Enterprise Performance Management

Top Trends for 2016

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⌂ Introduction

Many CFOs are successfully leveraging Cloud technology in their Enterprise Performance Management (EPM) processes to transform their finance organizations and generate value for the business. What are the key trends in the way Finance leaders are implementing and using Cloud computing for EPM?

Oracle surveyed hundreds of decision makers to learn more about their plans for and experiences of EPM in the Cloud in 2016. Respondents are from both within the Oracle customer base and the industry at large. We asked your colleagues to provide specific feedback on Cloud based EPM technologies and practices—past, present, and future. From this extensive data set, we compiled the following views and outlook. This Oracle global study was carried out during January and February 2016.

Enterprise Performance Management Hits the Big Time

The Wisdom of Crowds, written by James Surowiecki, is a book about the aggregation of information from groups resulting in decisions made that are often better than those made by any single member of the group. This idea is often discussed with respect to Enterprise Performance Management (EPM) – getting more people involved in the EPM process will yield better results.

Our research shows that the Cloud is enabling the adoption of this concept in EPM with 50% of the respondents stating that the Cloud has enabled them to increase the number of users who have access to their EPM system. More users, better decisions.
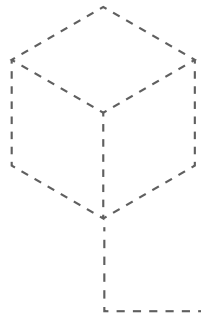
In fact, 40% of the organizations surveyed have 150 or more people who are involved in their EPM processes; and of this 40%, over half have more than 500 people involved.
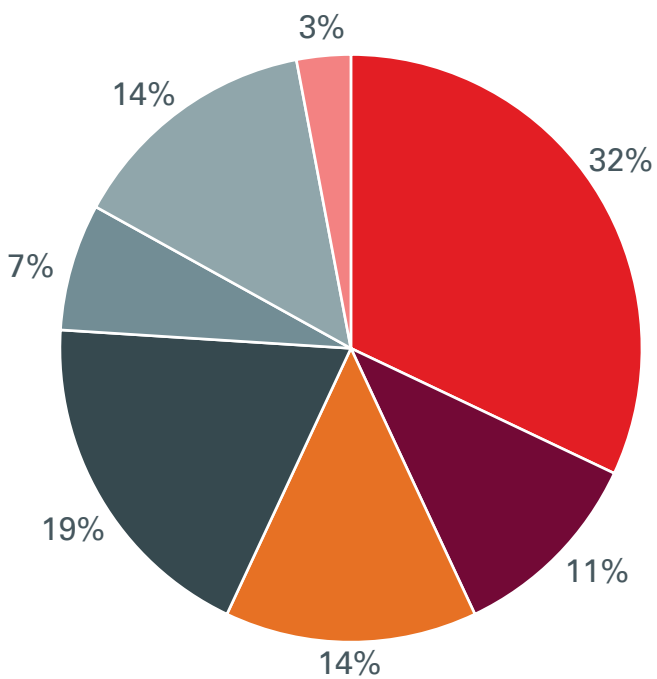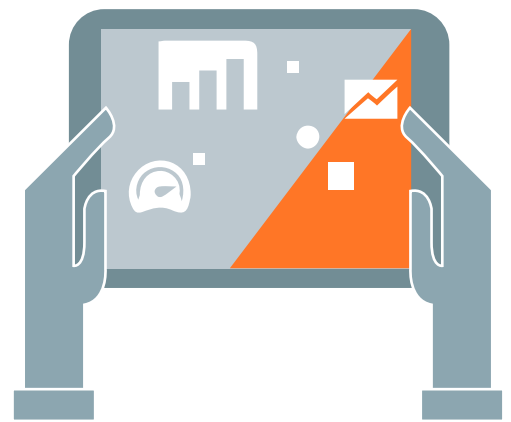
Number of EPM Users in the Organization

■ 0-25 ■ 26-50 ■ 51-100 ■ 101-500 ■ 501-1000 ■ >1000 ■ Other

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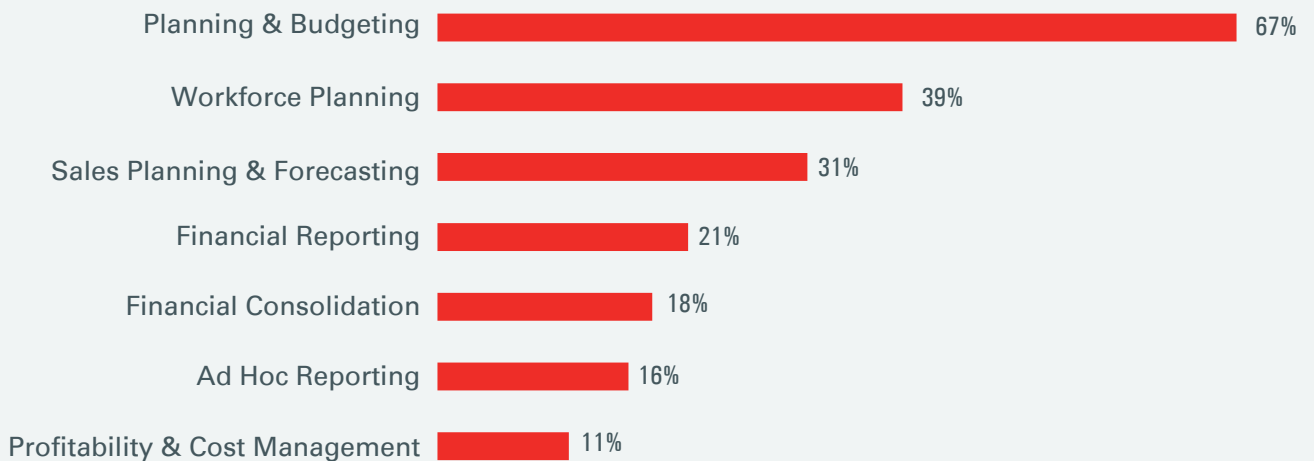## 'Planning and Budgeting' is the EPM Beachhead to Cloud

Planning and Budgeting is the leading EPM application adopted in the Cloud today with respondents indicating nearly double the number of companies using it than the next most popular EPM Cloud application.

We describe this as the beachhead application for the move to EPM in the Cloud. Workforce Planning is the second most popular application and Sales Planning and Forecasting is the 3rd most popular. All three are planning related.

% of Organizations with EPM Applications in the Cloud Now

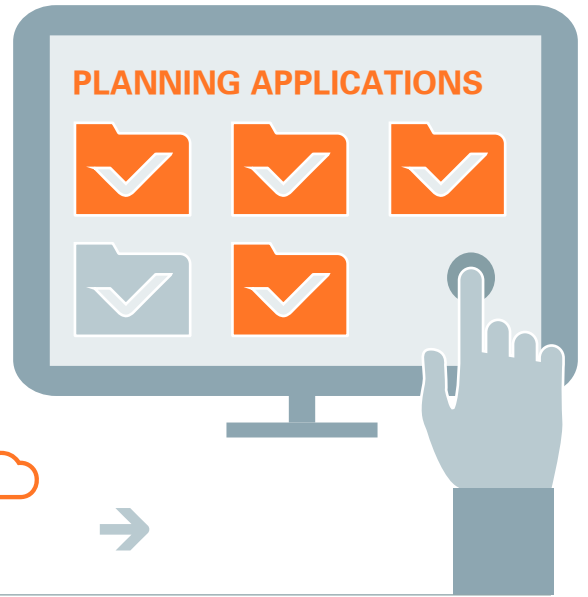| Application	%
Planning & Budgeting	67%
Workforce Planning	39%
Sales Planning & Forecasting	31%
Financial Reporting	21%
Financial Consolidation	18%
Ad Hoc Reporting	16%
Profitability & Cost Management	11%

In our experience, many companies use spreadsheets for both corporate and line of business planning, and see Cloud as the opportunity to move quickly and easily from spreadsheets to a truly 'enterprise' application. By doing this, they can quickly and cost effectively improve the process, and ultimately the performance of the business.

The Future is Even More Planning in the Cloud

The future EPM Cloud plans of organizations that took part in the study are clear – 4 of the top 5 applications are planning applications.

The top application, as we expected, is financial planning and budgeting. However, organizations list Sales, Workforce, and Capital planning as applications they will put in the Cloud within the next two years.
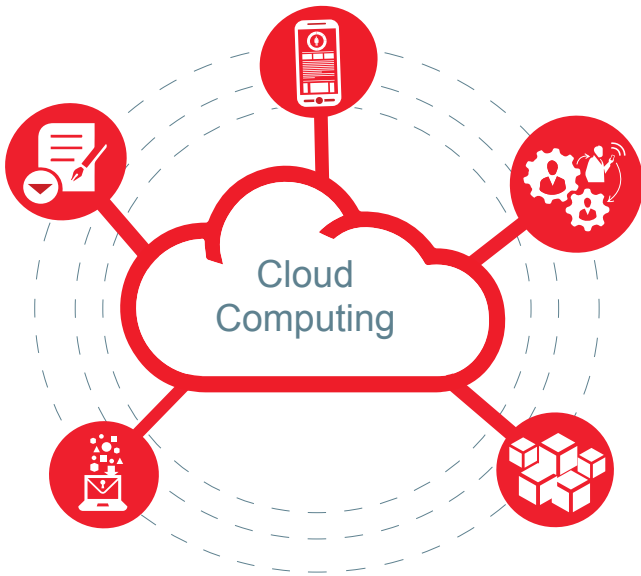
PLANNING APPLICATIONS

In the next 2 years,% of Organizations Intending to Implement EPM Applications in the Cloud
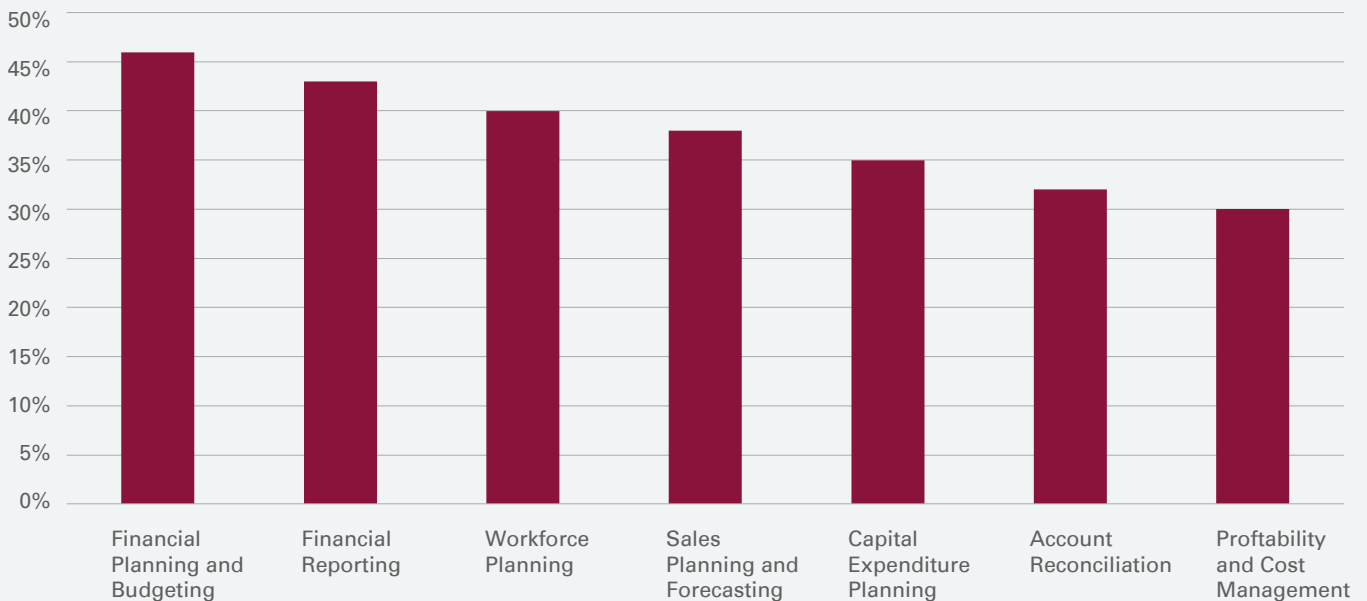
In our experience, expanding into line of business planning will increase the integrated nature of an organization's entire planning landscape, improving accuracy and agility.

EPM Goes Straight to the Cloud

4

The Cloud is accelerating the adoption of EPM applications **- over 50% of the organizations that have EPM applications in the Cloud today did not have these applications previously on-premises.**

Cloud Computing

This confirms the attraction of using the Cloud for EPM applications. Organizations may have considered on-premises applications to be too difficult or costly to implement, but due to the simplicity of implementation, flexibility, and low total cost of ownership the Cloud offers, they are jumping on board.
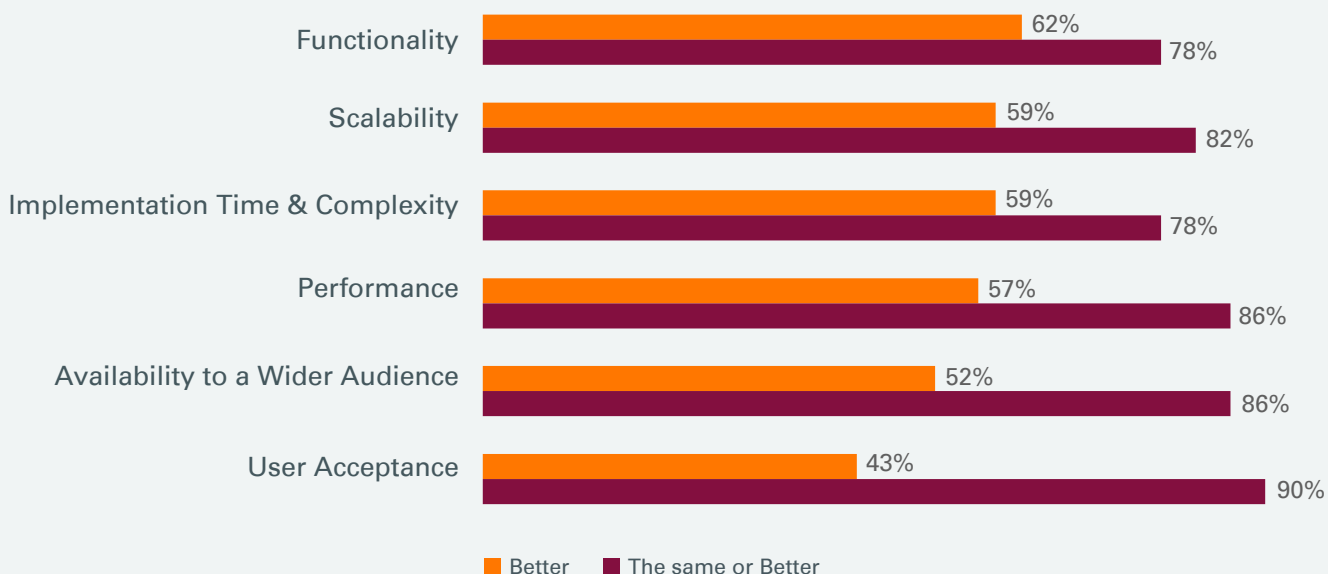
EPM is Better in the Cloud

EPM in the Cloud delivers a better experience all around. More than 50% of organizations have seen improvements in 5 out of 6 categories since implementing a Cloud EPM solution.

This validates many of the claims made for the Cloud in terms of shorter implementation times, better scalability and performance, and access to newer functionality.
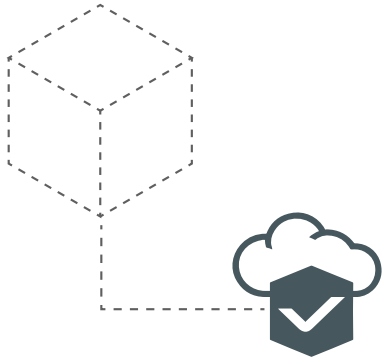
Better user acceptance dips slightly below 50%, but 90% of respondents found user acceptance to be at least the same or better in the Cloud than on-premises.

Organizations' experience of EPM Cloud Solutions in Comparision to EPM On-Premises Solutions

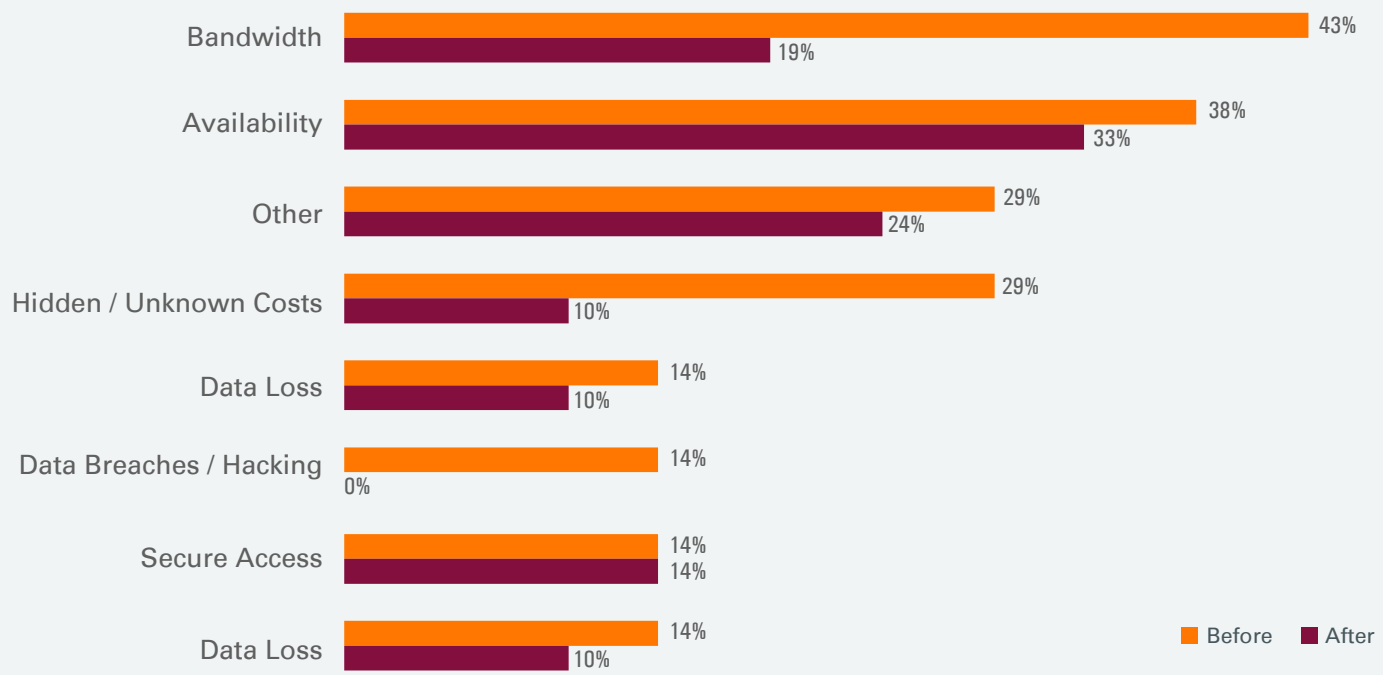| Category	Better	The same or Better
Functionality	62%	78%
Scalability	59%	82%
Implementation Time & Complexity	59%	78%
Performance	57%	86%
Availability to a Wider Audience	52%	86%
User Acceptance	43%	90%

■ Better   ■ The same or Better

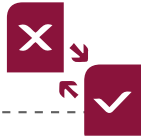# Perceptions Change Once You have Moved to the Cloud

Much has been discussed not only about the great benefits of the Cloud, but also about the reservations organizations have about moving their financial software applications to the Cloud. It is interesting how reservations related to EPM Cloud Solutions change with experience with the Cloud. Across the entire spectrum of typical concerns, the number of organizations expressing concerns fell following implementation of an EPM Cloud solution with the exception of secure access --which remained the same.

It is clear that the fear of the unknown is driving negative Cloud perceptions, and not the reality of using them. Overall, the proportion of organizations without reservations increased by 73% after they had moved EPM solutions to the Cloud.

% of Organizations with Reservations about Moving EPM Solutions to the Cloud

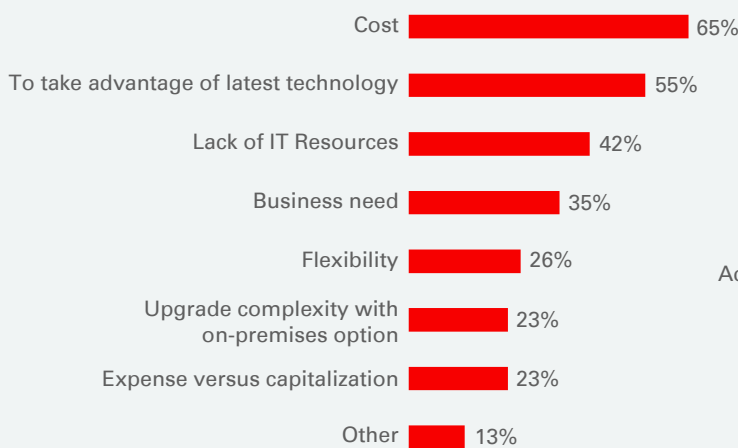| Category	Before	After
Bandwidth	43%	19%
Availability	38%	33%
Other	29%	24%
Hidden / Unknown Costs	29%	10%
Data Loss	14%	10%
Data Breaches / Hacking	14%	0%
Secure Access	14%	14%
Data Loss	14%	10%

Before ■ After

Cloud Drivers and Benefits are not the Same

The majority of organizations in our survey cite cost as the primary reason for moving their EPM applications to the Cloud. Yet, it is interesting to note that cost was the 4th most cited benefit realized – not the first. The top two benefits realized are getting results faster and improvements in the service received.
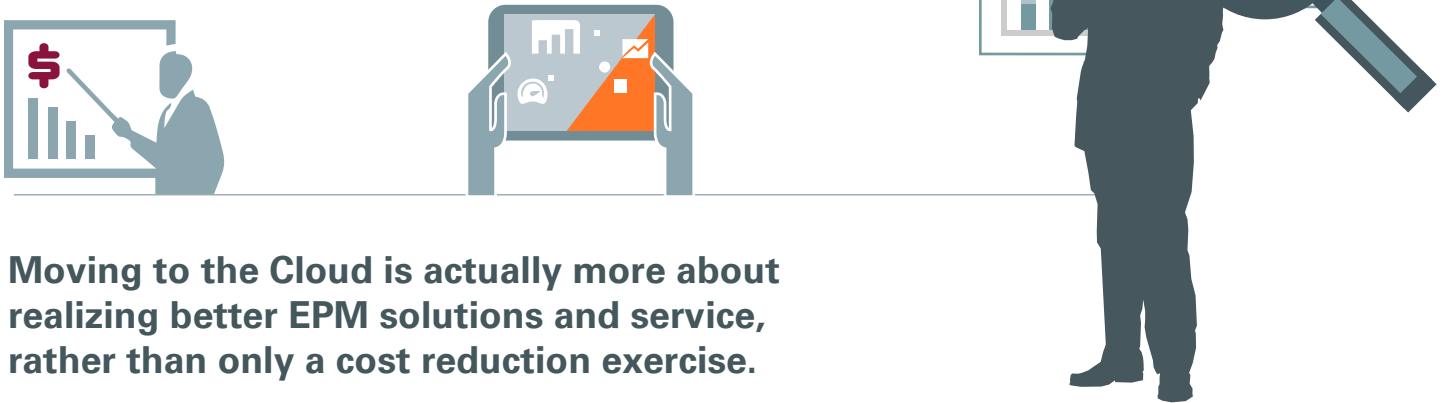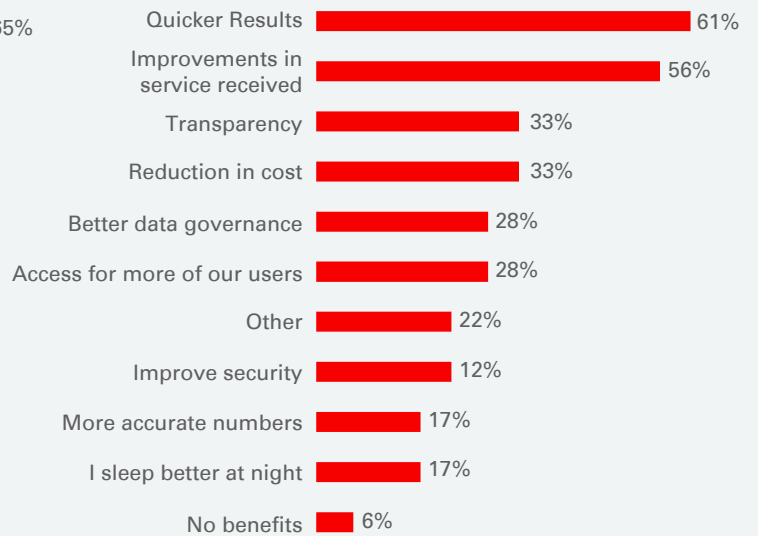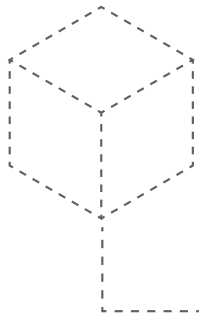
Moving to the Cloud is actually more about realizing better EPM solutions and service, rather than only a cost reduction exercise.

Reason for Moving to the Cloud

Cost	65%
To take advantage of latest technology	55%
Lack of IT Resources	42%
Business need	35%
Flexibility	26%
Upgrade complexity with on-premises option	23%
Expense versus capitalization	23%
Other	13%

Benefits Realized Having Moved to the Cloud

|	
Quicker Results	61%
Improvements in service received	56%
Transparency	33%
Reduction in cost	33%
Better data governance	28%
Access for more of our users	28%
Other	22%
Improve security	12%
More accurate numbers	17%
I sleep better at night	17%
No benefits	6%

Cloud is an EPM Enabler

In addition to realizing better EPM solutions and service, Cloud has enabled the majority of the organizations we surveyed to do something that they were not able to do before.

One classic example is an organization that wanted to use predictive planning to improve the quality and accuracy of their forecasts, but were unable to execute using their current spreadsheet solution.

By adopting a Cloud based planning application, they were able to do this quickly and easily, and saw significant improvements in the accuracy of their forecasts.
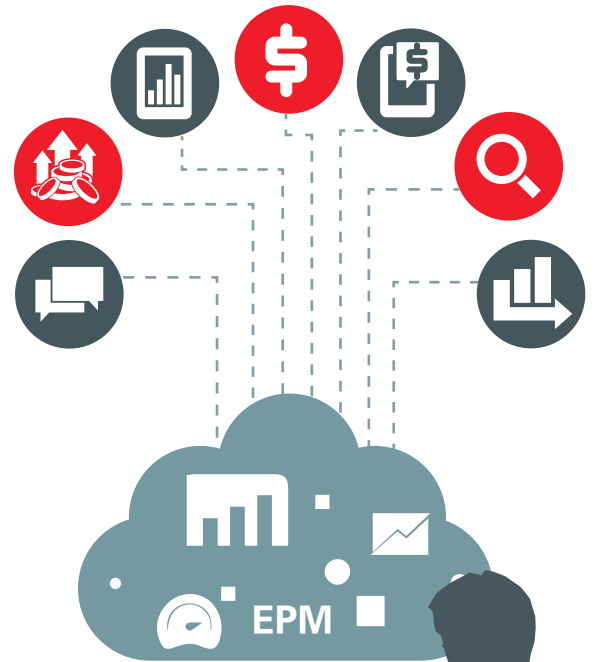
Have Cloud applications enabled you to do something that you have never been able to do before ?
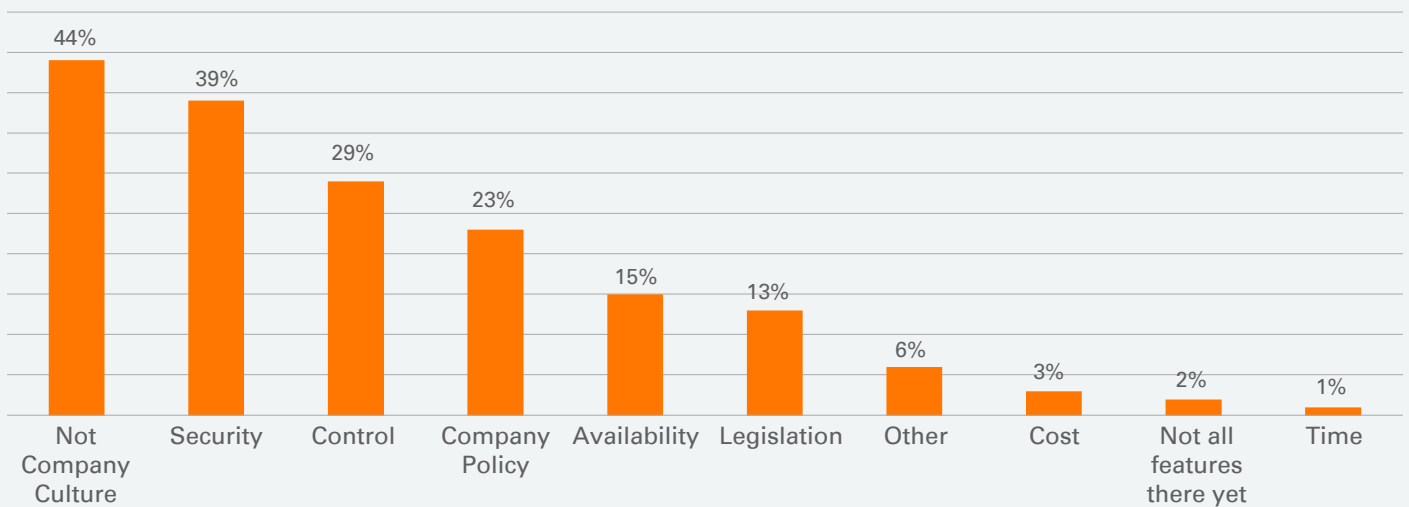
- 65% Yes
- 35% No
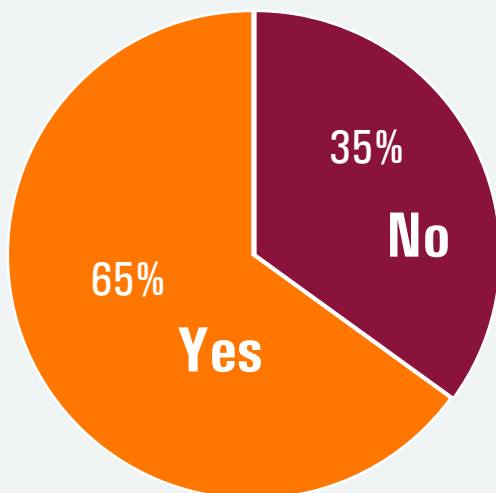
Culture is the Surprise Enemy of the Cloud

Finally, when asked what was holding organizations back from adopting Cloud EPM applications, respondents surprisingly indicated company culture as the number one reason. Others listed are more typical of what is expected (security, control, company policy, etc).

If culture is such a problem, then proponents of EPM Cloud solutions have much to do to educate organizations of the reality and more benefits of adopting EPM Cloud solutions.

What is Holding You Back

Not Company Culture	Security	Control	Company Policy	Availability	Legislation	Other	Cost	Not all features there yet	Time
44%	39%	29%	23%	15%	13%	6%	3%	2%	1%

Conclusion

The availability of 'Enterprise' EPM solutions in the Cloud is providing many organizations with the opportunity to improve their EPM processes, and to do things that they were not able to do before. As they experience EPM in the Cloud, their understanding of what the Cloud can offer and their concerns change dramatically.

Planning is the leading EPM application in the Cloud and, given the results and insights provided here, should be considered by all organizations as their 'beachhead' to the adoption of the Cloud for their EPM processes.

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