

## IDC MarketScape

# IDC MarketScape: Worldwide Enterprise Performance Management Analytic Applications 2018 Vendor Assessment (Excerpted)

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### IDC OPINION

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**Editor's Note:** This content is excerpted from IDC's published report, **IDC MarketScape: Worldwide Enterprise Performance Management Analytic Applications 2018 Vendor Assessment (IDC #US43847618, June 2018)**

Enterprise Performance Management (EPM) is a fast-growing subset of the big data and analytics software market. EPM software measures, analyzes, and optimizes financial performance management, planning, forecasting, and certain risk management processes.

Specific functional areas of pre-packaged EPM applications include budgeting, planning, and forecasting; financial close and consolidation; profitability and cost management; risk management; and tax accounting.

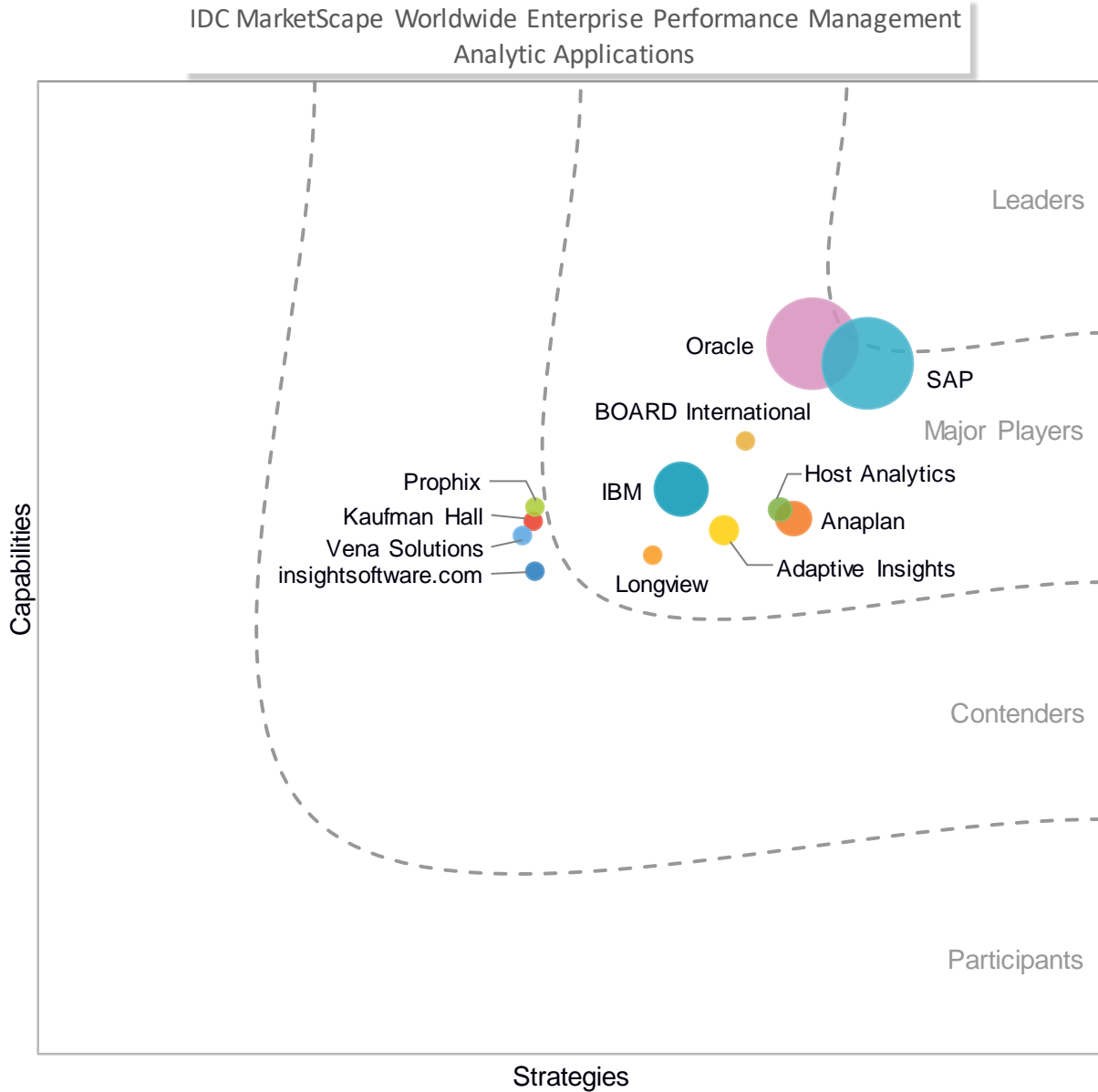
"Enterprise performance management has been around for a long time, but in many cases, business users have continued to use spreadsheets to circumvent the complexities of working with heavy, legacy EPM applications. Modern EPM is a game changer, putting insights at the hands of the business user and allowing enterprises to make better and more strategic decisions in a much timelier manner," says Chandana Gopal, research manager, Analytics and Information Management at IDC.

This IDC MarketScape analyzes the planning, budgeting, and forecasting functions of 12 EPM products. Budgeting and planning includes applications to support operational budgeting processes, corporate budget consolidation and adjustment processes, and planning and forecasting processes.

To qualify for inclusion in the MarketScape assessment, vendors were required to have a cloud offering, the capabilities to do financial close and consolidation (not a point solution vendor), a horizontal offering (in addition to any vertical solutions), and a sizable North American presence.

**FIGURE 1**

**IDC MarketScape Worldwide Enterprise Performance Management Analytic Applications Vendor Assessment**



Source: IDC, 2019

**KEY FINDINGS**

This IDC study represents an assessment of EPM software vendors as of 2018 through the IDC MarketScape methodology. This assessment discusses both quantitative and qualitative

characteristics of EPM applications as they relate to the planning, budgeting, and forecasting tasks that are typically conducted in support of the finance function. The evaluation is based on a comprehensive and rigorous framework that assesses each vendor relative to the criteria and to one another.

Here are the key findings:

- All vendors assessed were determined to be either Major Players or Contenders in this IDC MarketScape for EPM. Oracle and SAP were the leading vendors in the evaluated capabilities and strategies, respectively.
- One of the key trends in the EPM market is the growing supply and rapid adoption of cloud EPM applications, which are growing significantly faster than on-premises EPM.
- Most vendors have innovative features such as machine learning and natural language processing on their roadmap. The EPM market is poised for rapid innovation with the inclusion of advanced analytics features in offerings over the next 12-18 months.
- Strategic planning, visibility, governance, and collaboration were listed by buyers as the top benefits of using an EPM solution. Ease of use and administration by the finance line of business were important requirements cited by users.

## ADVICE FOR TECHNOLOGY BUYERS

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IDC interviewed more than 50 customer and partner references provided by the vendors during the evaluation process. Several key themes around requirements emerged from these conversations.

### Understand Scope

EPM is a crowded market and there are a variety of applications available; some are specialized for an individual function, and others are broadly applicable across many different business areas. Choosing the right application is important because overly complicated applications will disenfranchise business users (who might revert to using their old methods), and conversely, the business might outgrow simple point solutions. If the long-term strategy is to integrate planning beyond finance into other functions such as sales planning, human resources planning, and operations planning, ensure that the vendors that you consider have these broader capabilities.

### Determine IT Strategy

Many organizations have strategic vendors with a broad technology stack, particularly in systems of record such as ERP. There are distinct advantages to continuing to invest with strategic vendors: product integration, better pricing due to bundling, familiarity with the technology, and improved vendor relationships. On the flip side, there are some disadvantages as well: reliance on a single vendor and strategic vendor's tool might not be the best fit for the use case, resulting in end-user dissatisfaction. It is important to note that product integration even within the portfolio of the same vendor isn't always better than using products from multiple vendors, especially if the vendor has grown through acquisition and might not have deeply integrated its products.

### Consider the Deployment Model

Based on the deployment model that suits your business, consider vendors with a track record in that domain. Public cloud-based EPM products have outpaced the market in terms of adoption growth and are easier to implement and maintain. However, if your business has regulatory restrictions, has

unique processes and workflows, or requires frequent modifications, the current generation of public cloud EPM applications are not best suited to those use cases. Also, consider the implications of system performance if large volumes of data must be regularly moved to cloud-based solutions. If your business has limited support staff, managed services is a good option to consider.

## **Assess Training and Personnel Requirements**

EPM applications are most often owned and administered by business users. Depending on the size of the business and the number of people available to be power users, a consideration should be the amount of training and the skills that will be required to maintain the system. Another important question is whether IT needs to be involved to make any changes or create new reports, dashboards, or other EPM content assets for the business, and if those resources are available to business users. In more complicated deployments, especially those that span multiple lines of business, it is highly likely that IT will have to be an integral part of the purchasing decision so that it can fully vet the application and requirements for maintenance and governance.

## **Provide Real-Time Access to Data Sources: Integration with Source Systems**

Often, the most challenging aspect of EPM implementations is integration with source systems. For buyers interested in having real-time integration with operational enterprise applications, vendors that have technology partnerships with those applications through connectors or prebuilt integrations will be easier to implement and faster to deploy.

## **Include Spreadsheet Integration: Excel Will Never Go Away**

A majority of EPM application knowledge workers are spreadsheet power users and Microsoft Excel is by far the most popular tool to build models and pivot tables and create and view charts. Many EPM products have Excel plug-ins or extensions or have Excel-based user interfaces that allow users to continue to use Excel, but in a more governed and secure manner. If your enterprise has a loyal Excel user base, then one of the considerations should be a tool that empowers them rather than forces them into having to learn a new interface.

## **Calculate Total Cost of Ownership: Hidden Charges**

Buyers should consider the total cost of ownership by taking into account charges for components that might have additional costs. For example, buyers that are considering deploying in the cloud should ask whether there are limits on the amount of data that is stored in the application and how much the price for storage might increase the total cost of ownership. Cloud EPM typically has a lower up-front cost, but some vendors have an all-inclusive price tag versus others that might have additional fees for capabilities like reporting, analytics, discovery, or financial reporting.

## **Evaluate Nonfunctional Considerations: Sometimes It Is What Is Under the Covers That Counts**

The EPM applications market is not a hugely differentiated one. Usability and user experience certainly vary, but at the very least, most applications offer the ability to slice and dice information in different ways, visualize information, and report on the business. Nonfunctional requirements are often hidden land mines and need to be carefully evaluated during a selection process or a proof of concept.

### IDC MarketScape Vendor Inclusion Criteria

The EPM applications market consists of cross-industry applications whose main purpose is to measure, analyze, and optimize financial performance management, planning, forecasting, and certain risk management processes using prepackaged applications. This IDC MarketScape studies the planning, budgeting, and forecasting functions of EPM products. Budgeting and planning includes applications to support operational budgeting processes, corporate budget consolidation and adjustment processes, and planning and forecasting processes.

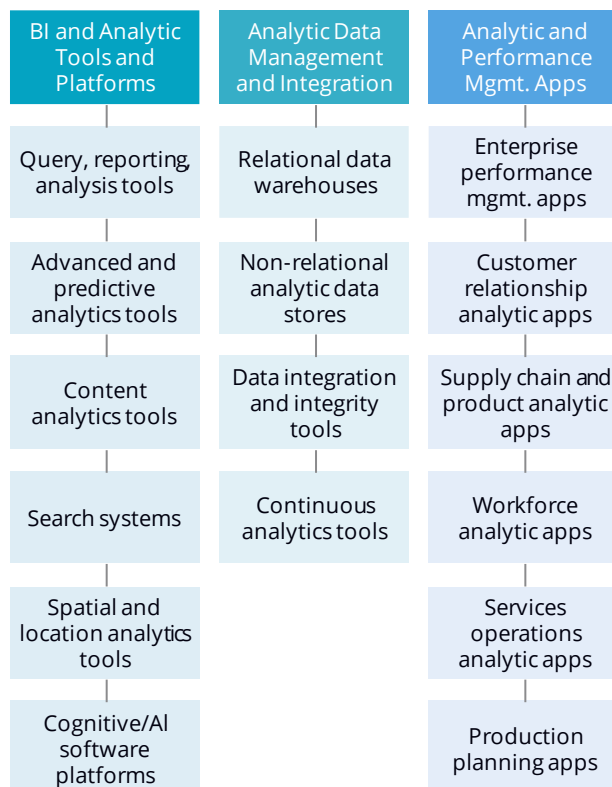
The criteria for qualifying vendors for inclusion were:

- Vendors must have a cloud offering.
- Vendors must also have capabilities to do financial close and consolidation (not a point solution vendor).
- Vendors have a horizontal offering (in addition to any vertical solutions).
- Vendors must have a sizable North American presence.

### Market Definition

FIGURE 2

#### Big Data and Analytics Taxonomy



Source: IDC, 2019

## Strategies and Capabilities Criteria

This section includes an introduction of market-specific weighting definitions and weighting values.

IDC believes that EPM vendors must exhibit the characteristics shown in Tables 1 and 2 to be successful when crafting a future strategy for their products. These factors are more important than others in maximizing market opportunity and realizing market success.

**TABLE 1**

### Key Strategy Measures for Success: Worldwide Enterprise Performance Management Analytic Applications

Strategies Criteria	Criteria for Success	Subcriteria Weighting (%)
Functionality or offering strategy	There is a road map based on customer and partner input that is well defined.	10.0
Financial/funding	The company shows consistent financial growth and stability or increase in market share.	12.0
R&D pace/productivity	The vendor demonstrates that it frequently incorporates cutting-edge innovations into its products.	5.0
Functionality or offering strategy	The vendor is focused on introducing new innovations and is leading the market with its offering.	10.0
Growth	The vendor has influence in all major geographies.	10.0
Mindshare	The vendor is short-listed frequently in selections based on customer input	12.0
Growth	The vendor has shown healthy growth in the number of customers and revenue in the EPM market.	10.0
Strategic product for vendor	EPM is a strategic part of the vendor's portfolio.	10.0
Technology partnerships	The vendor pursues partnerships with technology vendors to improve integration capabilities.	10.0
Delivery	The vendor can scale to meet all kinds of use cases and scale.	11.0
<b>Total</b>		<b>100.0</b>

Source: IDC, 2018

**TABLE 2**

**Key Capability Measures for Success: Worldwide Enterprise Performance Management Analytic Applications**

Capabilities Criteria	Criteria for Success	Subcriteria Weighting (%)
Functionality or offering	Vendor has incorporated cutting-edge innovation into its product strategy.	5.0
Pricing model or structure of product/offering	Vendor has pricing model for different types of delivery, such as cloud, on-premises, per user, and enterprise.	7.0
Portfolio benefits	The vendor has a cohesive offering that can be applied across related functional areas such as ERP, financial consolidation, tax reporting, analytics, and business intelligence.	7.0
Customer satisfaction	The number of customers that were very satisfied with the product is based on customer references.	10.0
Total cost of ownership of product/offering to IT buyer/user	Value obtained from product was excellent compared with the costs of deploying and maintaining the product.	10.0
Customer service delivery	Vendors have an established customer forum for gathering feedback and enhancing product.	5.0
Customer service offering	Vendor offers high-quality customer service and support. Vendor partners offer exceptional service based on customer references.	5.0
Functionality or offering	Maturity of vendor's cloud strategy: The vendor has recently incorporated cloud offerings into its delivery model.	10.0
Excel integration	Product has an effective option for letting users continue to use spreadsheet interfaces.	9.0
Scalability for large enterprises	Product can scale well based on customer feedback.	9.0
Dashboarding/reporting capabilities	Vendor offers high-quality dashboards and visualizations.	5.0
Vertical industry approach	Vendor offers industry-specific templates.	1.0
Ease of use and administration	Product is easy to use and administer by LOB.	5.0
Complexity of use cases	Vendor has demonstrated complexity of use cases through references.	7.0
Extendable to other business functions	Product can be extended to other business functions based on reference customers.	5.0
<b>Total</b>		<b>100.0</b>

Source: IDC, 2018

## IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants and end users. Market weightings are based on user interviews, buyer surveys and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior and capability.

## Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

## LEARN MORE

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### Related Research

- *Worldwide EPM Market Shares, 2017* (forthcoming)
- *Worldwide EPM Forecast, 2018-2022* (forthcoming)
- *What You Should Consider When Evaluating Enterprise Performance Management Solutions* (IDC #US43308717, December 2017)



## About IDC

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