KPMG

2024 Global Financial Reporting and Valuation Conference

From Data to Decisions: Exploring the Impact of Driver-Based forecasting

—

December 8-10 | Fontainebleau Miami Beach, Florida

From Data to Decisions: Exploring the Impact of Driver-Based forecasting

2024 Global Financial Reporting and Valuation Conference

—

December 8-10 | Fontainebleau Miami Beach, Florida

Advantages of driver-based forecasts to enhance transparency and insights compared to traditional forecasting processes

Focus on Key Drivers

Emphasizes the identification and analysis of specific factors that directly impact business outcomes vs utilizing historical data and trends

Continuous Improvements

Allows for real-time updates as the drivers change or new data becomes available enabling responsiveness to changes in the business environment

Risk Management

Helps identify potential uncertainties or inaccuracies by providing underlying support for financial estimates

Scenario Analysis

Enables "what-if" scenarios by adjusting the drivers and observing the potential impact on the forecast

Predictive Analytics

Allows for predictive analytics to estimate driver data as the forecasting tools become more mature

Business Strategy Alignment

Creates a relationship between business strategy and financial performance that can be traced and analyzed

KPMG

© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS019279-3I

Driver-based vs. traditional forecasting

	Focus on Key Drivers	Continuous Improvements	Risk management	Scenario Analysis	Integration with Predictive Analytics	Alignment with Business Strategy
Driver-based forecasting	Emphasizes the identification and analysis of specific factors that directly impact business outcomes.	Allows for real-time updates as the drivers change or new data becomes available. This makes the forecasts more responsive to changes in the business environment.	Help identify potential uncertainties or inaccuracies by providing underlying support for financial estimates.	Enables organizations to perform "what-if" scenarios by adjusting the drivers and observing the potential impact on the forecast. This helps in better decision-making and planning.	Can incorporate predictive analytics to estimate driver data and improve forecast accuracy as the forecasting tools become more mature.	Ensures that forecasts are closely aligned with the strategic goals and create a linkage between business strategy and organization performance.
Traditional forecasting	Often relies on historical data and trends without necessarily understanding the underlying drivers.	May not be as flexible and often require periodic updates.	May sometimes miss important factors, leading to less precise predictions.	May not offer the same level of flexibility for scenario analysis.	May not leverage advanced analytics to the same extent.	May not fully capture the dynamic and strategic aspects of a business.

KPMG

© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS019279-3I

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us: **kpmg.com**

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. USCS019279-3I

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.