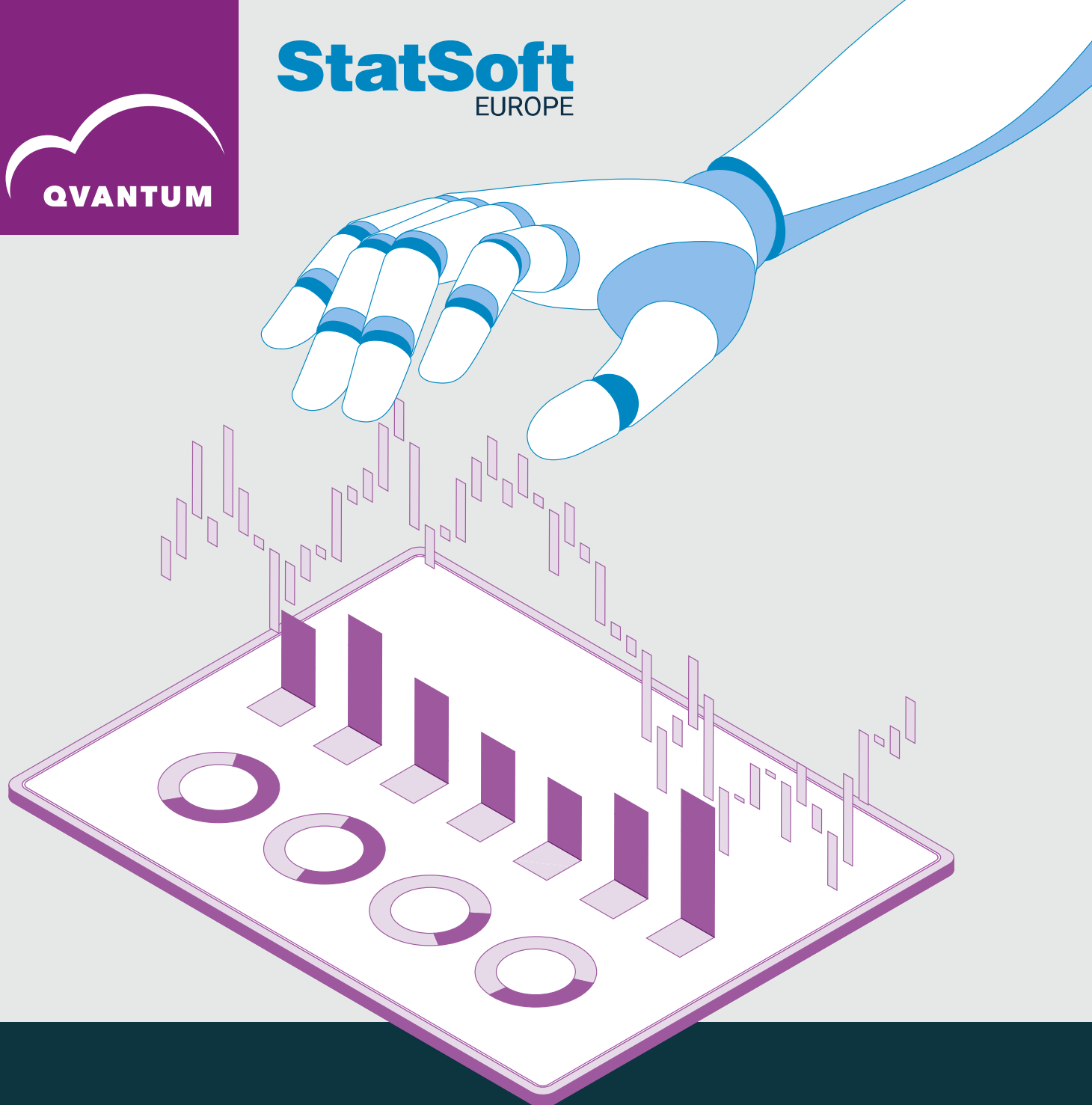# LESS GUESSING – MORE KNOWING

How predictive forecasting provides a helpful basis for agile corporate planning

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According to a BARC study, 75 percent of companies see the increasing relevance of predictive planning and forecasting. They hope to use AI-supported predictive models to optimize their planning processes and thus the results of planning. Even though only 22 percent state that they use such models, increasing interest in predictive forecasting can be observed – no wonder, since data is considered the gold of our time.

According to the study, 65 percent anticipate that predictive forecasting will improve the accuracy and quality of their planning. Almost 60 percent expect less planning effort and 49 percent believe that this will enable them to react more quickly to changing requirements. What is important when a company realigns its planning process and wants to take advantage of the opportunities offered by modern predictive forecasting solutions? What are the prerequisites for making successful forecasts?

Knowledge is power

As a provider of an agile solution for corporate planning, the experts at QVANTUM have not only intensively considered these questions, but have also come up with answers. One concrete result of these considerations is the partnership with StatSoft, a solution provider from the advanced analytics and AI environment. Together, QVANTUM and StatSoft have developed a predictive forecasting module whose algorithm is able to analyze existing data from corporate planning and use it to create an automated forecast.

The idea underpinning this predictive forecasting module is that it makes it easier for controllers, financial experts and also planners from specialist departments to manage the business or specialist department on the basis of an automatic forecast. One thing is crucial: The AI-supported forecast is a proposal. In a further step, this is supplemented and interpreted by the expertise of specialists; the final forecast is then of such quality that the company can proceed to work with it.

Guard rails provide orientation – especially in corporate planning

It is helpful that planning specialists themselves can define the degree of automation of the digitally generated forecast. In this way, an early warning system can be set up and introduced quickly and easily – a quick win with far-reaching added value. This early warning system clearly shows which parameters are conspicuous and should be considered separately. Gradually, a predictive system or process can be established that enriches and expands corporate planning. In the future, the QVANTUM predictive forecasting module will include even more parameters, which will enable increasingly early and realistic assessments of whether an organization is up to the challenges of the market.

"This module opens up completely new possibilities for companies. The results of predictive forecasting can be used as an early warning system, for example, because the analysis results, which are generated purely automatically according to defined rules, permit something akin to a glimpse into the future. How? By making projections and deriving forecasts based on existing data using algorithms and AI. In this way, potential changes become visible at a very early stage and this is exactly what makes the module an effective add-on to QVANTUM software for agile corporate planning."
Ralf Schall, Success Manager QVANTUM

Shit in – Shit out: the quality of the data is what counts

Regardless of the attractive options offered by algorithm-supported forecasts, the quality of the forecasts depends on the data on which they are based. The more data there is, the more valid it is, and the further back it goes, the better. A company's historical data is ultimately responsible for the informative value of the automatically generated predictive forecast.

According to a study by Big Eval, companies are certain that better data quality could increase their sales by 15-25 percent. Back in 2017, the Harvard Business Review management magazine published the results of a study that found that, on average, 47 percent of new data sets created by companies have at least one critical error that negatively impacts the company's operations. Put these findings in the context of modern capabilities through AI-powered predictive forecasting, and it becomes clear how consequential poor data quality can be. When situations such as a company takeover occur, it becomes all the more clear what effects can result from a flawed data situation.

"The predictive forecasting module gives a glimpse into the future, meaning that decision-makers can see trends that they would be unable to see on a classic business dashboard. These predictive figures are based primarily on AI- and algorithm-based evaluations, and they enable decision-makers to expand their view from the current situation to the future. This in turn improves the quality of decisions – whether for general planning or necessary plan corrections." -
Bert van Garrel, Managing Director StatSoft

The early warning system for planning

Provided a company has a solid base of historical data, tremendous effects can be achieved with the AI module from StatSoft and QVANTUM:

1. Meaningful projections

The AI-supported algorithm creates a data analysis on the basis of which helpful forecasts can be derived.

2. Changes stand out

Due to the visual representation, trends for changes and deviations can be identified very easily and, above all, at an early stage.

3. High integrity

The entirely machine-generated analysis results provide a realistic view of the data and can act as an early warning system.

4. Act preventively

These findings make early analysis and appropriate intervention and countermeasures possible.

5. Maximum data security

The data is hosted in the German high-security data center where QVANTUM also hosts its planning solution.

6. Everything always in view

Ad-hoc access to time- and business-critical information supports the initiation of a data analysis at any time.

Planning ahead

The new perspective on the current situation and future of a company enables even more far-reaching agile corporate planning. Decisions can be made better and faster.

> Predictive forecasting is an instrument for business management that uses stochastic models, machine learning and data mining approaches to forecast the expected achievement of targets more accurately and efficiently than traditional forecasts. Based on these predictions, which are most likely to be accurate, companies can develop appropriate measures and thus positively influence the expected development. **(Definition of the Lucerne University of Applied Sciences and Arts)**

Step by step to predictive forecasting

1. Status quo analysis

Before converting your processes to predictive forecasting, you should define what your targets are. It is important to understand which factors and information are the most important business drivers, whether there are hidden dependencies, causalities or correlations. It should be noted that predictive forecasting is part of agile corporate planning and that the results determined by AI-supported algorithms always need to be assessed and classified by specialists.

2. Introduction

QVANTUM helps with the introduction of the predictive forecasting module with professional consulting and support. Together, not only the goals and relevant processes are discussed. The expertise and experience of the specialists from QVANTUM and StatSoft are also incorporated. They support the development of the company's internal competencies in the areas of predictive forecasting and agile corporate planning. Companies also receive support in creating the technical requirements and integrating the solution. Individual concepts are developed and new processes defined. This includes, among other things, how the results of the analyses can be shared with other business units and used for the benefit of the company.

3. Application

Next, the entire corporate planning process is converted to QVANTUM and expanded by the predictive forecasting module. All data available in QVANTUM is used for the analysis – the further back this data goes, the better. Since the degree of automation of the predictive forecasting module can be set individually, everything can be set up in a targeted manner from the very first minute. Once the general conditions and the process are in place, predictive forecasting can become a regular operation. Thanks to extensive automation, there is free room that can be used to control and further develop the workflow.

4. Extension

Based on the new process and the regular findings, further ideas or possible areas of application can be evaluated. If necessary, the parameters of the projection can also be extended or supplemented so that corporate planning can be successively expanded and improved by means of predictive forecasting.

Conclusion

Those who recognize the possibilities of AI-supported processes and tools and know how to use them for their own benefit are clearly at an advantage: first, because they are likely a step ahead of their competitors and second, because the benefits have a positive impact on the company's results. In addition, it generally pays off for companies to act with foresight and recognize the signs of the times early on. It is safe to assume that automated forecasting will not only continue to develop, but will also find its way into companies across the board. Anyone who trusts in it today will be among the trendsetters of tomorrow and will have created the potential to focus on business challenges and opportunities.

About QVANTUM

QVANTUM is the German cloud solution for agile, operational corporate planning. The solution always provides companies with valid planning data – automated, cross-departmental and with the highest degree of user-friendliness.

QVANTUM replaces manual and inefficient planning processes. With QVANTUM, companies take their operational planning and related processes to the next level.

QVANTUM corporate planning is in use at German and international organizations, including SALOMON FoodWorld, ONSKINERY and Babor. QVANTUM is the ideal corporate planning solution for organizations of any industry and size.

Learn more at **getqvantum.com**

About StatSoft Europe

StatSoft Europe, based in Hamburg, Germany, is a consultancy and solutions provider in the field of data science, advanced analytics, machine learning (ML) and artificial intelligence (AI).

For more than 25 years, StatSoft has provided support with the identification, the planning, and the execution of projects, the implementation of solutions including education of their teams. With this 360°-service StatSoft generates enduring competitive advantages, value, and knowledge through analytics.

You have questions? Get in touch!

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