Enterprise Performance Management

Top Trends for 2015

ORACLE®

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Introduction

Modern CFOs are successfully leveraging digital technologies in their Enterprise Performance Management (EPM) processes to transform their finance organizations and generate value for the business.

Which EPM priorities are at the top of the Finance agenda? What are the most compelling developments in big data, analytics, mobile technology, and cloud computing that motivate Finance leaders to undertake new technology initiatives?

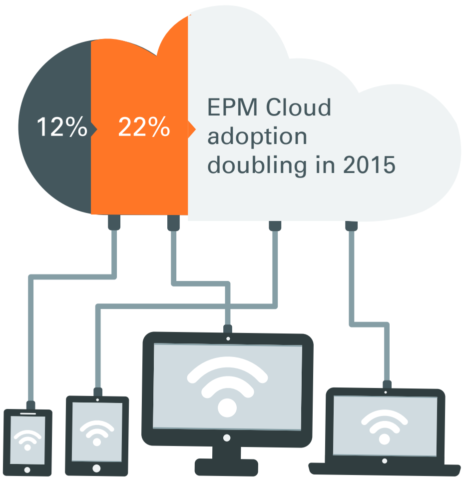
Oracle surveyed hundreds of decision makers to learn more about their EPM plans for 2015—both within the Oracle customer base and the industry at large. We asked your colleagues to provide specific feedback on EPM technologies and practices—past, present, and future. From this extensive data set we compiled the following views and outlook—along with a bit of advice.

1. EPM Embraces the Cloud, Speed is Key

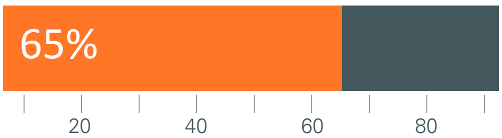
Cloud computing moves into the mainstream, with IDC Research predicting that public cloud spending will surpass $127 billion by 2018.

Concerns about security and data confidentiality have gradually subsided over the last couple of years, and the cloud continues to gather steam in the EPM realm, with the percent of respondents using **EPM Cloud planned to nearly double in 2015.** Overall, three quarters of the companies we surveyed said they are currently using or will consider deploying EPM in the cloud in the future.

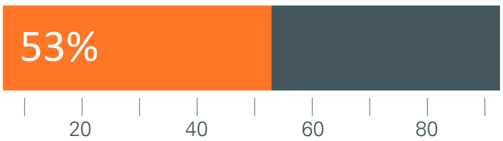
EPM Cloud Usage in 2014 vs. 2015



PERSUADED BY THE ABILITY TO GET UP AND RUNNING QUICKLY



MOTIVATED TO AVOID LARGE UPFRONT INVESTMENTS



Compared to last year's EPM Trends survey, speed and agility overtook cost considerations as a top cloud benefit. **Sixty-five percent** of the finance executives who responded to our survey said their primary motivation was to get up and running quickly. **Fifty-three percent** respondents said their primary motivation was to avoid large upfront investments and fixed capital investments, which is a drop from seventy percent in last year's survey.

Companies are looking beyond cutting costs and driving efficiency with cloud. Several respondents commented on how cloud allows them to focus on their core business and growth –

"Stop running infrastructure and focus on what makes us money."

CLICK HERE and HERE to see what customers are saying about Oracle's Planning and Budgeting Cloud Service

2. Mobile Goes Beyond Convenience to Strategic

Mobile technology has become pervasive as workers expect anytime, anywhere information delivery.

Like most lines of business, finance departments are increasing their focus on mobile technology, and we saw significant EPM mobile adoption over the past year.

What began with simple information-delivery is expanding to include workflow and approvals.

Managers have grown accustomed to the convenience of on-the-go review and approval for important processes such as planning, tax provisioning, and financial close.

While convenience is still the leading driver behind mobile adoption, increased productivity and growth increased in importance over last year's survey.

Nearly half of respondents indicated that mobile technology adoption is providing growth opportunities and competitive advantage.

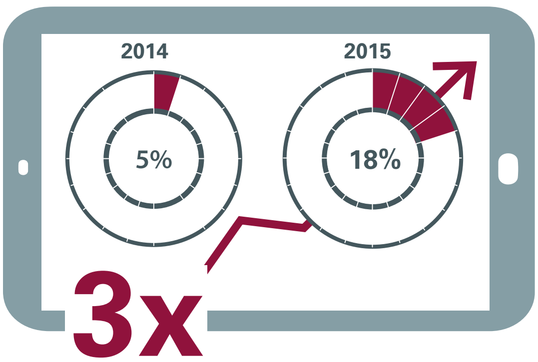
CLICK HERE to learn about
Oracle EPM mobile capabilities

3. Big Data is Creating a New Signal for Finance

Finance Begins to Actively Leverage Big Data in Planning in 2015.

Over half the people we surveyed expect to leverage big data in their planning and forecasting processes.

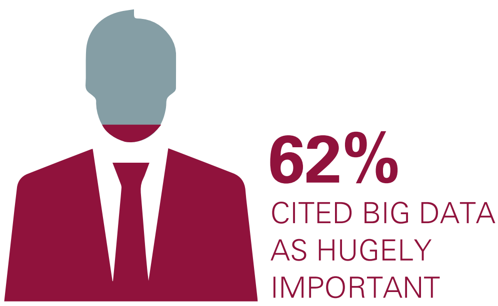
But, even more significantly, the percent intending to incorporate big data into their planning processes in 2015 **jumped threefold** vs. last year's survey.



With their data orientation and quantitative skills, finance professionals have an opportunity to become more engaged in quantifying and qualifying new data sources and their value to the enterprise. Whether it be collecting social analytics and sentiment analysis to forecast revenue, using sensors to manage buildings, capital equipment, lower maintenance costs or improve quality or streamlining processes based on new data insights, the possibilities are endless.

Finance executives who are able to deliver data insights that differentiate from the competition and drive profitable growth are quickly rising to the top in their field.

A key report released by ACCA (the Association of Chartered Certified Accountants) and IMA® (Institute of Management Accountants) in 2013 found that **62 percent of CFOs around the world cited big data as hugely important to the future of business, potentially giving savvy businesses an edge on their competitors.**[1]



CLICK HERE to learn about the **Top 5 CFO Technology issues** that involve Big Data

[1] Big data: its power and perils http://www.accaglobal.com/content/dam/acca/global/PDF-technical/futures/pol-afa-bdpap.pdf

4. Modern Planning Practices are Becoming a Reality

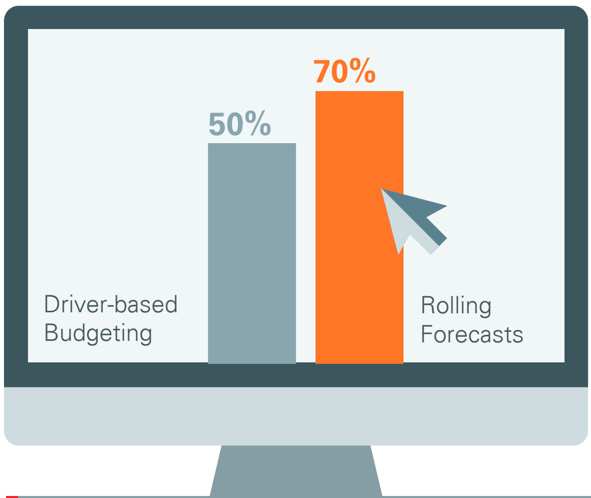
Planning at the Speed of Business is Critical in Today's Environment.

To be truly agile in today's Digital Age, organizations need to be able to "plan @ the speed of business", which means they always need to be ready to re-forecast, and they need to be able to develop the new forecasts very quickly. Many organizations are reducing reliance on the annual budget and are leveraging best practice methodologies like driver-based rolling forecasts to keep pace with their business.

Rolling 4 Quarter Forecast Calendar

Key operational metrics relevant for the operational plans are used as drivers to quickly calculate and allocate financial values, thereby reducing the need for time consuming, detailed input-based plans. We are seeing these practices move into the mainstream.

In our survey, **more than 50% of respondents** currently use, or are planning to use, driver-based budgeting and planning in the next 12 months. Rolling forecasts are in use or will be used in the next 12 months **by 70% of respondents.**



CLICK HERE to find out more about **Modern Planning Practices.**

5. Detailed Costing Practices are Needed to Stay in the Game or Get Ahead

The desire to understand detailed costing practices has grown significantly this year.

There was a **71%** increase over last year in companies planning to cost individual customers this year, **133%** more for invoices, and **136%** more for transactions. The economic downturn gave rise to an intensive focus on cost control. And while growth has returned to its position of prominence on the finance agenda, detailed costing practices are needed to stay in the game or get ahead. Drilling down into more detailed costs is definitely on the minds of most.

Yet, many companies are still over-burdening their General Ledger with management reporting calculations.

Nearly one third or more companies indicated they were calculating detailed costs inside of their GL, and as costing practices adopt even more detailed levels, this will not end well. The GL is not the right tool for developing and allocating granular costs – but many still do it.

Allocating costs at a granular level reveals how customer-driven interactions impact profitability and help support more precise decision-making about cross-channel product and service offerings.

Many of these organizations use profitability and cost management tools to develop multidimensional cost pools, activity rates, and unit costs as they develop P&L statements about individual subscribers, accounts, assets, projects, and orders.

Tackle detailed costing with
Oracle Hyperion Profitability and Cost Management

Get high definition focus
Managing a Profit-Focused Enterprise in HD

6. Finance Departments need Literacy as well as Numeracy

It's not just about the numbers – stakeholders want them put into context

Over half of the companies in our survey said that they expected external stakeholders would require greater explanation of the numbers in 'financial' reports (53%), and even more (56%) agreed that they would need to provide additional commentary for 'operational' numbers reported to external stakeholders.

Organizations see the need to report in a timely and accurate manner and to provide a level of visibility and transparency so that stakeholders can fully understand as well as be confident in the numbers reported.

CLICK HERE to close and report with confidence with
Oracle Hyperion Financial Close Management

The agreement is even more striking on the expected demands from internal stakeholders and management reporting. **90% of respondents** agree that expanding qualitative commentary in management reporting processes is critical to their organization.

Yet, **more than half of respondents** are not confident in their tools to provide sufficient collaboration to produce that qualitative commentary.

Modern enterprise reporting software provides collaboration facilities so that staff can enrich the numbers with meaningful commentary through integrated, secure and purpose-built document management functionality.

CLICK HERE to find out more about how a cloud-based solution can be the right approach for management and narrative reporting with **Oracle's Enterprise Performance Reporting Cloud Service**

7. Organizations are not Realizing the Wider Benefits of Enterprise Data Governance

Finance has felt the pain, seen the need and has taken action but the front office is yet to act

The problem of misaligned reporting from multiple systems has been a perennial one which finance has addressed, with over half saying they already have Enterprise Data Governance (EDG) in place to deal with this issue. Worrying is the attitude of the front office regarding this problem with 41% saying they have no plans or do not see the need for an EDG solution.

With many data structures or hierarchies like sales territories, channels and sales teams important for sales and marketing organizations, consistency is vital, especially in fast-changing business environments.

EDG minimizes the time spent synchronizing information by helping business users manage changes – the result is they spend less time tying in the numbers and more time on the business issues at hand.

The good news is that, overall, **organizations are planning to reduce by half their use of spreadsheets and email for EDG in 2015** and that this reduction is matched by the increase in the planned use of packaged EDG solutions.

GE Talks about Enterprise Data Governance as the Cornerstone of GE's Back Office Transformation

Conclusion

The focus of Modern Finance is evolving from governance to guidance. Predictive, data-driven analysis, continuous planning and budgeting, and real-time decision making are what's needed now.

Modern EPM tools leverage cloud, mobile, and big data technology and are changing how Finance organizations are run and the best practices they use to measure contribution to the business.

Armed with fresh, accurate, enterprise insights from EPM tools, the Finance department can confidently drive digital transformation.

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