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Best Practice Use of Clarity for Financial Management

Your Guides:

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Introductions

- Take 5 Minutes
- Turn to a Person Near You
- Introduce Yourself
- Business Cards



Agenda

Best Practice Topic Areas

- Overall Implementation
- System Configurations
- Budgeting & Forecasting
- Value Management
- Actuals Management
- Reporting



Discussion Topics

- Discussion #1: What does success look like?
- Discussion #2: Financial management roles and responsibilities?
- Discussion #3: How is capitalization managed?



Discussion #1

- What does a successful financial management implementation look like?
- What are some obstacles to success?
- In what Clarity capabilities or process areas are you particularly interested in discussing?



Implementation

- Involve the Finance Team
 - Finance will help drive granularity, classification, and output decisions.
 - However, be sure to balance finance requirements with project management requirements.
- Start simple and allow for evolution
 - Streamline financial classifications.
 - Spend time on the full architecture, including current and future state.
 - Operating model can include a progression from simple budgeting to ROM cost plans to detailed forecasts and budgets
- Think carefully about decisions to deviate from stock solution
- Remember that Clarity is **not** the organization's financial system of record
- Start with required outputs and work backwards
- Identify Key Integration Points
 - TBM (e.g., Apptio)
 - Finance System (e.g., Oracle, SAP)
 - Vendor Management (e.g., Ariba)
 - Others...



System Configurations

Let Rego be your guide.

System Configurations

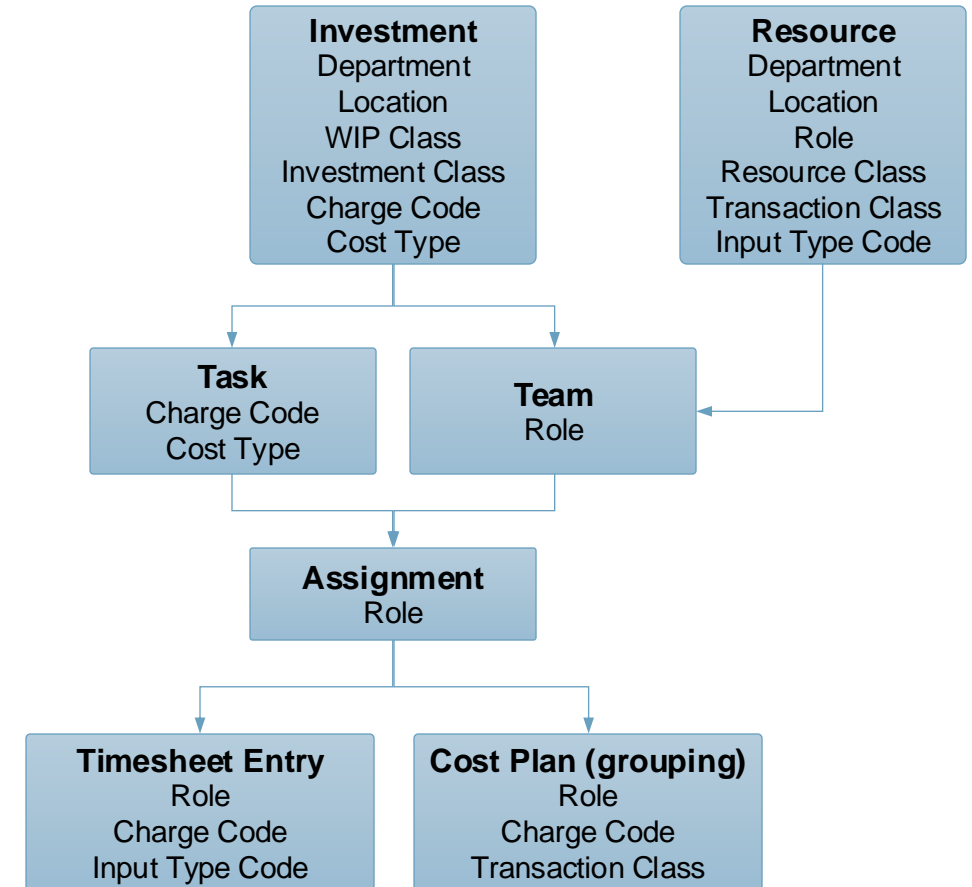
- Stay with one entity if possible; multi-currency requirements might be the **only** reason to deviate.
- Only use Department and Location if needed for rates or reporting; use a default until use cases are identified. Same consideration for all financial classifications, in fact.
- Monthly, Quarterly, and Annual fiscal periods tied to organizations fiscal calendar
- Keep rates simple. Best practice options:
 - Rate card for vendors or exact rates
 - Blended rates for internal resources by role or salary grade
 - \$0 overtime rate for internal resources
- Leverage Staff OBS to provide rate flexibility and normalization
- Factor overtime into the rate if possible; otherwise introduce a timesheet “smoothing” process (RegoXchange!)



Field Architecture

Field	Common Uses	Common Use Area
Location	Country/Region	Rates
Department	Cost Center or Business Unit	Rates, Financial Plan Grouping
WIP Class	Rarely Used	Rates
Investment Class	Rarely Used On/Off Rate Card	Rates
Charge Code*	Billable/Non-Billable or Project Phase	Rates
Cost Type*	Capital/Operating	Financial Plan Grouping
Role	Resource Planning Roles	Rates, Financial Plan Grouping
Resource Class	Salary Grade	Rates
Transaction Class	GL Account (HW / SW / Internal Labor / Pro Services)	Financial Plan Grouping
Input Type Code	Overtime/Regular Time	Rates

**Hierarchical*



Budgeting & Forecasting

Let Rego be your guide.

Discussion #2

- What financial management roles and responsibilities have you defined?
 - PM?
 - Financial Analysts?
 - Finance Team?



Budgeting & Forecasting

- Define an operating model for forecast updates
 - Monthly or quarterly cadence is typical
 - Governance via reports and notifications to ensure data quality
- Capture only material project costs
 - Perfect is the enemy of good
 - Clarity is a portfolio management solution, not the organization's financial system of record
- Common cost plan grouping: Cost Type | Transaction Class
 - Align costs with how Actuals are captured to enable a sensible integration



Budgeting & Forecasting

- Provide consistent guidance for forecast population
 - Allocation-based models tend to hit the sweet spot between too much details (i.e., assignment-based) and too much manual administration
 - Decide on practices for forecasting external/contract labor
 - Fixed Price as a non-labor expense
 - Time & Materials
 - Non-labor Expense if contractors are not set-up for time-entry
- Align budget and schedule baseline processes
- Define a threshold for requiring budget revisions
- Control budget approval rights or introduce approval workflow (via Rego's AIR solution)



Modern UX Enhancements

Compare budget and forecast side-by-side.

Cost Plans > Initial Cost Plan

Per-Period Metrics - 12 Periods

View: Cost Plan Detail with Actuals

Select all Deselect all

Group By

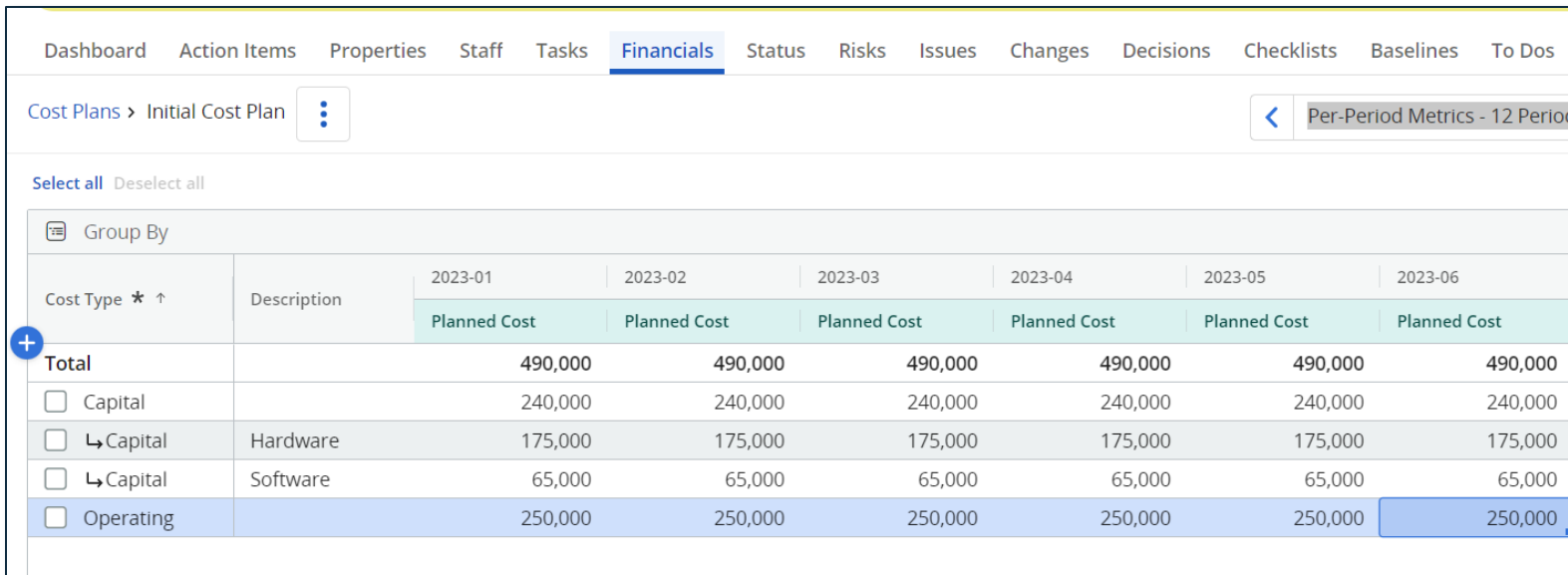
Cost Type *	Transaction Class *	Totals						2023-01		Totals
		Budget to Forecast Variance	Forecast Variance	Budget	Actual Cost	Budget to Actual Variance	Budget to Cost Variance	Budget to Forecast Variance	Foreca: Pla...	
<input checked="" type="checkbox"/> Total		854,059	426,317	902,443	48,384	854,059	427,742	53,624	474,7...	
<input type="checkbox"/> Operating	Travel	(1,680)	(1,680)	0	1,680	(1,680)	0	0	0	
<input type="checkbox"/> Operating	Software	183	(77)	323	140	183	260	24	63	
<input type="checkbox"/> Capital	External Labor	(140)	(140)	0	140	(140)	0	0	0	
<input type="checkbox"/> Operating	Internal Labor	861,520	407,028	902,120	40,600	861,520	454,492	53,600	447,6...	
<input type="checkbox"/> Capital	Internal Labor	(5,824)	5,827	0	5,824	(5,824)	(11,650)	0	11,650	
<input type="checkbox"/> Operating		0	15,360	0		0	(15,360)	0	15,360	

Columns

Details

Modern UX Enhancements

Create detailed cost plan rows. Used to simplify grouping to better align with actuals (e.g., Cost Type Only) or add planning detail (e.g., Vendors).



The screenshot shows a software interface with a navigation bar at the top containing 'Dashboard', 'Action Items', 'Properties', 'Staff', 'Tasks', 'Financials', 'Status', 'Risks', 'Issues', 'Changes', 'Decisions', 'Checklists', 'Baselines', and 'To Dos'. Below the navigation bar, there is a breadcrumb 'Cost Plans > Initial Cost Plan' and a dropdown menu 'Per-Period Metrics - 12 Periods'. The main content area features a table with a 'Group By' dropdown set to 'Cost Type * ↑'. The table has columns for months from 2023-01 to 2023-06, each with a 'Planned Cost' sub-column. The rows include a 'Total' row and several 'Capital' rows with sub-descriptions like 'Hardware' and 'Software', and an 'Operating' row. A blue plus sign is visible on the left side of the table.

Cost Type * ↑	Description	2023-01	2023-02	2023-03	2023-04	2023-05	2023-06
		Planned Cost	Planned Cost	Planned Cost	Planned Cost	Planned Cost	Planned Cost
Total		490,000	490,000	490,000	490,000	490,000	490,000
<input type="checkbox"/> Capital		240,000	240,000	240,000	240,000	240,000	240,000
<input type="checkbox"/> ↳ Capital	Hardware	175,000	175,000	175,000	175,000	175,000	175,000
<input type="checkbox"/> ↳ Capital	Software	65,000	65,000	65,000	65,000	65,000	65,000
<input type="checkbox"/> Operating		250,000	250,000	250,000	250,000	250,000	250,000

Options:

- Add in Calculated Forecast columns
- View by Periods or Duration
- Display a Total row
- Totals by Sum of Periods and Grand Totals

Value Management

- Benefit plan tailor made for monetized benefits (e.g., cost reduction or increased revenue).
- Soft benefits can be added in separate metric and measurement columns with \$0 impact.
- Consider transitioning to the tracking of business value via OKRs
- Beware of system calculated earned value fields (e.g., NPV, ROI).
 - IRR, for example is calculated monthly, but most organizations use a yearly calculation.
 - Consider attaching company business case document to capture your organization's calculation
- Enter negative benefit values for ongoing maintenance, license fees, etc. These are included in earned value calcs.
- Define benefits realization process
 - Model a Value Management Team
 - Use Portlets/Reporting and custom notifications to coordinate benefit capture
- Evaluate Rego's Value Management Accelerators



Actuals Management

Let Rego be your guide.

Actuals Management

- Include both labor and non-labor financials. Without both, project financial variances only tell part of the story and cannot be used for decision making.
- Integrate with an external financial system to import financial actuals
 - Make sure granularity / grouping is aligned with cost plan design.
 - Monthly import is most common, pulling actuals from the closed GL period.
 - Avoid a detailed review and approval process; make it exception-based at least.
- If you do not have an integration to pull in non-labor actuals, build a better user interface for entering these costs



Modern UX Enhancements

Transaction workspace with unposted transactions:

The screenshot shows the Clarity Transactions workspace. The top navigation bar includes the Clarity logo, a search bar, and a 'View Standard View' dropdown. The main content area is divided into two sections. The left section displays a list of transactions with columns for 'Entry Type', 'Entry Num.', 'P.O. Number', 'Incurred By', and 'Vendor'. Two entries are visible: 'Voucher Other' and 'Voucher Expe...'. The right section shows a detailed view of a transaction entry with columns for 'Investment', 'Charge Code', 'Resource', 'Transaction C...', 'Input Type Co...', 'Quantity', 'Cost', and 'Rate'. Two entries are listed: 'CA PPM Resou...' and 'Airport Access...'. A vertical sidebar on the left contains various navigation icons.

The screenshot shows the Clarity Transactions workspace with a focus on unposted transactions. The top navigation bar includes the Clarity logo, a search bar, and a 'View Standard View' dropdown. The main content area is divided into two sections. The left section displays a list of transactions with columns for 'Source Module', 'Transaction Type', 'External ID', 'External Batch ID', 'Voucher Entry N...', 'Tran...', 'Investment', 'Task', 'Cost Type', 'Charge Code', 'Resource', and 'Role'. A single entry is visible, highlighted in yellow. The right section shows a detailed view of a transaction entry with columns for 'Investment', 'Charge Code', 'Resource', 'Transaction C...', 'Input Type Co...', 'Quantity', 'Cost', and 'Rate'. Two entries are listed: 'CA PPM Resou...' and 'Airport Access...'. A vertical sidebar on the left contains various navigation icons.

Financial Workflow Considerations

- Base Setup

- Timesheet Submission Cadence
- Non-Labor Posting Cadence

- Approval Policy

- Auto-Approval
- RM, PM

- Timesheet Adjustment Policy

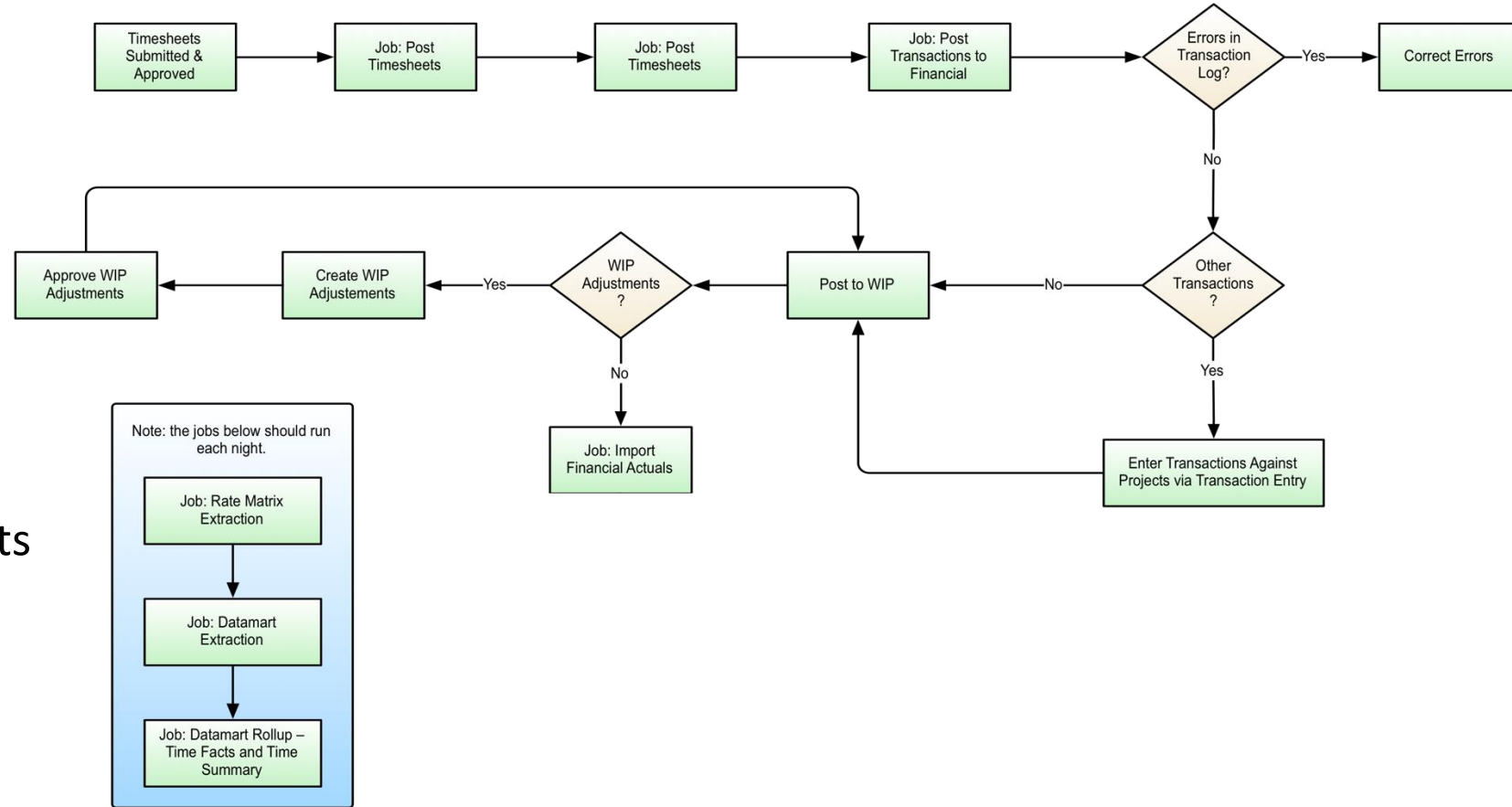
- Number of Open Time Periods
- Finance vs. Project Requirements

- Compliance Considerations

- Work Councils
- Timesheet Smoothing

- Job Cadence

- Labor and non-labor actuals update cost plan after Post to WIP is run
- Create a process to string together all applicable financial jobs



Financial jobs are required for the processing and posting of financial data.

Actuals Data Source	Jobs to Run, in Execution Order
Timesheet Entry	Post Timesheets Post Transactions to Financials Post to WIP Time Slicing Investment Allocation Post Actuals to Investment
Transaction Entry	Post WIP Import Financial Actuals Time Slicing Investment Allocation Post Actuals to Investment
WIP Adjustments	Import Financial Actuals Time Slicing Investment Allocation
Imported Data/XOG	Post Transactions to Financials Post to WIP Import Financial Actuals

Be mindful to run the Rate Matrix Extraction job each time the rate matrix and the financial properties of a project change. The Rate Matrix Extraction job is required before retrieving rates on projects.

Reporting

Let Rego be your guide.

Discussion #3

- What are your capitalization requirements?
- Do PMs understand cap guidelines?
- How has Agile development affected capitalization?



Reporting

- Capitalization

- Use templates to abstract capitalization logic, particularly for team members entering timesheets
- Leverage Cost Type, not Charge Code
- % Capitalization attribute on Team supports allocation-driven cost plans
- Explore Agile capitalization options with Finance Team
 - Story points by Feature / Capability
 - Team-based %

- Chargebacks

- Avoid stock chargebacks module
- Instead, develop debit rules / credit rules as sub-objects or custom master objects and use portlet or dashboard to report out to funding groups



Hierarchies

- Utilize Hierarchies module to see a consolidation of Cost Plans, Budget Plans, and Benefit Plans from multiple investments.

The screenshot displays the 'Delight the Customers Strategy' interface. On the left, a hierarchy diagram shows various investment projects like 'eCommerce Portal', 'Mobile Security', and 'Apollo Product Launch'. On the right, a detailed financial table is shown, filtered for 'Cost Plan' type. The table provides a breakdown of costs for 2024-01 and 2024-02 across different investment groups.

Group	Cost Type	Cost Plan Details				2024-01		2024-02		
		Planned Cost	Actual Cost	Budget	Cost Varian...	Planned Cost	Actual Cost	Budget	Cost Varian...	
Total		242,288	0	33,488	242,288	192,112	0	32,032	192,112	50,176
> Apollo Product Launch (4)		0	0	0	0	0	0	0	0	0
> Clarity Implementation (3)		0	0	0	0	0	0	0	0	0
> CRM Enhancements (7)		208,800	0	0	208,800	160,080	0	0	160,080	48,720
> Data Warehouse Performance Tuning (4)		0	0	0	0	0	0	0	0	0
> eCommerce Portal (5)		0	0	0	0	0	0	0	0	0
> Finance Process Change (5)		0	0	0	0	0	0	0	0	0
> Gates Foundation - Study (2)		33,488	0	33,488	33,488	32,032	0	32,032	32,032	1,456
> Mobile Security (2)		0	0	0	0	0	0	0	0	0
> Office Upgrade (1)		0	0	0	0	0	0	0	0	0

Canvas

Configure the chart widgets, table-type widgets, and object-specific attributes in the Canvas layout to view data across multiple sub-objects on a single page.

*Configure widgets for the following objects and sub-objects in Canvas:

- Tasks
- Risks
- Issues
- Changes
- To Dos
- Staff
- Financials - Cost Plans
- Financials - Budget Plans
- Financials - Benefit Plans
- Status [Reports Grid of Status]
- Custom Objects (second level only)

*As of v16.2.2

The screenshot displays a comprehensive dashboard with the following components:

- Status Indicator:** On Track
- Risk:** 31.82
- Hi Priority Risks:** 1
- Open To Do's:** 67%
- Busiest Owners:** Pie chart showing Lewis, Dana (36%), Bauer, Joyce (32%), Berry, Jan (18%), and Garcia, A. (14%).
- Key Personnel:** Horizontal bar chart showing effort for AI Team (6), Granger, Paula (6), Lewis, Dana (6), Morris, Tom (5), and another team (4).
- Planned Cost:** \$2,142,518.51
- Planned Benefit:** \$900,000
- Open Risks Table:**

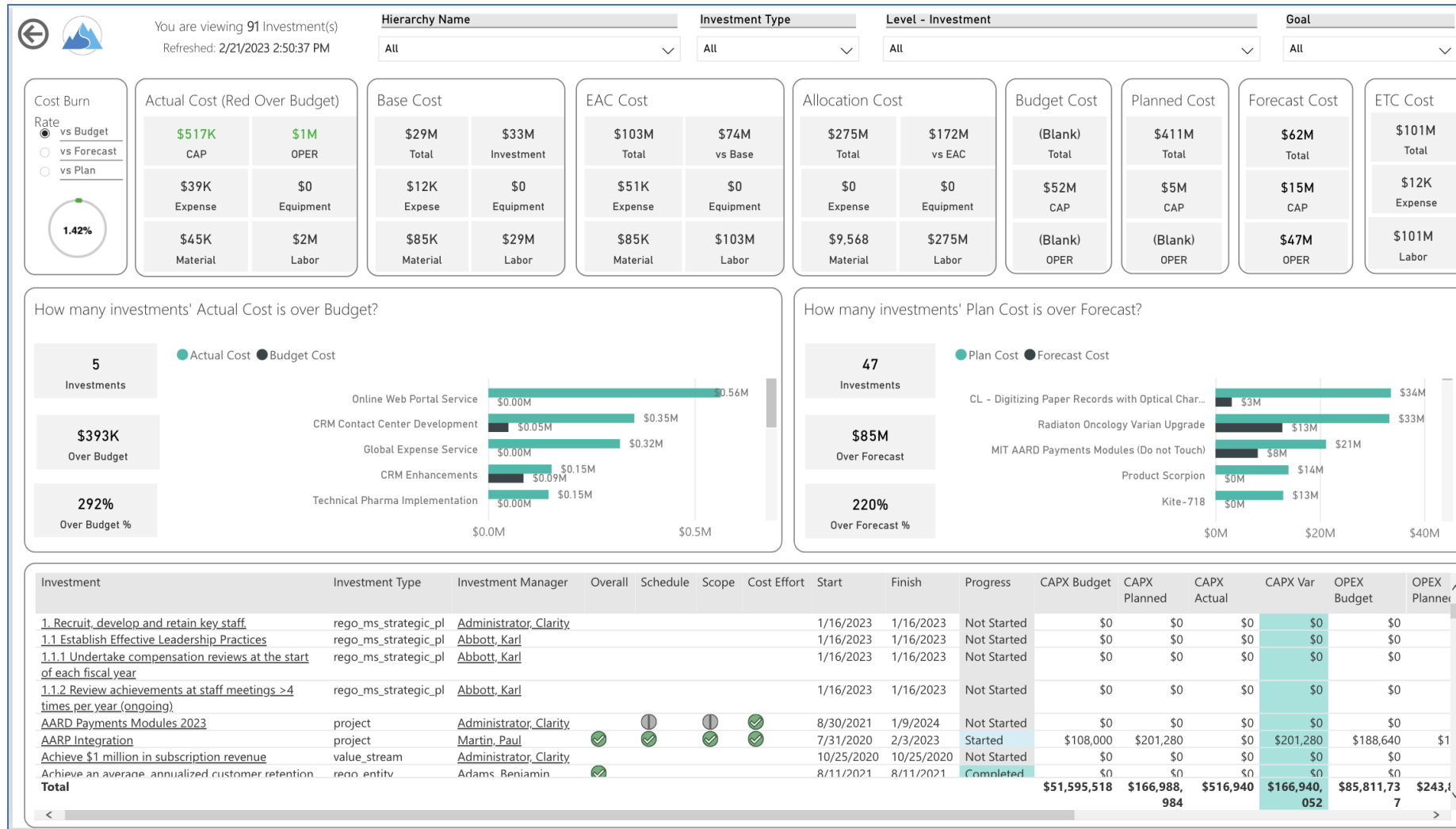
Name *	Impact	Priority * ⚙	Assigned To * ⚙ +	Associated Risks
Maintenance risks	Low	Low	Amos, Cheryl	
Security risks	Low	Medium	Arpel, Ian	
Complexity risks	Low	Medium	Arpel, Ian	
Scalability risks	Low	Medium	Arpel, Ian	
Reliability risks	Low	Low	Awad, Rashid	
Technical Compatibility risks	Low	Medium	Bauer, Joyce	
- Tasks Table:**

Name *	Start * ↑	Finish *	Status	Total Effort	Assigned Resou
Initiation Phase	Dec 16, 2022	Dec 16, 2022	Not Started	0	
Initiating Process Complete	Dec 16, 2022	Dec 16, 2022	Completed	0	
Planning Phase	Jan 20, 2023	Feb 13, 2023	Not Started	360	
Define Scope Change and Control Process	Jan 20, 2023	Jan 31, 2023	Started	40	Lewis, Dana
Requirements Definition	Jan 26, 2023	Feb 4, 2023	Started	0	Travel
Functional and Technical Design	Jan 30, 2023	Feb 10, 2023	Started	160	Berry, Jasor
Complete Project Plan	Jan 31, 2023	Feb 3, 2023	Completed	80	Lewis, Dana
- Issues Table:**

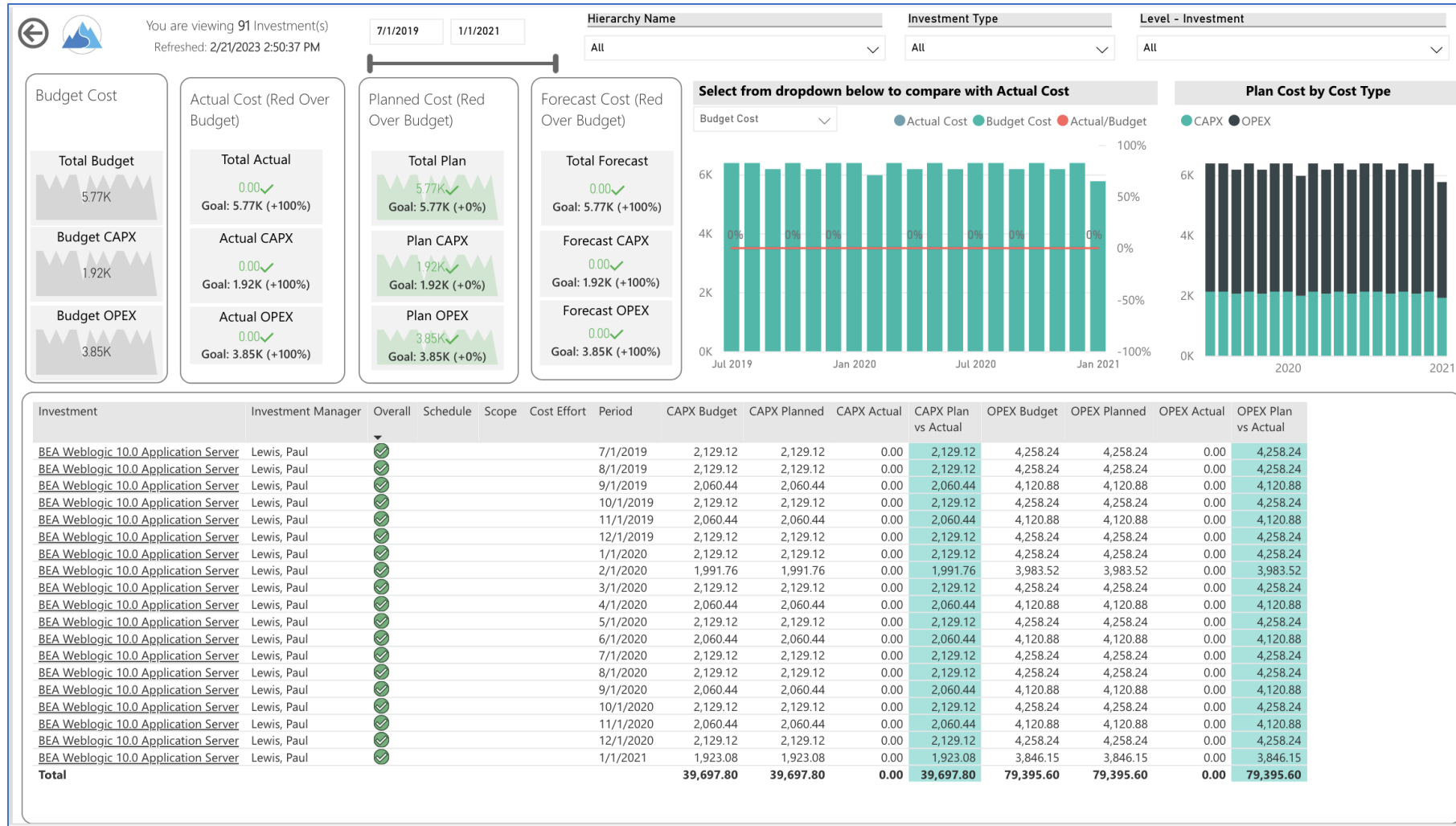
Name * ↑	Assigned To * ⚙	Priority * ⚙	Impact Date	Target Resolution Date
Critical resource is unavailable	Lewis, Dana	Low	Jun 1, 2023	Mar 9, 2023
Integration with secure payment gateways for better payment processing	Lewis, Dana	Low	Jun 1, 2023	Mar 13, 2023
Poor Communication	Arpel, Ian	Low	May 2, 2023	May 2, 2023
- To Dos Table:**

Name * ↑	Due Date	Owner	Completed 2†
Communication Management	Apr 6, 2023	Quinn, Randy	✓
Complete Phase Review documents	Apr 13, 2023	Granger, Paula	✓
Complete Usability Testing	Apr 27, 2023	Morris, Tom	

Power BI Suite



Power BI Suite



Questions?





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✓ **Eligibility:** Open to all Rego University attendees



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- Click on **Visit CCR's** button under the **Report PDU's**
- Click on **Report PDU's**
- Click on **Course or Training**
- Class Provider = **Rego Consulting**
- Class Name = **regoUniversity**
- Course **Description**
- Date Started = **Today's Date**
- Date Completed = **Today's Date**
- Hours Completed = **1 PDU per hour of class time**
- Training classes = **Technical**
- Click on **I agree** and **Submit**



Let us know how we can improve!
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