

# FP&A Software Selection – is the ERP supplier’s solution the better choice?

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UNIT4

# FP&A Software Selection – is the ERP supplier’s solution the better choice?

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## Sound decisions in dynamic times

In our modern, dynamic business world, the market and competition demand that organizations constantly improve their performance. Finance and controlling departments in particular have a duty to permanently provide detailed insights into consistent data, to keep an eye on the development of key figures, and to quickly update plans and forecasts. Ultimately, sound, data-driven decisions with foresight are a must. The key here is to translate insights into effective actions, on the one hand to secure the company’s liquidity, but also to maximize profits.

Financial planning & analysis (FP&A) is the core discipline that encompasses all management measures to achieve these goals. In addition to planning and forecasting, FP&A also focuses on the consolidation of group results as well as transparent insights into key figures and findings from data. FP&A is thus part of corporate performance management (CPM), an overarching approach aimed at increasing performance and competitiveness. In dynamic markets, decision-makers need up-to-date, high-quality information more than ever in order to react promptly to market changes. The support provided by technology and software solutions plays a crucial role here.

The reality in many companies is that integrated performance management is a goal often demanded but rarely achieved. Excel, as the lowest common denominator, is often the first choice to support corporate planning, financial consolidation and analytics. However, the challenges of this choice are manifold, ranging from separate data silos in countless Excel files to inconsistencies and a high susceptibility to errors to a huge manual workload due to Excel’s lack of functionality. Modern FP&A and performance management platforms combine planning and forecasting, financial consolidation, reporting and analytics based on consistent data models. In this way, they can offer ideal support for modern and integrated corporate management. Investment in technology and software is currently high on the agenda of many companies, not least because of the painful experiences and lack of decision transparency during the pandemic (see Figure 1).

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Modern FP&A and performance management platforms offer ideal support for integrated corporate management.



Figure 1: Top 3 technological measures and approaches that companies have invested in to improve planning and performance management (Source: BARC, The Future of Planning, n=180)

## Which is the right software for my company?

So, how do you find the right solution for your specific needs? The requirements described above present challenges for mid-sized organizations in particular. While large companies and corporations typically have an armada of employees and comprehensive budgets, resources and financial options are scarce in medium-sized companies. Nevertheless, equally comprehensive planning, detailed analyses and meaningful reports are part of their routine daily work and have to be managed. The question of the best possible software support to relieve employees is therefore an essential, strategically important, long-term decision.

Companies looking for technological support are faced with a wide choice of software. FP&A and performance management tools are available from a variety of providers – including generalists, who also have various other business software offerings (e.g., ERP or CRM), as well as specialists, who are dedicated exclusively to this topic.

ERP systems are typically the data sources for performance management. They help to handle day-to-day business and, in addition to financial and revenue-relevant data, also contain sales-related and lots of other operational information that plays a role in decision-making. Close and deep integration of performance management into this world is therefore mandatory, and choosing a software tool from the portfolio of your ERP supplier can offer advantages, especially in terms of superior technical integration. Alternatively, there are many other solutions that can be used independently of any source systems and cover a broad range of requirements very well.

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## What factors should my company pay attention to in the software selection process?

In the process of selecting a FP&A and performance management tool, coverage of the company's functional requirements is often crucial and decisive when it comes to the final purchase decision. Nevertheless, technical requirements and general requirements for the supplier must not be disregarded. The effort required to integrate with data-supplying systems in particular is often underestimated by buyers.

In the selection process, companies generally pay attention not only to the flexibility of a solution (e.g., usability for a wide variety of use cases), but also to the coverage of their planning, reporting and analysis requirements. In addition, the decision-making reasons of mid-sized organizations differ from those of large companies and corporations. While mid-sized companies place greater emphasis on criteria such as the price-performance ratio of a solution, predefined data connection to source systems, and the availability of local support and resources skilled in the toolset (see Figure 2), criteria such as the high-performance processing of large volumes of data and serving large numbers of users are bigger priorities for large companies.

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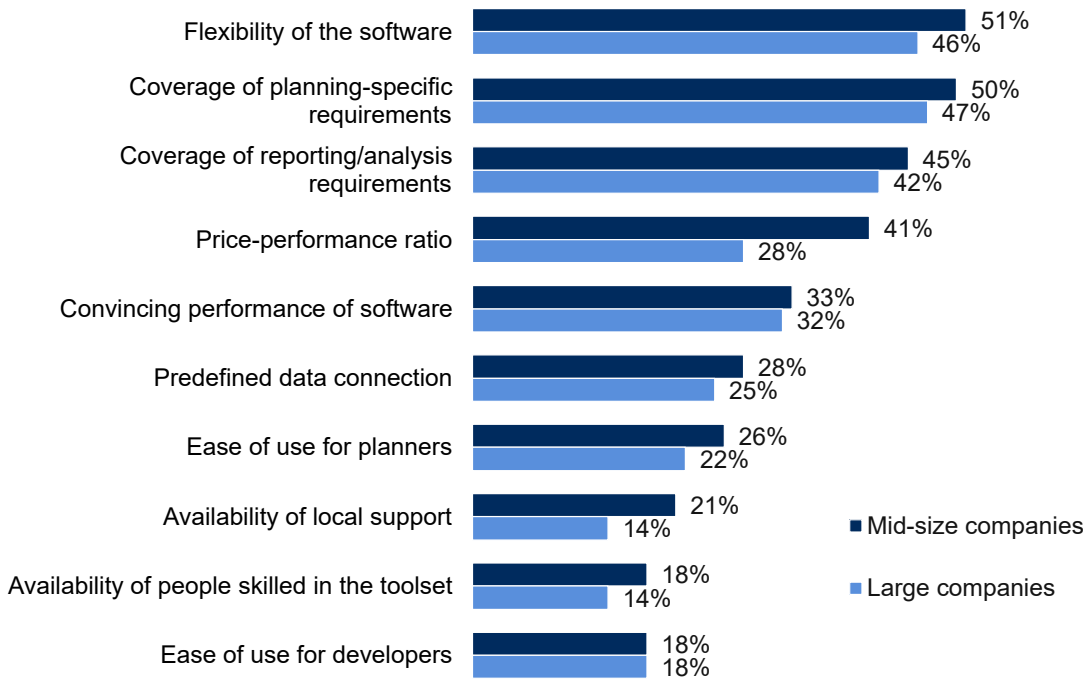


Figure 2: Top 10 reasons why mid-sized companies buy planning and performance management software (Source: BARC, The Planning Survey 22, n=328)

Medium-sized companies are more dependent than large corporations on the fact that implemented solutions provide benefits as quickly as possible and generate a positive return on investment (ROI). The time-to-value factor is therefore crucial. Possible 'project accelerators' such as interfaces and connectors to data-supplying ERP systems as well as predefined data models, analyses or solutions for frequent use cases can make a decisive contribution to this and should therefore be taken into account in the selection process.

## ERP with integrated performance management vs. independent performance management solutions

Both variants – complementary performance management solutions from the portfolio of a company's ERP provider as well as independent tools – have their advantages and disadvantages, which are discussed below. In the selection process, companies must decide which advantages carry the most weight for their individual requirements.

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### ERP with integrated performance management

Many providers of ERP solutions have strengthened their portfolios in recent years by acquiring performance management providers or by developing their own software tools. The analysis of ERP data as well as its planning for better, data-driven decisions is gaining in importance. This is a key reason why many ERP vendors now offer FP&A and performance management add-ons to their core products. As add-ons, the tools usually offer in-depth technical integration as well as business solutions for typical customer use cases. These can be particularly attractive for

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mid-sized companies, enabling them to obtain well-founded support efficiently and with manageable resources ('time-to-value').

### **Technical advantages**

One of the main influences on the duration of implementation projects is the connection to and transfer of data from source systems to analytics and performance management solutions. In essence, master data and transactional data must be extracted cyclically from (ERP) database tables, transformed as needed, and loaded into the data model of the target environment. This can be done directly or as a workaround via a data warehouse. Depending on the scope of the task and the data volumes involved, both the process of data transfer and data modeling can be quite complex.

ERP providers that offer their own customized performance management components have an advantage here. Since the ERP data model is known in detail, predefined interfaces and logical connectors for data access can be provided and updated as needed. They enable efficient data transfer in both directions. While actual data from the ERP flows into performance management for analyses, budgets and forecasts can be written back into the ERP as needed, for example, to enable cost managers to compare planned and actual data directly in the ERP.

Through the direct integration of performance management user interfaces in ERP screens, even the need to switch between different environments can be eliminated.

### **Business and functional advantages**

Many ERP vendors focus on specific industries or topics. When user companies have recurring performance management requirements for analyses, solutions for specific use cases or (operational) plans that have to be implemented on a regular basis, predefined data models and applications can support them in implementing these typical use cases and analysis requirements quickly and efficiently. Many ERP providers therefore offer a comprehensive portfolio of prebuilt solutions and content modules to complement their performance management components. These are ideally tailored to the company's own ERP. Thanks to direct connection to the relevant database tables in the source system, prebuilt data models and the implementation of typical reporting or planning requirements, these solutions are often either 'plug-and-play' or only require minor adaptation. Prebuilt solutions are available for topics such as integrated financial planning (balance sheet, P&L, cash flow) and analysis, financial consolidation, HR planning and analysis, sales and operations planning as well as individual industry-specific use cases. In particular, the availability of industry-specific, operational planning solutions should be a decision criterion for companies in the software selection process, so that they can benefit from the ERP provider's expertise.

### **Other factors to consider**

In addition to the technical, business and functional advantages mentioned above, the existing business relationship with the provider should not be underestimated. On the one hand, the chemistry between customer and supplier has already been tested in order to jointly implement projects. Bundling with the existing ERP contract may also deliver

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cost advantages due to the higher license volume. Often, the performance management tool can be purchased as a supplementary component to the ERP license at an attractive price.

## Independent performance management solutions

In addition to complementary performance management solutions from ERP vendors, there is a wide range of independent tools on the market (best-of-breed). While the performance management components of ERP vendors are typically used together with the company's own ERP and offer superior integration, independent tools can be used with a variety of source systems.

### Technical advantages

Since many organizations have a large number of other source systems in addition to their ERP (accounting, CRM, data warehouse, etc.), all of which provide data for analysis and planning, openness for connecting to a range of sources is often a prioritized requirement. Many companies require their performance management solutions to be open so they can be filled with data from source systems via defined data integration processes (ETL). Alternatively, they implement a data warehouse in which the harmonized data from various source systems can be accessed. For specific requirements that do not fall under the ERP provider's core focus and are therefore not covered by its solutions, independent tools can be advantageous. These requirements can include, for example, the connection of special data sources or more operational solutions for very detailed planning, such as supply chain planning or niche requirements, such as planning of millions of SKUs.

### Business and functional benefits

The benefits of a performance management solution depend heavily on its coverage of an organization's unique requirements – the higher the level of coverage, the greater the benefits. For comprehensive support of modern, integrated corporate management, functionality for analytics and reporting as well as planning and forecasting is required alongside capabilities for financial consolidation, risk management and other use cases. The wide range of software on the market presents the opportunity to find the most suitable solution for one's own requirements. This applies in particular to the breadth of functionality and support for business processes, but also to technical requirements. Companies are more or less completely free in their choice of software.

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## Summary and conclusion

Sound, data-driven decisions with foresight are essential to the survival of every organization. In dynamic markets, decision-makers need up-to-date, high-quality information in order to be able to react promptly to market changes. Modern FP&A and performance management are therefore essential to increase a company's performance and competitiveness and to unite various topics such as planning and forecasting, financial consolidation, reporting and analytics on the basis of consistent data models.

Modern FP&A and performance management are essential to increase a company's performance and competitiveness.

Finding the right software support can be a challenge, especially for medium-sized organizations. Companies are often spoilt for choice. Performance management tools are available from various providers, ranging from generalists who also have several other business software offerings (e.g., ERP, CRM, etc.) to specialists dedicated exclusively to FP&A and performance management. Both ends of this spectrum have their advantages and disadvantages, so companies must decide which benefits carry the greatest weight in regard to their individual requirements. Performance management add-ons to an ERP often score with superior technical integration as well as prebuilt solutions and applications. However, the advantage of independent tools (best-of-breed) lies in particular in targeted solutions that may fall outside the focus of standard ERP offerings, the potential coverage of all relevant requirements and the fact that specialist vendors can focus solely on the development of capabilities to meet customers' FP&A and performance management requirements.

# Checklist for deciding on a performance management solution

Deciding on the right solution presents a number of challenges. The following checklist is designed to help you decide one way or the other:

Criterion	ERP supplier's performance management solution	Independent performance management solution
Is your ERP supplier one of your company's preferred suppliers?	Yes, the ERP supplier is our preferred supplier. We are strongly focused on maintaining existing business relationships.	No, we use technology from a wide variety of suppliers. There is no "standard supplier".
How important is rapid implementation of the solution for you?	We place great emphasis on rapid implementation, data loading and time-to-value. Predefined integrations are of great value to us.	Thorough implementation and integration of all relevant data takes precedence over speed.
What value do you place on the best possible coverage of your own requirements?	We look for a tool that fits our requirements well. If necessary, special cases can be addressed with additional solutions.	It is important to us to find a solution that optimally covers all our requirements in one single tool.
How important are predefined solutions/applications for your industry or typical ERP analyses to you?	Predefined solutions/applications for our industry and/or typical analyses of ERP data are helpful for us.	Our business is very individual and predefined solutions/applications do not provide much benefit. We attach great importance to the flexible creation of individual content.
How many data sources are there in your company for performance management?	The ERP is our major data source. (check with provider about access to third-party data sources).	We have a large volume of data-providing systems that need to be integrated for performance management and therefore place great emphasis on the openness of the solution.
Is there a requirement to write data back into the ERP?	A predefined interface would have great added value for us, for example, to compare plan data and actuals directly in the ERP.	Basically yes, but the interface can be developed in the project and does not have to be predefined.



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### In business for people

Unit4's next-generation enterprise software powers many of the world's most people-focused mid-market services organizations. Its cloud ERP, HCM, Source-to-contract and FP&A solutions transform work through software that's self-driving, adaptive and intuitive, while intelligently automating administrative tasks to help providing easy access to the answers people need.

Unit4's portfolio includes Unit4 Financial Planning & Analysis (FP&A), a solution for dynamic business planning, budgeting, forecasting, dashboarding, and reporting. This easy to-use software with self-service analytics allows organizations to simplify process and easily access the information they need to make operational, financial and strategic decisions – all in a single solution.

### Powerful business applications

Unit4 FP&A includes applications for integrated financial planning, consolidation, people planning & analysis, revenue & cost planning, as well as activity allocation. Based on best-practice projects, they provide valuable insights for both management and FP&A function. Unit4 FP&A also offers industry-specific solutions. Serving over 6,000 customers in professional services, public administration, universities & research, non-profit, as well as the energy, retail, banking and manufacturing sectors.

### Self-Service analytics

Unit4 FP&A's predefined templates include a wide range of KPIs, management reports, dashboards, and charts that allow both power users and end users to quickly create their own reports, simulations, and analysis for specific divisions or business units. Everyone involved works with a single source of the truth – the same reliable, unified data source.

### A natural integration with ERP

Better link strategy with operations, through Unit4's FP&A & ERP, for enhanced visibility, greater collaboration, and more agile working. Unit4 ERP enables a retrospective record of operational transactions for departments and functions. The integration of FP&A to ERP, helps provide a more forward-looking, view of organizational performance.

### In the cloud

Unit4 FP&A can be hosted both on-premise as well as in the cloud. The SaaS model can be scaled flexibly and includes integrated update and back-up services.

# UNIT4

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