

Adaptive Planning

Business Volatility & Variables Survey Results

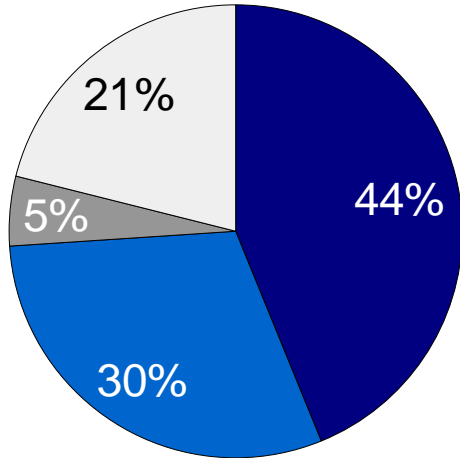
February 2010

Survey Overview

- Business Volatility and Variables Poll is conducted quarterly
 - Current poll – Feb 2010
 - Prior polls – Oct 2009, May 2009, Mar 2009, Oct 2008
- Managed by Adaptive Planning and the BPM Forum
- Gathers input on key economic indicators
- Solicits feedback on planning processes
- Participants are financial professionals from companies of all sizes in over 20 industries

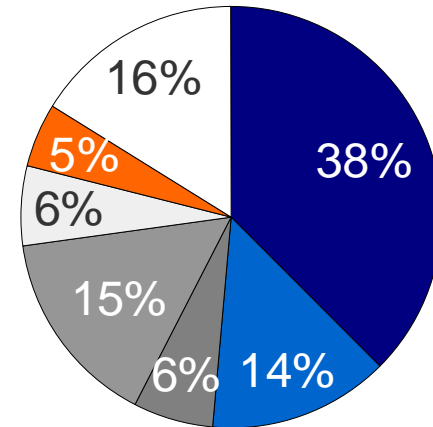
Demographics

Number of Employees



■ 1-99 ■ 100-999 ■ 1,000 - 2,499 ■ 2,500 or more

Annual Revenues



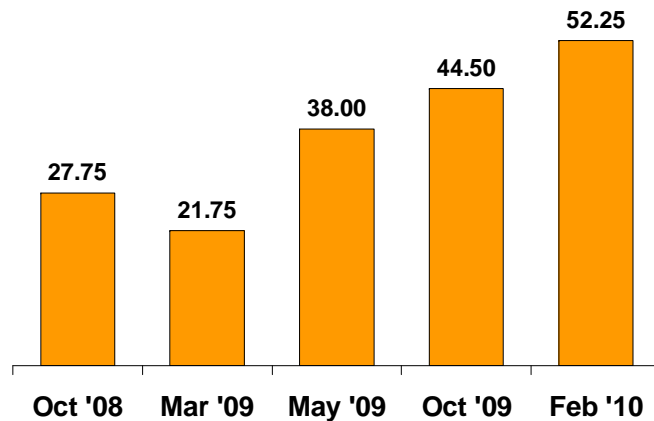
■ < \$10 million ■ \$10 - \$25 million ■ \$26 - \$50 million
 ■ \$51 - \$200 million ■ \$201 - \$500 million ■ \$501 - \$1 billion
 ■ > \$1 billion

Summary of Q1 2010 Survey Results

- We've hit the bottom and sentiment is improving
 - Index of Current Conditions increased from 44.50 to 52.25 – 3rd consecutive increase
 - First time the index shows more positive than negative responses
- Future expectations are mixed -- split between "same" & "better"
 - Index of Future Expectations, at 58.75, has been flat for 3 quarters
- Over half expect a W-shaped recovery ("double dip" recession), with recovery not expected until 2H 2010 or later
- Only 33% expect a meaningful improvement in jobs growth in 2010
- But the company-specific outlook is brighter:
 - Over half expect their company's revenue to grow over the next 6 months
 - More respondents expect their companies to add vs. cut jobs over next 6 months
- Economic uncertainty remains high, driving more frequent re-planning, re-forecasting, and "what-if" analysis
- Midsized companies report greater optimism and better performance

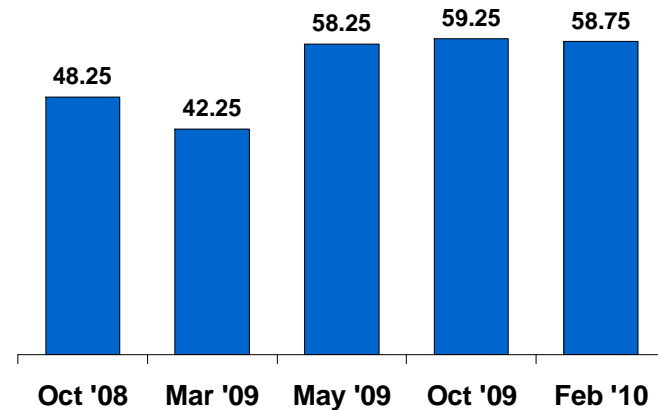
Current Conditions & Future Expectations

Index of Current Conditions



*Current conditions vs. 6 months ago.
0 = Much Worse; 100 = Much Better*

Index of Future Expectations



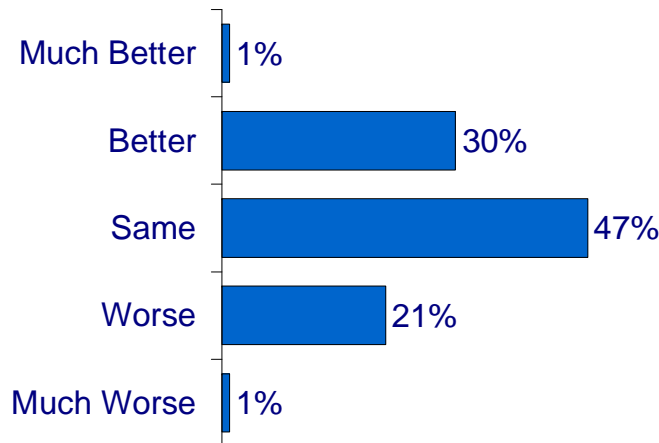
*Current conditions vs. expectations for next 6 months
0 = Much Worse; 100 = Much Better*

- Overall sentiment continues to improve – more positive than negative for first time in 5 quarters
- Expectations for the future are slightly positive – and have been consistent for 3 quarters

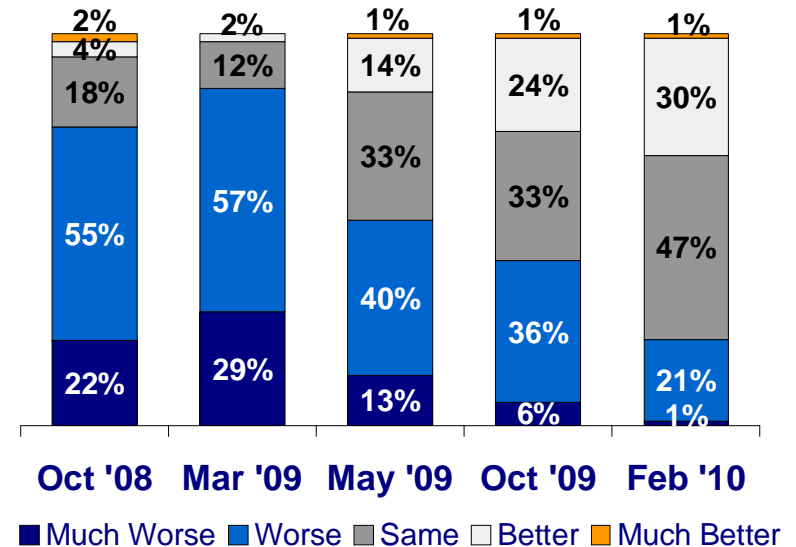
We've Hit Bottom & Sentiment Is Improving

Current Conditions

How would you describe the current economic conditions in your industry vs. 6 months ago?



Responses Over Time

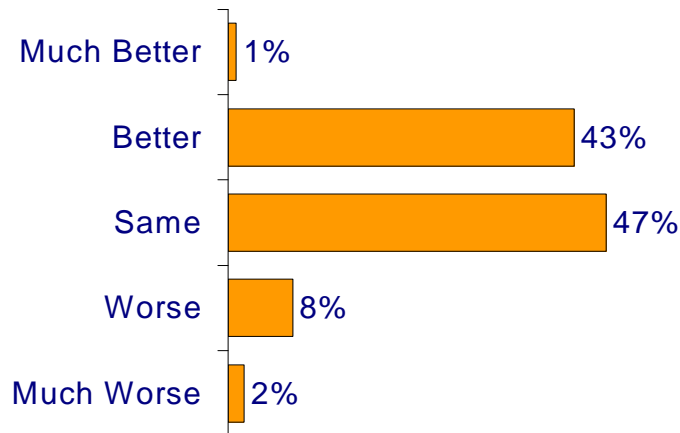


- Most (47%) respondents see current conditions as the same as 6 months ago
- There is a general improvement of sentiment, with fewer seeing conditions as Worse / Much Worse (22%) than Better / Much Better (31%) -- for the first time since the survey started
- Midsized companies (100-999) have seen greatest improvements, with 37% seeing conditions as Better or Much Better than 6 months ago

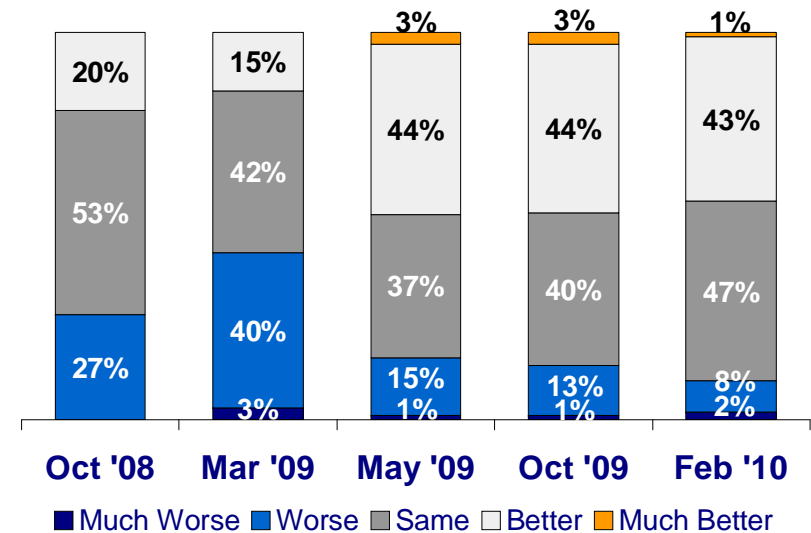
Future Expectations Mixed – Same Or Better

Future Expectations

Compared to today, how do you expect conditions in your industry will be in 6 months?



Responses Over Time

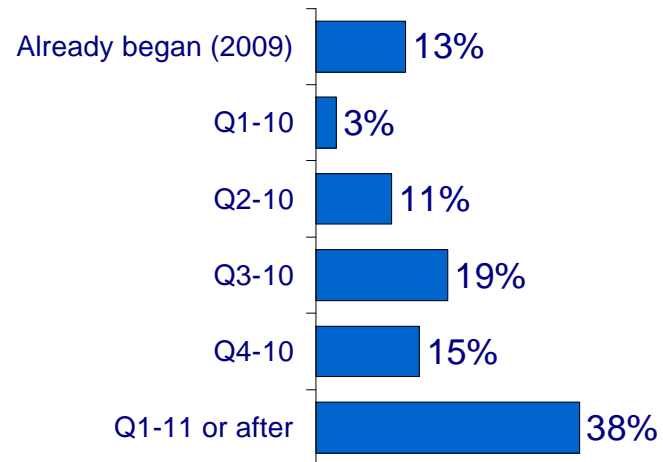


- Most (47%) expect conditions to stay the same in the next 6 months
- But 44% expect conditions to improve (largely unchanged since May '09)
- Those expecting conditions to worsen (10%) continues to slowly decrease over time
- Respondents from large companies (1,000+) are most pessimistic, with 34% expecting improvements and 62% expecting conditions to remain the same
- Those from mid-sized companies (100-999) are most optimistic, with 49% expecting improvements

Expectations for Recovery Are Pushed Back

Timing of Recovery

When do you expect the US economy to begin to recover?

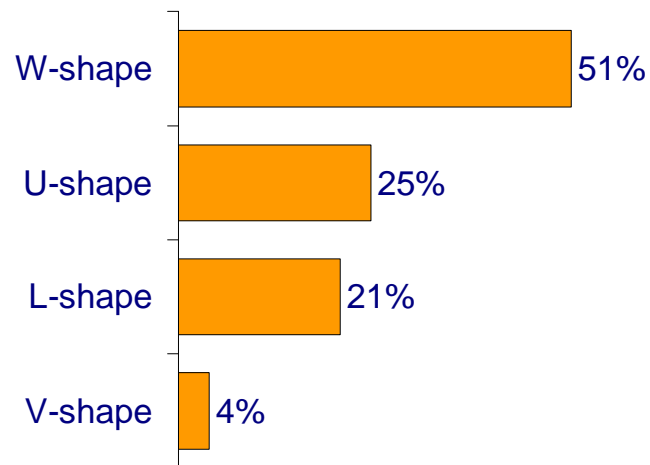


- Only 16% believe recovery is currently in process
- 62% expect recovery to begin before 2011
- Expectations for recovery are being pushed back -- 72% expect it will be 2H 2010 or later, compared with just 47% who expected that timeframe last quarter
- Respondents from mid-sized companies (100-999) are slightly more optimistic, with 25% believing the recovery is currently in process

Fears of a “Double Dip” Recession Increase

Shape of Recovery

What letter do you believe will describe the shape of the recovery?

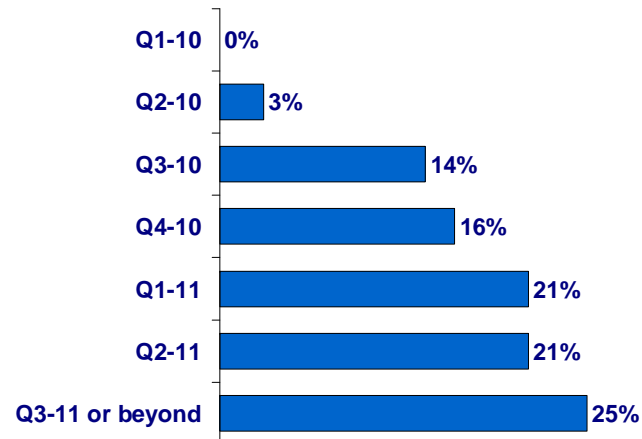


- 51% expect a W-shaped recovery – or “double-dip” recession – up from 46% last quarter

And Most Expect Jobs Will Recover in 2011

Jobless Recovery

When do you expect a meaningful and sustained improvement in jobs growth within the US economy?

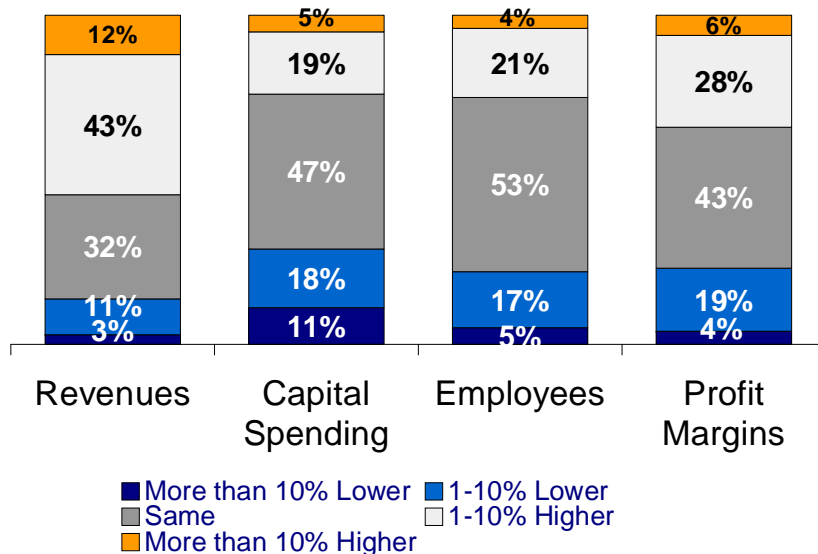


- Only 33% expect jobs to recover in 2010; 67% expect it in 2011 or beyond
- 42% expect improvement in 1H 2011, while 25% expect it in 2H 2011 or beyond
- Respondents from small companies (<100) are most optimistic, with 43% expecting improvements in 2010
- Respondents from large companies (1,000+) are most pessimistic, with just 22% expecting an improvement in jobs in 2010

The Company-Specific Outlook is Brighter...

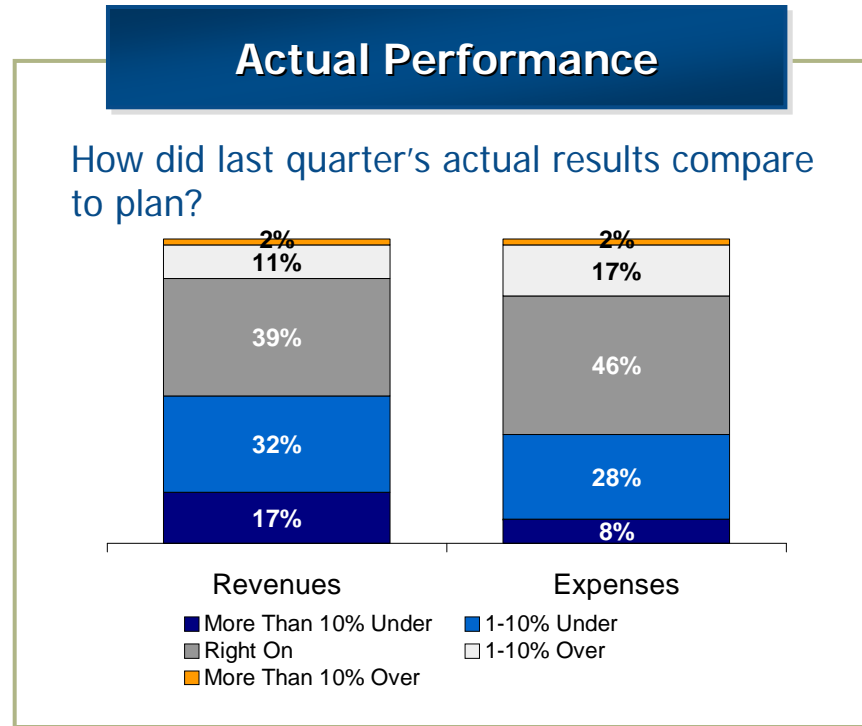
Growth Expectations

What do you expect for your company in 6 months versus now?



- More than half (55%) expect revenue growth for their company over next 6 months
 - Up from 46% last quarter
 - 63% of respondents from mid-sized companies (100-999) expect it
 - 45% of large company (1,000+) respondents expect it
- Individual companies expected to add jobs sooner than overall economy -- 25% vs. 17%
- Employee growth expectations concentrated in small and mid-sized companies:
 - 31% for small companies (<100)
 - 27% for mid-sized (100-999)
 - 10% for large (1000+)
- 22% expect further employee cuts
 - Down from 39% last quarter
 - 31% of respondents from large companies (1,000+), 13% of mid-sized (100-999) and 22% of small (<100)
- First quarterly survey where more expect job growth than job losses

... Even Though They're Missing Their Plans

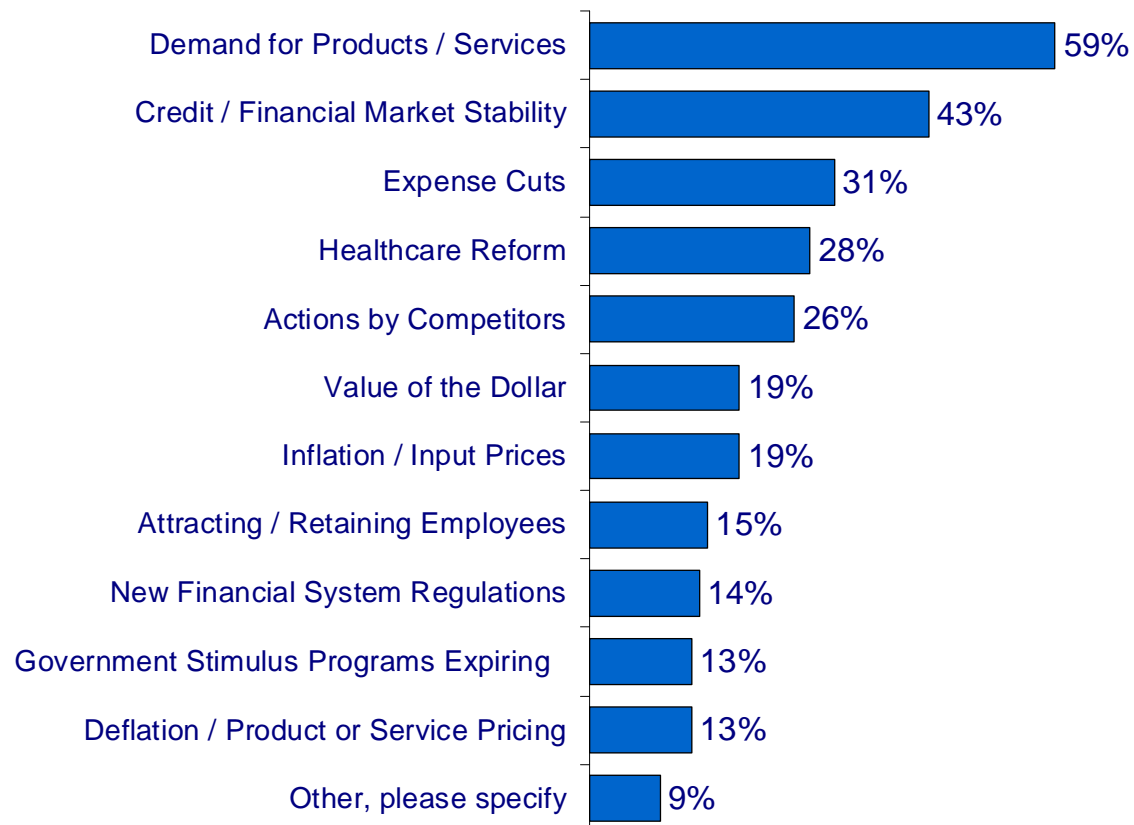


- 49% of companies came in under their revenue plan (vs. 61% last quarter)
- Somewhat offset by 36% coming in under their expense plan (vs. 46% last quarter)
- Midsized companies fared better, with 20% over their revenue plans (vs. 13% overall); just 6% of large companies (1,000+) beat their revenue plan
- Larger companies more focused on expense management, with just 11% over their expense plan (vs. 19% overall) and 47% under plan (vs. 36% overall)

Top Concerns Consistent with Prior Responses

Greatest Concerns

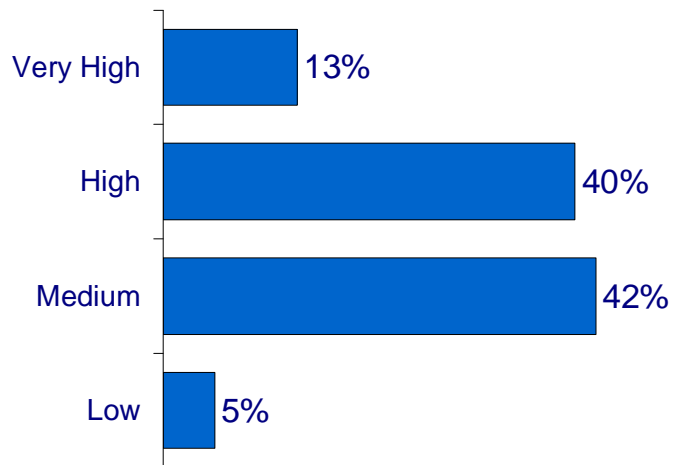
Over the next 6 months, which of the following are of greatest concern to you? (Please choose three.)



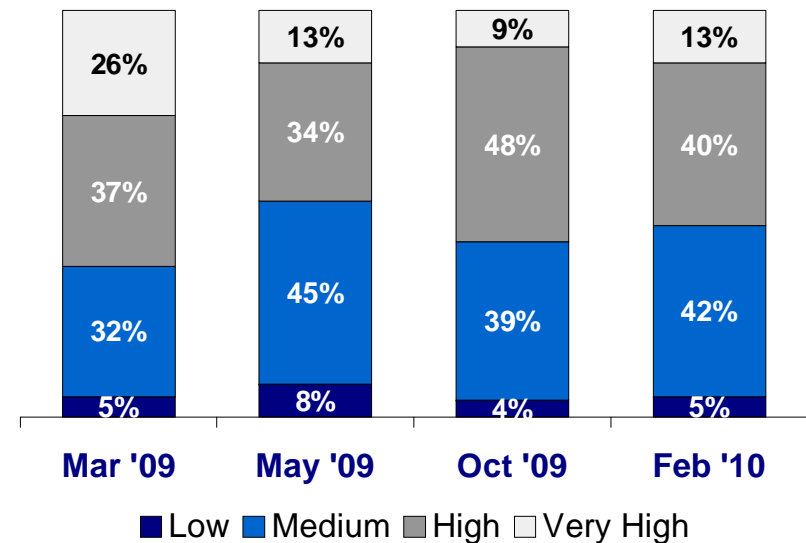
Uncertainty Remains High...

Degree of Uncertainty

How would you characterize the current level of economic uncertainty facing your business?



Responses Over Time

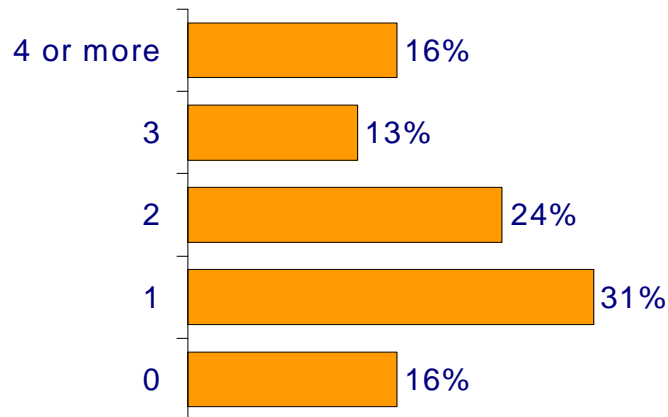


- Over half (53%) report High or Very High uncertainty
- Today's level of uncertainty is similar to 2009 average
- Smaller companies face greater uncertainty: 62% of respondents from small companies (<100) report high uncertainty, vs. 50% from mid-sized (100-999) and 39% from large (1,000+)

...Resulting in More Re-Planning & What-ifs

Frequent Re-planning

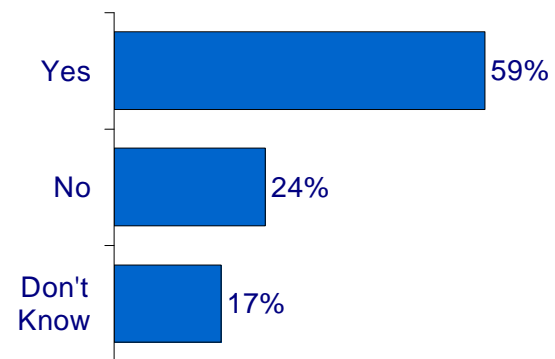
How many times did your company re-plan, re-forecast, or create what-if scenarios last quarter?



- 29% re-planned on a monthly or more frequent basis – similar to 2009 average
- Over 2X the rate from Q4 2008
- 39% of large companies (1,000+) re-planned or re-forecast 3+ times

More “What-Ifs” in Future

Will the uncertain economic environment cause you to re-plan, re-forecast, and perform what-if analyses more frequently in the next quarter?

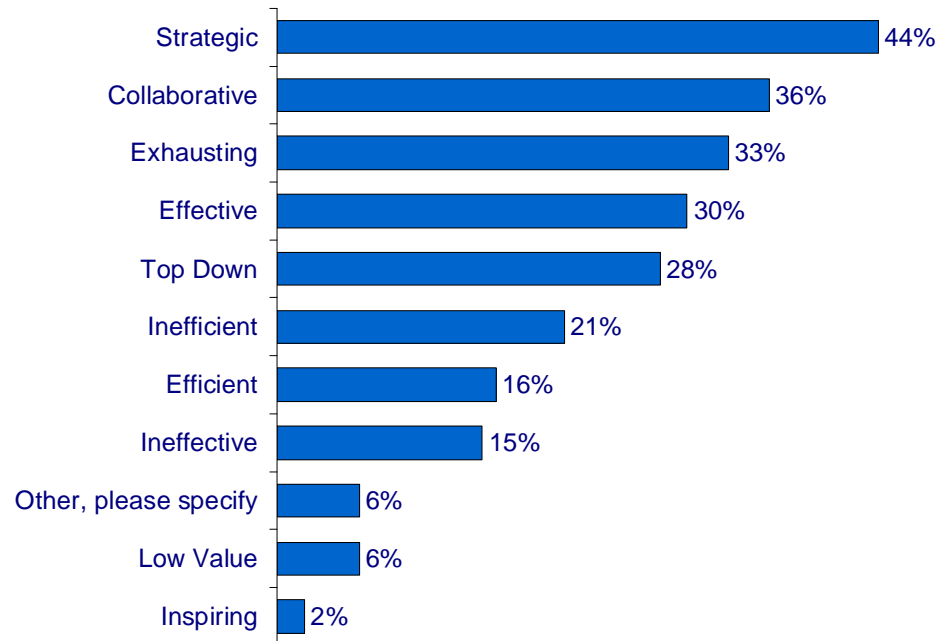


- 59% expect uncertainty to drive more re-planning going forward – consistent with last quarter’s survey
- Responses are similar across company sizes

Planning is Valuable, but Tiring & Uninspiring

Assessment of Planning Process

Which words best describe your most recent annual budgeting and planning process?



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