



# **AUTOMOTIVE PLANNING FACTORY:**

**Revolutionizing Strategic  
Decision-Making in the  
Automotive Industry**



# INTRODUCTION

The automotive industry is undergoing a paradigm shift, driven by evolving consumer demands, technological advancements, supply chain challenges, and ever-increasing pressure on working capital. To thrive in this dynamic environment, automotive companies must adopt a strategic approach that ensures effective planning and decision-making. Amidst this disruption, traditional approaches to planning and decision-making are no longer sufficient. Strategic iQ's Automotive Planning Factory offers a transformative solution, integrating cutting-edge technologies and data-driven methodologies to enable automotive manufacturers to make strategic decisions with precision and speed.



This whitepaper introduces Strategic iQ's Automotive Planning Factory designed to empower automotive manufacturers with the intelligence and agility needed to navigate the industry's complexities successfully. By leveraging advanced analytics, sophisticated data modeling, and a collaborative ecosystem, the Automotive Planning Factory provides a holistic solution to drive innovation, optimize operations, and enhance competitive advantage.



# CHALLENGES

## Current Challenges of the Automotive Industry

[and their impact on Finance Teams]



There are numerous challenges facing Automotive Manufacturers today, but for Finance teams, these next four challenges are the most problematic:

### Volatile OEM Production Volumes

EDI releases are notoriously inaccurate and can negatively impact various aspects of operations and business performance, resulting in increased cycle times, decreased productivity and mis-aligned production schedules for suppliers. This contributes to increased costs and waste, resulting in millions of dollars of lost productivity, unnecessary inventory, inflated material spend and excess scrap. These additional costs are eroding profitability and beginning to strain relationships between the OEMs and their suppliers.

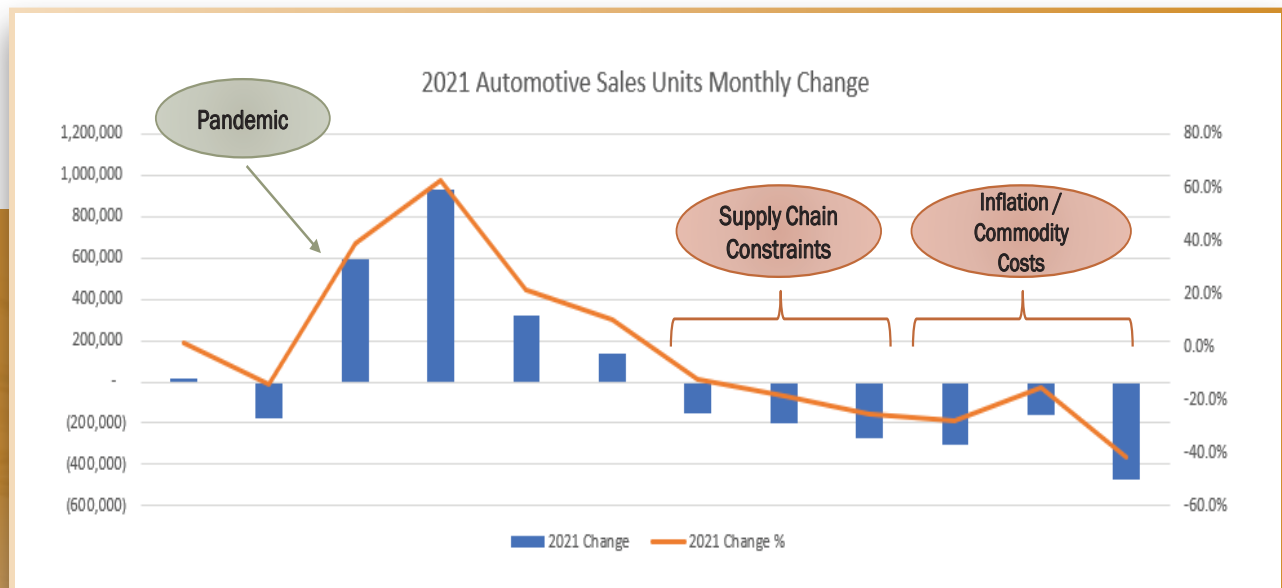
### Supply Chain Constraints

Disruptions in the supply chain, such as natural disasters, geopolitical issues, trade disputes, or unexpected supplier bankruptcies, can lead to shortages or delays in the availability of critical parts. These disruptions can hamper production schedules and make it difficult for manufacturers to meet customer demand.

# CHALLENGES

## Inflation / Commodity Cost Volatility

Commodity cost volatility adds uncertainty to the long-term planning and strategic decision-making processes of automotive manufacturers. Rapid and unpredictable price movements make it challenging to forecast costs accurately and make informed decisions regarding production volumes, pricing strategies, and investment plans. Manufacturers need to continuously reassess their sourcing strategies, supplier relationships, and risk management practices to navigate the impacts of commodity cost volatility effectively.





# IMPACTS

## The impact of Sales Volume Volatility

The impact of these challenges is clearly reflected in the 2021 YoY OEM sales volume. This volatility makes explaining variances very difficult given the combination of external, economic and supply chain factors. How does an auto supplier truly know how it's performing given these obstacles in the market? Is the company's performance due to industry / market fluctuations or internal measures?

## A Tale of Two Quarters



Q2	2021	2020	Change	Change
Sales	5,000	2,500	2,500	
Operating Profit	233	(248)	481	194%
Adj Operating Margin	4.7%	-9.9%	14.6%	
Adj EPS	2.55	(4.33)	6.88	

Q3	2021	2020	Change	Change
Sales	4,200	4,800	(600)	-13%
Operating Profit	98	327	(229)	-70%
Adj Operating Margin	2.3%	6.8%	-4.5%	
Adj EPS	0.55	3.75	(3.20)	

How much of the variance was **performance vs market** driven?

Which **products and programs** contributed the most? The least?

How are **commodity cost** fluctuations impacting product & program **margins**?

How are **supply chain** constraints impacting **capacity**? Can we meet customer **demand**?

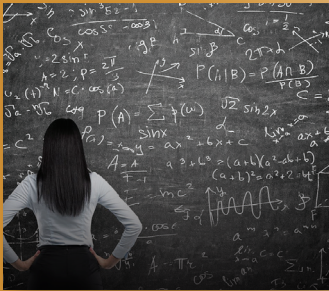
How do we identify **risks sooner** to course correct?

How do we avoid "**surprises**" like these in the future?

CPM system, data and process limitations prevent timely, reliable responses to these questions

# IMPACTS

Finance teams are quickly realizing that the tools they have in place for forecasting, planning, variance reporting and profitability analysis are under-equipped for the task of managing their business in today's economic climate. As a result, they are trying to manage their business performance with:



1. **Inaccurate Forecasts** – Forecast modeling is typically prepared in spreadsheets with results uploaded into a financial reporting system. But using spreadsheets for this kind of analysis introduces many problems. Calculation logic is up to the individual and is often inconsistent across models. There are limitations on the amount of data viable within these spreadsheets. And the primary need of executives – aka the ability to consider multiple What-If Scenarios – is not available.



2. **Manually Prepared Bridge Walk Reports** – Variance Analysis Reports (often called Bridge Walks) are often time-consuming, manual exercises. They are disconnected from a source of underlying data, and variances themselves are typically calculated offline. As a result, it is very difficult to uncover trending issues, identify underlying causes of potential issues or even determine the impact of remediation strategies.

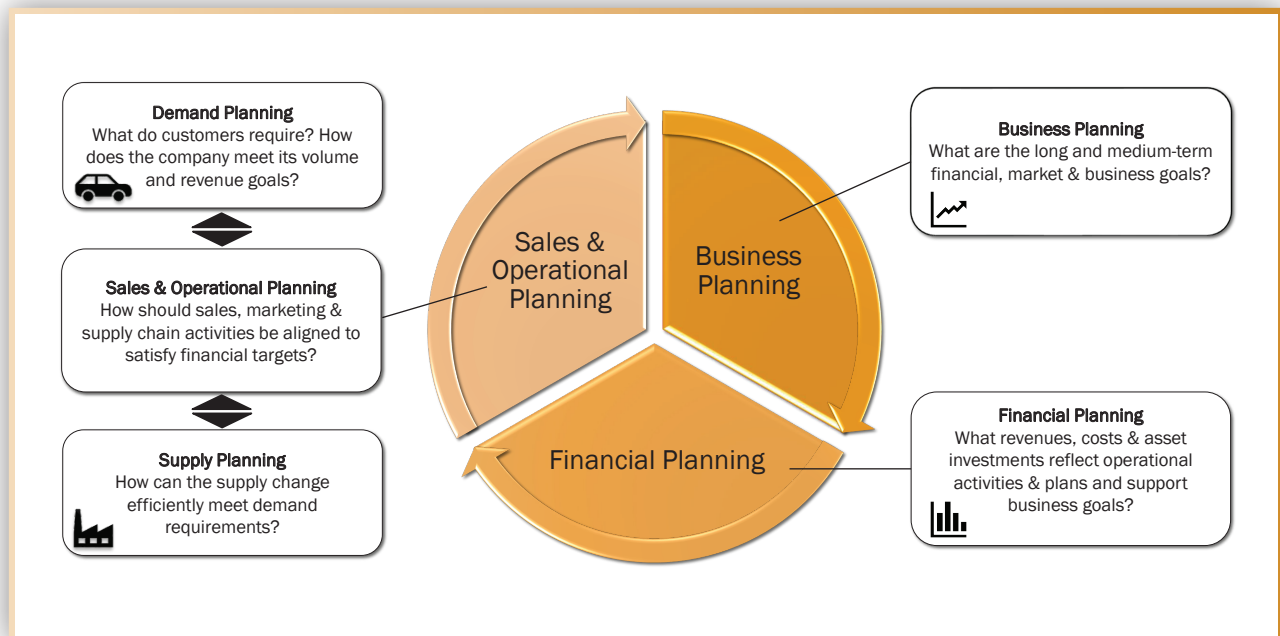


3. **Performance Monitoring Blind Spots** – Because these tools are disconnected, require manual steps and perpetuate inconsistent planning methods, early detection of potential issues is extremely limited. Most analysis of key performance metrics is limited to the monthly close cycle, typically weeks after the issue occurred.

# SOLUTION

## The Automotive Planning Factory Completes the Picture for Integrated Business Planning

The Automotive Planning Factory is the first solution built on top of OneStream Software that delivers a holistic solution for Sales & Operational Planning.



For most organizations, each of these “sections” of the Planning Process are managed by different sub-teams within FP&A. And each sub-team often uses their own model, spreadsheet or even technology to prepare their plans. With OneStream and Strategic iQ’s Automotive Planning Factory, they can all be brought together into a single unified solution that delivers Top to Bottom (aka Corporate to Plants) and Bottom to Top (aka Plants to Corporate) plans and forecasts, providing better consistency, accuracy and speed.

# SOLUTION

## Automotive Planning Factory Functionality Summary

Strategic iQ's Automotive Planning Factory solution has five areas of core functionality. Each of these takes advantage of the sophisticated capabilities available within OneStream Software's platform.

### Strategic Forecasting and Scenario Analysis



Strategic iQ's Automotive Planning Factory facilitates strategic forecasting by operationalizing historical data, market intelligence, and (potentially) predictive models to anticipate market trends, demand fluctuations, and capacity constraints. By conducting scenario analysis, manufacturers can simulate various What If scenarios and evaluate the impact of potential decisions on production, profitability, and market share. This empowers companies to proactively respond to changes and optimize their strategic plans.

### Data Integration and Management



SiQ's Automotive Planning Factory begins with a robust data integration and management system. By aggregating diverse data sources, including customer insights, market trends, production data, supply chain information, and regulatory updates, manufacturers gain a comprehensive understanding of the automotive landscape. Advanced data analytics and machine learning algorithms can process this data to derive meaningful insights and identify patterns that drive informed decision-making.

### Data Blended Design



OneStream's platform has a unique capability that allows it to combine analytic, stage data, relational data, and source transactional reporting in a single financial model. Automotive Planning Factory leverages this sophisticated capability to capture and calculate part level details and costs extrapolated from market volumes and take rates. This empowers Finance Teams to replace their spreadsheet systems and standardize their forecasting methodology across their business units and plants.

### Automated Variance Analysis (and Bridge Walks)



SiQ's Automotive Planning Factory takes advantage of OneStream's calculation engine to automate the creation of bridge walks using driver-level detail. And because of OneStream's Extensible Dimensionality, APF can provide visibility to product and program variances.

### Driver-based Forecasting



Automotive Planning Factory can help finance teams accelerate their journey towards leveraging driver-based forecasting. APF takes advantage of drivers and other inputs to calculate forecasts. Because APF's driver-based planning methodology calculates products down to part and component level, this improves accuracy and reliability of the results. This simplifies the process, which can help companies increase the frequency of their forecasting (from monthly or quarterly to weekly or even daily). This includes the potential for supporting a Rolling Forecast or Long Range Plan with the same level of granularity.



# VALUE

## Automotive Planning Factory's Impact & Value

Automotive Planning Factory has the potential to be a game changer for the automotive and manufacturing industries. For the first time, Finance teams can align their operational and financial planning processes into a single, unified solution, which can automate their variance analysis, accelerate and improve the accuracy of their forecasting and deliver a means to provide continuous performance improvement across their FP&A organization.

### APF can help organizations achieve the following benefits:

- 1. Increased Strategic Agility:** Strategic iQ's Automotive Planning Factory empowers automotive manufacturers with real-time insights, predictive analytics, and scenario analysis capabilities. By leveraging advanced data integration and forecasting methodologies, manufacturers can adapt swiftly to market changes, identify emerging trends, and make informed decisions. This enhanced strategic agility allows companies to stay ahead of the competition, seize opportunities, and navigate industry disruptions effectively.
- 2. Optimized Operations and Efficiency:** The Automotive Planning Factory integrates supply chain optimization, performance monitoring, and continuous improvement mechanisms. By leveraging advanced algorithms, calculations and analytics, manufacturers can determine the profitability of their operations, optimize inventory levels, enhance supplier collaboration, and reduce costs and lead times. This leads to improved operational efficiency, higher productivity, and enhanced customer satisfaction through timely delivery and better resource allocation.
- 3. Enhanced Innovation and Collaboration:** Strategic iQ's Automotive Planning Factory fosters a collaborative ecosystem where cross-functional teams and external stakeholders can seamlessly share information, align strategies, and drive innovation. By promoting a culture of collaboration and collective intelligence, manufacturers can harness diverse perspectives, accelerate innovation cycles, and adapt to emerging technologies and market trends. This collaborative approach fosters creativity, improves decision-making quality, and enables manufacturers to stay at the forefront of industry advancements.

# CONCLUSION

The automotive industry is at a crossroads, with technology and shifting consumer preferences re-shaping the landscape. Strategic iQ's Automotive Planning Factory equips automotive manufacturers with the tools and insights necessary to navigate this transformative era successfully. By embracing data-driven decision-making, fostering collaboration, and optimizing supply chain operations, manufacturers can establish a competitive edge, drive innovation, and achieve sustainable growth in the rapidly evolving automotive industry.

For more information, please go to [www.siqllc.com](http://www.siqllc.com) or email us at [sales@siqllc.com](mailto:sales@siqllc.com).

