

## Financial Performance Management

- Corporate Performance
- AP / AR Management
- Product & Customer Profitability

Today, corporate finance executives are being tasked with far more strategic responsibilities beyond the traditional duties of financial planning, reporting and governance. To take their organisations to the next level, the corporate finance office is becoming a more active partner in business processes throughout the organisation, helping to make the performance of their enterprises more measurable and predictable.

Stratum FPM was designed to help both financial and operational executives better align strategy with operational performance and to improve compliance processes by delivering deep business insight that's based on a holistic view of the enterprise.

FPM improves the quality and trustworthiness of financial information by giving users across the business the ability to monitor performance, to forecast revenues and expenses more dependably and to manage budgets more effectively. It provides fast and easy access to financial information, enables a deep understanding of how value is generated and delivers strategic insight so decision makers can better predict future business outcomes. And it better enables companies to improve profitability through better cost management and a sharper focus on areas that deliver the most profit.

We invite you to discover how FPM's numerous financial reports, KPI metrics, and collaborative budgeting and planning platform can benefit your business, as well.

## Corporate Performance

Stratum FPM provides corporate performance management capabilities through a systematic, integrated approach that links enterprise strategy to core processes and activities. As a result, you'll be in a better position to "run by the numbers" as the planning, budgeting, analysis and reporting provided by FPM provides the measurements needed to empower better management decisions.

### Collaborative Budgeting & Planning

FPM empowers every stakeholder within an organisation to communicate, collaborate and execute on a commonly understood financial budget/plan ... driving a consensus-based budgeting and planning process across the enterprise, along with greater control over the accuracy, completeness and timeliness of this process.

FUNCTIONS	KEY ELEMENTS (ANALYZED or PLANNED)	MEASURES / REPORTS (INCLUDED)	BENEFITS
Collaborative Budgeting / Planning	Departmental Expenses / Budgets		Drives a consensus-based budgeting & planning process
General Ledger Analysis	Expense Tracking Account Analysis Department / Cost Center Analysis	Supply Chain Finance Costs Order Entry Costs Maintenance Costs Order Fulfillment Costs Operations Activity Ranking Department Activity Performance Resource Variances Activity Variances Cost Variances	Improved management of budgets & expenses Proactive monitoring of financial performance
Financial Reporting	Trial Balance Financial Analysis Income Statement Profit & Loss	Trial Balance Financial Analysis Income Statement Profit & Loss	Links financial reports with operational analytics

- If you are using numerous spreadsheets to create your budget planning, different assumptions in different spreadsheets are more than likely leading to conflicting data. FPM provides a single version of truth through its centralised database so everyone's working with the same numbers to produce budgets that ultimately are more accurate and complete in nature.
- FPM leverages any historical data that you may have, providing a basis from which each of your departments can create realistic, accurate budgets.
- With FPM, several people can contribute their budget numbers and make changes and still be able to keep track of what has changed and roll the data back if required.
- With the click of a mouse, you can allocate a budget across periods and adjust your budget by a percentage. You can also use a previous year's budget or last year's actuals as the starting point for your new budget plan.
- FPM can handle top-down budget planning where corporate sets the goals and pushes down the requirements to the departments. Plus, it can easily create a budgeting plan from the bottom up – building a higher level budgeting plan from a more detailed budgeting plan.
- "Working" budgets can be compared to "frozen" budgets to track and reference changes and to maintain flexibility in the planning process.
- Plus, hypothetical "what if" plans can be created to determine the effects of changes in your planning information.

### **General Ledger Analysis**

Stratum FPM lets you evaluate activities and costs associated with your organisation's processes across and within departments to help you better manage your budgets and expenses and to monitor your financial performance on a more proactive basis. With it, you can compare cost and performance across various segments of the organisation, such as facilities or plants or warehouses. Plus, activities can be compared from year to year, or quarter to quarter, to determine if process improvements are working as planned.

- Leverage FPM's built-in analyses and reports to easily assess your supply chain finance costs, order entry costs, maintenance costs, order fulfilment costs and other expenses to ensure that they continue to be aligned to budget.
- Evaluate your operational activities to determine which ones are consuming the highest costs and implement programs to improve those costs.
- Use FPM to easily identify which departments impact particular activity costs the most and consider which activities can be minimised or improved.
- Easily compare costs across facilities, plants, warehouses and departments to determine which areas of your business are in line with expected costs and which are not. This will allow you to focus your efforts faster on those areas requiring improvement.
- Quickly pinpoint variances in budgeted versus actual costs across multiple dimensions including resource centre, activity centre and cost object centre. The analyses offered by FPM will enable you to determine what specific products or customer-related activities are contributing to those variances, too.

## Financial Reporting

Stratum FPM also allows you to analyse and report on financial data without having to switch to other enterprise applications. And it enables you to link together and analyse your financial information with the operational data already stored in its data repository to increase the transparency and visibility of your company's overall performance.

- Allow anyone within the organisation to gain visibility to financial data at any time throughout a fiscal period without waiting until month-end processing to view it.
- Easily display data in financial report formats such as Income Statements, Balance Sheets, P&L's.
- Leverage complex drilling within financial reports to easily assess the operational-level detail behind them.
- Allow users to analyse GL accounts across departments or other financial entities (e.g. cost centres) or to analyse the same account (e.g. Travel Expenses) across multiple departments.
- Create customisable reports that can be printed and automatically distributed to others on an ad-hoc or scheduled basis.
- Leverage Detect & Alert functionality to notify users of potential issues (like travel expenses being within 90% of budget only seven months into the year).

## AP / AR Management

In addition to GL-related analyses, Stratum FPM includes pre-built measures and reports for assessing performance related to your Accounts Payable and Accounts Receivable.

- Improve the management of your Accounts Payable, reduce AP-related costs and gain better cash efficiencies through FPM's pre-built views and reports for assessing AP aging and trends, along with the history of your AP payments.
- Employ FPM to help increase collections and decrease your days sales outstanding by easily viewing your organisation's AR aging trends and history related to AR collections.

FUNCTIONS	KEY ELEMENTS (ANALYZED or PLANNED)	MEASURES / REPORTS (INCLUDED)	BENEFITS
AP Analysis	Aging History	AP Aging and Trends AP Payment History	Improved AP management Reduced costs Better cash efficiencies
AR Analysis	Aging History	AR Aging Trends AR Collections History	Increased collections Decreased days sales outstanding (DSO)

## Product & Customer Profitability

Profitability is a telling metric in any business. When it's below target values, there are many potential problems to address.

Are prices being squeezed from competitive pressure? Is the product's value not being communicated to customers? Is cost of goods out of range, signalling a problem with purchasing agreements or are suppliers' costs going up?

And when it comes to customers, what's driving their profits or losses? Does it make sense for us to hang on to large customers that are the least profitable for us? And do we understand our various customer segments from a profitability standpoint so we can drive better marketing, sales, channel and customer retention decisions?

FUNCTIONS	KEY ELEMENTS (ANALYZED or PLANNED)	MEASURES / REPORTS (INCLUDED)	BENEFITS
Product Profitability Analysis	Profitability Ranking Profit & Loss Cost Breakdown Category Profitability	Product Net Profitability Ranking Product Activity Breakdown Product Segmentation Product Profit & Loss Category Profitability	Increased profit by product Improved price management Improved category management
Customer Profitability Analysis	Market Profitability Budget Variances Channel Profitability	Customer Activity Breakdown Customer Segmentation Customer Profit & Loss	Increased profit by customer Improved price management Improved channel management

### Product Profitability Analysis

FPM offers pre-built analyses and reports for analysing product-related activities such as new product development, product production and the procurement of materials to evaluate how product profitability is impacted. In addition to identifying non value-add costs that can be improved or eliminated, you can begin to focus on required activities that are also reducing profitability. This focus will highlight pricing and other issues that may not be in line with the products and services you offer.

- Leverage FPM to easily rank products to determine which ones are most and least profitable so you and your operational executives can make better decisions relative to discontinuing certain items or reducing their related activity costs.
- View all activities associated with a particular product to compare costs to cumulative averages.
- Enable your marketing team to enhance their category management efforts by evaluating the true net profitability of each category and the products within each category to identify trends and improve overall category profitability.
- Evaluate product activity costs over any time period and compare to budget to detect any variances.

### Customer Profitability Analysis

By reviewing customer-related activities, you can also determine which ones are eating at profits and which customers are driving those costs. The FPM module uncovers the real cost of doing business with your customers so that improvement efforts can be focused on costs that fall outside of acceptable limits or contribute significantly to negative profitability. Your sales and marketing teams can focus on better servicing the needs of your most profitable customers. Plus, FPM will provide them with the information they need to work with customers in understanding their pricing and servicing requirements.

- Identify and rank your customers or customer groups by profitability and assess the specific activities that are causing them to be the most or least profitable.
- Analyse what customer-related activities consume the most revenue and how they compare to cumulative averages.

- Gain a comprehensive view of profitability by customer via a "profit and loss statement" that details all activities associated with indirect costs.
- Evaluate the profitability of the products each customer is purchasing and determine which products are the least profitable so that more profitable products can be recommended for purchase.
- Uncover low-profitability trends within certain customer segments or geographies and the activities that are impacting profitability in those segments.

# The Multiple Planning, Analysis & Reporting Options of Stratum

## Leverage Pre-Defined Analysis & Reporting

Stratum lets you gain an immediate return on investment by providing hundreds of pre-built business views and reports that are easily configured to your business. Plus, it's ready to accommodate you with a modular approach that lets you extend its analyses and reports across the enterprise as you need them.

## Powerful Planning Applications

Stratum reaches beyond the capabilities of other analysis and reporting solutions by letting you to model out and predict sales forecasts, pricing, inventory replenishment and more, using a collaborate budgeting and forecasting function.

## Inquiry

You can leverage Stratum's powerful inquiry capabilities to drill down into a specific area to pinpoint the answers you need. Plus, you can view the data in graphical format, making the process of analysing the performance of your business faster and easier.

## Quick KPIs

Stratum includes more than 500 pre-defined sets of Key Performance Indicator (KPI) measurements. These KPIs give executives and managers the ability to quickly identify your company's strengths and weaknesses and provide a starting point for performance improvement by showing whether or not your business is in line with its strategic objectives.

## Alerts

With built-in alerts, you gain crucial monitoring, proactive notification and automation capabilities that help your company adapt to changing conditions and avoid alarming scenarios pertaining to payables, receivables, budgets, sales and inventory. Pre-set any number of business rules and let Stratum protect you from failing to respond to deviations from acceptable levels by automatically sending alerts to those people who can take immediate action.

## Dashboards

Stratum also offers dashboarding capabilities to give your executives a one-stop, graphical snapshot of the business' health. Our dashboards are easy to understand, often highlighting important KPIs, revenues by period, product sales by category, actual vs. budgeted financial indicators and expenses by category, to name just a few. We've also made it easy for you to include Stratum dashboards on portal pages.

## Flexible Information Delivery

The options you have for delivering Stratum analyses and reports to the corporate office, plant floor, remote sales reps, customers and supply chain partners are virtually endless. You'll find that it's an ideal solution for power users who require the ability to plan, forecast and drill deeply into your organisation's performance data ... and that it's perfect, too, for more casual users who simply require browser-based access to their performance metrics!

## **Flexible Reporting**

When you wish to send static reports of your operational analyses to internal users, customers or suppliers, Stratum lets you automate the entire process of creating, generating and distributing great-looking reports. The reports can be saved in numerous formats like Adobe PDF and Microsoft Excel. Plus, they can be systematically scheduled for regular distribution by email to any user you desire, whether internal or external to your business.

## **Robust Data Repository**

Stratum protects your current technology investment by integrating with and leveraging the data you already have in your ERP, CRM and other business systems. Our enterprise connectors allow you to easily extract, transfer and load your data into an enterprise data repository that ultimately becomes the “single version of the truth” for your entire business.