



10 KEY TAKEAWAYS

The Revolution and Best Kept Secrets about Predictive AI for Planning and Forecasting

THE REVOLUTION AND BEST KEPT SECRETS ABOUT PREDICTIVE AI FOR PLANNING AND FORECASTING

In a recent webinar, Rich Wagner, Prevedere CEO, and Mark Smith, CEO and Chief Research Officer of Ventana Research, presented the revolution of predictive analytics and how organizations can implement AI and machine learning-based planning practices. They also highlighted the best-kept secrets for planning and forecasting. The following are 10 key takeaways from that discussion.

01 THE REVOLUTION IS ABOUT REIMAGINING THE USE OF DATA AND MODERN TECHNOLOGY

Over the past two years, business planning and forecasting have rapidly advanced thanks to a revolution in the way businesses leverage data science and technology. As Mark describes, this revolution is about "using data science and analytics to not just analyze the past...but it's really to look at the forward-looking opportunities to identify anomalies and exceptions, or opportunities." The result is that businesses are not only leveraging available data and technology in new ways but moving towards a system of planning that is more efficient, more intelligent, and more robust than ever before.

02 EXTERNAL DATA IS A MUST-HAVE FOR PLANNING AMIDST TODAY'S VOLATILE ENVIRONMENT

Understanding the impact of volatile market forces starts with external data. However, Rich warns against falling into the common trap of simply using general industry data without looking deeper at external data unique to your specific organization. Rich explains, "you do business in certain markets, not globally, not across the entire market. You have unique products, unique ways to market and sell them, that you need to model your specific business to the right set of external data...that are more granular and more specific." While Rich emphasizes that external data is a must-have, it's equally important to have the right data related to your target markets in particular.

03 BREAK FREE FROM TRADITIONAL, LIMITING FORECASTING AND REEXAMINE FUTURE PLANNING

Many businesses are stuck in the old ways of forecasting with limited approaches or spreadsheets without advanced ML or AI capabilities. They simply do not have the data science expertise to understand the potential of modern predictive models or move forward in creating them. To address these impediments, Mark suggests "software that can help bring this data science expertise, the skills, and capabilities...that can help us move to the next level. All of this requires the support of leadership to explore the innovation and what's possible." Mark concludes that "you've got to start to experiment, you got to examine new approaches. You cannot just depend on the legacies of what you've had in the past."

04 LEVERAGE ADVANCED ML AND PREDICTIVE AI TO UNCOVER THE FULL POTENTIAL OF DATA

Data may be the first step to building better predictive models, but it can be challenging to correlate through millions of data sets to identify the right indicators. Rich explains that cloud computing, enabled with advanced ML and AI, is the horse-power "to process all that data very quickly, very efficiently and in a cost-effective manner." Not only does this allow businesses to complete this process on a large scale, but the result is that "the models are more accurate and more stable and now have the ability to update all day and every day."

05 CREATE MULTIPLE SCENARIOS TO STAY AHEAD OF CHANGING MARKET DYNAMICS

As Rich explains, "in today's world, we not only have to forecast once, but we may have to create multiple scenarios." Between the ongoing pandemic, supply chain disruptions, and the increasing impact of inflation, businesses need to be prepared for a range of potential economic scenarios. By leveraging a predictive AI solution such as intelligent forecasting, companies can project baseline, optimistic, and pessimistic forecast scenarios to be more agile and attentive to changing external forces.

06 **OPERATIONALIZING EXTERNAL DATA STARTS WITH TRANSPARENCY AND ACCURACY**

The best way to operationalize external insights is to integrate directly into existing, internal planning processes. Rich highlights that "econometric cause and effect models that include both internal and external data are significantly more accurate than forecasts that ignore it." Finally, Rich concludes that "it's just as important to be accurate as to have the transparency that will allow the business leaders to understand why and how you created the forecast."

07 **MOVING FORWARD, THE BIGGEST MISTAKE WILL BE REVERTING TO PRE-PANDEMIC PLANNING**

With millions of dollars and potentially career-defining decisions on the line, there is a lot at stake for business leaders. Rich stresses that "the number one reason we see certain leaders turnover is they didn't see something coming." That being said, the biggest mistake in the coming months will be reverting back to traditional, inward-looking forecasting methods. Rich highlights that "more agile planning may be difficult, but it's valuable to open that discussion to think about how these external factors influence our business".

08 **PARTNERING WITH A COMPANY IS THE MOST EFFICIENT AND BEST WAY TO GET STARTED**

Some companies may try to build intelligent predictive models internally. However, Mark explains, "it really makes no sense to actually attempt to build something that vendors... have invested a significant amount of time and effort to build." The research and data back this up as well. Mark describes that "organizations that picked dedicated applications for particular business needs will have a faster time to value, will actually have better utilization of resources, and most importantly have more effective decisions." The reason for this difference is that most companies simply don't have the time, resources, or expertise to build these AI models from the ground up to the scale that a dedicated provider can.

09 IT'S NOT TOO LATE TO START LEVERAGING INTELLIGENT FORECASTING IN 2022 PLANNING

Most companies are in the process of planning for 2022, but it's not too late to incorporate predictive AI. Models that in the past took weeks or months to build now only take a couple of days. With the power of advanced AI, Prevedere "loads your data set (your historical data) inside our AI ML engine, and we can share the predictive modeling results with you in a day or two and say this is what our engine is telling us. We tested it; we built thousands of models, we scored and ranked them, and then here's how well they'll predict." The resulting models act as a guardrail, baseline, or consensus forecast for 2022.

10 INTELLIGENT FORECASTING WITH PREDICTIVE AI IS THE FUTURE OF BUSINESS PLANNING

It is estimated that predictive analytics, which harness the power of advanced AI and ML, will be the norm among top businesses in the next few years. As Mark explains, "that's not a lot of time for organizations who have not caught onto this next-generation approach of using AI and ML." In an ever-changing economic landscape, businesses that fall behind the revolution in predictive analytics will find themselves in a position to be blindsided by external forces and miss opportunities they didn't see coming. Don't wait for the next black swan event to make critical changes to your planning and forecasting processes.

COMPANIES PLANNING IN 2022 ARE IN UNCHARTED WATERS

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