

# BUDGETING, PLANNING, AND FORECASTING



## Adapt to changing business needs

Kaufman Hall Axiom Planning is part of our best-in-class performance management platform, helping financial institutions deliver timely and accurate information to support financial performance while adapting to changing market and business conditions.

Axiom Planning solutions enable collaborative financial planning, including:

- Financial and operational budgeting, including staffing and capital expenditure planning
- Cash flow forecasting
- Periodic and rolling forecasting
- Scenario analysis
- Long-range planning

The unique structure of the Axiom platform equips institutions to plan at a detailed or aggregated level.

### Capabilities include the following:

- Streamline the **budgeting** process, automatically consolidating budgets across the institution while using a Microsoft® Excel interface.
- Amortize individual customer records into cash flows and aggregate them by any dimension with **cash flow forecasting**.
- Monitor and model the impact of market and institutional changes on financial outcomes using periodic and rolling **forecasts**.
- Understand the impact of alternative scenarios and their effects on budgets and forecasts through **scenario analysis**.
- Capture the goals and initiatives needed to advance your institution's strategy and ensure ongoing success with **long-range planning**.

## Budgeting

Applying best-practice approaches to collaborative processes supports delivery of accurate and trustworthy results across the institution. Designed with ownership and usability by finance professionals in mind, our budgeting solution provides the following capabilities.

**Expedite budgeting to focus on strategy** – Fully automate critical planning, reporting, and batch processes and eliminate tedious data-collection activities to focus on high value strategic decision making.

**Integrate data seamlessly** – Leverage a single, trusted database to incorporate data into your planning, budgeting, and reporting processes. Integrate data from source applications such as general ledger, human resources, fixed assets, and detailed loan and deposit systems.

**Leverage Excel** – Embrace the familiarity of Excel with extended functionality for developing business rules and designing reports without complex scripting.

## Cash Flow Forecaster

The Kaufman Hall Axiom Cash Flow Forecaster solution calculates individual customer/member cash flows and supports aggregation by any dimension.

**Benefits of the Cash Flow Forecaster include the following.**

**Better predict net interest margin** – Use the interest rate forecast, runoff of existing balances and rates, impact of new originations, and optional funds transfer pricing rates (FTP) to more accurately predict projected balances, yields, and FTP spread (if used).

**Improve accuracy** – Add prepayment assumptions so future cash flows reflect a more realistic view of customer/member behavior.

**Expedite planning** – Leverage projections of existing loans and deposits/shares in determining the volumes and rates that should be added moving forward, building cash flow forecasts into the standard budgeting process.

### Forecasting

Axiom Planning periodic and rolling forecasts incorporate actuals and changing assumptions into the balance sheet, margin, and net income forecasts at regular intervals.

**Benefits include the following.**

**Mitigate risk** – Create comparisons and monitor performance trends against financial targets and key performance indicators (KPIs) to proactively address risk.

**Understand market drivers** – Model and monitor the impact of factors such as shifting interest rates, loan and deposit demand, and operating costs on expected financial outcomes.

### Scenario Analysis

Axiom Planning helps financial institutions efficiently evaluate multiple business scenarios to prepare for changing business conditions. Benefits include the following.

**Know the impact of change** – Perform dynamic “What if?” modeling to easily quantify the effect of defined scenarios, such as changes in interest rates, operating costs, and staffing.

**Stay nimble** – React quickly and appropriately to change based on known impacts.

**Understand global and local ramifications** – Aggregate projected changes into overall planning portfolios, or drill down to the branch or department level.

### Long-Range Planning

Long-range planning capabilities within Axiom Planning help institutions navigate a changing business environment and ever-increasing regulatory constraints.

**Benefits include the following.**

**Align with institutional goals** – Build long-range plans that

consider operational, capital, and financial drivers, projecting KPIs and guiding strategies to achieve the institution’s goals.

**Gain ongoing visibility** – Create scorecards and dashboards to monitor progress and course-correct as market conditions change.

### Solution Features

**Axiom Planning solutions have a number of key capabilities:**

**Driver-based budgeting** – Create and manage planning models that are connected to market and operational drivers.

**Industry-specific tools** – Employ budgeting tools tailored to financial institutions, including average balance and yield calculations, balancing utilities, cash flow generation utilities, and relevant reporting.

**Efficient relational database structure** – Easily access summary financials and drill down to unit and account-level results.

**Flexible, scalable workflow** – Define role-based workflows to automate reviews and approvals, scaling to thousands of users.

**Robust reporting** – Produce a broad portfolio of reports, from balance sheets to rate-volume reports

**Extended data visibility** – Generate projected cash flows at the record level automatically, aggregating individual records into planning portfolios; drill through from the portfolio level.

**Dynamic “What if?” modeling** – Easily quantify the impact of client-defined scenarios, such as changing interest rates and staff assumptions.

**Transparent logic** – Improve accountability with results that are easy to understand.

**Automatic updates** – Incorporate forecasts into subsequent forecasts and budgets.

*Visit our website to learn more about Kaufman Hall Axiom Planning solutions and services, or request a demo*