

Financial Modeling

Why it's the key to FP&A Success



Introduction

Spreadsheets, once the cornerstone of financial planning and analysis (FP&A), are now struggling to keep pace with the demands of today's dynamic business environment. Finance teams are no longer just number crunchers; they are strategic advisors, growth catalysts, and stewards of value creation. Yet, many are still shackled to the limitations of spreadsheets, hindering their ability to truly lead.

The key to unlocking the full potential of FP&A lies in harnessing the power of advanced modeling, and that's where Limelight comes in. Our platform puts business modeling directly into the hands of finance, where it belongs, providing the tools and technology to drive deeper insights, more accurate forecasts, and ultimately, greater business success. This guide explores the transformative power of finance-owned modeling and how Limelight is revolutionizing the way businesses plan for the future.



What is a Financial Model in Limelight?

A financial model in Limelight is a dynamic representation of your company's financial metrics. It leverages our powerful analytical engine to centralize and structure your data, enabling you to build sophisticated plans, forecasts, and reports.

Leveraging the Analytical Engine

Limelight's analytical engine performs complex calculations and scenario analysis in real-time, turning raw data into actionable insights.

Centralization and Structure

Once your data, accounts, and business hierarchies are in place, Limelight organizes this information into a multi-dimensional view, making it easy to build and manage your financial models.

Benefits of Financial Modeling in Limelight

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Agility

Easily adapt to changing business needs and scenarios.



Accuracy

Reduce errors and ensure data consistency.



Collaboration

Foster seamless teamwork with real-time collaboration features



Efficiency

Automate manual tasks and free up valuable time for analysis.



Control

Data is in one place, secured with permissions

Key Components of Financial Models

Dimensions

These categorize and organize your data (e.g., Time, Accounts, Departments, Products, Regions, etc.).

Members

These are the specific values within each dimension (e.g., 2024, Marketing, Product A, North America).

Drivers

Derive business values from inputs such as units, prices and percentages.

Hierarchies

These establish relationships between members within a dimension, allowing for roll-ups and drill-downs (e.g., Q1, Q2, Q3, and Q4 roll up into the Year dimension).

Business Rules

These define the logic of complex business calculations, allocations and KPIs.

Alternate Roll-ups

These provide the flexibility to view and analyze data from different perspectives.

Data Management

One of the biggest challenges with traditional spreadsheets is their limitation in handling complex interdependent sets of data. Limelight's cloud-based platform can manage disparate sets of data, ensuring smooth performance even with complex models and rules.

Data Integration: Connect and centralize data from your ERP, CRM, and HR systems.

Data Syncing: Automatically update information across your models and reports, so you're always working with the latest figures.

Data Structuring: This is where the magic happens. Limelight lets you define how your data is organized:

- **Hierarchies:**

Organize your data into logical structures, like an organizational chart, with parent-child relationships. This allows for easy roll-ups and drill-downs for a comprehensive view of your finances.

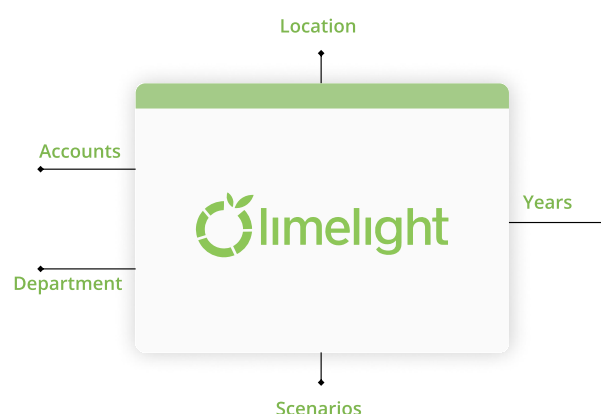
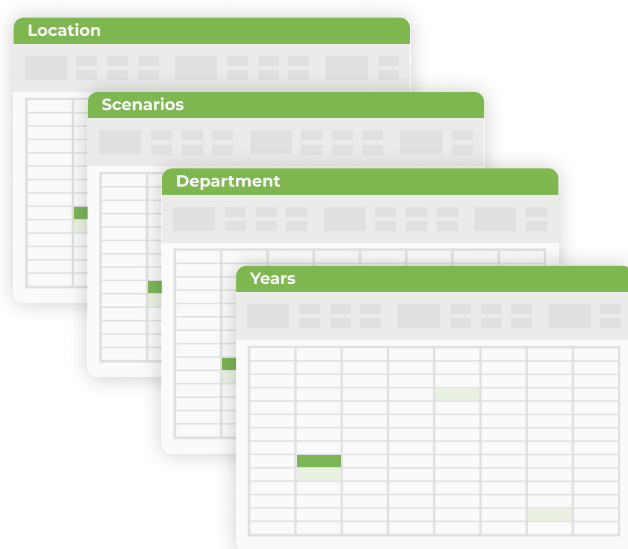
- **Dimensions:**

Categorize your data by different attributes, such as time periods, products, or regions, for more granular analysis.

- **Members:**

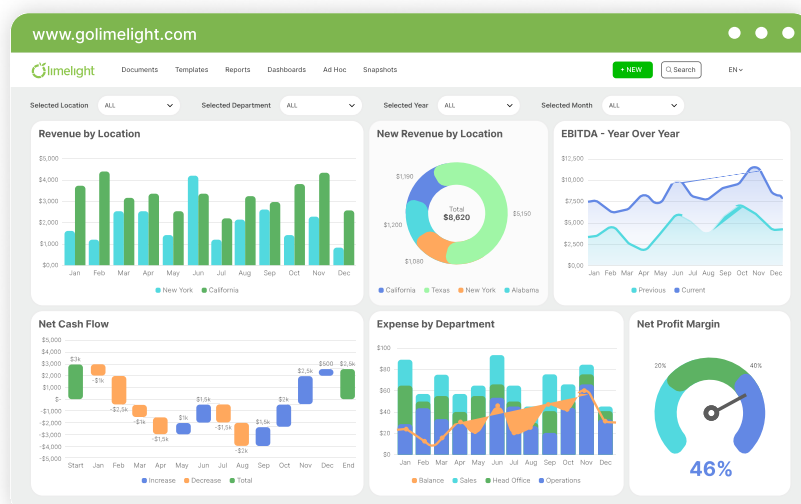
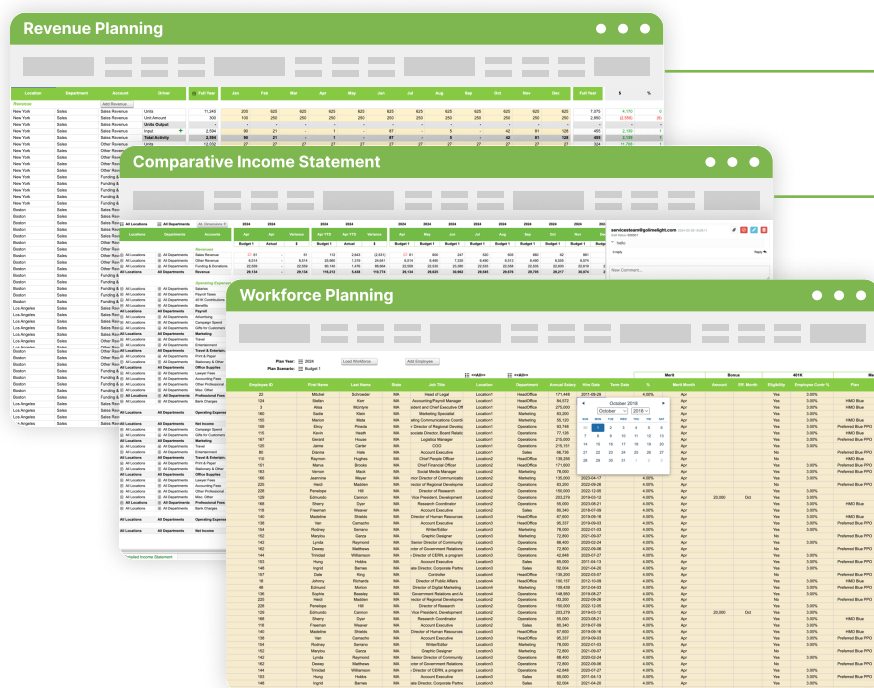
Represent individual data points within each dimension, like specific months, products, or regions.

Centralized Business Rules: Define your calculations and logic in one central location, ensuring consistency and accuracy across your entire model



Processing Speed

Limelight's powerful engine delivers lightning-fast calculations and updates, allowing you to explore scenarios and gain insights in real-time. Say goodbye to waiting for spreadsheets to load or formulas to recalculate.



Automation

Limelight's automation features eliminate manual tasks and reduce the risk of errors:

Automated Data Consolidation

Gather data from multiple sources and integrate it seamlessly into your models.

Business Allocations

Distribute costs, revenue, or other metrics based on predefined rules or drivers.

Time-Saving and Accuracy

Automation saves time, improves accuracy, and provides access to real-time information for agile decision-making.



Best Practices

Recommended Number of Dimensions

The ideal number of dimensions varies depending on your business complexity. Limelight does not limit the number of dimensions in a model, but most FP&A models use 6 - 8 dimensions to balance granularity and ease of use.

6-8 Dimensions

FP&A models typically use 6-8 dimensions for balance and simplicity.

Adapting to Change



Adding new members

New departments, products and customers can easily be added to seamlessly expand your model to capture new business insights.



Account Changes

Limelight automatically updates your model when accounts are added to your source data.

Flexibility and Control

Limelight empowers finance teams to:



Slice and dice data

Analyze data from various perspectives and uncover hidden trends.



Model multiple scenarios

Explore the impact of different assumptions and decisions on your financial outcomes.



Centralized Control

Manage your models and data from a single platform, ensuring consistency and collaboration across your team.

Limelight's intuitive interface, combined with its powerful engine, is the key to FP&A success. By putting the power of financial modeling in the hands of finance teams, Limelight enables you to drive strategic decision-making and achieve your organization's goals.

Examples

FP&A Dimensions



Time

(Year, Quarter, Month)



Product



Customers



Location



Department

(Sales, Marketing, Operations)

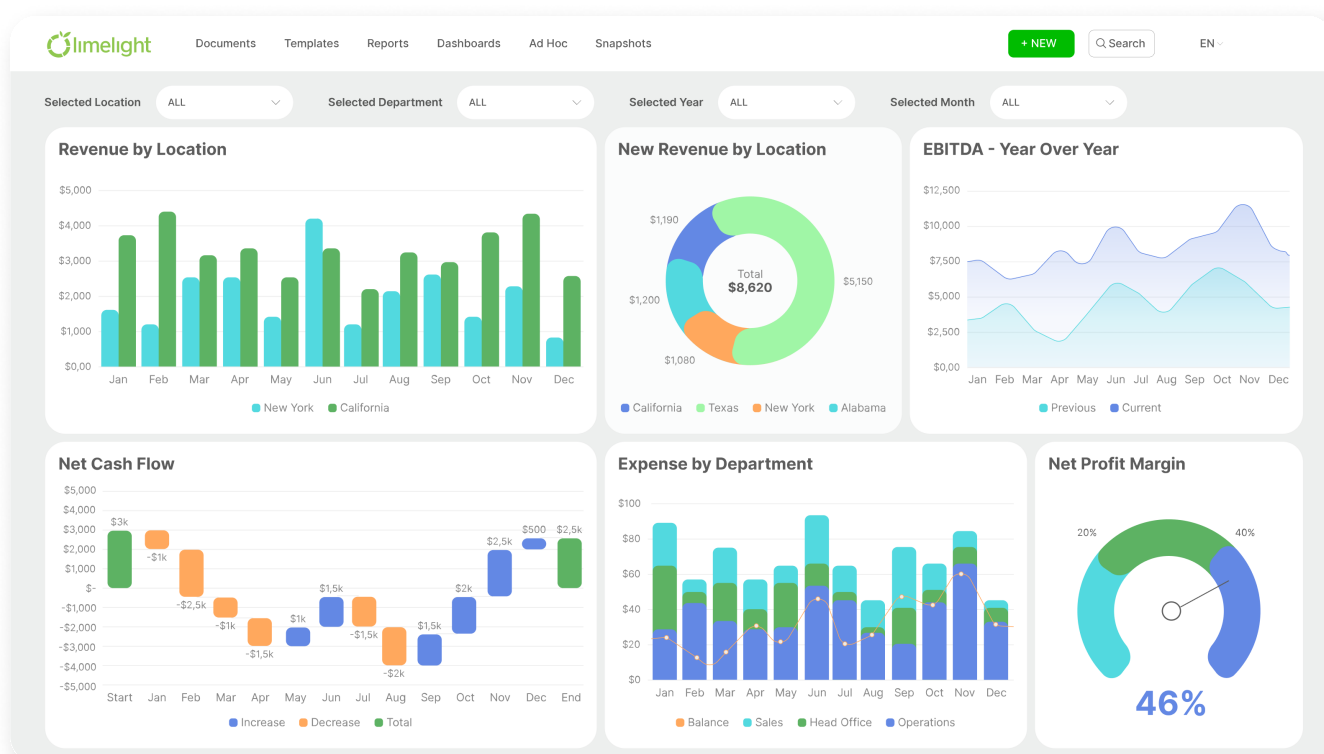
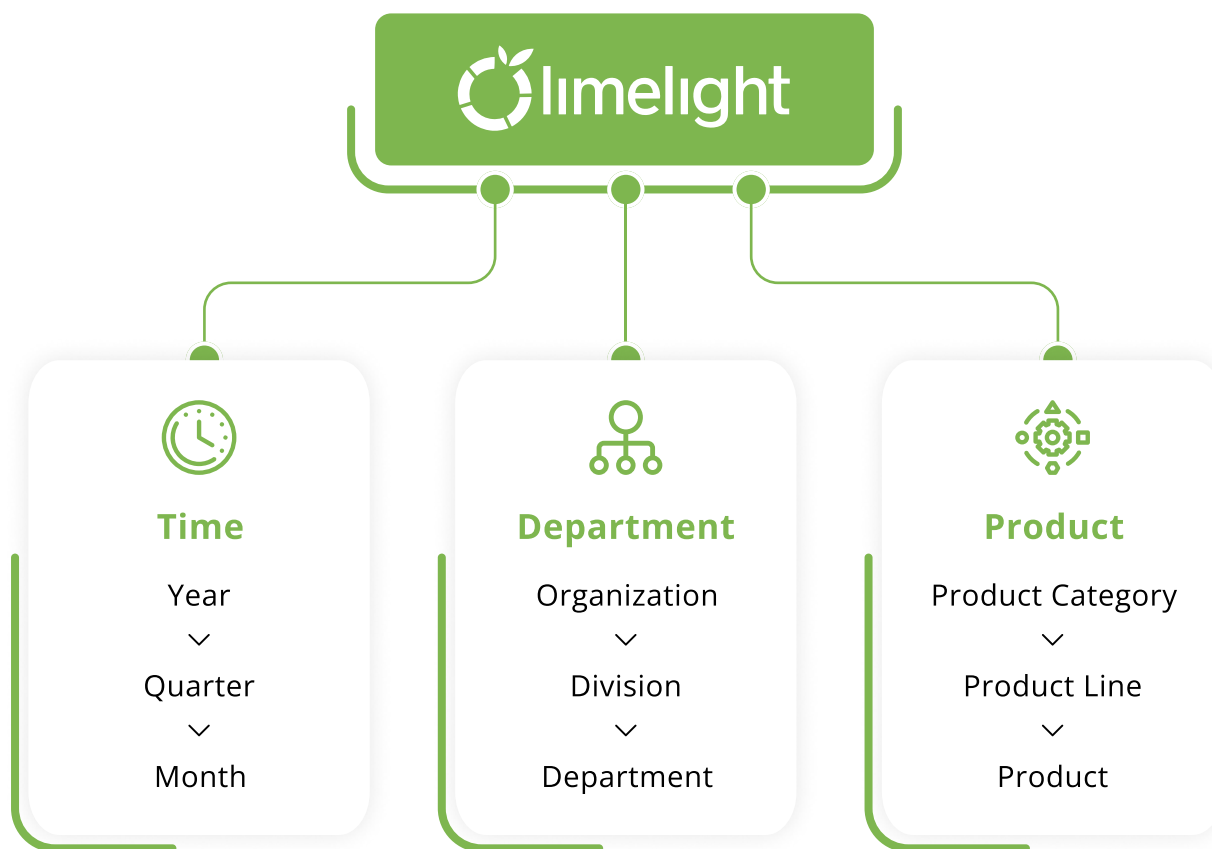


Accounts



Measures

Hierarchies in Limelight

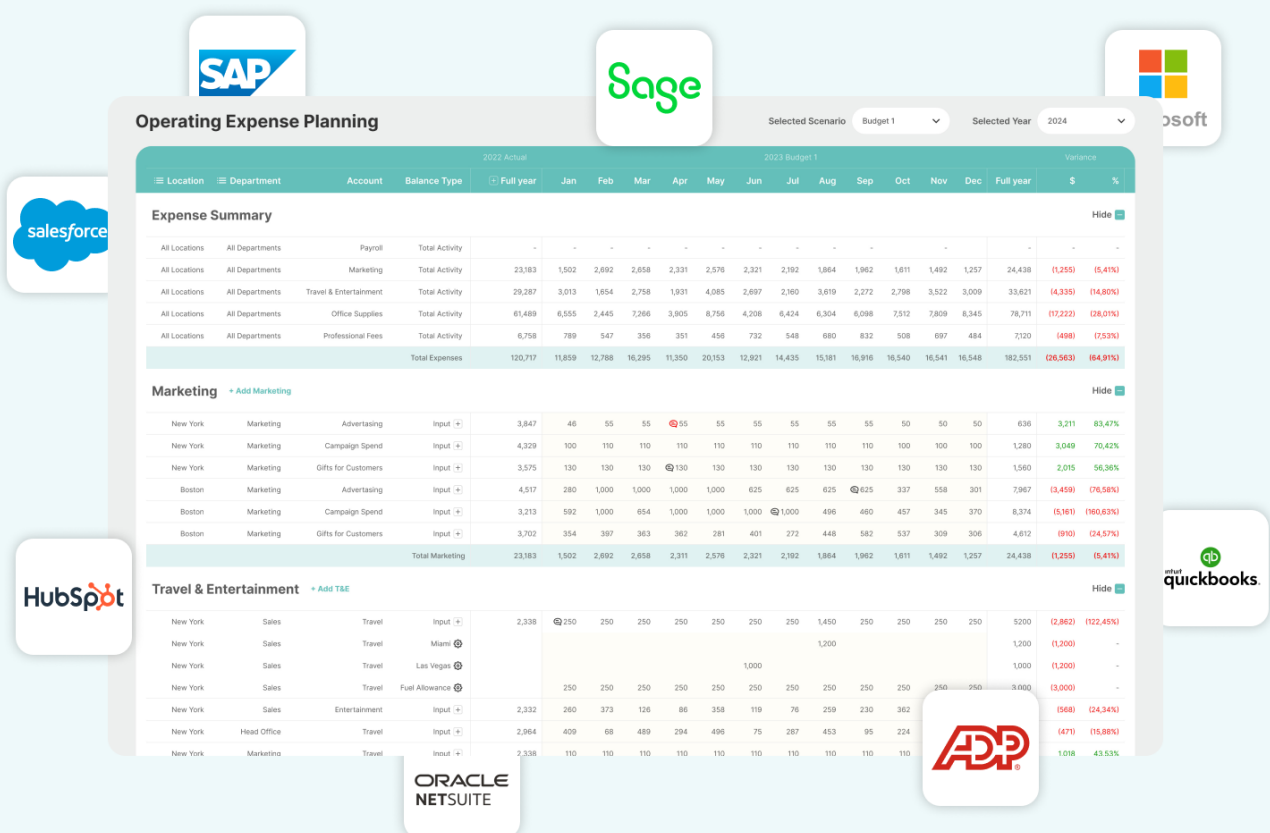


Get Started Faster

Limelight comes with pre-built models to accelerate your onboarding. These templates, reports and models provide a starting point that you can customize to match your unique business needs.

Conclusion

In today's fast-paced business environment, modern FP&A is essential for success. Limelight's financial modeling capabilities empower your team to go beyond spreadsheets, automate manual tasks, and gain the insights needed to drive strategic growth.



The screenshot displays the 'Operating Expense Planning' interface. It features a table with columns for Location, Department, Account, Balance Type, and months from Jan to Dec, plus Full year, Total, and Variance. The interface is surrounded by logos for various systems: SAP, Sage, Microsoft, Salesforce, HubSpot, Oracle NetSuite, ADP, and QuickBooks.

Expense Summary

Location	Department	Account	Balance Type	2022 Actual	2023 Budget 1	Variance
All Locations	All Departments	Payroll	Total Activity	-	-	-
All Locations	All Departments	Marketing	Total Activity	23,183	1,502	2,892
All Locations	All Departments	Travel & Entertainment	Total Activity	29,287	3,013	1,654
All Locations	All Departments	Office Supplies	Total Activity	61,489	6,555	2,445
All Locations	All Departments	Professional Fees	Total Activity	6,758	789	547
All Locations	All Departments	Total Expenses		120,717	11,859	12,788

Marketing

Location	Department	Account	Balance Type	2022 Actual	2023 Budget 1	Variance
New York	Marketing	Advertising	Input	3,847	46	55
New York	Marketing	Campaign Spend	Input	4,929	100	110
New York	Marketing	Gifts for Customers	Input	3,575	130	130
Boston	Marketing	Advertising	Input	4,517	280	1,000
Boston	Marketing	Campaign Spend	Input	3,213	592	1,000
Boston	Marketing	Gifts for Customers	Input	3,702	354	387
Boston	Marketing	Total Marketing		23,183	1,502	2,892

Travel & Entertainment

Location	Department	Account	Balance Type	2022 Actual	2023 Budget 1	Variance
New York	Sales	Travel	Input	2,338	250	250
New York	Sales	Travel	Miami			
New York	Sales	Travel	Las Vegas			
New York	Sales	Travel	Fuel Allowance			
New York	Sales	Entertainment	Input	2,332	260	373
New York	Head Office	Travel	Input	2,964	409	68
New York	Marketing	Travel	Input	2,338	110	110



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