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The Impact of Predictive AI on Forecasting and Planning

Key Takeaways from Prevedere and Forrester Webinar



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The following key takeaways are derived from a joint webinar by Prevedere and Forrester on the impact of predictive AI on forecasting and planning. The webinar panel included Mike Gualitieri, VP and Principal Analyst at Forrester, Andy McCartney, Director of Product Marketing at Prevedere, and Greg Phillips, TEI Consultant at Forrester.

1. Incorporating predictive AI into business planning processes will become a standard practice

The use of AI technologies in business planning has already skyrocketed in recent years, and it's quickly becoming a standard practice, especially as more enterprise management software incorporates AI abilities. Mike explains that AI "is strategic, it's a fundamental technology and every enterprise will use it whether they build AI applications themselves, and certainly by software that has AI incorporated into it". Mike estimates that "nearly 100% of enterprises will use AI applications and build AI capabilities in the next five years". While AI technology has grown increasingly widespread, it's a somewhat misused term. Mike defines AI as software that "can either mimic and in many cases exceed human intelligence to find patterns, make decisions, formulate new knowledge...people often talk about AI and ML in the same breath, but they're actually different, right? AI refers to the capabilities of that software. ML is one of the technologies".

2. Blindly adopting predictive AI is not enough, enterprises also need to rethink their approach to data

Machine learning is the basis for building predictive AI solutions, but the results are entirely dependent on having the right data. Mike highlights how "people talk about the algorithm, but the algorithm without the data is not going to work". For enterprises, internal data is often in no short supply, but it's the lack of external data that leaves them blindsided. As Mike puts it "they don't necessarily have data about the entirety of the market. And if you think of many applications like forecasting and planning, that's absolutely critical to augment your existing data with external data."

3. AI-powered solutions can scale the power of human intuition for faster and smarter decisions

While predictive AI solutions are useful on their own, the real power comes from augmenting artificial intelligence with human intelligence as they supplement each other's capabilities. As Mike explains, "there's a strength and a weakness to our approach towards making decisions but computers have complementary strengths and weaknesses. Their strength is analyzing mounds of data that we're not capable of doing ". Augmenting human intuition with predictive AI results in more data-driven decisions made more efficiently. Mike emphasizes that a combined approach "is going to allow companies to scale human intelligence".

4. AI removes bias from the decision-making process, leading to more market-savvy planning teams

Mike explains, "what makes us very special as compared to computers is that we can actually make decisions based upon limited information...Now the positive side of that we call intuition. The negative side of that though is cognitive bias where we fill in blanks". Removing this cognitive bias from the decision-making process can be extraordinarily valuable, particularly because predictive AI can uncover external forces that business leaders would have never

thought of before. From an operational standpoint, Andy highlights that it "makes planning teams more market savvy. They understand what really drives their businesses. It creates a more data-driven culture, less gut feel, less biased and way more data-driven".

5. The world is changing faster than ever before and forecasting methods must evolve to keep up

In the past, most companies relied solely on internal historic data to predict and plan for future performance. External forces were simply viewed as a constant as market conditions remained stable. However, Andy highlights how "that's certainly not the case today, companies that have had highly predictable business growing steadily at maybe 1-2% per year for maybe over 30 years have seen seemingly unexplainable shifts with some product lines up or down 20-30%". As economic volatility continues to accelerate, companies that look internally to plan are left with major blindspots. Andy explains that "most companies we speak with have a hard time understanding which external forces will impact their business or their industry, when and also by how much and this creates a significant unknown for their forward-looking plans and forecasts...Our goal is to help organizations remove those planning blind spots that can be so costly to businesses".

6. Leveraging external data removes critical blindspots and uncovers a more holistic and accurate forecast than internal data alone

By leveraging external data with predictive AI solutions, companies can remove critical blindspots so that they can plan with more confidence and visibility amid heightened uncertainty. Andy explains that Prevedere's Advanced Predictive Planning "takes what you know about your business and overlays the impacts of external dynamics, by firstly determining which forces will have an impact, secondly, projecting the impacts and lead times". By removing these blind spots and identifying driving forces, business leaders are better positioned to act quickly either to mitigate potential risk or seize growth opportunities. Ultimately, the result according to Andy is "plans and forecasts that are well informed and more accurate, as well as being kind of market validated with an external lens and impartial external data".

7. TEI study of Prevedere reveals a 345% return on investment

To determine Prevedere's Total Economic Impact, Greg explains that Forrester "interviewed a US chemical manufacturer, total size about three billion in annual revenue with dozens of US production sites and they sold into a global marketplace". While the company in question was able to forecast short-term results from their sales pipeline, Greg explains there was "no true empirical framework to understand the economic drivers of their business and their potential impact". According to Greg, the insights that Prevedere provided helped them "reduce inventory right off during an economic slowdown. Improved forecast accuracy also helped them avoid the cost of transporting additional raw material as they strove to catch the upside of the cycle. And then finally, they saw significant benefits from some of the pricing signals that Prevedere was able to glean internationally in markets that this company didn't even sell into". During a three-year period, the company ultimately saw returns of 345% benefits worth \$3 million and a NPV of 2.3 million dollars.

8. Beyond the dollar ROI, Forrester finds that investing in Prevedere's solution yields long term benefits like scalability, flexibility, and improved operational processes

As Forrester highlights in their TEI study, investing in Prevedere's predictive AI solution proves to be extremely valuable, both in terms of hard dollar ROI and the less tangible benefits. Beyond cutting costs and managing inventory more efficiently, Greg highlights how Prevedere helped create "a harmonious way of analyzing the businesses across each of the units helped create management focus for the organization. It improved the consistency and controls and guidance across each of the business units, responding both top-down and bottom-up". For more information on Forrester's Total Economic Impact Study of Prevedere's Advanced Predictive Planning Solution, [download the complimentary report now](#).

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companies plan for
what's next.

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