

# Oracle® Fusion Cloud EPM

## Working with Predictive Cash Forecasting



F79896-03



Oracle Fusion Cloud EPM Working with Predictive Cash Forecasting,

F79896-03

Copyright © 2024, Oracle and/or its affiliates.

Primary Author: EPM Information Development Team

This software and related documentation are provided under a license agreement containing restrictions on use and disclosure and are protected by intellectual property laws. Except as expressly permitted in your license agreement or allowed by law, you may not use, copy, reproduce, translate, broadcast, modify, license, transmit, distribute, exhibit, perform, publish, or display any part, in any form, or by any means. Reverse engineering, disassembly, or decompilation of this software, unless required by law for interoperability, is prohibited.

The information contained herein is subject to change without notice and is not warranted to be error-free. If you find any errors, please report them to us in writing.

If this is software, software documentation, data (as defined in the Federal Acquisition Regulation), or related documentation that is delivered to the U.S. Government or anyone licensing it on behalf of the U.S. Government, then the following notice is applicable:

U.S. GOVERNMENT END USERS: Oracle programs (including any operating system, integrated software, any programs embedded, installed, or activated on delivered hardware, and modifications of such programs) and Oracle computer documentation or other Oracle data delivered to or accessed by U.S. Government end users are "commercial computer software," "commercial computer software documentation," or "limited rights data" pursuant to the applicable Federal Acquisition Regulation and agency-specific supplemental regulations. As such, the use, reproduction, duplication, release, display, disclosure, modification, preparation of derivative works, and/or adaptation of i) Oracle programs (including any operating system, integrated software, any programs embedded, installed, or activated on delivered hardware, and modifications of such programs), ii) Oracle computer documentation and/or iii) other Oracle data, is subject to the rights and limitations specified in the license contained in the applicable contract. The terms governing the U.S. Government's use of Oracle cloud services are defined by the applicable contract for such services. No other rights are granted to the U.S. Government.

This software or hardware is developed for general use in a variety of information management applications. It is not developed or intended for use in any inherently dangerous applications, including applications that may create a risk of personal injury. If you use this software or hardware in dangerous applications, then you shall be responsible to take all appropriate fail-safe, backup, redundancy, and other measures to ensure its safe use. Oracle Corporation and its affiliates disclaim any liability for any damages caused by use of this software or hardware in dangerous applications.

Oracle®, Java, MySQL and NetSuite are registered trademarks of Oracle and/or its affiliates. Other names may be trademarks of their respective owners.

Intel and Intel Inside are trademarks or registered trademarks of Intel Corporation. All SPARC trademarks are used under license and are trademarks or registered trademarks of SPARC International, Inc. AMD, Epyc, and the AMD logo are trademarks or registered trademarks of Advanced Micro Devices. UNIX is a registered trademark of The Open Group.

This software or hardware and documentation may provide access to or information about content, products, and services from third parties. Oracle Corporation and its affiliates are not responsible for and expressly disclaim all warranties of any kind with respect to third-party content, products, and services unless otherwise set forth in an applicable agreement between you and Oracle. Oracle Corporation and its affiliates will not be responsible for any loss, costs, or damages incurred due to your access to or use of third-party content, products, or services, except as set forth in an applicable agreement between you and Oracle.

# Contents

## Documentation Accessibility

---

## Documentation Feedback

---

### 1 Predictive Cash Forecasting Overview

---

About Forecast Methods 1-4

### 2 Predictive Cash Forecasting Task Overview for Cash Managers

---

Setting User Variables 2-4

Setting Forecast Methods 2-5

Setting Up Cash Inflow Driver Assumptions for Driver-Based Planning 2-6

Setting Up Cash Outflow Driver Assumptions for Driver-Based Planning 2-7

Setting up Trend Assumptions for Trend-Based Forecasting (Periodic Forecasting Only) 2-10

Using Predictive Planning for Cash Forecasting 2-11

Manually Entering Data 2-12

### 3 Predictive Cash Forecasting Task Overview for Controllers

---

Setting User Variables 3-2

### 4 Performing Daily and Periodic Cash Forecasting

---

About Using Multiple Currencies in Forms 4-2

Forecasting By Bank 4-3

Reviewing and Adjusting Your Forecast by Forecast Method 4-3

### 5 Analyzing Cash Forecasts

---

# A Forecasting Methods

---

About Driver-Based Forecasting Methods	A-1
About Trend-Based Forecasting Methods	A-12
About Prediction-Based Forecasting Methods	A-13

# Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc>.

## **Access to Oracle Support**

Oracle customers that have purchased support have access to electronic support through My Oracle Support. For information, visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info> or visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs> if you are hearing impaired.

# Documentation Feedback

To provide feedback on this documentation, click the feedback button at the bottom of the page in any Oracle Help Center topic. You can also send email to [epmdoc\\_ww@oracle.com](mailto:epmdoc_ww@oracle.com).

# 1

## Predictive Cash Forecasting Overview

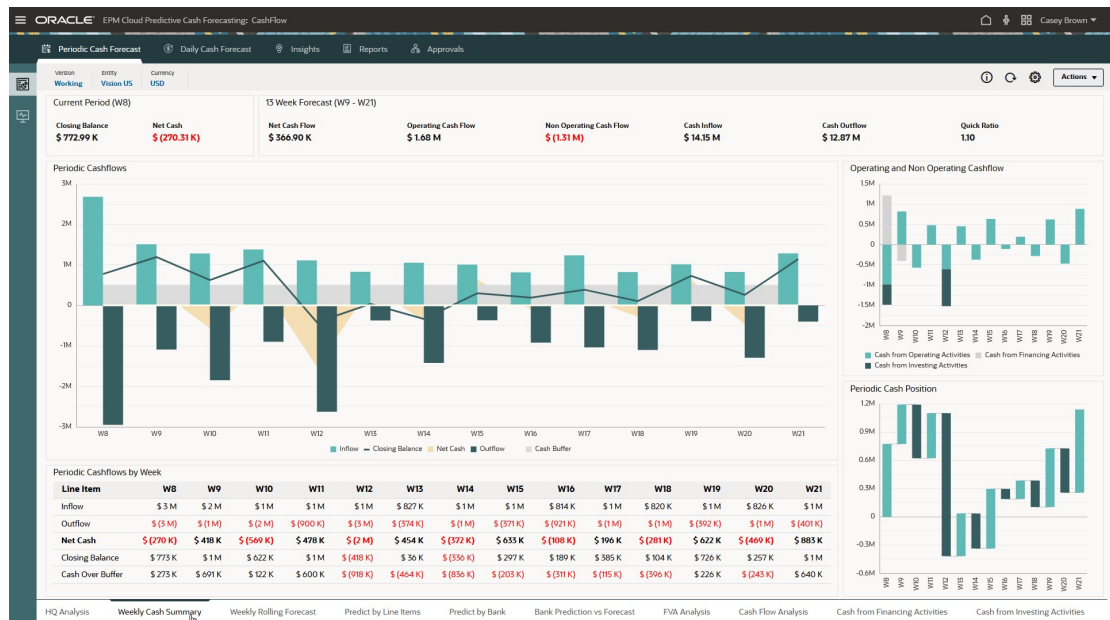
Predictive Cash Forecasting enables companies to make better use of their cash with data-driven continuous cash forecasting.

Predictive Cash Forecasting is a Planning application type designed to help treasurers and cash managers perform short-term tactical (rolling ~10 days) or mid-term operational (~3-6 months /~12-26 weeks) cash forecasting. It allows for daily, weekly, or monthly rolling forecasts that can be generated for operational, financial, and investing cash flow line items. It is built using a direct cash flow method and enables decision-making and actions for cash optimization across multiple legal entities within the business. Additionally, it provides an overview of the organization's overall cash position at each level of the legal hierarchy. With Predictive Cash Forecasting, you can:

- Optimize cash by finding problems and opportunities earlier with increased automation and more frequent cash forecast updates.
- Take action faster by aligning stakeholders and unifying scenario planning with corrective actions.
- Enable operational improvements through deeper insights into order-to-cash and procure-to-pay.

Predictive Cash Forecasting provides pre-built, best practice out-of-box content including a dimensional model, line items, forecast methods, forms, dashboards, rules, and role-based navigation flows.

Cash Managers use the **Summary** dashboard to review continuous rolling cash forecast, operating and non operating cashflow, and daily or periodic cash position by entity, along with KPIs:



Predictive Cash Forecasting allows for daily, weekly, or monthly rolling forecasts. Cash Managers use the **Rolling Forecast** form to review and modify the forecast for cash inflows and cash outflows for their entity. They can review actuals, the rolling forecast, and actuals versus daily/periodic forecast:

	Actual		Forecast																	
	Actual vs Forecast		FY24																	
	FY24	FY24	WB	WB	W1	W2	W3	W4	W5	W6	W7	WB	W19	W20	W21					
Opening Balance	1,042,297	(20,003)	772,991	1,010,046	622,266	1,000,498	(417,595)	35,938	(336,181)	297,140	89,977	384,885	104,160	726,246	257,668					
Operating Cash Inflows	1,553,684	(70,236)	1,508,938	1,281,009	1,577,882	1,908,788	827,219	1,051,248	1,004,692	815,522	1,251,044	820,488	1,014,445	825,885	1,283,904					
Customer Receipts	1,053,684	(70,236)	1,053,684	1,223,144	1,274,605	1,008,788	827,219	1,051,248	1,004,692	815,522	1,251,044	820,488	1,014,445	825,885	1,283,904					
Receivables Invoices	55,786	57,965	55,786	57,965	55,786	57,965	55,786	57,965	55,786	57,965	55,786	57,965	55,786	57,965	55,786					
Receivables Overdue Invoices	2,311,409	26,211	690,885	1,849,889	896,629	1,716,081	375,086	1,421,304	371,414	927,464	1,057,406	1,100,165	992,337	1,294,965	400,177					
Supplier Payments	1,210,549	(61,462)	1,210,549	1,210,549	1,210,549	1,210,549	1,210,549	1,210,549	1,210,549	1,210,549	1,210,549	1,210,549	1,210,549	1,210,549	1,210,549					
Payables Invoices	222,294	396,073	691,781	366,005	234,234	53,710	225,076	222,294	603,870	225,076	222,294	603,870	225,076	222,294						
Payables Overdue Invoices	61,540	0	61,540	61,540	61,540	61,540	61,540	61,540	61,540	61,540	61,540	61,540	61,540	61,540	61,540					
Salary Fixed Component	411,652	11,165	392,501	246,004	475,000	392,501	246,004	475,000	392,501	246,004	475,000	392,501	246,004	475,000	392,501					
Annual Bonus	328,000	328,000	328,000	328,000	328,000	328,000	328,000	328,000	328,000	328,000	328,000	328,000	328,000	328,000	328,000					
Lease Rent Payments	226,980	5,000	226,980	226,980	226,980	226,980	226,980	226,980	226,980	226,980	226,980	226,980	226,980	226,980	226,980					
Utilities Payments	20,028	76,368	90,538	24,198	45,504	32,862	25,944	64,761	32,148	25,499	64,048	32,427	26,172	65,520	32,686					
Tax Payments	198,560	(3,060)	107,634	108,785	120,237	393,351	114,288	122,124	114,211	119,996	143,455	143,455	143,455	143,455	143,455					
Direct Tax Payments	493,588	977,300	493,588	493,588	493,588	493,588	493,588	493,588	493,588	493,588	493,588	493,588	493,588	493,588	493,588					
Indirect Tax Payments	(779,725)	(44,025)	818,025	(548,780)	478,233	(604,895)	453,533	(372,250)	631,258	(107,942)	195,638	(280,675)	622,086	(449,078)	882,727					
Cash from Operating Activities	(503,024)	(3,024)	(503,024)	(503,024)	(503,024)	(503,024)	(503,024)	(503,024)	(503,024)	(503,024)	(503,024)	(503,024)	(503,024)	(503,024)	(503,024)					
Cash from Investing Activities	1,210,549	2,543	(400,000)	0	0	0	0	0	0	0	0	0	0	0	0					
Cash from Financing Activities	772,991	(84,609)	1,010,046	622,266	1,000,498	(417,595)	35,938	(336,181)	297,140	89,977	384,885	104,160	726,246	257,668	1,010,046					
Closing Balance																				

Controllers can see an overview of the organization's overall cash position at each level of the legal hierarchy.

Predictive Cash Forecasting provides line items along with the ability to add any additional line items you require. Cash line items drive the various cash inflows, cash outflows, and the balances for a cash forecast. Line items are organized under the structure of Operating Cash Flows, Investing Cash Flows, and Financing Cash Flows.

### Cash Line Items

- Opening Cash Balance
- Operating Cash Inflows
  - Customer Receipts
  - Project Receipts etc.
- Operating Cash Outflows
  - Supplier Payments
  - Salary Payments
  - Tax Payments etc.
- Cash from Operating Activities
- Cash from Investing Activities
- Cash from Financing Activities
- Closing Cash Balance

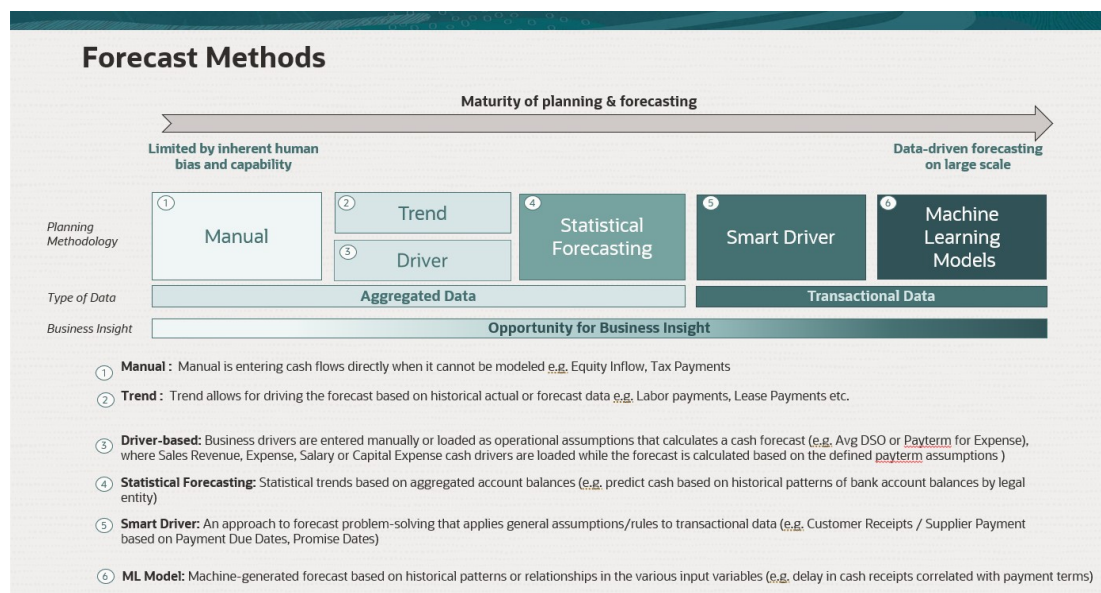
**Cash Line Items**

- ✓ Pre-seeded Cash Flow structure
- ✓ Pre-seeded Line Items to support multiple cash flows
- ✓ Flexibility to add line items under each of the groups e.g. operating, financing and investing

Predictive Cash Forecasting supports various forecast methods, which are different approaches to arriving at the cash forecasts. Forecast methods can be defined for each line item and version, entity combination, based on the data source available and the maturity of planning and forecasting. Methods include driver-based, trend-based,



Smart Drivers, prediction-based methods including statistical predictions and machine learning predictions, and manual input. You can also define period-based forecast methods where you can use different forecast methods for different time frames.



Predictive Cash Forecasting provides role-based navigation flows for Cash Managers, Controllers, and Administrators, to guide users through their process.

Predictive Cash Forecasting offers:

- Integrated and automated process—Predictive Cash Forecasting allows for pulling the data from external systems to drive the cash forecast based on outstanding invoices and transactions. For forecasts beyond a certain period or for certain cash line items, data can be pulled in from any source through Data Integration.

#### Note:


Fusion ERP Cloud integration is not yet available. In a subsequent update, Predictive Cash Forecasting will include seeded integrations from Fusion ERP Accounts Receivable, Payable and Cash Management. In the interim, you can load your data from any source and can automate the data load using a Data Integration pipeline.

- Real-time and accurate forecasts—Real-time and accurate cash forecasting by applying targeted forecasting models and intelligent predictions. Predictive Cash Forecasting supports multiple cash forecasting process cycles, short-term and medium-term. Both forecasts are rolling forecasts—the periods roll over every day for the daily forecast and roll over by week or month for the periodic forecasts.
- What-if scenarios—What-if planning with the ability to create multiple scenarios that support real-time decision-making.
- Adjustment to forecast—Ability to use direct entry planning for manual adjustments to the forecast based on human judgment.

- Flexible reporting—Multiple views for the data, such as aggregation and grouping, flexible filtering, time periods, view by Region, Legal Entity, Bank, Bank Account, Cash Pools on a daily, weekly, and monthly basis.

Overall, Predictive Cash Forecasting offers a comprehensive solution for cash forecasting that can help businesses make better decisions regarding their cash management strategies. With its advanced features and flexibility, it is a valuable tool for any organization looking to improve its cash forecasting capabilities.

### Videos

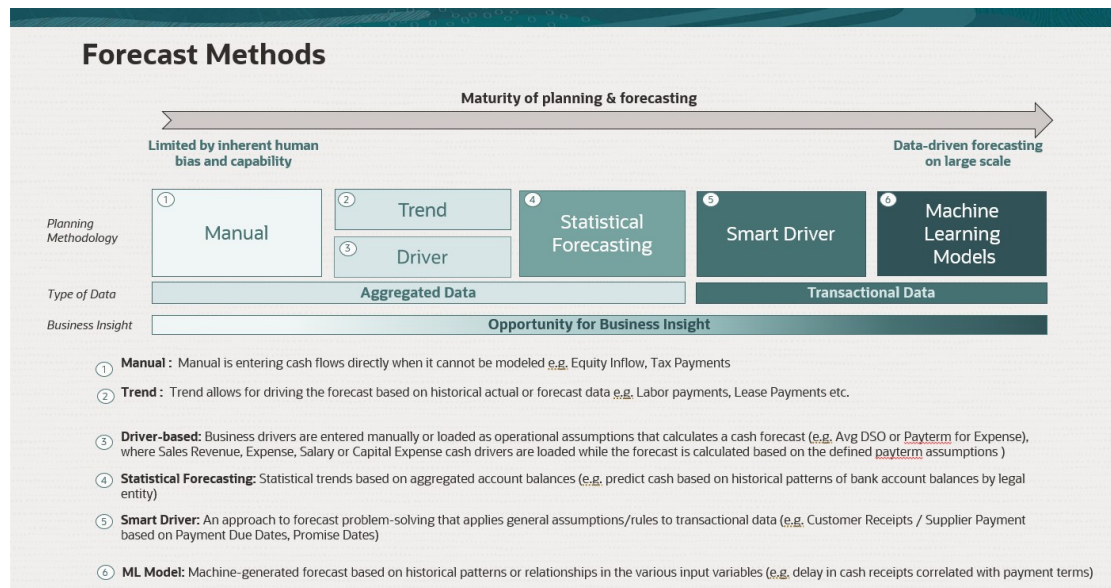
Your Goal	Watch This
<p>This overview video introduces Predictive Cash Forecasting in Oracle Cloud EPM. Predictive Cash Forecasting helps you develop data-driven cash forecasting and forecast more accurately, take faster actions with respect to cash, and enables cash flow improvements. Predictive Cash Forecasting supports daily, weekly, or monthly short and medium term forecasting, as well as supports multiple forecast methods such as driver, trend, and predictive modeling.</p>	<p> <a href="#">Introduction to Predictive Cash Forecasting</a></p>

## About Forecast Methods

Forecast methods are different approaches to arriving at cash forecasts.

Predictive Cash Forecasting supports various forecast methods for each cash line item, providing you with the flexibility to choose the appropriate method.

You can define the default forecast methods to use for each line item and entity combination based on the data source available, the maturity of planning and forecasting, and the time horizons for the forecast. You can also define period-based forecast methods where you can use different forecast methods for different time frames.



Administrators typically define the forecast methods to use, although cash managers can make changes for their entity any time if needed. For information about how to set the default forecast method for line items, see [Setting Forecast Methods](#).

Predictive Cash Forecasting supports the following forecast methods, which administrators can enable for the application:

- **Cash drivers**—A calculated method where different drivers are used to drive cash forecast for specific line items. Predictive Cash Forecasting provides 11 different driver-based methods that can be used for different cash inflows and outflows. Business drivers are entered manually or loaded as operational assumptions that calculate a cash forecast (for example, Avg DSO or Payterm for Expense), where Sales Revenue, Expense, Salary or Capital Expense cash drivers are loaded and then the forecast is calculated based on the defined pay term assumptions. For more information about cash drivers, see [About Driver-Based Forecasting Methods](#).
- **Smart Drivers**—For data you expect to come from ERP. Useful in a daily model. In a periodic model, you might use Smart Drivers for early periods, and other methods for later input.  
Smart Drivers is an approach to forecast problem-solving that applies general assumptions or rules to transactional data. For example:
  - Smart Drivers to use payment scheduled due dates for accounts receivable and or payable.
  - Apply an average delay by legal entity to all transactions.
  - Use delivery date for sales orders or purchase orders.

Fusion ERP Cloud integration will be available in a future release. Predictive Cash Forecasting will include seeded integrations from Fusion ERP Accounts Receivable, Payable and Cash Management. In the interim, you can load subledger summarized data from other data sources, such as Oracle EBS, Peoplesoft, or SAP.

- **Predictive Planning**—You can use Predictive Planning to forecast cash based on the historical data for the line item using time-series forecasting techniques. Predictive Planning selects the best prediction method to use, selecting the method that gives the most accurate results based on the data available. For example, use statistical trends based on aggregated account balances to predict cash based on historical patterns of

bank account balances by legal entity. For more information about the statistical forecasting methods, see Predictive Planning Forecasting and Statistical Descriptions in *Working with Planning*.

 **Note:**

For Interactive Predictive Planning, Receivable Invoices, Overdue Invoices, Payable Invoices, Payable Overdue Invoices will not provide any results as there is no historical data in these lines. However you can use AutoPredict, because it allows you to reference a different line item for predicting.

- **Machine Learning**— Machine Learning Models are integrated in Predictive Cash Forecasting to accurately predict the cash inflows from Accounts Receivable data. Machine learning as a prediction model is best suited to customers who have a due date-based payment approach. For example, create a machine-generated forecast based on historical patterns or relationships in the various input variables such as a delay in cash receipts correlated with payment terms.

 **Note:**

Machine Learning will be supported in a future update.

- **Manual Input**—The most basic method, for line items where it is difficult to apply specific logic; instead you can manually enter the cash forecast numbers. For example, Equity Inflow or Tax Payments.
- **Trend**—You can use trend-based methods for any line items where the cash forecast can be calculated based on historical trends. Trend-based methods can be used only for Periodic forecasts. For example, Labor Payments or Lease Payments. For more information, see [About Trend-Based Forecasting Methods](#).

Additionally, with Predictive Cash Forecasting, you can blend forecast methods by using different forecast methods for different line items, different forecast methods for different period ranges, or different forecast methods for different entities. You can also perform what-if planning using different forecast methods, and then select the best forecast method to use for a particular line item, entity, or period range.

Forecast Method			
Blend Forecast Methods			
Vision NA	Week 1-3	Week 4-7	Week 8-13
Customer Receipts	Smart Drivers	Predictive Planning	
Project Receipts	Driver based		
Equity Inflows	Manual		
Salary Payments	Driver based	Predictive Planning	
Supplier Payments	Smart Drivers	Predictive Planning	Trend
Rent Payments	Trend		
Tax Payments	Driver based	Manual	

**Blend Forecast Methods:**

- ✓ Different Forecast Methods for different Line Items
- ✓ Blend Forecast Methods by Line Items and Period Ranges
- ✓ What-ifs to pick the forecast method that gives best accuracy over the periods
- ✓ Forecast Methods can vary for different entities



# 2

## Predictive Cash Forecasting Task Overview for Cash Managers

Review the tasks you'll perform as a Cash Manager for Predictive Cash Forecasting.

In general, follow these steps to work as a Cash Manager for Predictive Cash Forecasting.

1. Set user variables. See [Setting User Variables](#).
2. Review the driver-based forecast methods, used to drive the calculations for cash forecasts, that are set as the default forecast methods for each line item for your entity. Administrators typically perform this one-time setup task. But as a Cash Manager, you can make changes for your entity any time if needed. See [Setting Forecast Methods](#).
3. For line item categories that use Cash Drivers as the forecast method, set up cash inflow and cash outflow driver assumptions by setting up pay terms and other cash flow drivers. This is typically a one-time setup task, or possibly an infrequent task if you need to make adjustments to the assumptions. See:
  - [Setting Up Cash Inflow Driver Assumptions for Driver-Based Planning](#)
  - [Setting Up Cash Outflow Driver Assumptions for Driver-Based Planning](#)

### Note:

These steps assume that cash Driver Input data has already been loaded, but you can enter or adjust Assumptions values or period values.

Calculate cash inflow and outflow by saving the driver forms, which triggers driver calculations for each of the driver categories.

4. For line items that use Predictive Planning as the forecast method, you can use Predictive Planning to derive your cash forecast. See [Using Predictive Planning for Cash Forecasting](#).
5. For line items that use trend-based forecasting as the forecast method (for periodic forecasting only), set up trend assumptions. See [Setting up Trend Assumptions for Trend-Based Forecasting \(Periodic Forecasting Only\)](#).

Calculate cash inflow and outflow by saving the driver forms, which triggers driver calculations.

6. For any line items that use **Manual Input** as the forecasting method, enter forecast values. See [Manually Entering Data](#).
7. Review the **Summary** dashboard.  
The Cash Manager **Summary** dashboard provides a snapshot of the cashflow KPIs and an interactive chart for exploring cash flows. It includes several KPIs that indicates the cash health over the cash flow period. In addition, it also covers Operating and Non-operating Cash Flows, as well as cash positions.

See [Performing Daily and Periodic Cash Forecasting](#).

8. Review and update your cash forecast using the **Rolling Forecast** form. Review and adjust the overall forecast. Review the cash flows, and adjust if needed based on any additional information. [Performing Daily and Periodic Cash Forecasting](#).
9. After you make adjustments, you or your administrator must run rules to process and convert the data. Your administrator must also run data maps to push the data to the reporting cube so you can see results on the Analysis dashboards. If you are working in multiple currencies, there are additional currency conversion and rollup rules and data maps to run.

Rules to process the forecast:

- **Daily Process Actuals / Periodic Process Actuals.**
- **Daily Process Forecast / Periodic Process Forecast**
- **Daily Rollup / Periodic Rollup**

Rules to convert currency:

- In the Daily cube (OEP\_DCSH)—**Daily Currency Translation to Entity Currency**
  - In the Periodic cube (OEP\_PCSH)—**Periodic Currency Translation to Entity Currency**
  - In the Daily cube (OEP\_DCSH)—**Daily Currency Translation to Reporting Currency**
  - In the Periodic cube (OEP\_PCSH)—**Periodic Currency Translation to Reporting Currency**
10. Review analysis dashboards. From the Home page, click **Analysis**. See [Analyzing Cash Forecasts](#).
  11. Review any reports your administrator created. From the Home page, click **Reports**, and then select a report.
  12. If your administrator set up IPM Insights, review any insights that have been generated. From the Home page, click **IPM** and then click **Insights**. For more information about working with insights, see Using IPM Insights to Inform Your Decision-Making in *Working with Planning*.

To get started, from the Home page, click **Daily Cash Forecast** or **Periodic Cash Forecast**, and then select a component from the vertical tabs:



Table 2-1 Cash Manager Tasks

Task	Perform These Tasks	More Information
<b>Daily Rolling Forecast / Periodic Rolling Forecast</b>	<ul style="list-style-type: none"> <li>• <b>Summary</b>—Review the Summary dashboard. The Cash Manager <b>Summary</b> dashboard provides a snapshot of the cashflow KPIs and an interactive chart for exploring cash flows. It includes several KPIs that indicates the cash health over the cash flow period. In addition, it also covers Operating and Non-operating Cash Flows, as well as cash positions.</li> <li>• <b>Rolling Forecast</b>—Review and adjust the forecast for cash inflows and cash outflows. Review actuals, the rolling forecast, and actuals versus daily/periodic forecast. You'll do most of your work from this form. Right-click a line item in the form to see additional options for working with cash forecasts.</li> <li>• <b>Cash from Investing Activities</b>—Review and plan your cash from investing activities. Driver-based forecasting is not available for cash from investing activities. This form is for direct input only.</li> <li>• <b>Cash from Financing Activities</b>—Review and plan your cash from financing activities. Driver-based forecasting is not available for cash from financing activities. This form is for direct input only.</li> </ul>	<a href="#">Performing Daily and Periodic Cash Forecasting</a>
<b>Trend</b>	Enter assumptions for trend-based planning.	<a href="#">Setting up Trend Assumptions for Trend-Based Forecasting (Periodic Forecasting Only)</a>
<b>Drivers - Cash Inflow</b>	Review and adjust cash inflow drivers and set driver assumptions.	<a href="#">Setting Up Cash Inflow Driver Assumptions for Driver-Based Planning</a>



Table 2-1 (Cont.) Cash Manager Tasks

Task	Perform These Tasks	More Information
<b>Drivers - Cash Outflow</b>	Review and adjust cash outflow drivers and set driver assumptions	<a href="#">Setting Up Cash Outflow Driver Assumptions for Driver-Based Planning</a>
<b>Driver Assumptions - Inflow</b>	Set assumptions for cash inflow drivers for driver-based planning.	<a href="#">Setting Up Cash Inflow Driver Assumptions for Driver-Based Planning</a>
<b>Driver Assumptions - Outflow</b>	Set assumptions for cash outflow drivers for driver-based planning.	<a href="#">Setting Up Cash Outflow Driver Assumptions for Driver-Based Planning</a>
<b>Predicted</b>	Use Predictive Planning to forecast cash based on the historical data for the line item using time-series forecasting techniques.	<a href="#">Using Predictive Planning for Cash Forecasting</a>
<b>Manual Input</b>	Enter forecast data manually, for line items aren't determined by any automated logic.	<a href="#">Manually Entering Data</a>
<b>Set Forecast Method</b>	Typically, forecast methods for line items are set up by your administrator. You can review the forecast methods for each line item. If needed, you can modify the forecast methods for line items for your entity.	<a href="#">Setting Forecast Methods</a>

## Setting User Variables

Each planner must set the user variables described in this topic.

User variables define the context for forms and dashboards.

1. On the Home page, click **Tools**, then click **User Preferences**, and then click **User Variables**.
2. Select members for these user variables:
  - **Customer**
  - **Project**
  - **Supplier**
  - **Context Period**—Weekly only
  - **Controller Entity**—For controllers, who have access to multiple entities. Select the entity to use.
  - **Currency**
  - **Entity**—For users other than controllers.
  - **Reporting Period**—Weekly only
  - **Scenario**

- **Version**

## Setting Forecast Methods

Select the default forecast method to use for each line item to drive cash forecasts.

Line items forecasts are calculated based on the default forecast method for that line item.

Administrators typically perform this one-time setup task. Cash managers can make changes for their entity any time if needed.

For details about each of the supported forecast methods, see [About Forecast Methods](#).

 **Note:**

Use the **Cash Manager Flow** navigation flow to set forecast methods.

1. From the Home page, click **Daily Cash Forecast**, and then click **Set Forecast Method**.
2. Select the entity from the POV. (You must set forecast methods for every entity.)
3. For each line item, select the default forecast methods to use for different time periods of the rolling forecast range:

 **Tip:**

You can open the form in Oracle Smart View for Office to quickly update all the line items.

- a. **Preferred Method 1**—Select the preferred default forecast method.
  - b. **Method 1: End Period**—Select the last period of the rolling forecast range to use the preferred method 1 you selected. (In a daily model, the period is days. In a periodic model, the period is monthly or weekly.)
4. Repeat these steps for Method 2 and Method 3.  
Note that every end period following the first end period has be greater than the first end period.
  5. Repeat these steps for each entity.  
You can use the rule **Daily / Periodic Push Assumptions to Entities** to copy assumptions from one entity to one or more entities.

 **Note:**

You can calculate forecasts for line items using any method, but the method you select here becomes the default.

# Setting Up Cash Inflow Driver Assumptions for Driver-Based Planning

Set up the assumptions for cash inflow drivers for driver-based planning.

Depending on how your administrator enabled the application, cash inflow drivers, along with their associated calculations and sample line items are included in the application. Cash forecasts for each line item are calculated based on the assumptions you define applied to the driver input.

 **Note:**

These steps assume that cash Driver Input data has already been loaded, but you can enter or adjust Assumptions values or period values.

1. From the Home page, click **Daily Cash Forecast**, and then click **Drivers - Cash Inflow**. Depending on what your administrator enabled for the application, you'll see a form for each driver method that was enabled, along with some sample line items.

If you are forecasting at the periodic level, from the Home page, click **Periodic Cash Forecast**.

2. For each cash inflow category, described in the following steps, select the appropriate members in the POV, and then enter the driver assumptions. Save the form after entering assumptions, which triggers driver calculations for each of the driver categories and calculates cash inflow.
3. For Revenue Receipts—Click the **Revenue Receipts** form.
  - a. Review, adjust, or manually enter the revenue receipts (the **Driver Input**).
  - b. Set up the pay term assumptions by entity, line item, and other custom dimensions: Right-click a row and select **Revenue Pay Terms** to open the driver assumptions form. You can also open the **Revenue Pay Terms** form directly by clicking the **Driver Assumptions - Inflow** vertical tab.
  - c. Enter up to five **Pay Terms** and the **Due Period** for each. For example, 75% of your product revenue receipts comes in in three days, and the remaining 25% comes in in five days.

The cash inflow is calculated by applying the pay term percentage on the driver input and posting the cash inflow to the period buckets based on the due date.

4. For Project Receipts—Click the **Project Receipts** form.
  - a. Review, adjust, or manually enter the daily project receipts (the Driver Input).
  - b. In the **Assumptions** column, review, enter, or adjust the total project revenue.
  - c. Set up project information including milestone and pay terms: Right-click a row and select **Project Receipts Pay Terms** to open the driver assumptions form. You can also open the **Project Receipts Pay Terms** form directly by clicking the **Driver Assumptions - Inflow** vertical tab.
  - d. Enter the **Percentage** and **Due Date** for up to three project milestones (for all projects or for a specific project).

- e. Enter the **Percentage** and **Due Period** for up to five pay terms.

Cash flow is calculated applying the pay term on the milestone amount for the project. Milestone amounts are derived on milestone percentage for each project. The drivers are captured by project and the cash flow is calculated on the project.

5. For DSO Receipts—Click the **DSO Receipts** form.
  - a. Review, adjust, or manually enter the DSO receipts (the Driver Input).
  - b. In the **Assumptions** column, review, adjust, or enter the **Average DSO**. Or or enter a DSO value for each day.  
(The value in **Assumptions** is always days, even in a weekly or monthly plan.)

Cash flow is calculated by applying the average DSO for the period on the period revenue or it by taking the average DSO across the year if the DSO by period does not exist.

6. Save the form after entering assumptions, which triggers driver calculations for each of the driver categories and calculates cash inflow.  
Cash forecasts for each line item are calculated based on the assumptions you define, applied to the driver input. You can see all of the updated cash inflow forecasts in the **Rolling Forecast** form. See [Performing Daily and Periodic Cash Forecasting](#).

## Setting Up Cash Outflow Driver Assumptions for Driver-Based Planning

Set up the assumptions for cash outflow drivers for driver-based planning.

Depending on how your administrator enabled the application, cash outflow drivers, along with their associated calculations and sample line items, are included in the application. Cash forecasts for each line item are calculated based on the assumptions you define, applied to the driver input.



### Note:

These steps assume that cash Driver Input data has already been loaded, but you can enter or adjust Assumptions values or period values.

1. From the Home page, click **Daily Cash Forecast**, and then click the **Drivers - Cash Outflow** tab.  
If you are forecasting at the periodic level, from the Home page, click **Periodic Cash Forecast**.
2. For each cash outflow category, described in the following steps, select the appropriate members in the POV, and then enter the driver assumptions. Save the form after entering assumptions, which triggers driver calculations for each of the driver categories and calculates cash outflow.
3. For Expense Payments—Click the **Expense Payments** form.
  - a. Review, adjust, or manually enter the expense payments (the **Driver Input**).
  - b. Set up the expense pay term assumptions by entity, line item, and other custom dimensions: Right-click a row and select **Expense Pay Terms** to open the driver

assumptions form. You can also open the **Expense Pay Terms** form directly by clicking the **Driver Assumptions - Outflow** vertical tab.

- c. For each line item, enter up to five **Pay Terms** and the **Percentage** and **Due Period** for each.

The cash outflow is calculated by applying the pay term percentage on the driver input and posting the cash outflow to the period buckets based on the due date.

4. For Fixed Asset payments—Click the **Fixed Asset Payments** form.
  - a. Review, adjust, or manually enter the fixed asset payments (the Driver Input).
  - b. Set up the fixed asset pay term assumptions by entity, line item, and other custom dimensions: Right-click a row and select **Fixed Asset Pay Terms** to open the driver assumptions form. You can also open the **Fixed Asset Pay Terms** form directly by clicking the **Driver Assumptions - Outflow** vertical tab.
  - c. For each line item, enter up to five **Pay Terms** and the **Percentage** and **Due Period** for each.

The cash outflow is calculated by applying the pay term percentage on the driver input and posting the cash outflow to the period buckets based on the due date.

5. For Recurring payments—Click the **Recurring Payments** form.
  - a. Review, adjust, or manually enter the recurring payments (the Driver Input).
  - b. In the **Assumptions** column, review, enter, or adjust the total recurring payment amount in the **Cash Drivers** for each line item.
  - c. Set up the recurring pay term assumptions by entity, line item, and other custom dimensions: Right-click a row and select **Recurring Pay Terms** to open the driver assumptions form. You can also open the **Recurring Pay Terms** form directly by clicking the **Driver Assumptions - Outflow** vertical tab.
  - d. For each line item, enter the **Pay Basis** (Annual, Monthly, or Weekly), **Pay Period** (the starting period from when recurring payments should begin), **Recurring Frequency** (the recurring frequency, for example, every 2 years, months, or weeks, based on the **Pay Basis**), and the **Number of Occurrences** (the number of recurring payments to be posted).

Cash outflow is calculated based on the recurring schedule that is defined which is by a combination of pay basis, pay period (starting period), recurring frequency and number of occurrence, applying the amount defined in the **Assumption** column. It posts accordingly through the end of your forecast range.

6. For Salary payments—Click the **Salary Payments** form.
  - a. Review, adjust, or manually enter the salary payments (the Driver Input).
  - b. Optionally, in the **Assumptions** column, review, enter, or adjust the total (for example, annual) salary payment amount. It will be divided by the number of periods and posted to appropriate periods.  
Any values you enter in the periods are cumulative to the value in **Assumptions**.
  - c. Set up the salary pay term assumptions by entity, line item, and other custom dimensions: Right-click a row and select **Salary Pay Terms** to open the driver assumptions form. You can also open the **Salary Pay Terms** form directly by clicking the **Driver Assumptions - Outflow** vertical tab.

- d. For each line item, select the **Salary Basis** (Annual or Monthly) and the **Salary Incidence** (when the salary is posted and the cash flow occurs—Begin Period, End Period, Semi-monthly, or Biweekly). Enter the **Annual Payment Due Date** (only for line items where **Salary Basis** is **Annual**, the salary due date), and optionally, up to five pay terms and the **Percentage** and **Due Period** for each.

Cash outflow is calculated based on salary basis and posted to respective periods based on salary incidence, due date, and pay terms.

7. For Project payments—Click the **Project Payments** form.
  - a. Review, adjust, or manually enter the project payments (the Driver Input).
  - b. Optionally, in the **Assumptions** column, review, enter, or adjust the total project payment amount. It is divided by the number of periods and posted to appropriate periods.
  - c. Set up the project pay term assumptions by entity, line item, and other custom dimensions: Right-click a row and select **Project Pay Terms** to open the driver assumptions form. You can also open the **Project Pay Terms** form directly by clicking the **Driver Assumptions - Outflow** vertical tab.
  - d. For each line item, enter the **Percentage** and **Due Date** for up to three project milestones (for all projects or for a specific project), and the **Percentage** and **Due Period** for up to five **Pay Terms**.

Cash flow is calculated applying the pay term on the milestone amount for the project. Milestone amounts are derived on milestone percentage for each project. The drivers are captured by project and the cash flow is calculated on the project.

8. For Direct Tax payments—Click the **Direct Tax Payments** form.
  - a. Review, adjust, or manually enter the direct tax payments (the Driver Input).
  - b. Set up the direct tax pay term assumptions by entity, line item, and other custom dimensions: Right-click a row and select **Direct Tax Pay Terms** to open the driver assumptions form. You can also open the **Direct Tax Pay Terms** form directly by clicking the **Driver Assumptions - Outflow** vertical tab.
  - c. For each line item, enter the **Percentage** and **Due Date** for up to four tax installments.

Cash outflow is calculated based on the annual tax liability and the installment percentage and due dates. The annual tax is cumulative and any change in the annual tax amount is adjusted for considering the incremental / decreased amount posted in the future installments.

9. For Indirect Tax payments—Click the **Indirect Tax Payments** form.
  - a. Review, adjust, or manually enter the indirect tax payments (the Driver Input).
  - b. Optionally, in the **Assumptions** column, enter an overall indirect tax value. Note that when the tax basis is monthly, **Assumptions** is not relevant. Instead, provide values for the specific periods.
  - c. Set up the indirect tax pay term assumptions by entity, line item, and other custom dimensions: Right-click a row and select **Indirect Tax Pay Terms** to open the driver assumptions form. You can also open the **Indirect Tax Pay Terms** form directly by clicking the **Driver Assumptions - Outflow** vertical tab.
  - d. For each line item:
    - Select the **Tax Basis**—**Annual** or **Monthly**.
    - For **Indirect Taxes Due Date**, enter a date; typically used for annual taxes.

- Enter the **Percentage** and **Due Period** for up to five pay terms.

Cash outflow is calculated based on the annual tax liability and the installment percentage and due dates. The annual tax is cumulative and any change in the annual tax amount is adjusted for considering the incremental / decreased amount posted in the future installments.

10. For DPO payments—Click the **DPO Payments** form.

- a. Review, adjust, or manually enter the DSO payments (the Driver Input).
- b. In the **Assumptions** column, you can review, enter, or adjust the **Average DPO**. Or or enter a DPO value for each day.  
(The value in **Assumptions** is always days, even in a weekly or monthly plan.)

Cash flow is calculated applying the average DPO for the period on the period expense or it takes the average DPO across the year if the DPO by period does not exist.

11. Save the form after entering assumptions, which triggers driver calculations for each of the driver categories and calculates cash outflow.  
Cash forecasts for each line item are calculated based on the assumptions you define, applied to the driver input. You can see all of the updated cash outflow forecasts in the **Rolling Forecast** form. See [Performing Daily and Periodic Cash Forecasting](#).

## Setting up Trend Assumptions for Trend-Based Forecasting (Periodic Forecasting Only)

For periodic forecasting, you have the option to set up trend-based forecasting, if your administrator enabled the feature. As you select the trend, the data is calculated based on the logic of the method. You can apply an increase / decrease on top of that to determine the future forecast.

Trend-based forecasting methods can be used for any line items where the cash forecast can be determined based on historical trends. Trend-based methods can be used only with Periodic forecasts (weekly or monthly). Trend-based methods might not be ideal for forecasting cash but could be used if the cash inflows and outflows use a standard pattern.

To set assumptions for trend-based forecasting:

1. From the Home page, click **Periodic Cash Forecast**, and then click the **Trend** tab.
2. Select the appropriate members in the POV.
3. For each line item, in the **Trend Method Assumptions** column, select the trend method to use for the line item.
4. In the **% Increase / Decrease Assumptions** column, enter the percentage increase or decrease.
5. Save the form after entering assumptions, which triggers calculations to calculate cash inflow and outflow. Cash forecasts for each line item are calculated based on the assumptions you define, applied to the driver input.  
You can see all of the updated cash outflow forecasts in the **Rolling Forecast** form. See [Performing Daily and Periodic Cash Forecasting](#).



For details about the trend methods used in Predictive Cash Forecasting, see [About Trend-Based Forecasting Methods](#).


 **Note:**

For Trend calculations, Receivables Invoices are calculated based on actuals existing in **Customer Receipts**, as there are no actuals for Receivables Invoice. Similarly, Payables Invoices are calculated based on actuals existing in **Supplier Payments**, as there are no actuals for Payables Invoices. For Receivables Overdue and Payables Overdue Invoices, trends will not work as there is no specific actual data.

## Using Predictive Planning for Cash Forecasting

You can use Predictive Planning to forecast cash based on the historical data for the line item using time-series forecasting techniques.

To use Predictive Planning to forecast cash:

1. From the Home page, click **Daily Cash Forecast** or **Periodic Cash Forecast**.
2. Click the **Predicted** vertical tab.
3. Select the appropriate members from the POV.
4. Select a line item, and then from the **Actions** menu, select **Predictive Planning**. The prediction runs, and a results area opens below the form with a chart and detailed information about the prediction.
5. To get more information about the data in the chart and the predicted values:
  - Use the tooltips for each data series in the chart to get more information about the values.
  - Use the Info Boxes to see details about each data series on the chart.
  - Review the risk gauge in the Info Box, which indicates the probability of a scenario occurring above or below the prediction.
  - Click  (**Details**) to get more information about the prediction data or the historical data.
  - Use the tooltips to get insight about the detail information.
6. You can customize the chart (click **Settings** in the Chart area), or change the prediction options, including the date ranges, chart view settings, and prediction options (click **Settings** in the Info Box area).
7. In the chart area, you can select a different line item to see predicted values for.
8. You can copy predicted values and paste them into a scenario on the form. In the Info Boxes area, click **Paste**, then select options from the **Paste Prediction** box, and then click **Apply**. Then, save the form.  
You can see all of the updated cash outflow forecasts in the **Rolling Forecast** form. See [Performing Daily and Periodic Cash Forecasting](#).

For more information about using Predictive Planning, see Improving Forecasting Accuracy with Predictive Planning in *Working with Planning*.



Predictive Planning selects the best prediction method to use, selecting the method that gives the most accurate results based on the data available. For more information about the statistical forecasting methods, see Predictive Planning Forecasting and Statistical Descriptions in *Working with Planning*.

 **Note:**

For Interactive Predictive Planning, Receivable Invoices, Overdue Invoices, Payable Invoices, Payable Overdue Invoices will not provide any results as there is no historical data in these lines. However you can use AutoPredict, because it allows you to reference a different line item for predicting.

Predictive Planning is not relevant for Receivables Overdue or Payables Overdue Invoices as they have no historical actual data.

## Manually Entering Data

You can enter forecast data manually, for line items aren't determined by any automated logic.

Use manual entry for line items that are difficult to model and require manual planning, for example, Equity Inflow and Tax Payments.

To enter forecast data manually:

1. From the Home page, click **Daily Cash Forecast** or **Periodic Cash Forecast**.
2. Click the **Manual Input** vertical tab.
3. Select the appropriate members from the POV.
4. Enter your forecast values and then click **Save**.  
You can see all of the updated cash outflow forecasts in the **Rolling Forecast** form. See [Performing Daily and Periodic Cash Forecasting](#).

# 3

## Predictive Cash Forecasting Task Overview for Controllers

Review the tasks you'll perform as a Controller for Predictive Cash Forecasting.

As a controller, you can review the cash forecast for multiple entities. In general, follow these steps to work as a Controller for Predictive Cash Forecasting:

1. Set user variables. See [Setting User Variables](#).
2. Review the **Summary** dashboard. The Controller **Summary** dashboard displays the snapshot at the regional level in the entity hierarchy and allows for a view of the cash flows by each of the entities in the region. The KPIs for the Controller are at the regional level. You can drill in to specific entities from there. See [Performing Daily and Periodic Cash Forecasting](#).
3. Review the rolling forecast for cash inflows and cash outflows for different entities, and make adjustments as needed using the using the Rolling Forecast form. See [Performing Daily and Periodic Cash Forecasting](#).
4. After you make adjustments, you or your administrator must run rules to process and convert the data. You administrator must also run data maps to push the data to the reporting cube so you can see results on the Analysis dashboards. If you are working with multiple currencies, there are additional currency conversion and rollup rules and data maps to run.

Rules to process the forecast:

- **Daily Process Actuals / Periodic Process Actuals.**
- **Daily Process Forecast / Periodic Process Forecast**
- **Daily Rollup / Periodic Rollup**

Rules to convert currency:

- In the Daily cube (OEP\_DCSH)—**Daily Currency Translation to Entity Currency**
  - In the Periodic cube (OEP\_PCSH)—**Periodic Currency Translation to Entity Currency**
  - In the Daily cube (OEP\_DCSH)—**Daily Currency Translation to Reporting Currency**
  - In the Periodic cube (OEP\_PCSH)—**Periodic Currency Translation to Reporting Currency**
5. Review analysis dashboards. From the Home page, click **Analysis**. See [Analyzing Cash Forecasts](#).
  6. Review any reports your administrator created. From the Home page, click **Reports**, and then select a report.
  7. If your administrator set up IPM Insights, review any insights that have been generated. From the Home page, click **IPM** and then click **Insights**. For more information about working with insights, see *Using IPM Insights to Inform Your Decision-Making in Working with Planning*.

To get started, from the Home page, click **Daily Cash Forecast** or **Periodic Cash Forecast**, and then select a component from the vertical tabs:

**Table 3-1 Controller Tasks**

Task	Perform These Tasks	More Information
<b>Summary</b>	Review the Summary dashboard. The Controller <b>Summary</b> dashboard displays the snapshot at the regional level in the entity hierarchy and allows for a view of the cash flows by each of the entities in the region. The KPIs for the Controller are at the regional level. You can drill in to specific entities from there.	<a href="#">Performing Daily and Periodic Cash Forecasting</a>
<b>Rolling Forecast</b>	Review and adjust the forecast for cash inflows and cash outflows for different entities. Review actuals, the rolling forecast, and actuals versus daily/periodic forecast. You'll do most of your work from this form.	<a href="#">Performing Daily and Periodic Cash Forecasting</a>

## Setting User Variables

Each planner must set the user variables described in this topic.

User variables define the context for forms and dashboards.

1. On the Home page, click **Tools**, then click **User Preferences**, and then click **User Variables**.
2. Select members for these user variables:
  - **Customer**
  - **Project**
  - **Supplier**
  - **Context Period**—Weekly only
  - **Controller Entity**—For controllers, who have access to multiple entities. Select the entity to use.
  - **Currency**
  - **Entity**—For users other than controllers.
  - **Reporting Period**—Weekly only
  - **Scenario**
  - **Version**

# 4

## Performing Daily and Periodic Cash Forecasting

Depending on how your application is set up, you can perform cash forecasting at the daily, weekly, or monthly level.

After setting up driver assumptions and saving the form, (or after completing other methods for deriving cash forecast, such as predictions or manual input), you can review the cash flow forecast results in the **Rolling Forecast** form, and then perform additional analysis and make adjustments.

Line items forecasts are calculated based on the default forecast method for that line item.

Before beginning cash forecasting, make sure you or your administrator has run the **Daily/Periodic Process Actuals** and **Daily/Periodic Process Forecast** rules. . If you are using multiple currencies, there are additional rules the administrator must run.



### Note:

If you are working with multiple currencies, review [About Using Multiple Currencies in Forms](#).

1. From the Home page, click **Daily Cash Forecast** or **Periodic Cash Forecast**. If you are a Cash Manager, then click **Daily Rolling Forecast** or **Periodic Rolling Forecast** from the vertical tabs.
2. Review the **Summary** dashboard.  
The Cash Manager **Summary** dashboard provides a snapshot of the cashflow KPIs and an interactive chart for exploring cash flows. It includes several KPIs that indicates the cash health over the cash flow period. In addition, it also covers Operating and Non-operating Cash Flows, as well as cash positions.  
  
The Controller **Summary** dashboard displays the snapshot at the regional level in the entity hierarchy and allows for a view of the cash flows by each of the entities in the region. The KPIs for the Controller are at the regional level. You can drill in to specific entities from there.
3. Click the **Rolling Forecast** form to review the actuals, actuals versus daily/periodic forecast, and the rolling forecast for operating cash inflows, operating cash outflows, cash from investing activities, and cash from financing activities, along with the opening and closing balance. You will do most of your daily work from this form.
4. If you are a Cash Manager, to perform additional analysis and make adjustments, right-click the form and then select from the following options.  
If you are a Controller, to perform additional analysis and make adjustments, right-click a line item and then select **Forecast by Entity**. Select the entity and currency you want to plan for from the POV, right-click a line item, and then select from the following options:
  - **View by Line Item Details**—Review details for each line item.

- **Forecast by Bank**—Use this option to allocate forecasts by bank based on defined business rules. Once the forecast is finalized, you can allocate the forecast numbers by bank. See [Forecasting By Bank](#).
- **View Actuals**—Review any actuals that have been loaded to the **Actual** scenario. Select members from the POV to review different versions, entities, currencies, or line items. You see the Actual range specified by your administrator in **Forecast Range Setup**.
- **Customer Analysis Dashboard**—Review an analysis of customer receipts for your entity on a dashboard, with KPIs, DSO trend, aging analysis, and actuals versus forecast.
- **View by Forecast Method**—For daily forecasting only: Review and adjust the rolling forecast by reviewing line item values categorized by forecast method. You can do your planning and make adjustments from this form. For more information, see [Reviewing and Adjusting Your Forecast by Forecast Method](#).

 **Note:**

To see the difference between a forecasted value and an adjusted value, in **View by Forecast Method**, review the **Adjustments** row.

- **Supplier Analysis Dashboard**—Review an analysis of supplier payments for your entity on a dashboard, with KPIs, DPO trend, payables aging analysis, and so on.
5. You can make any further adjustments directly on the **Rolling Forecast** form.
  6. Save the form when you are done with the forecast.

## About Using Multiple Currencies in Forms

Review important information about working with multiple currencies in Predictive Cash Forecasting forms.

- You can view data in the input currency or the reporting currency in the following forms: **Rolling Forecast**, **Cash From Investing Activities**, and **Cash From Financing Activities**.
- You can enter values only in the input currency in the **Rolling Forecast**, **Cash From Investing Activities**, and **Cash From Financing Activities** forms.
- You can make adjustments to values only in the input currency. (If you select a different currency, the form becomes read only.)
- Driver-based forecasting, trend-based forecasting, manual input, and predictive forecasting is always done using the input currency.
- You can run currency conversion rules to convert to the entity currency. Entity currency is identified by the entity currency UDA for each of the entities. It is represented as the reporting currency.
- Your administrator must run currency conversion rules in order for you to see the input currencies in the reporting currency.
- For controllers, your administrator must run a rollup rule in order for you to see rolled up converted data at a higher level of the hierarchy.

## Forecasting By Bank

You can allocate forecasts by bank based on defined business rules to review the impact on the forecast.

Once the forecast is finalized, you can allocate the forecast numbers by bank.

1. From the Home page, click **Daily Cash Forecast** or **Periodic Cash Forecast**. If you are a Cash Manager, then click **Daily Rolling Forecast** or **Periodic Rolling Forecast** from the vertical tabs.
2. Click the **Rolling Forecast** form.
3. Right-click the **Rolling Forecast** form and then click **Forecast by Bank**.

If you are a Controller, right-click the form and then select **Forecast by Entity**. Select the entity and currency you want to plan for from the POV, right-click a line item, and then select **Forecast by Bank**.

The **Daily/Periodic Forecast by Bank** form opens.

4. In the **Assumptions** column, in the **Bank Allocations** row, select an option for bank allocations:
  - **Curr Year Average YTD Balance**—Allocates the **Any Bank** balance to specific banks based on the current year average year-to-date balance by bank.
  - **Previous Year Average Balance**—
  - **Opening Balance** —Allocates the **Any Bank** balance to specific banks based on opening balance by bank.
  - **Last Year Same Period Balance**—Allocates the **Any Bank** balance to specific banks based on the last year same period balance by bank.
5. Save the form to trigger the calculations.
6. Review and verify the results.
7. Once the forecast is finalized, you can allocate the forecast numbers by bank using the best method.

## Reviewing and Adjusting Your Forecast by Forecast Method

Review and adjust the rolling forecast by reviewing line item forecasts categorized by forecast method. You can do your forecasting and make adjustments from this form.

1. From the Home page, click **Daily Cash Forecast**. If you are a Cash Manager, then click **Daily Rolling Forecast** from the vertical tabs.
2. Click the **Rolling Forecast** form.
3. Right-click a line item in the **Rolling Forecast** form and then click **View by Forecast Method**.

If you are a Controller, right-click the form and then select **Forecast by Entity**. Select the entity and currency you want to plan for from the POV, right-click a line item, and then select **View by Forecast Method**.

The **Daily View by Forecast Method** form opens, showing forecast values that come from each forecast method for the selected line item.

4. Select members from the POV to review the line item forecast for different versions, entities, or currencies. You can also change to a different line item.
5. To do more analysis and adjustments on line items, right-click in the form, and then select a line item.  
The details open in a new form.
6. Make adjustments as needed, and then save the form.
  - You can review and adjust assumptions or values for each period.
  - You can right-click in the form and select the driver assumptions to make adjustments to your assumptions. For example, right-click in the **Salary Payments** form and then select **Salary Pay Terms**. Make changes as needed to the driver assumptions.

For more information, see [Setting Up Cash Inflow Driver Assumptions for Driver-Based Planning](#) and [Setting Up Cash Outflow Driver Assumptions for Driver-Based Planning](#).

7. Return to the **Daily View by Forecast Method** form to review the impact of your changes.

 **Note:**

You can run the **Daily Set Color on View Forecast** rule to set the color to the forecast method that has been selected for the period range.

The line item is calculated based on the default forecast method.

8. If needed, based on your analysis, you can change the default forecast method a line item uses. See [Setting Forecast Methods](#).  
If you change the forecast method for a line item, save the form, and then run the **Process Forecast** rule to see the result reflected in the **Rolling Forecast** form.
9. When you are satisfied with the forecast, return to the **Rolling Forecast** form.  
You can make any additional manual adjustments in this form.
10. Review adjusted values.

The adjustments are the difference between what was loaded or calculated and what you have adjusted.

For traceability, adjustment values are saved in the **Adjustments** member and updated values are saved in a parent member, **Forecasted Cash+ Adj**.

# 5

## Analyzing Cash Forecasts

Use the provided dashboards to analyze your cash forecasts.

In addition to the Summary dashboard, Predictive Cash Forecasting provides several dashboards to help in your cash analysis. You can analyze both daily and periodic data in one place using the provided dashboards.

Before you can see updated data in the dashboards, make sure you or your administrator has run the relevant currency conversion and rollup rules and the data maps to push data to the reporting cube.

1. From the Home page, click **Analysis**.
2. Select one of the dashboards for further analysis.  
You can select different entities in the POV to look at different data, and you can review the dashboards in any currency.

For cash managers, view data for the forecast range in these dashboards:

- **Daily Overview**—Different ways to look at the daily data, including Cash KPIs, net cash flow, total inflows and outflows by line item, and a cash walkthrough from opening balance to closing balance over the forecast range.
- **Periodic Overview**—Same as the **Daily Overview**, but at the periodic level.
- **Daily Variance**—Variance analysis at the daily level, comparing the historical actual versus forecast, using data from the entire actual period range, compared to the forecast. It includes a variance walkthrough from opening balance to closing balance over the forecast range. In the **Comparison by Period** chart, you can select different line items from the list. All line items related to receipts are combined into **Total Customer Receipts** (forecast receipts and actual receipts), and all payments are combined into **Total Supplier Payments** (forecast payments and actual payments) so you can compare actual and forecast. The line item analysis shows the variance between forecast and actual at the rollup level.
- **Periodic Variance**—Same as the **Daily Variance** analysis, but at the periodic level.
- **Daily vs Periodic**—Compare cash inflows and cash outflows from your daily and periodic forecasts.

For controllers, view data for the forecast range in these dashboards:

- **Daily Analysis by Entity**—Get a high-level analysis of your daily cash inflows and outflows for all entities, and a cash walkthrough from opening balance to closing balance over the forecast range. You can select different line items to review in the cash walkthrough. Review the cash position for different entities, and in the Forecast report, for each line item, from opening balance to closing balance, review the entity level data rolled up to parent entity.
- **Periodic Analysis by Entity**—Same as the Daily Analysis, but at the periodic level.

The values shown in the charts and KPIs are for the forecast range defined **Forecast Range Setup**.



# A

## Forecasting Methods

### About Driver-Based Forecasting Methods

Predictive Cash Forecasting provides eleven driver-based forecast methods. Depending on how your administrator enabled the application, driver methods and their associated calculations, along with example line items, are populated in the application.

Administrators enable **Driver Based Forecasting** when enabling the application. Cash Managers set the assumptions for the driver-based forecasting methods.

#### Process for Working with Driver-Based Forecasting Methods

1. Set up the assumptions (such as pay terms, due dates, and so on) by entity, line item, and other custom dimensions.
2. Load or input the data used to drive the cash forecast.  
For DSO and DPO, load or input the average DSO or DPO and the outstanding revenue or expense to drive the cash forecast.
3. Run the daily **Daily Process Forecast / Periodic Process Forecast**, which calculates the cash flows.
4. When you load or save the cash inflow or cash outflow driver form, Predictive Cash Forecasting calculates the cash inflows or outflows based on the driver amount and driver assumptions, and posts them into the appropriate periods.  
For DSO and DPO, Predictive Cash Forecasting calculates the cash flows based on the Average DSO or DPO and outstanding revenue or expense.
5. The cash inflow or outflow is automatically populated in the **Rolling Forecast** form.

#### Cash Inflow Drivers

- **Revenue Receipts**— Drive cash inflow from product or service revenue using pay terms, for example, revenue from retail stores in retail might have a fixed pattern of 70% cash received in three days and 30% cash received in five days.
- **Project Receipts**— Drive cash inflow from projects revenue, milestone dates, and pay terms. For example, cash receipts from contracts or IT projects is driven by milestones and pay terms. Useful for project-based contract companies.
- **Days Sales Outstanding (DSO) - Receipts**—Drive cash inflow considering the average Days Outstanding on the Revenue, at the party or entity level. Useful when pay terms are very dynamic.

#### Cash Outflow Drivers

- **Expense Payments**—Drive cash outflow considering the expense and the pay terms. For example, for some Operational expenses such as travel and utilities, cash outflows can be determined based on a regular pay term.

- **Fixed Asset Payments**—Drive cash outflow considering the fixed asset spends and pay terms. Fixed assets payments are determined based on pay terms, which can be set by asset class. Data for fixed asset payments could come from the Planning Capital module or other source.
- **Recurring Payments**—Drive cash outflow for ongoing expenses that have payments on a recurring basis, such as lease or rental payments.
- **Salary Payments**—Drive cash outflow for salary and payroll-related payments based on salary expenses, salary basis, and timing of the pay-outs, such as annually, monthly, or weekly, and salary incidence such as beginning of period, end of period, bi-monthly, or a specific due date. Data for salary payments could come from the Planning Workforce module or a payroll system.
- **Project Payments**—Drive cash outflow from project expenses and pay terms. Project expense cash outflow for material, labor, or other project related costs can be modeled based on milestones and pay terms. Data for project payments could come from the Planning Projects module or other source.
- **Direct Tax Payments**—Drive cash outflow for direct tax payments based on tax liability, installment percentage, and due dates. Used for any direct tax payment, for example to government or regulators.
- **Indirect Tax Payments**—Drive cash outflow for indirect tax payments based on tax liability and pay terms. For example, indirect tax payments such as GST or Sales Tax that are payable to regulatory agencies.
- **Days Payables Outstanding (DPO) - Payments**—Drive cash outflow considering the average days outstanding on the expense, typically by supplier or at the entity level. Useful when pay terms are very dynamic.

### Revenue Receipts (Based on Revenue and Pay Terms)

#### Description

Drive cash inflow from product or service revenue using pay terms.

Use the Revenue Receipts driver method when product or service revenue is based on pay terms, for example, retail customers and direct channel customers. Typically overall stores revenue has a set pattern of receipts that you can model using this method. You can also use this if you want to drive your cash forecast based on direct revenue coming from ERP or Planning and a specified pay term.

You can use this driver method for line items in the Revenue Receipts category, where you can add line items such as product revenue receipts or service revenue receipts.

#### Example

Revenue from retail stores in retail might have a fixed pattern of 70% cash received in three days and 30% cash received in five days.

#### Drivers

Specify for entity and line items. Additional custom dimensions can be considered if they are enabled.

#### Pay Terms

- **Percentage**—Percentage expected for each pay term
- **Due Period**—Payment days, weeks, months

### **Driver Input**

Product or service revenue or other customer-defined line items.

Driver inputs can be extracted from source systems such as a POS system or ERP, loaded through a .csv file, brought in from Planning, or you can manually enter them on the Driver Assumptions form.

Once the driver inputs are loaded, Cash Managers can see them reflected in the Assumptions form, and can make manual adjustments to driver inputs based on their best judgment and experience for the line item.

### **Calculation Logic**

Based on payment term assumptions, including percentage input and due period, Predictive Cash Forecasting calculates the cash inflow amount considering the revenue amount. It calculates the cash inflow if the due period falls within the cash forecast period range and it posts the inflow amount in the respective periods based on the assumptions entered for percentage and due period.

### **Project Receipts (Based on Project Revenue, Milestones, and Pay Terms)**

#### **Description**

Drive cash inflow from projects revenue, milestone dates, and pay terms, and calculate the milestone amounts based on contract value. This method is useful for project-based contract companies, engineering and construction companies, real estate companies, and project-based consulting service companies.

#### **Example**

Revenue (cash receipts) from contracts or IT projects driven by milestones and pay terms.

#### **Drivers**

Specify at the entity, project, line item level. Additional custom dimensions can be considered if they are enabled.

#### **Milestones** for the project

- **Percentage**—Percent completion
- **Due Date**

#### **Pay Terms** for the project

- **Percentage**
- **Due Period**

#### **Driver Input**

Project revenue by project.

Driver inputs can be extracted from systems such as the ERP Project Management module, the Planning Projects module, or can be loaded through a .csv file.

Once the driver inputs are loaded, Cash Managers can see them reflected in the Assumptions form, and can make manual adjustments to driver inputs based on their best judgment and experience for the line item.

### **Calculation Logic**

Cash flow is calculated by applying the pay term on the milestone amount for the project. Milestone amounts are derived from the milestone percentage for each project. The drivers are captured by project and the cash flow is calculated on the project.

Predictive Cash Forecasting calculates the project milestone amount based on total contract amount \* the milestone percentage and populates the result in the respective milestone day/ periods. Once the milestones are derived in respective periods, Predictive Cash Forecasting applies the pay terms logic on the milestones to calculate the cash inflow amount and populates it in the respective day or period of the cash forecast. In case the due date or due period falls outside the cash forecasting period range, Predictive Cash Forecasting does not post that milestone / cash inflow amount.

### **Days Sales Outstanding (DSO) Receipts (Based on Average DSO and Outstanding Receivables)**

#### **Description**

Drive cash inflow considering the average days outstanding on the revenue at the party or entity level. This method is useful when pay terms are very dynamic.

Days sales outstanding (DSO) is a driver measure of the average number of days that it takes a company to collect payment for a sale. DSO is often determined on a monthly, quarterly, or annual basis. Based on the DSO driver, Predictive Cash Forecasting determines the cash inflow by applying it to the Outstanding Revenue.

This method can be useful for customers who want to forecast cash when they don't have corresponding source data yet, especially for periods further out in the cash forecast.

#### **Example**

You can use DSO when pay terms are very dynamic, for example, for revenue line items such as revenue not yet booked, or future projected revenue, such as indirect channel revenue cash inflow.

#### **Drivers**

##### **Average DSO**

- **Assumptions**, average across year
- Period buckets, average for the period

##### **Driver Input**

Adjusted DSO days can be used as driver input for calculating the cash inflow in the forecast, and can be loaded or input either at the Entity level or based on the dimension (for example, Party) that this method is applicable for. DSO can be loaded as an overall assumption or by period. Additionally, Outstanding Revenue is available as the driver. Outstanding Revenue is usually the opening Accounts Receivable + Credit Sales for the period.

##### **Calculation Logic**

Cash inflow is calculated based on the Outstanding Revenue (future revenue) and the Average DSO. Predictive Cash Forecasting considers the appropriate periods' average DSO or it takes the overall assumption. The cash inflow is determined based on the Average DSO applied on the driver input amount and posted to the period based on the number of DSO days.

## Expense Payments (Based on Expense and Pay Terms)

### Description

Drive cash outflow considering the expense and the pay terms. This driver method is applicable for operating cash outflow line items such as labor payments, travel payments, or hotel payments. This driver method is used to derive the cash outflows based on standard pay terms for that expense applied on the expense.

### Example

For example, cash outflows for some operational expenses such as travel and utilities can be determined based on a regular pay term.

### Drivers

Specify at the entity, line item level.

### Pay Terms

- **Percentage**—Percentage expected for each pay term
- **Due Period**—payment days, weeks, or months

### Driver Input

Any expenses such as travel, hotel, or utilities.

You can extract driver inputs from various sources such as the Planning Financials module, ERP, or you can load purchase orders through a .csv file.

Once the driver inputs are loaded, Cash Managers can see them reflected in the Assumptions form, and can make manual adjustments to driver inputs based on their best judgment and experience for the line item.

### Calculation Logic

Predictive Cash Forecasting calculates the cash outflow amount based on the pay term assumptions. There can be multiple pay terms for certain expenses. Predictive Cash Forecasting calculates the cashout flow amount considering the expense amount (driver input) \* percentage input for each pay term. The calculated amount is then posted in the respective day or period as per the due period defined in the pay terms assumptions. If there are multiple pay terms, Predictive Cash Forecasting posts the outflow in the respective pay term and period according to the driver assumptions.

## Fixed Asset Payments (Based on Fixed Asset Spends and Pay Terms)

### Description

Drive cash outflow considering the fixed asset spends and pay terms. Fixed asset payments are determined based on pay terms that can be set by asset class.

The Fixed Asset Payments driver method is applicable for capital payments (fixed assets payments) line items in the cash forecast.

Cash outflow from this method writes into **Cash from Investing Activities**, as opposed to **Cash from Operating Activities**.

### Example

This driver method can be used by companies where they are fixed asset purchases booked in the Payables Fixed Assets module and the supplier payment happens on a periodic basis based on pay terms with the asset supplier.

### Drivers

#### Pay Terms:

Specify at the entity, capital payments line item level. Additional custom dimensions, such as Party, Asset Class or Project, can be considered if they are enabled.

- **Percentage**—Percentage expected for each pay term
- **Due Period**—payment days, weeks, or months

#### Driver Input

Fixed Asset Spends.

Driver inputs can be extracted from the Planning Capital module or other source, such as the ERP Order module, or can be loaded through a .csv file.

Once the driver inputs are loaded, Cash Managers can see them reflected in the Assumptions form, and can make manual adjustments to driver inputs based on their best judgment and experience for the line item.

#### Calculation Logic

Cash outflow is calculated by applying the pay term percentage on the driver input and posting the cash outflow to the period buckets based on the due date.

Predictive Cash Forecasting calculates the cash out flow amount considering the Fixed Assets spends (the driver input) \* percentage input for each pay term. The calculated cash outflow amount is then posted in the respective day or period as per the due period defined in the pay terms assumption form.

In case the due date or due period falls outside the cash forecasting period range, Predictive Cash Forecasting does not post that cash outflow amount. If there are multiple pay terms, Predictive Cash Forecasting posts the outflow in the respective pay term and period according to the driver assumptions.

### Recurring Payments (Based on Recurring Pay Terms)

#### Description

Drive cash outflow for ongoing expenses that have payments on a recurring basis, such as lease or rental payments.

#### Example

The Recurring Payments driver method is applicable for recurring expense line items such as Lease or Rent payments or Insurance payments. This driver method can be used by companies for recurring expenses that are paid to suppliers on a contracted periodic basis.

### Drivers

Specify at the entity, line item level.

- **Pay Basis**—Annual, Monthly, or Weekly
- **Pay Period**—The starting period from when recurring payments should begin

- **Recurring Frequency**—The recurring frequency, for example, every pay cycle or every 3 pay cycles
- **Number of Occurrences**—The number of recurring payments to be posted

### Driver Input

Any expense that has a recurring pattern.

Driver inputs can be extracted from the Planning Financials or Capital module or other source, such as ERP Expense Management, Lease, GL, or can be loaded through a .csv file.

Once the driver inputs are loaded, Cash Managers can see them reflected in the Assumptions form, and can make manual adjustments to driver inputs based on their best judgment and experience for the line item.

### Calculation Logic

Cash outflow is calculated based on the recurring schedule that is defined by the assumptions applied to the driver input amount and posted in respective days or weeks.

### Salary Payments (Based on Payment Basis and Pay Terms)

#### Description

Drive cash outflow for all employee-related payments such as salary and other payroll-related payments based on salary expenses, salary basis, and timing of the pay-outs, such as annually, monthly, or weekly, and salary incidence such as beginning of period, end of period, bi-monthly, or a specific due date.

#### Example

The Salary Payments driver method is applicable for periodic salary and benefit expenses line items and other related expenses such as Earnings and Variable Payments, or other periodic fixed expenses.

#### Drivers

Specify at the entity, line item level. Additional custom dimensions can be considered if they are enabled.

- **Salary Basis**—Annual, Monthly
- **Salary Incidence**—Drives when the cash flow occurs (Begin Period, End Period, Semi-monthly, or Biweekly)
- **Annual Payment Due Date**—For annual payments, the salary due date
- **Pay Terms**—Optional. If the payment is in multiple payments, defined by the percentage and due periods

#### Driver Input

Salary or related expenses.

Data for salary payments could come from the Planning Workforce module, a payroll or other source system, or can be loaded through a .csv file.

Once the driver inputs are loaded, Cash Managers can see them reflected in the Assumptions form, and can make manual adjustments to driver inputs based on their best judgment and experience for the line item.

#### Calculation Logic

Cash outflow is calculated based on salary basis and posted to respective periods based on salary incidence, due date, and pay terms.

The driver input can be provided as an assumption, in which case it is divided by the number of periods and posted to the appropriate periods. Or, the driver input can be loaded into period buckets, in which case the amount for each period is considered.

The salary basis and payment due date determines the cash outflow posting date or period for the salary and earnings expenses. If the salary basis is monthly, Predictive Cash Forecasting divides the annual salary amount by 12 and posts it to the last date of the given month.

In weekly model, Predictive Cash Forecasting posts the salary and earnings amount to the last day of corresponding week. If pay terms are defined for salary and earnings line items, Predictive Cash Forecasting calculates the cash outflow based on the percentage input and the due period for each pay term.

There could be annual expenses such as variable compensation that are an annual payout. In this case, Predictive Cash Forecasting posts the entire amount to the corresponding date based on the defined due date or the period where the date falls into. If the middle of the year salary assumption is changed, Predictive Cash Forecasting reforecasts only for the open periods in the rolling forecast (periods after current period).

### **Project Payments (Based on Project Expense, Milestones and Pay Terms)**

#### **Description**

Drive cash outflow from project expenses and pay terms. Project expense cash outflow for material, labor, or other project related costs can be modeled based on milestones and pay terms.

#### **Example**

Project expense cash outflow for material, labor, or other project-related costs.

#### **Drivers**

Specify at the entity, project, line item level.

- **Milestones**—Percentage, Due Date
- **Pay Terms**—Percentage, Due Period

#### **Driver Input**

Project Expense by Project.

Data for project payments could come from the Planning Projects module or other source, such as the ERP Projects module, or can be loaded through a .csv file.

Once the driver inputs are loaded, Cash Managers can see them reflected in the Assumptions form, and can make manual adjustments to driver inputs based on their best judgment and experience for the line item.

#### **Calculation Logic**

Cash flow is calculated applying the pay term on the milestone amount for the project. Milestone amounts are derived on milestone percentage for each project. The drivers are captured by project and the cash flow is calculated on the project.



Predictive Cash Forecasting calculates the project milestone amount based on project expense \* milestone percentage based on completion of work and populates the result in the respective milestone days or periods. Based on the milestone amount, Predictive Cash Forecasting then applies pay terms logic on each milestone amount to calculate the cash outflow amount and populates it in the respective day or period of the cash forecast.

There can be multiple pay terms for the project. Predictive Cash Forecasting calculates the cash outflow amount considering the project amount per milestone \* percentage input for each pay term. The calculated cash out flow amount is then posted in the respective period according to the due period driver defined in the assumptions.

### **Direct Tax Payments (Based On Tax Installment and Tax amounts)**

#### **Description**

Drive cash outflow for direct tax payments based on tax liability, installment percentage, and due dates. Used for any direct tax payment, for example to government or regulators.

The Direct Tax Payments driver method is applicable for the Annual Direct Tax line item in the cash forecast. This driver method can be used by companies that have to pay direct taxes such as income tax, property tax, taxes on assets, and so on as per the due date on a periodic basis based on local laws or statutory compliance.

#### **Example**

Direct Tax payments to different regulatory or government agencies based on due dates as per the local government statutory laws and tax compliance regulations.

#### **Drivers**

Specify at the entity, annual direct tax line item level.

**Tax Installments** for every fiscal year—**Percentage** and **Due Date**.

#### **Driver Input**

Tax Liability value.

If there are multiple tax installments during the year, the percentage and due date driver input should be available for each tax installment.

The driver inputs can be extracted from Tax Reporting, ERP GL, or can be loaded through a .csv file.

Once the driver inputs are loaded, Cash Managers can see them reflected in the Assumptions form, and can make manual adjustments to driver inputs based on their best judgment and experience for the line item.

#### **Calculation Logic**

Cash outflow is calculated based on the annual tax liability and the installment percentage and due dates. The annual tax is cumulative and any change in the annual tax amount is adjusted for considering the incremental / decreased amount posted in the future installments

YTD Annual Direct Taxes Liability are loaded to all the periods. Predictive Cash Forecasting calculates the tax installments based on the following rules:

- Taxes are calculated based on the percentage input according to the due date assumption for the first installment.
- The second installment is applied on the latest tax liability. However, if there is a change in the tax liability, Predictive Cash Forecasting calculates the overall tax liability to date by

summing the installment percentages, subtracts the previous tax paid, and then posts the remaining tax amount.

- The same approach is applied to all of the remaining tax installments.

### **Indirect Tax Payments (Based on Tax Basis, Due Dates and Pay Terms)**

#### **Description**

Drive cash outflow for indirect tax payments based on tax liability and pay terms.

The Indirect Tax Payments driver method can be used by customers for all indirect tax payments where cash outflow occurs based on due dates as per the government statutory laws and indirect tax compliance regulations.

The Indirect Tax Payments driver method is applicable for the Indirect Tax payments line item.

#### **Example**

Indirect tax payments such as GST, Sales Tax, or other Annual Indirect taxes that are payable to regulatory agencies. This driver method can be used by companies that have to pay indirect taxes such as sales tax, excise taxes, value added taxes, and so on as per the due date on a periodic basis based on statutory compliance.

#### **Drivers**

- **Tax Basis**—Annual, Monthly
- **Indirect Taxes Due Date**—Mainly for annual taxes
- **Pay Terms**—Percentage and due Period

#### **Driver Input**

Indirect tax liability value.

The indirect tax liability value can be loaded from the Planning Financials module, ERP system, or can be loaded through a .csv file.

If there are multiple tax installments during the year, the percentage and due date driver input should be available for each tax installment.

Once the driver inputs are loaded, Cash Managers can see them reflected in the Assumptions form, and can make manual adjustments to driver inputs based on their best judgment and experience for the line item.

#### **Calculation Logic**

Cash outflow is calculated based on the indirect tax liability, tax basis, payment incidence (to be paid in same period or next period), and payment terms based on tax liability value. The driver input is usually recorded in respective periods and that is taken and cash flow is calculated based on this.

Indirect taxes are calculated as follows.

- If the Tax Basis is Annual and the payment incidence is the same period, the Annual Tax amount is posted on the due date.
- If the Tax Basis is Annual and the payment incidence is the next period, the Annual Tax amount is posted on the next day of the due date.

- If the Tax Basis is Annual and the payment incidence is same period and Pay Terms are defined, the Annual Tax amount is posted on the due date and pay terms are applied from the due date.
- If the Tax Basis is Annual and the payment incidence is next period and Pay Terms are defined, the Annual Tax amount is posted on the next day of the due date and pay terms are applied from the next day of the due date.
- If the Tax Basis is Monthly and the payment incidence is the same period and the amount is loaded on a given date, pay terms are applied from the loaded date.
- If the Tax Basis is Monthly and the payment incidence is the next period and the amount loaded is on a given date, pay terms are applied from the next day of the loaded date.

### **DPO Payments (Based on Average DPO and Payables)**

#### **Description**

Drive cash outflow considering the average days outstanding on the expense, typically by supplier or at the entity level. This method is useful when pay terms are very dynamic.

Days payable outstanding (DPO) is a financial ratio that indicates the average time (in days) that a company takes to pay its bills and invoices to its trade creditors, which can include suppliers, vendors, or financiers. The ratio is typically calculated on a quarterly or annual basis, and indicates how well the company's cash outflows are being managed. Based on the calculated DPO days driver, Predictive Cash Forecasting posts the expense amount in the corresponding day or period based on periodicity.

You can adjust the DPO driver input and based on the adjusted DPO days and outstanding expense, Predictive Cash Forecasting calculates the cash outflow and posts the amount in the corresponding day or period.

#### **Example**

You can use this method for line items in the cash forecast where smart driver logic cannot be applied, when pay terms are very dynamic, such as consumables. You can also use this method for future periods that are beyond what is captured through invoices.

#### **Drivers**

##### **Average DPO**

- **Assumptions**—Average across the year
- **Period buckets**—Average for the period

##### **Driver Input**

Expense or any line item. The calculated DPO days.

You can load calculated DPO days from ERP as a starting point. Cash Managers can adjust the calculated DPO days based on experience. Adjusted DPO days are used as driver input for calculating the cash outflow in the forecast.

##### **Calculation Logic**

Cash flow is calculated applying the average DPO for the period on the period expense or it by applying the average DPO across the year if the DPO by period does not exist.

Cash outflow is calculated based on the Outstanding Expense and the Average DPO. Predictive Cash Forecasting considers the appropriate periods average DPO or it uses the

overall assumption. The cash outflow is determined based on the Average DPO applied on the driver input amount and posted to the period based on the number DSO days.

## About Trend-Based Forecasting Methods

Predictive Cash Forecasting provides trend-based forecasting methods.

Trend-based forecasting methods can be used for any line items where the cash forecast can be determined based on historical trends. Trend-based methods can be used only with Periodic forecasts. Trend-based methods could be used if the cash inflows and outflows use a standard pattern.

Administrators enable **Trend Based Forecasting** when enabling the application. Cash Managers set the assumptions for the trend-based forecasting methods.

### Process for Working with Trend-Based Forecasting Methods

1. Set up the trend assumptions by selecting the trend method to use and the percent increase or decrease.
2. Load or input the data used to drive the cash forecast.
3. Run the daily **Daily Process Forecast / Periodic Process Forecast**, which calculates the cash flows.
4. When you load or save the trend form, Predictive Cash Forecasting calculates the cash inflows or outflows based on the driver amount and trend assumptions, and posts them into the appropriate periods.
5. The cash inflow or outflow is automatically populated in the **Rolling Forecast** form.

Here are some of the trend-based methods that are supported in Predictive Cash Forecasting.

- **Current Year Actual Average**—Calculates the average for the cash line item for the current fiscal year. Example: Bank charges.
- **Current Period Actual**—Last period actuals are used for the forecast periods. Example: Utilities.
- **Prior Year Actual**—Takes the prior year actual for corresponding periods. Example: Marketing or Service Revenue.
- **Prior Year Actual Average**—Calculates the average for a cash line item for the year prior to the current fiscal year. For example, if the current fiscal year is FY22, the prior year is FY21. Example: Travel.
- **Forecast Average**—Calculates the average of the forecast for the current fiscal year. Example: Labor.
- **Seasonalization**—Applies the seasonality of last year actual for forecast periods to the current year actual average. For this method, the current year actual average rate is calculated first. Then, the forecast is calculated using the following formula:  $\text{Forecast} = \text{Prior year actual amount for the period} * \text{sum of forecast amount (as per Current Year Actual Average method) for the remaining periods of current year} / \text{Sum of prior year actual data for same remaining periods}$ .

Example: Trade Spends

- Year over Year Inc / Dec—Applies a percentage increase or decrease to the prior year's value. Example: Rent.
- Periodic Growth—Calculates year over year change for a line item using current year and prior year as the basis to calculate the growth. Example: Variable Compensation.

## About Prediction-Based Forecasting Methods

You can use Predictive Planning to forecast cash based on the historical data for the line item using time-series forecasting techniques.

Predictive Planning selects the best prediction method to use, selecting the method that gives the most accurate results based on the data available. For example, use statistical trends based on aggregated account balances to predict cash based on historical patterns of bank account balances by legal entity.

For more information about the statistical forecasting methods, see Predictive Planning Forecasting and Statistical Descriptions in *Working with Planning*.



### Note:

For Interactive Predictive Planning, Receivable Invoices, Overdue Invoices, Payable Invoices, Payable Overdue Invoices will not provide any results as there is no historical data in these lines. However you can use AutoPredict, because it allows you to reference a different line item for predicting.