



Using leading indicators to market-validate planning & strategy

Leading organizations are leveraging leading indicators and economic-based models for actionable predictive planning.

Today, businesses are impacted by increasingly volatile external forces, yet they do not identify, quantify and incorporate these

drivers into forecasts and plans. Prevedere's Advanced Predictive Planning (APP) method and AI technology adds economic baseline forecasts into existing planning processes, resulting in helping companies market-validate planning and strategy.

What if you could identify which external factors impact your business to protect against risk or seize opportunity?

Advanced Predictive Planning empowers organizations to incorporate external dynamics into strategic and operational planning. Through this **4-step process**, organizations can create, simulate and back-test prediction models, blending economic baseline forecasts with internal forecast to improve forecast accuracy and market foresight.

Step 1:

Input data for metric to be forecast



Step 2:

Correlate input data against external indicators

Step 3:

Create models for economic prediction

Step 4:

Blend external baseline forecasts with internal forecasts

Step 1:

Import data for metric to be forecast:

Customer provides 60+ months of performance data for a business
(in this case, retail sales of condiments category)



Examples of business metrics that can be forecast, whether for short (3-18 months) or long (3-5 years) term:

Demand Examples

- US company \$ sales for a category
- US TAM (total addressable market) sales for a category
- Unit/volume sales of a product/brand, for a region, channel or combination

Cost Examples

- Freight cost for US B2B overnight delivery
- Staff cost for restaurants in California
- US store expenses for next 12 months
- Raw materials cost for pharma products

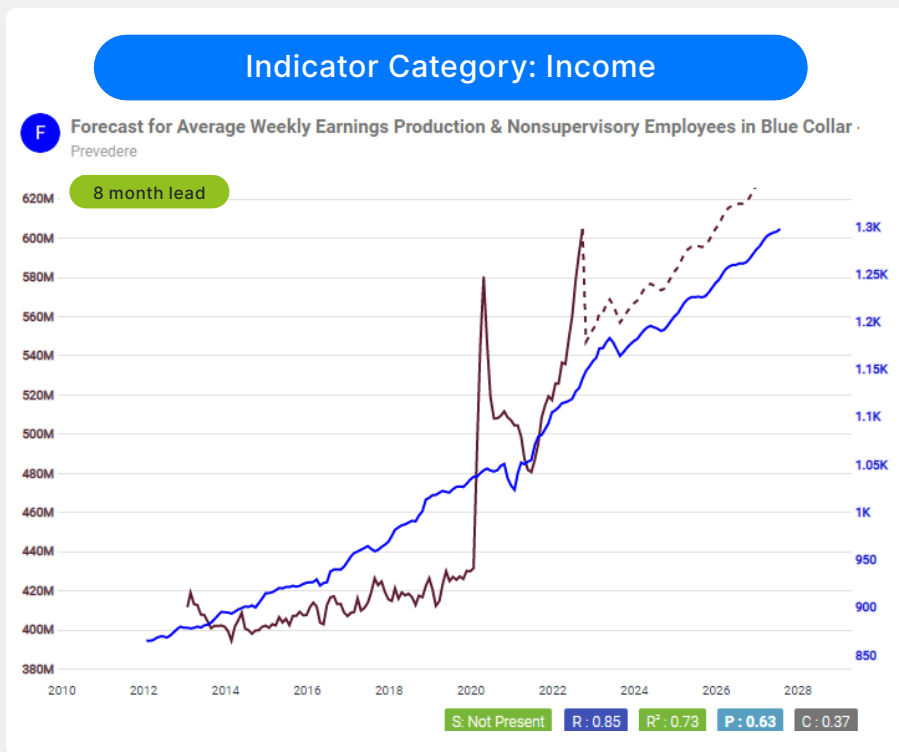
Price Examples

- Palm oil commodity price for next 6 months
- Muscle beef price for next 12 months

Step 2:

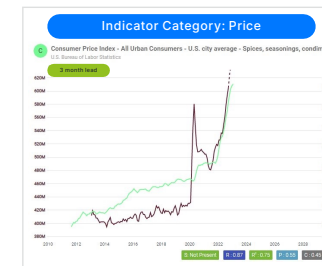
Correlate input data against millions of external indicators

Perform advanced correlation analysis to identify the top 5-40 indicators. Preferred indicators are leading (not lagging), with predictive lead times between 1-12 months.



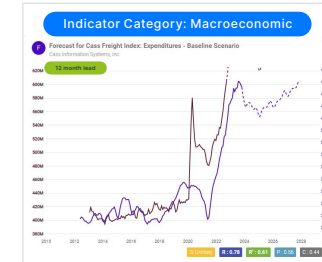
Sample indicator category

Here are other examples of correlated leading indicators from a variety of external data categories.



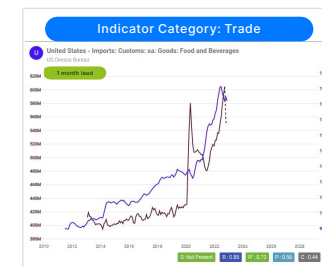
Price indicator

3 month lead



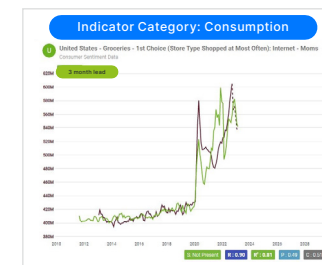
Macro indicator

12 month lead



Trade indicator

1 month lead



Consumption indicator

3 month lead

Step 3:

Create econometric prediction models

Ingest correlated leading indicators into modeling platform. Create, simulate and back test thousands of models.

| Model Quality Score | R ² | Preventive R ² |
|------------------------------------|----------------|---------------------------|
| Model Quality Score | R ² | Preventive R ² |
| Model Quality Score | R ² | Preventive R ² |
| Model Quality Score | R ² | Preventive R ² |
| Model Quality Score | R ² | Preventive R ² |
| Model Quality Score 0.92 | 0.98 | 0.97 |

- 44.59%** **P** Prevedere US Telecommunications Industry Leading Indicator
- 32.70%** **M** McGraw Hill Residential Building Construction
- 9.26%** **C** Consumer Sentiment
- 8.46%** **E** Electronics and appliance stores - Average weekly earnings
- 4.99%** **A** All other specialty trade contractors - All employees, thousands

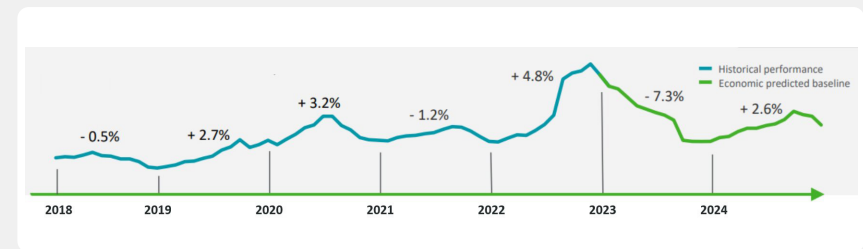
Models

Rank the most predictive models with the highest contributing predictive indicators

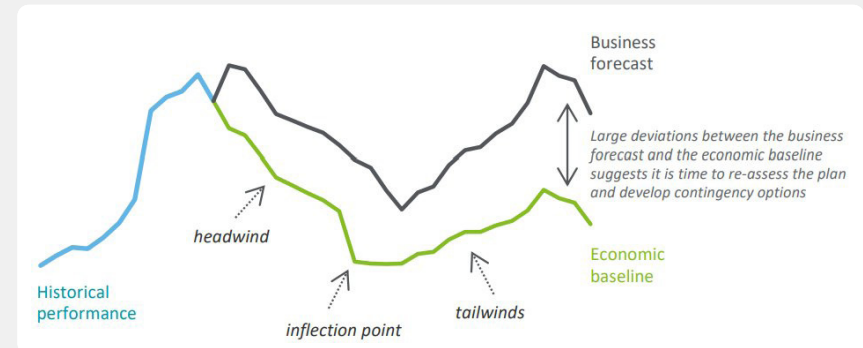
Generate economic baseline forecasts

Prediction models are created by the Prevedere platform, which offer monthly, quarterly and annual economic baseline forecasts.

Prevedere demand forecast



Prevedere demand forecast

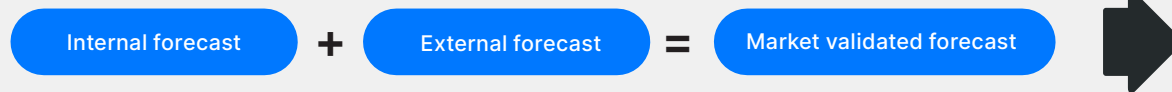


Step 4:

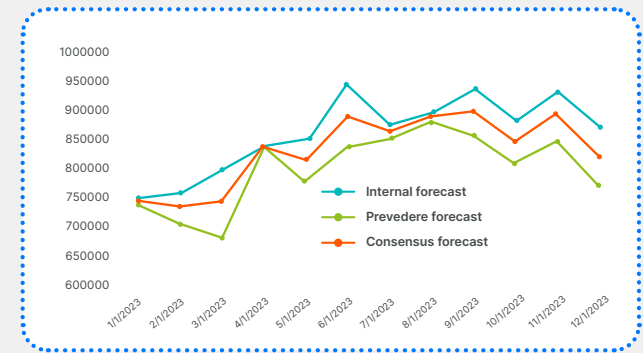
Blend external baseline forecasts with internal forecasts

Regardless of the underlying planning tools or systems, inject Prevedere forecasts into monthly, quarterly or annual planning cycles. Each forecast is unbiased, data-driven, fully transparent, delivering a critical layer of market-based intelligence and planning. This unique

planning foresight enables a range of use cases and outcomes including: cutting of forecast misses, increased efficiencies and profit margins, increased market share and gaining competitive advantage.



Planning Goal: Reduce Forecast Misses



Prevedere partners with planning professionals within Fortune 2000 enterprises, and provides millions of model ready external data sets, a ML based econometric modeling platform, and economist advisory services. Any organization

whose business is impacted by external forces has to add Advanced Predictive Planning into their strategy and planning to realistically manage uncertainty and new opportunity.

Visit [Prevedere.com](https://www.prevedere.com) to learn how Advanced Predictive Planning can drive better decisions with better risk management and opportunity development.

Contact: (888) 686-7746 or inquiries@prevedere.com