VOR Scenario Builder
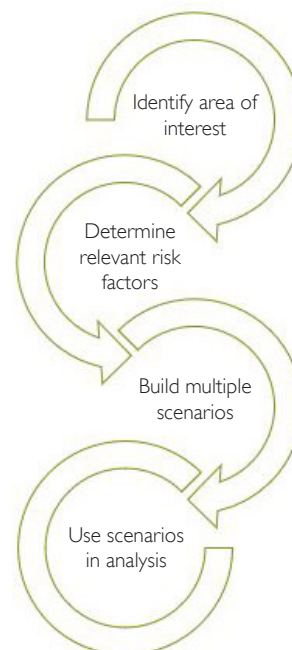
Improve corporate decision-making through scenario analysis.

Smart companies make smart choices with the *scenario analysis* exercise. Scenario analysis provides insight into how political, economic, technological, or environmental changes can impact the performance of a company—information that is critical for revising corporate strategies and refining the decision-making process.

Building scenarios can be time consuming and challenging, requiring collaboration and out-of-the-box thinking. Your company needs to identify environments that can impact its performance, for better or worse. It needs to identify risk factors that best define those environments. And, most importantly, it needs to decide on the values the selected risk factors will take in the environments it outlined. FRG's VOR Scenario Builder can help with the complex process of determining your company's exposure to economic events.
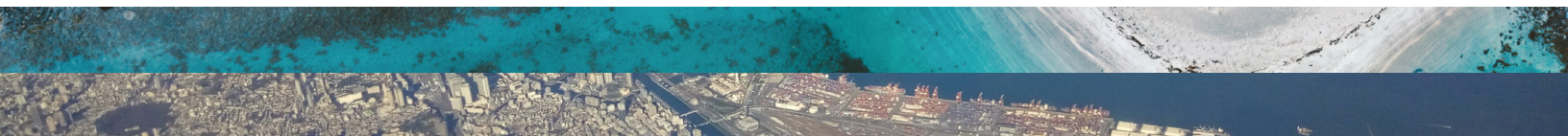
High Level Steps for Scenario Analysis

- Identify area of interest
- Determine relevant risk factors
- Build multiple scenarios
- Use scenarios in analysis

VOR Scenario Builder—Scenario Building At Your Fingertips.

The VOR Scenario Builder allows users to generate any scenario they can imagine. The solution is web-based and provides functionality to streamline the scenario development process:

- Modify projected time series behavior via point-and-click functionality
- Review plots to assess the impact adjusted risk factors have on other risk factors in the scenario

- Have a custom-built algorithm for risk factors that are not present in one of the available risk factor collections but are pertinent to your business
- Load your own time series data to be used as baseline projections or incorporated into new scenarios
- Store and retrieve scenarios for reuse at a later date
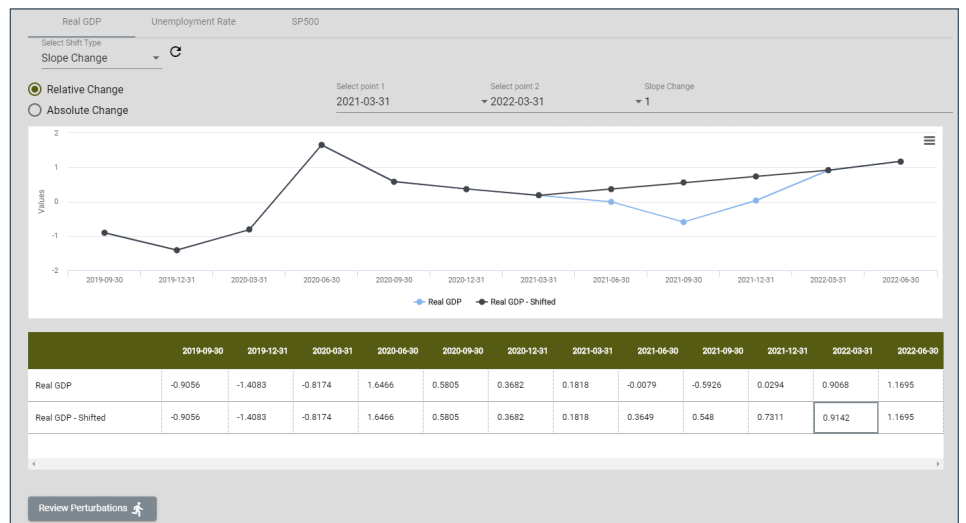
How **VOR** Scenario Builder Works:

- Select a suite of risk factors to use for the scenario
- Create a baseline forecast of those risk factors
- Modify baseline values of one or more risk factors
- Pass the modified baseline forecast into the algorithm to update the behavior of non-modified risk factors
- Adjust the forecasted values of these risk factors
- Refine the scenario as needed
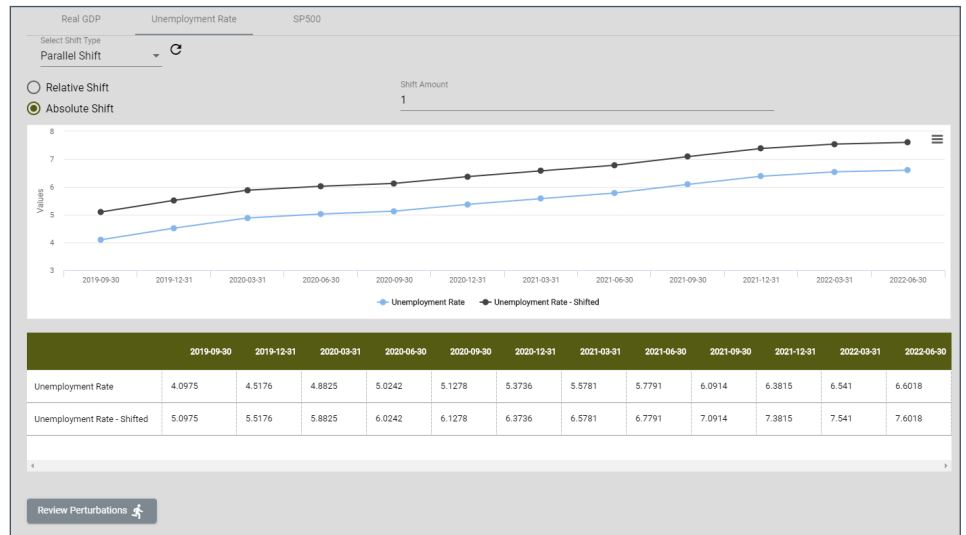- Save and download the scenario for later use

Learn more
To find out more about how the VOR Scenario Builder can help you take advantage of new opportunities, contact us today.

	2019-09-30	2019-12-31	2020-03-31	2020-06-30	2020-09-30	2020-12-31	2021-03-31	2021-06-30	2021-09-30	2021-12-31	2022-03-31	2022-06-30
SP500	2613.4424	2565.1956	2587.3377	2625.5878	2606.4421	2634.5334	2689.251	2690.4038	2671.704	2710.7722	2774.4513	2807.7405
SP500 - Shifted	2613.4424	2325.0000	2455.0000	2537.0000	2606.4421	2634.5334	2781.0000	2690.4038	2610.0000	2710.7722	2774.4513	2807.7405

Adjust multiple points on the graph to modify the time series (in a curvature change). Above: the user has made the S&P 500's second period decrease more severe. However, the user has also increased growth rates in subsequent periods so that by the fifth period the S&P 500 has nearly reached its first forecast period value.

	2019-09-30	2019-12-31	2020-03-31	2020-06-30	2020-09-30	2020-12-31	2021-03-31	2021-06-30	2021-09-30	2021-12-31	2022-03-31	2022-06-30
Real GDP	-0.9056	-1.4083	-0.8174	1.6466	0.5805	0.3682	0.1818	-0.0079	-0.5926	0.0294	0.9068	1.1695
Real GDP - Shifted	-0.9056	-1.4083	-0.8174	1.6466	0.5805	0.3682	0.1818	0.3649	0.548	0.7311	0.9142	1.1695

Modify the slope between 2 points to adjust the time series. This user modified the time series behavior between the 7th and 11th period. Instead of having Real GDP go negative for two quarters, the user imposed a constant increase in values between those periods.

	2019-09-30	2019-12-31	2020-03-31	2020-06-30	2020-09-30	2020-12-31	2021-03-31	2021-06-30	2021-09-30	2021-12-31	2022-03-31	2022-06-30
Unemployment Rate	4.0975	4.5176	4.8825	5.0242	5.1278	5.3736	5.5781	5.7791	6.0914	6.3815	6.541	6.6018
Unemployment Rate - Shifted	5.0975	5.5176	5.8825	6.0242	6.1278	6.3736	6.5781	6.7791	7.0914	7.3815	7.541	7.6018

Apply a parallel shift (either absolute or relative) to the time series. Above: the user has added a 1% absolute shift to the unemployment rate time series for the entire forecast horizon.