competitors, such a**s financial metrics, market share, pricing, product features, and customer reviews**, to help identify areas of strength and opportunities for improvement.
	Enable market research and sentiment analysis	Analyze **market trends, industry reports, and sentiment data** to help identify market perceptions, customer preferences, industry dynamics, and emerging trends.
Communication generation	Draft and review MD&A	**Contextualize the company's financial performance** with insights on industry trends, market dynamics, and competitive landscape.
	Manage internal knowledge platform	**Provide real-time updates on financial targets and associated rationale**, enable real-time tracking against goals; enable self-serve access for internal customers to financial data, reports, and analysis.

Choosing the ideal platform for performance management capabilities #1-#4

With the rapid rise of EPM tools and hyperscalers, along with shifting planning needs, the **framework below helps guide platform decisions for executing EPM use cases**. While data is key, factors like overall architecture also matter.
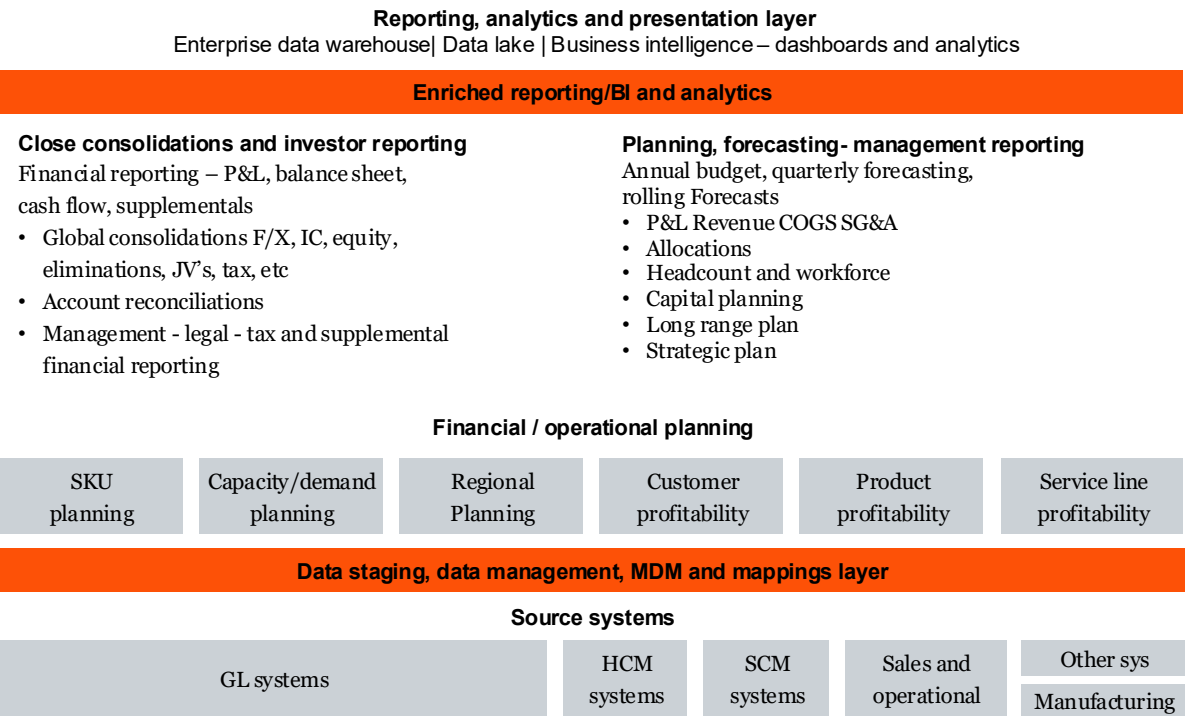
EPM use case	Internal – Finance data[1]	Internal – Operational data[2]	External – Market data[3]	Execution platform
Core EPM – Planning and budgeting	✓	✓	✓	EPM tool[4]
xP&A – Extended planning and analysis Includes sales, supply chain, and other planning capabilities	✓	✓	✓	Leading EPM tools[5]
Predictive analytics Predictive analytics include the use of regression and/or time series analysis for EPM needs	✓	X	X	Leading EPM tools
	✓	✓	X	Leading EPM tools+ hyperscalers
	✓	✓	✓	Hyperscalers
Advanced analytics and ML Advanced analytics include the use of machine learning algorithms (e.g., Random Forest, XG Boost) and neural networks for EPM needs	✓	X	X	Leading EPM tools
	✓	✓	X	Hyperscalers
	✓	✓	✓	Hyperscalers
GenAI and agents				EPM providers are enhancing their agentic offerings in FY25 and incorporating them directly within their applications.

Notes
[1] Transactional finance data, including historical actuals from the general ledger
[2] Operational data, such as units sold, sales figures, and other business metrics

[3] External market data, including indicators like production rates or Consumer Price Index (CPI) rates
[4] The majority of EPM tools currently available in the market
[5] Established EPM platforms as noted in Gartner's Magic Quadrant (top right)

Reference architecture: Performance management technology stack

Reporting, analytics and presentation layer
Enterprise data warehouse| Data lake | Business intelligence – dashboards and analytics

Enriched reporting/BI and analytics

Close consolidations and investor reporting
Financial reporting – P&L, balance sheet, cash flow, supplementals
- Global consolidations F/X, IC, equity, eliminations, JV's, tax, etc
- Account reconciliations
- Management - legal - tax and supplemental financial reporting

Planning, forecasting- management reporting
Annual budget, quarterly forecasting, rolling Forecasts
- P&L Revenue COGS SG&A
- Allocations
- Headcount and workforce
- Capital planning
- Long range plan
- Strategic plan

Financial / operational planning

SKU planning	Capacity/demand planning	Regional Planning	Customer profitability	Product profitability	Service line profitability

Data staging, data management, MDM and mappings layer

Source systems

GL systems	HCM systems	SCM systems	Sales and operational	Other sys / Manufacturing

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Thank you