Adaptive Insights
A Workday Company

SaaS Companies' 5 Biggest Forecasting Challenges

THE STAKES

The importance of agile planning for SaaS Companies

What's keeping you up at night? Maybe you're wondering if the revised rep quota and attainment assumptions will be sufficient to hit the growth targets you set for the enterprise team. Or perhaps you're worried about improving retention rates and CAC in the core mid-market business.

To thrive in an increasingly competitive and global marketplace, high-growth SaaS 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 channel mix is costly and time-consuming. In fact, nearly 80% of CFOs admit they've delayed major decisions because stakeholders lacked timely access to data.

Read this eBook to learn how SaaS 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

"The team aggregates data from NetSuite, Salesforce, and Workday into Adaptive Insights. Such efficient data consolidation enables the team to produce more detailed reports each month, while maintaining a rolling financial forecast that consistently extends 18 months ahead."

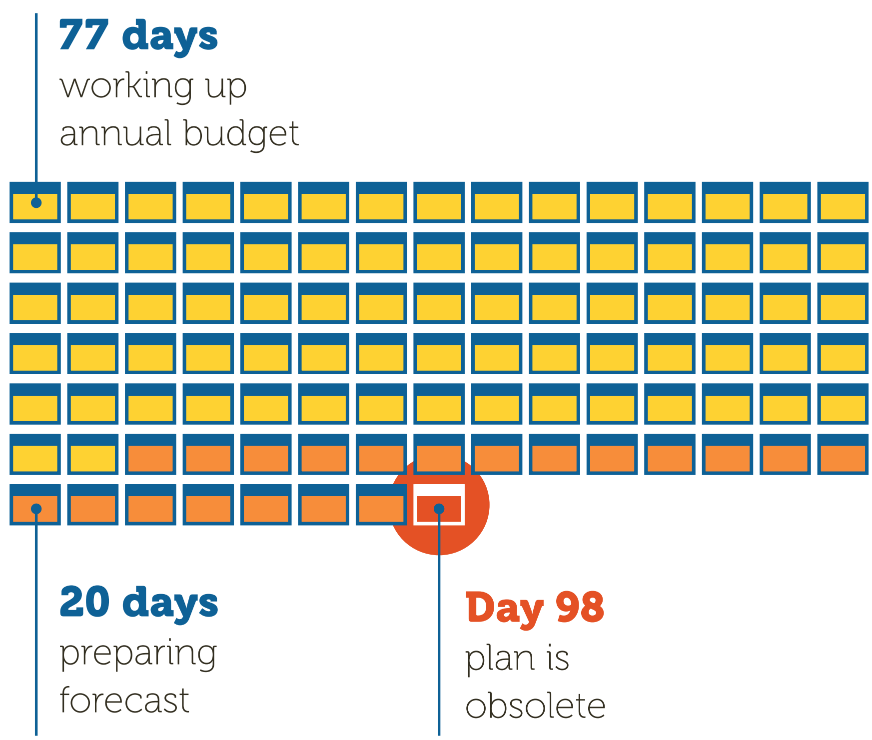
—Vice President of Procurement and Facilities, BlackLine (NASDAQ: BL)

Say you'd like to update headcount and ARR under contract models to reflect your Q1 actuals. Now come revised pipeline forecasts from sales. 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

DOMO

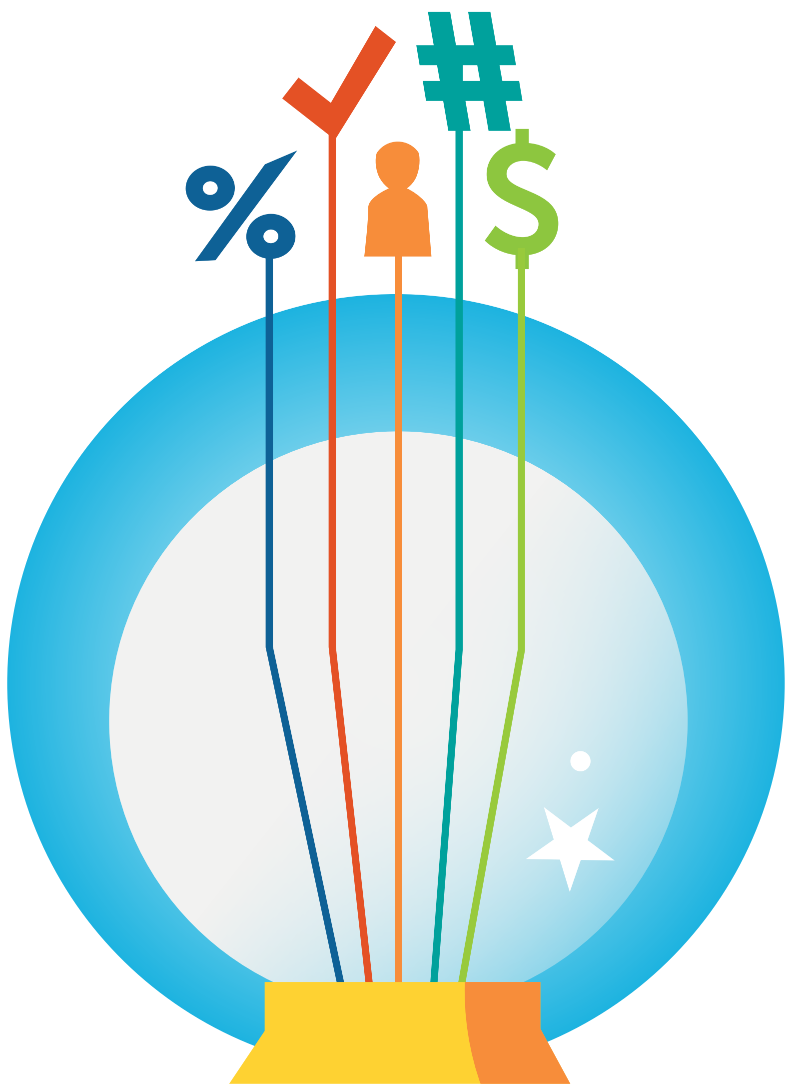
"We've been able to quickly execute on forecasts, saving time and money. We've probably saved hundreds of thousands of dollars just in manpower alone because of the individuals we would have had to hire to support our business, support our growth, and give us the functionally we have today."

- Director, FP&A, Domo
(NASDAQ: DOMO)

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 your HCM; retention and contracts from your CRM; as well as user engagement data from operational systems—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

Driver-based models that span the full gamut of operational metrics such as ARR under contract, gross/net retention, and CAC 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 in Q4 due to an elongated sales cycle? What happens if we expand in EMEA?

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.

CUSTOMER STORY

TUNE IN

"Adaptive Insights offers a more efficient way to answer key business questions."

—Senior Financial Analyst, TuneIn

Challenge 4

Getting business partners to own the plan

CUSTOMER STORY

APPTIO

"With Adaptive Insights we have the systems set up to capture the data we need and have it teed up so business owners can see and understand critical metrics."

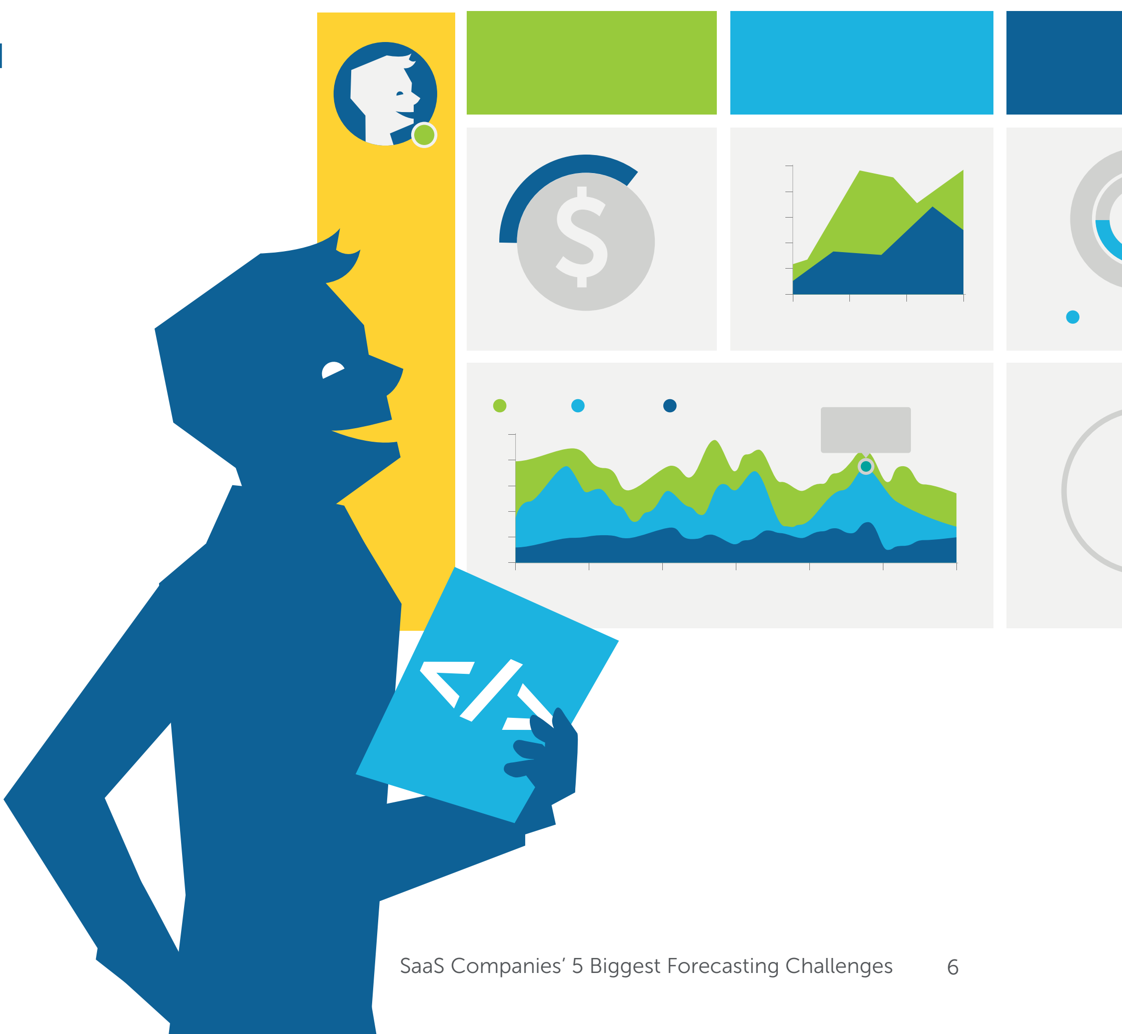
—Senior Director of Finance, Apptio

When plans are locked up on an FP&A analyst's hard drive, business owners 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—net new logos, ARR growth, retention, product attach rates, and more—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

"During a meeting, I can use Adaptive Insights to change a growth percentage or number of headcount on the fly, see the results and then have a conversation about the right direction we need to take for the business."

—Senior Manager, Sales Planning and Analytics, Acquia

Guidance from executives and board members typically takes a top-down approach—bookings growth, churn rates, 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 detailed personnel rosters, rate schedules and program costs?

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 a detailed bottom-up personnel roster, sales 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 business, so you can respond accordingly

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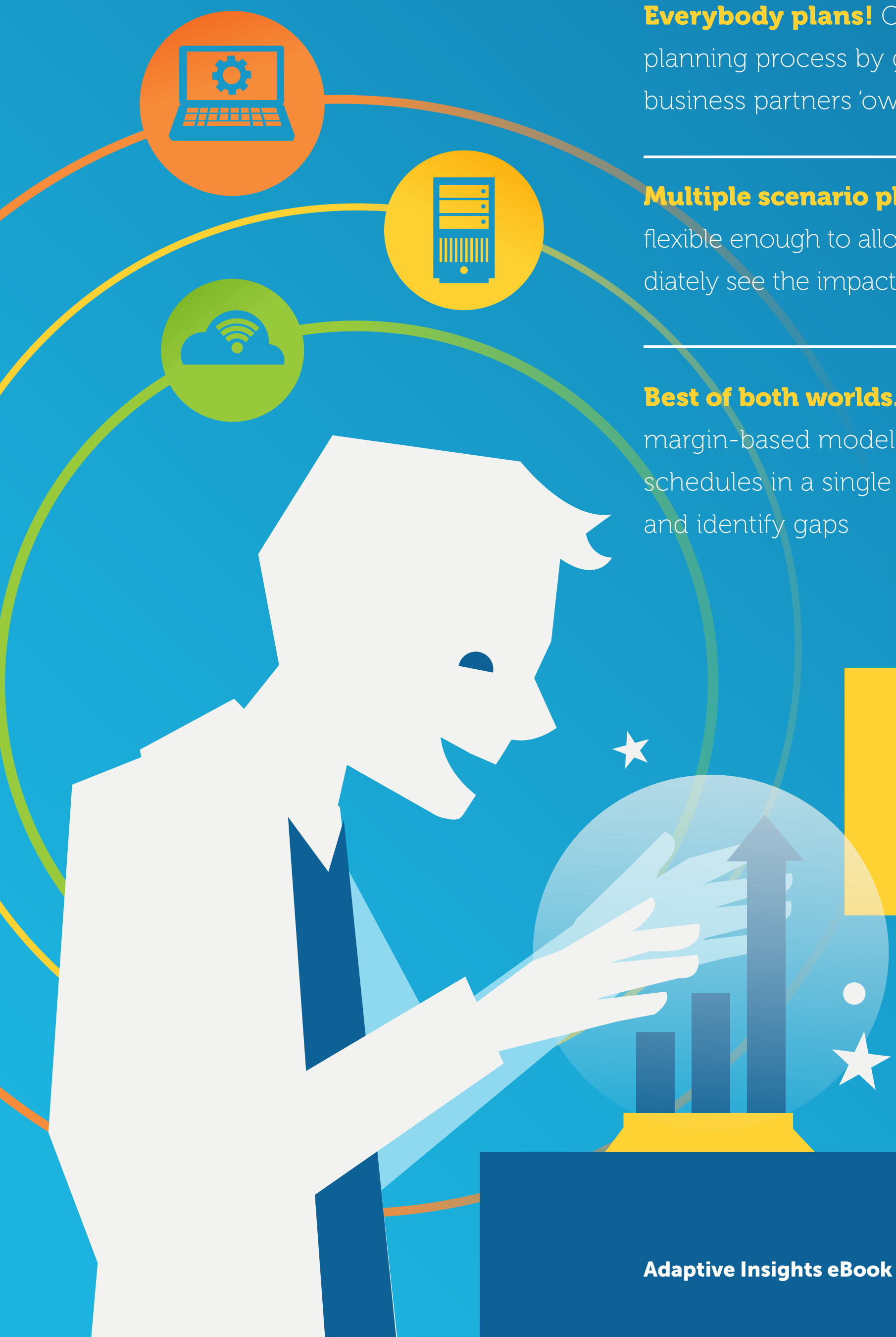
Best of both worlds. Combine high-level top-down growth and margin-based models with detailed bottom-up personnel rosters and schedules in a single platform so you can quickly reconcile differences and identify gaps



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.