

A BPM Partners White Paper

## **The Next Wave in Budgeting and Planning: Performance Management *Plus***

**Delivering the next generation of business performance management  
with greater ease of use, accessibility, customization, and breadth.**

April 2017



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## Executive Summary

Business performance management (BPM aka CPM or EPM) has been in place long enough to have established a presence in a high percentage of corporate Finance departments. BPM applications have proven themselves effective at automating routine budgeting, planning, and forecasting tasks, as well as consolidation and reporting.

Business needs have evolved, though, and older solutions are not able to keep up. More modern solutions that extend beyond the core capabilities are now available. They address the expanded BPM requirements of today's CFO and Finance team, and the need for analysis and insight across lines of business (LOBs). We call this category of solutions "performance management plus", or PM+.

PM+ is, from our perspective, the next wave in the natural evolution of BPM.

This white paper looks at the shortcomings of traditional BPM when matched up to current business demands, and how PM+ extends BPM/CPM/EPM to meet those demands.

## BPM Challenges and Solutions

Performance management is intended to provide a holistic view of the business that allows managers at every level to forecast, monitor, and manage their performance and understand the impact of their decisions. That is the overall goal and ideal of BPM.

As it evolved over the past two decades, BPM has done a solid job of automating, governing, and strengthening the budgeting, forecasting, and planning functions, especially for finance. Consolidation, reporting, and functionality to support regulatory compliance have also joined in to create unified suites.

The fundamental construction of BPM systems has remained fairly constant over the years, even with the shift to cloud-based systems.

This is a testimony to the underlying strength of the BPM approach and its enduring value. It has become a necessity to any modern enterprise. With changes in business needs, especially mobility and decentralization and the need for other departments to manage performance, BPM software needed to extend, and it has now done so. The result of this evolutionary growth could be called performance management plus, or PM+.

### Challenge: Difficult to Use

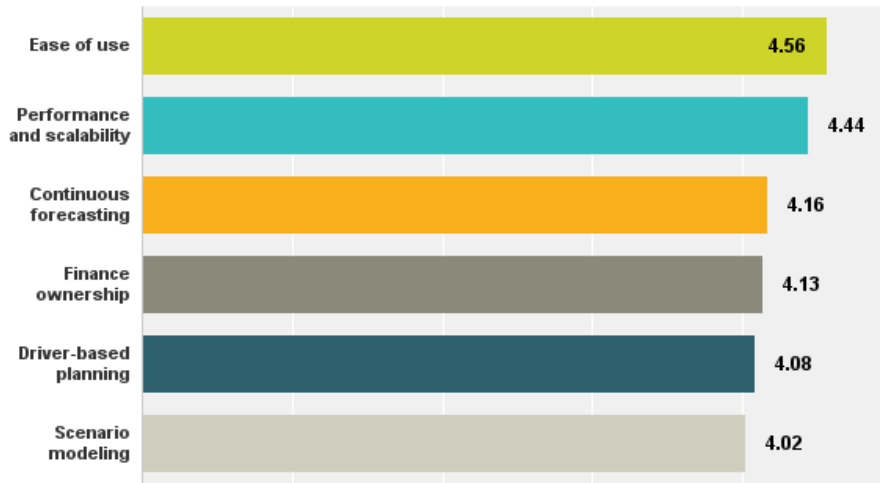
Every year, BPM Partners conducts the annual BPM Pulse Survey of business users involved with performance management. The results of this survey indicate almost every year that budgeting and planning is where most companies first put BPM to work, and it's typically touted as one of the most painful finance processes.

Ease of use, for survey respondents, ranks above all other criteria when looking for a new system for budgeting and planning. Many BPM systems have every bell and whistle imaginable, but they don't get the use and enthusiastic adoption that they should. They are often restricted, for all practical purposes, to use by a handful of frequent users in Finance.

### Terminology: CPM, BPM, and EPM

In this white paper, CPM, EPM and BPM are used interchangeably to refer to corporate performance management, also known as business performance management, or – less frequently – as enterprise performance management.

**Rate the importance of the following in your ideal budgeting/forecasting/planning solution (5 is most important)**



*Source: BPM Partners' 2016 BPM Pulse Survey*

BPM systems that are difficult to use are especially an issue outside of Finance. The Finance group has had over 20 years to become familiar with BPM applications. With the exception of senior managers across the company, most other departments were not set up for access to BPM application, nor trained in using such software. The applications were not initially designed for wider use throughout an enterprise.

If only one department, Finance, has a BPM-based view of the business, then almost by definition, the business lacks a holistic view of its performance.

This leaves out many front-line managers, and prevents them from contributing anywhere near their full potential, because they are not in sync with the big picture, the overall strategy. They are blocked from measuring their own performance and that reduces their accountability.

**Solution: Systems that are Easier to Use**

Creating systems that are easier to use is a difficult proposition for feature-packed solutions that come with their own proprietary interface. For many BPM Pulse Survey respondents, an Excel-based interface or an Excel-like UI top the list of ease-of-use features. Over 80% of companies with BPM applications also use Excel for tasks from analytics (59%) to graphs and charts (29%). They also use it as an input mechanism, or as a data staging tool.

Vendors need to design their applications to permit self-sufficiency for business users, independent of help from IT. Customization should not be difficult, because it's almost a given that users will want to adapt the system to the unique needs of their company. Not every system can truthfully claim to be easy to customize, however.

PM+ solutions should have the ability to leverage content from Microsoft Office. Workflow and guided navigation, which are more recent additions to vendor's BPM offerings, are very significant contributors to ease of use and productivity. Other helpful elements of performance management plus include:

- Pre-built templates and models, particularly for vertical markets, are another plus. Some vendors call these building blocks or starter kits.
- Integration with pro forma management reports and straightforward mapping to charts of accounts and data sources are important to users.

### **Challenge: Difficult to Access**

A system sitting on the corporate network should also be accessible to those outside the HQ building. This is not news, of course. The first generation of client-server, on-premises BPM applications were largely confined to the Finance domain, however. They worked well, so there was no rush to replace them. This limitation is receding, thanks to adoption of cloud versions and web and mobile enablement of many BPM applications.

### **Solution: Systems that are Easier to Access**

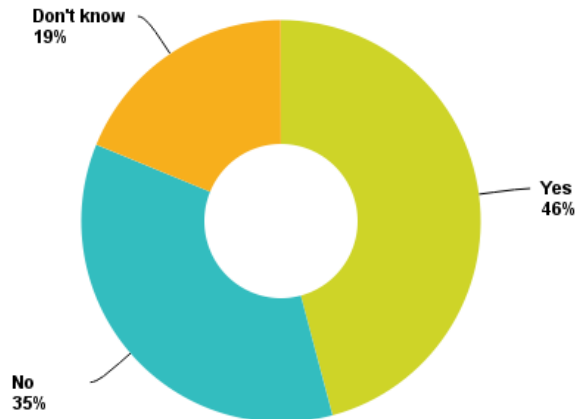
BPM Pulse Survey respondents are emphatic (73%) in wanting access from anywhere. This implies cloud access, and the great majority of Finance and other respondents accept reliance upon a cloud application. Users of cloud-based BPM have high levels of satisfaction. Eighty-seven percent of users of cloud-based BPM cited anytime, anywhere access as a key benefit. In addition, 82% cited "easy" updates and 74% mentioned ease of use. Faster implementation was important to 71%. In both 2015 and 2016, about 60% cited lower costs as another benefit of cloud-based BPM.

Mobile and web-enablement are key to solving the access challenge. Many BPM users rarely sit at a desk in an office, so it's no surprise that 46% say mobile access is important – and based on observed trends, we expect that percentage to increase over the next year.

A more agile work style requires the ability to obtain ad hoc reports and consume data in other ways, such as via dashboards and text alerts. BPM applications needs to move information up the chain, generate alerts, and permit a larger group of employees to enter, receive, and act on Finance-sanctioned data.



## Do you need mobile access to your performance management system?



Source: BPM Partners' 2016 BPM Pulse Survey

### Challenge: Finance Focus as a Limitation

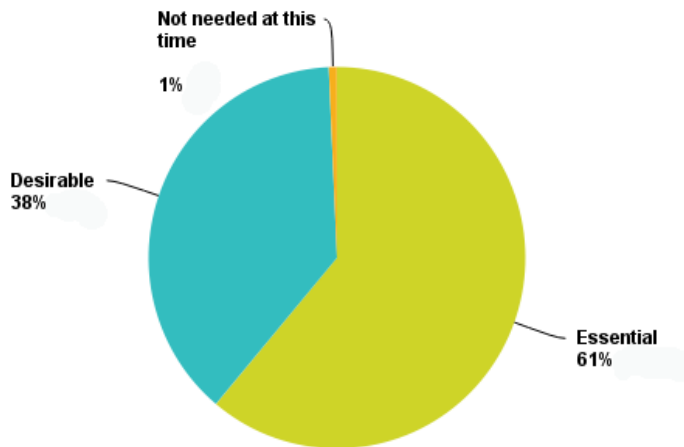
What was once a special advantage of BPM – its dedication to the Finance group, which was in great need of dedicated, purpose-built applications to keep up with transactional data analysis, planning, and reporting requirements – became a frustrating restriction over time.

Line-of-business (LOB) groups and other departments began to adopt analytics, and Finance quickly realized that unless it provided its own approved data (such as approved budget numbers), a long-lasting problem could result. The rest of the company might slip into the dubious practice of analyzing and making decisions with data that business units cobbled together from data silos and incomplete sources.

### Solution: Pre-packaged or Integrated BI Tools

The solution was not simply to make Finance-blessed data available, but rather to also extend the BPM applications or integrated tools to the rest of the company. The CFO focuses on strategy and finance, while lines of business and other departments focus on operational planning.

**Integrated business planning is defined as linking strategic planning with financial planning and operational planning. How important is this to your organization?**

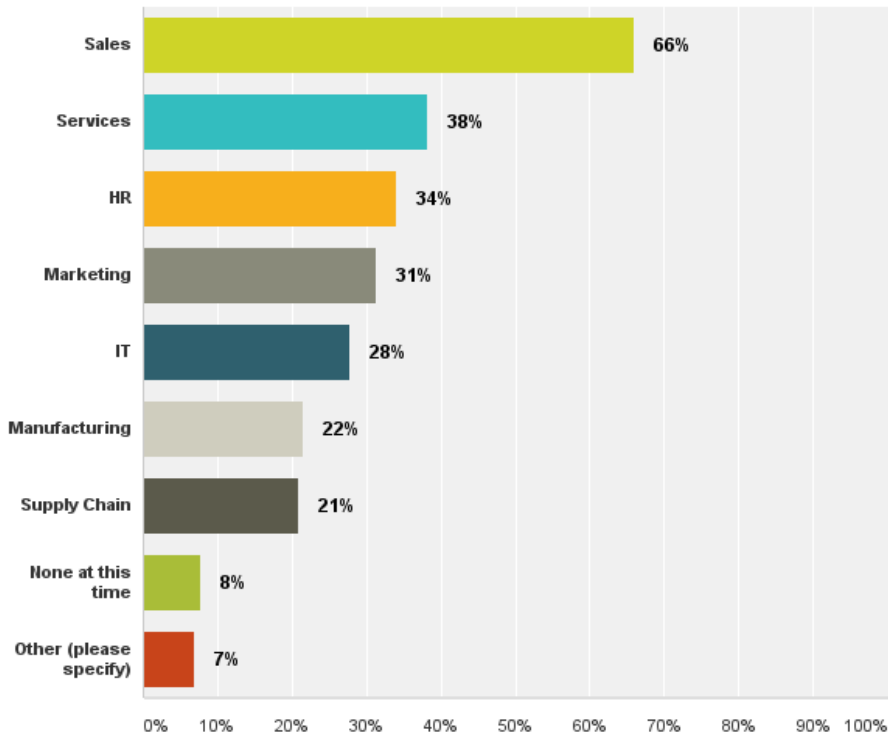


*Source: BPM Partners' 2016 BPM Pulse Survey*

Other departments have embraced the analytics and forward-looking view that BPM can provide – none more so than Sales. Services, HR, Marketing, and IT also express their need for operational analytics.

The fact that some businesses mention they have users on the plant floor, checking budgets and production metrics on their phones as they walk, is one illustration of the value that mobile access can add to enterprise-wide application of PM+.

### Which areas are you focused on for operational analysis (select all that apply or None)



Source: BPM Partners' 2016 BPM Pulse Survey

#### Challenge: Limited Scope and Functionality

Users of BPM software have complained about the limited scope and functionality of some products. In some cases, the underlying cause of this dissatisfaction is that the application does not conform to important business practices, methods, and workflows at a company.

#### Solution: Integrated BI, Extensible Library, Easy Scaling and Added Functionality

Software providers will be well-positioned if they offer an extensible platform with a library of pre-built solutions. This improves usability of the information produced by their BPM product. It also lets the system grow easily and adapt to changing business needs.

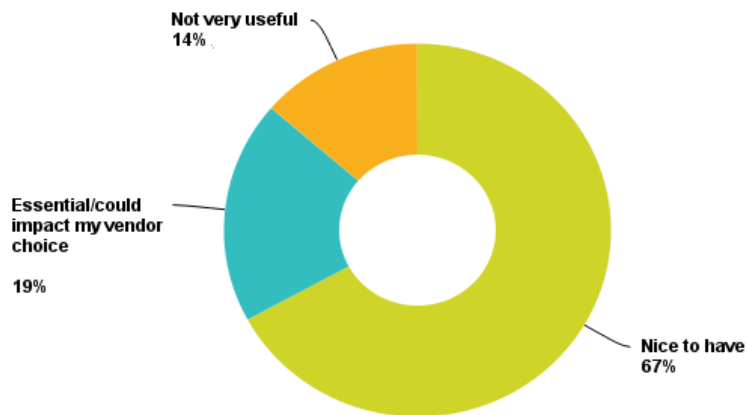
Based on BPM Pulse Survey results, while respondents ranked these as most important on a list of extensibility options, vendors also need to integrate BI capabilities for data quality management and data visualization.

## Finance “Plus” - Taking BPM to Other Departments

Analytic capabilities are high on the list of improvements that help the uptake of performance management in other areas besides Finance. These analytic features can be provided either through pre-packaged solutions, or via integrated Business Intelligence (BI) tools with real-time access to operational data.

The spread of BPM to line-of-business (LOB) managers and Sales, HR, and other areas brings improved operational performance, and enables a more comprehensive, holistic view of the business. It also means that more decisions are based on data vetted by Finance.

**Some vendors are offering best practice templates/models called solutions or apps that serve as starter kits and accelerate time to value. How do you view these apps/solutions?**



*Source: BPM Partners' 2016 BPM Pulse Survey*

## Summary: Defining Performance Management Plus

Below are the expanded capabilities of BPM that combine to make up Performance Management Plus:

First, the core functionality of BPM is required as a base: budgeting, planning, forecasting, consolidation, reporting, and dashboards. Now, that foundation is augmented with:

- Built-in operational analytics
- Integrated BI for enhanced analysis and data quality
- An extensible platform with a solution library
- True cloud delivery/full mobile access

With the enhancements below built into a BPM platform, software systems deliver more effectively on the ultimate goal of BPM, which is to enable companies to improve bottom line performance.

	<b>Traditional BPM</b>	<b>Performance Management Plus</b>
Integrated BI Capabilities	In some cases basic integration with standalone BI tools	Integrated
Operational Analytics	In some cases	Integrated
Extensibility of the Software	Limited, or via IT or professional consulting services	Extensible platform and easily customized
Solution Library	In some cases	Yes
Architecture and Mobility	Client/server and/or hosted or cloud with basic mobile access	Cloud with full-featured mobile access

## Conclusions

Organizations considering new BPM solutions can take advantage of performance management plus with its increased ease of use, accessibility, functionality, and integration with other software and data sources.

Accessibility is key; in this white paper, it refers to web access anytime and anywhere, full mobile capabilities, and usability by departments other than Finance – in other words, operational units throughout an enterprise.

Not all vendors offer all of these capabilities just yet. Carefully weigh which aspects of performance management plus will bring the most benefit to your company and make sure your next BPM solution includes them.

## About BPM Partners

BPM Partners is the leading independent authority on business performance management (BPM) and related business intelligence solutions. The company helps organizations address their budgeting, planning, financial reporting, regulatory compliance, profitability optimization, key performance indicator (KPI) development, and operational performance challenges with vendor-neutral experts who can guide companies through their BPM initiatives from start to finish while both reducing risk and minimizing costs. For further details, go to [www.bmpartners.com](http://www.bmpartners.com). Follow BPM Partners on Twitter [@BPMTeam](https://twitter.com/BPMTeam).

## About Jedox

Jedox simplifies planning, analysis, and reporting with one unified cloud-based, on-prem or hybrid software suite. Jedox empowers decision-makers and business users across all departments to work smarter, streamline business collaboration, and make insight-based decisions with confidence. Over 1,900 organizations use Jedox in 127 countries for real-time planning on the web, in the cloud, and on any device. Learn more at [www.jedox.com](http://www.jedox.com).