Maximize Enterprise Performance

Empowering finance at the speed of AI

To deliver game-changing opportunities like GenAI, your agency or Military service will need core capabilities and an agile mindset. Here's how to put that foundation in place.

The enterprise performance imperative

Your leadership is calling

There's a hurricane moving up the coast and they want a Plant, Property, and Equipment (PP&E) report to forecast the potential dollar amount of asset impairment that may result from the most impacted installations. And while you're at it: pull up the associated accounting and audit guidance associated with asset impairments to have proactive discussions with financial reporting teams and the organization's auditor.

Oh, and they need that new forecast in the next 30 minutes. Go!

How does your team respond? Do you have the tightly integrated data, technologies, talent, and capabilities today to meet that business-critical deadline? Or does your team still need more time to generate a new forecast than it takes that hurricane to develop and then slowly—like your business—lose its steam?

The truth is, while the pace of government continues to move in faster and more unpredictable ways, the pace of government planning is still struggling to keep up. Even many of the most sophisticated Federal agencies and Military services today are simply not able to rapidly generate the level of high-quality forecasts and urgently needed answers the government's needs to keep pace with the latest news cycles, technology gyrations, and competitive threats. (And, despite its much-deserved attention, Generative AI doesn't have all your answers yet, either.)

Still, many Federal agencies and Military services today are closer than they realize to closing the performance gaps and making significant improvements. They have at least some of the capabilities they need to move more quickly and drive more value from their planning and operations; but they lack a clearly defined, fully integrated approach to using those capabilities consistently across the enterprise. In some cases, perhaps a few Federal agencies and Military services are even distracted by silver-bullet solutions like "let's just add AI!"—an essential capability, to be sure, but only when connected to a larger vision and strategy for enterprise performance with excellence.

Instead, the pace of government today demands a more thoughtful, coordinated, and intelligent approach to planning and execution. It's what we at KPMG call Intelligent Performance: A holistic, enterprise-wide performance management vision—enabled by AI, data, digital, and other technologies—that empowers the entire Federal government to move more quickly, deliver more value, and drive better outcomes.

Here's how it works.

What is Intelligent Performance?

Intelligent Performance is the next-generation evolution of enterprise planning, reporting, and analysis—from high-level forecasting all the way through to actual results. It's enabled through a combination of optimized service delivery and a technology-enabled discipline that allows every part of the Federal government to move with the data-driven speed and agility that American taxpayers today demands.

While Intelligent Performance's outputs—more accurate forecasts, informed decisions, speed to market, bottom-line results—are typically the purview of the Finance team, it would be a missed opportunity to think of Intelligent Performance as a finance-only initiative. Instead, Intelligent Performance is driven by connecting essential building blocks from across the Federal government into a holistic, fully integrated, cross-functional operation—all of the required people, processes, and technologies, from the top down and the bottom up.

As we noted earlier, in our experience, very few Federal agencies and Military services today have assembled all the required Intelligent Performance building blocks into a fully baked approach that drives their mission. But many are closer than they realize. And while they may be missing a few essential tools and capabilities, just as important is how they are using and connecting the tools and capabilities they do have today. Are the finance and the supply chain teams working from the same data? Is IT testing out new AI enhancements on low-value business applications? Does HR know where the most high-value talent gaps are lurking?

An Intelligent Performance-enabled enterprise can answer those questions by connecting teams, technology-enablers, and value-drivers under a single approach. At a high level, we see five common drivers for Federal agencies and Military services that personify Intelligent Performance:

- **Alignment**

  All Federal government teams are tightly aligned and intelligently deployed, with the right resources in the right place at the right time.

- **Collaboration**

  There is an ethos of collaboration across the Federal government, fostered by leading practices like cross-functional centers of excellence.

- **Automation**

  Ongoing process automations are steadily reducing time-consuming, highly manual, low-value tasks.

- **Technology**

  The Federal government has a strong foundation of core capabilities like digital, data, tightly integrated cloud-based systems, and AI-powered predictive and automation tools, as well as a roadmap of potential use cases for GenAI.

- **Results**

  The entire Federal agency or Military service is focused on time and resource savings setting priorities and making decisions based on their clearly defined value to the citizen.

Getting your organization to a full-on Intelligent Performance approach is not some on/off switch, of course. In our experience, it's an ongoing journey of progressive improvements that move the Federal agency or Military service from one end of the performance continuum to the other. That journey starts with an honest assessment of your current capabilities—the building blocks you have in place today; a clear strategic vision on how to truly connect and empower your enterprise and where you want to go; and a detailed roadmap to get there.
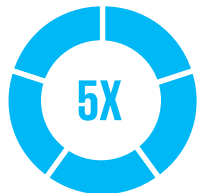
And getting there can deliver significant returns, as we have detailed in recent commercial KPMG surveys and based on our own project experience with leading companies in this space. Just a few of the results we have seen:
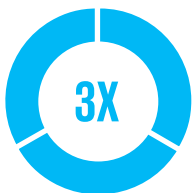
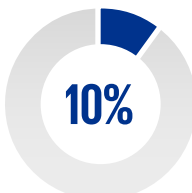**70%**
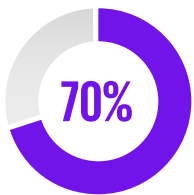
70 percent-plus automation of business reporting processes

60%
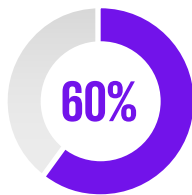
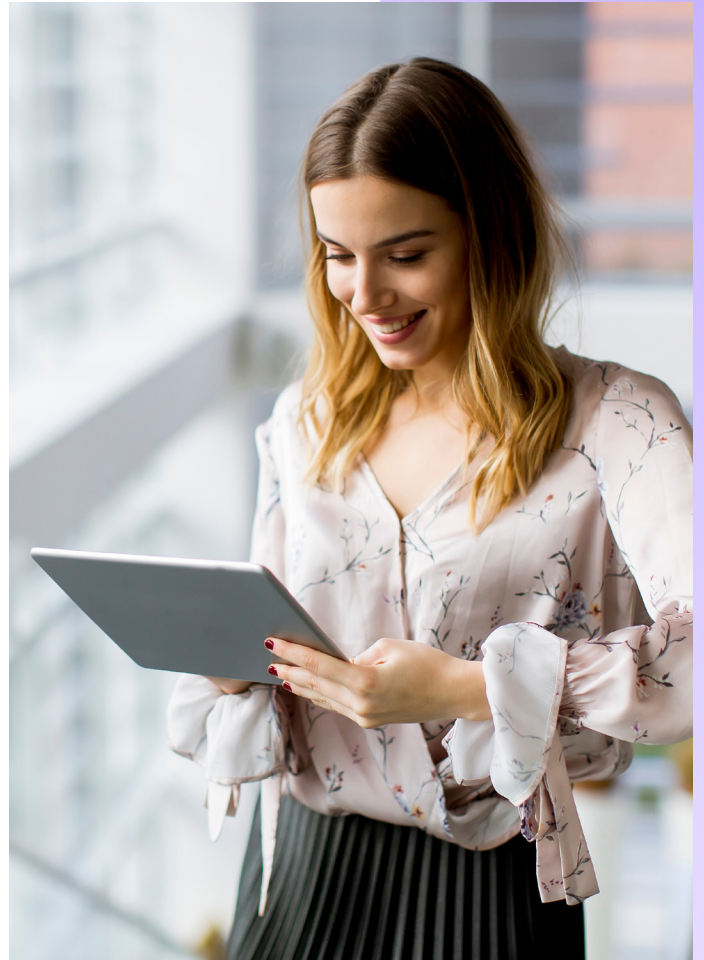At least a 60 percent improvement in forecast accuracy

5X

5X improved efficiency on the plant floor

3X

3X more staff time spent on analytics and decision-support vs. manual processes

10%

10 percent revenue growth from performance improvements alone

Roadblocks on the roadmap

For some Federal agencies and Military services, Intelligent Performance can sound like another massive project to add to their already massive to-do list. But Intelligent Performance is a strategic commitment, not a to-do tactic. And, over time, it's a steadily evolving, tightly coordinated enterprise approach that can isolate the Federal government's stickiest challenges and put Federal agencies and Military services on a path to solving them.

Here are some of the most common problems-to-solve for Intelligent Performance that we see in our work with clients, across five key areas. Do any sound familiar?

Planning and Forecasting

- Forecast generation and review cycles that take weeks or even months to complete

- Still too many manual, time-draining tasks that sideline staff with low-value tasks

- Ongoing challenges with forecast accuracy

- No true real-time view of the business

- An overall rearview-mirror mentality (reporting what happened) vs. a focus on forward-looking insights that identify new markets, channels, segments, and cost savings

Data

- Poor quality data, gaps in data, lack of sufficient (and clean) historical data, and similar

- Data siloes, with multiple data instances in use by multiple teams

- Challenges on data availability due to legacy data architectures and lack of centralized or federated data

- Poorly defined data governance, security, and ongoing oversight

Technology

- Misaligned systems—for example, finance, HR, and supply chain applications that don't "play well" together or simply are not connected at all

- Multiple enterprise systems (ERPs, EPMs) with redundant purposes that are not connected

- Lack of proven game-changing technologies like AI for forecasting and predictive modeling, machine-learning for data-mining, business process automations, and more

- Poorly defined and prioritized technology roadmap, including use cases and execution on GenAI

- Poor utilization of cloud-based sharing and collaboration tools—and an ongoing reliance in at least a few areas of the company on "I'll just email you the spreadsheet"

Talent

- Gaps in high-value skills like digital, analytics, data science, cybersecurity, and more

- Misaligned resources and staff allocations across the org that don't tie back to any clear value-generation KPIs

- Lack of training, upskilling, and best practices like dedicated centers of excellence

- Gaps in cross-functional collaboration and innovation

- Legacy mindsets

Supply Chain and Operations

- No real-time visibility into supply or demand

- Poor or trailing visibility on customer segments, channel efficiencies, and new market opportunities

- Lack of collaboration across the enterprise and operational siloes

The essential building blocks for transformation

Operating from a foundation of Intelligent Performance is essential for Federal agencies and Military services to maximize results from transformational opportunities like AI, and its potential to dramatically reshape "Business As We've Always Known It."

The clamor is especially loud these days for GenAI, a subset of the broader umbrella of AI applications, and a technology that seems ideally matched for complex business tasks like making sense of messy data, generating high-quality forecasts and insights, and creating summaries and reports that match high-level human outputs. In other words, generally helping the humans move faster, work smarter, and create more value for the Federal government.

And businesses are leaning in—and then some—with the vast majority of executives in recent commercial KPMG surveys citing GenAI as their company's top technology priority and most impactful new opportunity to improve their organization overall.

We also believe GenAI can be a transformational technology that unlocks a cascade of exciting new opportunities for the Federal government. But one of the early challenges we are seeing on moving GenAI from opportunity to execution is the tendency to sprint ahead with AI initiatives without having a solid enterprise performance foundation in place at the starting line. Lacking that foundation, initiatives to tap AI's vast potential risk becoming the latest update of that long-standing technology truism, "garbage in, garbage out."

Enter Intelligent Performance. By identifying the essential enterprise performance building blocks, intuitively stacking them together, closing gaps in capabilities, and tightly connecting the whole Federal government, Intelligent Performance provides the intelligent infrastructure they need to generate sustainable results—from their AI ventures, yes, but from all of their other key initiatives as well.

To get that foundation in place, as a starting point, we use three key steps:

- **Assessment**

  Identify which components and capabilities you have, what you're missing, and what you need to close the gaps.

- **Vision**

  At a high level, establish how the building blocks best fit together for Federal agencies and Military services as well as who's responsible for each key area and the overall plan.

- **Roadmap**

  Develop a roadmap and timeline to execute the plan that prioritizes each step based on budgets, resources, and urgency in each area.

It's important to note that Intelligent Performance is not a silver bullet but a steady journey of ongoing improvements that involves full commitment from the entire enterprise. Staying relentlessly focused on optimizing each building block and tightly integrating the interconnected functions will empower the Federal government to continuously improve their performance and results.

Let's take a closer look at each core area of Intelligent Performance and its essential components. The building blocks range from foundational elements (left) to emerging trends (right) within the performance management ecosystem. It's important to note again: Very few Federal agencies and Military services that we have seen have achieved 100 percent of the target operating capabilities in each stack. The goal is to continue to make progress in each core area as part of the ongoing journey toward Intelligent Performance.

The essentials

These are the core enterprise data, systems, and process requirements that make Intelligent Performance work:

- Standardized, clean data model that eliminates data siloes, ensures data availability for all authorized users, and establishes ongoing data governance and oversight

- Standardized, efficient, baseline processes across all teams

- Fully connected enterprise systems (EPMs, ERPs, etc., including multiple instances if needed)

- Shared services fostered by cross-functional centers of excellence and expertise

- Standard reporting across all teams, whether finance-driven or other

- Alignment of technical and functional skills

Optimized business drivers and processes

Tight collaboration between teams and increased automation (from processes to planning) that creates a more real-time view:

- Steadily increasing automation of processes

- Tighter planning between Finance and Operations

- Optimized Supply Chain, from procurement through inventory

- Driver-based forecasting that embeds cascading performance levers and related KPIs directly into business planning processes

- Drill-through analyses to supporting detail

01 ----> **02**

04 <---- **03**
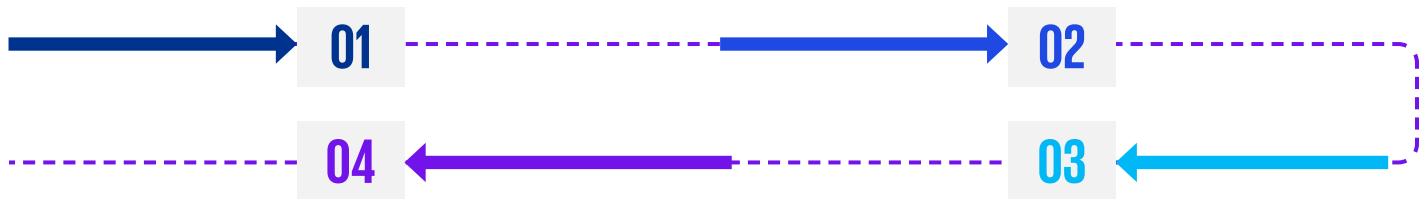
Game-Changing GenAI and Innovation Enablement

The high-functioning, Intelligent Performance-driven organization is now in pole position to optimize transformational opportunities like:

- Expanded AI and new GenAI capabilities

- Predictive/prescriptive analytics ("What might happen, and what should we do?")

- Enhanced delivery models

- First-mover opportunities on value-driving innovations—new products, services, and more

Enhanced Business Intelligence and Insights

Powered by more robust data, streamlined processes, and a culture of collaboration, the Federal government can rapidly advance the speed, accuracy, and value of its planning, and insights via:

- Fully integrated planning across the entire Federal agency or Military service

- Intelligent forecasting that incorporates AI-driven advanced algorithms, machine learning/data-mining, and predictive models

- Integration of external data/signals that further optimize and improve the accuracy of the driver-based and forecasting models

- Real-time analytics and dashboards

- Sophisticated "what if?" scenario modeling

Intelligent Performance: Answering the call

Intelligent Performance is the ultimate enabler—for your people, processes, and technologies. We've seen the results first-hand in our work with clients, where Federal agencies or Military services have leveraged the significant performance improvements to:

- Increase the value of services delivered across the Federal government

- Rapidly redeploy resources and capacity to higher-value areas

- Develop talent and increase digital capabilities

- Liberate staff to spend more time generating business insights and less time managing business processes and manual tasks

- Enable faster, more informed, and more value-generating decisions

Then too there are the significant potential returns on the many roads ahead: For example, Intelligent Performance-driven organizations will have an advantage when it comes to maximizing the return on the taxpayer dollar while utilizing paradigm-changing opportunities like GenAI.

But these performance leaders also have a real advantage thanks to the more flexible flow of information overall, which enables them to quickly identify disruptions. More agile forecasting also rapidly incorporates macro-economic trends and better allocates scarce resources. The organization is also better positioned to shape its Federal workforce.

Perhaps most important, though, Intelligent Performance prepares the entire organization for the ever-increasing volume of "what do we do next?" calls-to-action ahead.

How KPMG can help

KPMG has long been a leader in enterprise performance management and optimization. We help companies of all kinds improve their results through projects that range from tightly focused operational improvements to large-scale transformation initiatives. Our cross-functional expertise covers the entire Federal government, and empowers them all through leading-practice support for strategies, on-the-ground execution, and collaborative centers of excellence.

Our experience in the field has shown us that Intelligent Performance is a journey, not a destination. It empowers Federal agencies or Military services to steadily improve performance and results at a pace that fits their needs and urgency. In today's fast-moving climate, with game-changing opportunities seemingly around every corner, please let us know if we can help you on your journey to more Intelligent Performance.

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