

AFP®



# Annual Conference

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ORIGINAL→ESSENTIAL→UNBIASED→**INFORMATION**

## Leveraging a Planning & Reporting System to Optimize Performance Management

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# Agenda

- **Introductions**
- **Background**
- **Solution Optimization: System Upgrade and FP&A Process Improvement**
- **Keys To Success**
- **The Continuous EPM and BI Journey**
- **Q&A**

# Sunovion Overview

Sunovion is a leading pharmaceutical company dedicated to discovering, developing, and bringing to market therapeutic products that advance the science and medicine to improve the lives of patients, their families, and communities. We specialize in treatments that help people challenged by disorders of the central nervous system and respiratory ailments.



Our current pipeline spans a number of indications / targets

Candidate	Indication / Target	Phase
Lurasidone	Maintenance treatment, Schizophrenia and Bipolar Disorder	Phase III
Eslicarbazepine acetate	Epilepsy – Adjunct	NDA Submitted
Eslicarbazepine acetate	Epilepsy – Adult Monotherapy	Phase III
SEP-289	Attention-deficit hyperactivity disorder (ADHD)	Phase II
SUN-101	COPD	Phase II
DSP-1053	Major Depressive Disorder (MDD)	Phase I
DSP-2230	Neuropathic Pain	Phase I
SEP-856	Schizophrenia	Phase I
WT2725	Hematologic and Solid Cancer	Phase I

# Peloton Overview

PELTON is a professional services firm, founded with the sole purpose of assisting our clients seize the promise of Analytics. At the core of who we are, we believe that Analytics delivers strategic advantage, and those companies acting on the best information will be the market leaders of tomorrow.

We develop long-term relationships with and deliver tangible results for our clients through:

- *Our 60+ professionals with proven track records from the top firms in our industry*
- *A unique combination of process improvement consulting and hands-on technical implementation expertise*
- *Collaborative implementation methodologies that drive end-user adoption*

## Solutions for . . .

- Finance
- Operations
- Information Tech
- Sales & Mktg.

### Life Sciences



### Healthcare



### Aerospace & Defense



### Manufacturing



### Oil & Gas



### Financial Services



### Retail



### Not-for-Profit



## . . . Services for

- Business Intelligence
- Performance Mgmt.
- Data Integration
- Solution Adoption
- Software Installations

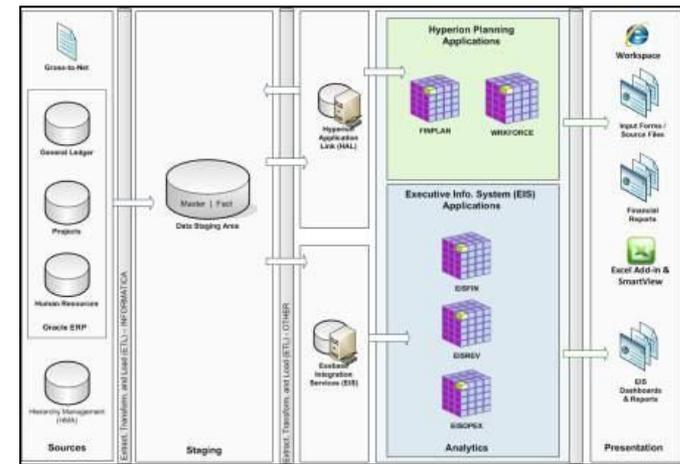
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# EPM Landscape – Early 2011

In early 2011, Sunovion and Peloton partnered together to embark upon a Hyperion Planning Upgrade. At that time, the Sunovion Performance Management Landscape was:

- 1 Hyperion Planning Application (with Workforce Planning enabled)
- 3 EIS Cubes for Web Analysis Dashboards
- A fully integrated financial data warehouse
- Hyperion Application Link (HAL) for Metadata and Data Integrations
- MS Access to manage hierarchies and keep the application hierarchies in sync



Early 2011 Architecture Diagram

- Combination of both SmartView and the Excel Add-in to provide ad-hoc analysis and reporting
- Difficulty keeping the Development and Production instances in sync due to the effort required for migrations
- Known opportunities to improve the usage of the existing EPM environment including input forms, reports, ad hoc analysis, etc.

# Overall Business Challenges

## Product Portfolio

- Transition from single product to multiple product portfolio and loss of exclusivity on core product(s)
- Significant increase in the number of programs, projects, and trials that need to be actively planned, managed, reported against, and analyzed
- Substantially greater breadth and complexity impacted systems and tools, planning and reporting needs, and accountability for business performance

## Parent Company Requirements

- Increased demand for plan and forecast detail and comprehensive variance analysis
- Focus on rolling, extended view of business performance with longer time horizons vs. annual calendar
- Intensified focus and scrutiny around business plans and performance
- Global view of business performance with evolving guidelines and demands

## Regulatory Environment

- More regulations (e.g. Sunshine Act, E-Pedigree / Serialization)
- Greater demands on FP&A for data, information, and analysis

**Internal and external business dynamics generated increasing demands on the FP&A organization and the methods, processes, tools, and systems used to support performance management**

# FP&A Specific Challenges

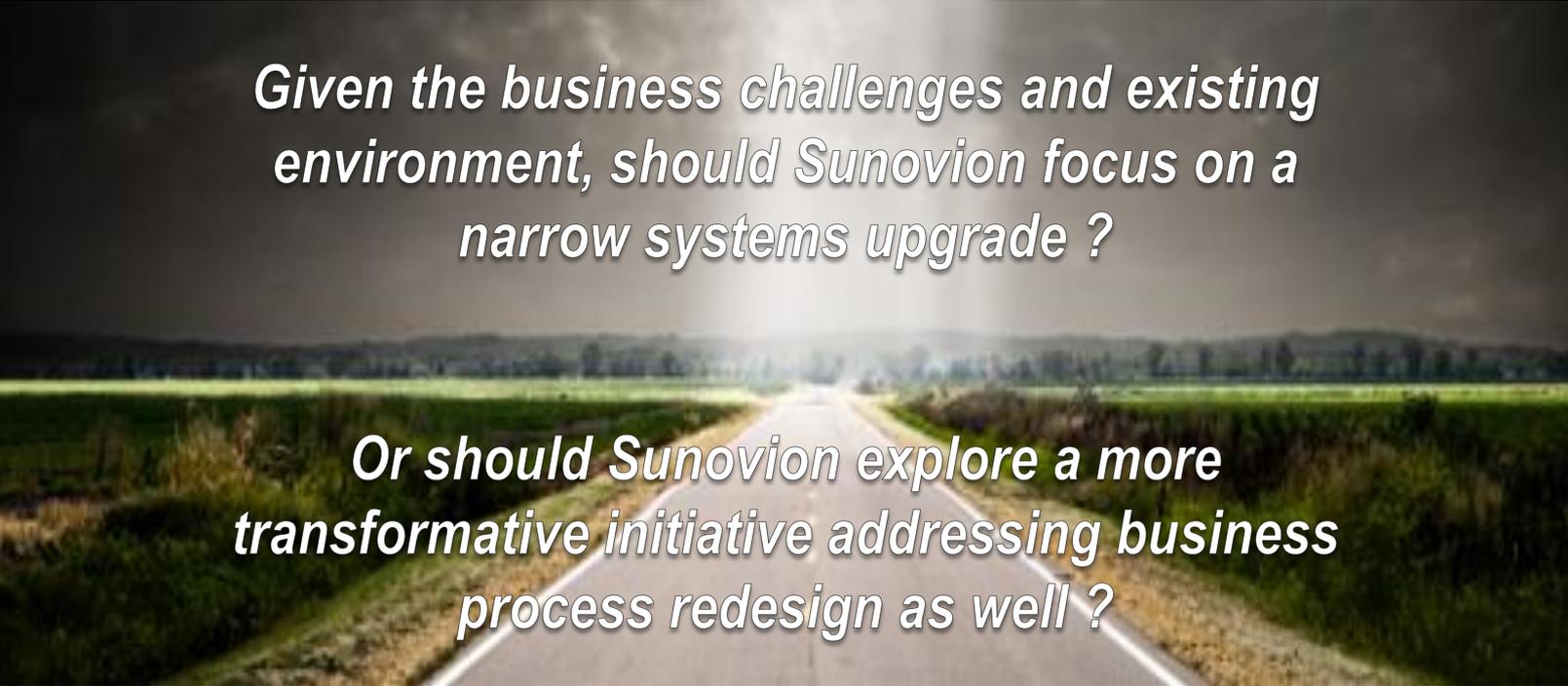
## Efficiency and Effectiveness

- Manual effort, off-line Excel models, and significant data manipulation required to support key planning and reporting processes
- Significant time and effort required to collect, validate, transform, and format data and information needed for planning and reporting
- FP&A spending inordinate time on data collection and manipulation at the expense of providing business insight and analysis
- Pockets of best demonstrated practices not fully institutionalized

## Tools, Systems, and Enabling Technology

- Configuration of the EPM applications had not been substantively updated since the original implementation 7+ years ago
- Opportunity to rethink and improve upon design decisions including expense plan level of detail, driver-based models, and report standards
- Sub-optimal system performance for input form refreshes, business calculations, and system aggregations
- Limited ability to accommodate “real-time” changes in plan cycles
- Increased demands on the Financial Systems Support Team

# Defining a Path Forward



*Given the business challenges and existing environment, should Sunovion focus on a narrow systems upgrade ?*

*Or should Sunovion explore a more transformative initiative addressing business process redesign as well ?*

**Let's now look at the key enablers to Sunovion's Solution Optimization Initiative and their overall business transformation journey**

# Key Enablers of the Transformation

- **Desire and Case for Change**
- **Strategic FP&A Vision and Leadership**
- **Information Architecture and Enabling Technology Foundation**
- **Independent Perspective**
- **Mobilization Framework**



# Desire and Case for Change

## Demands on FP&A

- Proactively manage the changes delivered from the parent company
- Provide more value added insights and analysis
- Reduce planning and reporting cycle times
- Drive greater ownership and accountability throughout the organization
- Keep pace with an increasingly complex and challenging business environment

## Business Process Improvement Opportunities

- Standardize report formats and automate creation of management reports
- Reduce level of effort required for annual planning and periodic forecasting
- Rationalize the level of planning detail and focus on key business drivers
- Systematize key planning and reporting models and reduce dependence on disconnected off-line Excel models

## EPM Evolution – New Features & Capabilities

- Optimize system performance
- Improve access to data and information
- Leverage new functionality aligned with redesigned business processes
- Reduce level of effort required for administration, maintenance, and support of EPM environment

# Strategic FP&A Vision & Leadership

## FP&A Vision

- Become the indispensable business partner
- Define business needs, improves business processes, and optimally deploy enabling technology
- Continuous improvement driving FP&A and company wide efficiency and effectiveness
- Collaborative environment where FP&A fosters sharing of best practices across organization
- Distributed ownership and accountability for business performance

## Leadership

- Credibility within the organization
- Foresight ... ability to anticipate changes on the horizon
- Establishing momentum and pushing the ball forward
- Quarterback ... using an explicit game plan but adapting on the fly as dynamics change
- Negotiation skills
- “Pick and choose your battles” (opportunities)

# Enabling Technology Foundation

## Previous Strategic Investments

- Robust and extensible Financial Data Warehouse integrated with core Oracle ERP applications
- Automated ETL processes throughout end-to-end information architecture
- Core financial planning and workforce planning application

## Adherence to Reference Information Architecture

- Components: Sources – Data Integration – Analytic Models – Presentation
- Foundational platform accommodating new models, applications, and capabilities without rework and unnecessary investments

## Financial Systems Team

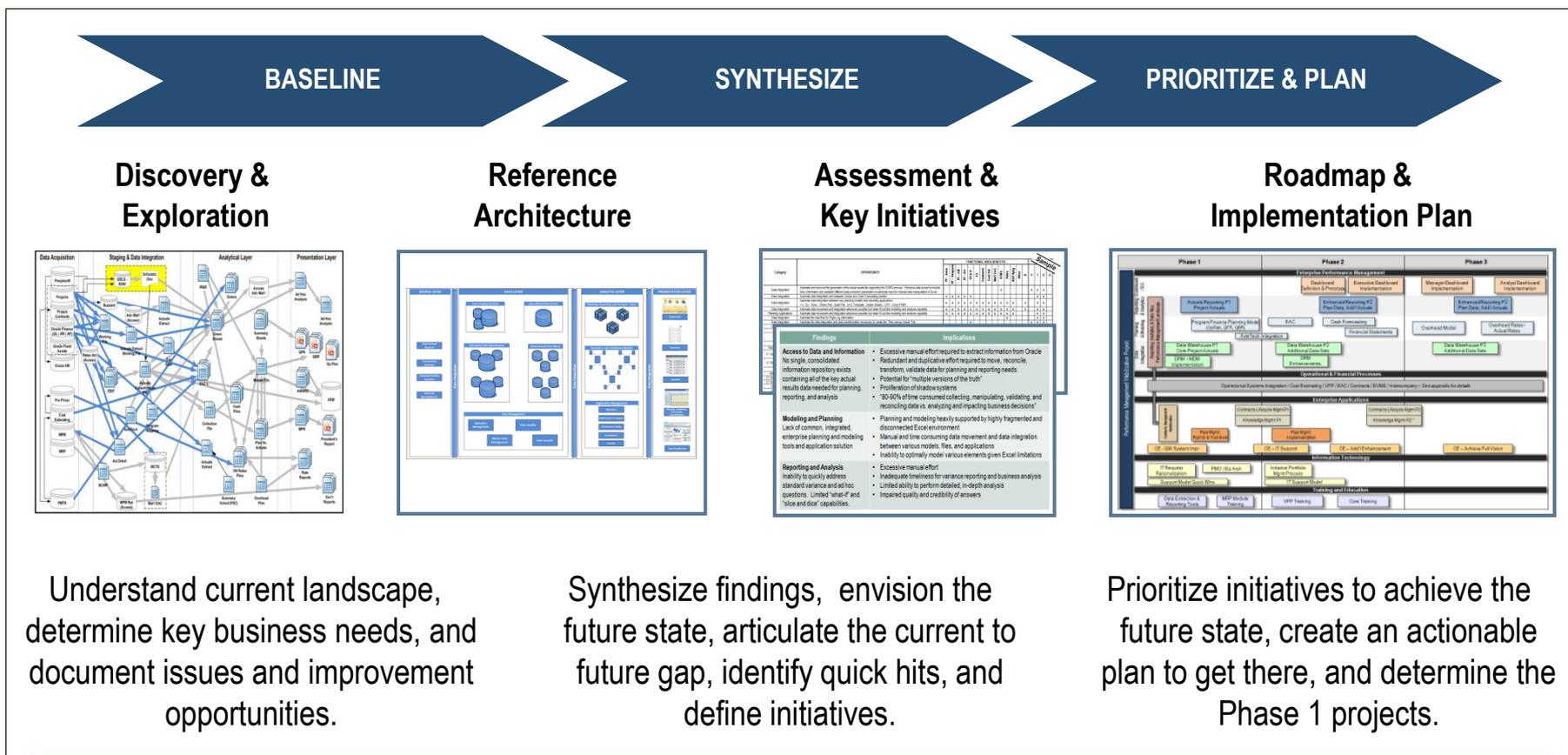
- Deep business and technical expertise
- “Can-do” attitude
- True partners with business functions, FP&A, and IT
- Shared vision with FP&A leadership regarding optimal usage of technology

# Independent Perspective

- **Deep business process and technology implementation expertise**
- **Significant experience orchestrating solution optimization projects**
  - Future state envisioning
  - Business process and technology deployment best practices,
  - Facilitating requirements workshops
  - Roadmap development
- **Trusted advisor**
- **Industry specific knowledge and expertise**
- **Prior experience working with Sunovion**

# Mobilization Framework

A proven approach for evaluating where an organization is today, determining the desired end-state planning and performance management capabilities, identifying and prioritizing initiatives, and defining path forward.



# Decision Point



**With a well articulated catalyst for change, strong FP&A leadership, and a robust information architecture foundation in place, Sunovion was ready to embark on their performance management transformation journey. The initiative would address business process elements as well as the technical systems and applications upgrade.**

Sunovion then partnered with Peloton who provided best practice based process and technology implementation expertise and their Mobilization framework to assist with successfully executing the solution optimization initiative.

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# Project Goals and Objectives

## Goal

Improve and enhance the planning and reporting capabilities of Sunovion by upgrading to the most current version of the Oracle-Hyperion EPM solution. Identify business process improvement and technology changes that address immediate business needs, anticipate future business requirements, and optimize the overall solution environment.

## Objectives

- Establish the HW and SW Environment
- Performance Management Assessment & Mobilization
- EPM Solution Upgrade Scope and Definition
  
- Systematic Hierarchy and Master Data Management
- Workforce Planning – Rationalize and Enhance
- Enable Multi-Currency Capability
- Lifecycle Management
- COA Segment Changes – Planning Arch Updates

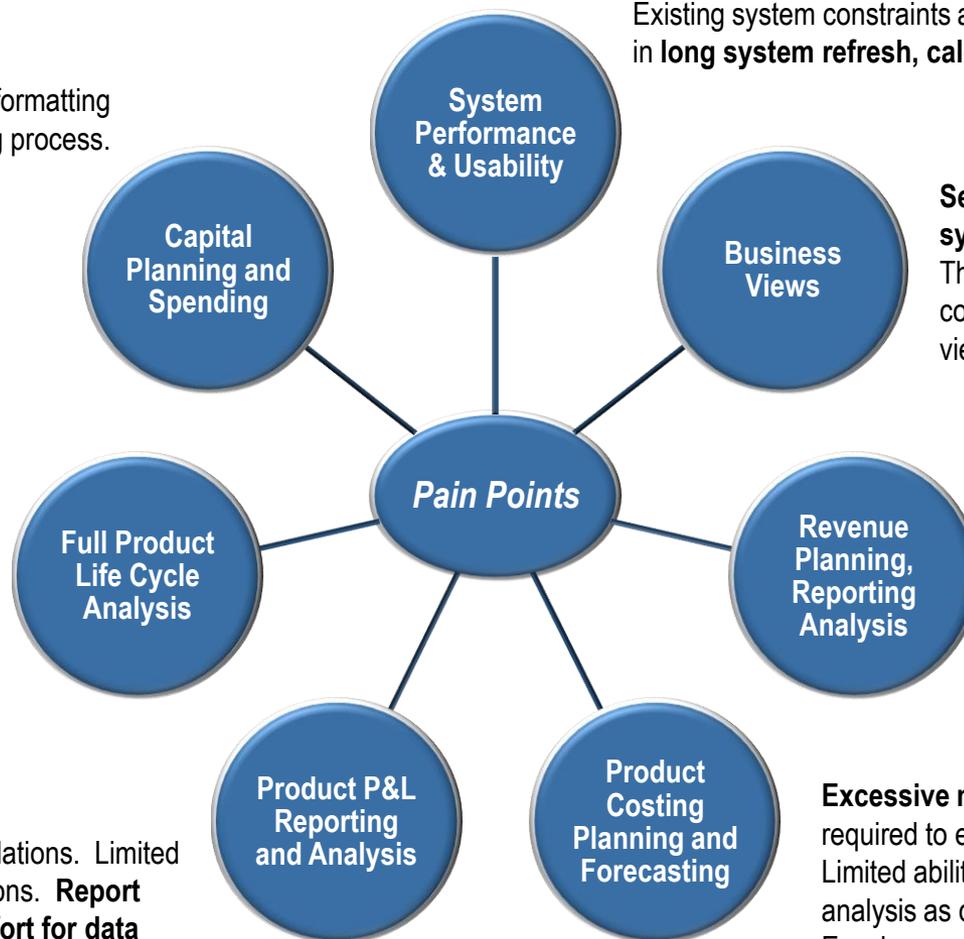
## Deliverables

- Functional and Technical Gap Analysis
- Process and Technical Solution Definition
- Refined Scope - Updated Implementation Plan
- Business Process Improvement List
- Performance Management Roadmap
- “Quick Wins”
  
- Requirements and Design Documents
- Technical Solution and System Document
- Test Approach and Plan
- Migration Plan

# Discovery Workshops – Key Learnings

**Manually intensive** and time consuming, data access and formatting issues, non-standard planning process.

Existing system constraints and non-optimized configuration result in **long system refresh, calculation, and aggregation times.**



**Several key business views not systematically available** (e.g. Therapeutic Area). Manual effort to collect, manipulate, and “create” alternate views.

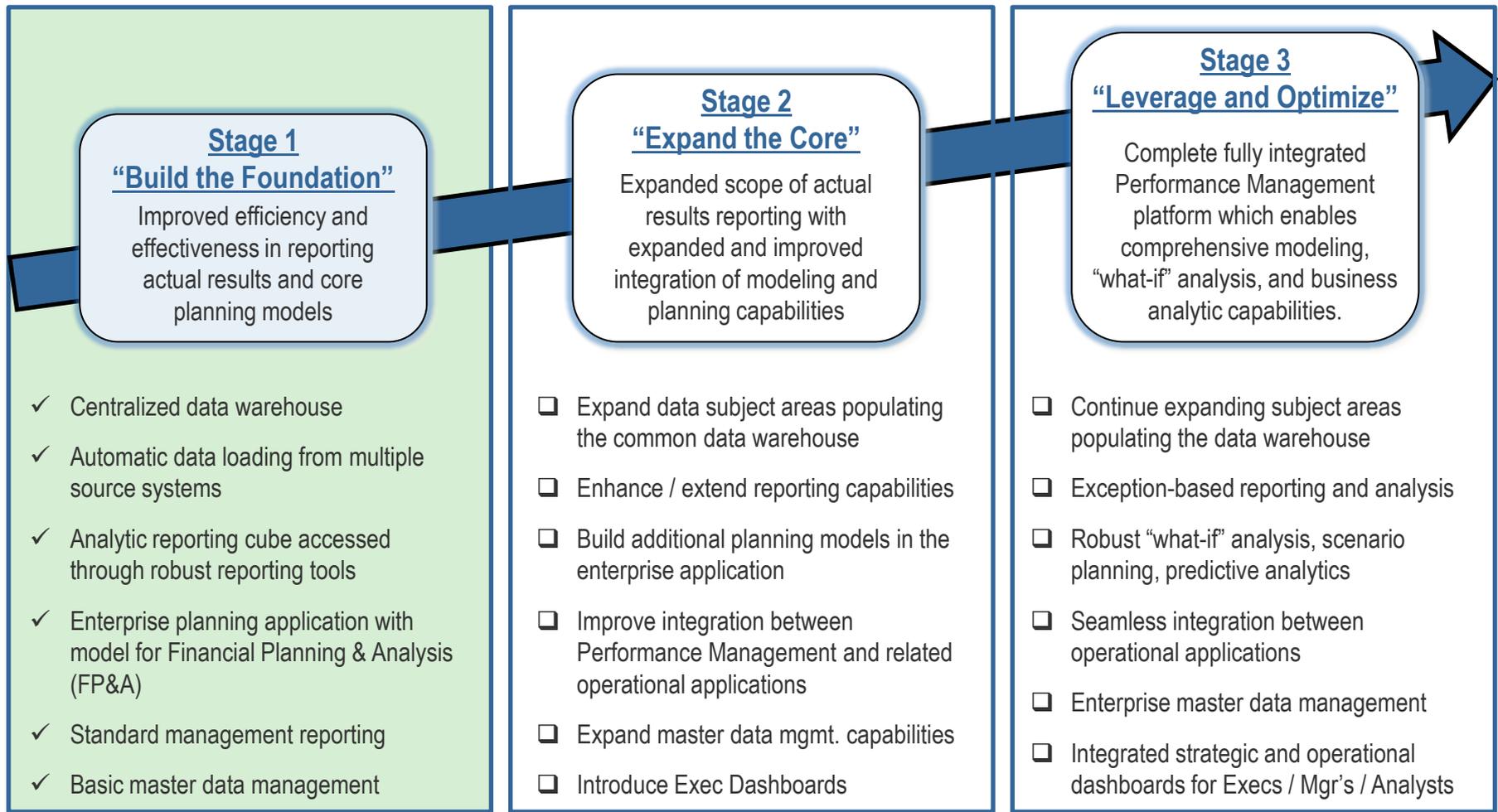
Historical data resides in multiple sources requiring **multiple data retrieves, data transformation, formatting, and reconciliation.**

Revenue is planned, reported, and analyzed by various constituents using data and information from multiple, disconnected, local spreadsheets. **Requires manual effort, additional work steps, and data manipulation.**

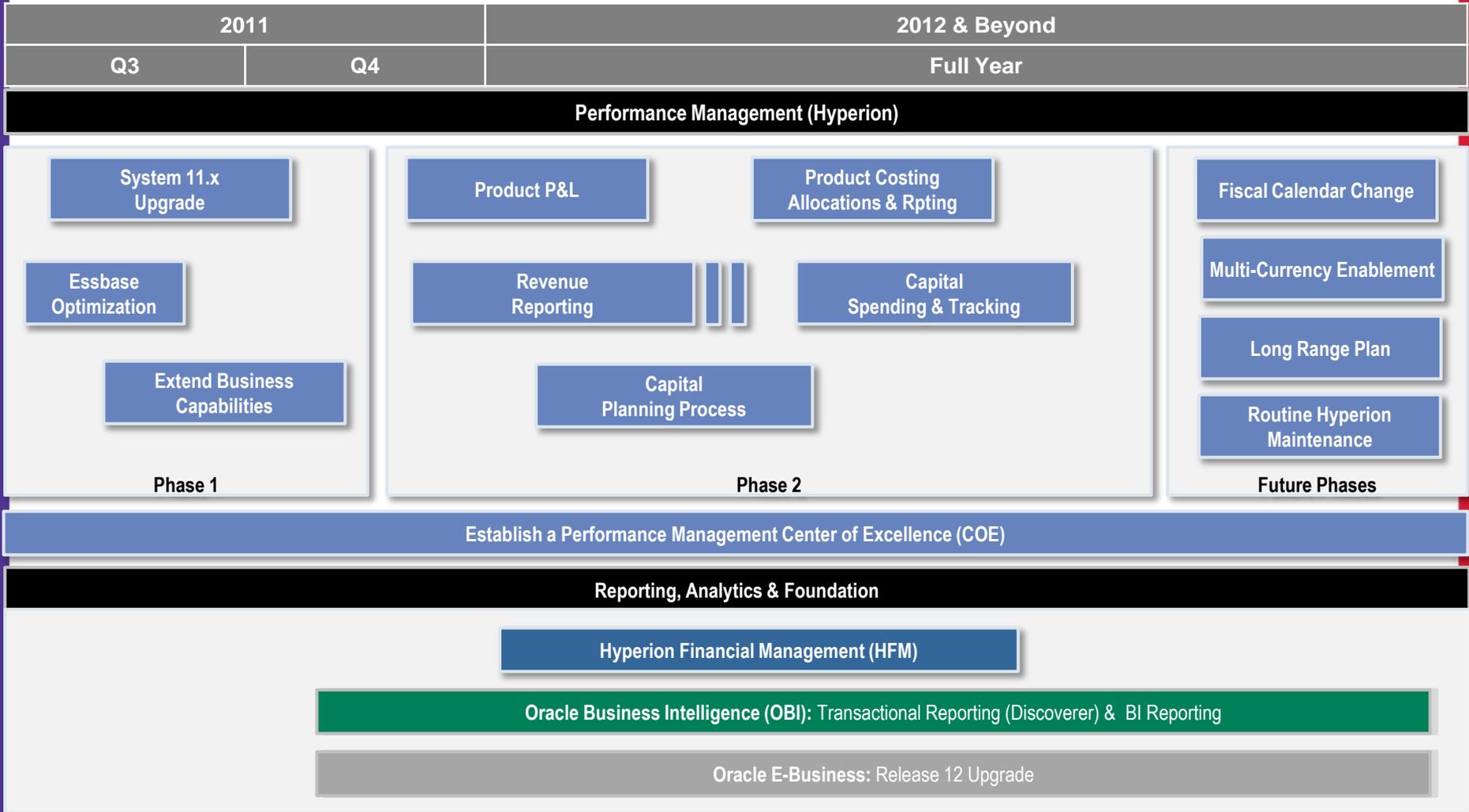
Off-line Excel allocation calculations. Limited visibility to logic and assumptions. **Report creation requires manual effort for data collection, formatting, and consolidation.**

**Excessive manual effort and work steps** required to execute the end-to-end process. Limited ability to complete deep-dive analysis as detailed allocations occurring in Excel generate summary data for planning.

# Performance Management (EPM) Maturity Model



# Original EPM Roadmap



# Several “Quick Wins” were part of the Solution Optimization initiative

## Technology Enablement

- Essbase Optimization: Reviewed existing settings and properties and identified changes that significantly improved application performance for the forecast cycle before the upgrade
- History Cube: Created separate location for storing all revenue and expense data related to projects. This historical cube accommodated full lifecycle historical reporting and analysis as necessary and allowed for streamlining of the core Planning application

## Information Architecture / Master Data Management

- EPMA: Given efficiency and automation opportunities and the know desire to add EPM and BI applications in the future, implemented EPMA to systematically manage hierarchies and relates master and meta data.

## Process Improvement

- Streamlined Planning Process: Existing usage of application functionality “Supporting Detail” provided limited value very little value given level of effort required. Eliminated usage of functionality and provided alternative, more efficient methods for achieving similar goals.

# Business Benefits

## System Environment

- Reduced planning and reporting cycle time
- Improved access to information
- Flexibility
- Automation
- Consistency and standardization
- Foundational building blocks anticipating longer-term needs and end-state vision
- Initial business process improvements

## Roadmap

- Future state FP&A vision
- Intentional path forward
- Prioritization of potential initiatives
- Collaboration and organizational engagement
- Alignment and consensus

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# Exploring the “Art of the Possible”

## Planning Process

- More granular detail is not necessarily better. Focus on business drivers and materiality.
- Ensure integration between functional areas and consistent definitions and usage

## Reporting and Analysis

- Common analytic views of the organization and standardize the core management reports
- Automate report generation and provide self-service capability
- Rationalize report universe and eliminate unnecessary one-offs

## Enabling Tools and Technology

- Learn from prior initiatives
- Leverage existing EPM architecture and platform
- Iterative prototypes with heavy end user interaction and knowledge transfer

## Performance Management Roadmap and Phased implementations

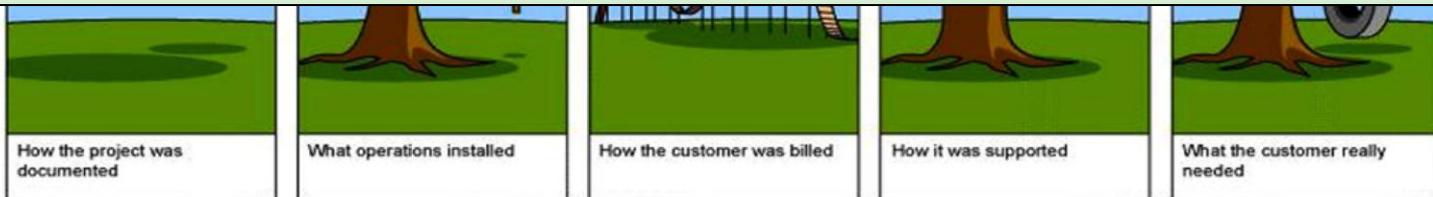
- Identify and prioritize improvement opportunities using a transparent, logical framework
- Frame initiatives in the context of the larger performance management end-state vision
- Socialize, incorporate feedback, and internally sell the roadmap to build support and momentum



# Stakeholder Alignment



- ✓ Establish clear goals well understood by business, IT, and the implementation team
- ✓ Leverage regular iterative cycles to design, develop, build, test, and deploy the solution
- ✓ Engage and interact with the business end users as often as possible
- ✓ Manage expectations



# Lessons Learned

## Cross-Functional Participation

- Essential to engage key business SME's across finance, business, and IT
- Not everyone fully embraces the initiative nor understands the end-state vision

## Quick Wins

- Deliver business value quickly and demonstrate success
- Creates desire for greater participation (“what about me ...”)

## Change Management

- Breaking with the past can be very difficult
- Navigating the internal dynamics and politics requires an intentional plan and constant effort

## There will always be bumps in the road

- Anticipate and develop contingency plans for unexpected events and delays
- Manage expectations across all constituents (“Rome was not built in one day”)

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# Sunovion Progress - EPM Roadmap

## Planning & Reporting Mobilization

May 2011

Developed a strategic roadmap and approach to support the Finance organization to improve the internal performance management capabilities

## Product P&L POC

Nov 2011 – Jan 2012

Created foundation for the Product P&L Model

## Product P&L

Jul 2012 – Nov 2012

Productionalized the Product P&L Model

## Fiscal Calendar

Mar 2013 – Apr 2013

Modify the Planning solutions to change the calendar to align to the needs of the business

2011

2012

2013

## Hyperion Planning Upgrade

May – Sep 2011

Upgraded the previous system in place and enhanced the linkages between systems and processes

## Essbase Optimization

June 2011

Developed alternate hierarchies to enable more robust reporting

## Product Costing

Feb 2012 – Oct 2012

Produced an analytic engine and input templates to build the Standard Cost across all product lines

## Revenue Reporting and Analysis

Feb 2012 – Oct 2012

Created common repository for Revenue information intended to reduce the manual effort

## Multi-Currency

Feb 2013 – Apr 2013

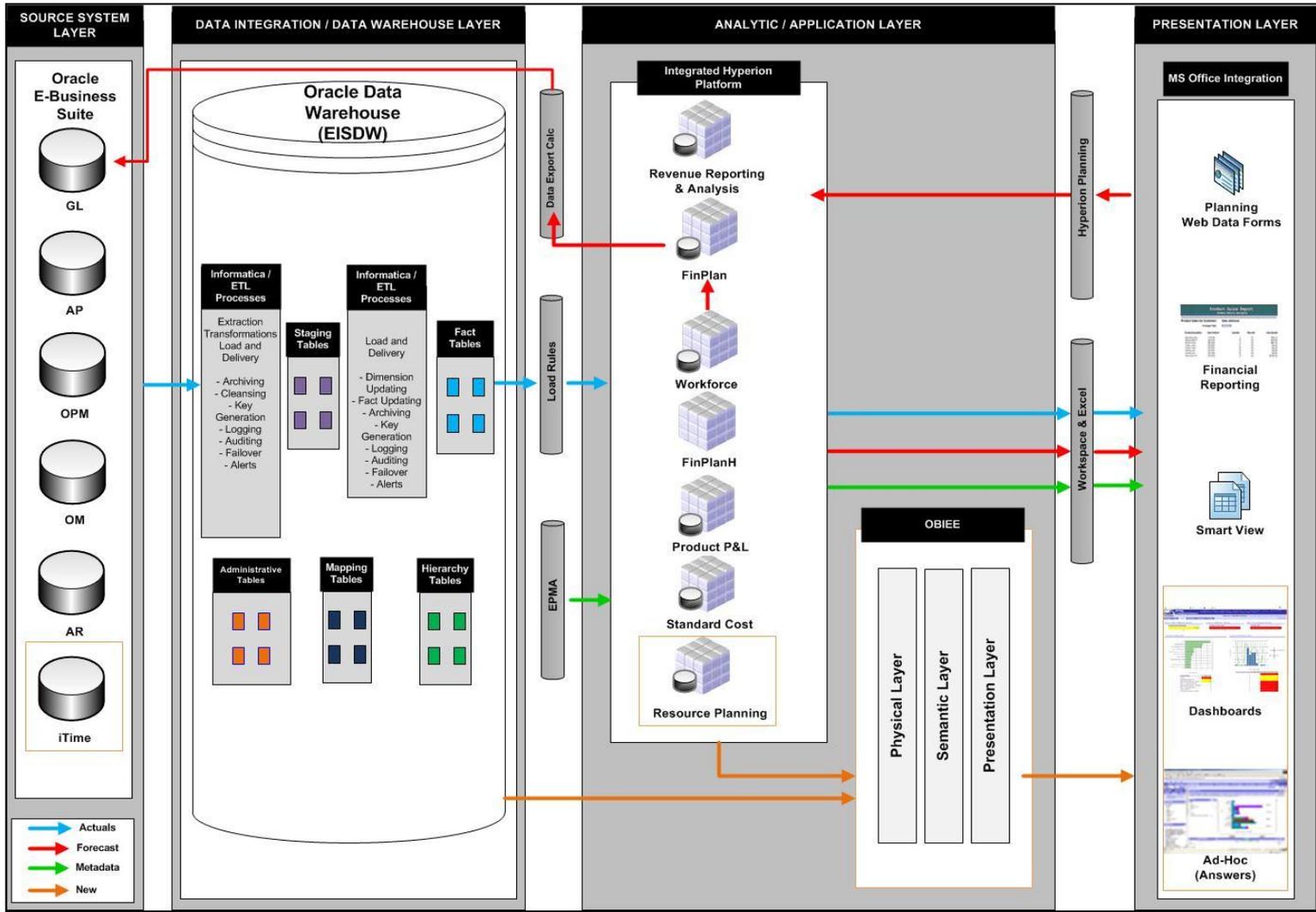
Enable local input for budgeting and forecasting purposes, created calculation logic required to report in additional currencies in the future

## Resource Planning Pilot

Apr 2013 – Jul 2013

Produced a pilot application showcasing the ability to use Hyperion Planning to forecast resources across R&D

# Expanding and Enhancing the Information Architecture



# What is next on the horizon ?

## Enabling Technology and Business Adoption

- Applications are engrained with the users ... “Can’t live without Essbase”
- Environment provides essential tools and capabilities critical for driving business forward
- Separate initiative to enhance overall solution support and continuous improvement

## Enhanced Analytics and Business Intelligence

- Currently in Stage 2 of the Maturity Model
- Foundation data and architecture in place supporting Executive Dashboard Pilot
- Detailed roadmap and longer-term implementation strategy underway



## Planning, Forecasting, and Performance Management

- R&D Division: Leveraging existing EPM foundation to implement a Resource Planning Model that builds demand and supply for FTE’s by function.
- Long Range Business Planning Model (MTBP)
- Explore other functional areas outside Finance

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