

# FSN Executive Briefing

**“When does EPM become a  
platform play?”**



## **“When does EPM become a platform play?”**

**by Gary Simon**

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### **Introduction**

Today's businesses are operating in a very complex economic environment, marked by greater uncertainty and financial risk, burdensome regulation, accelerated reporting deadlines and the constant need to keep abreast of operational performance.

Reconciling these seemingly competing priorities can be a huge challenge but in a world where around 50 percent of businesses are actively seeking to harvest the 'wisdom of the crowds', enlightened software vendors are beginning to leverage crowdsourcing principles to quickly bring innovative and valuable ideas to market. And when these ideas are melded with a new generation of Enterprise Performance Management (EPM) solutions and almost limitless computing power, the results have the potential to transform the scope, speed and quality of financial reporting.

### **Crowd-sourcing**

There is nothing new in software vendors talking to customers. Software vendors have engaged their customers and sought their views and ideas through traditional 'user groups' for decades. But the user-group succeeded or failed depending on the quality of the individual at the helm and they were often narrowly focused on functionality issues rather than broader market developments. Furthermore, with customers spread across the globe and unable to attend regular meetings it sometimes proved difficult to get consensus on the way forward. But the principle was sound, after all the notion that the best ideas for product innovation should come only from software vendors was clearly misplaced.

The example of Danish toy company Lego Group illustrates the point. It planned to launch a new product based on a popular video game. But instead of conceptualizing the product internally via product development,(as it would have done traditionally), the idea for the toy came from an adult Lego fan who submitted the idea through Lego.Cuusoo.Com , a website where Lego enthusiasts submit and vote for new ideas. Within 24 hours the new idea received 10,000 votes and received the green light for production from Lego management within a month.

Crowd-sourcing is particularly suited to software development, especially in areas such as financial reporting and performance management where new market requirements spring up all of the time, domain knowledge vests in a few highly skilled people and the traditional vendor approach simply could not keep up with the rapid pace of change. In other words managing product development collaboratively not only harvests some of the best ideas but accelerates 'time to market' by leveraging resources and capability residing in customers as well as software partners and consultants.

### **The "Fish Market" concept**

The idea of collaborative development is not new and there are many examples of software developed by the open-source community where programmers/developers (sometimes amounting to thousands of people) pitch in to software development. But in the relatively conservative world of financial reporting CFOs fret about standards of software development, testing and quality. So how does one maintain software quality without dampening the spirit of creativity? And can the sharing of intellectual property vested in new product ideas lead to the sharing of commercial benefit as well.

OneStream software is a trendsetter in the EPM sector, creating what it calls a "Fish Market" – literally a marketplace where customers and partners can buy and sell product, benefitting the whole OneStream community by providing choice, while at the same time allowing customers to derive some commercial benefit by leveraging their domain knowledge.

OneStream acts as the 'gate keeper' for quality and consistency, ensuring that every solution has common instructions and conforms to quality standards prior to release. In this way the community can be assured that pre-built solutions can be downloaded and imported as an XML file that works on day one. There are already 15 solutions available which include a "Financial Close Manager"; a "Help Desk" app (internal help desk so large customers' administrators can manage OneStream end user tickets,) an "XBRL taxonomy viewer" and "Mapper".

Pre-built template solutions include, guided reporting, a starter kit for workforce planning and numerous dashboards and workspace templates which can be readily 'wired' into any OneStream application and used within a matter of hours.

### **Marketplace or platform?**

But this pioneering approach raises a deeper question. Is OneStream simply facilitating a marketplace in which different participants offer their products to each other or something more profound?

The answer to this lies in the underlying capabilities of the software architecture since the effectiveness of the apps relies on the ease with which innovation can be consumed by

existing users. And the critical piece of this jigsaw puzzle is that underpinning the Fish Market, is a unified EPM platform in which all of the core management processes and the solutions that support them are developed in the same environment, i.e. integration is a 'given'. More particularly, all of the solutions can share metadata (for example, accounts and business entities) so that information used by any EPM solution can be shared with another and has the same meaning. All of this means that participants in the Fish Market can take advantage fully of any software innovations.

### **What next?**

Happily, the emergence of a dependable EPM platform which is infinitely extensible coincides with enormous strides in raw computing power so that scalability is no longer the practical constraint it once was. And it is this which is enabling the rapid trend towards the fusion of financial and operational reporting in the same environment.

In the past, financial (statutory), regulatory, management and operational reporting has been stove-piped into separate applications. This is partly because of performance constraints and partly because it was frequently difficult to handle different management reporting hierarchies and dimensions for operationally relevant reporting in any other way, (even though logically they drew on the same metadata structures and much of the same data). But now, with superior application design which allows multiple dimensions to be maintained in a single application and relatively unconstrained performance, operational data can be merged with financial data to drive, for example, more accurate and insightful forecasts, provide a clearer picture of day-to-day performance and better align decision making to corporate strategy.

A more holistic approach to EPM across the enterprise also reduces the 'time to decision' because management has visibility of the issues and operational performance can be viewed on 'the fly'.

### **Summary**

The latest generation of EPM products carry significant advantages over the loosely coupled EPM suites of yesteryear. A unified EPM environment, combined with almost limitless computing power provides not only a highly productive performance management environment in which it is possible to combine operational and financial reporting, but also the basis of a 'platform' for users and vendors to exchange and deploy specialised apps that extend the boundaries of EPM.

With careful management of quality standards, apps traded in markets such as OneStream's Fish Market provide users with access to soundly crafted applications and the latest innovations much more quickly and affordably than would have historically have been the case. So as EPM transitions from a suite of applications to a broader platform both software vendors and the end user community stand to benefit from the wisdom of crowds.

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