



Automation of Revenue Forecasting

BizAcuity



About the Client

The client is a global company based in USA, which is in event technology management services with a strong presence in Americas, Europe, with operations in the UK, Germany, France and Monaco and the Middle East, with capabilities to run events in Africa and Asia too.



The Challenge

- ✓ The forecasting model which client had, lacked automation. Forecasting was done on business unit level instead of company level or location level. The process was more people driven rather than data driven
- ✓ The error percentage between the numbers from forecast model and actual number from Oracle Financial ERP was above 30% in some cases
- ✓ The previous model only supported monthly forecasting with no option for weekly forecasting

Solution

- ✓ Got the existing forecast and actual numbers from the existing system
- ✓ We identified all the attributes and parameters which can impact revenue. Had discussion with all business units to take care of every variable important to each department
- ✓ Variables identified were both from internal and external sources
- ✓ Data preparation from multiple disparate sources
- ✓ Checked the correlation between variables and actual revenue
- ✓ Selected data points which had good correlation with the revenue. Ex: Pipeline, Group rental nights
- ✓ We used Auto Arima model with these data points as predictor variables
- ✓ Holt winter model was used which predicts the number based on historic data, trends and seasonality. It doesn't need any predictor. Using this we can predict for entire year
- ✓ We also analysed effect of Holiday on revenue using GAM model. We had discussion with various business units to validate our finding on the impact
- ✓ We also looked into pre and post-holiday effect using GAM
- ✓ After understanding the Holiday Impact, it was incorporated in the revenue forecasting and it helped further improve accuracy

The Outcome

- ✓ Complete Automation of Revenue Forecasting. The new Forecasting model is based on location. Single point solution for every Business unit
- ✓ Efficiency of the system doubled, previously only 5 months from 1 year were below 10% error rate now that has increased to 10 months
- ✓ The model helped client with a flexible system which also shared weekly forecast numbers
- ✓ One of the extra benefits to client from Holiday impact analysis was that the business team can plan better for the holiday season with respect to their location



Do you want to empower your decision makers?

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