Case Study: How National Vision Implemented a Dynamic Forecast Process with SAP BusinessObjects Planning and Consolidation

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In This Session

- We will walk through the design, development, and execution of a new forecasting process utilizing the resources of SAP's BusinessObjects Planning and Consolidation that National Vision, Inc. (NVI) undertook
  - Understand the unique challenges NVI faced in its forecasting capabilities
  - The goals that NVI hoped to achieve in the project
  - A live presentation of the tool that NVI developed
    - On-demand Q&A, throughout presentation, of what we developed, why we went in this direction, and what the model is capable of producing for a dynamic and growing firm in a challenging market

What We'll Cover

- Understanding the unique challenges that NVI faced in its forecasting capabilities
- Designing and developing a new "Current Year" forecasting process
- Demonstrating the "Current Year" forecasting model built in BPC
- Designing and developing a new "Next Year" forecasting process
- Demonstrating the "Next Year" forecasting model built in BPC
- Designing and developing a new "Corporate Overhead" forecasting process
- Demonstrating the "Corporate Overhead" forecasting model built in BPC
- Wrap-up

Who Is National Vision, Inc. (NVI)?

One of North America's largest optical retail chains

Currently operating over 900 retail locations under 5 different brands

- Growing firm, both in store count and markets
- Challenging operations involving state-by-state rules and regulations for operating within the healthcare field

Manufacturing arm, running three domestic eyeglass laboratories in the U.S.

Expanding ecommerce footprint

Challenges Facing National Vision

Historically, forecasting was done through a series of linked Excel files

- Not friendly for scenario analysis or changes
- Time consuming to aggregate data
- Less time spending on true analysis

Former reporting and planning software not capable of dynamic forecasting model development

- Significant time constraints on amount of data NVI maintains
- Report and model development was not user-friendly

Challenges Facing National Vision (cont.)

- January 2015, NVI migrated to SAP BusinessObjects Planning and Consolidation (BPC) for all financial reporting and planning
- First phase of migration was to develop all key management reporting templates
- Once first phase was complete, NVI made the decision to develop a dynamic forecasting model
- Key project goal was to leverage existing reporting already developed in BPC
  - Time savings on overall project
  - More importantly, maintain report formatting for presentations to upper management

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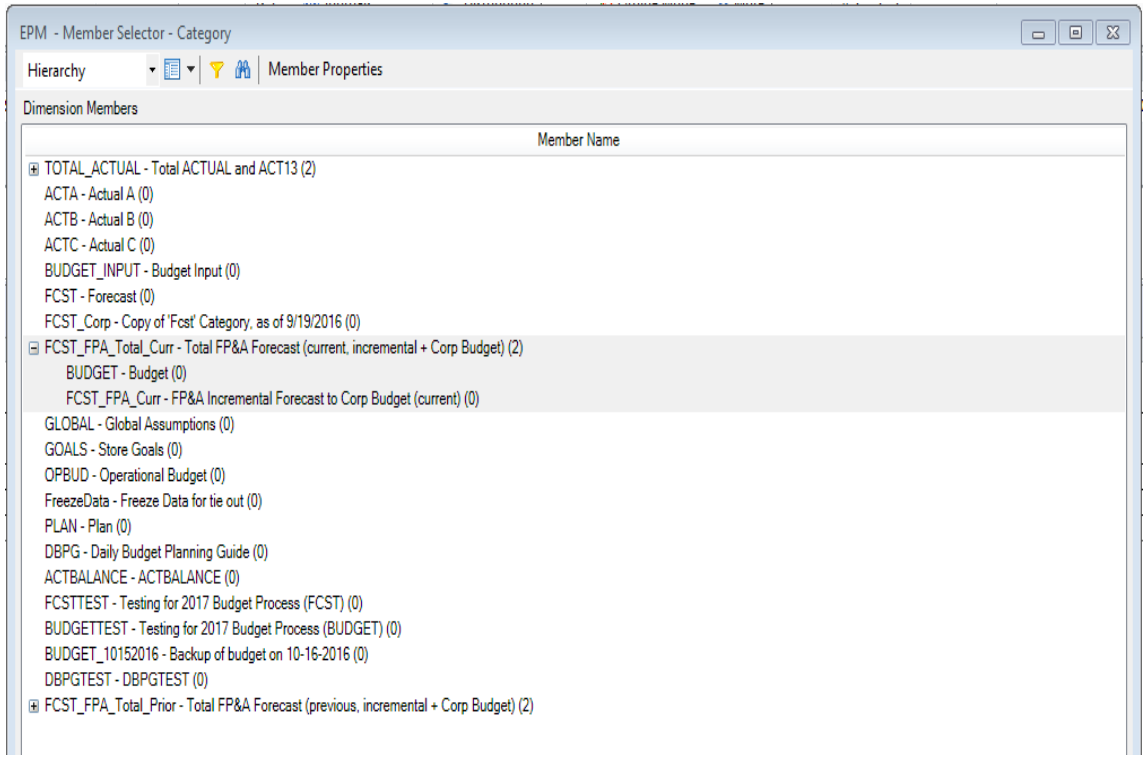
Design of Forecasting Model

- Key design of NVI's forecast model was to load forecast data to BPC server that would allow the data to flow into already existing reports
- Existing reporting used comparisons of "Categories" Actual vs. Budget
- NVI wanted our forecast model to allow for data analysis in differing ways:
  - Fully populated forecast figures
  - Incremental changes to existing Budget "Category"
    - This allows NVI to query, on demand, where the good guys and pain points are across our company in the forecast

Design of Forecasting Model (cont.)

- NVI developed a new structure within the "Category" dimension of BPC to achieve the data visibility goal
  - Developed new "Category"
    - FCST_FPA_Curr
    - Rolled up with existing BUDGET
    - This allows NVI to query on our existing BUDGET, our new incremental forecast, or the combination of the two for a fully-loaded forecast "Category"



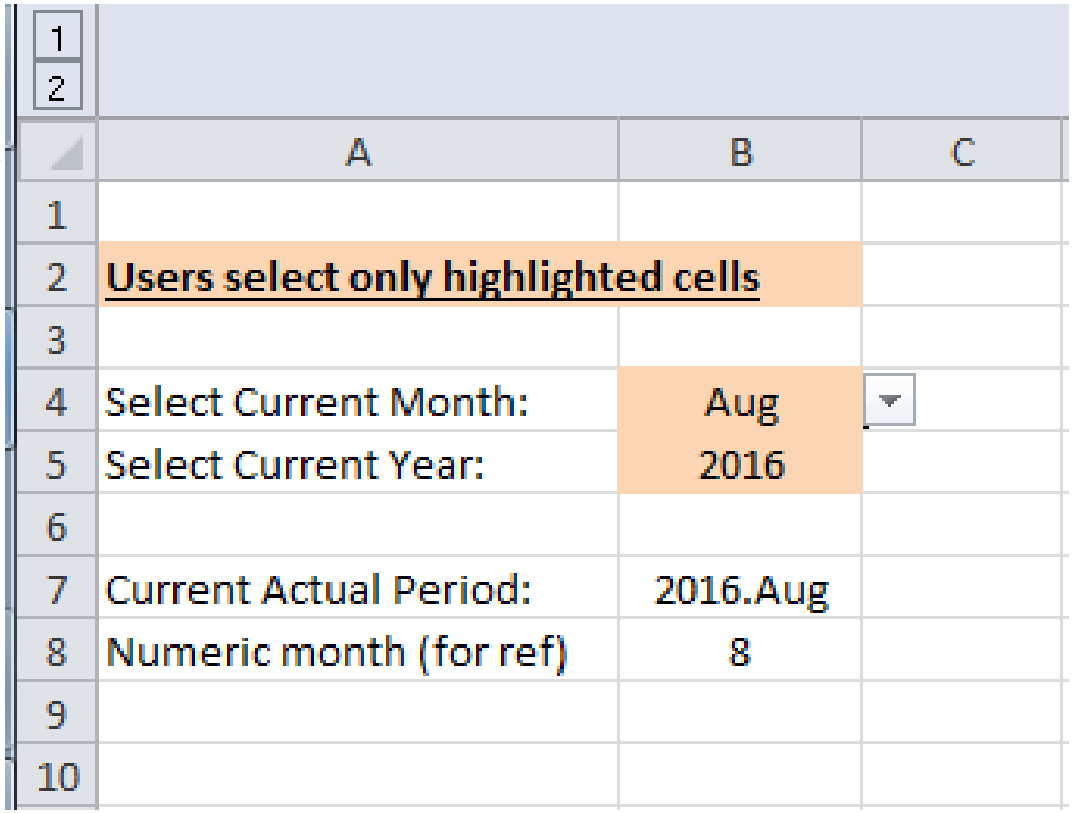
Example of Data Visibility Using New "Category"

- With the design of the "Category" dimension in BPC, NVI can now dynamically query:
  - Our existing BUDGET
  - Our new incremental forecast
  - The combined roll up to our fully loaded forecast in BPC

Total_DS				
NVI_Legal				
Periodic				
		2016.TOTAL		
		BUDGET	FCST_FPA_Curr	FCST_FPA_Total_Curr
Store	Revenue_E	464,300,999.09	(2,365,638.56)	461,935,360.52

Additional Requirements for National Vision's Forecast Model

- NVI completes two "deep-dive" company-wide forecasts per fiscal year
  - Post 1Q close (after NVI's busiest quarter)
  - Post August close (as we prepare for the upcoming fiscal year planning)
- NVI required a dynamic model that would be sensitive to the most recent fiscal period close
- Using a simple "Set the time" selection, our model allows any user a simple method to set the model for any time period chosen to forecast based upon



	A	B	C
1			
2	**Users select only highlighted cells**		
3			
4	Select Current Month:	Aug	
5	Select Current Year:	2016	
6			
7	Current Actual Period:	2016.Aug	
8	Numeric month (for ref)	8	
9			
10			

Additional Requirements for National Vision's Forecast Model (cont.)

- Based upon the selection of the most recent fiscal period closed, the entire model resets itself to an Actual + Budget baseline, including the assumptions tabs
  - This is the foundation of our "Current Year" forecast, simply adding the months that we have closed to the original corporate budget for the remaining periods of the years

National Vision, Inc. and Subsidiaries
America's Best - Base (acquired locations)
OPERATING RESULTS - EBITDA-BASIS REVENUE MEASUREMENT

	2016 - Current Year Base Forecast (Actual + Corp. Budget)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016
(thousands of dollars)	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	8A - 4B
	$	$	$	$	$	$	$	$	$	$	$	$	$
Net revenue managed:													
Eyeglasses & sunglasses	4,002	6,357	4,701	3,978	4,147	3,381	3,599	4,956	3,548	3,363	3,888	3,134	49,054
Contact lens	1,205	1,754	1,350	1,249	1,515	1,280	1,234	1,580	1,204	1,208	1,411	1,095	16,085
Accessories	27	40	32	29	28	21	23	35	31	30	31	23	350
Warranties	356	552	415	341	353	284	302	439	334	398	378	294	4,446
Club memberships	416	689	501	443	527	427	424	556	455	452	515	383	5,790
Eye exams	521	822	617	546	593	483	514	699	453	453	535	421	6,659
Solution revenue	1	1	1	1	1	1	1	1	1	1	1	1	11
Shipping	3	4	3	3	4	4	3	4	0	0	0	0	30
Total cash-basis optical revenue	6,532	10,219	7,620	6,590	7,169	5,880	6,099	8,271	6,027	5,906	6,760	5,350	82,425

Development of Assumption-Based Forecasting

National Vison operates 5 distinct retail brands with unique business models

- Within our growth brands, management reporting breaks out the overall brands by class/vintage to highlight the maturation of growth years

Each brand, as well as each vintage within our growth brands have unique drivers and assumption requirements

Design of a dynamic method to push through forecasted changes to this level of reporting was a key requirement

- Timely processing of changes was crucial to NVI's ability to conduct meaningful scenario and sensitivity analysis

Design of Current Year Forecasting Model — Remaining Periods

- Designed to leverage NVI's Operations group's dynamic revenue forecasting
  - Model automates the forecast all the way through gross margin
    - Calculates the delta between Operations revenue forecast and the original corporate Budget for all revenue accounts and loads these figures to NVI's forecast "Category" (FCST_FPA_Curr)
      - *By brand, account, period*
    - It then calculates all product margins based on the original corporate Budget margins multiplied by the new revenue forecast
    - SG&A is auto forecasted based on specifically designed logic
      - *Examples:*
        - *Advertising takes any over/under YTD variance to plan and forces the annual forecast figure to hit our original Budget*
        - *Certain line items use a YTD variance trend to original Budget*
        - *Occupancy costs are lease driven, so they are excluded from any auto-changes to original Budget in the model*

Design of Current Year Forecasting Model

- This automation allows the model to auto populate our current year forecast down to our store contribution
  - Key is leveraging our firm's existing Operations revenue forecast, which is already loaded to our BPC database for their team's own requirements

Design of Current Year Forecasting Model (cont.)

- Once the Operations data is loaded to our forecast for the "Current Year," our "CY" global assumptions tab gives us the flexibility to adjust any line item on our P&L, by brand or remaining months
  - Strong flexibility to adjust forecast based on any circumstance
    - Example: New product that has recently been introduced in only one of our brands that we forecast will drive UP eyeglass margin in EGW brand during November

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	FP&A Assumptions for the current year in the current year forecast													
2														
3														
4	Current Year:	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
5		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	
16	EyeSun COGS Drivers:	Current Year = Incremental variance to budget												
17														
18		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
19	AB													
20	EGW											-2.000%		
21	NVI													
22	FM													
23	MIL													
24														

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Demonstration of National Vision's Forecast Model

- We're now going to switch to a live demonstration of NVI's forecasting model in BPC
- Primary focus of this demonstration will be on the current year portion of the forecast model

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Inclusion of a “Next Year” in Our Forecast

- Another key requirement in NVI’s forecast project was an inclusion of a “Next Year”
  - An initial, directionally correct look at what our upcoming year could look like
  - Heavily assumption-driven
  - Multiple benefits, including:
    - Capital spending planning in our domestic laboratories based on eyeglass units growth
    - Merging this forecast into our ownerships 5-year modeling (future goal)

Design of “Next Year” in Our Forecast

- Primarily driven by assumptions on our “Next Year” assumptions tab in the model
- Drives off of the “Current Year” forecast in our model
- Specific assumptions for “Next Year” that allow us to model new store growth:
  - NVI continues to grow 2 of our Brands
  - Every year requires their own specific assumptions
    - Differing markets with unique challenges
    - Planned new store growth
    - Monthly spread of planned new stores

Design of "Next Year" in Our Forecast (cont.)

- Revenue forecast for "Next Year" is derived from the "Current Year" forecast and our by Brand (and class/vintage) comparable store sales growth assumptions:
- This sets the TOTAL revenue figures in our "Next Year" forecast
- New stores in our "Next Year," as well as the new stores opened in our "Current Year" have their own drivers (shown later in the presentation)
- Shown here as Yr0 or Yr1 of operation

	C	D	H	I	J	K	L	M
1	FP&A Assumptions for the next year in the current year forecast							
2								
3	VOLUME:							
4								
5		*NY Comp Growth Rates:*			*CY Labels*			
6		CY Operation						
7	AB	AB_Yr0		-	America's Best - Class of 2017			
8	AB	AB_Yr1		-	America's Best - Class of 2016			
9	AB	AB_Yr2	14.6%	-	America's Best - Class of 2015			
10	AB	AB_Yr3	11.8%	-	America's Best - Class of 2014			
11	AB	AB_Yr4	10.1%	-	America's Best - Class of 2013			
12	AB	AB_Yr5	6.1%	-	America's Best - Class of 2012			
13	AB	AB_Mature	5.2%	-	America's Best - Mature Stores			
14	AB	AB_Base	4.2%	-	America's Best - Base Stores (acquired)			
15	EGW	EGW_Yr0		-	Eyeglass World - Class of 2017			
16	EGW	EGW_Yr1		-	Eyeglass World - Class of 2016			
17	EGW	EGW_Yr2	25.2%	-	Eyeglass World - Class of 2015			
18	EGW	EGW_Yr3	34.2%	-	Eyeglass World - Class of 2014			
19	EGW	EGW_Yr4	6.6%	-	Eyeglass World - Class of 2013			
20	EGW	EGW_Yr5	4.6%	-	Eyeglass World - Class of 2012			
21	EGW	EGW	3.9%	-	Remaining Eyeglass World vintages			
22	WM	NVI	2.4%	-	NVI (all)			
23	FM	FM	2.0%	-	Fred Meyer (all)			
24	MIL	MIL	5.2%	-	Military (all)			

Design of "Next Year" in Our Forecast (cont.)

- Revenue mix is modeled after the "Current Year" forecasted percentages, by month and by Brand/Class
  - Built in adjustment factor allows us to make any adjustments deemed appropriate, giving us strong flexibility and control over the forecast
  - Example of Product Mix:

MIX & MARGIN:

Base assumption of YOY flat mix (non-mature groupings point at prior classes CY rates)

AB_2016	*Product Mix:*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	Eyeglasses & sunglasses	72.0%	70.3%	69.6%	68.9%	67.5%	67.5%	68.3%	68.7%	70.3%	70.5%	69.4%	69.1%
	Contact lens	7.6%	8.4%	9.0%	10.0%	11.1%	10.9%	10.5%	10.1%	8.3%	8.0%	9.0%	9.4%
	Accessories	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%
	Warranties	5.7%	5.6%	5.8%	5.5%	5.4%	5.3%	5.5%	5.7%	5.7%	5.7%	5.7%	5.7%
	Club Memberships	5.3%	6.2%	5.9%	6.3%	6.4%	6.4%	5.9%	5.7%	6.6%	6.6%	6.6%	6.6%
	Eye exams	8.9%	8.9%	9.2%	8.7%	9.2%	9.4%	9.4%	9.4%	8.7%	8.7%	8.8%	8.7%
	Solution revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Shipping	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Total:	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Base Assumption

Adjustment Factors

MIX & MARGIN:

Product mix assumptions are for shifts to the base assumption of YOY flat mix. All totals here should sum to ZERO

AB_2016	*Product Mix:*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	Eyeglasses & sunglasses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Contact lens	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Accessories	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Warranties	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Club Memberships	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Eye exams	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Solution revenue	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Shipping	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Total:	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Design of "Next Year" in Our Forecast (cont.)

- Cost of sales margins are also modeled after the "Current Year" forecasted percentages, by month and by Brand/Class
  - Built in adjustment factor allows us to make any adjustments deemed appropriate, giving us strong flexibility and control over the forecast
  - Example of cost of sales margins:

34	**Base assumption of YOY flat product margins (non-mature groupings point at prior classes CY rates)**											
35												
36	*Margins:*											
39		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
40	Eyeglasses & sunglasses	80.8%	81.8%	80.4%	82.0%	81.4%	81.6%	78.5%	76.6%	80.7%	80.8%	80.5%	80.5%
41	Contact lens	55.6%	55.8%	54.8%	54.3%	53.2%	53.9%	52.1%	52.1%	55.1%	55.0%	54.9%	55.0%
42	Accessories	76.0%	75.7%	76.2%	75.9%	76.0%	76.4%	75.7%	75.7%	71.3%	75.3%	75.3%	75.3%
43													
44	Remake & Warranty	-1.8%	-1.8%	-1.7%	-2.1%	-2.3%	-1.9%	-2.3%	-2.5%	-1.4%	-1.5%	-1.7%	-1.5%
45	Freight	-0.6%	-0.5%	-0.6%	-0.7%	-0.7%	-0.7%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.7%
46	Warehousing & distribution	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	0.2%	0.2%	-0.2%	-0.2%	-0.2%	-0.2%
47	Other cost of sales	-0.1%	-0.1%	0.1%	-0.3%	-0.1%	-0.2%	-0.3%	-0.2%	0.0%	0.0%	0.0%	-0.1%
49													

Base Assumption

Adjustment Factors

34	**Product margin assumptions are for shifts to the base assumption of YOY flat margins. No totals, as they do NOT have to sum to zero**											
35												
36	*Margins:*											
39		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
40	Eyeglasses & sunglasses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
41	Contact lens	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
42	Accessories	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
43													
44	Remake & Warranty	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
45	Freight	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
46	Warehousing & distribution	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
47	Other cost of sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49													

Design of "Next Year" in Our Forecast (cont.)

- SG&A forecast in the "Next Year" auto calculates our "Current Year" expenses as a % of revenue for each item versus our "Next Year" revenue forecast as the base forecast
- For classes that are in our growth years, the model adjusts to use percentages from the appropriate class that lines up with the forecast year's number of years in business

Uses class of 2015's "Current Year" in model for prior year %s

Forecasting class of 2016 for the 2017 fiscal year

	A	B
1	NVI_Legal	Page axis
2	Total_DS	Page axis
3	AB_2016	User selection
4	Finance	Model
5	AB	Brand
6	AB_Yr1	NY Comp Brand
7	AB_2015	NY Comp Brand (PY Comparison)
8	FCST_AB_2016	Saveback Member
9		
10	No	Lease renewal year?
11		

	Forecast Year	Year in Operation
Class of 2016	2017	2nd

*Prior year look up for comparison = Class of 2015 in the Current Year' forecast (also 2nd year in operation)

Design of "Next Year" in Our Forecast (cont.)

- For certain items, NVI has built adjustment tools into the model to make appropriate changes to the base SG&A forecasts
  - We used a dollar ($) approach adjustment for this part of the model (company preference) that layers on this change to the appropriate line item for the Brand/Class we are adjusting

263	SG&A		SG&A changes to the base assumption (PY margin to total revenue) will be implemented as $ amounts in this section (thousands of dollars)										
264													
265	Store associate: Total Pay		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
266		AB_2016												
267		AB_2015												
268		AB_2014	25,000				25,000					50,000		
269		AB_2013												
270		AB_2012												
271		AB_Mature												
272		AB_Base												
273		EGW_2016			100,000									
274		EGW_2015												
275		EGW_2014											25,000	
276		EGW_2013												
277		EGW_2012							(175,000)					
278		EGW_Mature		35,000										
279		EGW_Base												
280		NVI												
281		FM												
282		MIL												
283		Total ADJ:	25,000	35,000	100,000	-	25,000	-	(175,000)	-	-	50,000	25,000	-

Design of "Next Year" in Our Forecast (cont.)

- New store growth assumptions differ year to year based on planned new store count, targeted growth markets, and monthly planned spread of openings
- Also, we have to adjust the "Current Year" new classes to annualize their results as they would have partial year results

New store assumptions for NY forecast

Only manipulate blue highlighted cells on this page.

NY ----->	2017

New Store FY Revenue Assumption

AB	450,000
EGW	375,000

Prior years new stores, first full year of operations per store Revenue Assumption

	Revenue	Store Count
AB	600,000	40
EGW	525,000	20

New Stores - Net Sales Percentage by Period:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AB	8.1%	14.5%	9.8%	7.2%	8.0%	6.4%	7.9%	10.1%	7.0%	6.7%	7.7%	6.7%
EGW	7.8%	13.2%	8.7%	8.0%	9.2%	7.1%	7.9%	9.7%	7.0%	6.6%	7.5%	7.2%

New Store Openings Assumption, by Brand and Month

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
AB	3	5	6	2	2	3	4	7	4	1	0	3	40
EGW	0	3	3	2	2	2	1	1	3	1	2	0	20

Design of "Next Year" in Our Forecast (cont.)

- Additional example of NVI's customization to its forecast model is an assumption on our occupancy costs
  - For brands with operating leases, our model assumes an inflation rate on costs for stores 5 years aged from year of forecast
    - NVI typically signs 5 year leases
    - Assumption builds in inflated occupancy costs for just this aged particular class of stores

390	Forecast year = 2017												
391													
392	Occupancy Assumption		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
393														
394		AB_2012	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
395		EGW_2012	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
396		AB_Base	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
397		AB_Mature	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
398		EGW_Base	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
399		EGW_Mature	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
400														

What We'll Cover

- Understanding the unique challenges that NVI faced in its forecasting capabilities
- Designing and developing a new "Current Year" forecasting process
- Demonstrating the "Current Year" forecasting model built in BPC
- Designing and developing a new "Next Year" forecasting process
- Demonstrating the "Next Year" forecasting model built in BPC
- Designing and developing a new "Corporate Overhead" forecasting process
- Demonstrating the "Corporate Overhead" forecasting model built in BPC
- Wrap-up

Demonstration of National Vision's Forecast Model

- We're now going to switch to a live demonstration of NVI's forecasting model in BPC
- Primary focus of this demonstration will be on the next year portion of the forecast model

What We'll Cover

- Understanding the unique challenges that NVI faced in its forecasting capabilities
- Designing and developing a new "Current Year" forecasting process
- Demonstrating the "Current Year" forecasting model built in BPC
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Corporate Overhead Input Template

In NVI's historical forecasting approach, department heads would provide their individual cost center forecasts to Finance Dept.

- Turnaround time to "assemble" all departments
- Changes after original submission was tedious

Solution: Provide a user-friendly input template for all department heads to dynamically input their respective forecasts directly into BPC

- Virtually eliminated the historical time lost to "assembling" all data
- Changes can be made on demand that will flow through all forecast reporting

Corporate Overhead Input Template (cont.)

Input template designed to mirror management financial reporting format

- Gives user a familiar view
- Template configured to auto adjust input grids based on latest fiscal period closed
  - This also helps avoid mistakes from our end users loading data into periods they should not

Designed to be a one-stop shop for end users

- Adjacent to the input grids, there are monthly budgets and variance reports built into the template so that end users can see how their respective departments have performed versus plan during the current fiscal year
  - Also can review year-over-year plan for the upcoming year which is part of NVI's overall forecasting

What We'll Cover

- Understanding the unique challenges that NVI faced in its forecasting capabilities
- Designing and developing a new "Current Year" forecasting process
- Demonstrating the "Current Year" forecasting model built in BPC
- Designing and developing a new "Next Year" forecasting process
- Demonstrating the "Next Year" forecasting model built in BPC
- Designing and developing a new "Corporate Overhead" forecasting process
- Demonstrating the "Corporate Overhead" forecasting model built in BPC
- Wrap-up

Demonstration of National Vision's Forecast Model

- We're now going to switch to a live demonstration of NVI's forecasting model in BPC
- Primary focus of this demonstration will be on the design of the corporate overhead template

What We'll Cover

- Understanding the unique challenges that NVI faced in its forecasting capabilities
- Designing and developing a new "Current Year" forecasting process
- Demonstrating the "Current Year" forecasting model built in BPC
- Designing and developing a new "Next Year" forecasting process
- Demonstrating the "Next Year" forecasting model built in BPC
- Designing and developing a new "Corporate Overhead" forecasting process
- Demonstrating the "Corporate Overhead" forecasting model built in BPC
- Wrap-up

Where to Find More Information

- https://blogs.sap.com/2012/07/22/how-to-build-rolling-forecasts-in-bpc-100/
  - Srikanth Gandlur, "How to build Rolling Forecasts in BPC 10.0" (SCN, July 2012).
    - Provides an in depth look in how to build components of a rolling forecast in BPC
- www.youtube.com/watch?v=LvATXMQ6PmY
  - Katrina Kun, "Rolling Forecast in BPC" (YouTube, November 2013).
    - A YouTube video showing another example of building a rolling forecast in BPC
- http://sapinsider.wispubs.com/Assets/Blogs/2011/June/Advanced-Trend-Forecasting-in-BPCExcel-Step-by-Step-example
  - Dr. Bjarne Berg, "Advanced Trend Forecasting in BPC/Excel – Step-by-Step example" (*SAPinsider*, June 2011).
    - This article shows another example of some forecasting techniques that can be applied to BPC
- www.youtube.com/watch?v=PMu8lNbWXcI
  - Jarrett Bialek via SAPinsider, "A Leading Expert's Guide to Mastering BPC Reporting and Analytics Capabilities" (YouTube, May 2013).
    - This YouTube video gives a good overview of how to use the EPM Add-in, which is the basis of the forecasting process that is presented in this demo

7 Key Points to Take Home

- BPC is a dynamic tool for any firm's reporting, planning, and forecasting requirements
- Leveraging existing reports is not only possible, but highly practical
  - Maintaining existing report formatting to end customers improves presentation
  - Significant time savings on overall project
- Proper hierarchy design allows you to gain greater visibility into your data
- Global assumption design allows you to push significant data changes through your model with ease
- Using year-over-year "base" assumptions allows you to pre-populate the majority of your forecast
  - More time to focus on specific, major impact items
  - Still have the flexibility to adjust any items across your P&L
- Custom design of certain "levers" in model allows your firm to tailor your forecast model to your very specific requirements
- Designing of templates can help with end-user acceptance

Your Turn!

Questions?

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Please remember to complete your session evaluation

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