
WHAT'S THE LATEST TRENDS ON PERFORMANCE MANAGEMENT?

Forrester's Paul Hamerman Answers your top questions



During the latest webinar "[The latest EPM trends and insights from Forrester](#)," we asked guest speaker Paul Hamerman to answer these 5 top questions that progressive CFOs are often addressing to us discussing about the latest trends on Enterprise Performance Management.



1



POINT SOLUTIONS VS PLATFORM APPROACH

You refer to enterprise performance management as a business solution that spans three time dimensions: the past, the present, and the future. Are all three achievable with point solutions? What are the pluses and minuses of point solutions versus a suite or platform approach?

Finance stakeholders have a variety of choices available for EPM software supporting the three time dimensions, such as financial reporting and disclosure solutions, dashboards and analytics solutions, and planning and forecasting solutions. It's not unusual to see a variety of point solutions in place to handle these requirements. However, point solutions make it more challenging to integrate the underlying business data coming from transactional systems of record (e.g., ERP). A suite or platform approach can provide a unified data model, simplified integration, and a consistent user experience across the three time dimensions.



2



COMPLEX BUSINESS REQUIREMENTS

In the Wave, one of the evaluation criteria is “the ability to serve enterprise accounts.” For you, that means above \$1 billion in revenue; what are the differences that large enterprises should be looking for in EPM solutions? Does this change at all when you get to the very large enterprise, say \$5 billion or more? Are there certain processes (i.e., regulatory reporting, board books, or earnings presentations) that are more critical to large enterprises than smaller ones?

Company size is often an imprecise indicator of the complexity of business requirements, but in general, we find that companies under \$1 billion in annual revenues can utilize midmarket EPM software that is relatively quick to deploy and easy to use. Larger enterprises, especially those with more than \$10 billion in revenues, have more complex modeling needs and business structures, global operations, and larger data volumes. Larger enterprises should be looking for an EPM platform that has proven scalability, via customer success, to handle large numbers of users and high data volumes, legal and regulatory complexity for financial reporting, and sophisticated planning and forecasting models. Compliant financial reporting and consolidations are certainly more complex in large enterprises due to factors like countries, legal entities, and minority ownership, but complexity is also driven by industry-specific regulations (e.g., financial services Solvency II).

3



LARGE ENTERPRISES' NEEDS

What are some of the challenges large enterprises should be aware of when looking at an EPM solution (cost of ownership, functional maturity, and technical complexity)? Will cloud (SaaS) solutions help to meet these challenges?

Traditional EPM solutions designed for large enterprises tend to have higher levels of technical complexity and ownership costs because they were designed for an on-premises deployment model that requires infrastructure and IT support. Fortunately, robust EPM solutions are now available, and seeing strong adoption, in the SaaS deployment model. This means that the cost of ownership is more predictable and much of the technical complexity is managed by the software vendor instead of your IT professional staff, without loss of business functionality. Enterprise companies can also benefit from more frequent and automatic software updates, which are much easier to assimilate via SaaS than on-premises. Large vendors considering SaaS EPM should validate that the vendors under consideration can handle the scale, complexity, and global requirements of their specific use cases.

4



REGULATORY AND COMPLEX REPORTING

Speaking of regulatory and earnings reporting, what are EPM vendors doing to help companies deal with this challenge (such as offering collaborative office/performance books)?

EPM solutions are good at handling complex financial reporting tasks, involving data aggregation and consolidations, calculations, and currency translations. Regulatory reporting requirements, however, go beyond number crunching to assembling documents with detailed text, schedules, and graphs. These documents often require collaboration across multiple departments and people, and have specific output formatting requirements (e.g., XBRL). EPM vendors that are adept at external regulatory reporting must manage multiple content types, integrate complex financial data, and facilitate real-time collaboration. These same capabilities may also be used to support the assembly of management reporting and board-level reporting packages based on the same data sources. Close integration of EPM with Microsoft Office or other document-based systems is essential to support these types of reports.



TECHNOLOGIES ADOPTION

From an innovative technology perspective - cloud, predictive analytics, big data, business modeling, mobility - there's a vast array of technologies that vendors and analysts are talking about these days. How are these changing the scope of EPM? How prevalent are these technologies now, and what is your estimate of when broader usage of these technologies will become mainstream?

EPM brings together a variety of advanced technologies, each of which has a specific maturity curve. We are certainly seeing a widespread impact of SaaS in EPM, which is now mainstream. Mobile technology is also in widespread use, in the sense that the user experience of most EPM products has been refactored to support mobile browsers and touch. Smartphone-based EPM is only in limited use, however, because the form factor isn't ideal for consuming detailed financial data. The biggest area of innovation currently is analytics and data technologies. EPM solutions need to handle large data sets for rapid analysis and exploration, which has driven some adoption of big data and in-memory computing. Advanced visualizations are also widely used. The frontier for technology adoption in EPM is in predictive and prescriptive analytics, particularly in the promising area of machine learning, which makes the business application smarter based on data and usage patterns.

WANT TO KNOW MORE?



Watch this thought-provoking and informative webinar featuring Paul Hamerman.

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