

Siebel Sales Best Practice: Triangulated Forecasting

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Too many organizations fail to realize, until it is too late, that they are going to miss their quarterly revenue targets and are subsequently penalized by the financial markets.

INTRODUCTION

In today's competitive and volatile marketplace, the ability to develop an accurate forecast and effectively manage the sales pipeline can have a profound impact on a company's health. Too many organizations fail to realize, until it is too late, that they are going to miss their quarterly revenue targets and are subsequently penalized by the financial markets.

Inaccurate forecasts also create problems at the operational level. Forecasts, after all, serve as the basis for planning expenditures on everything from marketing and product development to new capital equipment. Without an accurate forecast, companies' planned expenditures may not correspond to business needs, negatively affecting profitability.

Thousands of companies have improved their pipeline management and forecasting processes by using Oracle's Siebel Sales solutions. This brief describes the Siebel best practice for developing accurate forecasts: triangulated forecasting.

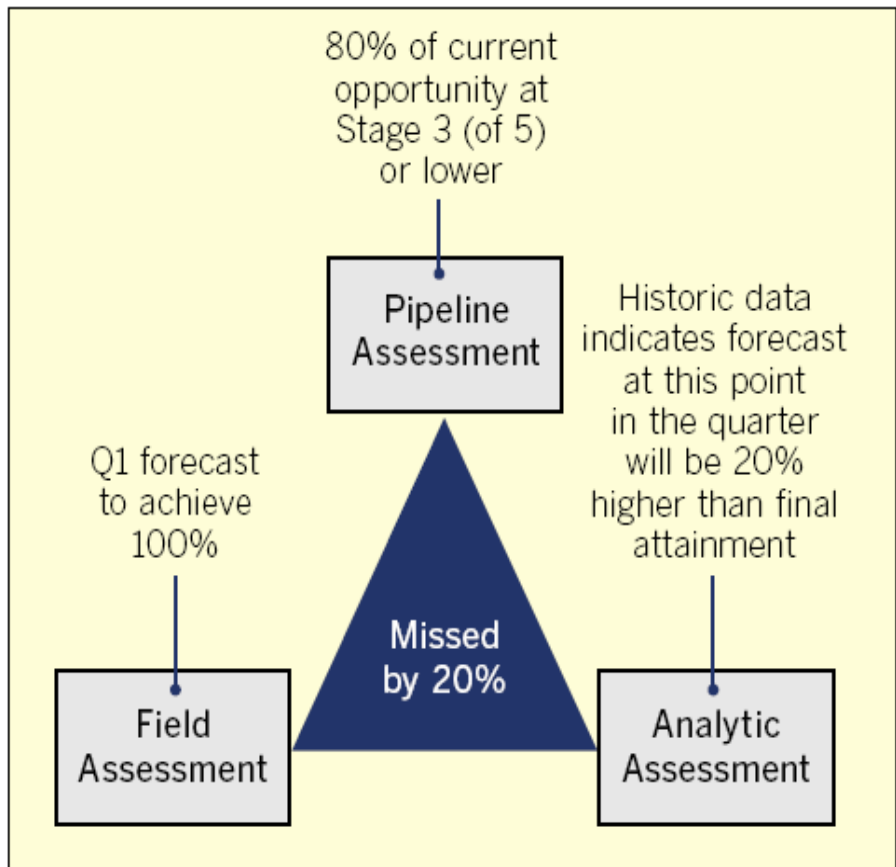
MAXIMIZING FORECAST ACCURACY

Too often, when developing sales forecasts, organizations rely exclusively on the perspective from the field. As a result, they fail to recognize the broader issues and historical context that can add much-needed clarity to forecasts. To maximize forecasting accuracy, organizations should assess forecasts from three distinct perspectives, an approach referred to as triangulated forecasting.

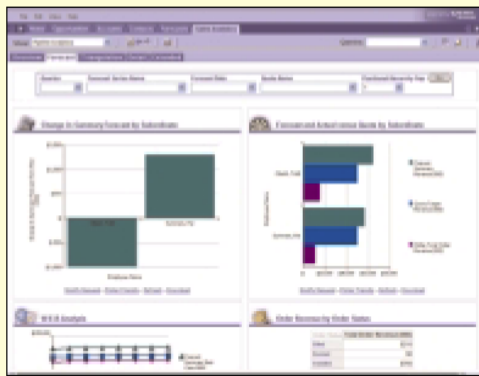
- The field perspective, or "field assessment," is based on a rollup of individual forecasts, providing management with a bottom-up view of current market conditions.
- The pipeline perspective, or "pipeline assessment," is generated by analysis opportunities at each stage of the pipeline, enabling management to assess sales targets from an aggregate, top-down viewpoint.
- The historical perspective, or "analytic assessment," is based on a comparison of current pipeline data with historical trends, allowing the company to apply knowledge gained from prior periods to the current forecast.

Employing Triangulated Forecasting with Siebel Sales

Triangulated forecasting provides a set of checks and balances that enables management to quickly identify potential problems. Consider a company whose field assessment indicates that the organization is on pace to meet its quarterly revenue number. At the same time, the pipeline assessment reveals that 80 percent of all opportunities are at Sales Stage 3 or below (where Sales Stage 5 represents a closed sale). Additionally, the analytic assessment highlights that at this point in the quarter, the company's forecasts are typically 20 percent above final attainment. Taking all three perspectives into account, management can quickly recognize that the company is unlikely to meet its original forecast unless corrective action is taken immediately.



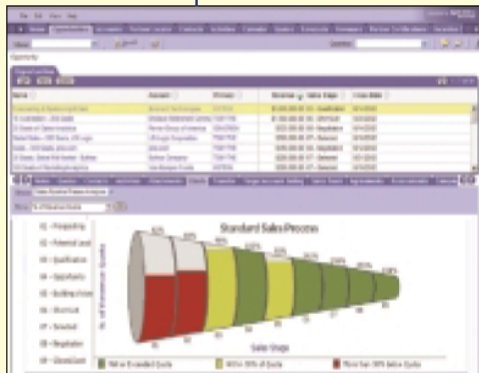
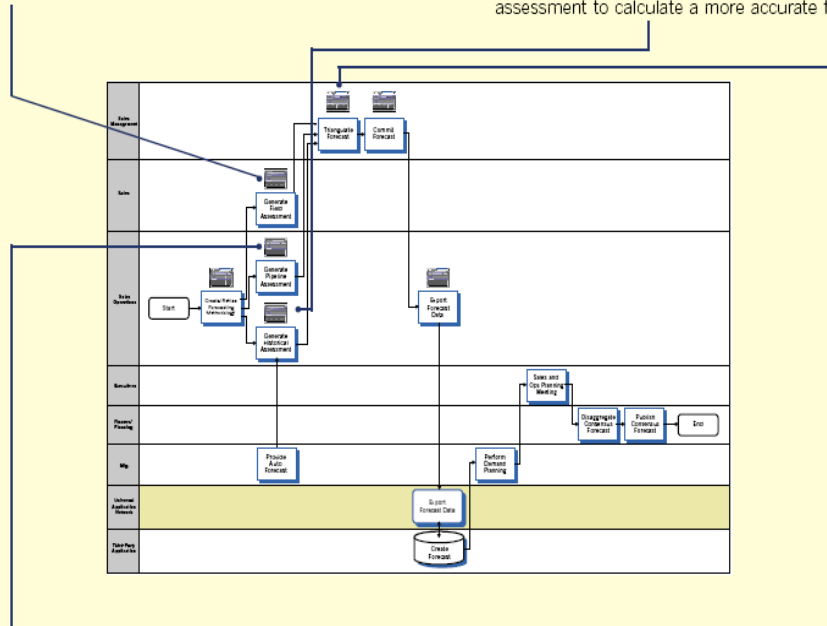
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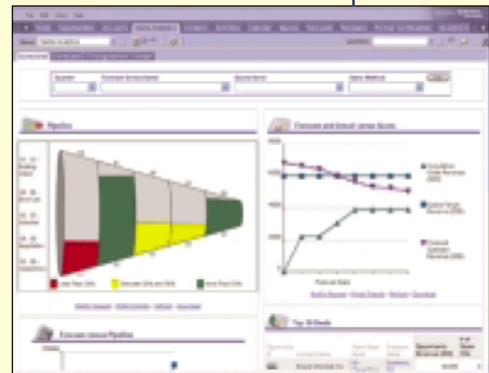
The Field Assessment provides a rollup of individual field salespeople's forecasts, offering managers a consolidated forecast that can then be modified as necessary.



The Analytic Assessment incorporates historical trend data such as revenue performance, forecast accuracy, order volumes, and so on against the field rollup and pipeline assessment to calculate a more accurate forecast.



The Pipeline Assessment offers a detailed breakdown of the opportunity at each sales stage, enabling sales executives to assess the likelihood of attaining their revenue objectives.



After generating the Pipeline, Field, and Analytic Assessments, sales organizations can "triangulate" the three perspectives to arrive at a single, more accurate projection.

The Siebel Sales solution provides information that enables triangulated forecasting

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CONCLUSION

The three perspectives that constitute triangulated forecasting are reflected in tightly integrated business processes embedded in Siebel Sales. For example, Siebel Sales pipeline management functionality enables organizations to develop the pipeline assessment, and Siebel Analytics facilitates the generation of the analytic assessment through the extraction and analysis of data from multiple sources. Oracle's Siebel Sales can also integrate forecasting with third-party applications via Oracle Fusion Middleware, enabling a manufacturing organization, for example, to transfer detailed, product-specific forecast data to a production planning system, thereby helping the company minimize inventory carrying costs.



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