Making the business case for Oracle Enterprise Performance Management

Enterprise Performance Management (EPM) is both a technology and a methodology that enables enterprises to be better informed, leaner and more agile through linking operational and strategic performance metrics across even the most diverse corporate structure.

Based on in-depth research of Oracle Enterprise Performance Management (EPM) customers, Ovum has determined the following key findings that can unlock the value of Oracle EPM:

- Understanding the business case is key to moving an Enterprise Performance Management project forward.
- As well as the key quantitative factors, consider important qualitative variables when making the business case for your investment, such as more accurate forecasting, improved management efficiency and better alignment of strategic planning to financial performance.
- There are some fundamental best practices for EPM implementation, such as the importance of finding the right EPM implementation partner that understands your business. Following these best practices to maximize ROI from an Enterprise Performance Management project.
- Ovum’s economic analysis shows that Oracle Enterprise Performance Management delivers >200% ROI over 5 years and positive Net Present Value (NPV) by the end of Year 1.
Variables in the business case for Enterprise Performance Management

The ROI for Oracle EPM is driven by a set of key quantitative variables:

- Reduction in planning and budgeting cycles and financial close windows
- Better capital management
- Better cash conversion cycle which helps boost profitability
- Reduction in losses due to unproductive time or obsolete inventory
- Improvement in forecast accuracy and reduced errors

However organizations often omit qualitative factors in their consideration of the benefits they can attain from the implementation of Enterprise Performance Management. It is vital that enterprises consider these qualitative variables if they are to release the full value possible from EPM. These include such factors as:

- Better alignment of strategic plans to tactical actions and to financial performance
- Enhanced employee retention through the value employees see in being trained on and working with a market leading Enterprise Performance Management solution
- Increased management efficiency through faster and better decision making and the subsequent actions that can be taken
- Potential for reducing the effort and cost on both the internal and external financial audit
Best practices for optimizing the cost profile of Enterprise Performance Management

Ovum’s study reveals that key best practices have helped the organizations it surveyed to maximize the return on their EPM investment:

- Broadening the number of users across the organization accelerates the time taken to reach a positive NPV
- Working with an implementation partner that truly understands the business will increase the chance of getting the project right first time and avoiding subsequent expensive fixes
- Prioritizing the organization’s key challenges and focusing phased deployments on these challenges will deliver returns much faster
- Definition, measurement and refinement of financial and non-financial indicators should be continuously monitored by corporate finance and human resources to tune projects and investment
- Improvement in forecast accuracy and reduced errors
A unique, highly rigorous economic study of Oracle Enterprise Performance Management

Carried out by Ovum, this study has been based on a detailed and rigorous methodology:

**In-depth participation of eight Oracle Enterprise Performance Management customers, with the following profiles:**

- A multinational defense and aerospace company
- A global media group
- A major entertainment outlet chain
- A global engineering company
- A global packaging company
- A major US healthcare provider
- A multinational oilfield services company
- One of the largest banking and financial services companies in Asia
- All organizations had at least 4 years of deployment and use experience
- All the organizations had multiple Oracle Enterprise Performance Management applications with a minimum of 8 and a maximum of 15 deployed

- Ovum’s financial analysts have created a classic free cash flow model to analyze both financial and non-financial information obtained from the participant organizations
- Particular attention was paid during stakeholder interviews with participating organizations to also capture how customers have maximized the benefits they have derived from their use of Oracle Enterprise Performance Management
- The ROI analysis was determined aggregating the findings into an anonymized composite organization that is global, complex, acquisitive and asset rich
Oracle Enterprise Performance Management is value-creating for the enterprise

**THE KEY QUANTITATIVE AND QUALITATIVE BENEFITS DRIVING THESE RESULTS ARE:**

- Reduction in planning, budgeting and forecasting cycle times
- Streamlining the financial close
- Reduced cash conversion cycle which helps boost productivity
- Improved alignment of strategic plans with tactical actions improving financial performance

**THE KEY FINDINGS FROM THE STUDY:**

1. Oracle Enterprise Performance Management delivers >200% return on investment
2. Oracle Enterprise Performance Management delivers +NPV by the end of Year 1
If enterprises deploy EPM and follow the guidance derived from this study, they will have the keys to unlocking this powerful and profitable tool for their organization.
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