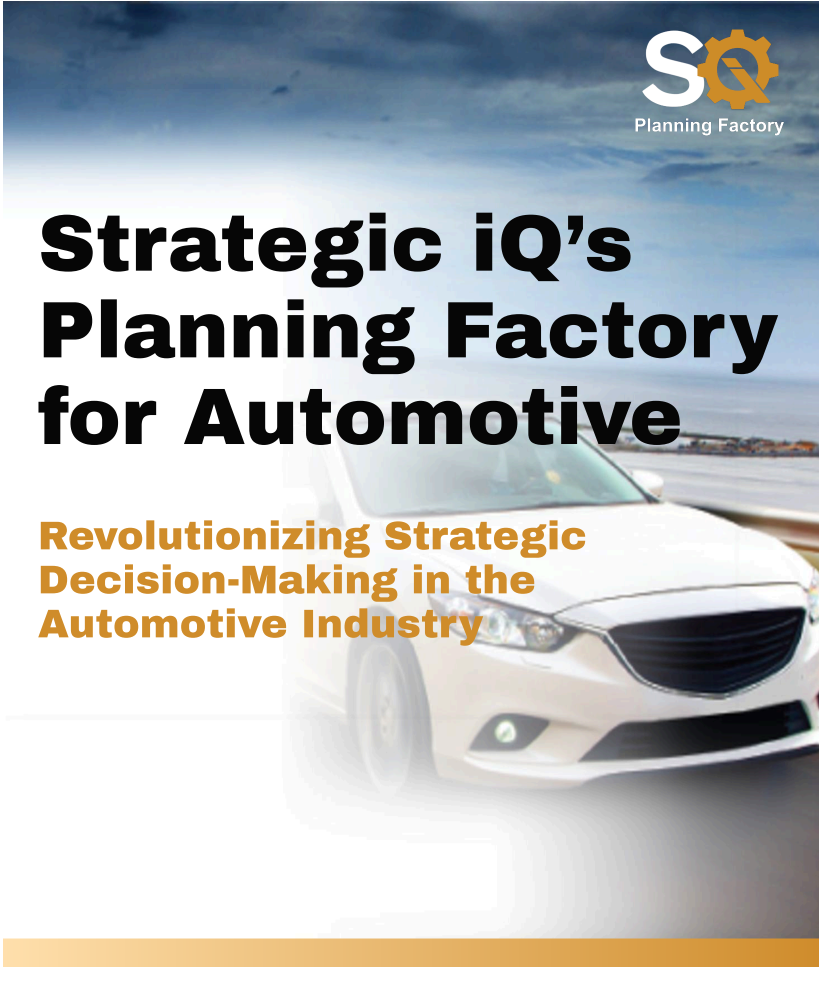
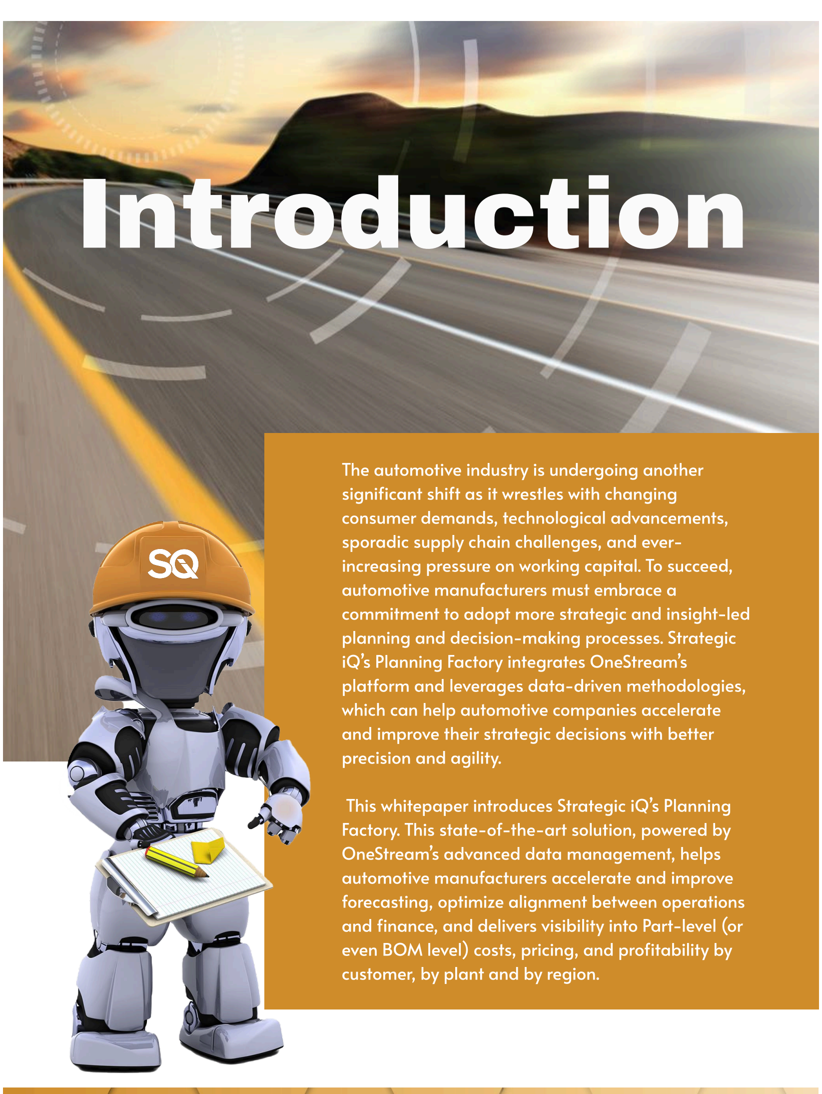


Strategic iQ's Planning Factory for Automotive

Revolutionizing Strategic Decision-Making in the Automotive Industry

Introduction



The automotive industry is undergoing another significant shift as it wrestles with changing consumer demands, technological advancements, sporadic supply chain challenges, and ever-increasing pressure on working capital. To succeed, automotive manufacturers must embrace a commitment to adopt more strategic and insight-led planning and decision-making processes. Strategic iQ's Planning Factory integrates OneStream's platform and leverages data-driven methodologies, which can help automotive companies accelerate and improve their strategic decisions with better precision and agility.

This whitepaper introduces Strategic iQ's Planning Factory. This state-of-the-art solution, powered by OneStream's advanced data management, helps automotive manufacturers accelerate and improve forecasting, optimize alignment between operations and finance, and delivers visibility into Part-level (or even BOM level) costs, pricing, and profitability by customer, by plant and by region.

Challenges

The Challenge For Automotive Finance Teams

There are numerous challenges facing Automotive Manufacturers today, but for Finance teams here are some of the biggest ones:

Volatile OEM Demand

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

Inflation / Commodity Cost Volatility

Commodity cost volatility creates uncertainty in long-term planning and decision-making for automotive manufacturers. Rapidly fluctuating prices complicate cost forecasting and decision-making on production, pricing, and investment. Manufacturers must regularly reassess sourcing strategies, supplier relationships, and risk management to manage the impact of this volatility.

Data Quality & Analytic Alignment

One of the hidden realities affecting most Automotive Manufacturers is that their operational systems sometimes sacrifice analytic transparency for operational "quick fixes". In other words, data governance and controls are often lacking when it comes to how operational systems are organized and structured. As a result, pulling data from these systems can result in bad information that creates more confusion than insights. As a result, Finance teams spend an inordinate amount of time cleaning, correcting, reconciling and organizing this data into a meaningful analysis.

02

Challenges

Micro-Economic Events

Inherent business disruptions-- such as natural disasters, geopolitical conflicts, trade disputes, or even supplier bankruptcies-- can cause significant shortages and delays in the delivery of critical parts and materials. These disruptions often have a cascading effect which impact production timelines and customer orders, ultimately affecting the bottom line. As these events unfold, companies find it difficult to re-forecast the potential impact on their business. While they are forced to adjust to these unexpected shifts (which can drive up costs, delay deliveries, and disrupt carefully planned production schedules), the financial impact of these events becomes a blind spot that could take months to sort out. As a result, it is harder to meet customer expectations and maintain operational efficiency.

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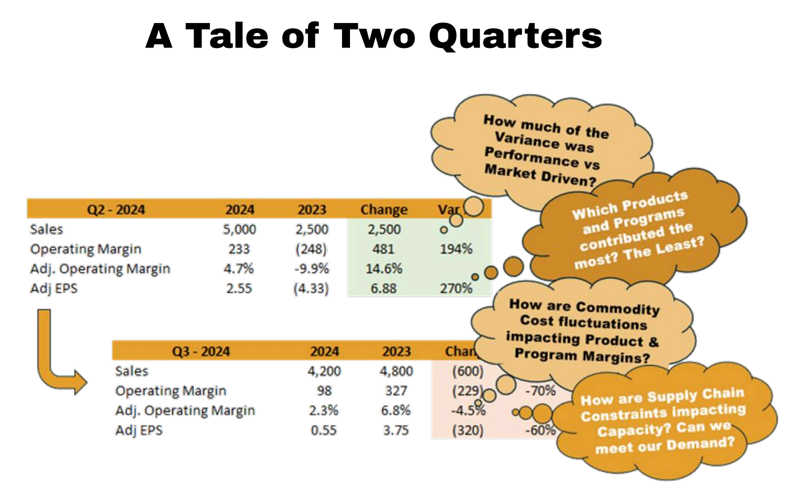
Impacts

The numbers don't always tell the full story.

Finance teams are quickly realizing that the numbers don't always tell the most accurate story. Great performance one month can be quickly wiped away the next, and unfortunately, it can be extremely difficult to discern the cause for each performance swing.

A Tale of Two Quarters



Q2 - 2024	2024	2023	Change	Var
Sales	5,000	2,500	2,500	
Operating Margin	233	(248)	481	194%
Adj. Operating Margin	4.7%	-9.9%	14.6%	
Adj EPS	2.55	(4.33)	6.88	270%

Q3 - 2024	2024	2023	Chan	
Sales	4,200	4,800	(600)	
Operating Margin	98	327	(229)	-70%
Adj. Operating Margin	2.3%	6.8%	-4.5%	
Adj EPS	0.55	3.75	(320)	-60%

Typically, this is because the tools Finance teams have in place for forecasting, planning, variance reporting and profitability analysis are under-equipped for the task of truly understanding what is affecting their actual performance. As a result of the disparate tools and systems, there are clear issues and limitations to your sales and operational planning processes.

04

Impacts

Inaccurate Forecasts

Forecast modeling is typically prepared in spreadsheets with results uploaded into a financial reporting system-- but this 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.

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.

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.

Poor or Limited Collaboration

With disparate tools, like Excel, as the cornerstone of a planning or forecasting process, teams are missing out on the ability to run multiple what-if scenarios, capture commentary, share assumptions, and "communicate" through their plans. Instead, operational teams feel the need to "hedge" their plans, downplay their demand models, or otherwise dilute their real expectations in order to "negotiate" with their executive team.

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Solution

Strategic iQ's Planning Factory

Based on OneStream's platform, Strategic iQ's Planning Factory unifies your Sales & Operational Planning with your Financial Planning into a single solution, offering standardized planning and forecasting with the necessary detail for both corporate teams and plants. This improves communication, consistency, accuracy, and speed.

Strategic iQ's Planning Factory leverages OneStream's most sophisticated capabilities. By doing so, we are able to deliver robust business logic, process controls, pre-built metadata and operational data integration – all while simplifying the user experience into comfortable workflows, dashboards and templates for the users.

Strategic Forecasting and Scenario Analysis

Strategic iQ's Planning Factory enables strategic forecasting by leveraging historical data, market intelligence, and predictive models (via OneStream's Sensible Machine Learning) to anticipate demand trends and fluctuations. Your team can simulate "What If" scenarios to assess the impact of your potential demand on production, profitability, and pricing.

Collaborative Decision-Making

The true value of Strategic iQ's Planning Factory lies in enhancing collaboration between Finance and Operations teams. It allows team members to share information via commentary, documents, email notifications, and unified workflows, while viewing the same performance dashboards. This fosters a culture of innovation, enabling faster, more effective decision-making.

Data Integration and Management

SiQ's Planning Factory starts with robust data integration, aggregating multiple sources of data including EDI Releases, IHSMarkit data, Customer Data (Ship-To, Pricing, Quoted Parts), and Operational Data to give your team a comprehensive view of part, plant and customer performance.

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Solution

Insight-Driven Dashboards

OneStream's platform provides powerful dashboard capabilities for executives, which SiQ's Planning Factory enhances by automating KPI dashboards for financial and operational analytics, including including variance analysis and performance maps. These dashboards display global performance by customer, revenue, actuals, budgets, forecasts, and operational metrics like labor, materials, overhead, and working capital, offering executives a regular pulse on business performance.

Data Blended Design

OneStream's platform combines analytic, stage, relational, and transactional data in a single financial model. SiQ's Planning Factory uses this to capture part-level details and costs based on market volumes and take rates, allowing finance teams to replace spreadsheets and standardize forecasting. With this data, companies can apply advanced analytics and machine learning to uncover complex insights.

Driver-based Forecasting

SiQ's Planning Factory helps finance teams accelerate driver-based forecasting by automating demand models using data like EDI releases, IHSMarkit take rates, CRM sales plans, and production capacity. It allows teams to select models by month and make top-level adjustments, completing part -level forecasts by customer in minutes.

Alignment Across Plans

Despite its sophisticated profitability model, SiQ's Planning Factory simplifies and accelerates forecasting, enabling companies to increase forecast frequency from quarterly to monthly or weekly. With OneStream's unified platform, it supports rolling forecasts and long-range plans with consistent calculation methods and granularity.

Part Level Profitability

SiQ's Planning Factory calculates demand at the part and component level, helping you assess profitability by part, customer, and plant. It also compares month-end costs to actual costs, not just standard models, providing a more accurate view of your price/volume mix and profitability.

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Value

The Value of Strategic iQ's Planning Factory

SiQ's Planning Factory has the potential to be a game changer for the automotive industry. For the first time, Finance teams can align operational and financial planning into a unified solution that automates variance analysis, enhances forecasting, and drives continuous performance improvement across the entire organization.

Strategic iQ's Planning Factory Benefits

Increased Strategic Agility: Strategic iQ's Planning Factory provides automotive manufacturers with real-time insights, predictive analytics, and scenario analysis. By leveraging advanced data integration and forecasting, manufacturers can quickly adapt to market changes, identify trends, and make informed decisions, enabling them to stay ahead of the competition and navigate industry disruptions.

Optimized Operations and Efficiency: SiQ's Planning Factory integrates detailed customer and part level data, delivers standardized forecasting with capacity monitoring, and ensures visibility into plant, customer and production performance. Using advanced algorithms and analytics, manufacturers can assess profitability, optimize inventory, enhance supplier collaboration, and reduce costs and lead times, resulting in improved efficiency, productivity, and customer satisfaction.

Enhanced Innovation and Collaboration: Strategic iQ's Planning Factory creates a collaborative ecosystem where cross-functional teams and external stakeholders can share information, align strategies, and drive innovation. This fosters creativity, accelerates innovation, improves decision-making, and helps manufacturers stay ahead of industry trends and advancements.

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Conclusion

The automotive industry stands at a pivotal crossroads, as emerging technologies and evolving consumer preferences reshape the landscape. Strategic iQ's Planning Factory provides automotive manufacturers with a single, unified solution that delivers the critical insights they need to thrive in this transformative era.

By adopting driver-based forecasting, actuals-based profitability analysis, shared dashboard insights, and a unified solution that fosters collaboration between finance and operations, your team can enhance your entire company's agility, make data-driven decisions that drive higher profitability, and gain a sustainable competitive advantage.