INSIGHT

Scarsin's i2e Doubles Down on Enterprise Forecasting

Dan Vesset

IDC OPINION

Eighty percent of the effort for successful deployment and ongoing use of typical forecasting, analytics, or business intelligence solutions is in data integration, preparation, and model management. For forecasters, planners, business analysts, and data scientists, this truism results in real – negative – impacts. Insufficient time to perform scenario analysis, inability to track assumptions, lack of collaboration among employees, opaque forecast drivers, and data input errors are just some of the challenges facing today's organizations. It doesn't have to be this way. Forecasters, planners, and analysts who have been relying for years on standalone, disconnected spreadsheets have alternative options. Over the past several years, software to support decision making has seen a divergence into more specialized and fit-for-purpose solutions. This includes visual discovery, dashboarding, production reporting, search, navigation, predictive analytics, and score carding software as well as a broad range of analytic applications that are prebuilt for specific industries and/or business functions. One of these is enterprise forecasting software. Further:

- Enterprise forecasting software provides organizations with a controlled environment to coordinate the development and ongoing review of business drivers, forecast assumptions, and forecast models. This is not a trivial task – forecasting for most large and midsize organizations is a complex process that can involve hundreds of employees distributed across business units and geographies. Enterprise forecasting software must balance the need for self-service scenario analysis and localized assumptions with the need to ensure consistency in the input and output variables of hundreds or even thousands of forecasts that any given organizations has to develop across its marketing, sales, operations, and financial business processes.
- A modern enterprise forecasting software solution wouldn't require users to give up spreadsheets – the most familiar software for forecasters and planners. Instead these solutions, would use a spreadsheet interface as a window into an enterprise-class platform with data management, model management, analytics, collaboration, and data visualization engines and components.

Just such an enterprise forecasting solution is offered by the software vendor Scarsin Corp., which recently released the latest version of its enterprise forecasting product called Integrated Insight Environment (i2e).

IN THIS INSIGHT

This IDC Insight describes the enterprise forecasting solution requirements of large and midsize organizations. We examine the typical shortcomings of forecasting processes that rely exclusively on standalone spreadsheets, and the challenges these present to many organizations' forecasters and planners. This IDC Insight also highlights the enterprise forecasting solution from the software vendor Scarsin, which has seen its i2e software platform adopted and deployed broadly among some of the largest companies in the world.

May 2016, IDC #US41227316

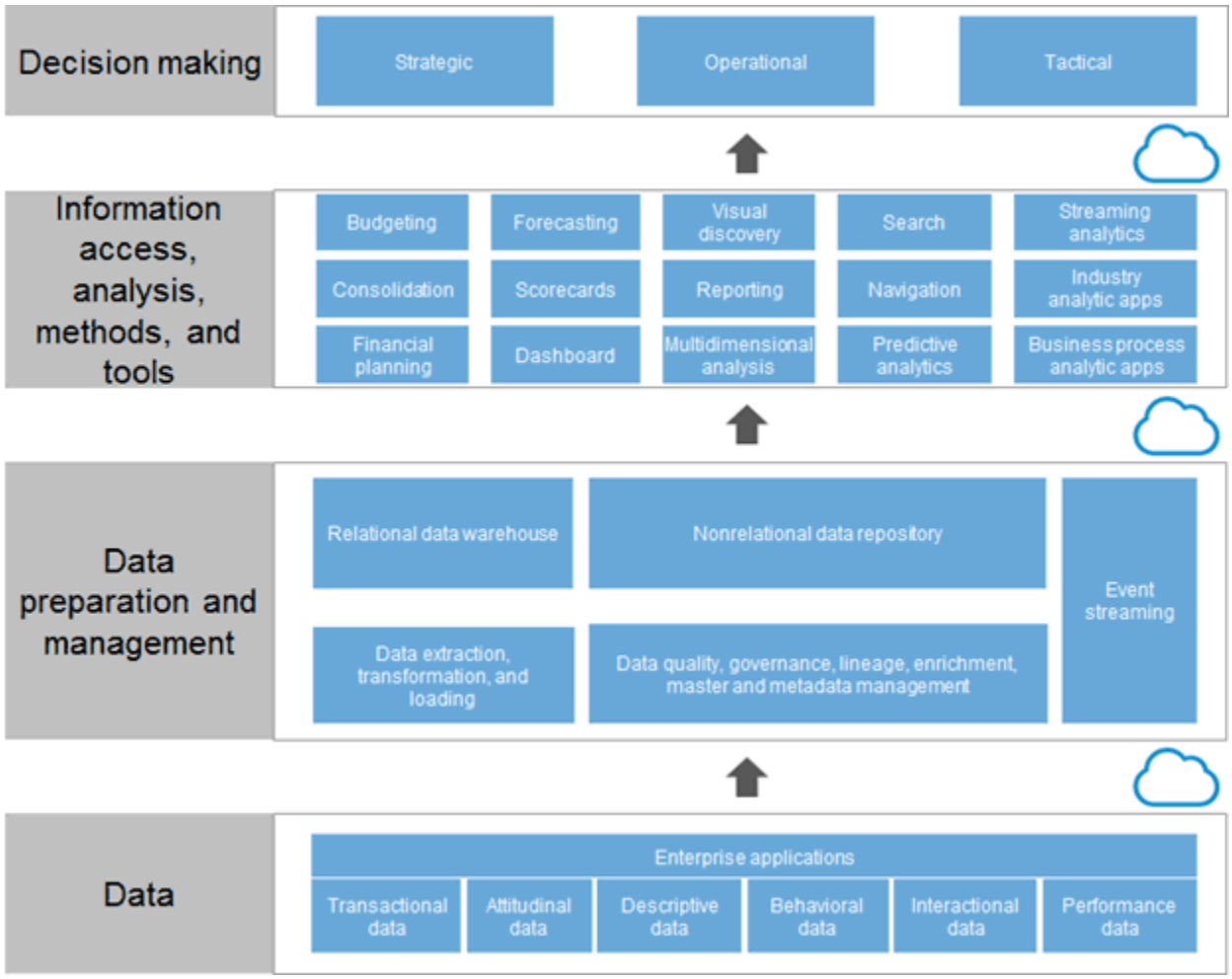
SITUATION OVERVIEW

Financial planning, budgeting, predictive analytics, forecasting, and reporting are some of the functions that any given organization has to perform to ensure that all relevant stakeholders have access to the right information to support their respective decision-making processes. Figure 1 presents IDC's view of the three major categories of decision making: strategic, operational, and tactical. Implied in this high-level categorization of decisions is that these decisions are made by a broad range of employees from executives and managers, business analysts, and decision scientists to frontline employees and, sometimes, fully automated systems.

The reality is that there is no "one size fits all" business intelligence or analytics software product that can support all these end-user needs.

FIGURE 1

Technology Components to Support Enterprisewide Decision-Making Processes



Source: IDC, 2016

Over the past several years, software to support decision making has seen a divergence into more specialized and fit-for-purpose solutions available now both on-premises and in the cloud. This includes visual discovery, dashboarding, production reporting, search, navigation, predictive analytics, and score carding software as well as a broad range analytic applications that are prebuilt for specific industries and/or business functions. One of these is forecasting software, which is distinct from financial planning, budgeting, and consolidation modules that are typically found in enterprise performance management (EPM) suites developed, as the name suggests, primarily for the finance department. Although the finance department is a key participant in forecasting processes, forecasting as a business function applies to everything from sales and marketing to finance and operations.

Requirements and Challenges

All requirements for technology to support forecasting start with data integration – the ability to bring together all the relevant information before any analysis and reporting can commence. A forecasting software platform should, therefore, provide functionality for structured data extraction, transformation, and loading (ETL) as well as for self-service ad hoc data integration. Both options are needed because forecasting typically involves an iterative process of what-if analysis with inputs from central and local data sources.

The second major category of required functionality is analytics. This requires support for forecasting processes such as establishment of business targets, variance-driven analysis, forecast consolidation (including rollup of forecasts across various dimensions such as product lines or regions), growth driver or inhibitor analysis, and scenario simulation.

The whole forecasting process involves many participants across the organizations. Some may be actively involved in data modeling and application of various statistical techniques to the data. Others may be contributors of qualitative information and a "reasonableness" check of an algorithmically developed outcome. The best solutions combine automation and experience under the umbrella of a data-driven approach to forecasting. The functionality to support collaboration in the form of live and asynchronous communication within the forecasting software application can help ensure that all relevant inputs are considered and that a body of organizational knowledge is being captured and retained for future forecasting cycles.

On the forecast output side, key requirements include faster and more automated development of reports and dashboards that enable clear communication and storytelling based on data in the context of the organization and the external environment in which it operates.

Across these primary steps of the forecasting process, an enterprise solution must provide a secure environment where user access rights can be managed according to an organization's internal policies. This is not a trivial task.

Imagine situations where hundreds of forecasters across dozens of country offices need to participate in a coordinated process. In such cases, and those with much less complex needs, there are real productivity and enterprise risk issues to operating without a technical solution that enables centralized coordination of forecasts. Some of the issues frequently mentioned by forecasters are:

- Inability to perform scenario evaluation across business units or departments
- Lack of common metadata definitions across siloed forecasting systems
- Inability to consolidate forecasts from across the organization

- Introduction of data quality problems due to manual "cut and paste" errors
- Inconsistent timing of forecast updates
- Lack of change management functionality, including version control
- Manual and time-consuming creation and recreation of reports

A modern enterprise forecasting solutions should be able to address all the shortcomings by providing an environment of controlled empowerment that balances the organizations overall needs for consistency and security with the individual departments or business units needs for flexibility.

One such solution is provided by the software vendor Scarsin and its enterprise forecasting platform i2e.

Scarsin's i2e Enterprise Forecasting Solution

Founded in 2002, Scarsin counts among its clients some of the world's largest biotech and pharmaceutical companies as well as a number of public and private sector organizations across other industries. Scarsin's clients use the company's technology for a range of use cases, from long-range planning (LRP) and demand forecasting to consolidation and scenario analysis.

Scarsin's enterprise forecasting platform, i2e, is built on the Microsoft Business Intelligence software stack and is optionally extensible with components from partners, such as Palisade Corp. Scarsin's i2e enterprise forecasting platform supports two core functionality sets:

- **Data management, reporting, and analytics.** This functionality includes data quality, metadata, and data model management as well as reporting and visualization.
- **Specialized and deep domain expertise in forecasting.** This functionality includes growth driver, variance, root cause analysis, and other related functionality.

The overall solution supports centralized, collaborative, and secure forecasting by teams of often globally distributed forecasters, planners, analysts, and managers. Centralization is provided via a cloud hosted solution that eliminates the reliance on siloed, disconnected spreadsheets. A single platform brings with it the benefits of centralized change management, granular user access rights management, and real-time collaboration as well as scalability. The latter is manifested in the ability to create multiple forecasts with unlimited number of assumptions, and simultaneous global updates.

With i2e, users are able to create forecasts using a range of statistical methods, including functionality incorporated from Palisade's @RISK Monte Carlo simulator. Scarsin's i2e allows organizations to extract, transform, and integrate data from a range of internal systems, such as ERP and CRM applications, and data warehouses. It also supports integration of third-party data from specialized data collection firms (e.g., IMS in healthcare), or from customer surveys or other external sources.

All these characteristics address challenges of forecasting that are commonly experienced with disconnected spreadsheet files. However, Scarsin does not dispel with Microsoft Excel. Recognizing this spreadsheet's pervasive use, the company provides integration with Microsoft Excel as well as PowerPoint and Word. Therefore, users have the option to continue to use Microsoft Excel as an end-user interface connected (and disconnected) to the i2e platform. Microsoft PowerPoint integration is utilized for the automation of reports. In addition to Microsoft PowerPoint-based reports, i2e also supports Web and mobile dashboard creating and distribution.

FUTURE OUTLOOK

Organizations looking to enhance or upgrade their existing forecasting solutions and processes should consider the factors expected to influence the market in the foreseeable future:

- Amount of data available as inputs into any given forecast will continue to grow. According to IDC research, 75% of organizations cite an increase in the number and type of data sources that have become part of their broader data management and analysis solutions.
- The number of users who directly or indirectly influence any given forecasts has increased. As demand for self-service data access and analysis has grown, the risk of siloed forecasting efforts will likely increase.

These and related trends point to the following enterprise forecasting technology assessment needs:

- **Core functionality.** Does the solution provide a balance between faster and more flexible access to data and analytics by individuals and a need for internal policy compliance and governance to ensure consistency in data, models, and outputs of various analytics processes?
- **Deployment options.** Can the solution be deployed both on- and off-premises as dictated by functionality, staffing, compliance, and payment method preferences?
- **Vendor strategy.** Does the software vendor with the enterprise forecasting solution provide unique domain expertise above and beyond standard business intelligence and analytics tools? Does it have a commitment to latest, flexible software delivery and pricing methods?

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com

Copyright Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or Web rights.

Copyright 2016 IDC. Reproduction is forbidden unless authorized. All rights reserved.