Nov 2024

# Business Performance Planning

Video Series

# BUSINESS PERFORMANCE PLANNING (BPP)

## THE NEW (PLANNING) OPTION OF CHOICE FOR DYNAMICS 365 CUSTOMERS

Market Positioning

CFGI

# ABOUT CFGI

## About us

- 1.200+ Experts
- Founded in 2000
- 28 office locations (US, UK, DE, SG)
- Supported by Carlyle and CVC

## Our Portfolio along the CFO Agenda

- Finance and Accounting Advisory
- Business Transformation Consulting and (Finance) operational Excellence
- Risk, Compliance, Cybersecurity
- **Own Microsoft Practice “Power Finance”**
- Technology: ERP, **FP&A,** Data & Analytics

## Whom we support

- 3.300+ customers
- 280+ PE/VC companies
- 600+ stock-listed companies
- Working across industries

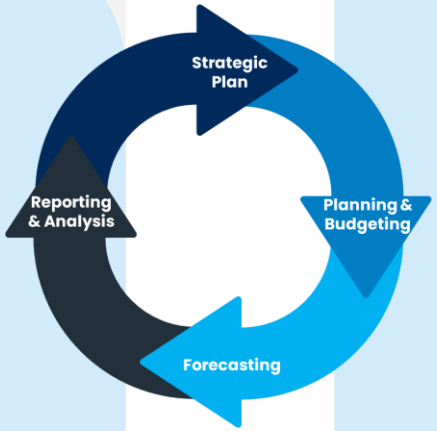
# BUSINESS PERFORMANCE PLANNING (BPP)
# THE NEW FP&A OPTION OF CHOICE FOR DYNAMICS 365 CUSTOMERS

## What is FP&A ?

Financial planning and analysis (FP&A) is a **group** within a company's CFO organization that provides senior management with a forecast of the company's operating performance for the upcoming quarter and year.

These forecasts inform management on the progress and effectiveness of the company's strategic **plans** and investments. They also enable management to communicate with external stakeholders.

It also describes the **process** of interaction between the different stakeholders within a company to collect all necessary data (expected sales, opex, investments) for a complete financial, forward-looking picture.




## FP&A has many names

Financial Planning

Budgeting

Annual Operating Plan

Forecasting

Strategic Planning

OPEX Planning

Sales Planning

See also: CFI Wikipedia FPAC

# FP&A IS CRITICAL FOR A COMPLETE CFO LANDSCAPE

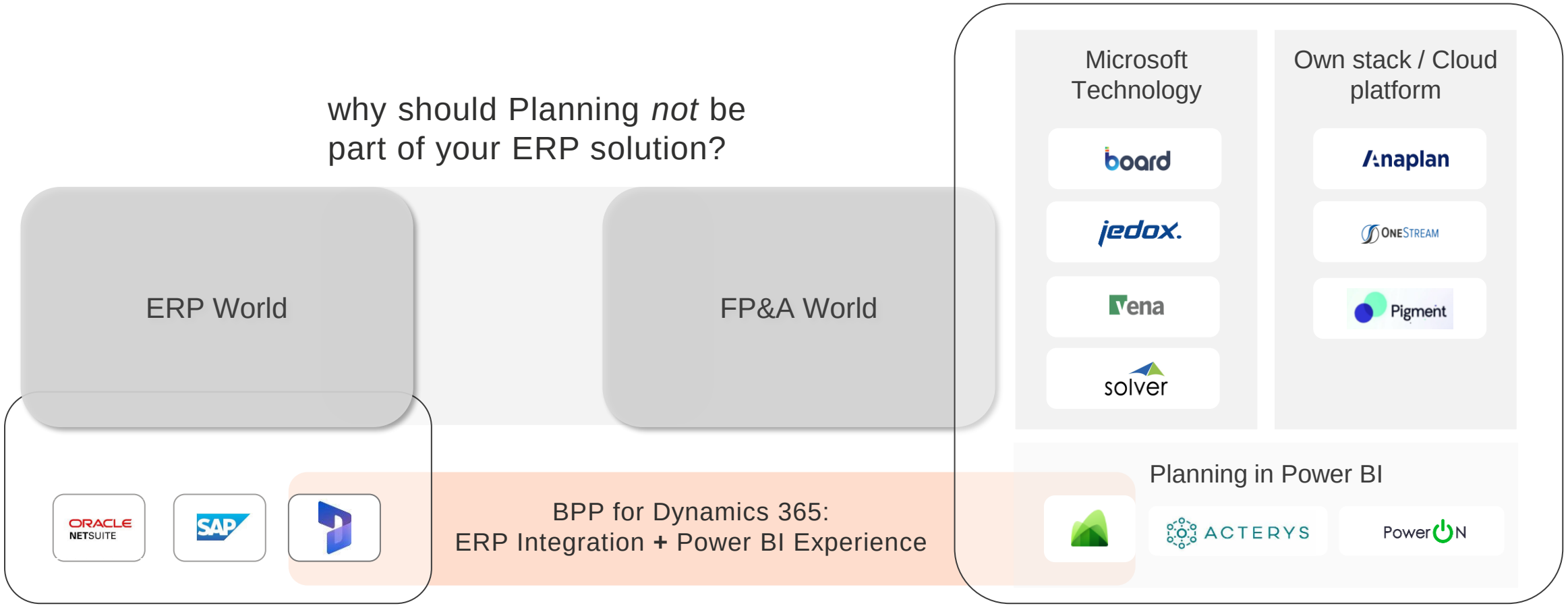

ERP or Data topic? – it is both!

Goal: Create the **ERP and the Planning** experience as **connected** as possible

Even better: ERP, and the whole area of **Planning + Reporting + Consolidation** play seamlessly together and use an existing Reporting infrastructure

# TODAY´S LANDSCAPE

why should Planning *not* be
part of your ERP solution?

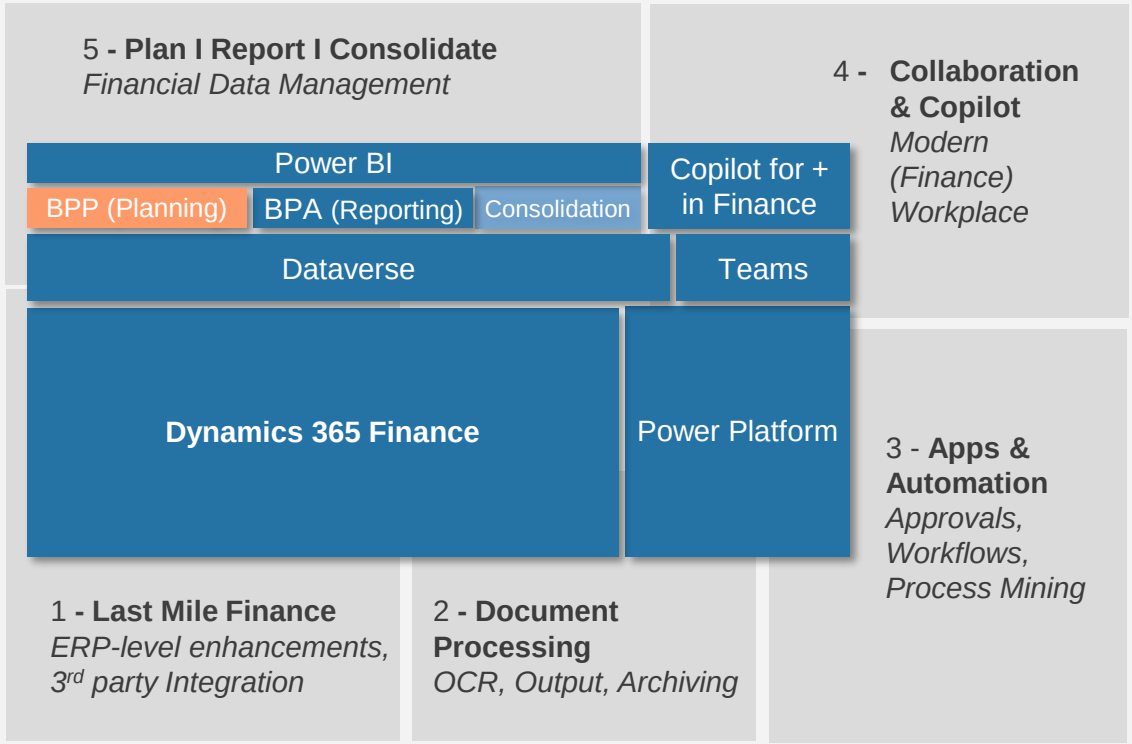


# BPP COMPLETES THE DYNAMICS 365 FINANCE SOLUTION LANDSCAPE

## CFO´s Business View

| | | | |
|---|---|---|---|
| Planning & Budgeting | Forecasting | Demand Planning | **Planning & Forecasting** *forward looking* |
| Group Reporting | Pricing | Cost Accounting | **Controlling & Analysis** *historic data* |
| Period Close | Disclosure Mgmt | Financial Consolidation | **Group Accounting** *External Reporting, Compliance* |
| Project Accounting | Credit / Collections | Account Reconciliation | **Operational Accounting** *Data Quality, Automation, Processes & Governance* |
| Rev Rec IFRS 15 | AR / (e-)Invoicing | Subscription Billing | |
| Tax Compliance | AP / Procurement | Payment | |
| Asset Accounting | Treasury | Intercompany | |
| **General Ledger** (CoA, Fin Dim, HGB/IFRS parallel ledgers,..) | | | |

## (Microsoft) Finance Cloud Architecture

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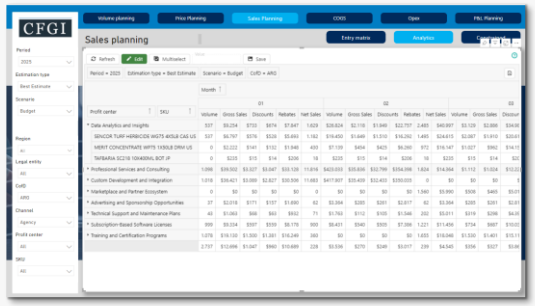
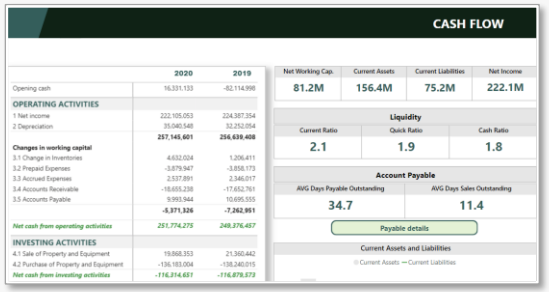
# BPP: BENEFITING FROM A HARMONIZED ARCHITECTURE

PLAN

REPORT

CONSOLIDATE




.. + **Copilot** scenarios coming !

**Power BI** User Experience

You stay in your Power BI world as opposed to learning a new tool

Modeling by a **Power App**

Bring anything the Power Platform provides to your planning process - Automation, Integration, Security, Calculations

Consistent **Data Layer**

Same data for “Plan/Report/Consolidate”

no need for other “Data Warehouses”

Closed loop with the Dynamics 365 actuals world

# Target Report

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# Roles and Licenses assigned?

# OUR TRAINING CASE

## The Company and its products

The Company Contoso is selling the Product “Contoso Geo” , a Hardware/Software bundle sold as a subscription with monthly billing.

The Product sends geolocation data to a central entity and helps fleet operators and logistics companies to make better decisions about route management, among others.

It comes in 3 flavors and is sold in both Europe and the USA. We will create the 4th product during the training as scenario.

| | |
|---|---|
| Contoso Geo - Fleet | PROD-001 |
| Contoso Geo – Trucks and Busses | PROD-002 |
| Contoso Geo - Train | PROD-003 |

## The Goal

**FP&A** is tasked to create a high growth SaaS forecast directly in BPP and bring in historical actuals data from 2023 and current year 2024. There will be 3 defined scenarios: Actuals, 6+6 Forecast and 2025 Budget.

**Sales** are based on annual contracts which auto-renew and will be projected based on the following drivers:

Pipeline, Price, Volume, Churn Rate, Expansion and Renewal Rate, Seasonality

**COGS** will be calculated based on analyzing historicals and developing a target gross margin of 85%

**Operating Expenses** will be determined as a % of revenue based on historicals grouped by Personnel and Non-Personnel costs for: Sales & Marketing, Customer Support, Hosting & Infrastructure, G&A and Other Costs

**Result: A fully developed P&L**

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# Installing BPP

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# Creating the Planning Model

Model
Home
Dimensions
Cubes
Administration
Dimension groups
Users

# Business performance planning

Perform financial analysis, forecasting, budgeting, and driver-based planning in extended planning and analysis for Dynamics 365.

## Get started

### Create dimension

Dimensions define how you want to filter and group your data. Common examples are time, rates, customers, departments and locations.

New dimension | Learn more

### Create cube

A cube contains information for modeling and analytical purposes and consists of dimensions and fact data.

New cube | Learn more

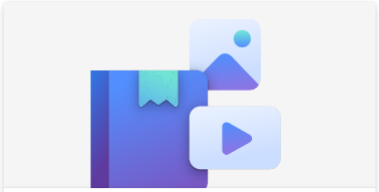
### Plan in Excel

The Excel Add-In enables you to create, edit and save your financial plans in a familiar Excel experience.

Install add-in | Learn more

## Resources

### Learn the basics



**Business Performance Planning**

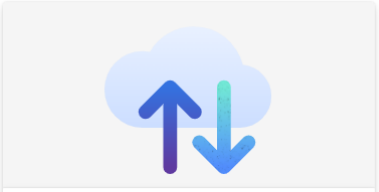
Get started by learning more about Business Performance Planning.

Learn about the product

**Power BI visuals**

Planning leverages the familiar user experience of Power BI. Learn more about how to use Power BI in your planning process.

Learn about Power BI visuals



**Install Power BI visuals**

Install the Power BI visuals that will be used as part of your planning process.

Learn about installing Power BI visuals

### Try out visuals

**Matrix**

Design powerful planning and forecasting

**Reporting**

Design financial reports such as cash flow,

**Comment**

Capture commentary during the planning

**Planning**

Plan visually by dragging various bar or line

**Copy**

Effortlessly copy baseline data for new

**Table edit**

Simplify data management with the table edit

# BPP FUNCTIONALITY

Model

Create Dimensions

Schedule linked dimension refresh

optional

Assemble Cube

Dim 1 Dim 2 Dim 3

Load fact data into cube

Map dimensions to data

| Product | Date | Customer | Territory |
|---|---|---|---|
| Prod 1 | 8/25/2023 | Contoso | EMEA |
| Prod 2 | 8/25/2023 | ACME | APAC |

Schedule refresh

optional

Act

Connect Power BI to Dataverse

Power BI

Install visuals and populate

Share plans

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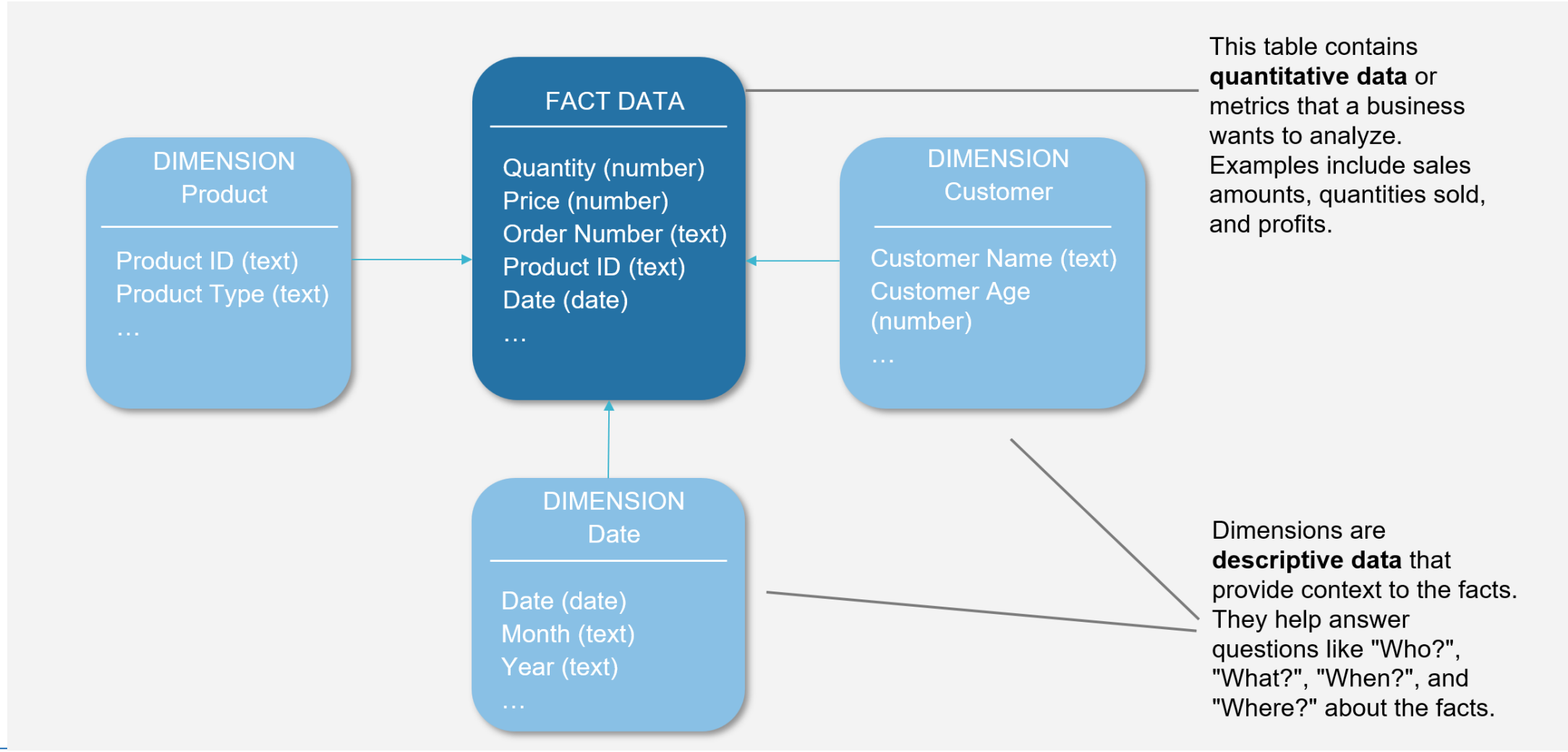
# DATA MODEL

BPP



# DIMENSIONS IN BPP

BPP

**DIMENSION BPP_product**

Product ID (text)
Product Name (text)

**DIMENSION BPP_customer_category**

Customer Category (text)

**DIMENSION BPP_scenario**

Scenario(text)
Workflow (text)

**DIMENSION BPP_date**

Date (date)
Month (text)
Year (text)
Half Year (text)
Quarter (text)

**DIMENSION BPP_currency**

Currency (text)

**DIMENSION BPP_to_currency**

Currency (text)

**DIMENSION BPP_workflow**

Workflow Status (number)
Workflow (text)

Linked Dimension

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# Hands-on Lab:
# Create Dimensions

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# Driver-Based Modeling

## OPEX & Personnel

# DRIVER-BASED PLANNING APPROACH

In driver-based planning, all the key drivers are identified and quantified to establish cause-and-effect relationships.

This approach helps create more flexible models where scenarios can be adjusted by altering key inputs. For example, sales volume changes directly impact revenue, which in turn affects production schedules and operational costs.

Driver-based models are particularly useful because they enable companies to quickly analyze the effect of internal or external changes on the overall business.

# P&L DRIVERS

## Operational Drivers

**Headcount and Labor Costs**: Used to plan workforce expenses based on full-time equivalents (FTEs) and compensation metrics.

**Production Capacity**: Assesses the ability to meet customer demand, balancing production output and operational costs.

**Inventory Levels**: Inventory drivers help manage working capital and ensure products are available to meet demand without excess costs.

**Supply Chain Efficiency**: Lead times, transportation costs, and supplier reliability are important drivers that impact the entire value chain.

# P&L DRIVERS

## 1. Revenue Drivers

**Sales Volume**: A critical driver that influences revenue projections, often based on historical trends, market conditions, or sales targets.

**Pricing**: Price changes can impact revenue significantly, especially in price-sensitive markets.

**Customer Segmentation**: Understanding different customer groups can help project sales growth by segment, aiding in more precise revenue planning.

**Market Penetration Rate**: The rate of growth or market share can drive revenue estimates, particularly for expanding businesses.

# P&L DRIVERS

## 2. Cost Drivers

**Fixed vs. Variable Costs**: Understanding which costs are fixed and which vary with output helps accurately forecast expenses under different scenarios.

**Cost of Goods Sold (COGS)**: Often influenced by factors like raw material pricing, labor costs, and production efficiencies.

**Operational Efficiency Metrics**: Productivity rates, labor hours, or machine hours can impact direct costs.

**Procurement Costs**: Cost drivers related to supply chain, such as vendor pricing, logistics, or supplier contracts.

# Hands-on Lab:
# Create Cubes

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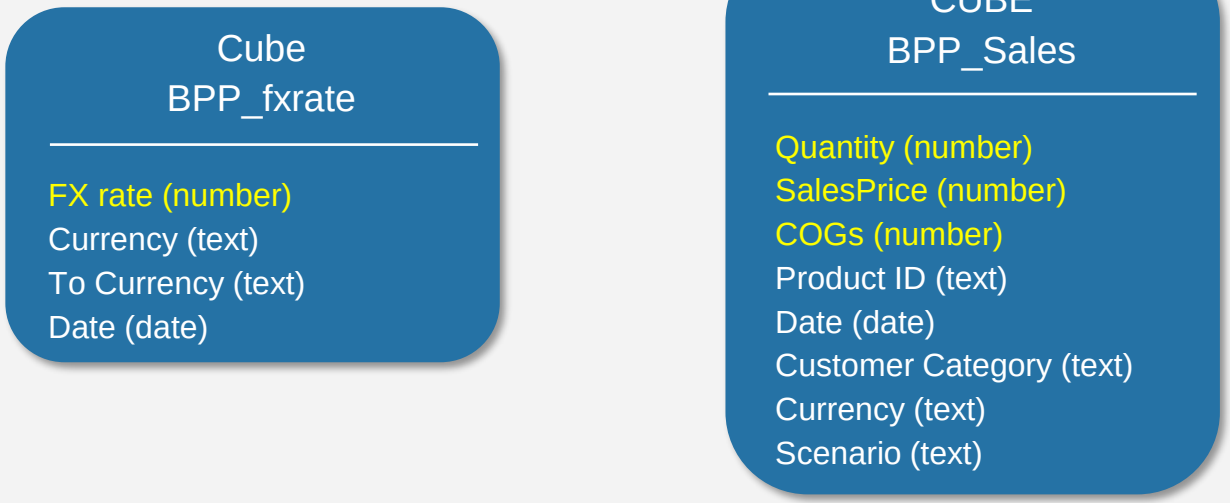
# CUBES IN BPP

BPP

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# Hands-on Lab:
# Create Driver-Based Sales Cube

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# Security Concept

# SECURITY CONCEPT

BPP

In a **planning model**, a security concept is essential to control **access and permissions** to sensitive financial data and processes.

In BPP, **Dimension Groups** control which user has access to which values in all dimensions:

In this Demo, we will only restrict the access of Scenario, and Workflow Status. However, we need **to explicitly allow the read and edit of all dimensions** we have created.

| Read | Edit | Scenario |
|---|---|---|
| X | | Actuals |
| X | | Opportunities |
| X | | Pipeline CRM |
| X | X | Forecast |
| X | X | Budget |

| Read | Edit | Workflow Status |
|---|---|---|
| X | X | In progress |
| X | | Approved |
| X | X | Open – ready for editing |
| X | | Rejected |
| X | | Waiting for approval |

# Hands-on Lab:
# Create Dimension Groups

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# Driver-Based Modeling

## OPEX & Personnel

# P&L DRIVERS

## Operational Drivers

**Headcount and Labor Costs**: Used to plan workforce expenses based on full-time equivalents (FTEs) and compensation metrics.

**Production Capacity**: Assesses the ability to meet customer demand, balancing production output and operational costs.

**Inventory Levels**: Inventory drivers help manage working capital and ensure products are available to meet demand without excess costs.

**Supply Chain Efficiency**: Lead times, transportation costs, and supplier reliability are important drivers that impact the entire value chain.

# Hands-on Lab:
# Create Dimensions and FX Rate Cube

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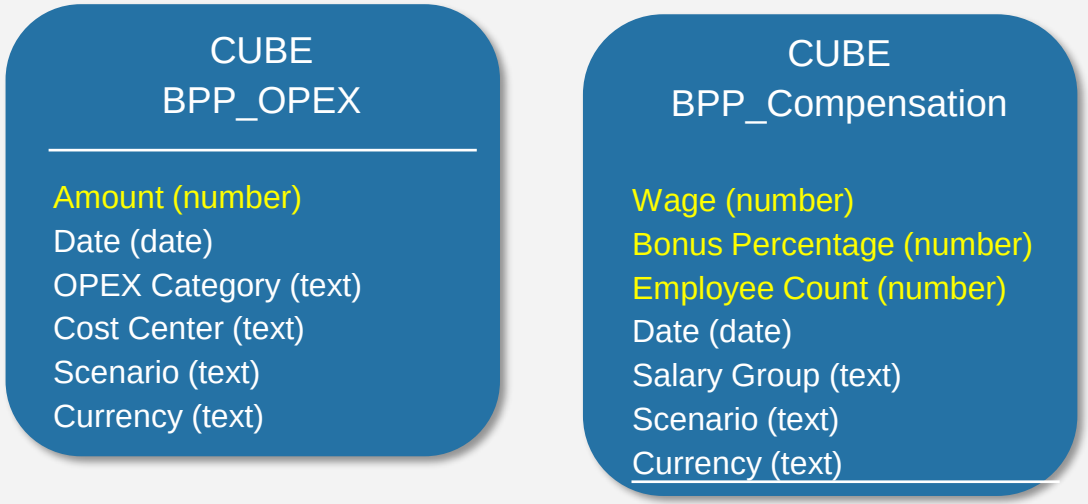
# CUBES IN BPP

BPP

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# Hands-on Lab:
# Create Cubes

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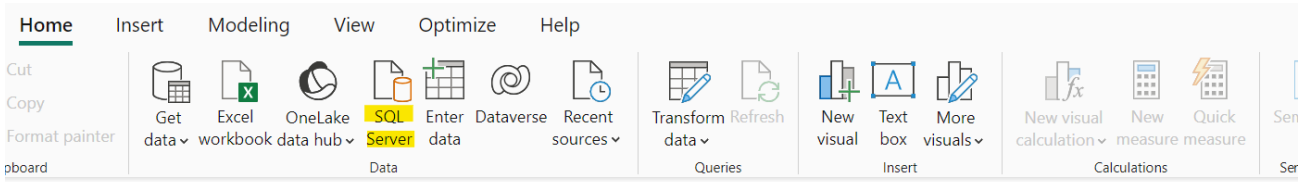
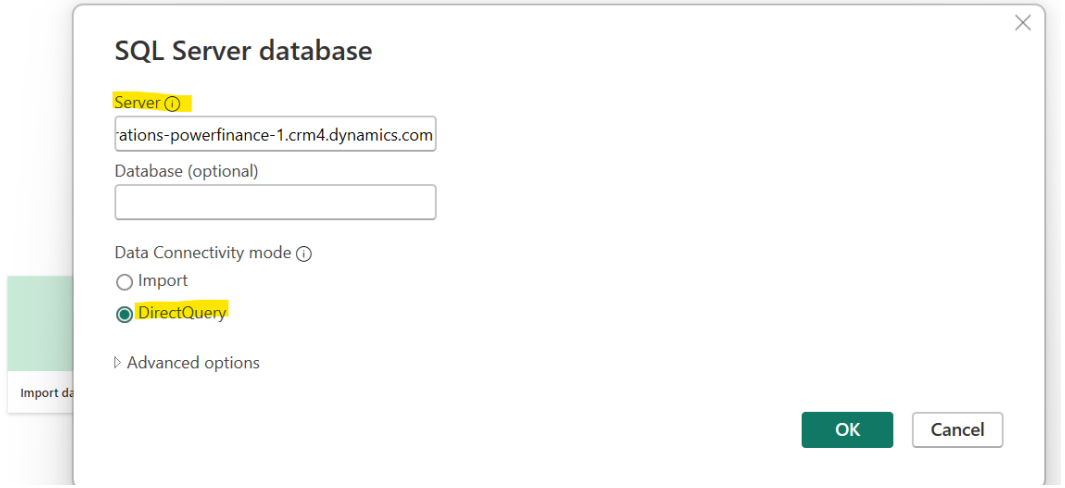
# Connecting to Power BI

# STEPS TO CONNECT BPP MODEL TO POWER BI

1. Open a Blank Report
2. In the ‘Data’ ribbon, select ‘SQL Server’
3. In the pop-up, add in the server address
4. Select ‘DirectQuery’

   Important to select ‘DirectQuery’ to be able to write back when planning values are updated
5. Hit ‘Ok’
6. Load can take up to +/- 30min

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# Hands-on Lab:
# Connect BPP to Power BI

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# Custom Visuals

# CUSTOM VISUALS OVERVIEW

| | |
|---|---|
| **Matrix Planning** | • Tabular format (typical planning format)<br>• Can plan at multiple levels of detail<br>• Updates made write back to Business performance planning (Dataverse) |
| **Graphical Planning** | • Bar or line chart format<br>• Enter data either as an absolute value or as a percentage of the total<br>• Updates made write back to Business performance planning (Dataverse) |
| **Reporting** | • Used for final finished reports (i.e. income statements, balance sheets, cash flows)<br>• Easily add subtotal and custom calculations anywhere on a report<br>• Include a view of variances on your reports |
| **Table Edit** | • Edit dimensional tables directly in Power BI<br>• Easily create budget planning or forecasting scenarios and versions<br>• Design and implement standardized approval workflows |

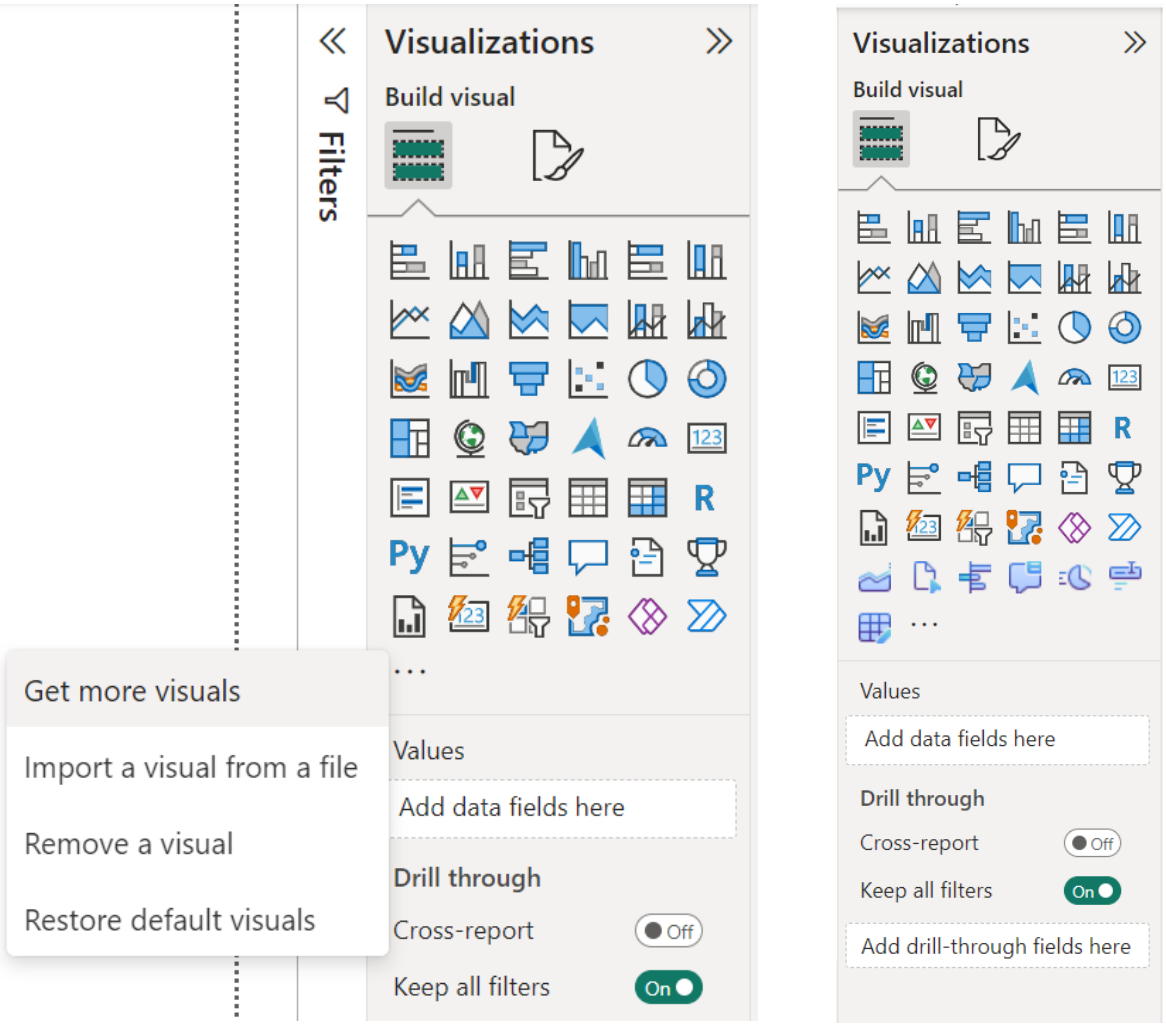
# CUSTOM VISUALS OVERVIEW

| | |
|---|---|
| **Variance** | • Visualize variances through vertical or horizontal bar charts<br>• Toggle between absolute, relative, and waterfall variance display |
| **Copy** | • Transfer baseline data, including actuals or forecasts, into new planning or forecasting scenarios<br>• Copy data from previous year's actuals as the foundation for a new plan, regardless of whether it's a complete copy or has dimensional filters applied, |
| **Comments** | • Collect comments directly from a Power BI report or comments that are entered in the Matrix visual |
| **Other Tips** | • All **dimensions** present in the cube **have to be present** in the matrix planning visual (i.e. msdyn_name column)<br>• Once each msdyn_name dimension has been added, rename the field to where the dimension came from<br>• You can **only** rename in the visualization pane and you are **cannot** to remove any columns |

# CUSTOM VISUALS

## Downloading the Visuals

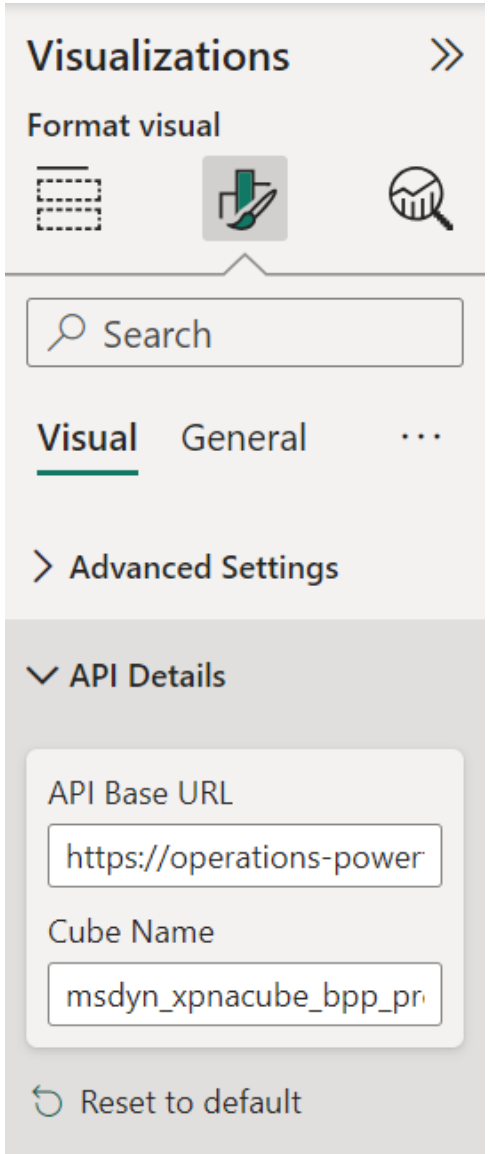
1. Open the ‘Visualizations’ Pane
2. Select the thee dots and ‘Get more visuals’
3. Search for ‘business performance planning’
4. Add all 7 visuals



# STEPS TO ADD MATRIX PLANNING VISUAL

## Setting Up the Visual

1. Open the ‘Visualizations’ Pane
2. Select the ‘Matrix Planning’ visual
3. Add in API Details
    1. Format Visualizations
        1. API Details
            1. API Base URL: https://operations-powerfinance-1.crm4.dynamics.com/
            2. Cube Name: msdyn_xpnacube_pas_sales

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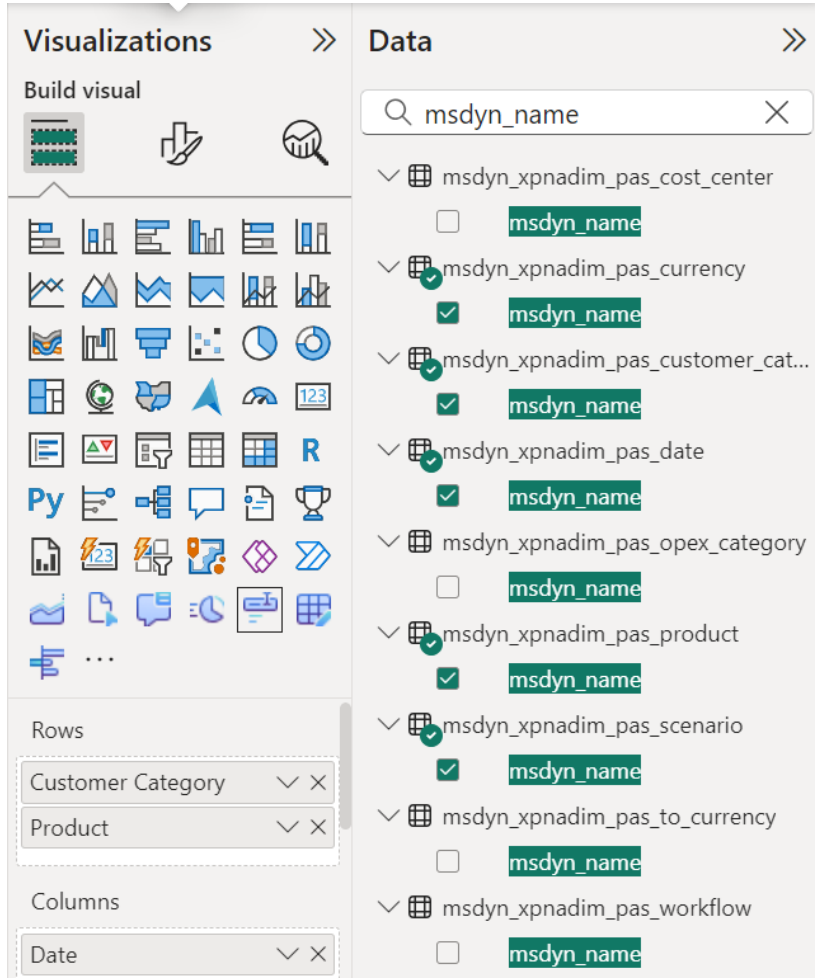
# STEPS TO ADD MATRIX PLANNING VISUAL

## Adding Fields to the Visual

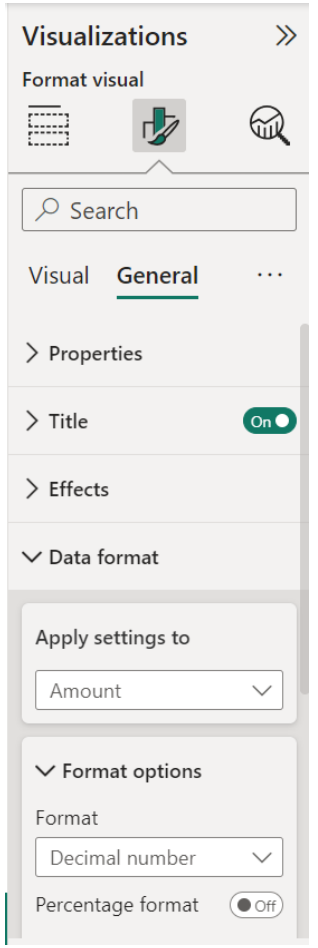
1. Build Visualizations
    1. Rows (Dimension – msdyn_name)
        1. msdyn_xpnadim_bpp_customer_category
        2. msdyn_xpnadim_bpp_product
    2. Columns (Dimension – msdyn_name)
        1. msdyn_xpnadim_bpp_date
    3. Filters (Dimension – msdyn_name)
        1. msdyn_xpnadim_bpp_currency
        2. msdyn_xpnadim_bpp_scenario
    4. Values (Cube – msdyn_amount)
        1. msdyn_xpnacube_bpp_sales



# STEPS TO ADD MATRIX PLANNING VISUAL

## Formatting the Visual

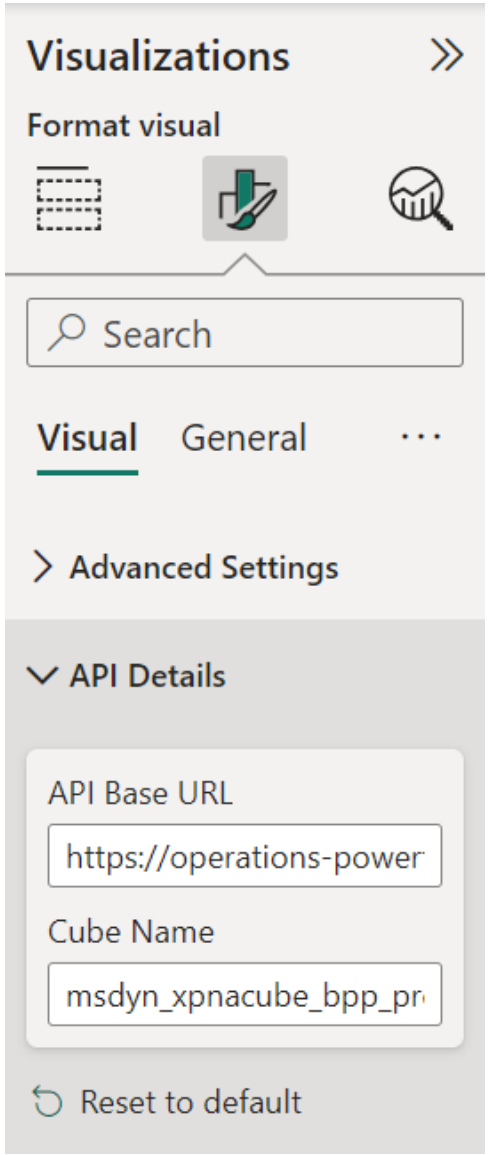
1. Format Visual
    1. General
        1. Title
            1. Update text & can change background color/text
        2. Data Format
            1. Apply settings: ‘Amount’
            2. Format options: Decimal number & thousands separator



# STEPS TO ADD GRAPHICAL PLANNING VISUAL

## Setting Up the Visual

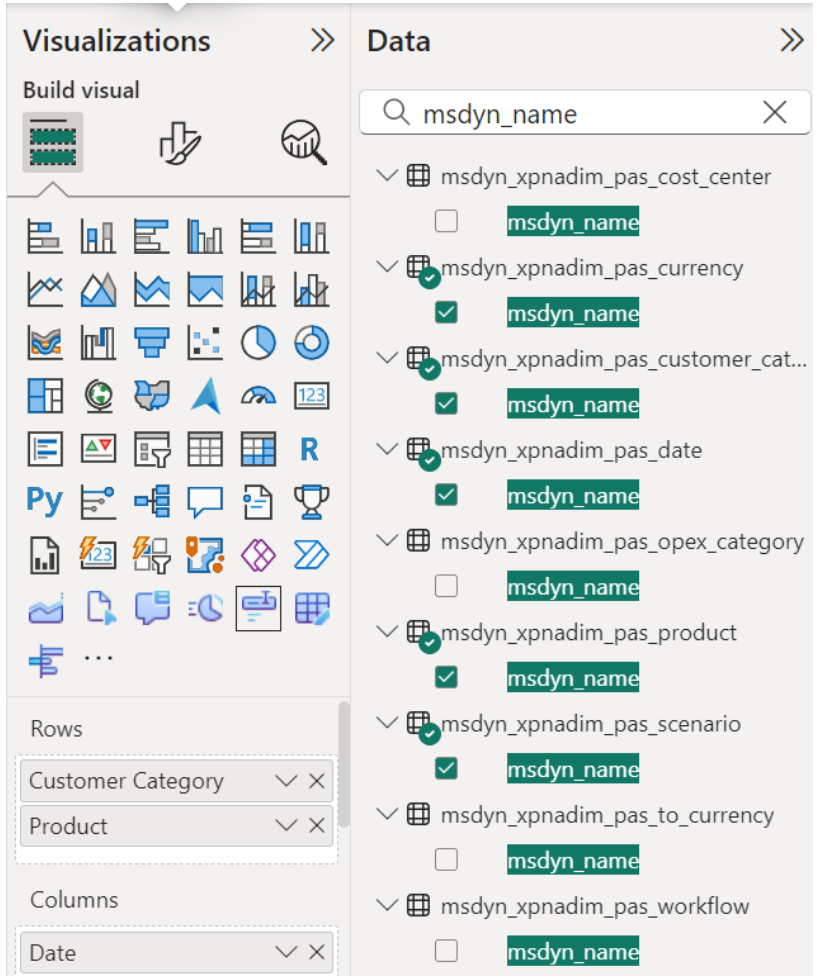
1. Open the ‘Visualizations’ Pane
2. Select the ‘Graphical Planning’ visual
3. Add in API Details
    1. Format Visualizations
        1. API Details
            1. API Base URL: https://operations-powerfinance-1.crm4.dynamics.com/
            2. Cube Name: msdyn_xpnacube_bpp_product_sales



# STEPS TO ADD GRAPHICAL PLANNING VISUAL

## Adding Fields to the Visual

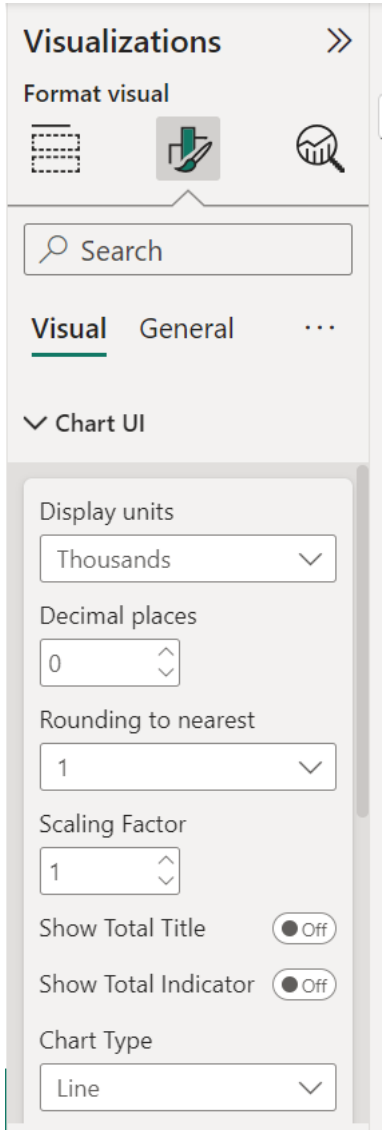
1. Build Visualizations
    1. Values (Cube – msdyn_amount)
        1. msdyn_xpnacube_bpp_sales
    2. Legend (Dimension – msdyn_name)
        1. msdyn_xpnadim_bpp_date
    3. Filters (Dimension – msdyn_name)
        1. msdyn_xpnadim_bpp_customer_category
        2. msdyn_xpnadim_bpp_product
        3. msdyn_xpnadim_bpp_currency
        4. msdyn_xpnadim_bpp_scenario

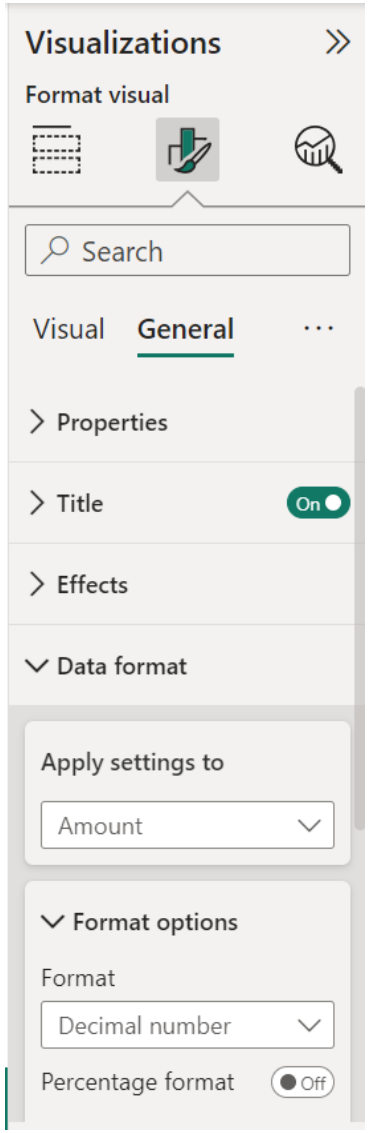


# STEPS TO ADD GRAPHICAL PLANNING VISUAL

## Formatting the Visual

1. Format Visual
    1. Visual
        1. Chart UI
            1. Display Units
            2. Chart Type
            3. Show Y/X Axis
            4. Show Grid Lines
    2. General
        1. Title
            1. Update text & can change background color/text
        2. Data Format
            1. Apply settings: ‘Amount’
            2. Format options: Decimal number & thousands separator



# STEPS TO ADD ADDITIONAL VISUALS

## Table Edit

1. Select the ‘Table Edit’ visual
2. Add in API Details
    1. API Details
        1. API Base URL: https://operations-powerfinance-1.crm4.dynamics.com/
        2. Cube Name: msdyn_xpnacube_bpp_sales
3. Build Visualizations
    1. Filter Fields (Dimension – msdyn_name)
        1. msdyn_xpnadim_bpp_date
        2. msdyn_xpnadim_bpp_customer_category
        3. msdyn_xpnadim_bpp_product
        4. msdyn_xpnadim_bpp_currency
        5. msdyn_xpnadim_bpp_scenario

## Copy

1. Select the ‘Copy’ visual
2. Add in API Details
    1. API Details
        1. API Base URL: https://operations-powerfinance-1.crm4.dynamics.com/
        2. Cube Name: msdyn_xpnacube_bpp_sales

## Comment

1. Select the ‘Comment’ visual
2. Add in API Details
    1. API Details
        1. API Base URL: https://operations-powerfinance-1.crm4.dynamics.com/
        2. Cube Name: msdyn_xpnacube_bpp_sales
3. Build Visualizations
    1. Columns (Dimension – msdyn_name)
        1. msdyn_xpnadim_bpp_product
    2. Filters (Dimension – msdyn_name)
        1. msdyn_xpnadim_bpp_currency
        2. msdyn_xpnadim_bpp_customer_category
        3. msdyn_xpnadim_bpp_scenario
    3. Pivot (Dimension – msdyn_name)
        1. msdyn_xpnadim_bpp_date
    4. Comment (Cube – msdyn_comment)
        1. msdyn_xpnacube_bpp_sales

# Hands-on Lab:
# Custom BPP Visualizations

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# Contoso Planning Deep Dive

# CONTOSO PLANNING SCENARIOS

## Scenario 1: Actuals

- Bring in 2023 full year data and 6 months of 2024 actuals from GP or Dynamics and analyze historical trends
- Revenue: ~**$6.1M** Based on 3 Products
- Average GM ~80-85%
- **OpEx as % of Revenue:**
  - R&D: 15-25%
  - S&M: 25-30%
  - Customer Support: 4-7%
  - Hosting & Infrastructure: 3-7%
  - G&A: 3-7%
  - Other Costs: 2-4%

## Scenario 2: 6+6 Forecast

- Forecast **H2 2024** by bringing in 6 months of actuals and updating driver assumptions
- Revenue: ~**$10.4M** based on Same 3 products, however the share as % of revenue has changed
- GM Target of 85%
- **OpEx as % of Revenue:**
  - R&D: 15-20%
  - S&M: 20-25%
  - Customer Support: 7-12%
  - Hosting & Infrastructure: 4-8%
  - G&A: 7-10%
  - Other Costs: 2-4%

## Scenario 3: 2025 Budget

- Create a 2025 budget by rolling forward the 2024 data and layering in growth assumptions
- Revenue Target: **~2X** of Prior Year
- Introduction of **PROD-004** to product mix, based on PROD-002 Pricing of $10K
- GM Target of 75%
- OpEx defined as % of Revenue with additional efficiencies gained over time

# NEW PLANNING SCENARIO

## Scenario: New Product

- Contoso is introducing a new product for 2025: Prod-004 – Contoso Geo – Aviation
- This product has the same price and COGs as Prod-002
- Sales Data of Prod-002 from 2024 can be utilized to create a forecast for Prod-004

## Data Workflow

- Creation of new Forecast Scenario: “FC Prod-004 Introduction”
- Data is Copied from Actuals of the first half of 2024
- Data is Copied from Forecast 2024 for the second half of 2024
- Prod-004 has a 25% share in Sales
- The new Forecast is manually adjusted to hit following targets:

  Revenue Target: $ 18.250.000 (75% growth from 2024)

  OPEX Target: $ 13.600.000 (75% of Sales)

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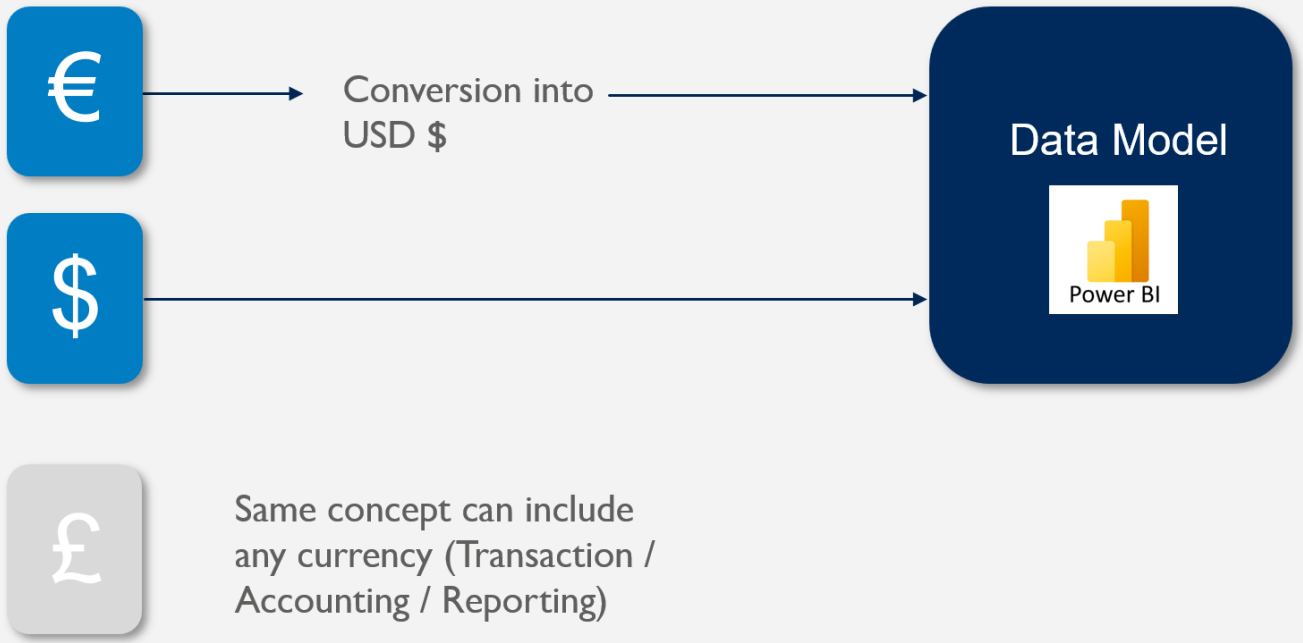
# Multi-Currency Concept

# MULTI-CURRENCY CONCEPT



# Hands-on Lab:
# Multi-Currency Concept

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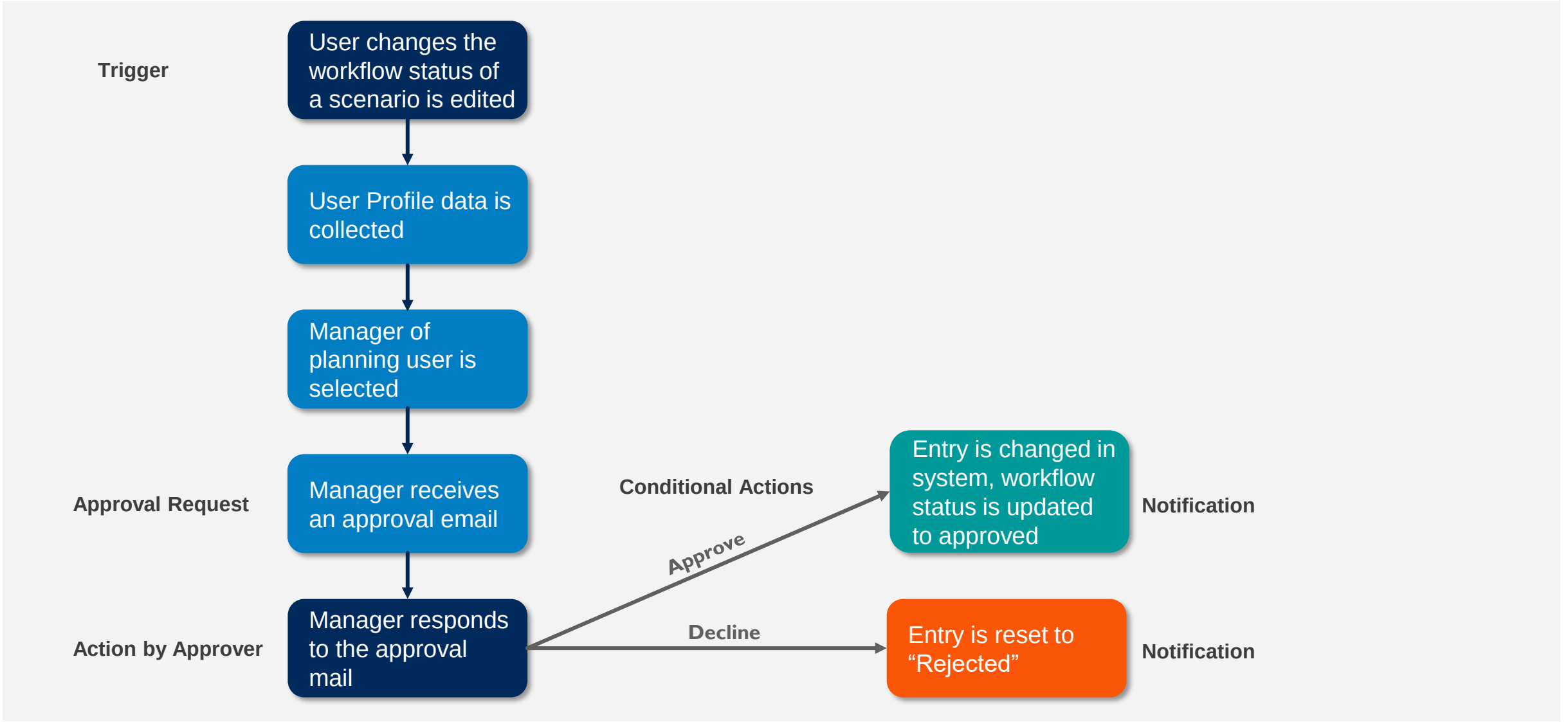
# Approval Workflow

# APPROVAL WORKFLOW

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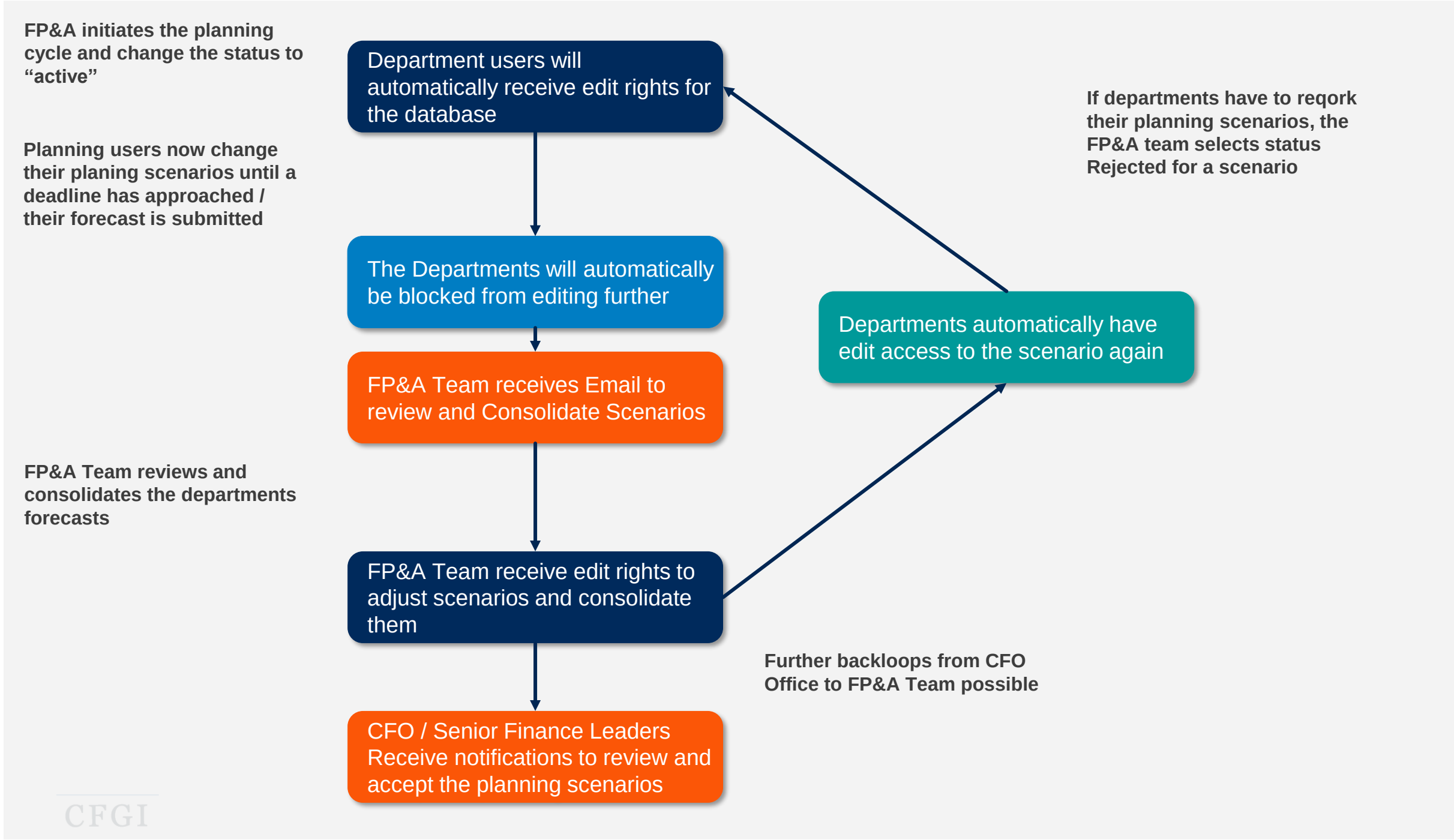
FP&A initiates the planning cycle and change the status to “active”
Department users will automatically receive edit rights for the database
Planning users now change their planing scenarios until a deadline has approached / their forecast is submitted
The Departments will automatically be blocked from editing further
FP&A Team receives Email to review and Consolidate Scenarios
FP&A Team reviews and consolidates the departments forecasts
FP&A Team receive edit rights to adjust scenarios and consolidate them
CFO / Senior Finance Leaders Receive notifications to review and accept the planning scenarios
Further backloops from CFO Office to FP&A Team possible
Departments automatically have edit access to the scenario again
If departments have to reqork their planning scenarios, the FP&A team selects status Rejected for a scenario

# Hands-on Lab:
# Approval Workflow

*@equals(triggerBody()?['msdyn_workflowstatus'], 'Waiting for approval')*

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# Hands-on Lab:
# Profit and Loss Statement

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