



Global planning, budgeting
and forecasting survey
Insights report – edition one

#MakeItHappen

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Foreword



I am pleased to share with you the results from our latest global planning, budgeting and forecasting survey.

The aim of our survey is to understand more about the critical role that planning, budgeting and forecasting plays in helping organisations to manage performance effectively and enable better decision making.

This year we organised the survey into seven themes and this report will be updated over the coming months as we publish each theme. This first release focuses on three themes – the impact of COVID-19, sustainable finance, and the use of tools and technology. Our key findings are:

1. Impact of COVID-19 – A spotlight was put on planning, budgeting and forecasting processes during the global pandemic as organisations needed to constantly produce plans for different scenarios. Processes, models and supporting technology that was already creaking prior to the global pandemic was exposed and as a result, over 60% of respondents are now planning on making changes to their organisations ways of working.

2. Sustainable finance – We have to act now to tackle climate change. Given the critical role that planning, budgeting and forecasting plays in managing performance and allocating capital to drive innovation and investment, it is vital that sustainability is considered as part of this process. Leading organisations are now taking steps to ensure that sustainability metrics and measures are embedded into their planning processes and are looking beyond traditional financial metrics as part of their management information.

3. Use of tools and technology – The spreadsheet still dominates, but the use of spreadsheets for planning, budgeting and forecasting is starting to decline. The desire to rapidly model scenarios based upon data-fuelled predictive algorithms and to connect plans across the organisation is difficult to achieve with a set of disparate spreadsheets. Organisations are now also increasingly using more than one tool – in most cases driven by divisions procuring their own tools in the cloud.

I hope you enjoy reading this report as you explore the various opportunities in planning, budgeting and forecasting that lie ahead. As always, I would welcome your feedback on what trends you’re seeing – or if you would like us to benchmark anything different in future reports.

Our planning, budgeting and forecasting professionals will be pleased to discuss with you how this survey’s findings may reveal distinctive opportunities for your organisation. To learn more, please contact your [local expert](#).



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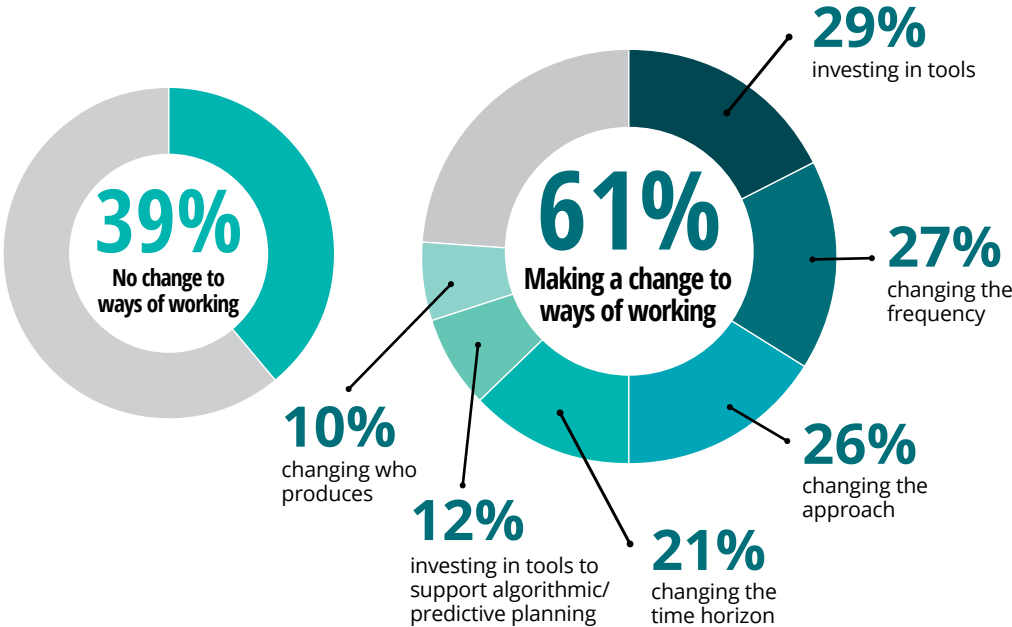
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The World Health Organisation (WHO) declared the novel coronavirus (COVID-19) outbreak a global pandemic on the 11th March 2020. Planning, budgeting and forecasting became even more relevant and even more challenging as the uncertainties from the global pandemic soared.

The global pandemic put broken planning, budgeting and forecasting processes in the spotlight as the vulnerabilities of traditional financial, planning and analysis (FP&A) processes and inputs were revealed. The global pandemic also brought new challenges including the need to constantly run scenarios and plan for contingencies while creating new models and rethinking data sources and strategies – all while working remotely.

Over 60% of respondents are changing, or are planning on changing, their organisations ways of working as a direct result of the global pandemic – especially as plans, budgets and forecasts built upon prior assumptions, models and data were rendered unusable, especially during the early stages of the global pandemic.

How the global pandemic is changing ways of working





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29% of respondents are considering investment in tools and technology; 27% are considering changing the frequency at which they produce plans, budgets and forecasts; and 26% are considering changing the approach they use. We are also expecting the use of scenario-based forecasting to increase as organisations look to find a solution to assess different alternatives.

Among those looking to make changes, the majority are looking to make changes to the business process or make changes to the business process alongside investment in tools and technology. **Investment in tools and technology alone is not a silver bullet** and often fails to achieve the desired results which is why we are concerned that a large proportion of respondents in Government and Public Sector (28%) and Energy and Resources (27%) are considering only making investment in tools and technology.

The global pandemic has had a significant impact. CFOs and FP&A leaders will need to evolve planning, budgeting and forecasting to become more agile and scale to changing business needs in the face of the global pandemic and other challenges.

Based upon discussions with Chief Financial Officers (CFOs) and Financial Planning & Analysis (FP&A) leaders, we are seeing leading organisations:

- Increasing focus on first building scenarios and then thinking through their implications on the business;
- Develop a thirst for raw data and insights from the field instead of aggregated data; and
- Demand the integration of external data with company data to generate actionable insights.

Furthermore, business leaders want FP&A teams to execute a more agile and efficient planning process to help them adapt to ever-changing business conditions. This is leading to CFOs and FP&A leaders rethinking FP&A work, tools, skill sets and locations to adapt to future needs.



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Sustainable finance

We used the term “sustainable finance” in the survey to cover a variety of topics such as environmental, social, and governance (ESG) and non-financial reporting and disclosures consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) that are demanding the attention of Chief Financial Officers (CFOs) and audit committees.

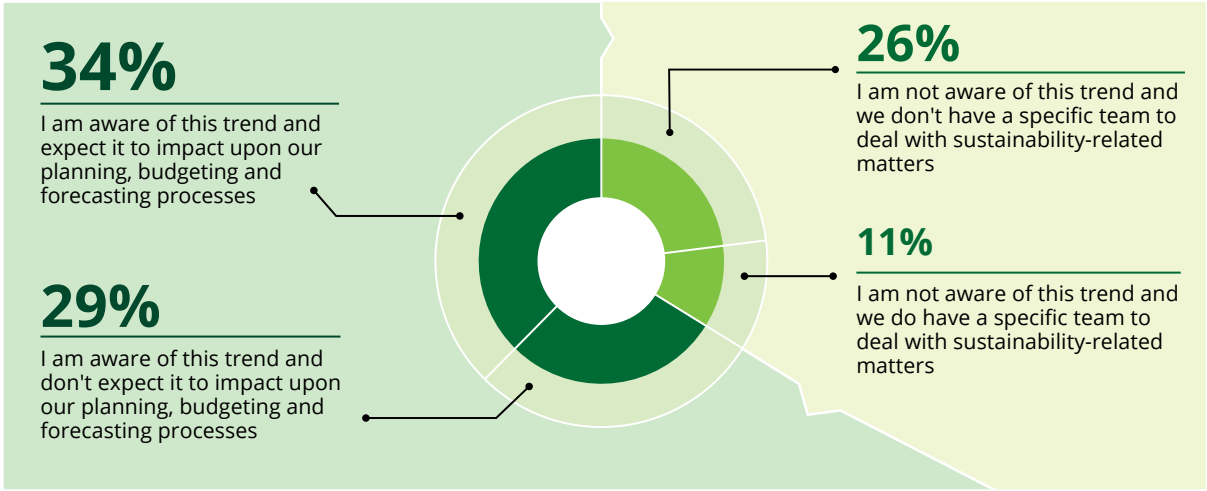
Understanding sustainable finance is critical in becoming truly responsible. The world is telling business to change. The message is clear: meet higher expectations of responsibility. Meet them, and show the world you mean it. Customers are demanding that businesses embrace sustainable finance. Employees and investors expect it. And increasingly, regulators mandate it.

Planning, budgeting and forecasting is at the heart of how organisations manage financial and operational performance, and over time we expect sustainability to be fully integrated into planning, budgeting and forecasting processes.

Overall, 63% of respondents are aware of sustainable finance but responses were different across industries and depending on size of organisation. 34% of respondents are aware of sustainable finance and expect it to impact upon planning, budgeting and forecasting processes, and of those, 64% expect the impact to occur this year or next year.

29% of organisations in the survey are aware of sustainable finance but do not expect it to have any effect on planning, budgeting and forecasting.

How aware are organisations of sustainable finance and the impact on planning

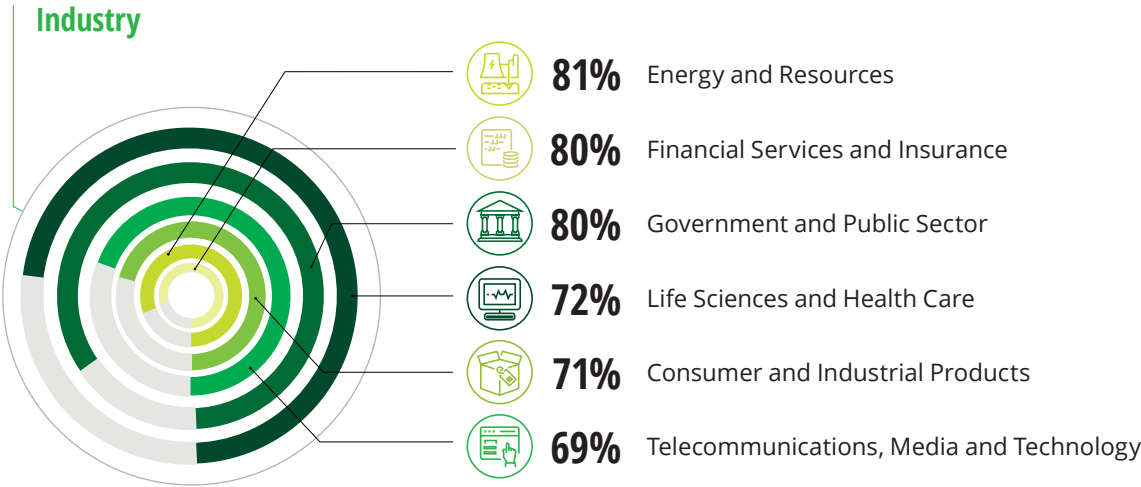


When are organisations looking to make changes to their planning process based on the impact of sustainable finance



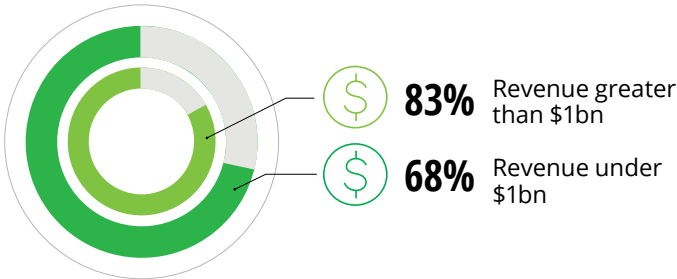
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Awareness of sustainable finance across sectors



Awareness of sustainable finance is broadly consistent across all industries. We were not surprised to see that respondents within the Energy and Resources industry were slightly more aware of sustainable finance and its impact (81%) than those in other industries..

Awareness of sustainability by organisations over \$1bn / Under \$1bn revenues



Based upon discussions with Chief Financial Officers (CFOs) and Financial Planning & Analysis (FP&A) leaders, we are seeing leading organisations:

- Embed sustainability metrics and measures into the planning, budgeting and forecasting process and review cycles;
- Look beyond the traditional financial metrics, to also consider social and environmental information as part of their management information; and
- Adapt their capital investment appraisal processes to integrate social and environmental issues.



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With continuous advancements in technology, we are seeing an emergence of new tools and technology which organisations can harness, and often harness more easily as a result of cloud-based solutions that are typically more readily accessible.

Spreadsheets still dominate for planning, budgeting and forecasting but their use is declining

The spreadsheet continues to provide ultimate flexibility to finance professionals but as organisations look to standardise, collaborate, and connect finance to non-finance functions other tools and technologies are proving more suitable.

The increasing use of scenario planning, real-time reporting, and a move to predictive planning are also driving the adoption of more sophisticated tools and technology.

The use of tools and technology for planning, budgeting and forecasting

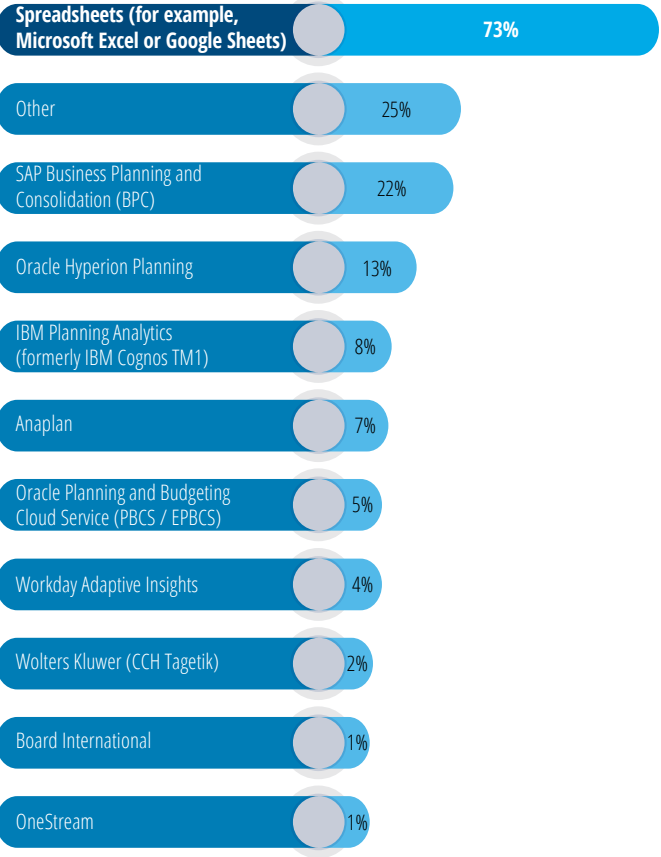
30% of organisations are using only spreadsheets to prepare plans, budgets and forecasts – this has fallen from 37% in 2014. This indicates that spreadsheets are still the most widely used tool, although there is a downward trend in their usage.

We are also seeing an increasing use of Software as a Service (SaaS) tools from vendors such as Anaplan and Oracle. These tools have the added benefit of regular updates to features and functionality without the need to undertake expensive and time consuming upgrades.

Our survey indicates that the use of tools and technologies increases with the size of the company. Most organisations with less than \$1 billion revenue only use spreadsheets. In contrast, this is only 9% for organisations with revenues over \$10 billion. These survey findings are consistent across all industry sectors and geographical regions.

As expected, larger organisations may demand more sophisticated tools due to the size and complexity of their businesses and the need to drive collaboration across divisions and geographies.

Tools used in the planning, budgeting and forecasting process





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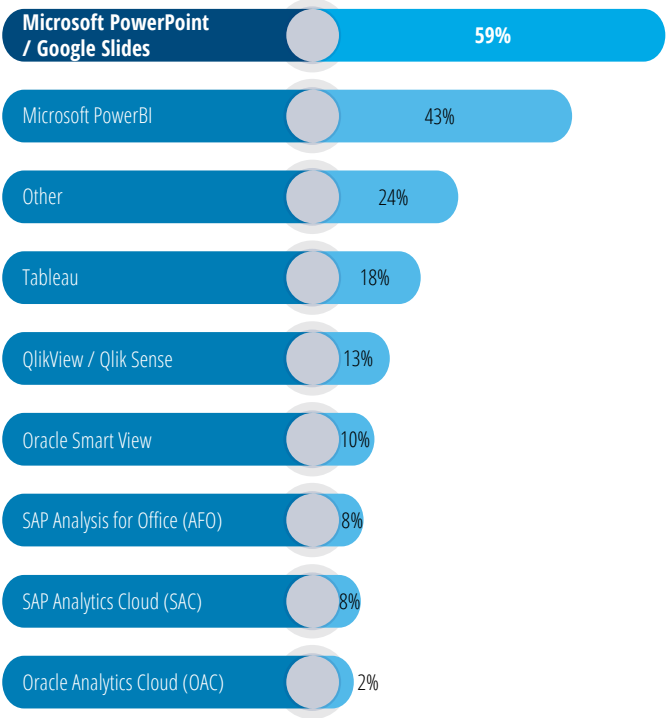


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The use of tools and technology for management information (MI)

Traditionally, developing MI and identifying insights has been a manual, cumbersome, and time-consuming process. With the proliferation of internal and external data, organisations are increasingly seeking to leverage tools to provide self-service capability to enable timely decision making.

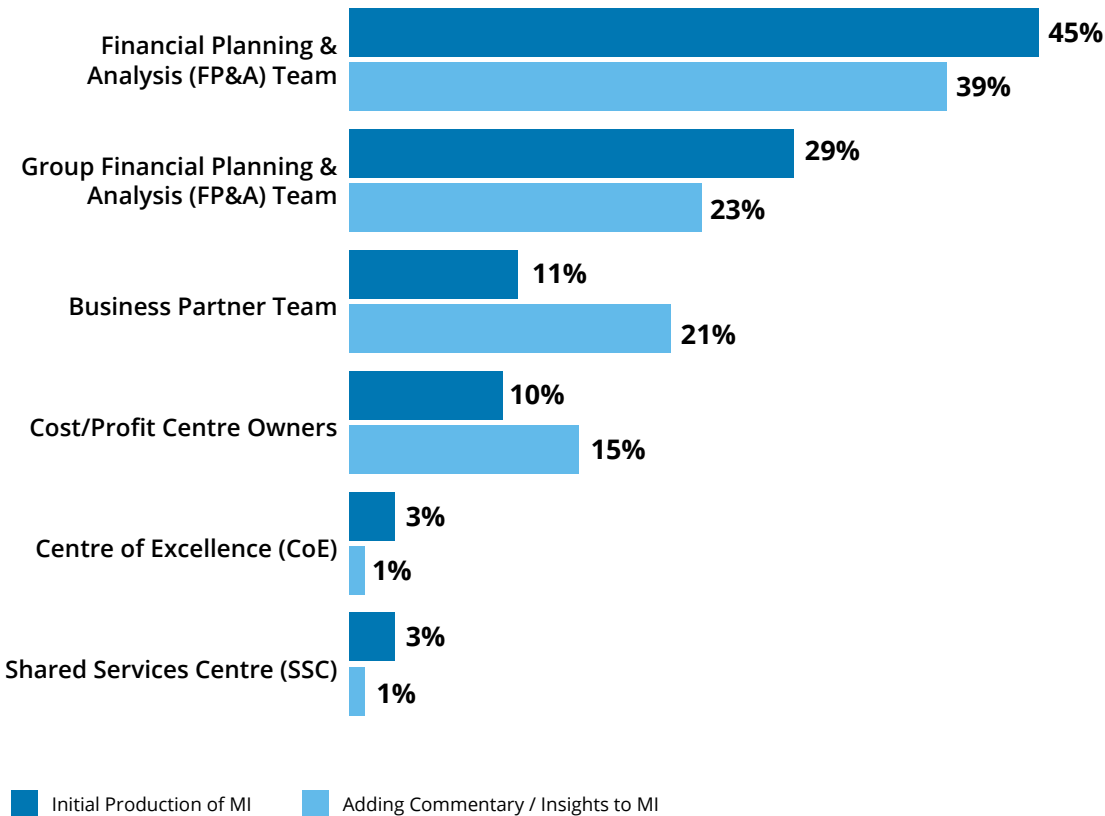
Tools used for management information



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The overwhelming majority of respondents produce MI using a mix of automated and manual methods (85%) and have some self-service capability (80%). The Financial Planning & Analysis (FP&A) Team are typically responsible for both the initial production of MI (45%) and adding commentary / insights (39%).

Responsibility for initial production of MI and adding commentary/insights



Based upon discussions with Chief Financial Officers (CFOs) and Financial Planning & Analysis (FP&A) leaders, we are seeing leading organisations:

- Increasingly invest in cloud-based tools to support the transition to more agile and efficient planning processes e.g. scenario planning;
- Shifting to forecasting processes that involve people working symbiotically with data-fueled, predictive algorithms; and
- Embracing self-service and adopting smart agents that learn what kinds of business information an individual needs, and deliver that information proactively.

Furthermore, non-finance functions such as sales, supply chain, and HR are increasing looking towards finance to connect the organisation and provide meaningful insights. This is leading to CFOs and finance leaders investing in innovative tools and technologies.

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For the 2021 survey, Deloitte received over 750 responses from a wide range of organisations across all industries from more than 55 countries. The organisations varied in size from those with annual sales revenue under \$1 billion to those with over \$10 billion or more. The majority of responses were from people accountable for planning, budgeting and forecasting activities within their organization such as the Chief Financial Officer (CFO) and the Head of Financial Planning and Analysis (FP&A). The survey was conducted between January and mid-May 2021.

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