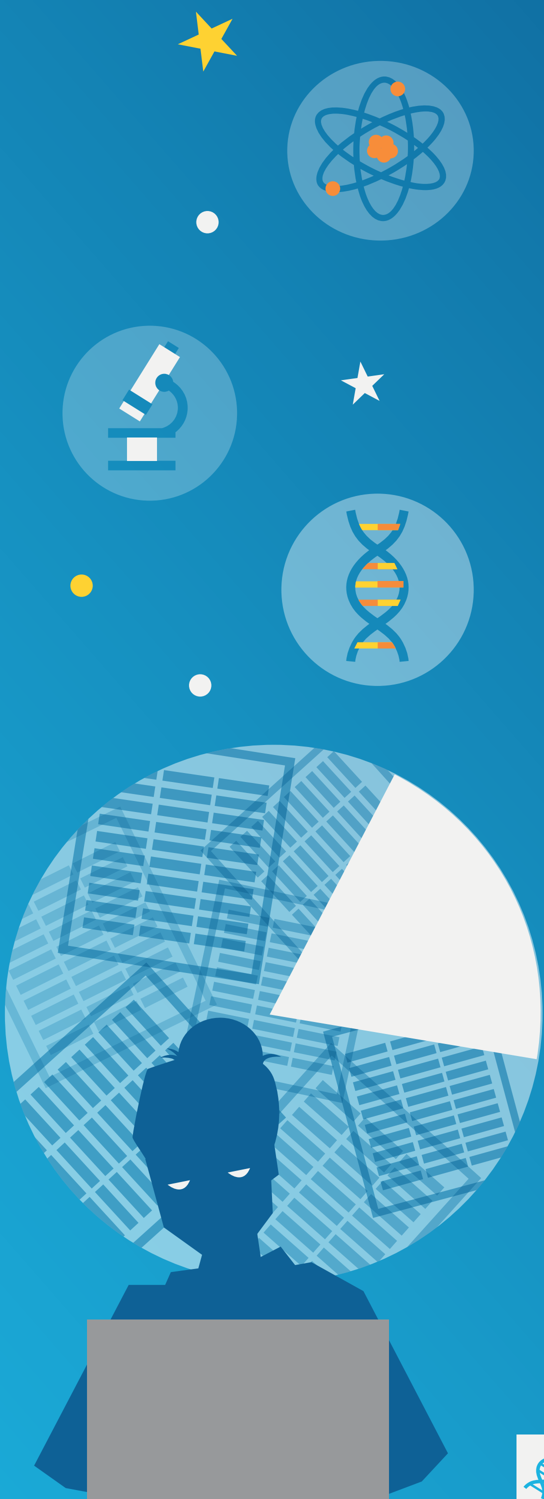
Adaptive Insights
A Workday Company

Life Sciences' 5 Biggest Forecasting Challenges

THE STAKES

The importance of business agility



What's keeping you up at night? Maybe you're wondering if the revised sales rep hiring plan will meet current commercialization timelines. Or perhaps you're worried about cash-on-hand due to delayed reimbursement from third-party payers.

To thrive in an increasingly competitive and global marketplace, life sciences companies have to be rigorous in their planning. But it's just as important to be agile, so you can allocate resources strategically.

Yet many companies today are struggling to keep up. After months of preparation and vetting, annual plans immediately become obsolete.

Running what-if scenarios to answer ad hoc questions on product profitability or reject rates is costly and time-consuming. In fact, nearly 80% of CFOs admit they've delayed major business decisions because stakeholders lacked timely access to data.

Read this eBook to learn how life sciences companies like yours have replaced static, annual plans with agile forecasts, and run holistic, dynamic what-if scenarios that help them allocate capital where it's needed. Discover how to sharpen insight, reduce risk, and operate with agility.

Challenge 1

Being efficient enough to provide a rolling forecast

CUSTOMER STORY

QUIDEL

"The time savings have been huge. We've saved significant time across a range of functions because we no longer have to manually transfer and manipulate data to create reports."

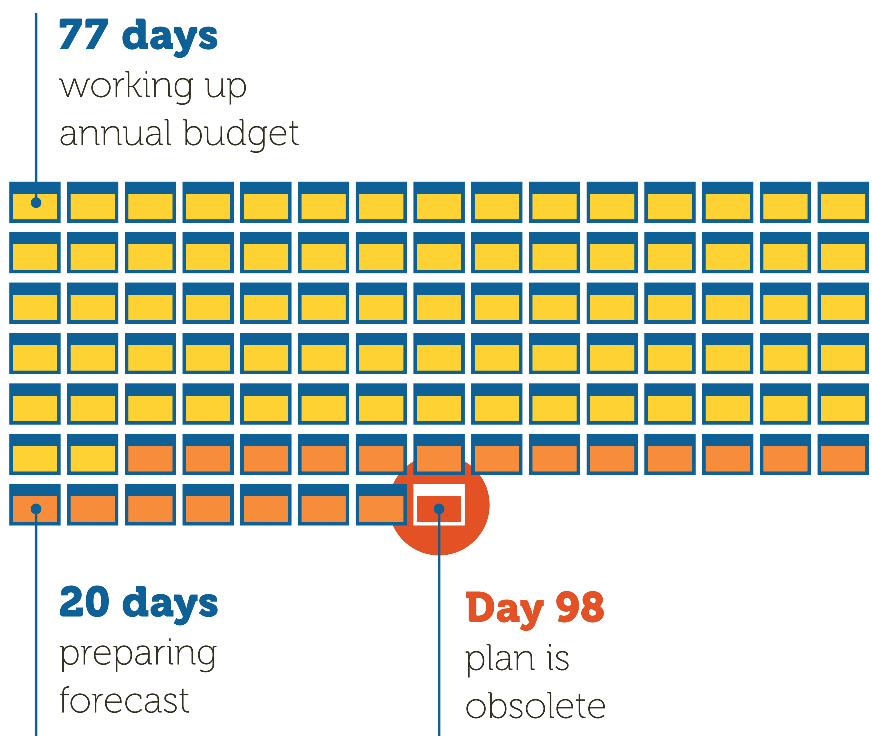
—Manager of Financial Planning & Analysis, Quidel

Say you'd like to update headcount and clinical trial timelines to reflect your Q1 actuals. Now come revised distribution costs from your CMO. What will all this mean for your Q4 cash position? It should be easy enough, but this one "small" change triggers a waterfall of updates consuming hours, days, or even weeks—particularly if you do your planning on spreadsheets.

Excel works great for individual back-of-the-envelope analysis, but an organization relying on a web of V-lookups glued together with copy and paste makes for a forecasting process that is time-consuming and error-prone.

Finance professionals say they take an average of 77 days to complete an annual budget and 20 more to perform a forecast, according to the Association of Finance Professionals. With a cycle that slow, it's difficult to provide a rolling view of the organization or make time for strategic analysis.

Best practice: Implement a cadence and system that allows you to ingest actuals on an automated basis. Then easily adjust drivers in your model so you can provide an always-on rolling forecast.



Challenge 2

Keeping everyone on the same page

CUSTOMER STORY

Boston Scientific

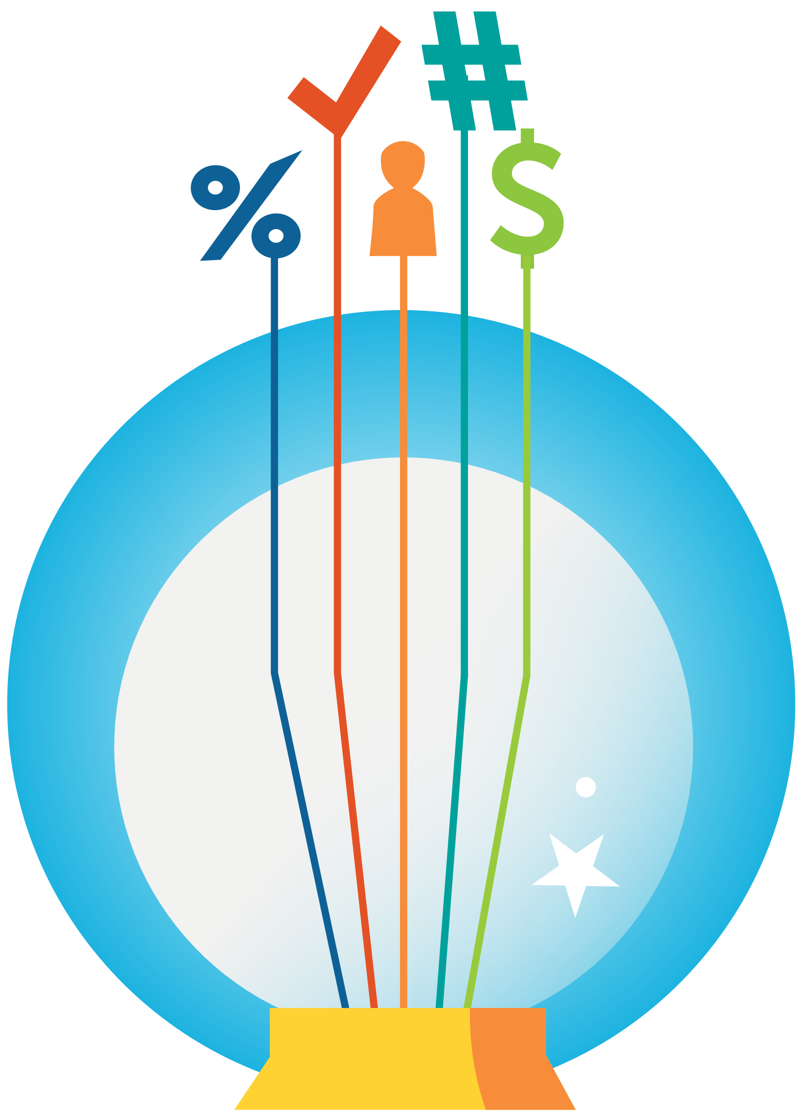
"With 25 participants in the budget process, the level of access to information, transparency, and collaboration has increased substantially. It builds confidence between stakeholders and the finance team."

—Sr. Finance Manager, Boston Scientific

Are we all aligned on the numbers? A solid plan requires a comprehensive model to ensure that everyone is on the same page and has access to the latest data.

And with data coming from multiple sources—revenue and expenses from your ERP; personnel costs from HR; data from your clinical trial management system—relying on a disconnected tool like Excel becomes problematic. You'll end up with decisions that are delayed or, worse yet, based on stale data.

Best practice: Toss out the spreadsheets and use a specialized tool that incorporates the latest data to drive your KPI models. Establish a single source of truth for the entire organization—so everyone's on the same page.



Challenge 3

Modeling multiple what-if scenarios

CUSTOMER STORY

"With Adaptive Insights' OfficeConnect capability, data updates are automatic. That means board book presentations can be prepared in a matter of hours, as opposed to the week it took previously."

—Vice President, Business Operations, Kindred at Home

Driver-based models that span the full gamut of operational metrics such as gross-to-net analysis, vendor spend, clinical trial costs and contract manufacturing organization spend (CMO) enable organizations to run the holistic what-if scenarios necessary to support critical capital allocation decisions.

Models ought to be able to answer questions like, What's the cash impact of delaying the launch to address the FDA's revised pediatric trial requirements? What happens if we push out sales hiring plans by a quarter?

Businesses today need to be agile. Finance teams need the flexibility to be able to spin off multiple scenarios at a moment's notice to explore the implications of possible strategic decisions and settle on a course of action.

Best practice: With the right tool, this kind of complex planning can be fast and easy—and far more flexible than traditional spreadsheet-based planning allows. Easily change assumptions and quickly see results. Then take all the time you need to analyze the implications.

Challenge 4

Getting business partners to own the plan

CUSTOMER STORY

QUIDEL

"Adaptive Planning allows us to be a lot more accurate in our planning because it is so much easier to update information as needed. We now have the flexibility to immediately react to keep information relevant and up-to-date."

—Manager of Financial Planning & Analysis, Quidel

When plans are locked up on an FP&A analyst's hard drive, managers have difficulty accessing the KPIs they're responsible for. This creates a lack of ownership and accountability for the results—it becomes "finance's number" instead of their own.

Critical KPI data—such as adverse effects, or clinical trial timeline changes—needs to be in the hands of decision-makers. Getting answers to ad hoc questions shouldn't be a multiday, one-off exercise for an FP&A analyst.

No surprise, then, that nearly three-quarters of CFOs identified collaboration as a top initiative.

Best practice: Empower stakeholders with real-time, self-service access to the data they need, and the plan will become theirs. A dashboard allows department heads outside finance to easily review KPIs and see the impact of their decisions without having to put requests into finance.

Challenge 5

Marrying the top-down with the bottom-up

CUSTOMER STORY

Boston Scientific

"With Adaptive Insights, we achieved a better budget process at a fraction of the cost compared to the millions of dollars and years of investment spent maintaining the on-premises solution."

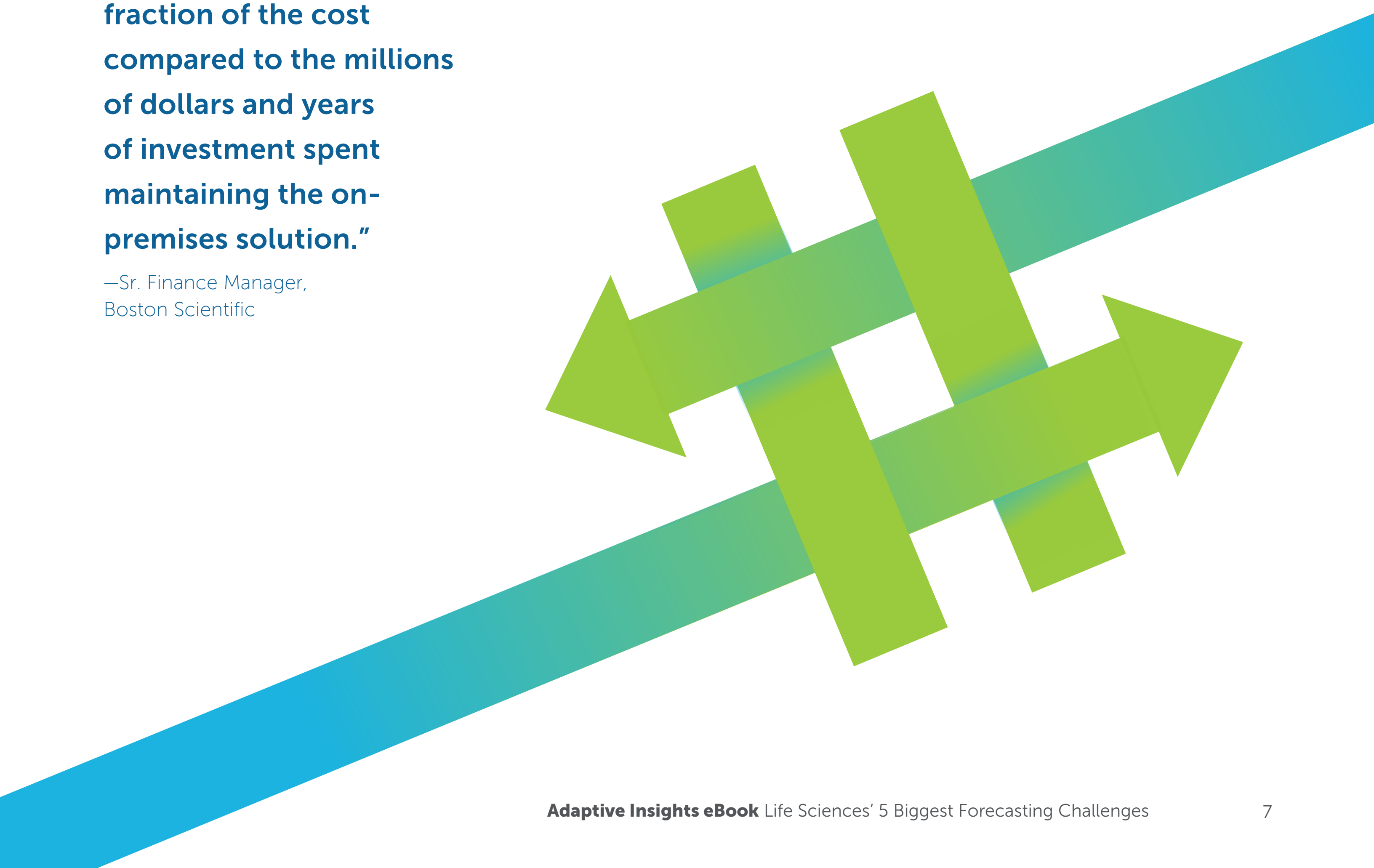
—Sr. Finance Manager,
Boston Scientific

Guidance from executives and board members typically takes a top-down approach—revenue growth, R&D costs, margin goals, and more. But building an operational plan that you can actually execute against requires detailed ground-up assumptions.

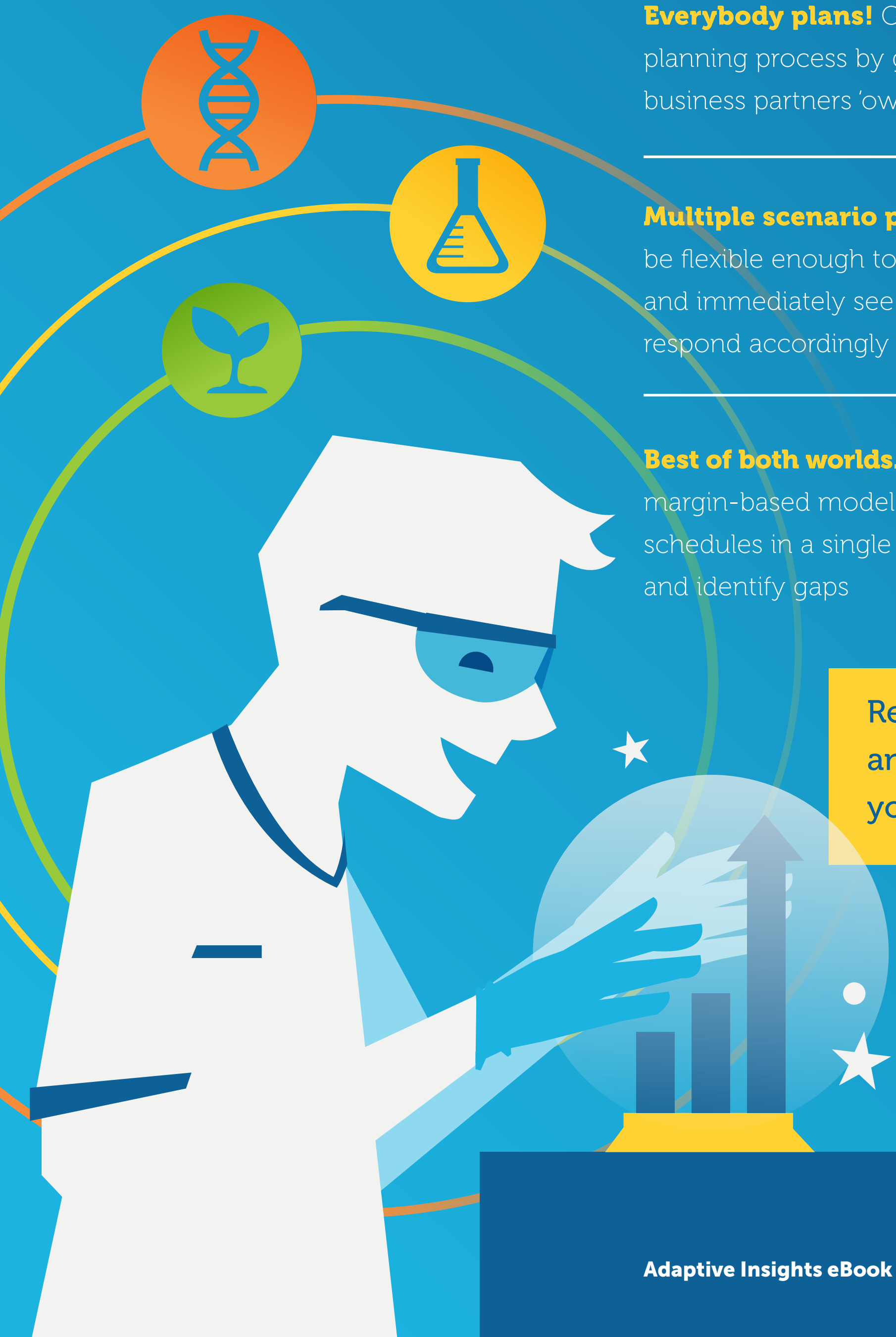
So when it comes to building a model, the FP&A team is left with a choice: Should we build it top-down—start from a growth rate and make margin and ratio assumptions—or bottom-up, with a detailed personnel roster and trial expenses?

Picking one leaves you with a plan reflecting only half the business. Doing both in Excel is tough because the two models remain disconnected, and you're left with a manual goal seek or ctrl-c and ctrl-v exercise to make sure everything syncs up. (And good luck with that.)

Best practice: Combine high-level, top-down growth and margin-based models with detailed bottom-up personnel rosters, revenue forecasts, and depreciation schedules in a single platform. Then quickly and easily reconcile differences and identify gaps.



BEST PRACTICES
Your journey to more agile planning



Modern cloud finance solutions like Adaptive Insights allow you to:

Gather data in real time. Invest your time in picking the right planning process that eliminates the need for manual data gathering, making you efficient enough to be able to produce rolling forecasts

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Everybody plans! Get everyone in the organization involved in the planning process by giving them access to real-time data. And let business partners 'own' their numbers

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Multiple scenario planning. Your driver-based models should be flexible enough to allow you to change multiple assumptions and immediately see the impacts across the business, so you can respond accordingly

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Best of both worlds. Combine high-level top-down growth and margin-based models with detailed bottom-up personnel rosters and schedules in a single platform so you can quickly reconcile differences and identify gaps

Ready to take action? We can help you and your team diagnose and treat your planning challenges.

About Adaptive Insights

Adaptive Insights, a Workday Company, is powering a new generation of business planning.

Driving business agility in a fast-moving world, the Adaptive Insights Business Planning Cloud leads the way for people in companies to collaborate, gain insights, and make smarter decisions faster. Powerful modeling for any size organization, yet so easy for everybody who plans. Adaptive Insights is headquartered in Palo Alto, CA.

To learn more, visit adaptiveinsights.com.