June 27, 2024

Dresner Advisory Services, LLC

2024 Edition

Wisdom of Crowds® Enterprise Performance Management Market Study Excerpt

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Disclaimer

This report should be used for informational purposes only. Vendor and product selections should be made based on multiple information sources, face-to-face meetings, customer reference checking, product demonstrations, and proof-of-concept applications.

The information contained in all Wisdom of Crowds® Market Study Reports reflects the opinions expressed in the online responses of individuals who chose to respond to our online questionnaire and does not represent a scientific sampling of any kind. Dresner Advisory Services, LLC shall not be liable for the content of reports, study results, or for any damages incurred or alleged to be incurred by any of the companies included in the reports as a result of the content.

Definitions

Performance management is an approach that fortifies the management cycle with enterprise-class modeling, planning, BI, and analytics in a single, or closely linked, system.

Enterprise Performance Management

An enterprise performance management system is a key element of performance management. It allows an organization to plan for the impact of various internal and external factors on its future performance and business outcomes. This includes strategic, operational, and financial planning and forecasting. EPM systems also include reporting and analytics capabilities that allow organizations to set goals and objectives and monitor performance against those objectives, as well as satisfy many regulatory and statutory reporting requirements.

EPM systems can vary significantly in complexity and automation capabilities, from relatively straightforward spreadsheet replacements to sophisticated multi-user systems that support collaborative planning, provide a wide range of analytics and reporting capabilities, and use advanced technologies such as in-memory computing and machine learning.

EPM systems can be used at a departmental or domain level but have the capability to be used across the entire organization. This differentiates them from domain-specific performance management solutions that are not designed to support modelling, planning, analysis and performance management across the entire organization.

Introduction

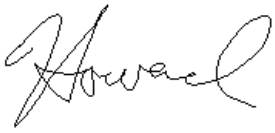
In 2024, we mark the 17th anniversary of Dresner Advisory Services. We are thankful for the support and encouragement of our clients and related communities. This has allowed us to build a stellar analyst organization and create world-class market research focused exclusively upon data, analytics, business intelligence, performance management, and associated topics.

Geopolitical and economic conditions continue to be fraught with uncertainty and challenges. Enterprise performance management (EPM) is a capability that can help organizations navigate uncertain economic conditions, and this year's Wisdom of Crowds® Enterprise Performance Management Market Study analyzes current user perceptions, intentions, and realities associated with EPM, and compares and contrasts this to last year's data.

This year's report also includes new questions on the application of artificial intelligence (AI) to specific use cases within EPM. Skepticism about AI in the context of EPM has been steadily dropping, but barriers to adoption remain. Our new analysis reveals insights into where users see the greatest value for AI in supporting more effective performance management and decision making.

We hope you enjoy this report!

Best



Howard Dresner
Chief Research Officer
Dresner Advisory Services

Contents

Benefits of the Study

The Wisdom of Crowds® Enterprise Performance Management Market Study provides a wealth of information and analysis—offering value to both consumers and producers of enterprise performance management technology and services.

Consumer Guide

As an objective source of industry research, consumers use the Wisdom of Crowds Enterprise Performance Management Market Study to understand how their peers leverage and invest in planning and related technologies.

Using our trademark 33-criteria vendor performance measurement system, users glean key insights into enterprise performance management software supplier performance, enabling:

- Comparisons of current vendor performance to industry norms
- Identification and selection of new vendors

Supplier Tool

Vendor Licensees use the Wisdom of Crowds Enterprise Performance Management Market Study in several important ways such as:

External Awareness

- Build awareness for the enterprise performance management market and supplier brand, citing Wisdom of Crowds Enterprise Performance Management Market Study trends and vendor performance
- Create lead and demand-generation for supplier offerings through association with Wisdom of Crowds Enterprise Performance Management Market Study brand, findings, webinars, etc.

Internal Planning

- Refine internal product plans and align with market priorities and realities as identified in Wisdom of Crowds Enterprise Performance Management Market Study
- Better understand customer priorities, concerns, and issues
- Identify competitive pressures and opportunities

About Howard Dresner and Dresner Advisory Services

The Wisdom of Crowds® Enterprise Performance Management Market Study was conceived, designed and executed by Dresner Advisory Services, LLC—an independent advisory firm—and Howard Dresner, its President, Founder and Chief Research Officer.

Howard Dresner is one of the foremost thought leaders in business intelligence and performance management, having coined the term "Business Intelligence" in 1989. He has published two books on the subject, *The Performance Management Revolution – Business Results through Insight and Action* (John Wiley & Sons, Nov. 2007) and *Profiles in Performance – Business Intelligence Journeys and the Roadmap for Change* (John Wiley & Sons, Nov. 2009). He lectures at forums around the world and is often cited by the business and trade press.

Prior to Dresner Advisory Services, Howard served as chief strategy officer at Hyperion Solutions and was a research fellow at Gartner, where he led its business intelligence research practice for 13 years.

Howard has conducted and directed numerous in-depth primary research studies over the past two decades and is an expert in analyzing these markets.

Through the Wisdom of Crowds® market research reports, we engage with a global community to redefine how research is created and shared.

Other research reports include:

- ESG and Sustainability Reporting
- Financial Consolidation, Close Management, and Reporting
- Sales Performance Management
- Supply Chain Planning and Analysis
- Workforce Planning and Analysis

You can find more information about Dresner Advisory Services at www.dresneradvisory.com.

About John Hagerty

A veteran of over 35 years at the intersection of Financials, HR and Supply Chain software with Planning, Business Intelligence and Analytics, John is a Distinguished Analyst for Dresner Advisory Services.

As a former business user and as a market-leading industry analyst at Gartner and AMR Research, he worked with customers and vendors on strategies to obtain best value from technology investments.

John also held product management leadership positions at Oracle and IBM as they transitioned their products to cloud architectures.

The Dresner Team

About Elizabeth Espinoza

Elizabeth is Research Director at Dresner Advisory and is responsible for the data preparation, analysis, and creation of charts for Dresner Advisory reports.

About Kathleen Goolsby

Kathleen is Senior Editor at Dresner Advisory ensuring the quality and consistency of all research publications.

About Danielle Guinebertiere

Danielle is the Director of Client Services at Dresner Advisory. She supports the ongoing research process through her work with executives at companies included in Dresner market reports.

About Michelle Whitson-Lorenzi

Michelle is Client Services Manager and is responsible for managing software company survey activity and our internal market research data.

Survey Method and Data Collection

As with all our Wisdom of Crowds® market studies, we constructed a survey instrument to collect data and used social media and crowdsourcing techniques to recruit participants.

Data Quality

We carefully scrutinized and verified all respondent entries to ensure that only qualified participants were included in the study.

Executive Summary

Executive Summary

- There was another notable increase in usage of enterprise performance management, up to 71 percent from 62 percent in 2023, evidence that EPM is a very mature market.
- Current usage increased significantly among small organizations (1-100 employees) compared to 2023, up to 62 percent from 34 percent.
- Enterprise performance management software is a well-established technology in many organizations. Around 52 percent of organizations have used EPM software for five years or longer.
- Overall importance ratings for EPM declined slightly, although there was a notable drop in importance ratings by very large organizations (more than 10,000 employees).
- Organizations of all sizes report good levels of success with enterprise performance management, although building a cross-functional team remains the biggest barrier to success.
- Sourcing enterprise performance management solutions from specialist vendors regardless of ERP vendor affiliation remains the preferred approach in 2024. Younger organizations (10 years or younger) show a stronger preference for sourcing EPM solutions from ERP vendors or specialist vendors with a strong partnership with their ERP vendor.
- Financial budgeting and planning remains the most important EPM capability, ranking significantly higher than all other capabilities. The importance of environmental, social and governance (ESG) reporting increased in EMEA, likely due to the pending implementation of new reporting regulations in the region.
- There were some shifts in planning priorities with bottom-up budgeting jumping from fifth place to second while revenue and demand planning dropped from fourth place to seventh. Annual financial budgets remain by far the most important capability.
- 53 percent of respondents remain uncertain about the business value of AI and machine learning in EPM. However, respondents see more value when AI is applied to specific EPM use cases such as predictive forecasting.
- There was a significant jump in cloud EPM deployments, up to 59 percent from 44 percent in 2023. Public cloud/SaaS pulled slightly ahead of private cloud/hosted as the preferred cloud deployment model.
- Respondents from North America view EPM as primarily a finance system rather than a strategic element of enterprise architecture.
- Vendor rankings are displayed on pages 86 - 107.

Study Demographics

Our 2024 survey base provides a cross-section of data across geographies, functions, organization size, vertical industries and organization age. We believe that, unlike other industry research, this supports a more representative sample and better indicator of true market dynamics. We constructed cross-tab analyses using these demographics to identify and illustrate important industry trends.

Geography

Survey respondents represent the span of geographies. North America (including the United States, Canada, and Puerto Rico) accounts for the largest group, with 59 percent of all respondents. EMEA accounts for 31 percent and Asia Pacific for 9 percent (fig.1). Less than 2 percent of respondents are from Latin America, so we excluded these for any geographic analysis in this study.

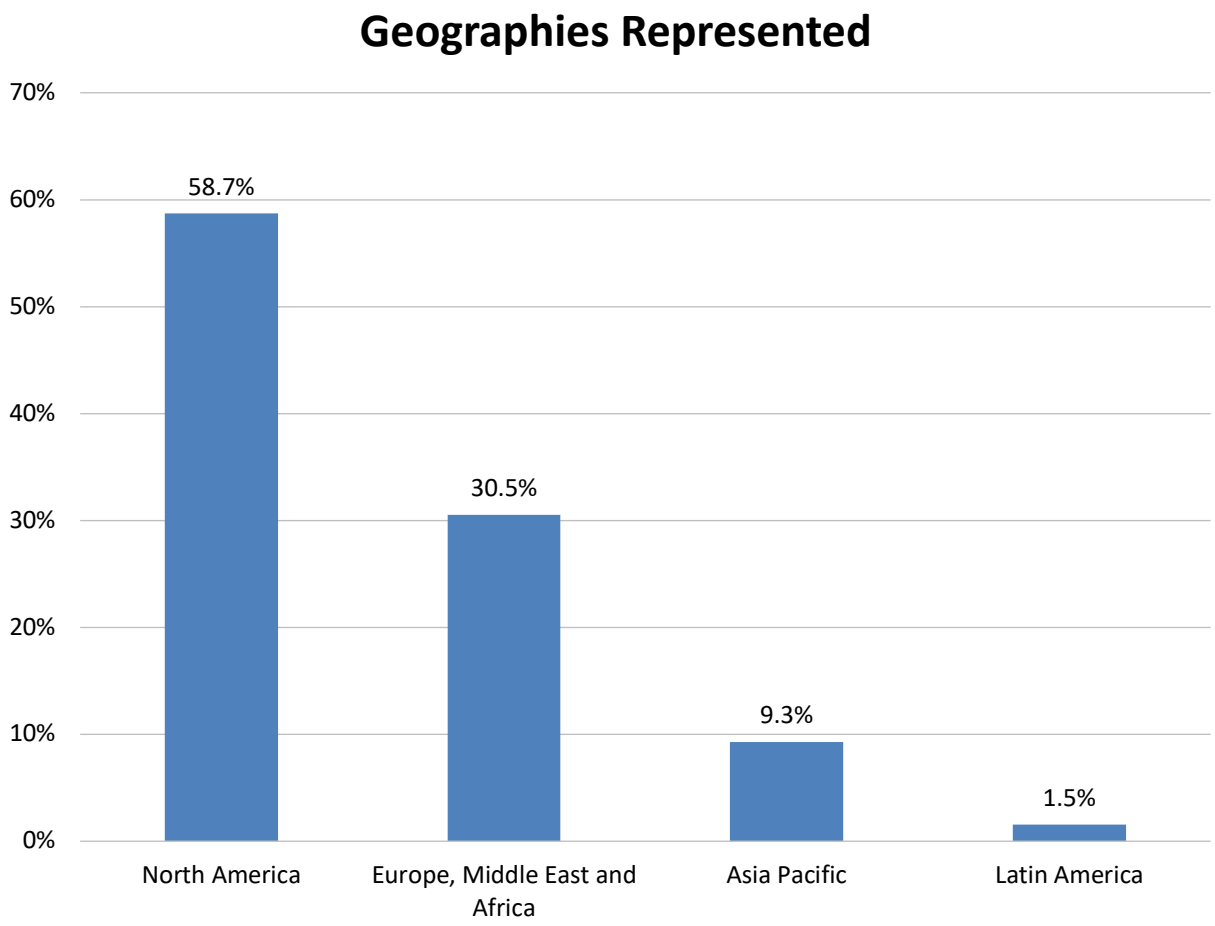


Figure 1 – Geographies represented

Respondent Functions

Finance is the function most represented among respondents, with nearly 56 percent of the sample (fig. 2). Executive management and IT follow with 17 percent and 15 percent, respectively. These three functions account for around 88 percent of respondents.

The BI Competency Center, strategic planning, and sales and marketing are the next most represented. Fewer than one percent of respondents are from operations, research and development, and human resources, respectively. About 2 percent of respondents do not fall into our functional breakout.

Tabulating results by respondent function helps us create analyses that represent different perspectives by function.

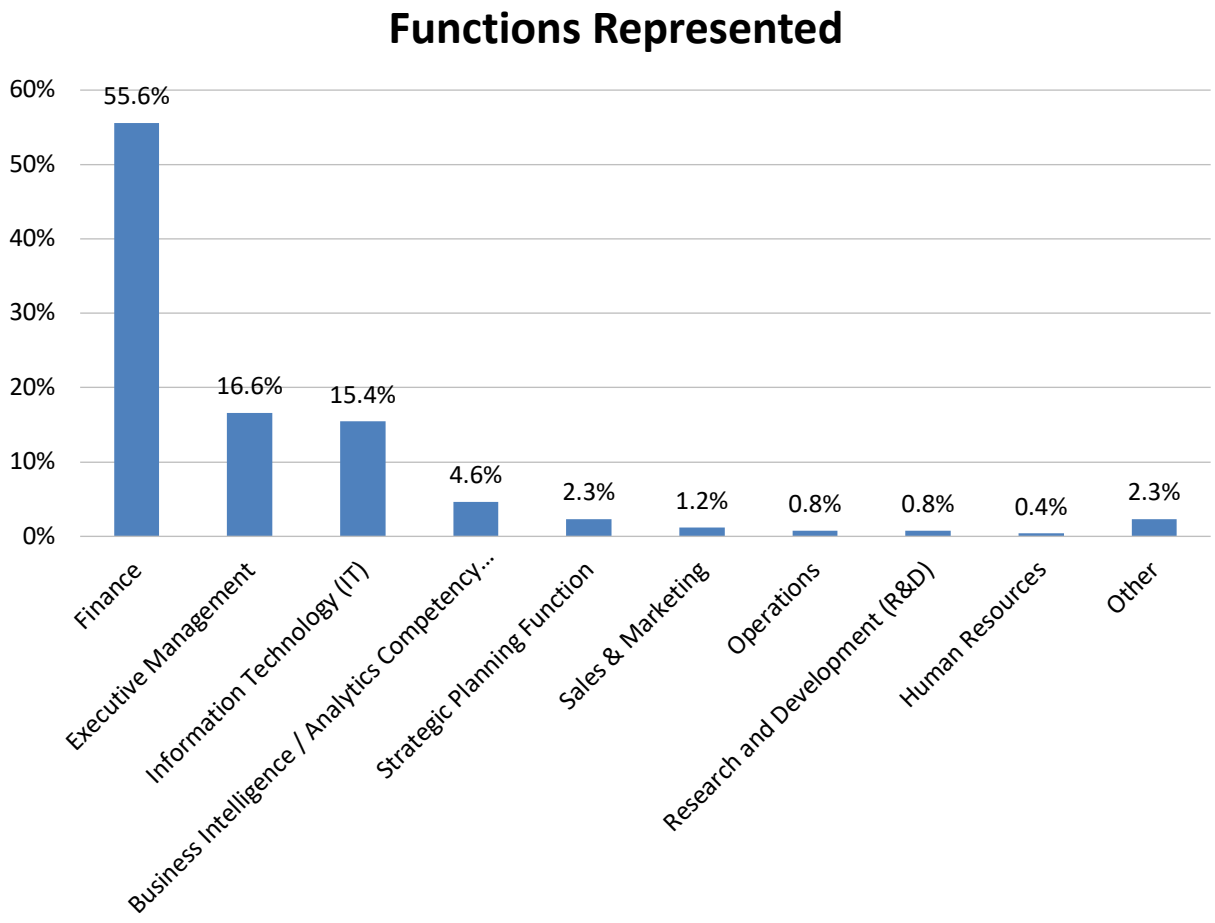


Figure 2 – Functions represented

Vertical Industries

Survey respondents are from a broad range of industries with no individual industry dominating the responses. Manufacturing and business services are the most represented industries, accounting for 25 percent and 17 percent of the sample, respectively (fig. 3). Financial services, consumer services, and technology are the next most represented, with around 3 percent not falling into our industry classifications.

Tabulating results across industries helps us develop analyses that reflect the maturity and direction of different business sectors.

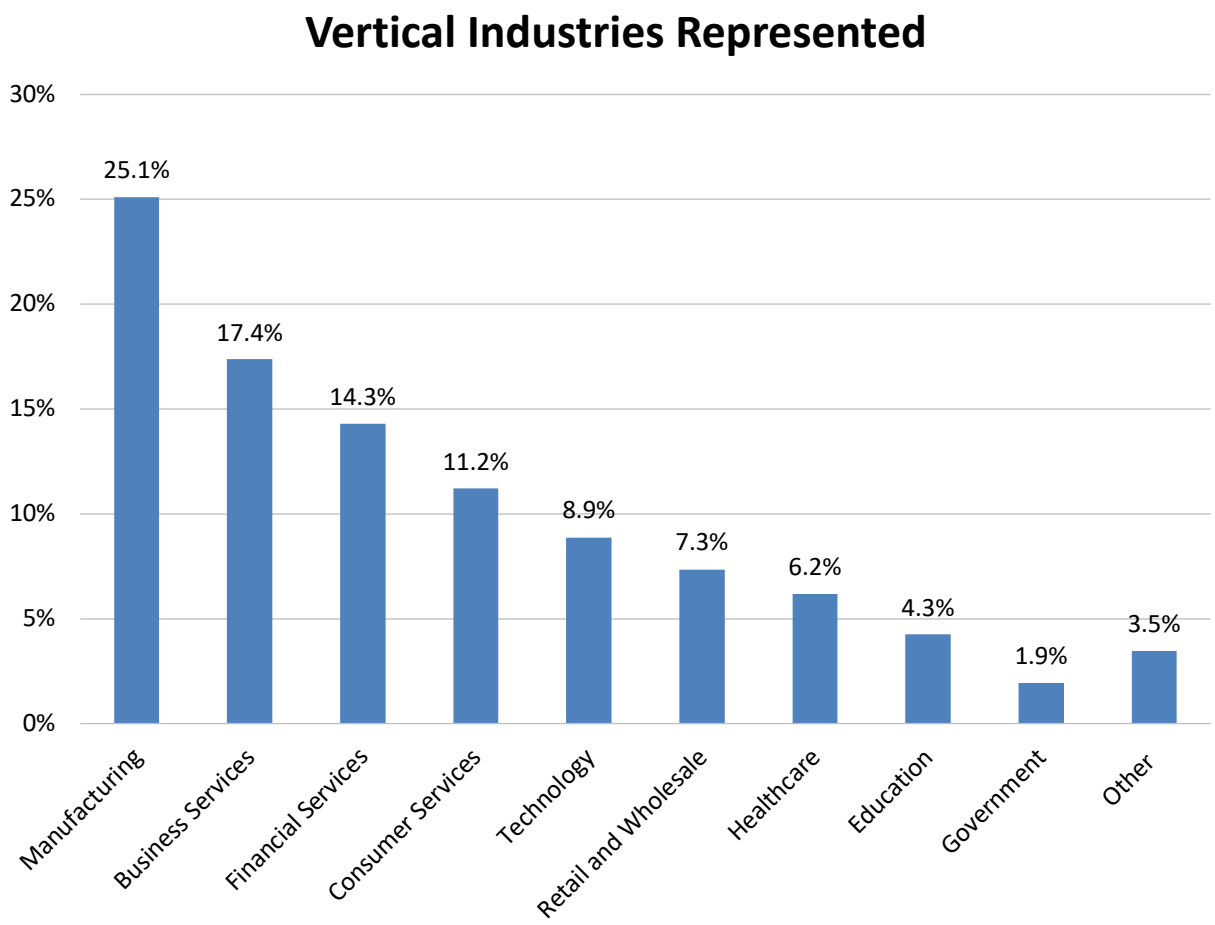


Figure 3 – Vertical industries represented

Organization Size

Survey respondents represent organizations of all sizes (measured by global employee head count). Small organizations (1-100 employees) represent 10 percent of respondents, midsize organizations (101-1,000 employees) account for 34 percent, and large organizations (more than 1,000 employees) account for the remaining 56 percent (fig. 4).

Tabulating results by organization size reveals important differences in practices, planning, and maturity.

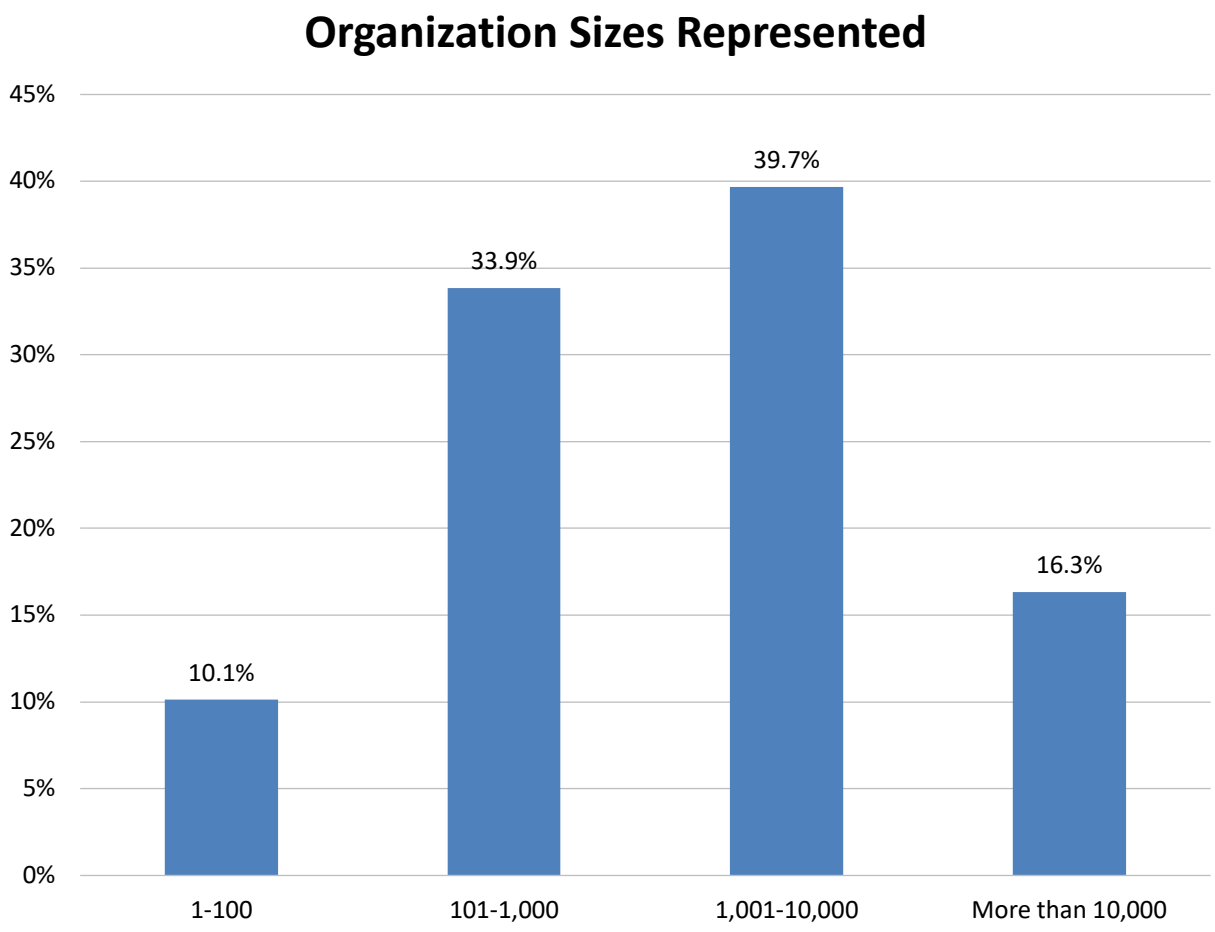


Figure 4 – Organization sizes represented

Company Age

Survey respondents are from companies of differing ages (age is measured from when the organization was founded). Around 73 percent of respondents are from organizations that have been in existence for 16 years or more (fig. 5). Younger organizations (less than five years, 5-10 years, and 11-16 years) represent 6 percent, 11 percent, and 10 percent of respondents, respectively.

Tabulating results by organization age reveals differences in approaches and attitudes to enterprise performance management based on how long an organization has been in existence.

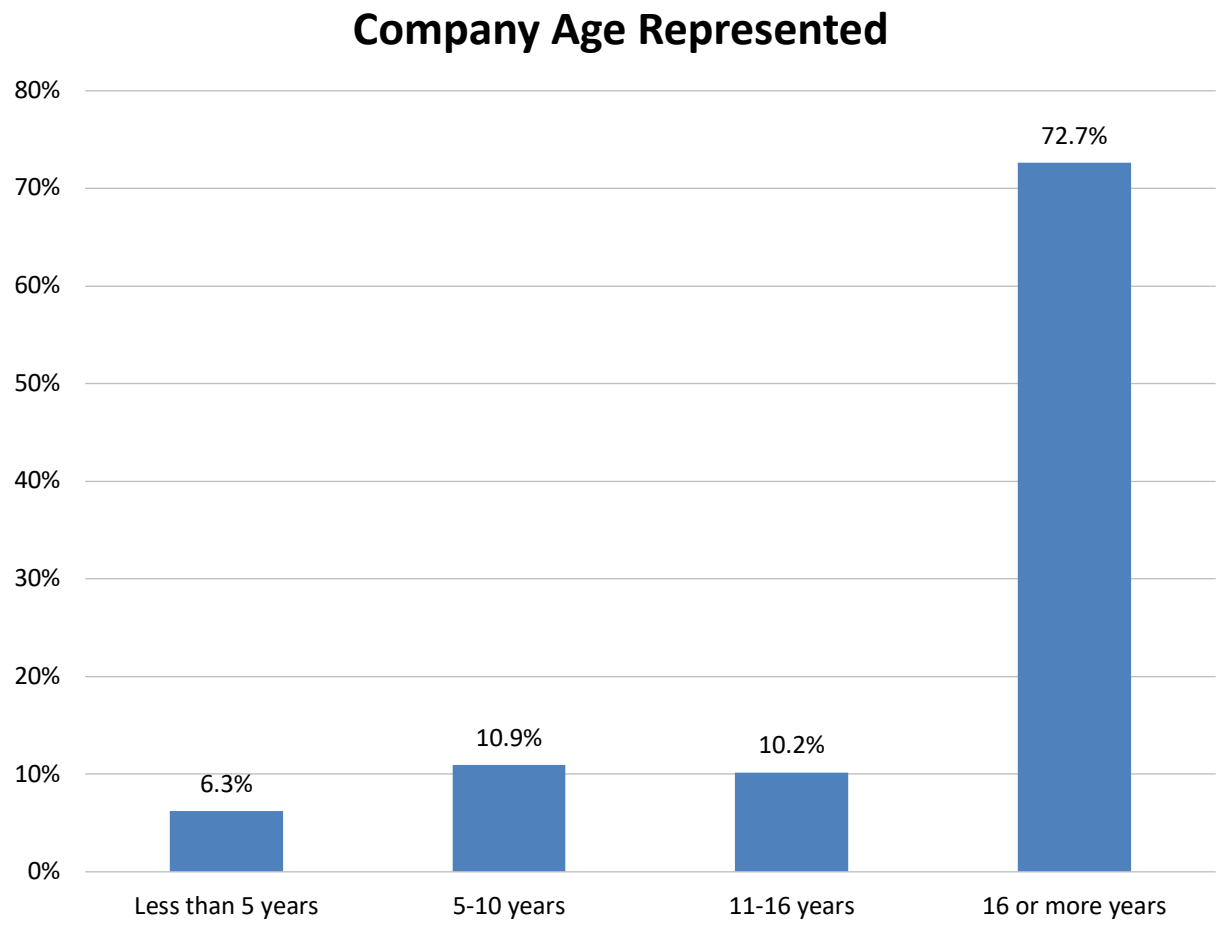


Figure 5 – Company ages represented

Analysis and Trends

Analysis and Trends

Adoption Trends and Plans to Use Enterprise Performance Management

The adoption of enterprise performance management continued its upward trend in 2024. There was a further notable increase in organizations that currently use enterprise performance management software, up to 71 percent in 2024 compared to 62 percent in 2023, while 7 percent are currently evaluating (fig. 6). Seven percent may use performance management software in the future, down significantly from 14 percent in 2023. Fifteen percent of respondents currently have no plans to use enterprise performance management software, remaining very similar to 16 percent in 2023.

This is further evidence of the continuing maturity of the EPM market that we initially identified in our 2020 market study. The percentage of respondents with no plans to use EPM software appears to be levelling off at around 15 percent.

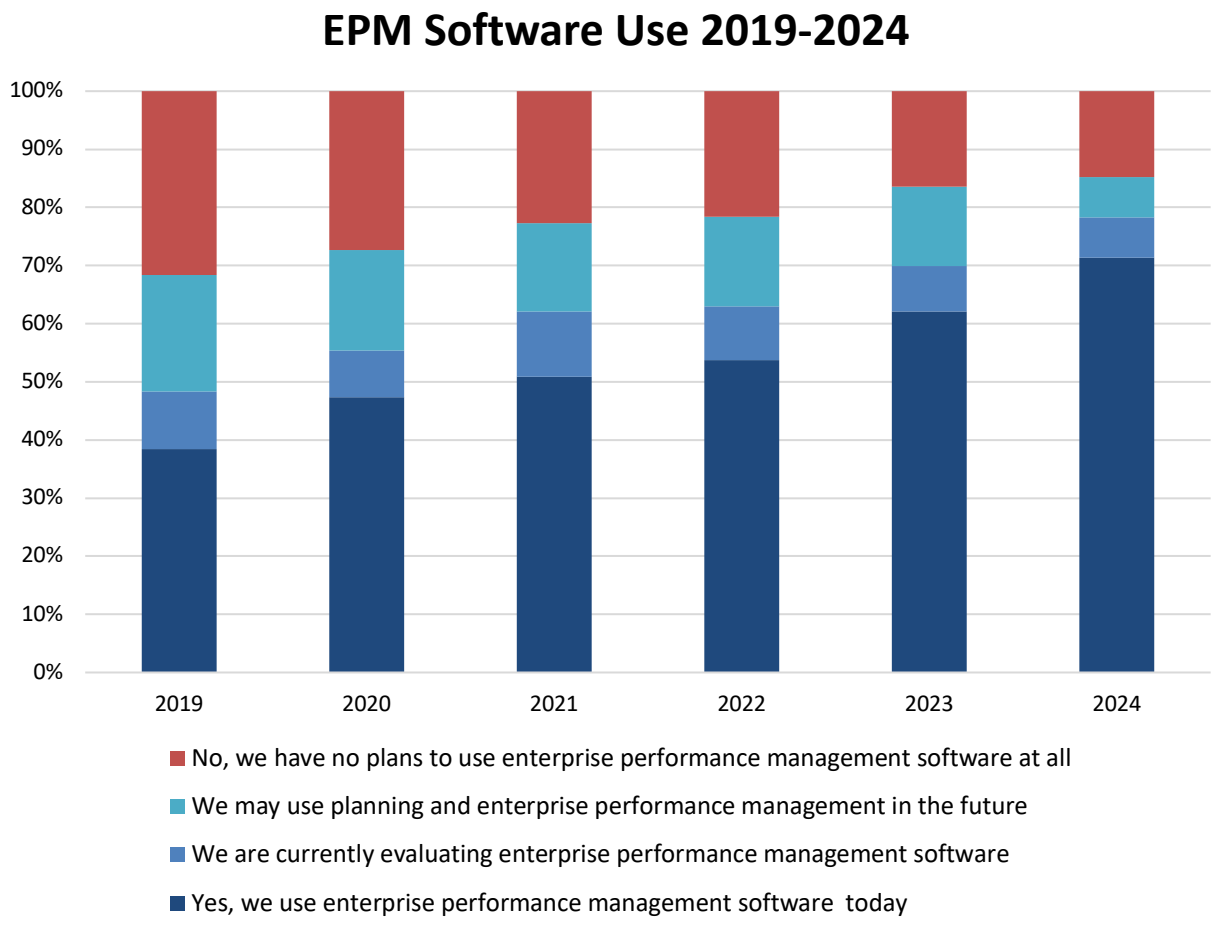


Figure 6 – EPM software use, 2019 - 2024

Adoption remains skewed towards large and very large organizations, although the disparity with smaller organizations is narrowing. Seventy-nine percent of large organizations (1,001-10,000 employees) and 78 percent of very large organizations (more than 10,000 employees) currently use enterprise performance management software, compared to 63 percent of midsize organizations (101-1,000 employees) and 62 percent of small organizations (fig. 7).

However, current use increased significantly among small organizations (1-100 employees) compared to 2023, up to 62 percent from 34 percent. These data are confirmation of market maturity, as use during increased most among midsize organizations last year, and this year use among small organizations reached similar levels. Enterprise performance management solutions are now proven solutions for organizations of all sizes.

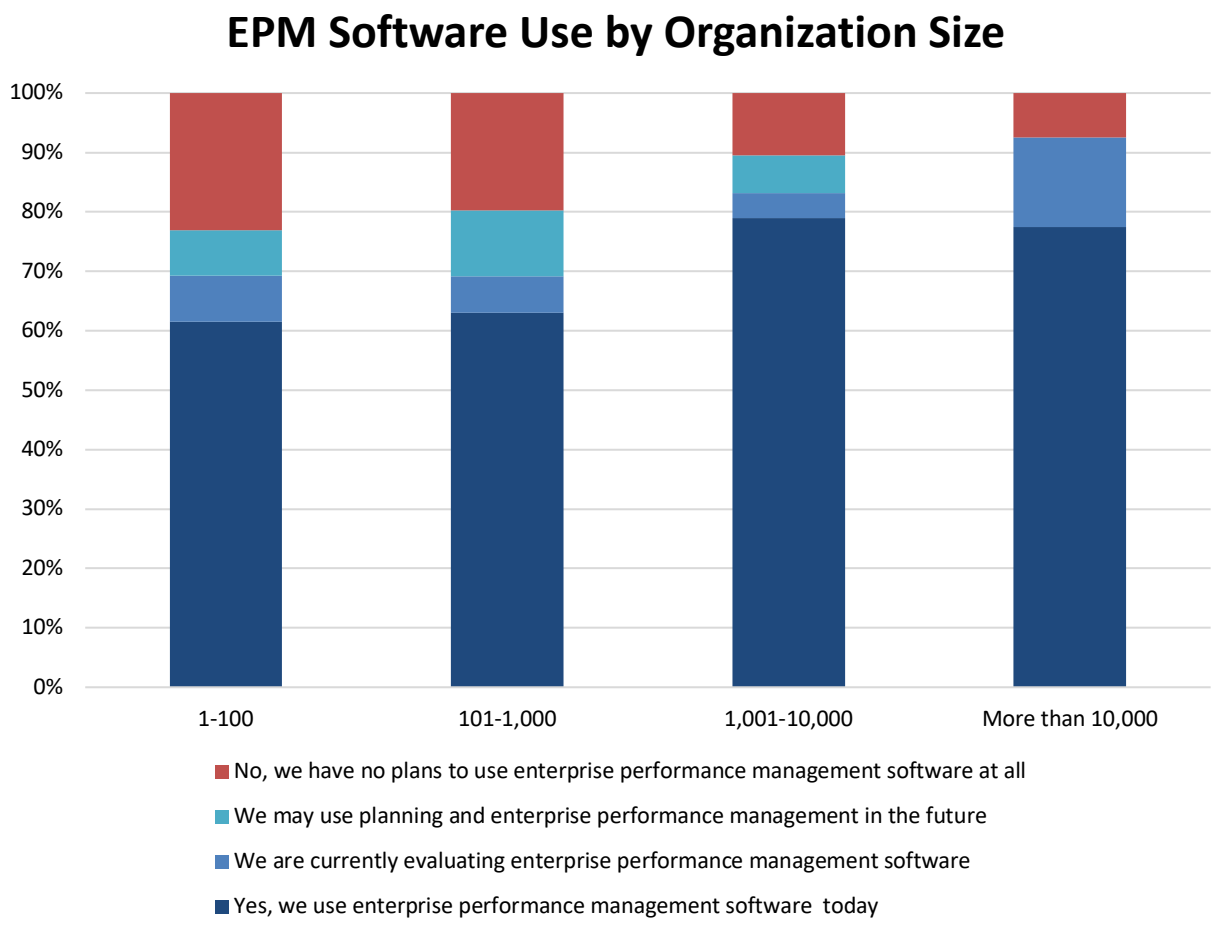


Figure 7 – EPM software use by organization size

Organizations in EMEA and North America have slightly higher adoption levels of enterprise performance management compared to Asia Pacific. Current use remains higher in EMEA compared to North America (77 percent compared to 70 percent) while use in Asia Pacific grew to 63 percent (fig. 8).

Current use levels grew at similar levels across all regions compared to 2023, up by 7 percent in EMEA and North America, and up by 10 percent in Asia Pacific. This is further evidence of increasing global market maturity. Although Asia Pacific still lags slightly in current use, 17 percent of organizations in the region are currently evaluating EPM software, meaning the adoption gap with other regions is likely to narrow in the next 12 to 18 months.

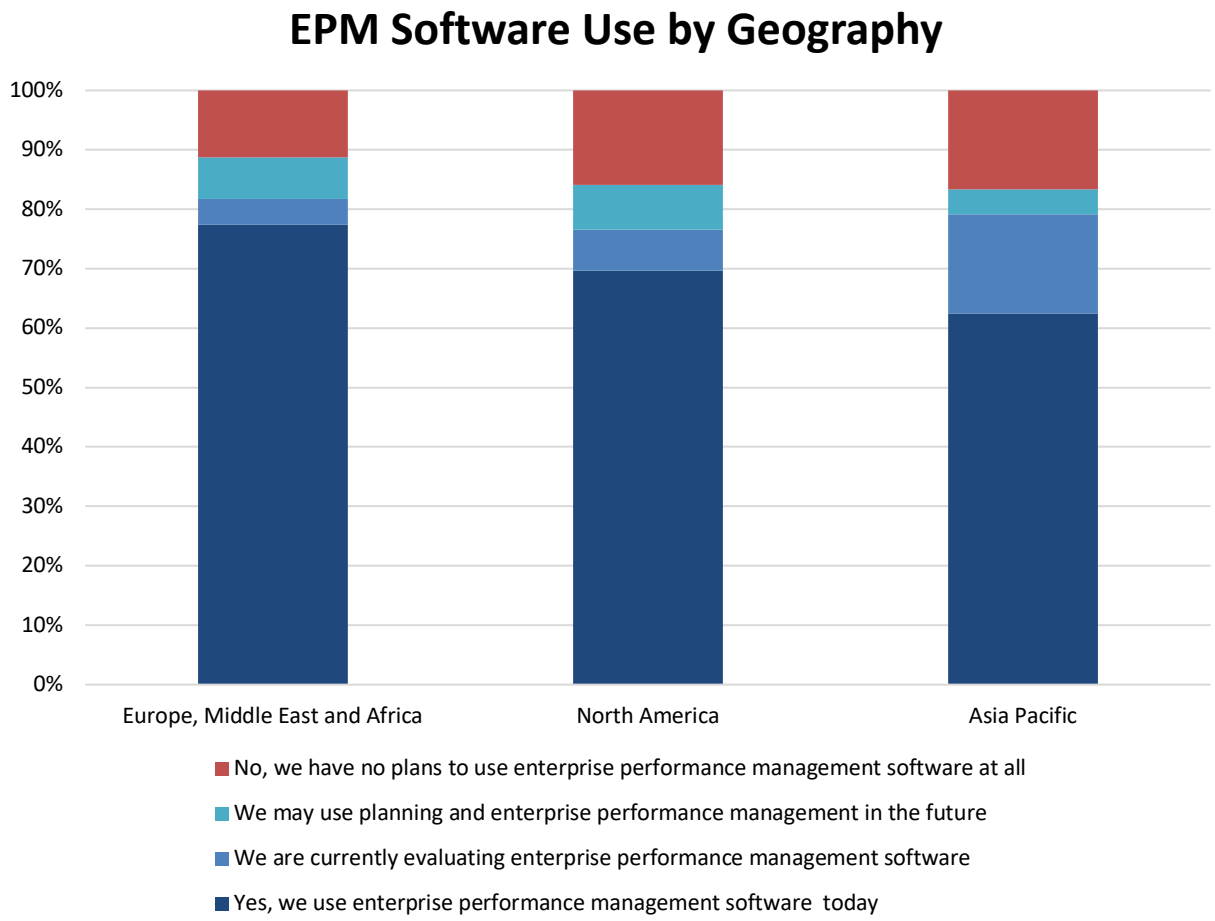


Figure 8 – EPM software use by geography

XXXX The top three industry verticals for enterprise performance management, by adoption, are healthcare, manufacturing, and business services. Adoption among respondents from the retail and wholesale industry increased significantly in 2024, up to 72 percent from 33 percent in 2023. Adoption among respondents from the education industry increased to 64 percent from 40 percent in 2023 (fig. 9).

Adoption levels across industries leveled out somewhat in 2024, further evidence of market maturity as EPM solutions are suitable for organizations across all industries. However, some industry variation remains, and vendors must remain focused on supporting specific industries with appropriate functionality and professional services (or SI partners). Data leaders should ensure potential vendors have the capabilities and implementation resources to support their industry needs.

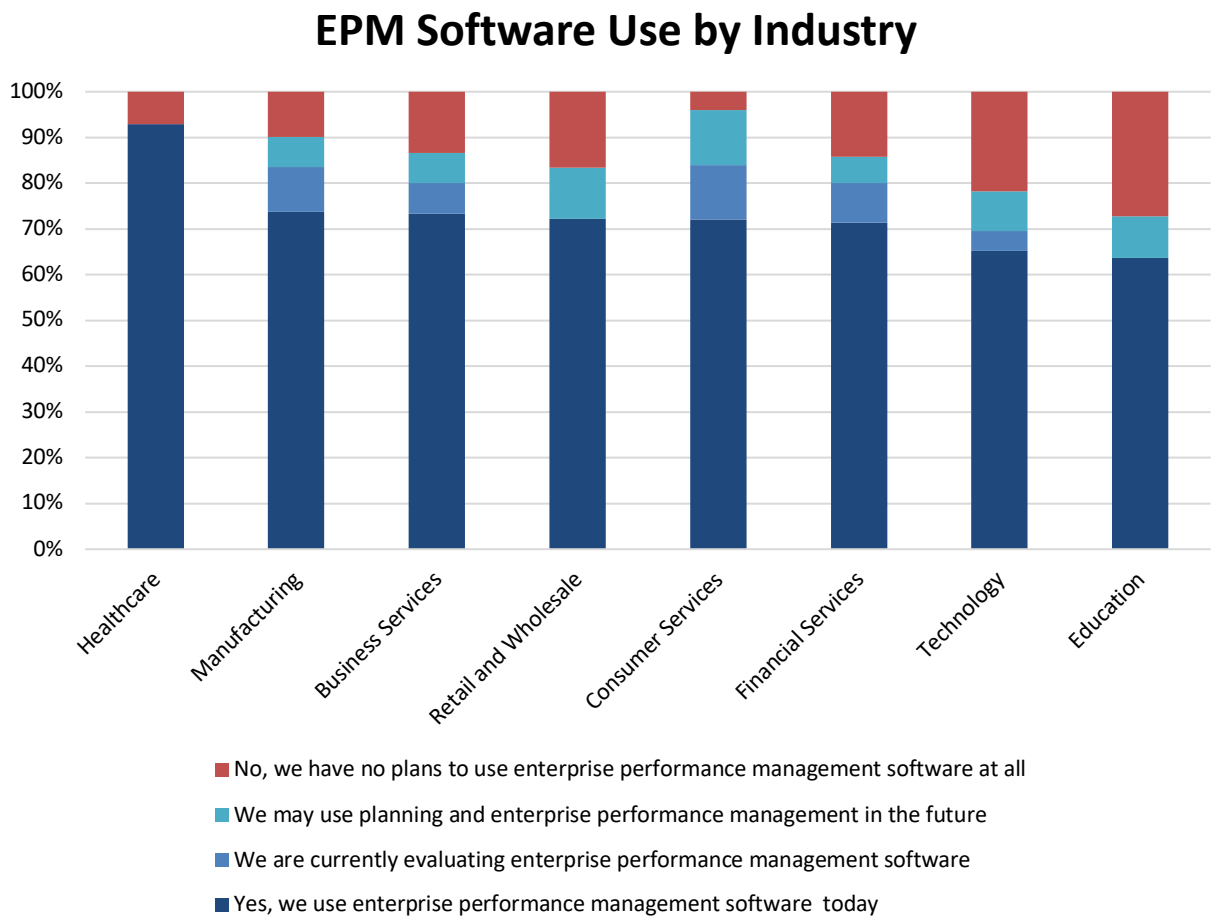


Figure 9 – EPM software use by industry

Adoption of enterprise performance management did not appear to differ significantly by company age among this year's respondents. Current usage varies between 62 percent and 79 percent across different company ages, although the sample size is heavily skewed to companies aged 16 years or more (fig. 10).

These data show that enterprise performance management is both a technology and concept that is established in organizations of all ages. The increased prevalence of public cloud/SaaS EPM software solutions is a factor in its adoption by young organizations that likely lack the IT and management maturity of their more established peers.

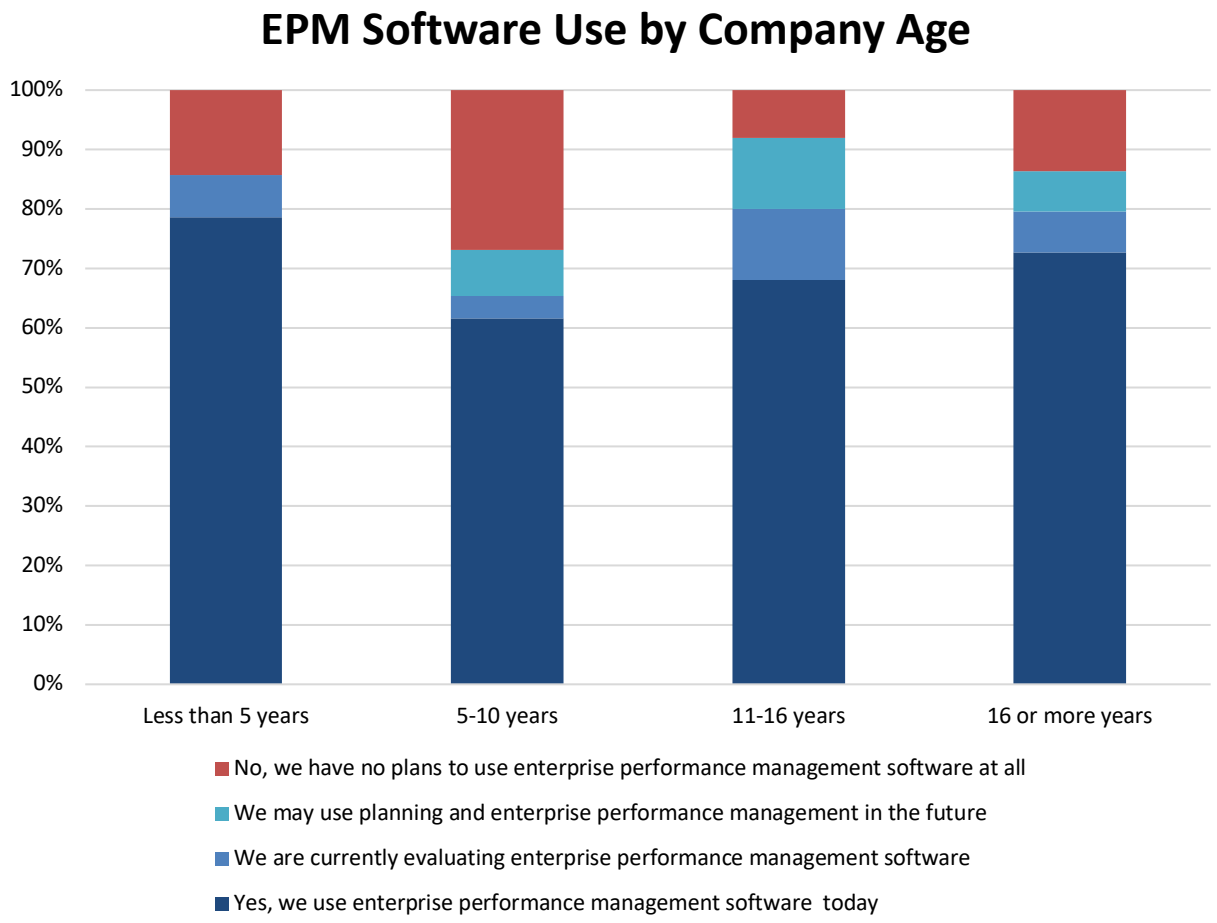


Figure 10 – EPM software use by company age

Adoption plans among organizations that do not currently use EPM software remain skewed to future years, with 63 percent of organizations considering enterprise performance management software planning to do so beyond next year (fig. 11). The percentage of organizations planning to adopt either this year or next year increased slightly to 37 percent, up from 32 percent in 2023.

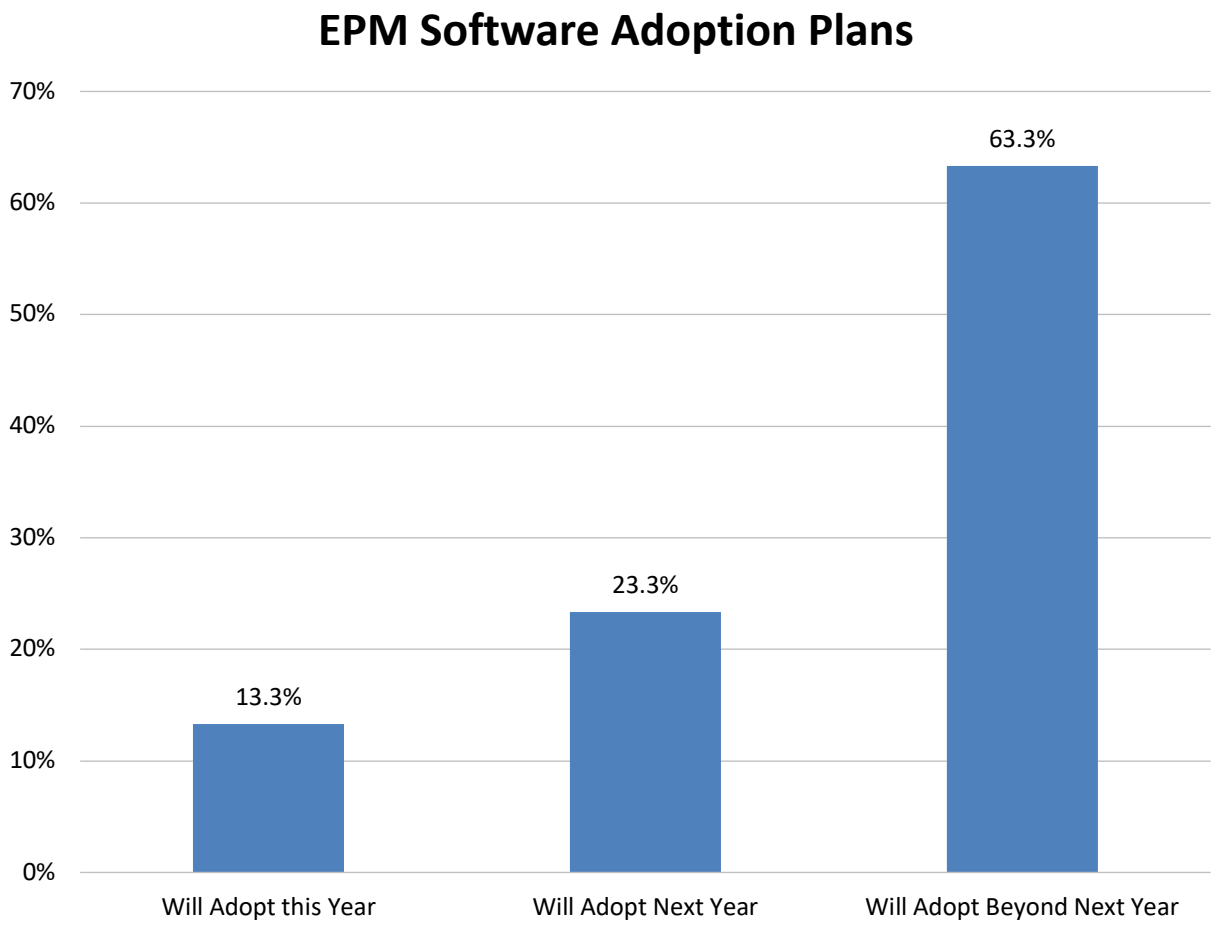


Figure 11 – EPM software adoption plans

Among organizations that already use enterprise performance management software, the shift towards increasing the user base continues. Nearly 52 percent of respondents state their enterprise performance management user base will increase, up slightly from 49 percent in 2023 (fig. 12). There has been a steady increase in plans to increase the enterprise performance management user base since 2020, with only 2 percent of respondents in 2024 stating that the number of users will decrease.

These data are further evidence of the EPM market shifting towards expanding the footprint in organizations that already use EPM and implementing solutions that have been sold in the last 12 months. Also, there is evidence that organizations may be replacing previous generation on-premises EPM software with newer, cloud-based solutions.

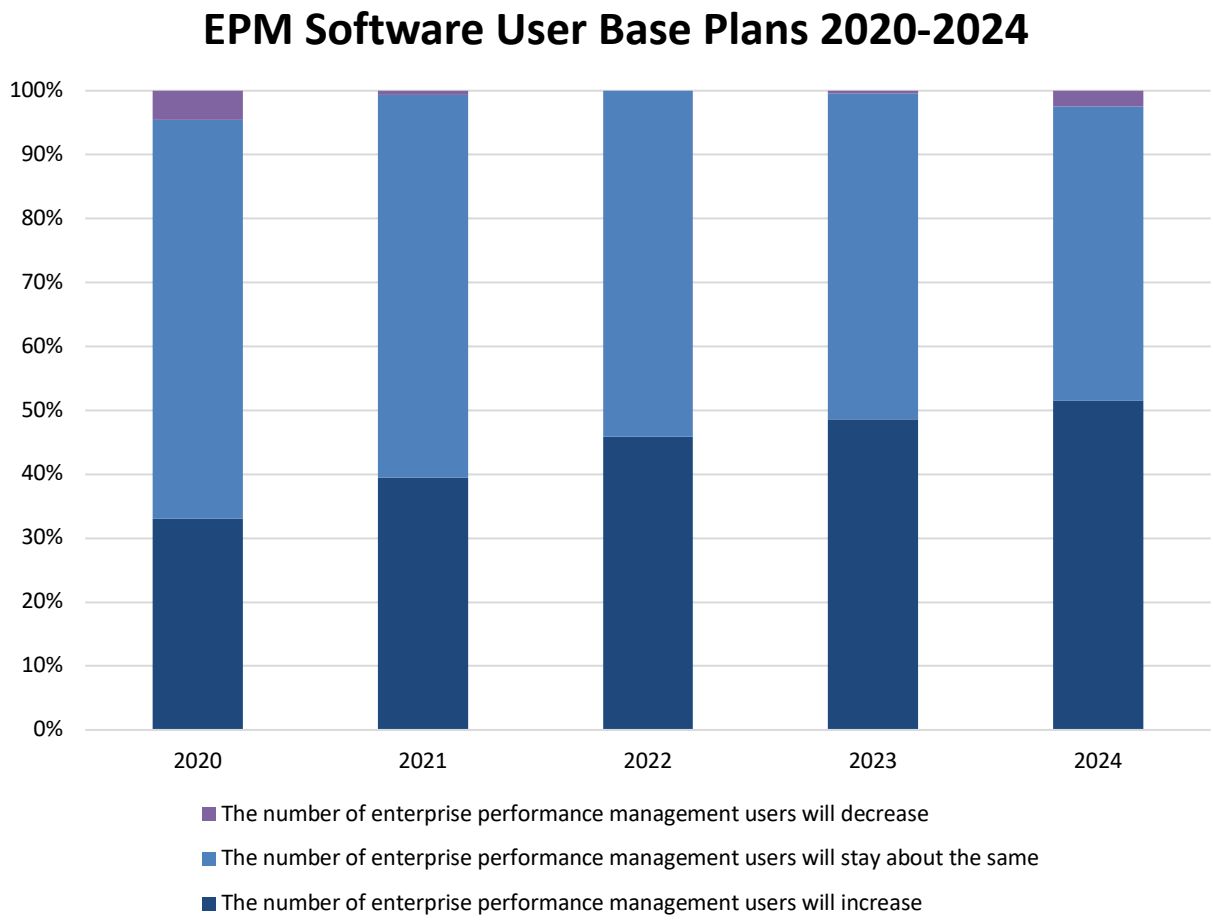


Figure 12 – EPM software user base plans 2020 - 2024

The finance function is the primary user of enterprise performance management software today. Seventy-four percent of respondents state their finance function currently uses EPM (fig. 13), and they anticipate usage in this function will increase in the future. However, EPM is used in functions outside finance in many organizations, which is evidence it is used as more than just a finance system. In line with EPM market dynamics, respondents see use of EPM expanding more in functions outside finance in the next 12 to 24 months. However, use levels in some functions such as manufacturing and research & development will remain low in many organizations. This implies domain-specific performance management solutions will be deployed for these functions, and data leaders must ensure these solutions complement EPM capabilities.

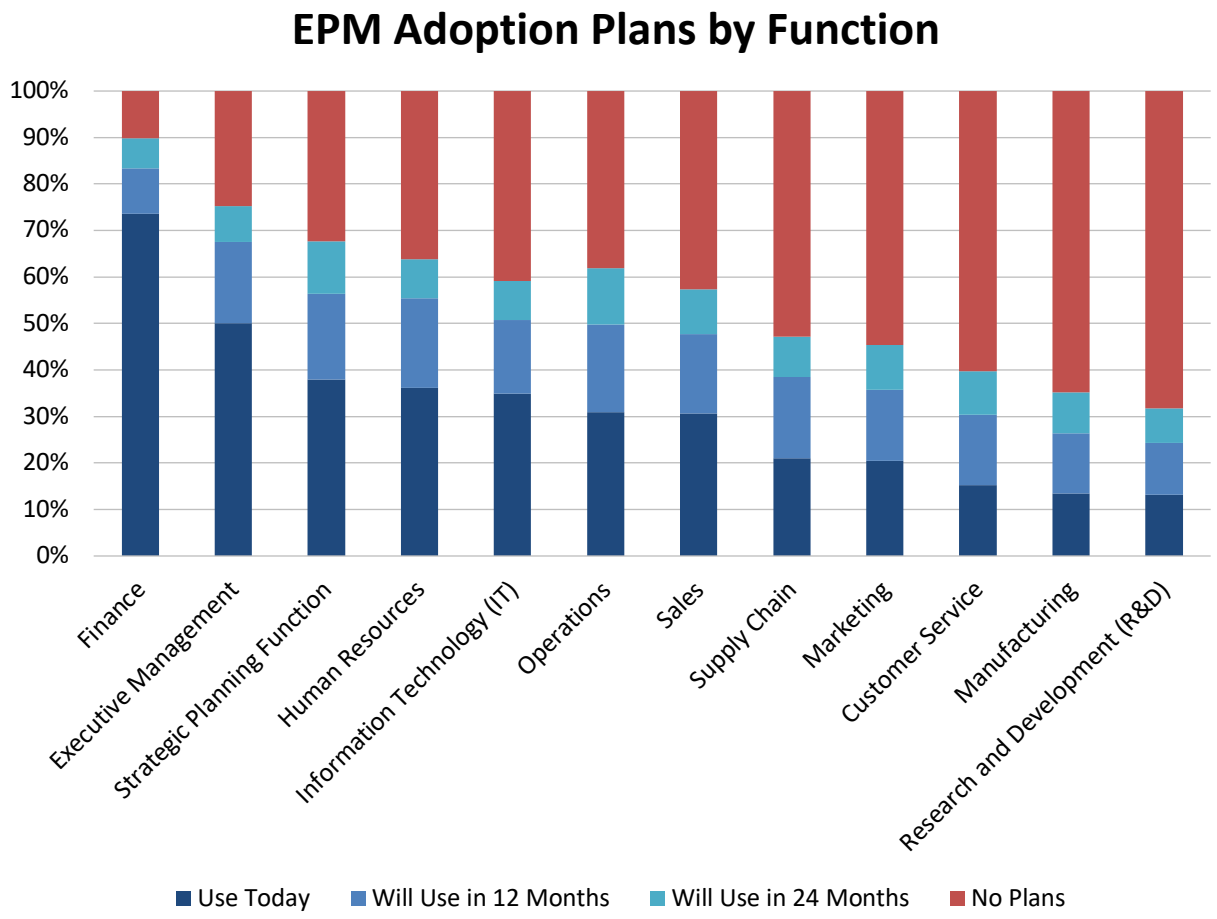


Figure 13 – EPM adoption plans by function

Enterprise Performance Management Software Longevity

Enterprise performance management software is a well-established technology in many organizations. Around 52 percent of organizations have used EPM software for five years or longer, with 22 percent having used it for more than 10 years (fig. 14). Thirty-three percent of organizations used EPM software for two to five years, while a total of 17 percent used it for less than two years.

These data are further evidence of market maturity and indicate that market activity is shifting from greenfield deployments to replacement of older solutions and expansion of smaller deployments into regional or enterprise-wide deployments.

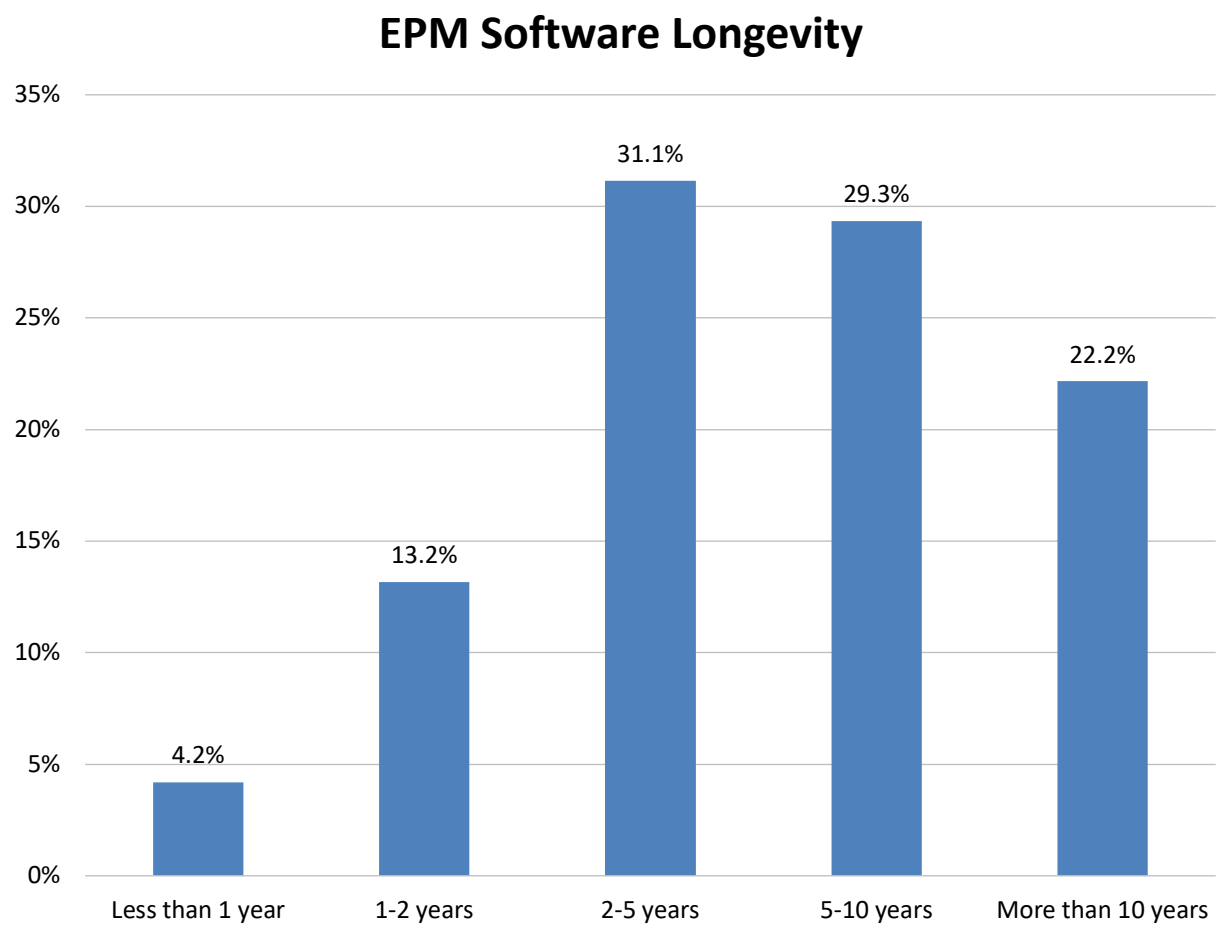


Figure 14 – EPM software longevity

EPM software longevity is highest in EMEA, with 34 percent of organizations having used it for more than 10 years (fig. 15). This is likely due to the complex financial consolidation requirements in EMEA, which are difficult to handle in spreadsheets. Adoption lags somewhat in North America, although 32 percent of organizations used EPM software for 5-10 years, slightly higher than EMEA at 28 percent.

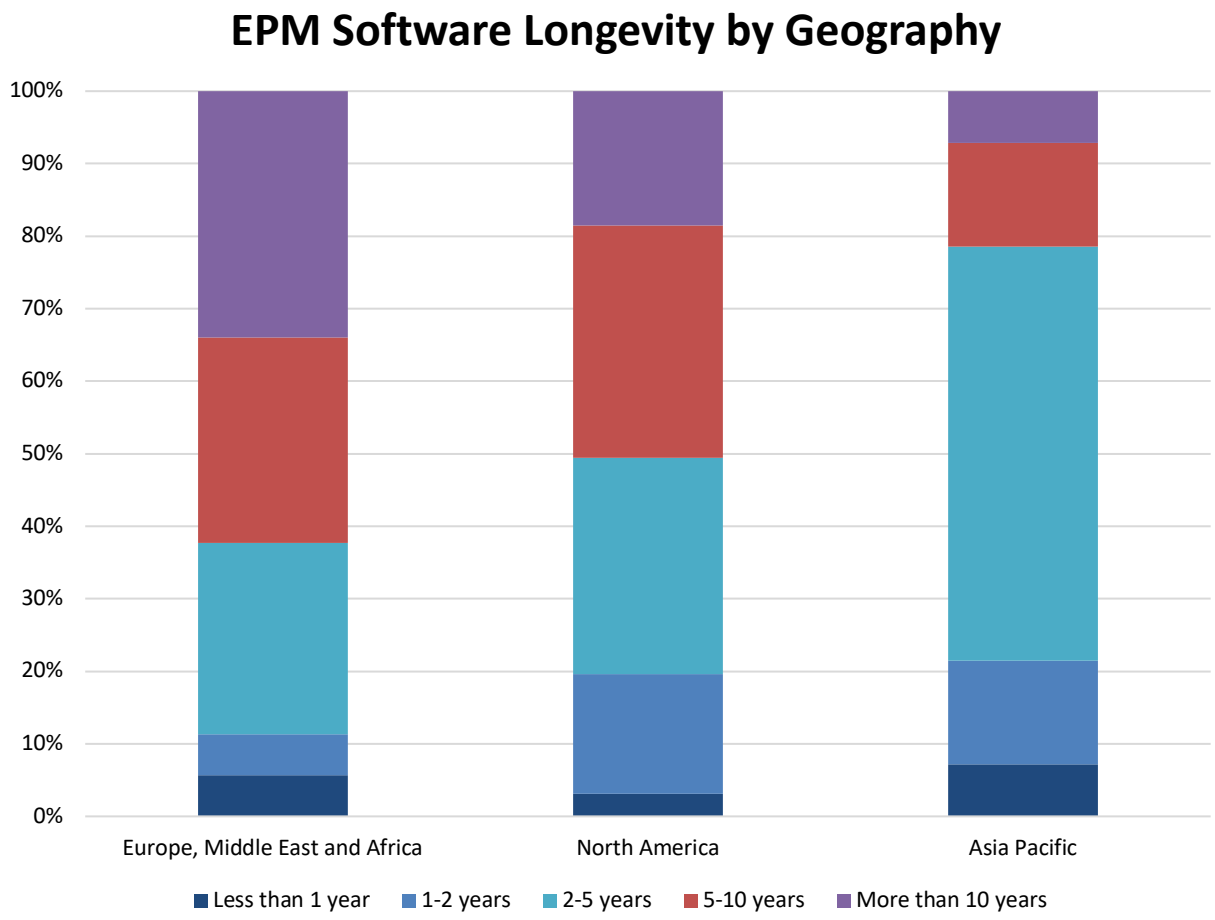


Figure 15 – EPM software longevity by geography

Organizations in Asia Pacific are more recent adopters of EPM software, with a total of nearly 79 percent using EPM software for five years or less, compared to 49 percent in North America and 38 percent in EMEA.

EPM software longevity varies by organization size, the length of EPM usage generally increasing with organization size. Thirty-six percent of very large organizations (more than 10,000 employees) used EPM software for more than 10 years, compared to 23 percent of large organizations (1,001-10,000 employees), 18 percent of midsize organizations (101-1,000 employees), and 7 percent of small organizations (fig. 16). However, EPM software is established in smaller organizations, with 43 percent of small organizations (1-100 employees) and 45 percent of midsize organizations (101-1,000 employees) using EPM software for five or more years.

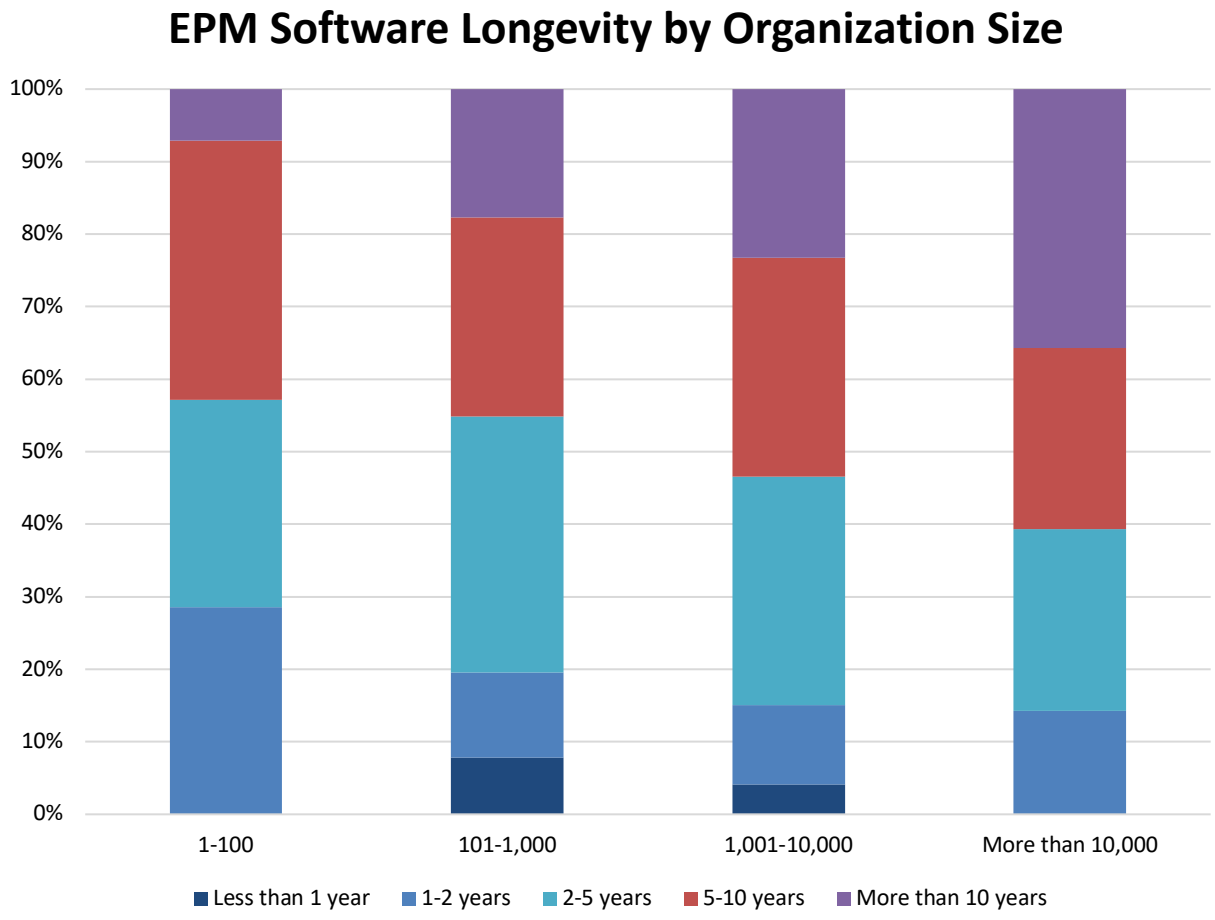


Figure 16 – EPM software longevity by organization size

Importance of Enterprise Performance Management

We asked respondents how important enterprise performance management software is to their organization. Nearly 78 percent of respondents rate enterprise performance management as *critical*, *very important*, or *important* (fig. 17). About 20 percent of respondents rate enterprise performance management of critical importance in their organization.

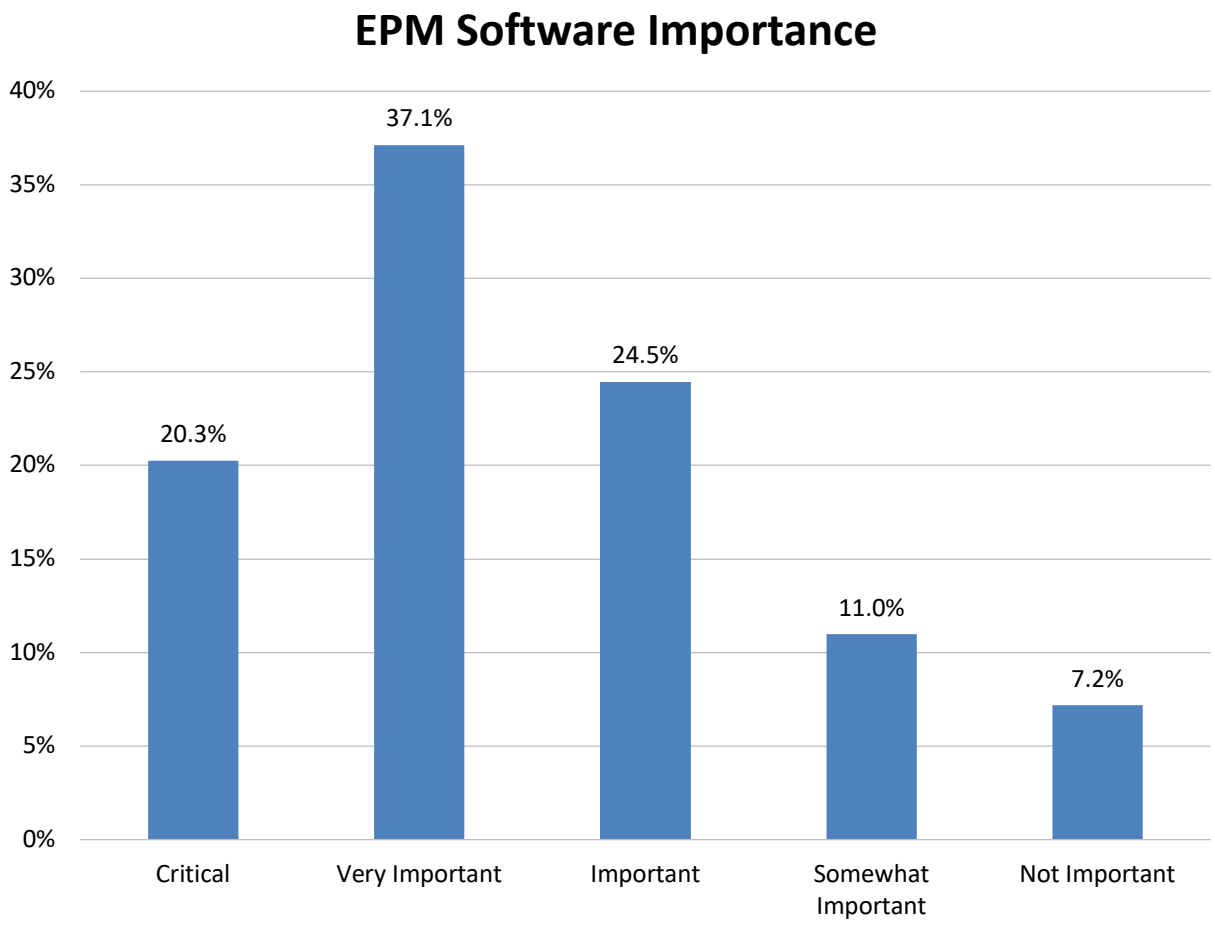


Figure 17 – EPM importance

There are slight drops in overall importance ratings of enterprise performance management compared to 2023. The combination of *critical* and *very important* ratings fell slightly to 57 percent from 61 percent in 2023 (fig. 18). These data confirm that enterprise performance management is an important part of any organization's overall BI and application strategy. However, the slight drop may reflect the maturity of the market in that EPM is a slightly lower priority for many organizations now that it has become established as a proven technology.

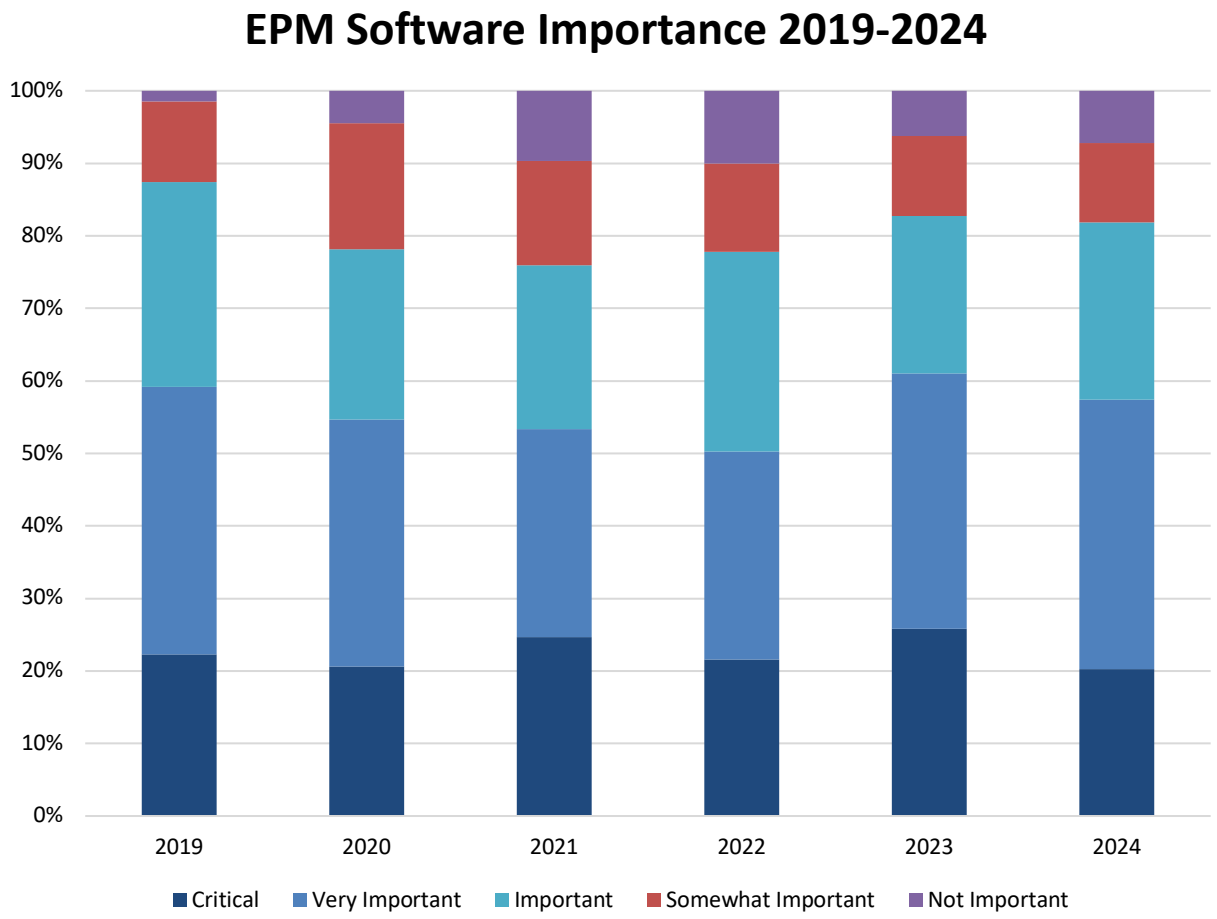


Figure 18 – EPM importance, 2019 - 2024

There is a shift in importance ratings of EPM by organization size in 2024. The percentage of very large organizations (more than 10,000 employees) that rate enterprise performance management software as either critical or *very important* fell from 75 percent in 2023 to 68 percent in 2024 (fig. 19). More notably, the *critical* importance rating from respondents in these organizations dropped from 35 percent in 2023 to 21 percent in 2024. This is likely a reflection of the increased maturity of EPM deployments in these organizations coupled with a more optimistic economic outlook compared to 2023, meaning managing performance remains important but is less critical for navigating economic headwinds.

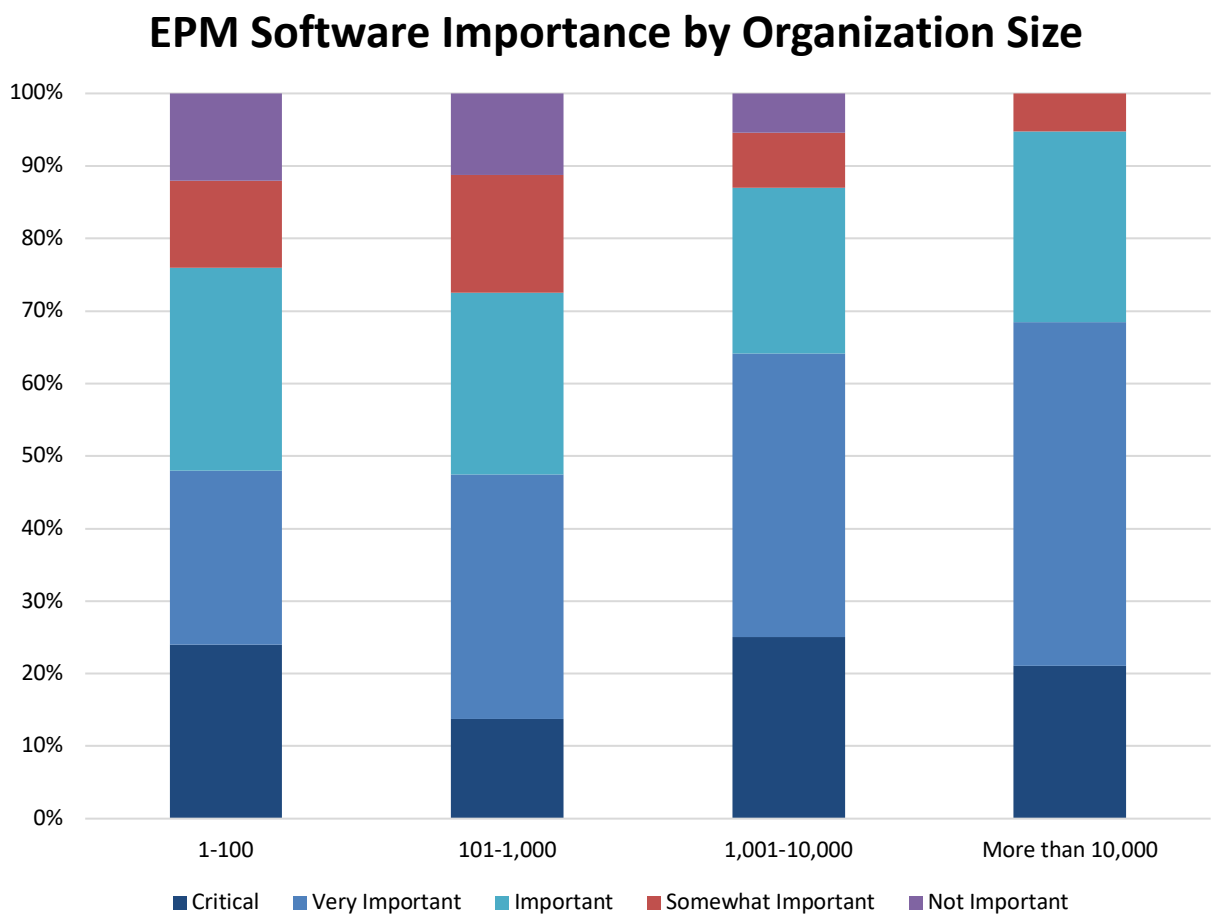


Figure 19 – EPM importance by organization size

There are also falls in overall importance ratings among both large organizations (1,001-10,000 employees) and midsize organizations (101-1,000 employees), with combined *critical* and *very important* ratings falling to 64 percent and 47 percent, respectively in 2024, compared to 70 percent and 54 percent in 2023. However, the

same percentages for small organizations (1-100 employees) increased from 43 percent to 48 percent in 2024.

EPM importance ratings reflect a more balanced picture across industry verticals. The percentage of respondents that rate enterprise performance management software as either *critical* or *very important* ranges from 54 percent to 71 percent (fig. 20). However, respondents from education and financial services have the highest combined *somewhat important* and *not important* ratings, at 36 percent and 30 percent respectively.

These data show that enterprise performance management vendors are doing a better job of meeting the needs of a wide range of industries. However, data leaders still need to ensure that users evaluate specific industry capabilities when selecting and implanting enterprise performance management software.

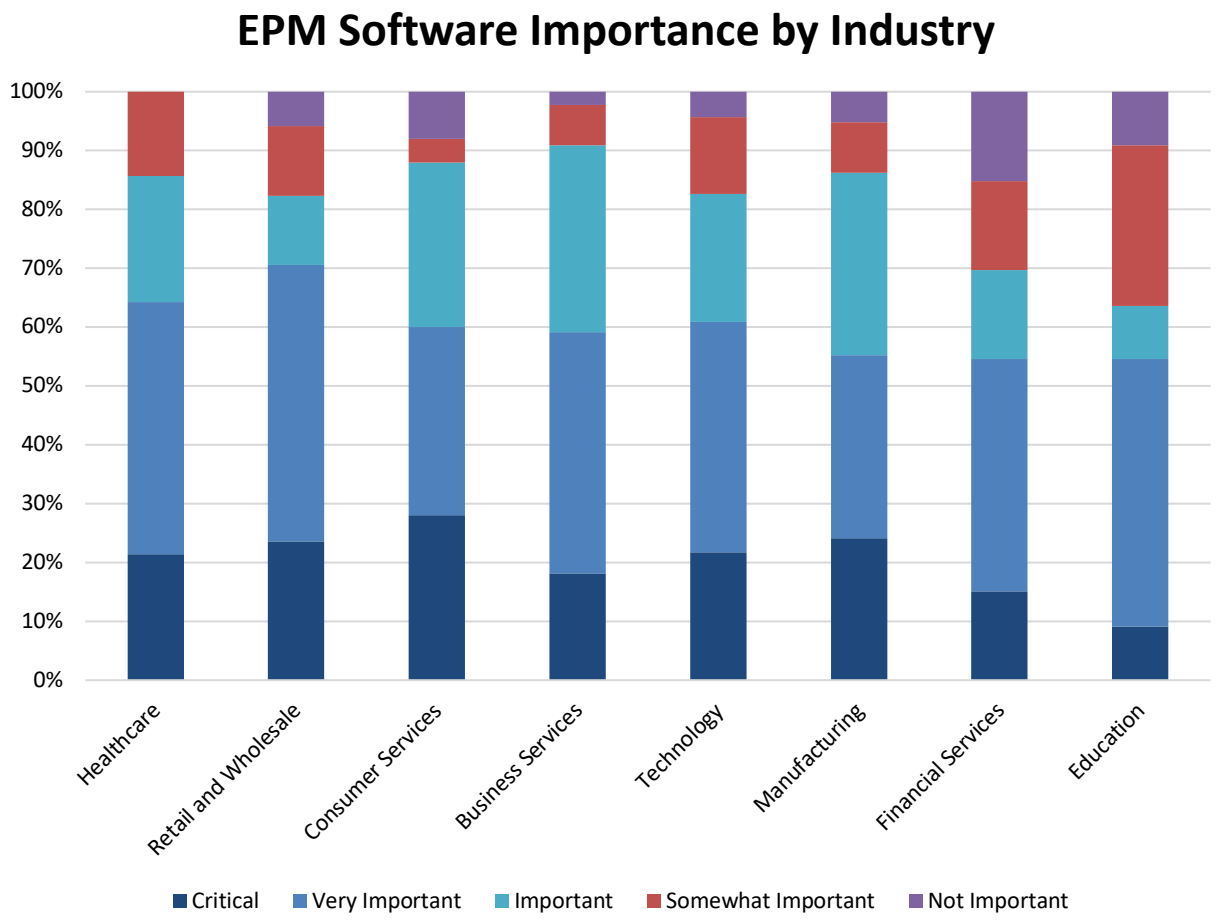


Figure 20 – EPM importance by industry

Combined *critical* and *very important* ratings are broadly similar across organizations of different ages, ranging from 52 percent to 64 percent (fig. 21). However, there are some notable differences in the *critical* importance ratings. These are highest among organizations aged less than five years (36 percent), compared to 12 percent for companies aged 5-10 years, 8 percent for those aged 11-16 years, and 22 percent for those more than 16 years old. The high level of critical importance ratings among the youngest organizations likely reflects the increased adoption among these companies in the last year.

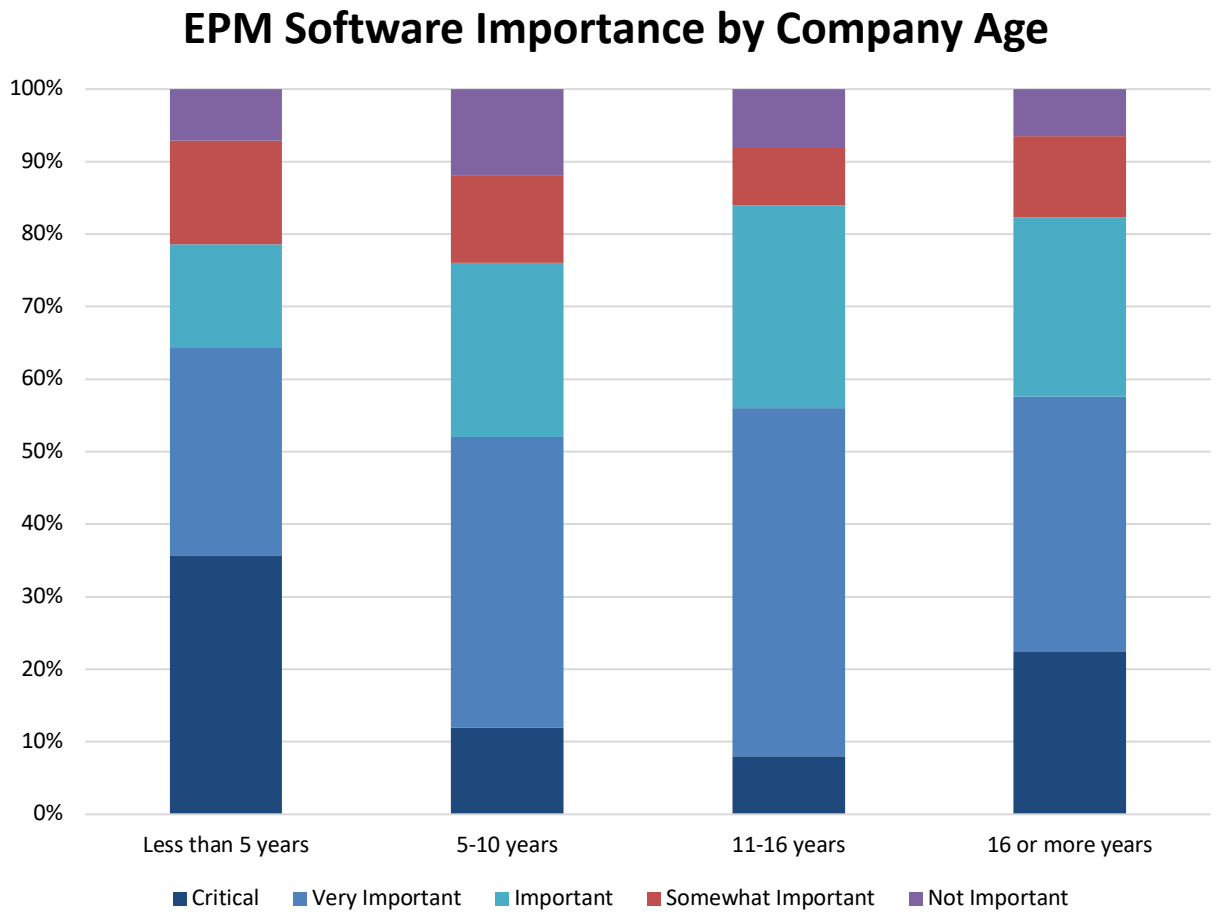


Figure 21 – EPM importance by company age

Success with Enterprise Performance Management

We asked respondents how successful enterprise performance management has been in their organization. We asked a deliberately simple question to see how people characterize the success of EPM. Success can have many dimensions—too many to capture in a broad-based survey. The survey question does not define success; individuals respond based on their own perceptions and considerations.

Organizations report good levels of success with enterprise performance management. No respondents state they are unsuccessful with enterprise performance management, and less than 3 percent state they are *somewhat unsuccessful* (fig. 22). Twenty-two percent state they are *completely successful*, and 45 percent *very successful*. However, 31 percent state they are only *somewhat successful*;" and not all respondents answered the question, so there is clearly room for improvement.

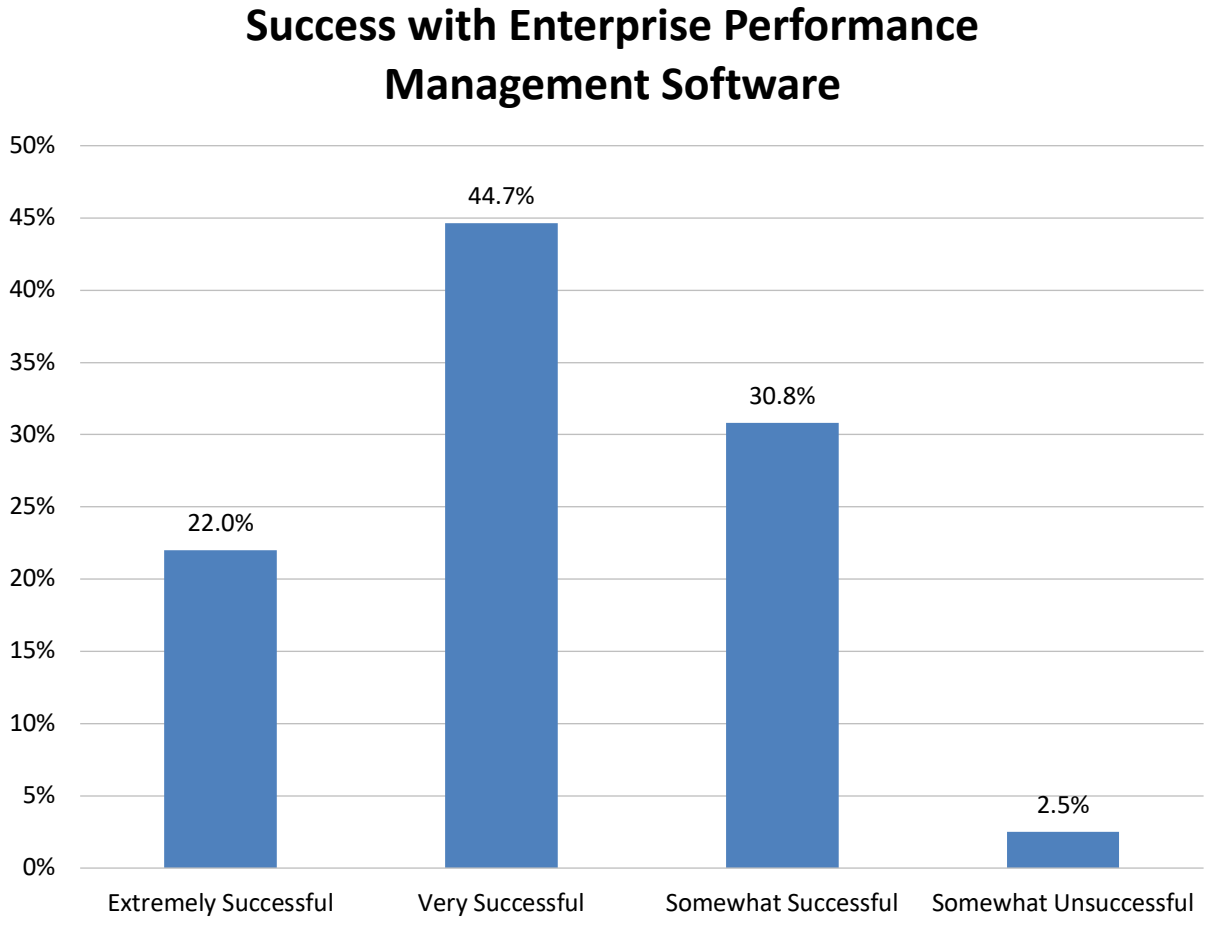


Figure 22 – Success with enterprise performance management software

There are some differences in success with enterprise performance management by geography. Although overall success levels are high in all regions, 43 percent of respondents from Asia Pacific state they are *extremely successful*, compared to only 22 percent in North America and 18 percent in EMEA (fig. 23). The small number of *somewhat unsuccessful* respondents are based in North America.

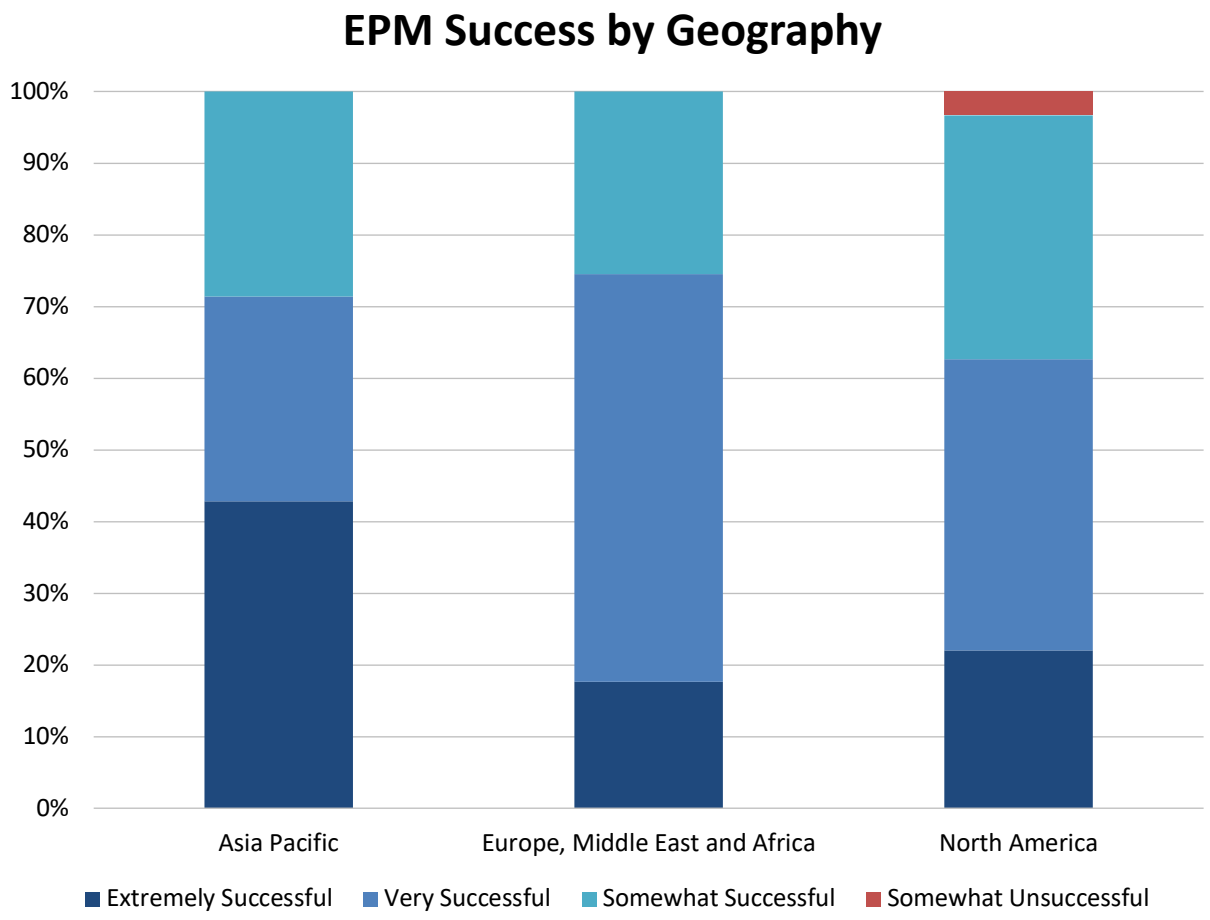


Figure 23 – EPM success by geography

The data show that although overall success levels with EPM do not vary significantly by organization size, small organizations (1-100 employees) report they are all successful to some degree with enterprise performance management. Midsize organizations (101-1,000 employees) have the highest percentage of *somewhat successful* respondents (40 percent), compared to 23 percent for small organizations (1-100 employees), 26 percent for midsize organizations (1,001-10,000 employees), and 32 percent for very large organizations (more than 10,000 employees) (fig. 24).

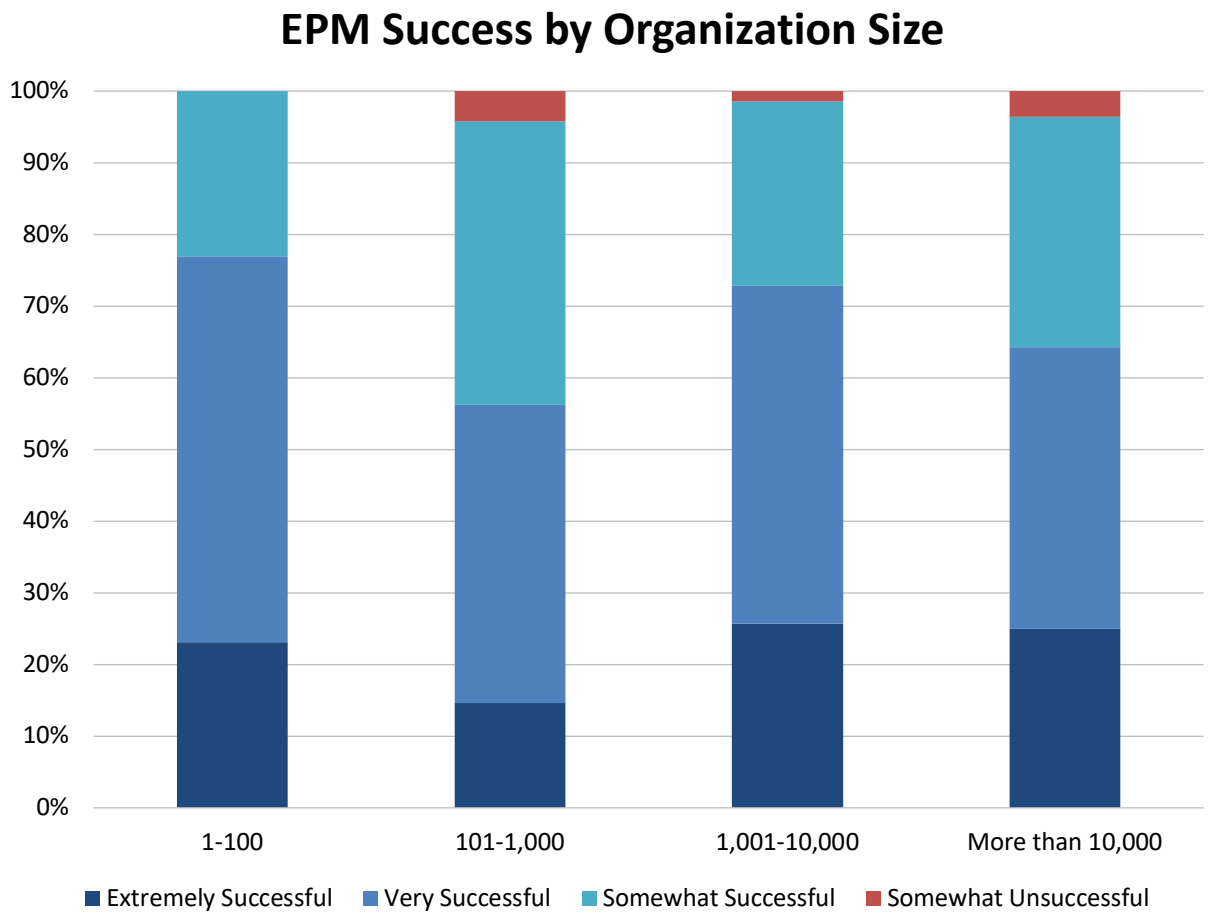


Figure 24 – EPM success by organization size

Organization age does not appear to have a significant effect on success with EPM, although organizations aged 16 or more years have the highest level of extreme success (24 percent) compared to other organizations (fig. 25). These data confirm that enterprise performance management is a technology suitable for organizations of all ages, and it is likely that the maturity of cloud-based EPM solutions plays a key role in the success of young organizations.

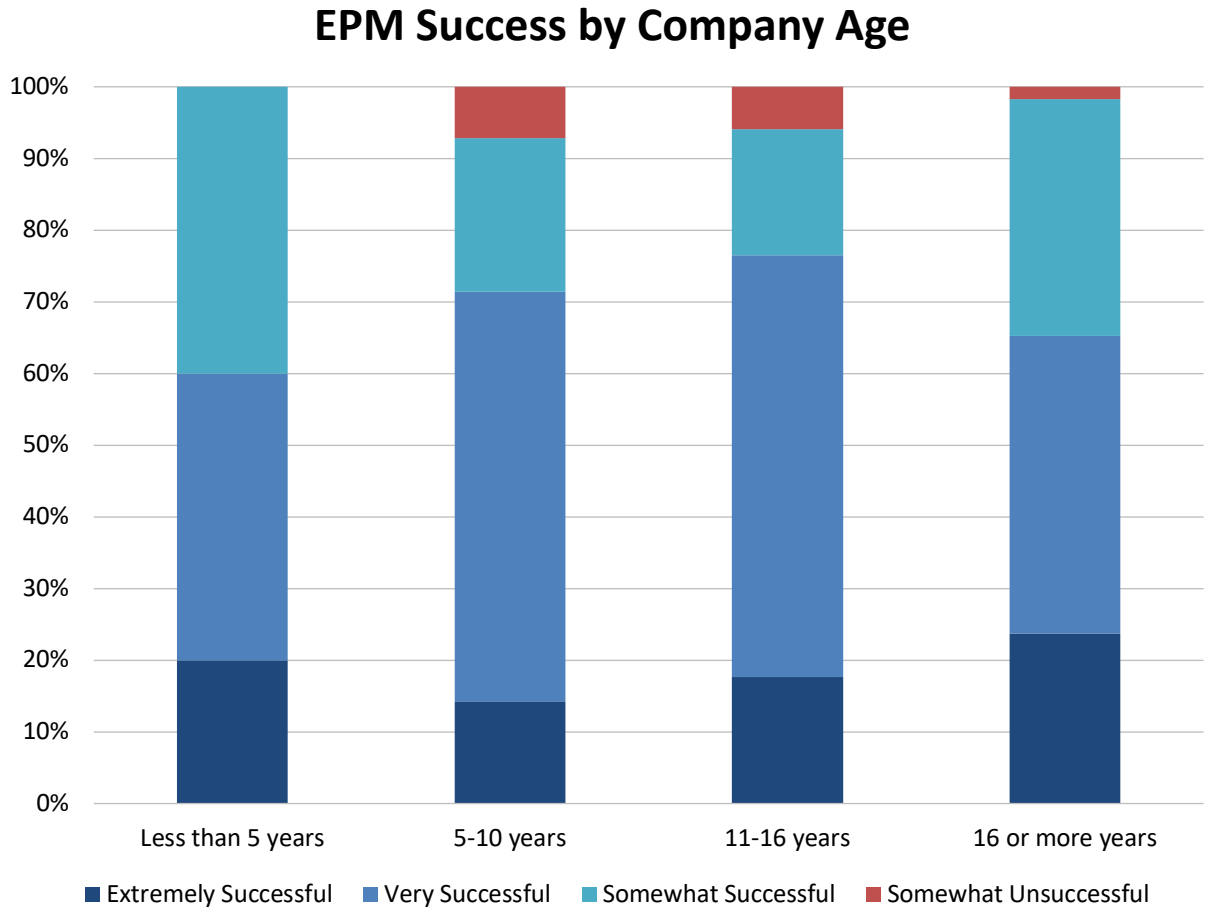


Figure 25 – EPM success by organization age

Although most organizations achieve a good level of success, it is important to understand what barriers need to be overcome to achieve success. We asked respondents to select which issues had been barriers to their success (fig. 26). Building an effective business case is not a major barrier, as only 20 percent of respondents selected this option. The biggest barriers to success are both internal challenges, namely building a cross-functional team (56 percent) and getting the right level of senior management engagement (51 percent). Complexity and cost of enterprise performance management software are the next most significant challenges, being cited by 50

percent and 47 percent of respondents, respectively. Finding appropriate external consulting skills was only cited as a barrier by 26 percent of respondents. This is encouraging, because enterprise performance management software requires specialized consulting skills, and these data show there is a reasonable supply of the right resources available in the market.

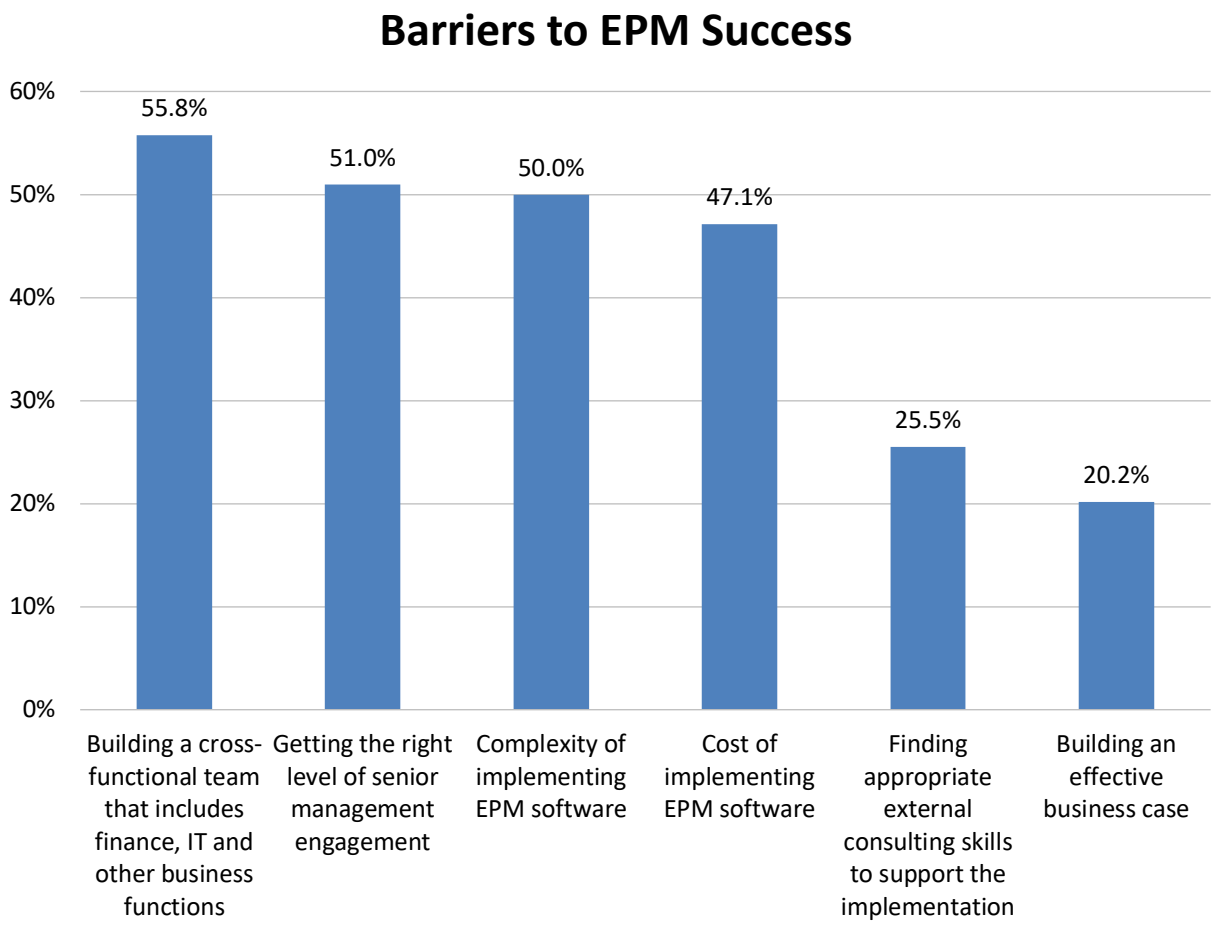


Figure 26 – Barriers to success with enterprise performance management software

The barriers to success with EPM are broadly similar in North America and EMEA, although complexity of implementing EPM software ranks as the second challenge in North America (56 percent) while it is the fourth most significant challenge in EMEA (42 percent) (fig. 27). Also, finding appropriate external consulting skills is more challenging in EMEA than in North America, with 32 percent of respondents citing this, compared to 22 percent in North America.

However, there are some significant differences when comparing the Asia Pacific region to both North America and EMEA. First, it appears that respondents in Asia Pacific

encountered greater challenges across all the potential barriers to success with EPM. For example, 37 percent of respondents in Asia Pacific cite building an effective business case as a barrier to success with EPM, compared to 20 percent in North America and 18 percent in EMEA. Second, getting the right level of senior management engagement is tied with building a cross-functional team as the biggest barrier to success with EPM in Asia Pacific (68 percent for both). Respondents in Asia Pacific clearly face more challenges than their peers in EMEA and North America, which means data leaders in this region should work with CFOs to identify potential challenges and develop plans for addressing these before commencing any major EPM initiatives.

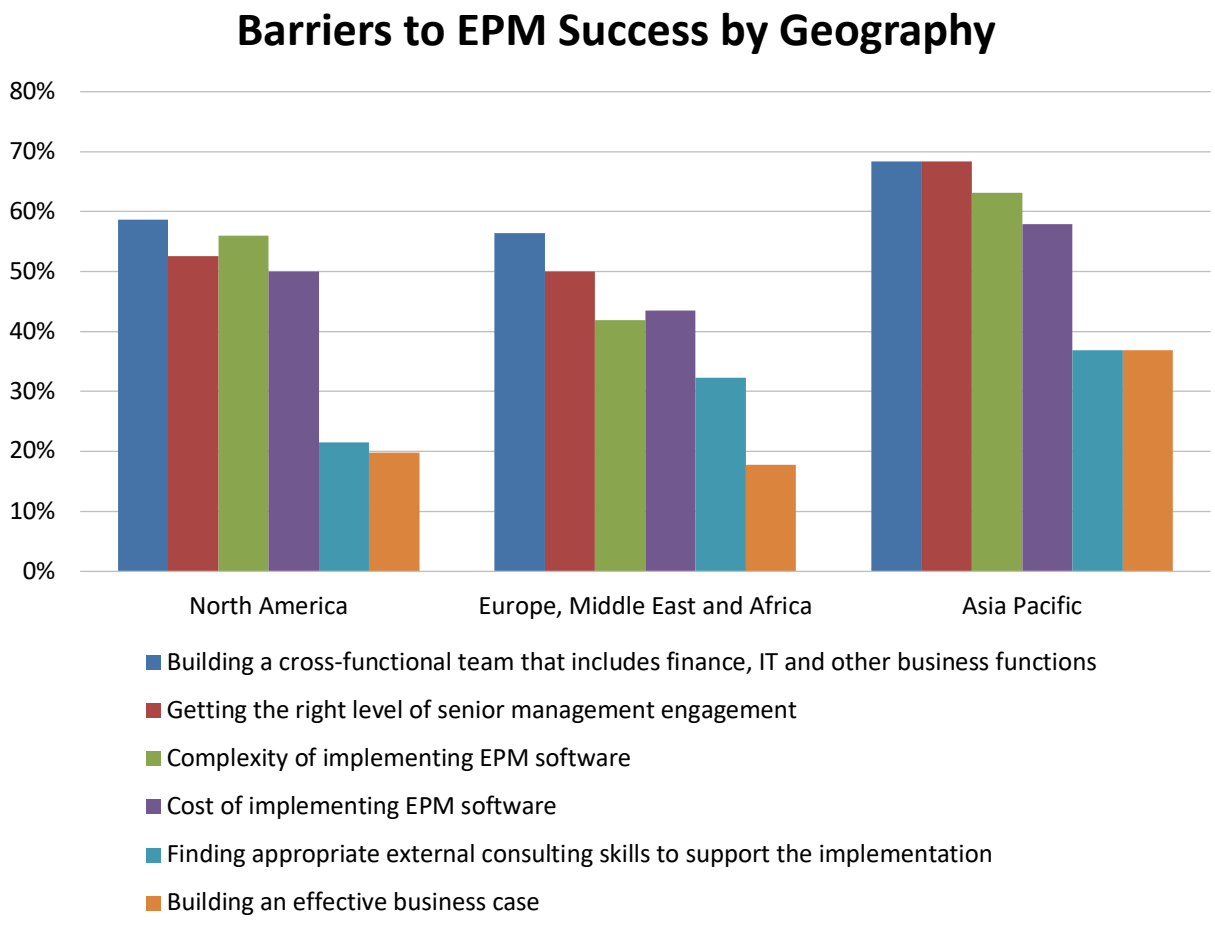


Figure 27 – Barriers to success with EPM software by geography

There are some notable differences in the barriers to success with EPM by organization size. Building a cross-functional team is the biggest barrier to success for large organizations (1,001-10,000 employees) and very large organizations (more than 10,000 employees), while the cost of implementing EPM software is a bigger barrier to success for very large organizations (more than 10,000 employees) compared to all

other organizations (fig. 28). Cost and complexity of implementing EPM software do not appear to be major barriers to success for small organizations (1-100 employees) and midsize organizations (101-1,000 employees). This is likely due to the availability of proven cloud-based EPM solutions, which enable smaller organizations to get up and running without the need for significant IT support.

It is noticeable that a similar percentage of respondents from organizations of all sizes cite getting the right level of senior management engagement as a barrier to success (ranging from 49 percent to 60 percent). Data leaders need to help CFOs educate senior management on the potential benefits of EPM software and how it can complement existing BI and analytics investments.

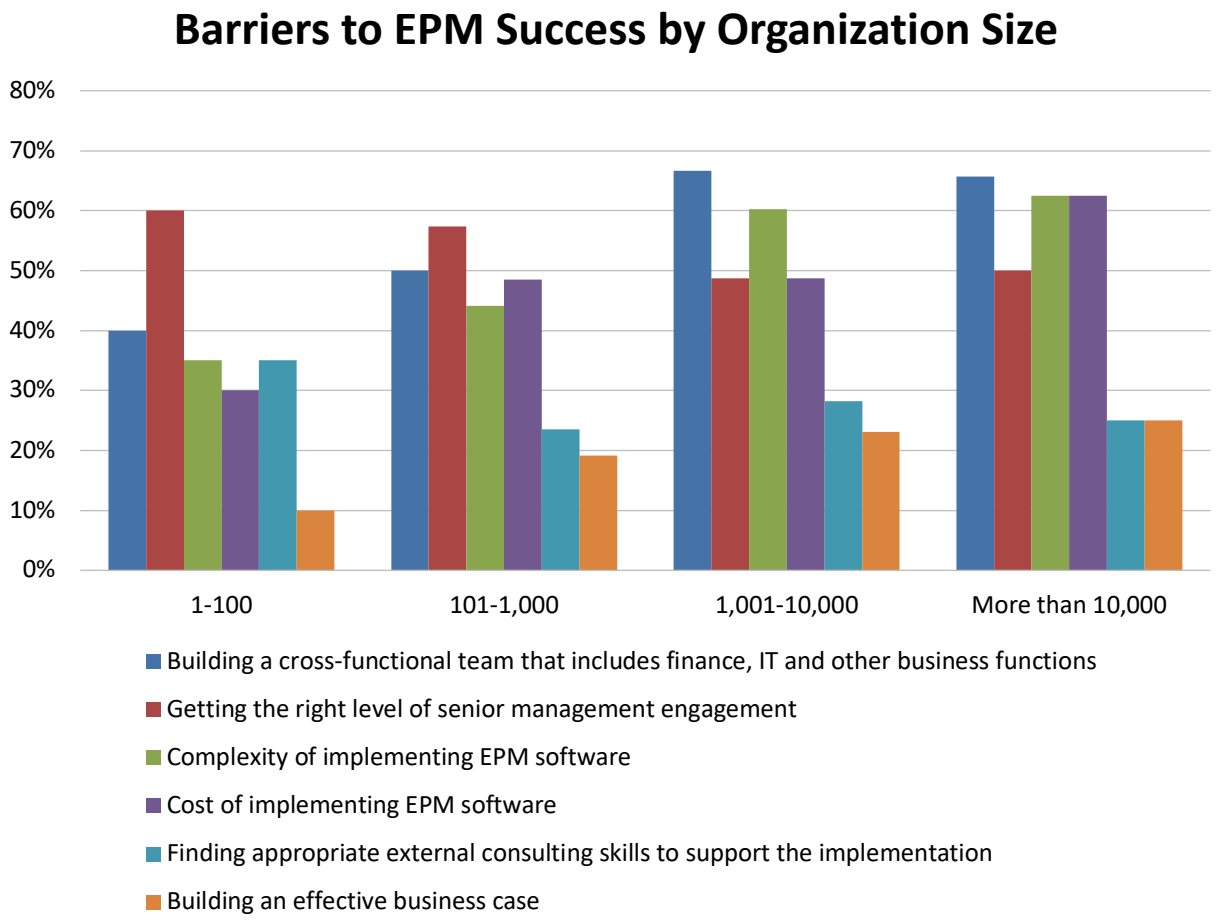


Figure 28 – Barriers to success with EPM software by organization size

Analysis of the barriers to EPM success by industry reveals some variation across industries (fig. 29). However, the most notable outlier is the education vertical, where getting the right level of senior management engagement is cited by 91 percent of respondents as a barrier to success, compared to 62 percent from the next most challenged industry in this area (business services).

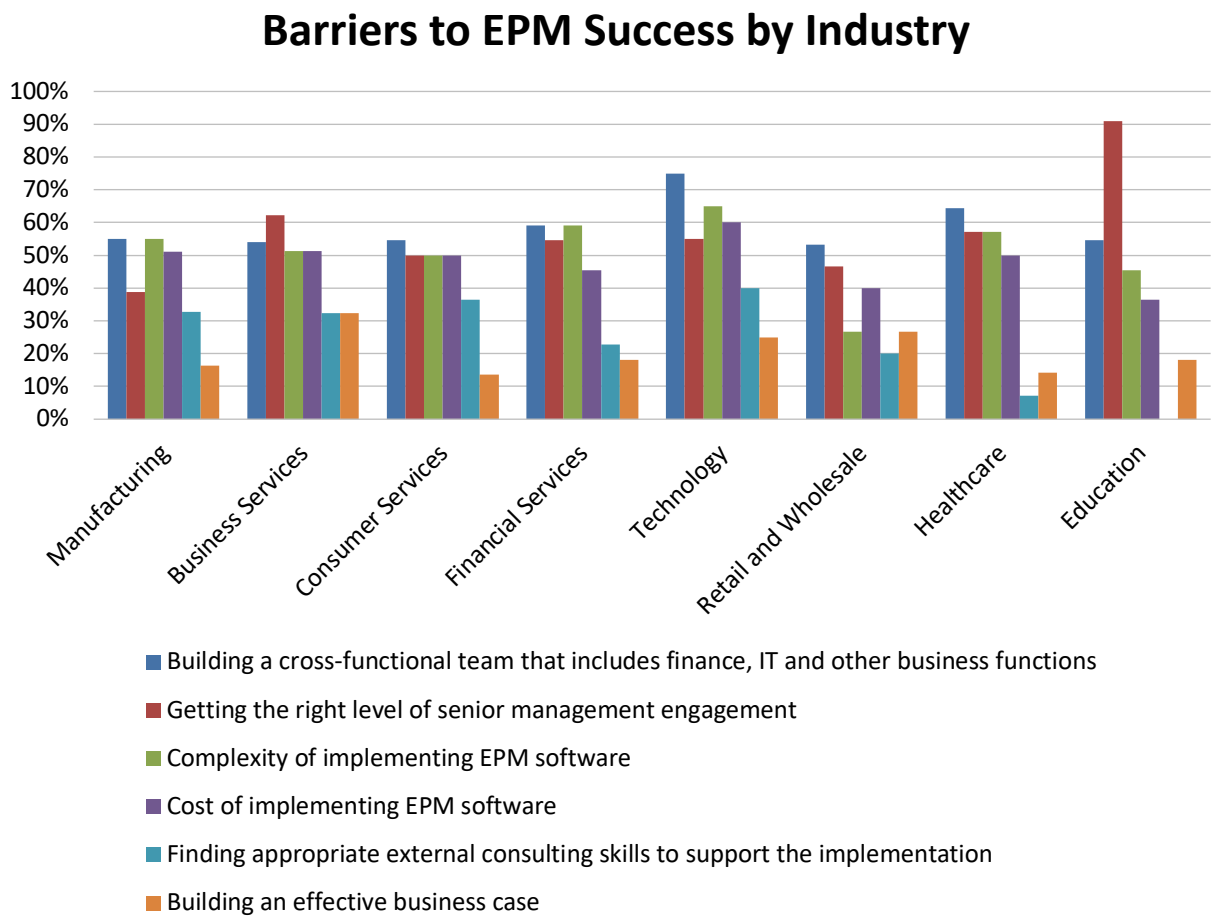


Figure 29 – Barriers to success with EPM software by industry

Enterprise Performance Management Implementation Strategy

We asked respondents to identify how they implement enterprise performance management (fig. 30). Although its name implies that implementations should always be deployed at an "enterprise" level, the reality is that many organizations deploy these solutions as a performance management system at a departmental level—roughly a 40% / 60% split. There is nothing wrong with this, because enterprise performance management software can deliver a more holistic performance management solution to a business entity such as a large department or specific operating unit. Often, organizations implement enterprise performance management in part of their organization before rolling it out more widely.

The survey shows that about 37 percent of organizations use enterprise performance management as a departmental solution, while about 63 percent use it at a country, regional, or global level, which is evidence that the majority of organizations use enterprise performance management to manage significant business entities.

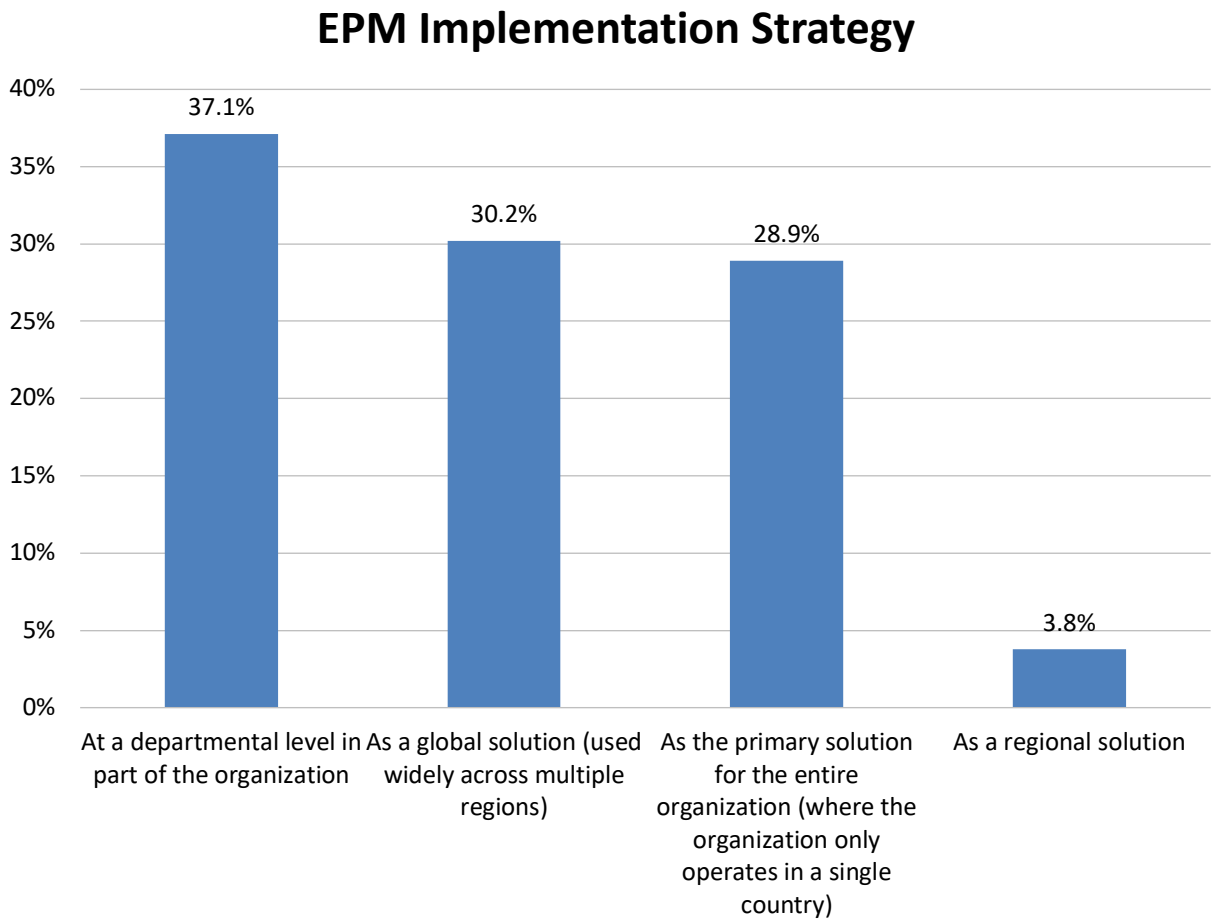


Figure 30 – EPM implementation strategy

The data show a shift back towards departmental deployments in 2024. Departmental deployments increased to 37 percent in 2024 from 27 percent in 2023 (fig. 31). Despite this, 59 percent of organizations use enterprise performance management software as an enterprise or global solution, which is continuing evidence of its maturity.

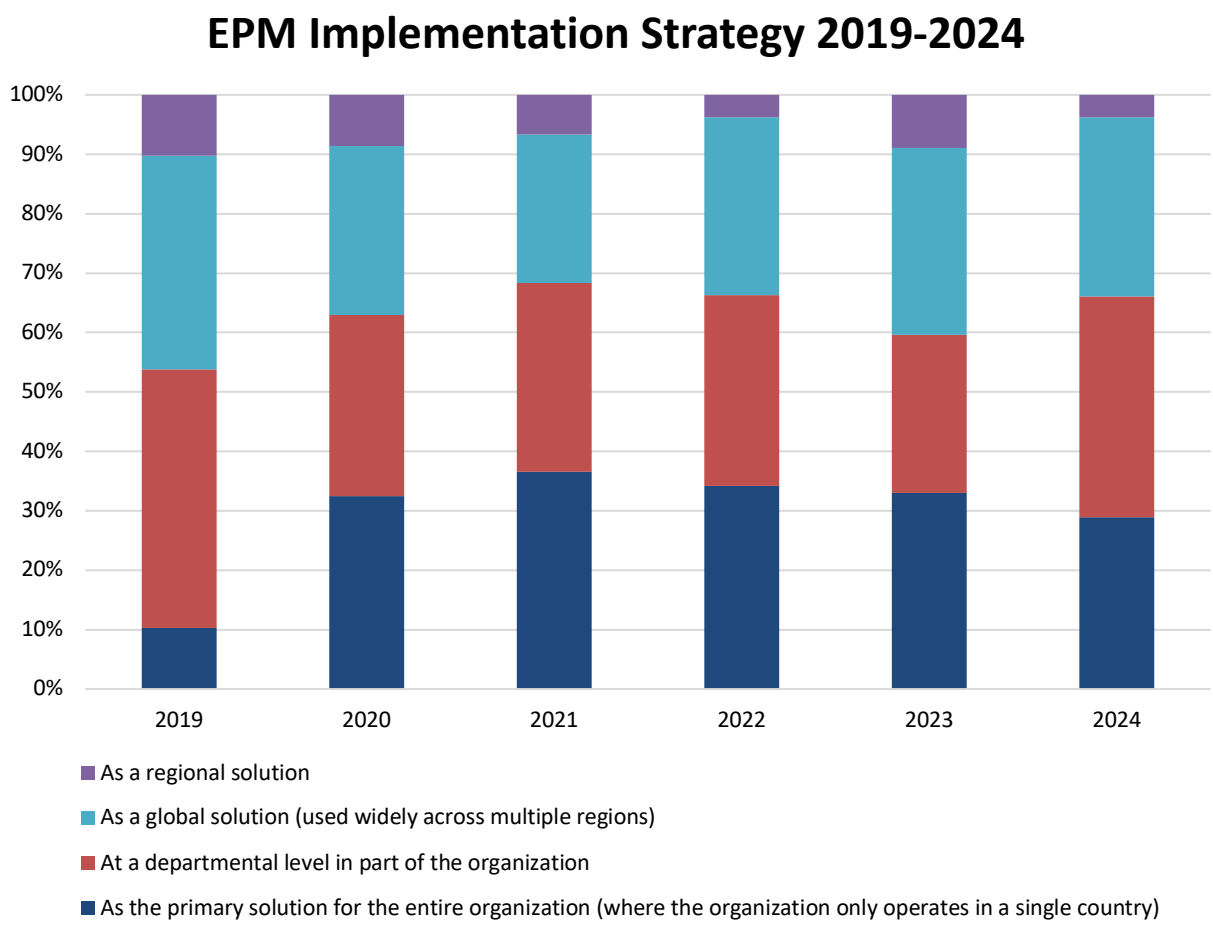


Figure 31 – EPM implementation strategy, 2019 - 2024

Enterprise Performance Management Sourcing Strategy

Fifty-one percent of respondents state their organization uses an enterprise resource planning (ERP) system. ERP software provides an integrated finance, administrative, and operational transaction processing environment, and most ERP vendors offer their own enterprise performance management solutions that complement and extend the transaction-processing capabilities of ERP software.

ERP vendors can be aggressive in marketing their enterprise performance management solutions; but, despite this, most respondents take an objective approach to sourcing these capabilities. Only 9 percent of respondents prefer to source enterprise performance management from their ERP vendor, whereas 25 percent consider all types of vendors, and a total of 66 percent prefer to source these capabilities from either a specialist EPM vendor open to working with any system (52.6 percent) or a specialist EPM vendor that partners with their ERP vendor (13.5 percent) (fig. 32).

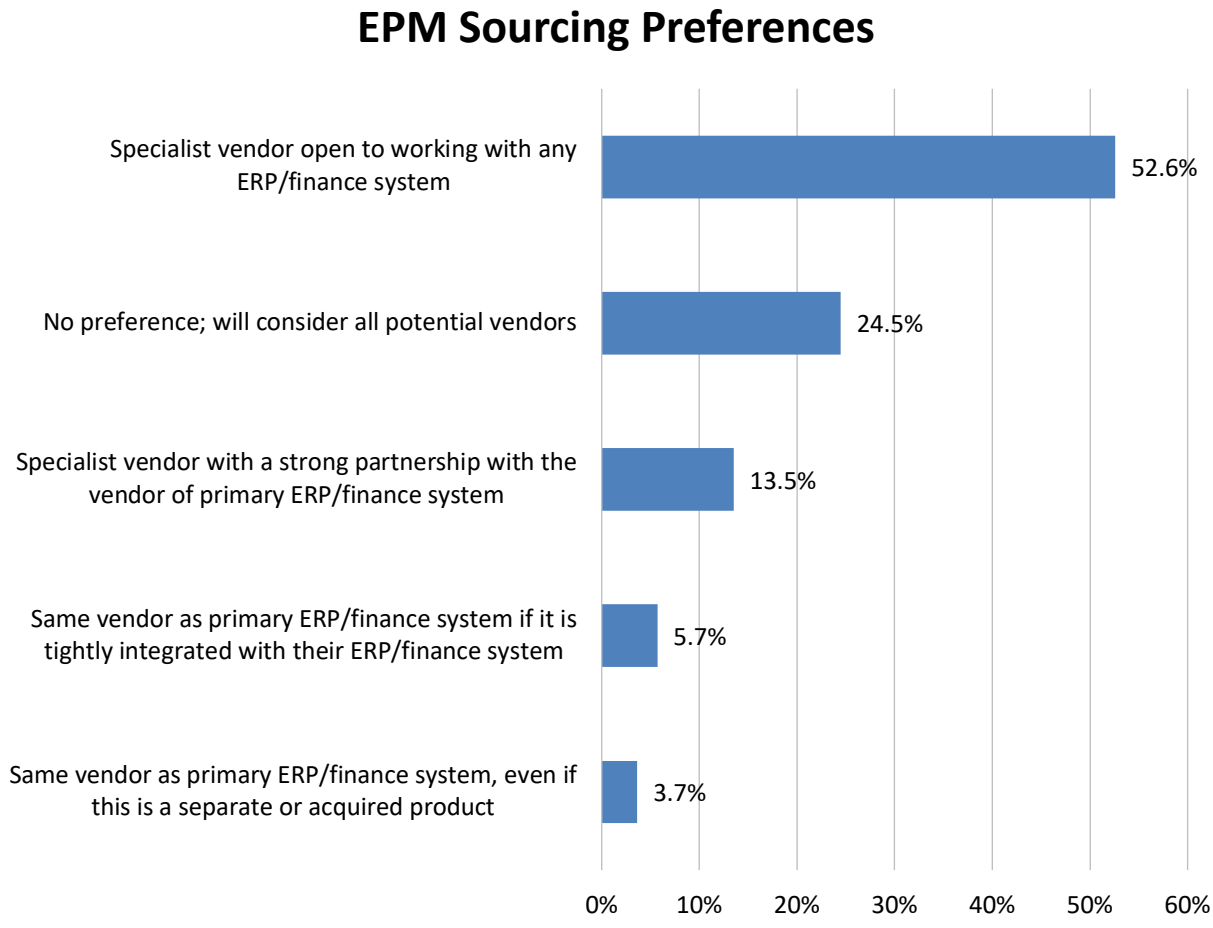


Figure 32 – EPM sourcing preferences

The 2024 data show that sourcing enterprise performance management solutions from specialist vendors regardless of ERP vendor affiliation remains the preferred approach, down slightly to 53 percent in 2024 from 56 percent in 2023 (fig. 33). This preference is largely at the expense of sourcing enterprise performance management from any type of vendor that remained very close to 2023 levels at 24 percent. The long-term trend remains toward sourcing EPM solutions from specialist vendors open to working with any ERP or finance system.

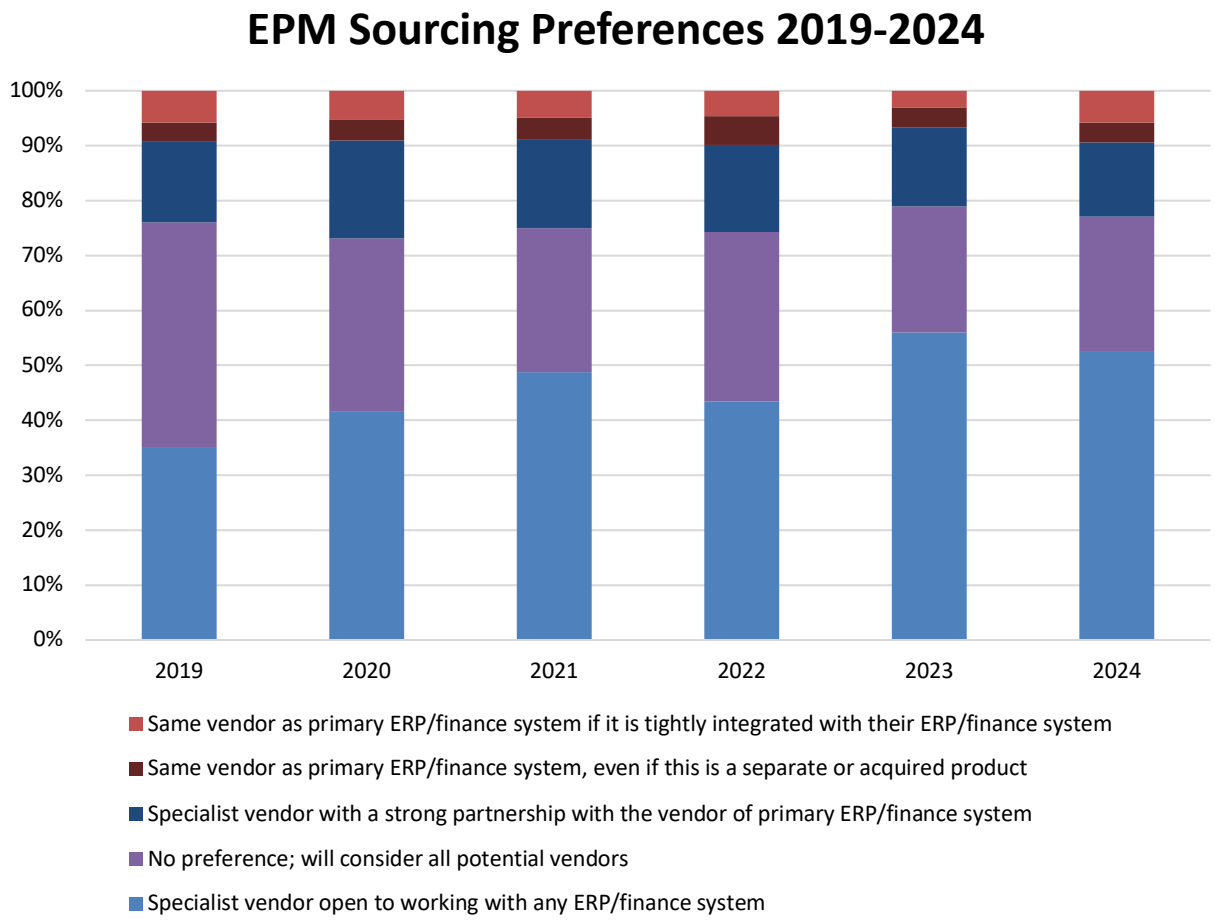


Figure 33 – EPM sourcing preferences, 2019 - 2024

Enterprise performance management sourcing preferences vary somewhat by organization age (fig. 34). Younger organizations (10 years or younger) show a stronger preference for enterprise performance management systems from ERP vendors or from specialist vendors with a strong partnership with their ERP vendor, while the youngest organizations (less than five years) have the highest preference for considering solutions from ERP vendors that are tightly integrated with their ERP system (17 percent). However, the majority of organizations prefer to source EPM solutions from specialist vendors open to working with any ERP or finance system regardless of company age.

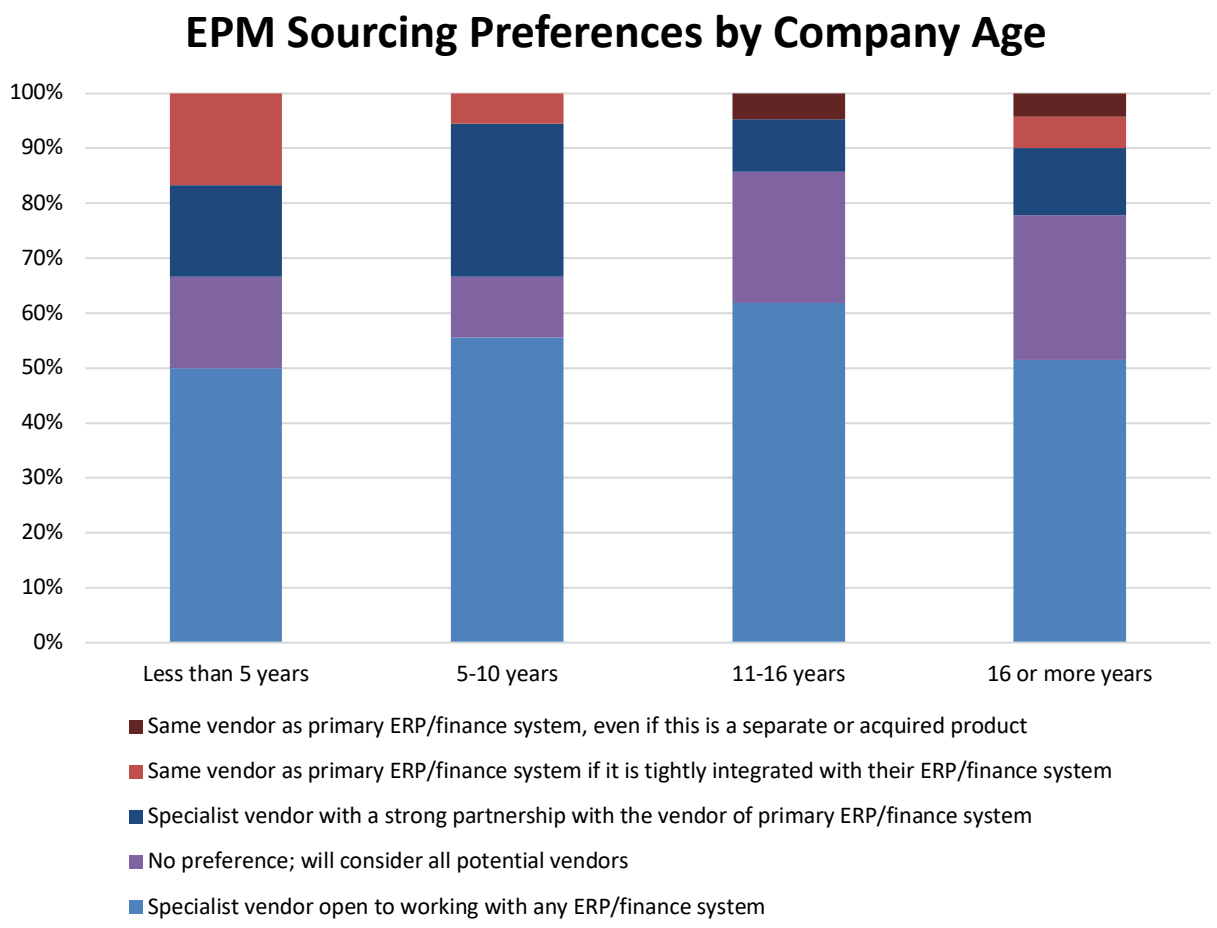


Figure 34 – EPM sourcing preferences by company age

Enterprise Performance Management Priorities

The concept of enterprise performance management encompasses a broad range of capabilities. Some vendors provide all capabilities while others focus more on specific areas of enterprise performance management (such as financial consolidation, close management, and financial reporting). Understanding the prioritization of these capabilities will help data leaders develop a strategy for implementing enterprise performance management in their organization.

Fifty-three percent of respondents rate financial budgeting and planning of critical importance, significantly higher than all other capabilities (fig. 35). However, all capabilities except environmental, social, and governance reporting have combined ratings for *critical* and *very important* greater than 50 percent; so, it is evident that respondents view enterprise performance as a broader solution than just financial budgeting and planning.

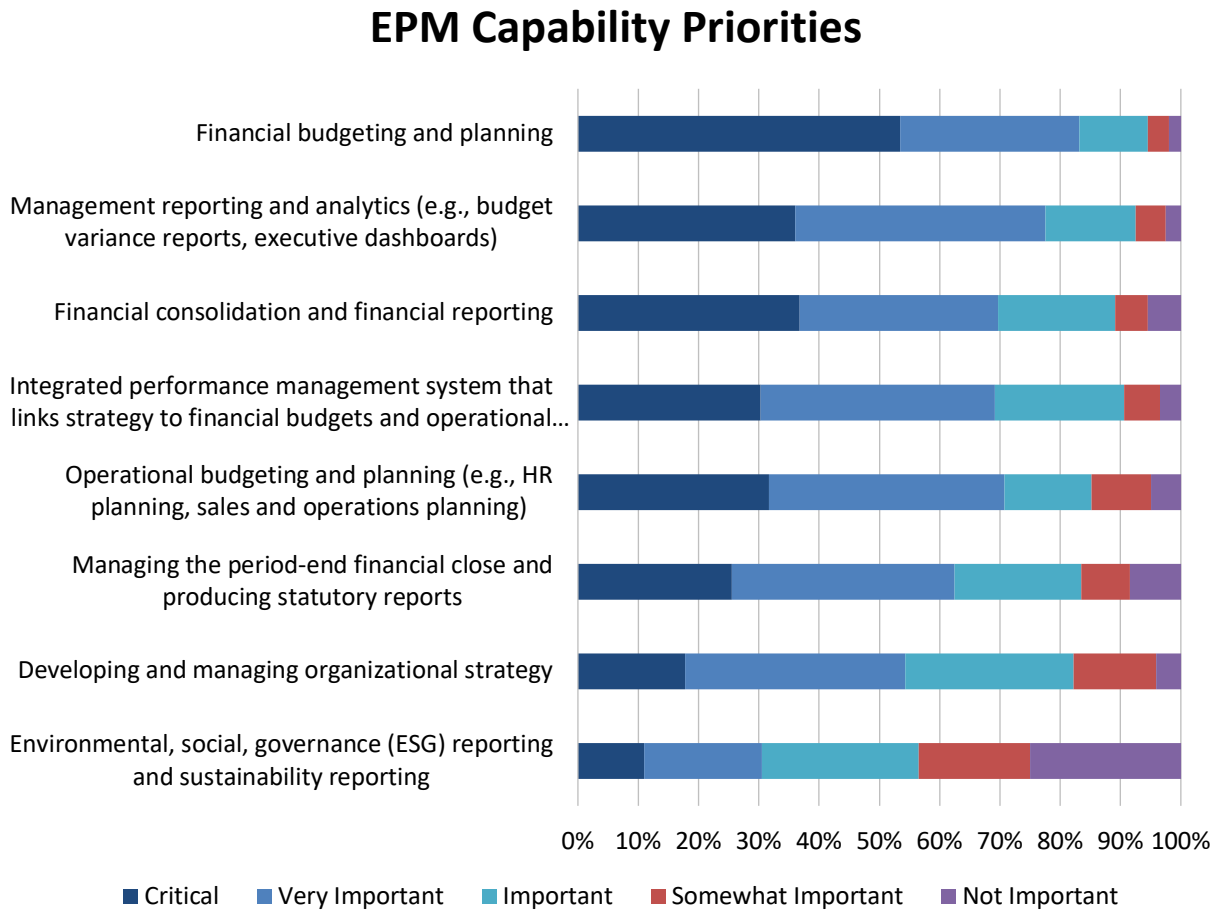


Figure 35 – EPM capability priorities

Prioritization of enterprise performance management capabilities is very similar across geographies (fig. 36). However, respondents in Asia Pacific and EMEA rate environmental, social, and governance reporting more important than respondents from North America (weighted-mean importance of 3.25 and 3.08 respectively, compared to 2.47 for North America). The weighted-mean importance rating for environmental, social, and governance increased from 2.85 in 2023 to 3.08 in 2024 among respondents from EMEA, which is likely due to the impending implementation of the European Union Corporate Sustainability Reporting Directive (CSRD). Data leaders of organizations with significant operations in EMEA should familiarize themselves with this legislation to identify its potential impacts.

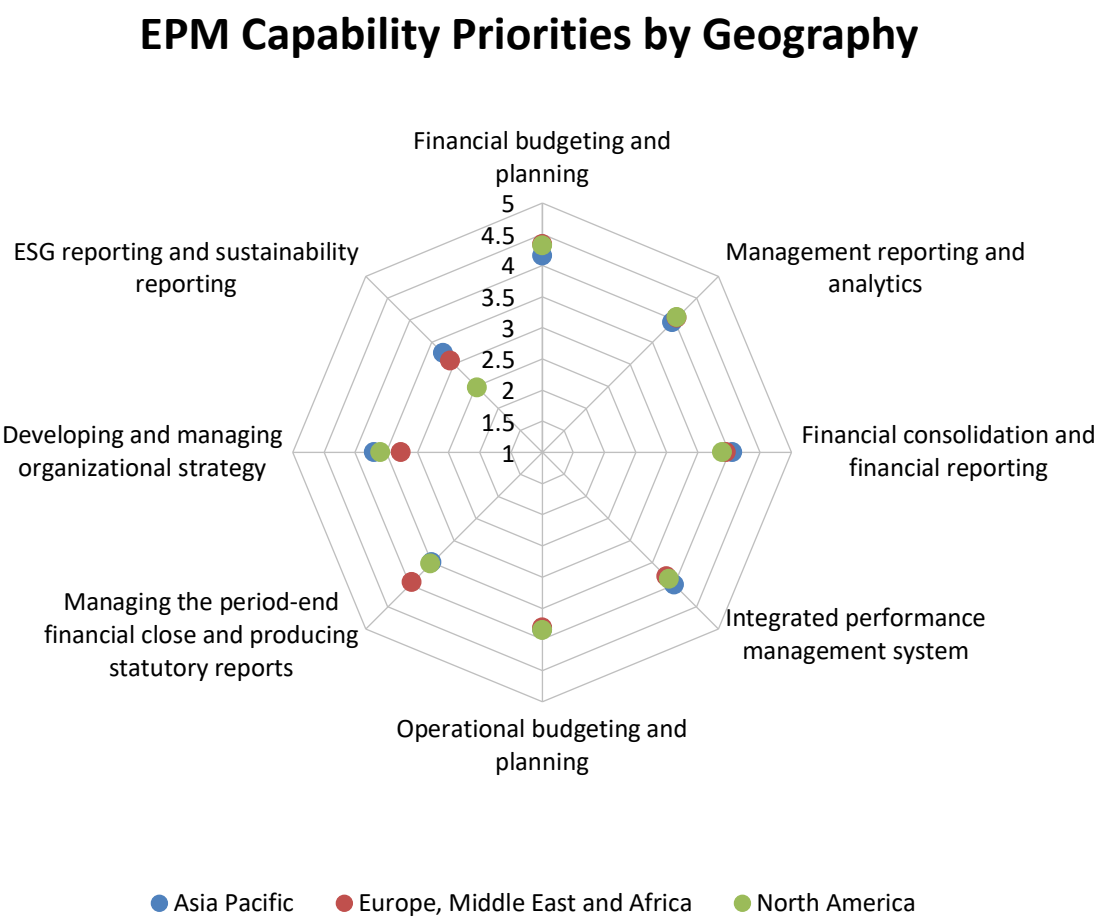


Figure 36 – EPM capability priorities by geography

Enterprise performance management capability priorities are impacted by organization size. Small organizations (1-100 employees) and midsize organizations (101-1,000 employees) rate most EPM capabilities as less important than large organizations (1,001-10,000 employees) and very large organizations (more than 10,000 employees) (fig. 37). This difference is most notable for financial consolidation and financial reporting, and managing the period-end close. These are both capabilities that clearly increase in importance as organizations become larger and more complex. Very large organizations (more than 10,000 employees) rate environmental, social, and governance reporting more highly than organizations of all other sizes (weighted-mean importance of 3.28). This is because new environmental reporting regulations such as EU CSRD, IFRS, S1/S2, and the California Climate Disclosure regulations are first being rolled out among large organizations.

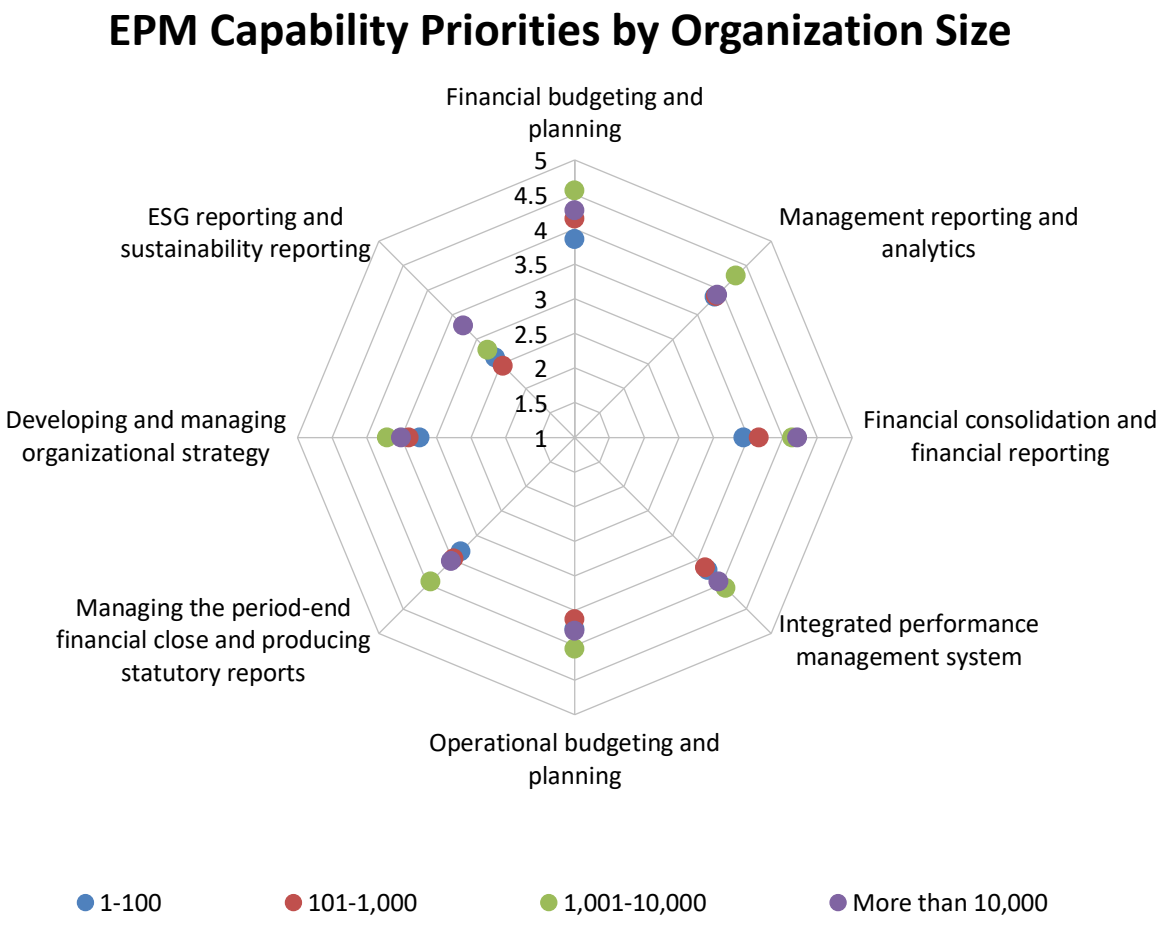


Figure 37 – EPM capability priorities by organization size

Ratings of enterprise performance management capabilities are broadly similar by industry vertical with the exception of education (fig. 38). Respondents from the education vertical are the only ones to rate financial budgeting and planning with a weighted-mean importance less than 4.0. They also rate all other enterprise performance management capabilities lower than respondents from all other verticals.

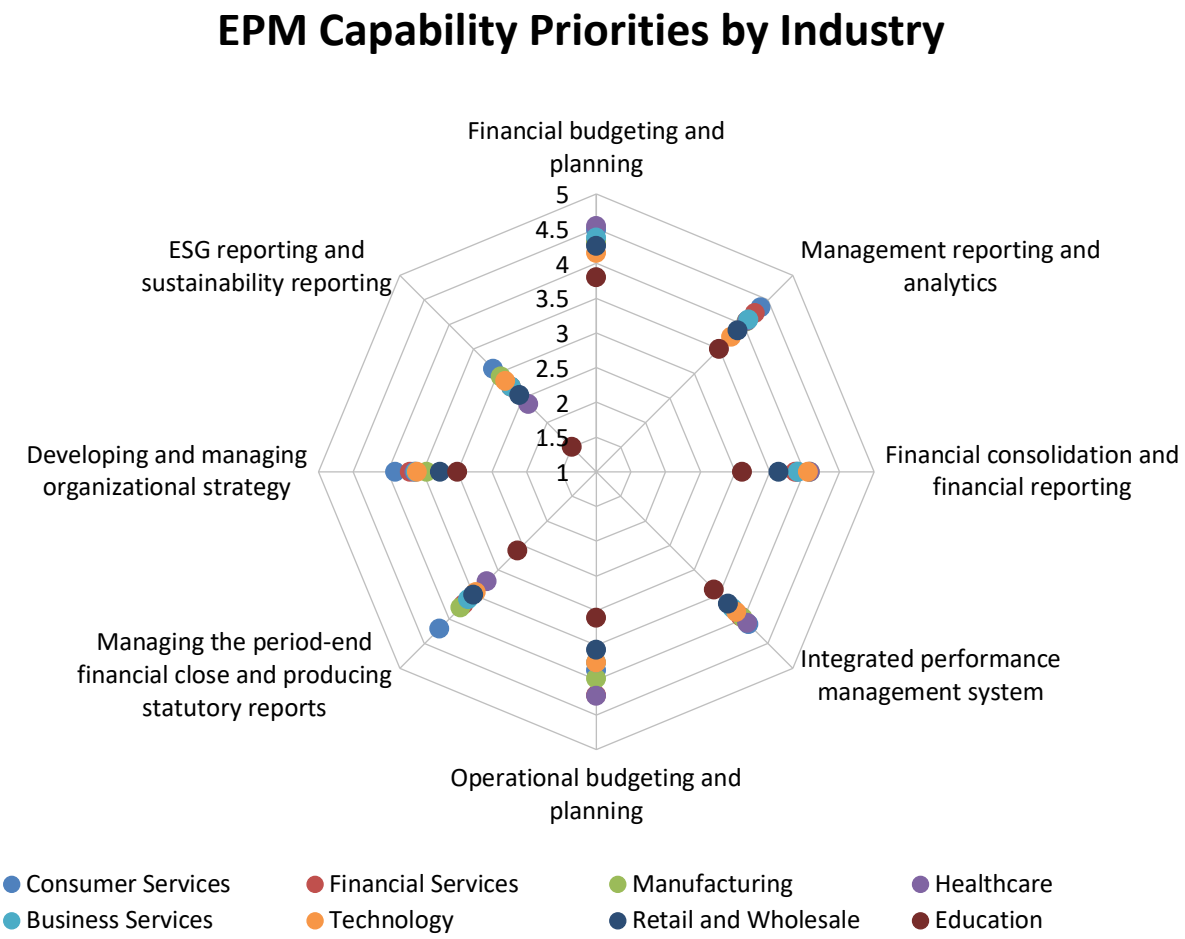


Figure 38 – EPM capability priorities by industry

Planning Priorities in Enterprise Performance Management

Budgeting and planning capabilities are a foundational aspect of any enterprise performance management solution. Respondents in our 2024 study rate annual financial budgets as the most important planning capability (fig. 39), which is consistent with all our previous studies. Annual financial budgets have a significantly higher overall weighted-mean importance (4.36), compared to the next nine capabilities which range from 3.74 to 3.33.

Apart from annual financial budgets, there are changes in priority rankings compared to 2023. Bottom-up budgeting jumped from fifth place to second while revenue and demand planning dropped from fourth place to seventh. However, the differences in the relative rankings are largely minor, as the top 14 capabilities have combined *critical* and *very important* ratings of 50 percent or higher. Monte Carlo and other statistical analyses remain by far the lowest priority. It is likely these capabilities will be superseded by broader and diverse AI capabilities in the next two to three years.

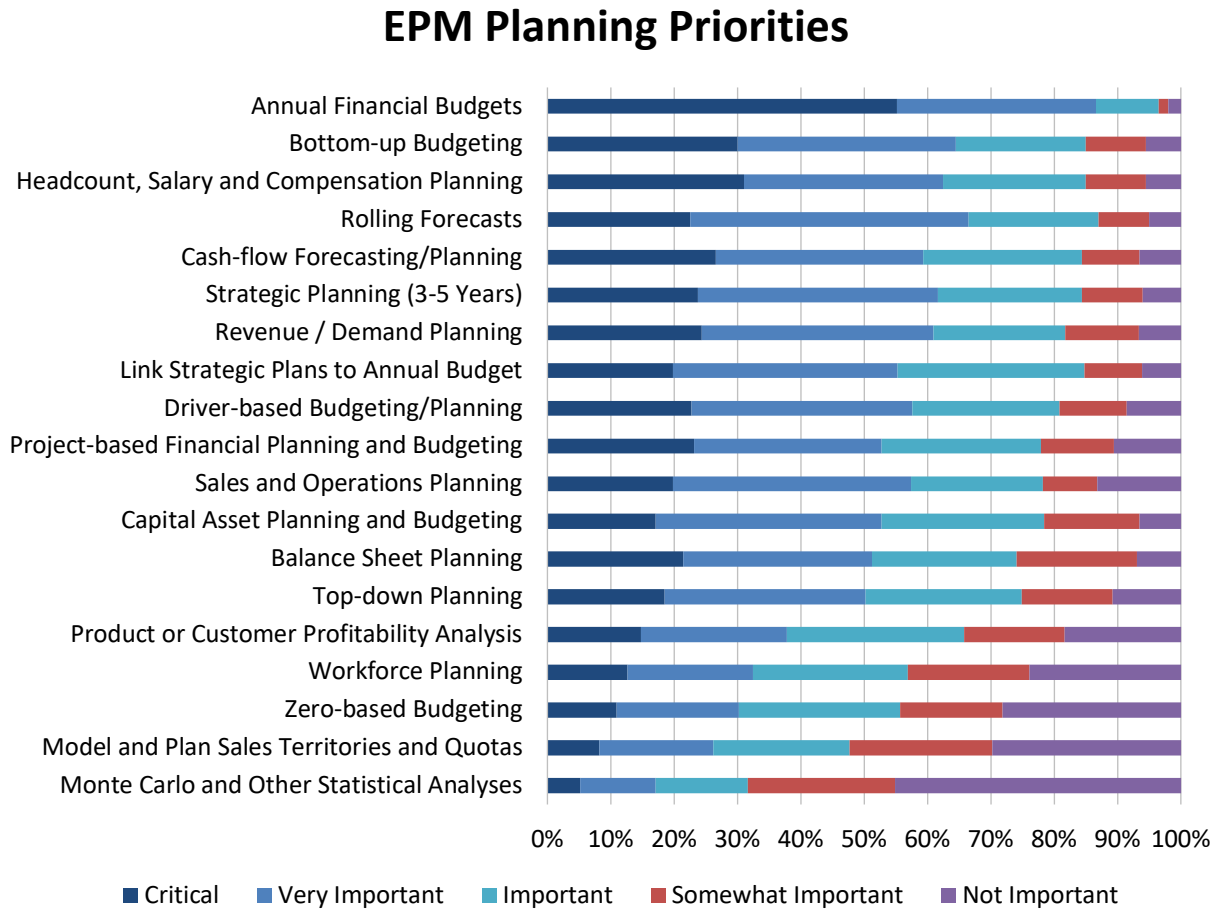


Figure 39 – EPM planning priorities

The data reveal some differences in planning prioritization by geography. Although priority rankings are broadly similar, respondents from EMEA rate many aspects of planning as less important than respondents from North America and Asia Pacific (fig. 40). Respondents from *EMEA* rate *headcount, salary, and compensation planning* and *workforce planning* of lower importance than respondents from North America and Asia Pacific. They also rate *sales and operations planning* and *capital asset planning* of lower importance than respondents from North America and Asia Pacific.

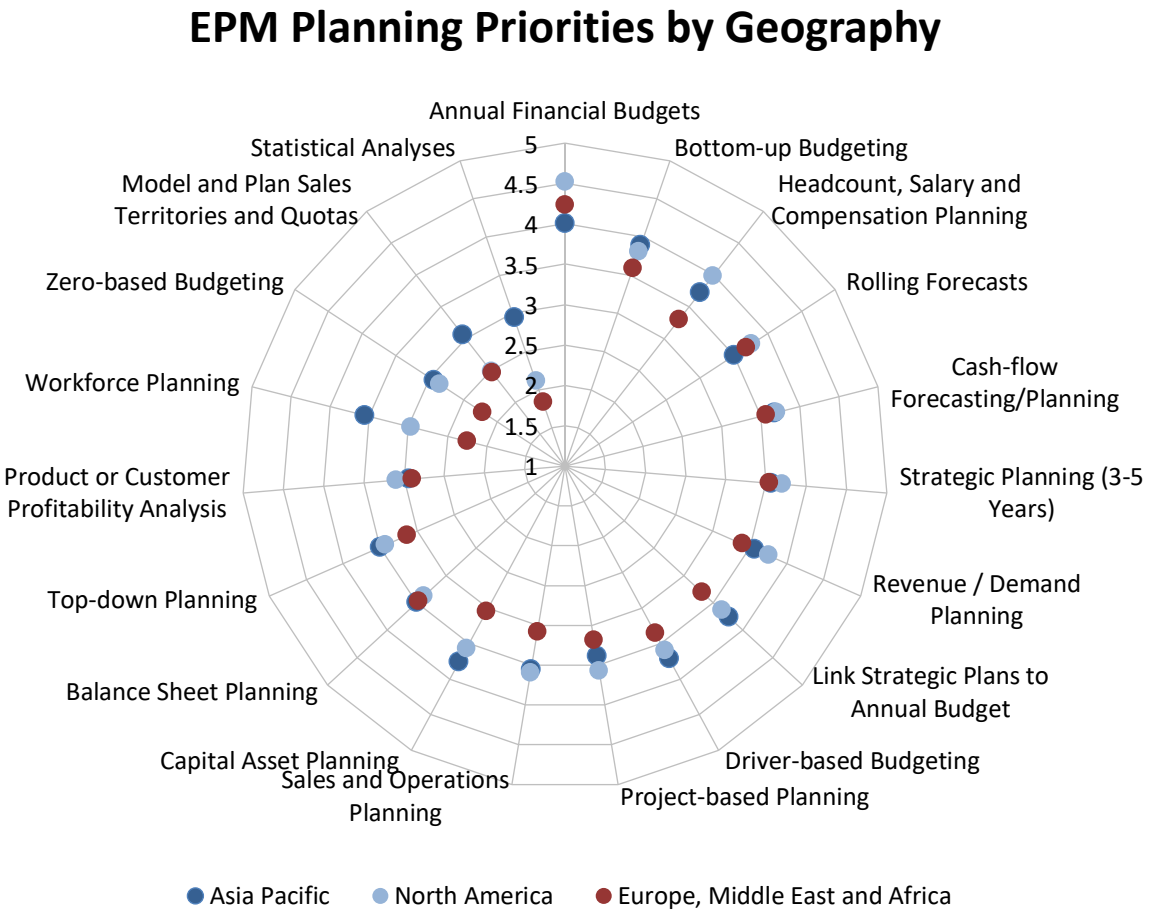


Figure 40 – EPM planning priorities by geography

Overall, organization size does not have a major impact on relative prioritization of planning and budgeting priorities (fig. 41). However, *small organizations* (101-1,000 employees) attribute lower priority ratings to some capabilities like *bottom-up budgeting*, *headcount planning*, and *capital asset planning*.

The importance rating given to *cash-flow forecasting and planning* by very large organizations (more than 10,000 employees) dropped slightly from a weighted-mean importance rating of 3.61 in 2023 to 3.42 in 2024. This confirms our observation last year that many very large organizations likely feel the worst of the economic uncertainty of recent years is behind them after the spike in importance of cash-flow forecasting and planning in 2022 when it reached a weighted-mean importance rating of 4.13.

Figure 41 – EPM planning priorities by organization size

Planning priorities are broadly similar across vertical industries, although education is a notable exception (fig. 42). Respondents from *education* rank most planning capabilities lower priority than respondents from other verticals. This data is further evidence that enterprise performance management is not currently a high priority in the education industry vertical.

Organizations evaluating enterprise performance management solutions should ensure these meet their industry needs and that any implementation partners have appropriate industry experience. Data leaders in education organizations will likely need to augment enterprise performance management systems with applications from specialist vendors that target the education industry.

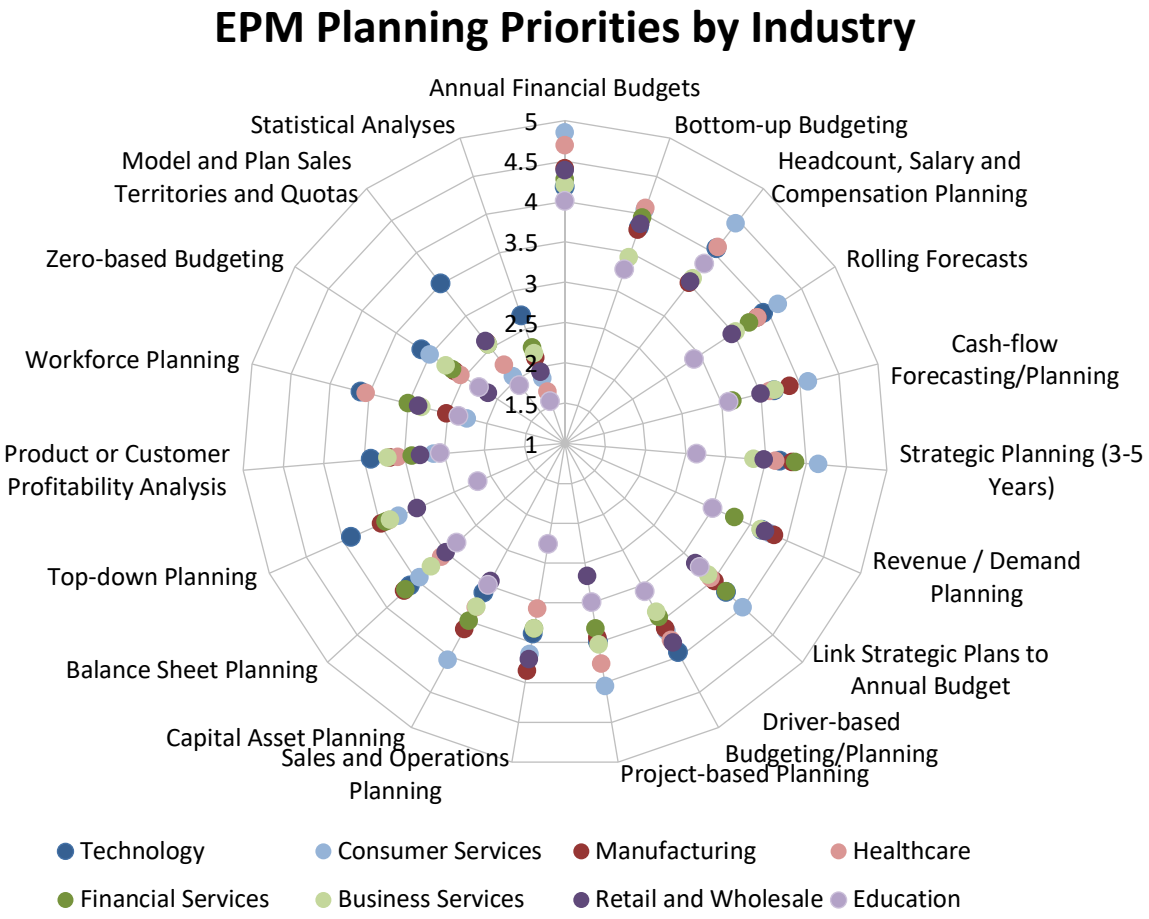


Figure 42 – EPM planning priorities by industry (weighted mean importance)

Use of Rolling Forecasts in Enterprise Performance Management

Rolling forecasts are a method of continuous planning that allows management to look forward over a specific time period, typically 12 or 18 months. Organizations revise forecasts every month or quarter and provide a rolling forward view of predicted performance. This contrasts with traditional annual budgeting cycles, where the view of future performance narrows as the year progresses, creating a skew towards short-term goals.

Rolling forecast use in 2024 declined slightly compared to 2023 (fig. 43). Sixty-seven percent of respondents use rolling forecasts today (69 percent in 2023), and 16 percent replaced annual budgets with rolling forecasts (15 percent in 2022). Despite this slight decrease in use, overall use patterns of rolling forecasts seem fairly static. The percentage of organizations that replaced annual budgets with rolling forecasts never exceeded16 percent, and the majority of organizations seem content to use rolling forecasts to complement annual budgets.

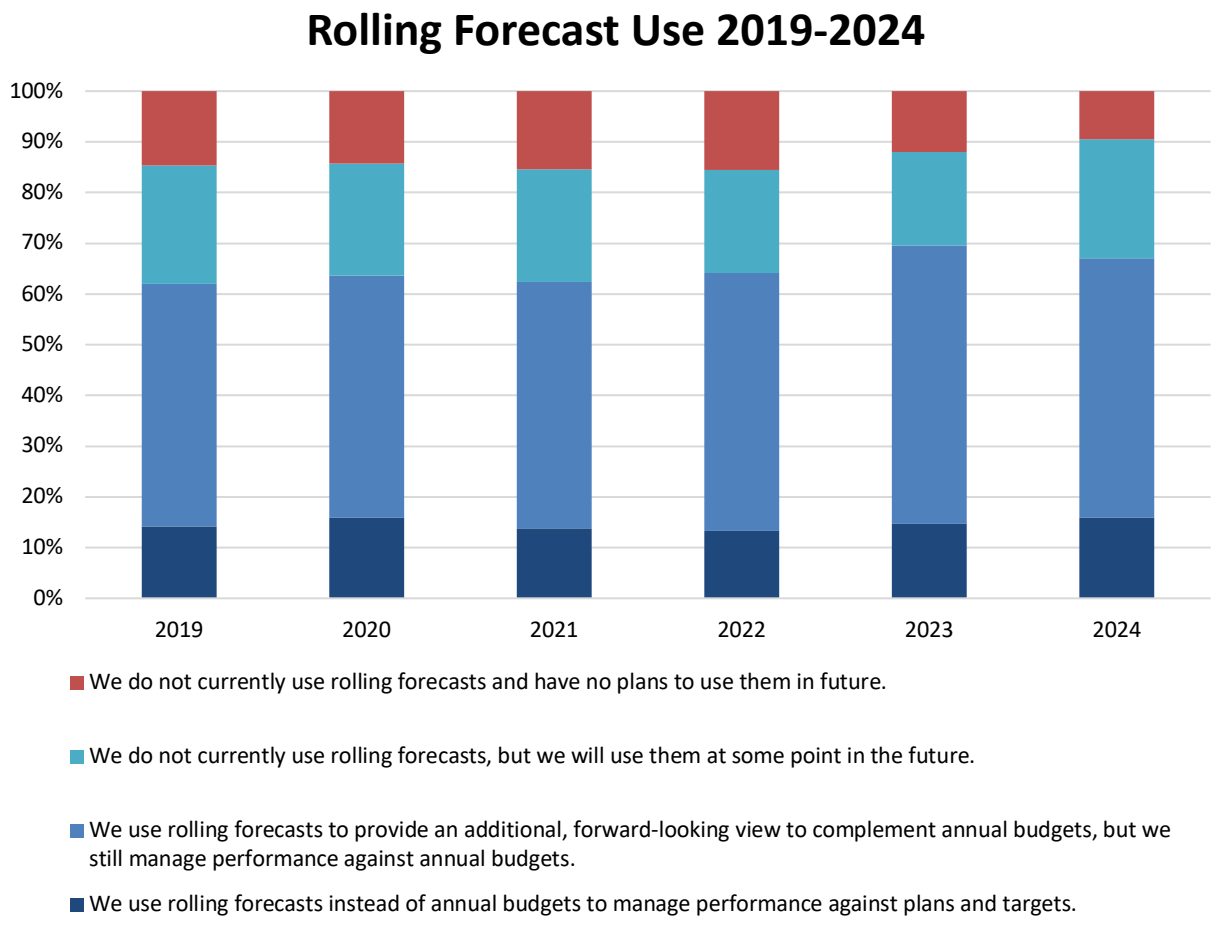


Figure 43 – Rolling forecast use, 2019 - 2024

Rolling forecast use is highest in Asia Pacific and EMEA. Seventy-nine percent and 66 percent of respondents in Asia Pacific and EMEA respectively use rolling forecasts today compared to 51 percent in North America (fig. 44). However, 26 percent of organizations in *Asia Pacific* replaced annual budgets with rolling forecasts, compared to 17 percent in EMEA and 14 percent in North America.

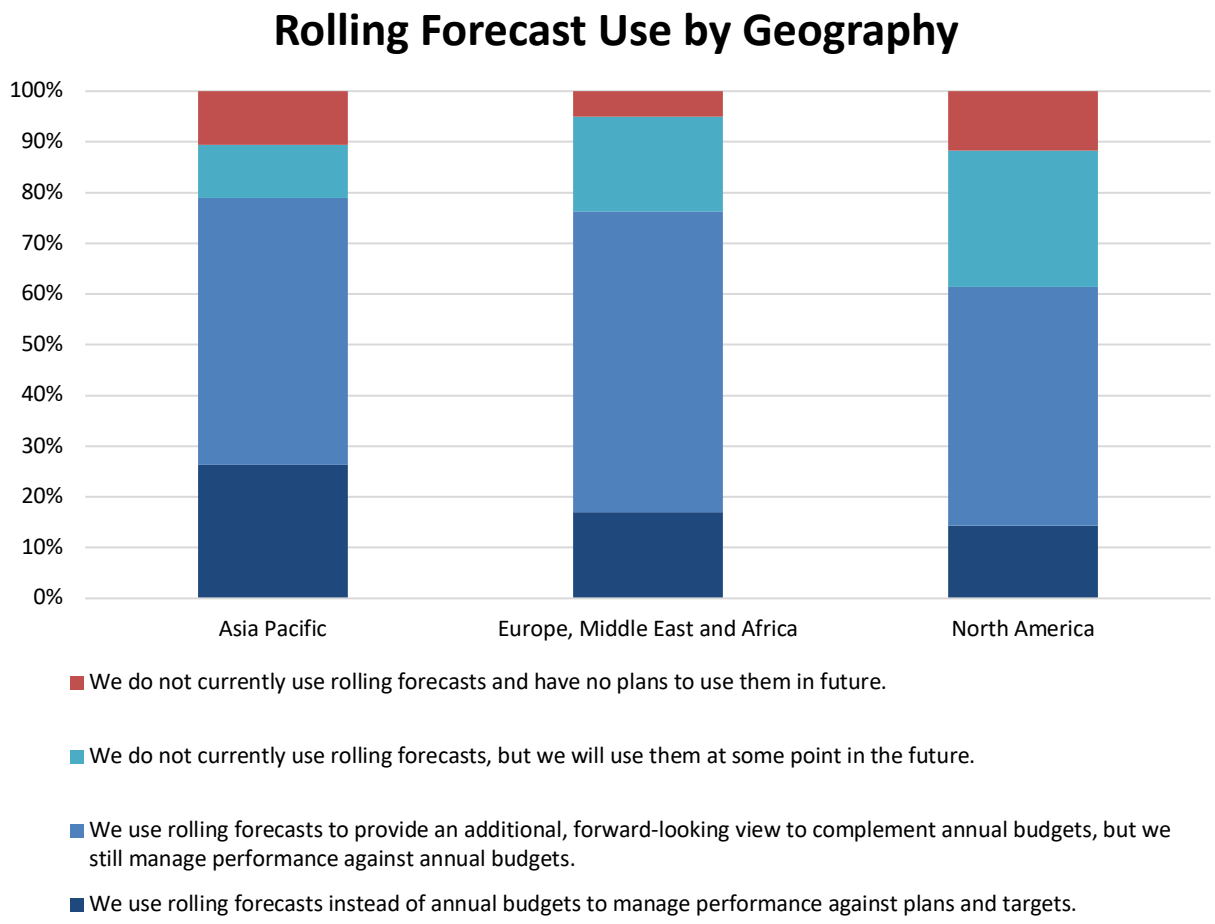


Figure 44 – Rolling forecast use by geography

Overall use patterns for rolling forecasts are broadly similar across organizations of different sizes. There is a significant increase in use by small organizations (1-100 employees) this year, up to 79 percent compared to 57 percent in 2023 (fig. 45). *Small organizations* (1-100 employees) and *very large organizations* (more than 10,000 employees) have the highest adoption level for *replacing annual budgets with rolling forecasts* (both 25 percent). Seventeen percent of respondents from *midsize* organizations (101-1,001 employees) currently state they have no plans to use rolling forecasts.

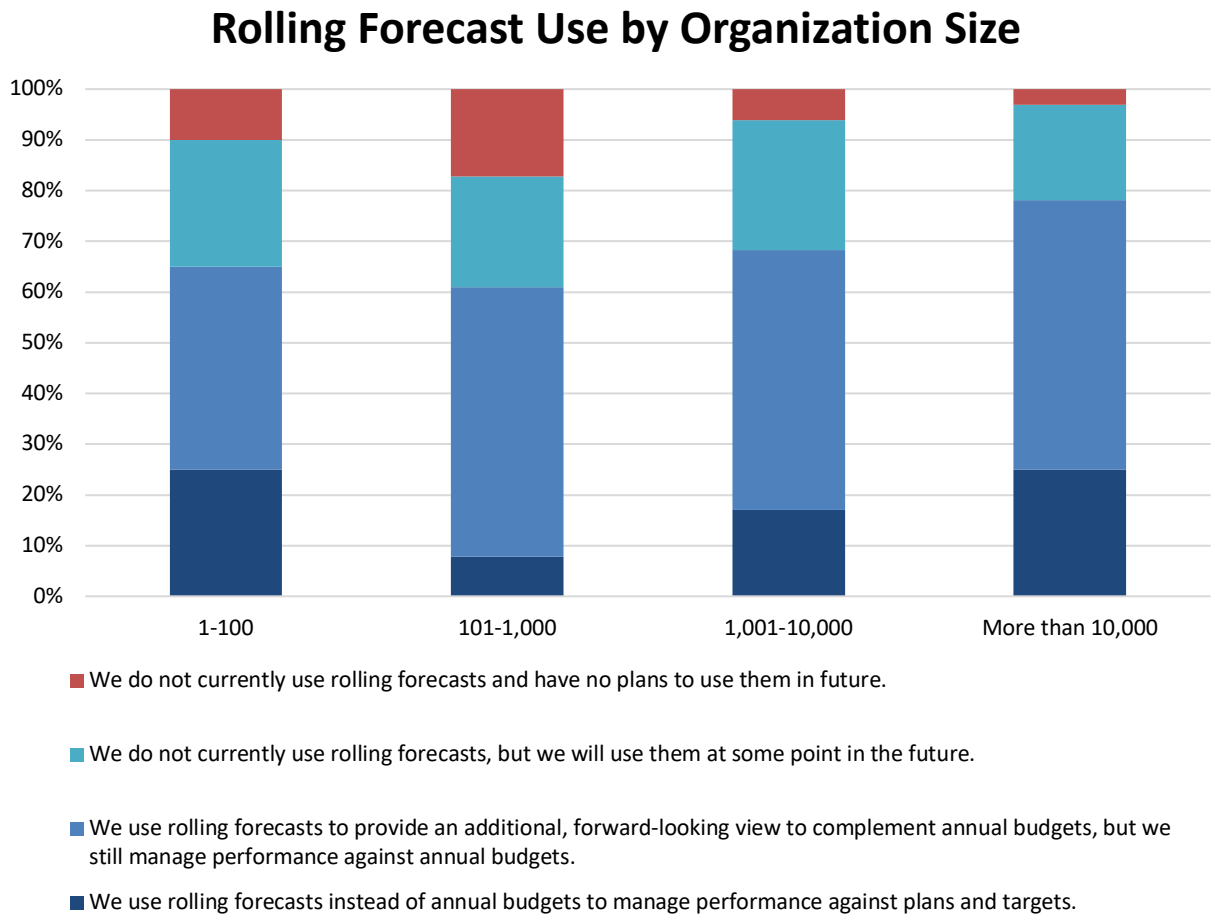


Figure 45 – Rolling forecast use by organization size

Our data reveal an interesting link between rolling forecast usage and success with BI. Eighty-seven percent of organizations that are *completely successful* with BI use rolling forecasts, compared to 48 percent that are somewhat successful and 67 percent that are either somewhat unsuccessful or unsuccessful (fig. 46). More noteworthy is the fact that 47 percent of organizations that are completely successful with BI have *replaced annual budgets with rolling forecasts*, compared to 8 percent that are somewhat successful and 11 percent that are either somewhat unsuccessful or unsuccessful. While it is not possible to infer causality in these numbers, it seems that more advanced use of rolling forecasts is a characteristic of organizations that are completely successful with BI. It is likely that these are both attributes of organizations that have reached higher levels in our Hyper-Decisive Maturity Model.

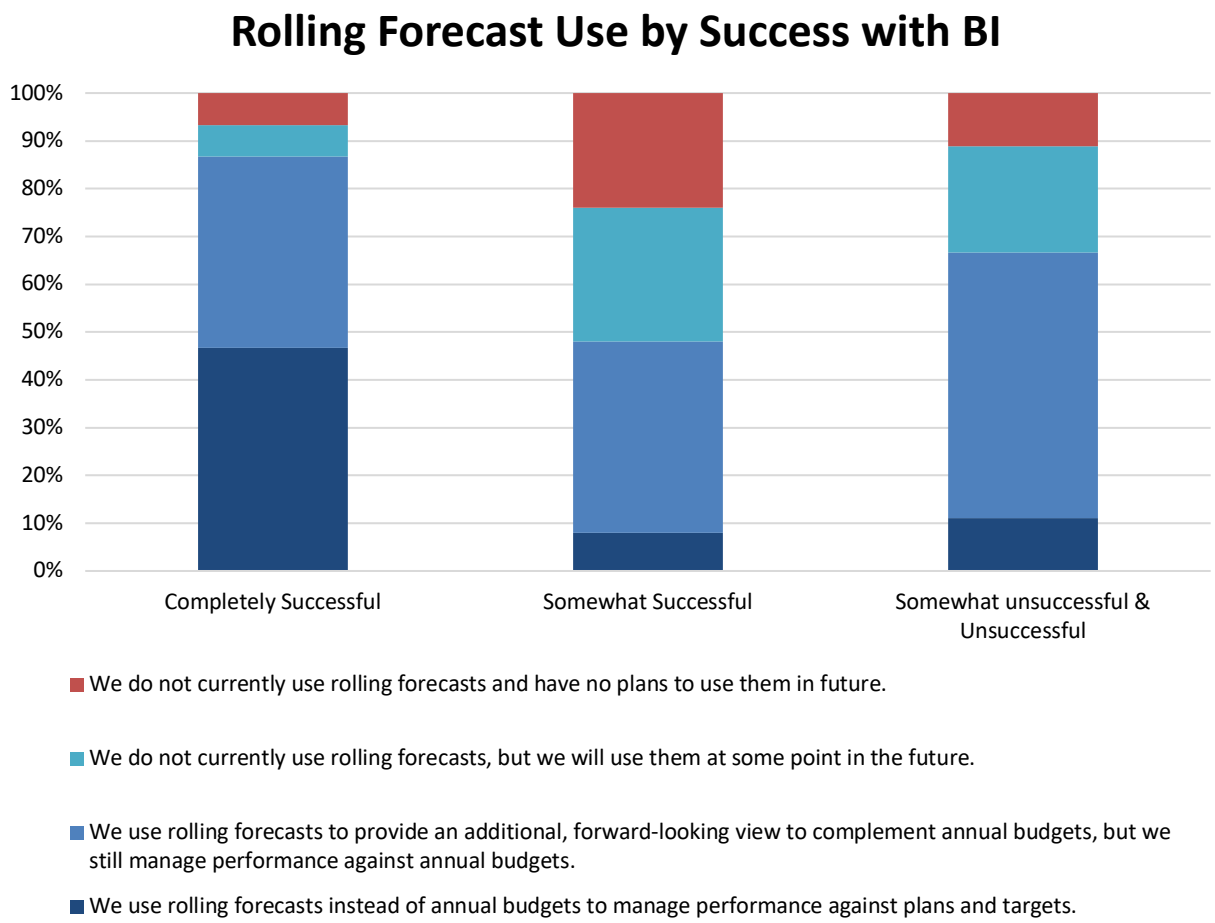


Figure 46 – Rolling forecast use by success with BI

Impact of Artificial Intelligence on Enterprise Performance Management

Artificial intelligence (AI) and machine learning are emerging technologies in enterprise performance management. Machine learning has the potential to significantly improve forecast accuracy in planning applications, and it is possible to envisage a new generation of enterprise performance management applications that seamlessly incorporate AI capabilities.

Attitudes about the impact of AI and machine learning on enterprise performance management remain divided (fig. 47). Thirty-nine percent of respondents think AI and machine learning will have a positive impact on EPM, whereas around 52 percent are undecided about potential benefits and see challenges building a business case. However, only 9 percent of organizations feel they will face resistance to the adoption of AI and machine learning in enterprise performance management processes.

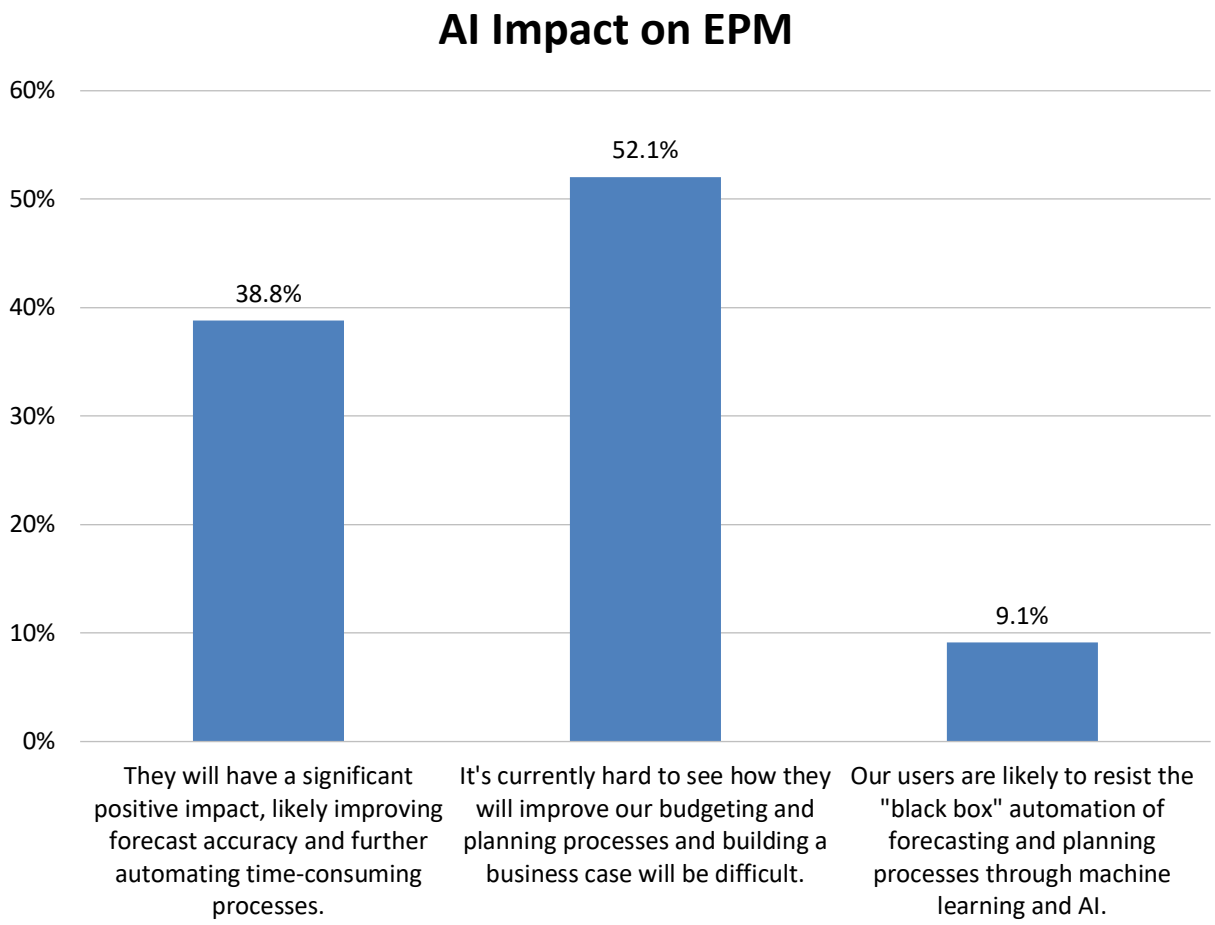


Figure 47 – AI impact on EPM

Resistance to AI-based forecasting and planning declined to 9 percent in 2024 from 15 percent in 2023 (fig. 48). This resumes the slow downward trend since 2019 in the perception that users will resist the automation of planning and forecasting using machine learning and AI. However, the percentage of respondents that see significant positive impacts only increased by 1 percent to 39 percent, compared to 38 percent in 2023. It is clear there was a shift by some organizations away from outright resistance to a more "undecided" stance about the impact of AI on EPM. Despite the increasing level of public commentary around the potential benefits and threats of AI, this has not resulted in a major shift in sentiment about the impact of AI on EPM.

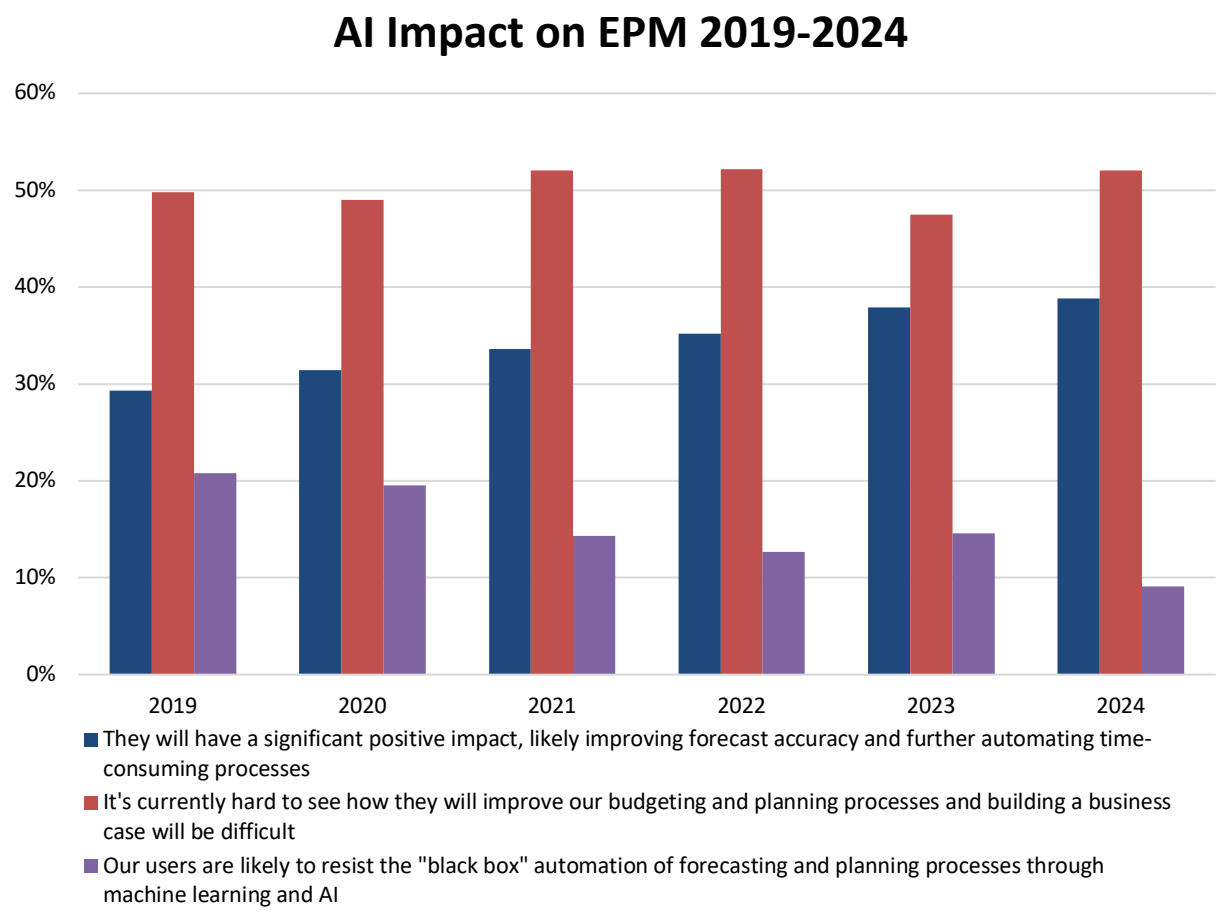


Figure 48 – AI impact on EPM, 2019 - 2024

Although attitudes are broadly similar across organization sizes, *small organizations* (1-100 employees) have the highest levels of resistance to AI in EPM. Seventeen percent of small organizations (1-100 employees) state their users are likely to resist AI, compared 9 percent for midsize organizations (101-1,000 employees), 8 percent for large organizations (1,001-10,000 employees), and 6 percent for very large organizations (more than 10,000 employees) (fig.49). Forty-four percent of respondents from *large organizations* (1,001-10,000 employees) and 40 percent of respondents from *very large organizations* (more than 10,000 employees) think AI and machine learning will have a significant positive impact compared to 35 percent from small organizations (1-100 employees) and 34 percent from midsize organizations (101-1,000 employees).

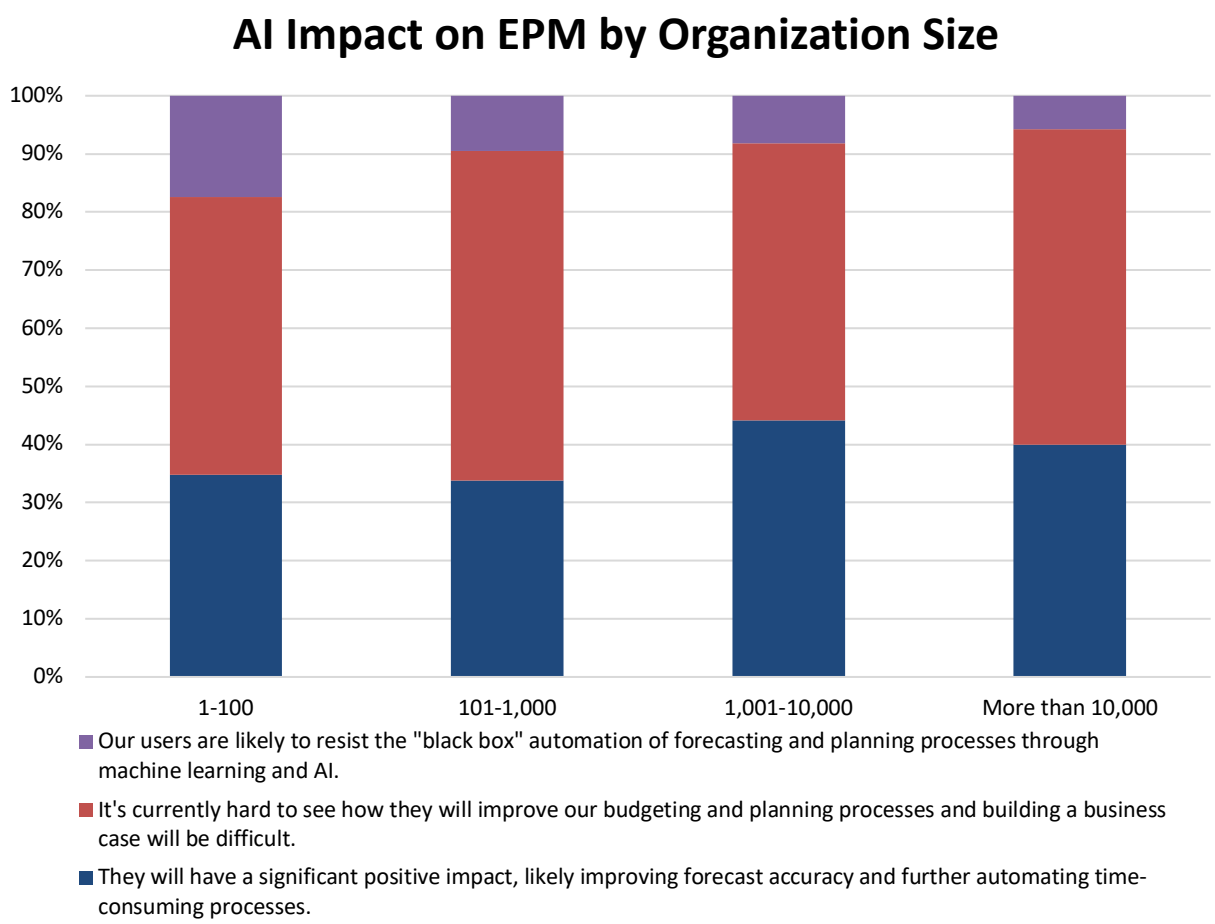


Figure 49 – AI impact on EPM by organization size

There are some differences in attitudes to AI and machine learning across industries (fig. 50). *Manufacturing and technology* see the biggest potential positive impacts (50 percent and 48 percent, respectively), while respondents from *education and financial services* have the greatest levels of resistance to AI and machine learning (18 percent and 19 percent, respectively). Overall, sentiment seems to shift by industry each year, implying there are no consistent trends on the adoption of AI and machine learning in enterprise performance management by industry.

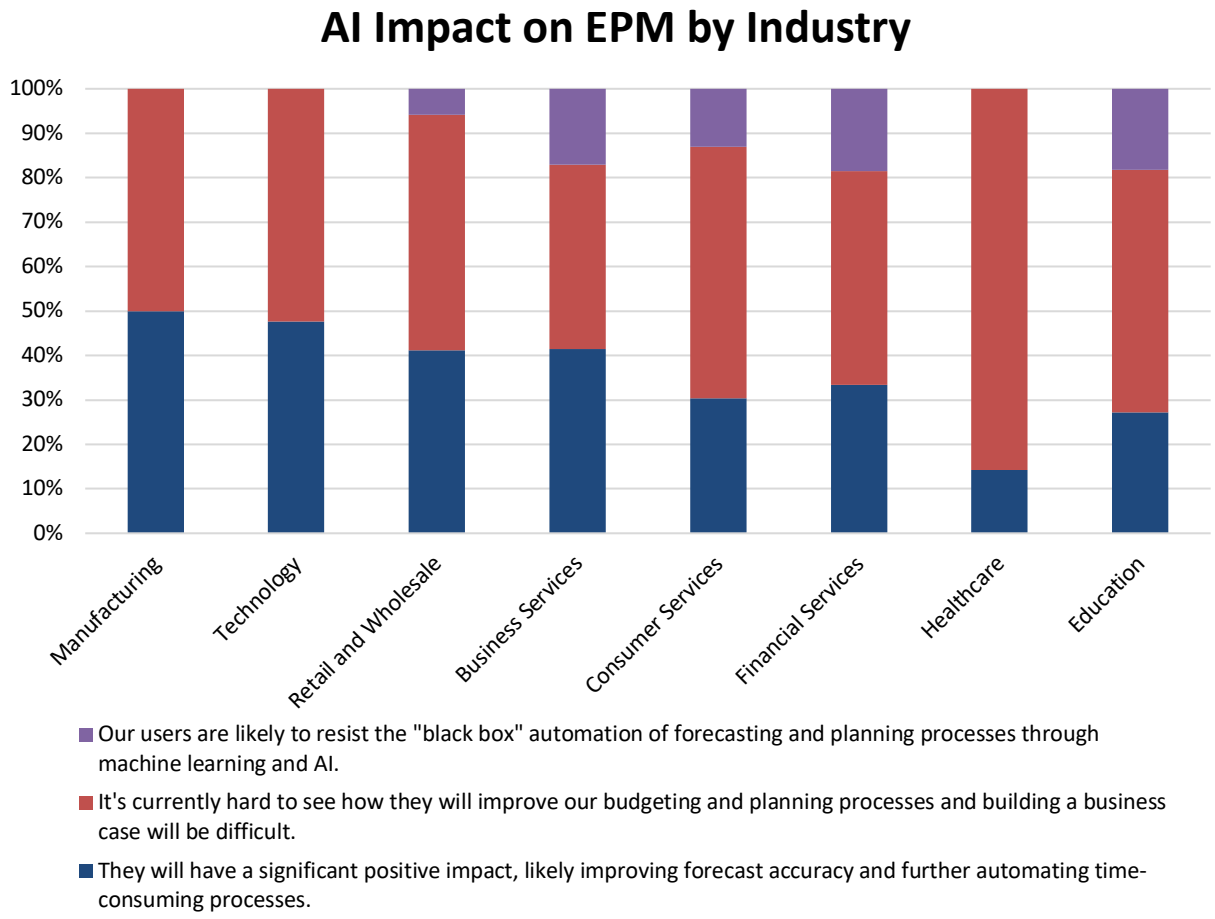


Figure 50 – AI impact on EPM by industry

We also asked respondents how they would source AI and machine learning capabilities for EPM software. The results show little change in attitudes from 2023 (fig. 51). Most organizations expect these capabilities to be bundled in a future release by enterprise performance management vendors (82 percent in 2024 compared to 77 percent in 2023). The percentage of organizations prepared to be early adopters of AI and machine learning capabilities embedded in EPM software increased to 39 percent from 37 percent in 2023.

Overall, with 52 percent of respondents uncertain about the business value of AI and machine learning in EPM (fig. 47), and with 82 percent expecting these to be bundled with enterprise performance management software, there is still a clear opportunity for vendors to differentiate themselves in the market with machine learning and AI. However, skeptics will need to be convinced that business value is delivered through these technologies, so identifying appropriate use cases will be key to success.

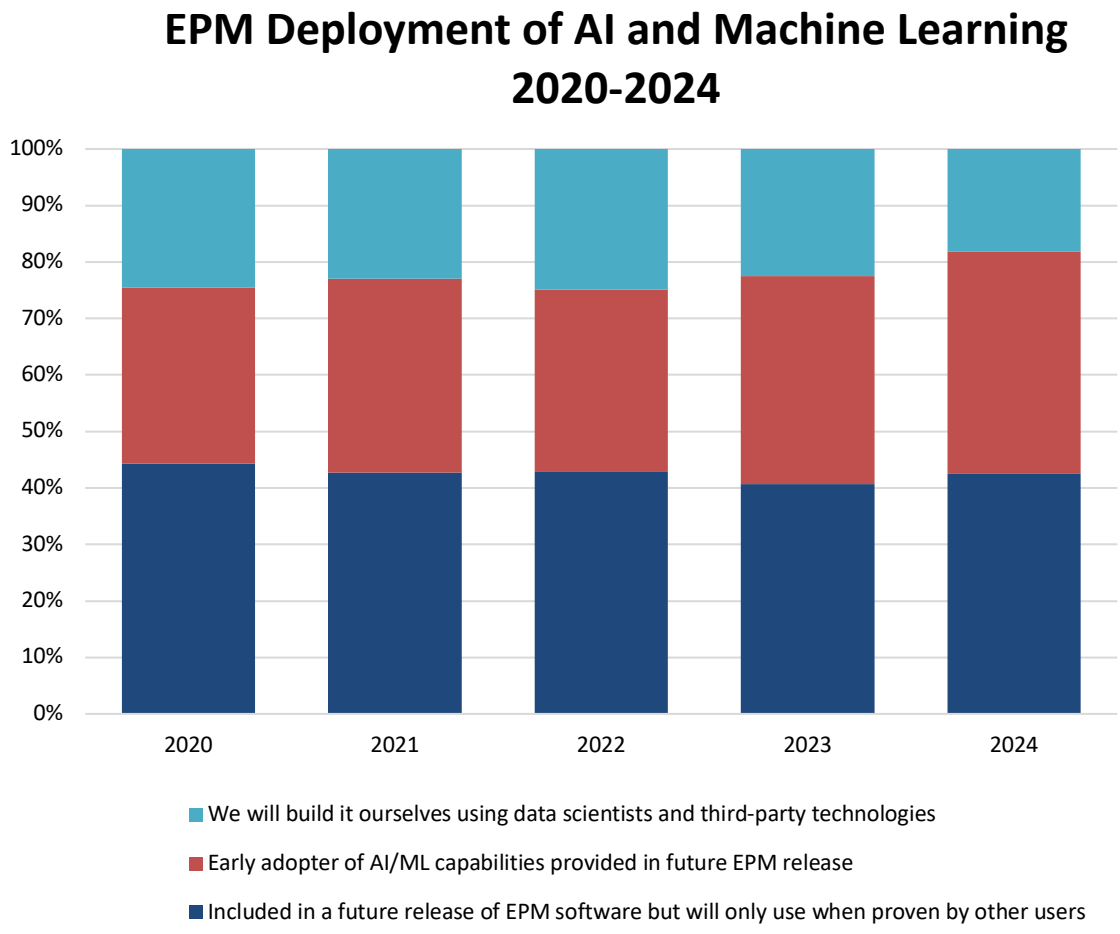


Figure 51 – EPM deployment of machine learning and AI, 2020 - 2024

We added new questions to the survey this year to identify where in EPM respondents see the most potential of AI and machine learning. *Predictive forecasting* and *automation of routine accounting activities* are the use cases where respondents see the highest potential benefits, with over 50 percent of respondents viewing these as *highly beneficial* (56 percent and 53 percent, respectively) (fig. 52). *Generative AI* attracts significant media attention, but respondents are largely undecided about the potential of using this technology in EPM to generate narrative reports and performance analysis. Only 30 percent of respondents see significant benefits in this use case, compared to 49 percent that see only some potential benefits.

These data shows that, despite skepticism about the use of AI and machine learning in EPM, users are more convinced of its potential when it is applied to specific use cases. EPM vendors that can deliver AI and machine learning to support these use cases will create competitive advantage.

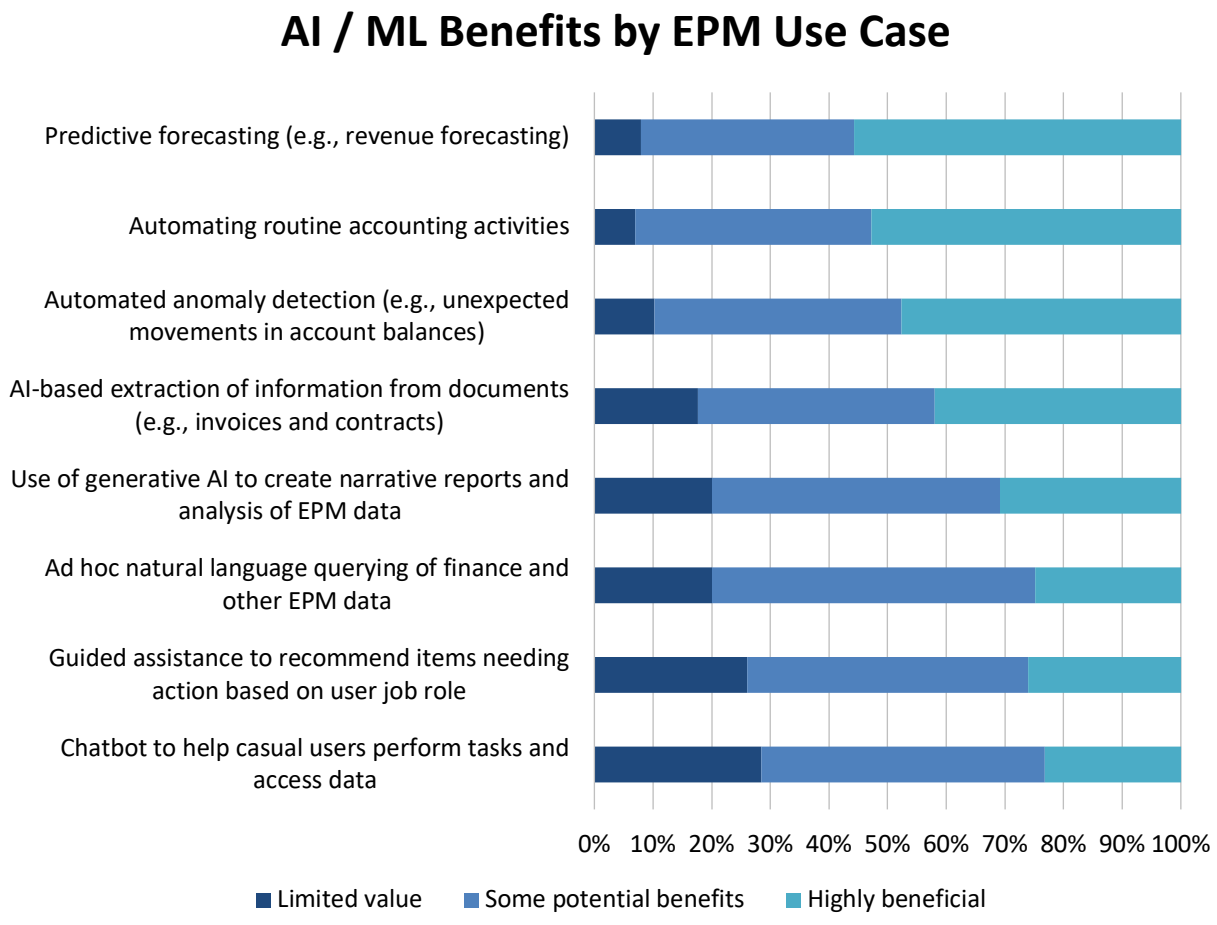


Figure 52 – AI / ML benefits by EPM use case

Deployment Options and Cloud Preferences for Enterprise Performance Management

Fifty-nine percent of organizations already deploy enterprise performance management entirely in the cloud, while 22 percent use a mix of cloud and on-premises EPM solutions and 19 percent deploy EPM entirely on premises (fig.53). *Cloud* is clearly the preferred deployment model for EPM software, but use of *on-premises* deployments remains. These are likely the longer-established deployments of EPM that could be candidates for replacement in the future; but it is also likely some organizations remain skeptical about moving their EPM deployment to the cloud.

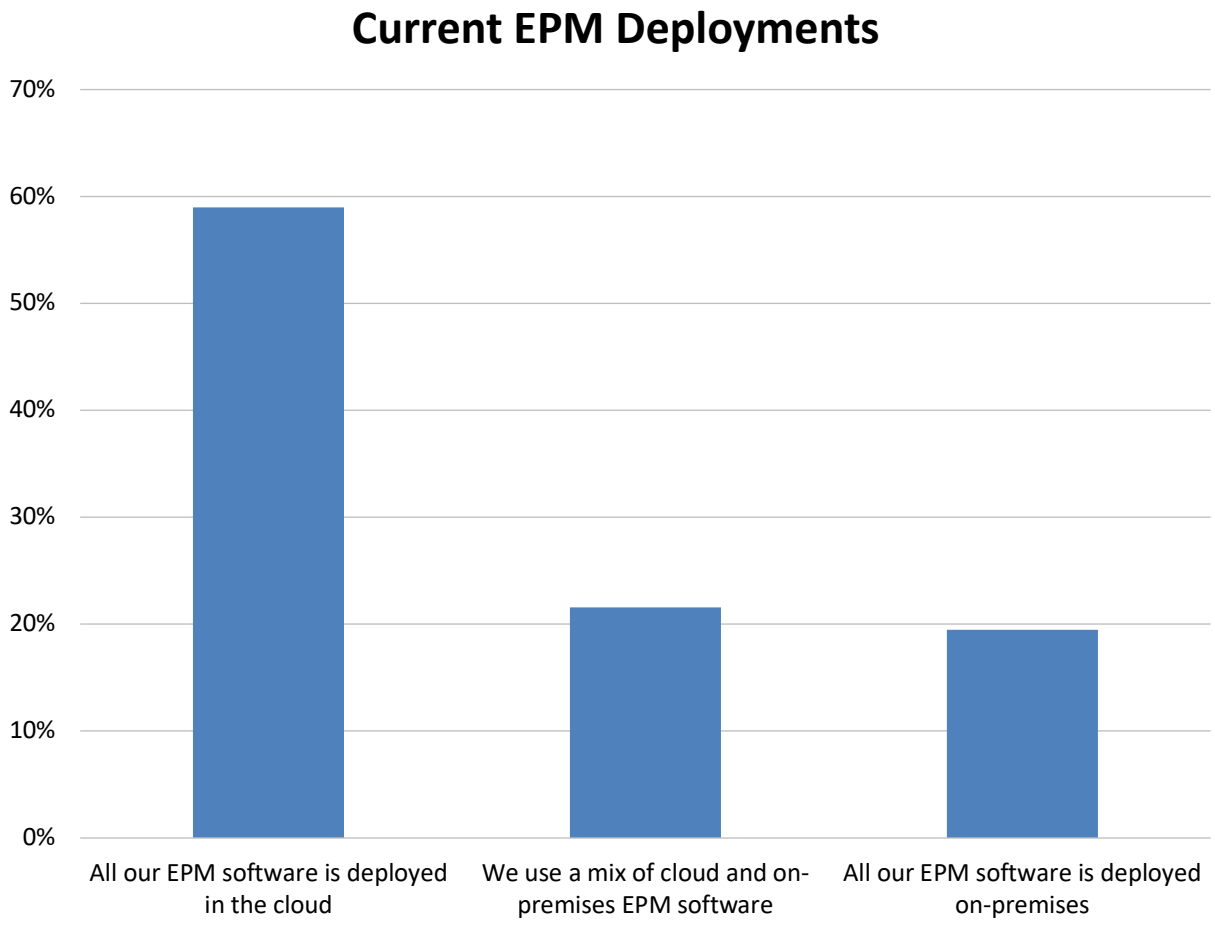


Figure 53 – Current EPM deployment methods

There is a notable shift towards cloud deployment for EPM in 2024.This increased to 59 percent in 2024 from 44 percent in 2023 (fig. 54). This is largely at the expense of on-premises deployments, which decreased from 33 percent in 2023 to 19 percent in 2024. These data are clear evidence that cloud-based EPM solutions are proven and mature, and are also evidence that as the EPM market matures, activity will shift away from greenfield deployments to replacement of older generation solutions with newer, cloud-based solutions.

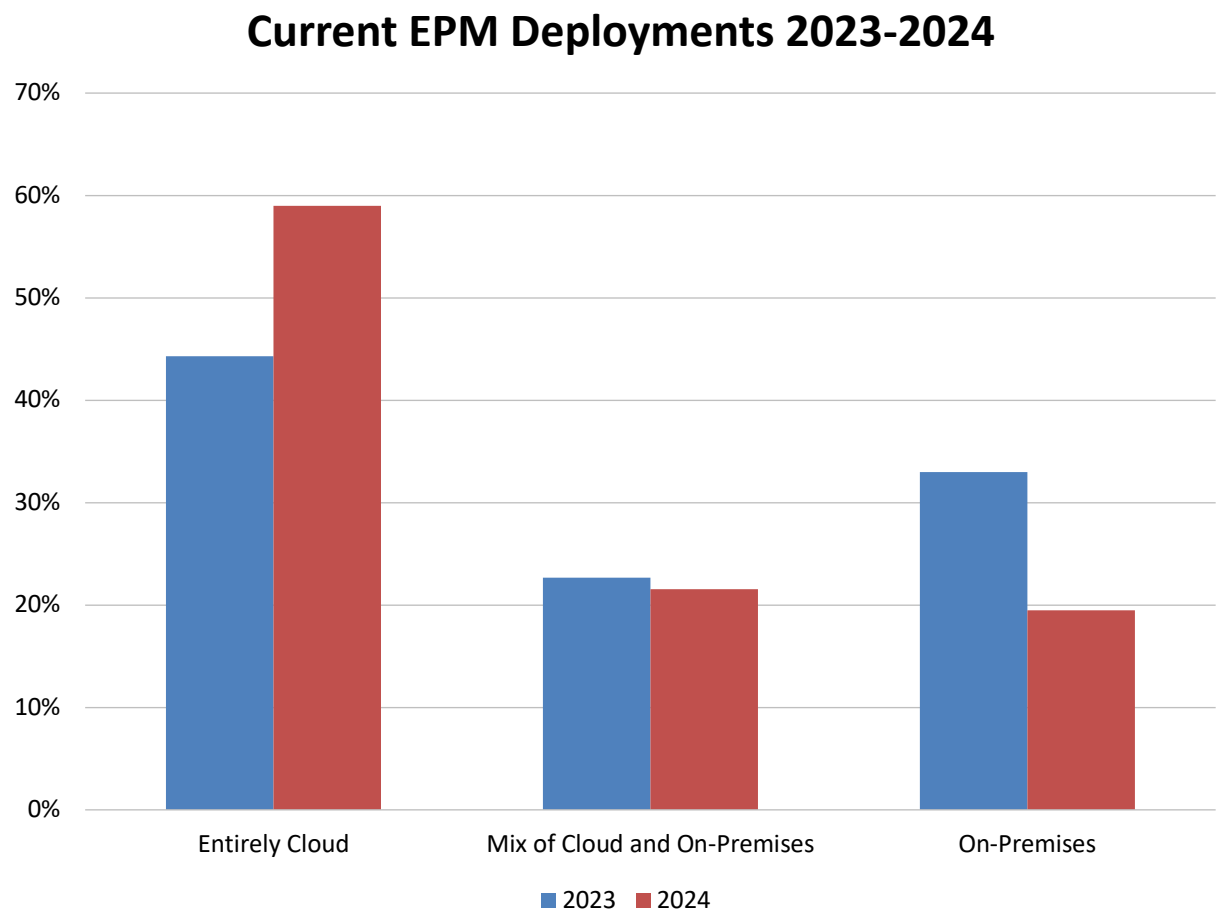


Figure 54 – EPM deployments 2023 - 2024

Unsurprisingly, cloud-based deployments are more prevalent among smaller organizations. Around 67 percent of both *small* organizations (1-100 employees) and *midsize* organizations (101-1,000 employees) deploy EPM entirely in the *cloud*, compared to 54 percent of large organizations (1,001-10,000 employees) and 53 percent of very large organizations (more than 10,000 employees) (fig. 55). This is evidence that *cloud* EPM solutions are viable for the very largest organizations. However, the use of *on-premises* EPM software is not just limited to larger organizations. Seventeen percent of small organizations (1-100 employees) and 19 percent of midsize organizations (101-1,000 employees) deploy EPM on-premises compared to 23 percent of large organizations (1,001-10,000 employees) and 16 percent of very large organizations (more than 10,000 employees)

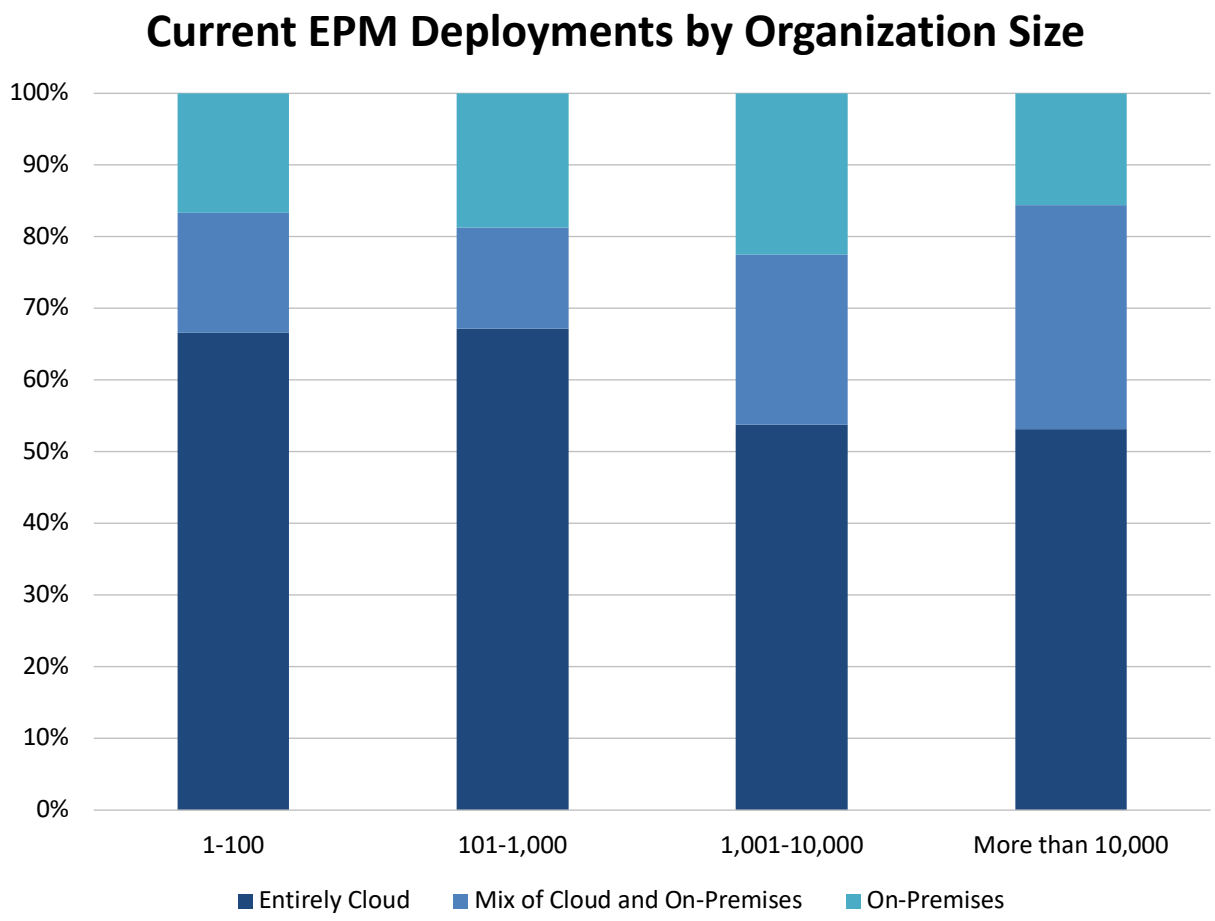


Figure 55 – Current EPM deployments by organization size

We asked respondents to identify their preferred method of cloud deployment for enterprise performance management in the future. Sixty-six percent of organizations state that *cloud* is their preferred method of deployment and that any legacy on-premises deployments will be migrated to the cloud (fig. 56). However, 22 percent will use a mix of cloud and on-premises for the foreseeable future while 13 percent will remain completely on premises.

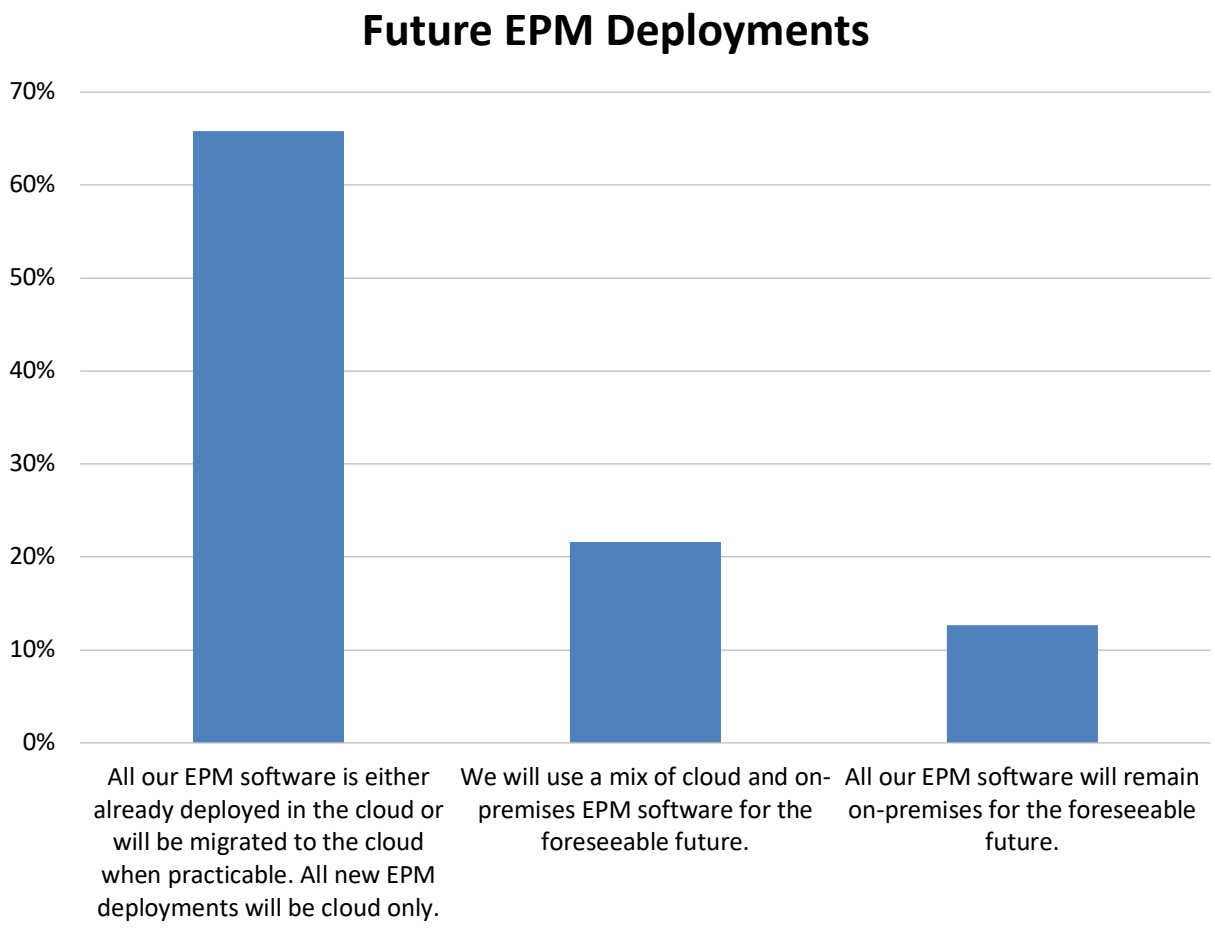


Figure 56 – Future EPM deployments

Organization size does not appear to have an impact on future cloud deployment preferences, as a minority of organizations of all sizes prefer on-premises deployment of EPM software in the future. However, there are some differences by region, with Asia Pacific having the lowest preference for cloud deployment. Fifty-six percent of organizations in *Asia Pacific* prefer *cloud* deployment, compared to 64 percent in EMEA and 68 percent in North America (fig. 57). Conversely, 31 percent of organizations in Asia Pacific prefer *on-premises* for future deployments of EPM software, compared to only 11 percent in EMEA and 10 percent in North America.

The prevalence in Asia Pacific of on premises as a preferred deployment option for EPM in the future may reflect the history of highly customized in-house developed solutions in this region. EPM vendors clearly have work to do in convincing some organizations in Asia Pacific that cloud is a viable alternative deployment method to on premises.

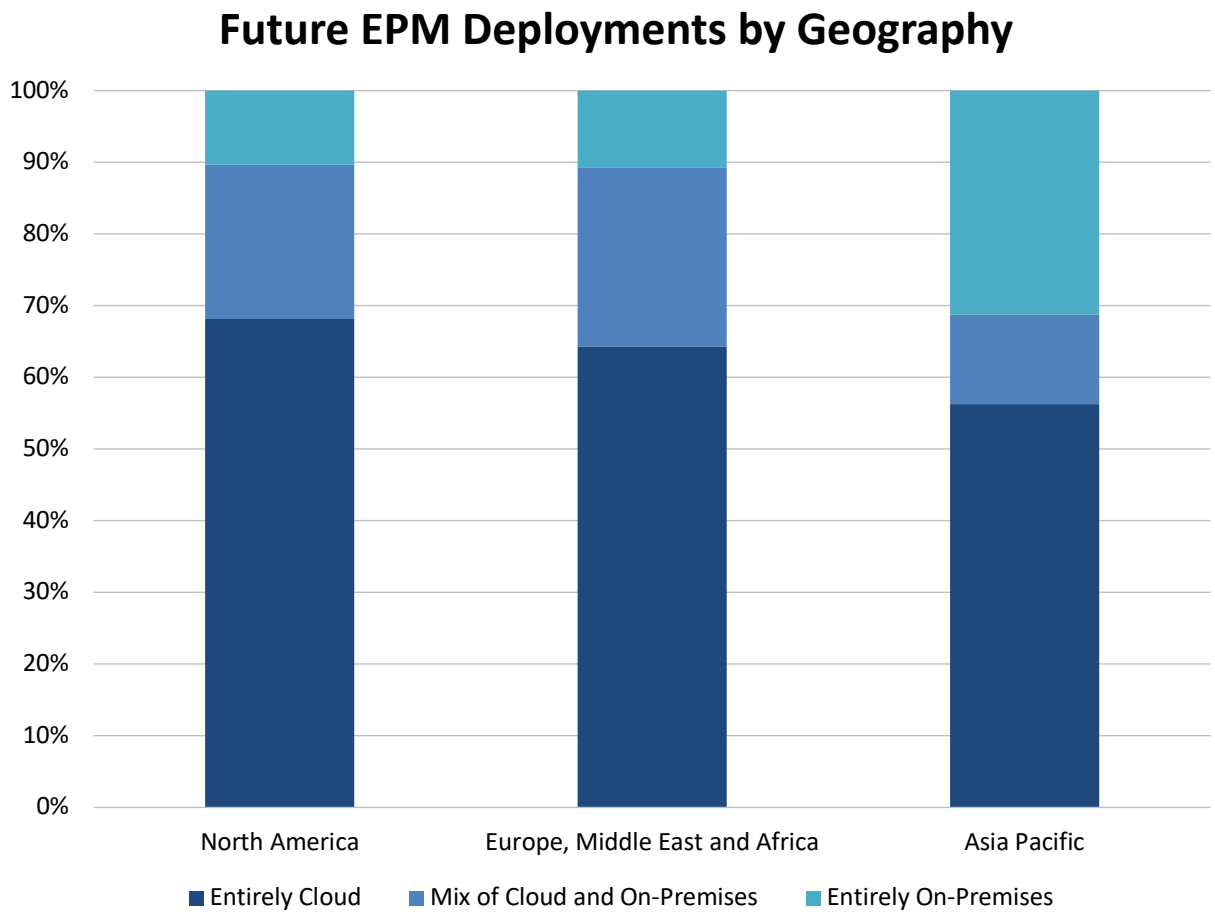


Figure 57 – Future EPM deployments by geography

We asked respondents to identify their preferred method of cloud deployment for enterprise performance management both now and into the future. Currently, *public cloud/SaaS* (39 percent) is slightly ahead of private cloud/hosted (nearly 39 percent) (fig. 58). Twenty-two percent of organizations currently prefer hybrid cloud deployment.

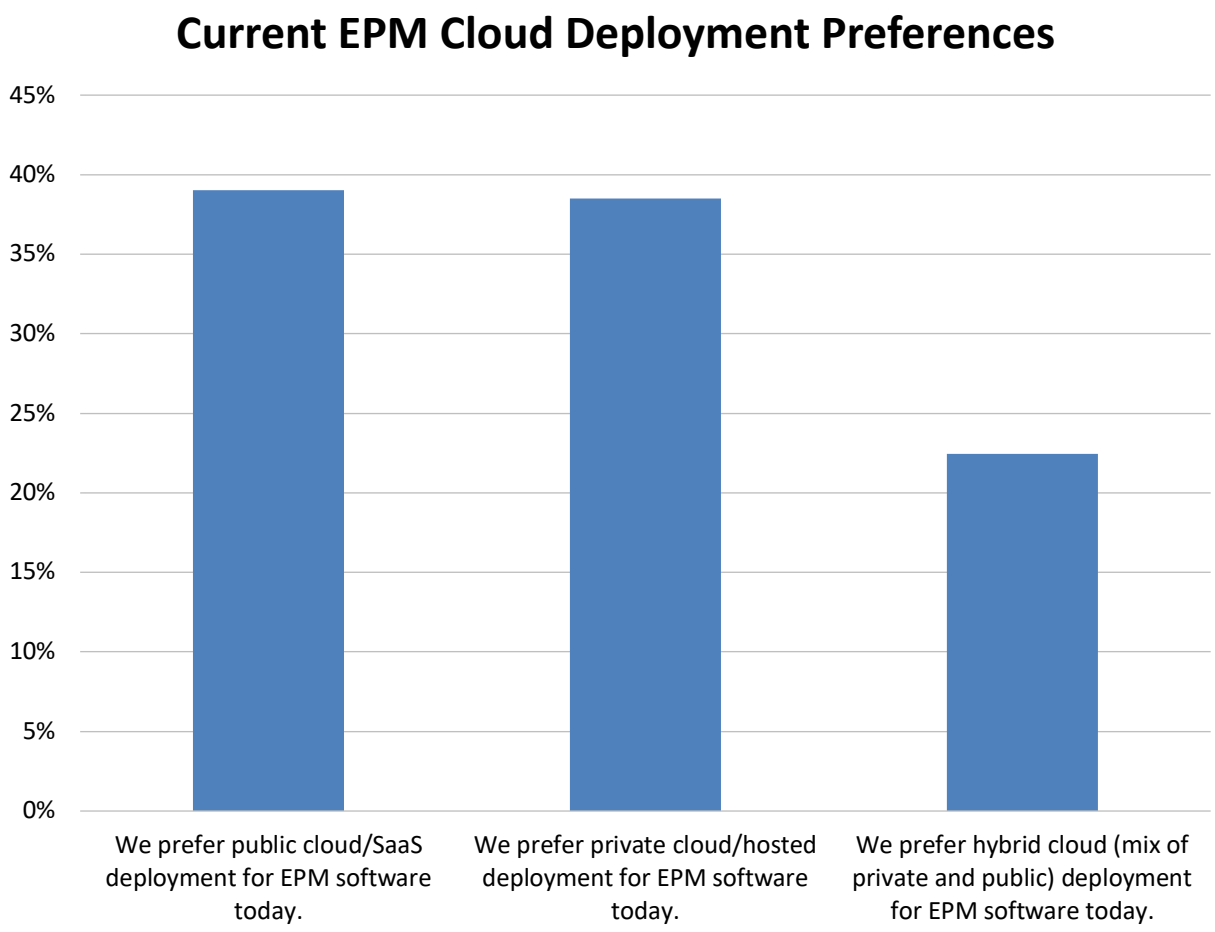


Figure 58 – Current EPM cloud deployment preferences

The preference for public cloud/SaaS deployment does not shift significantly in the future. Forty percent of organizations state that *public cloud/SaaS* will be their preferred method for EPM cloud deployment in the future (fig. 59), which is only slightly up on the 39 percent that prefer public cloud/SaaS today. The shift in preferences appears to be from private cloud/hosted towards hybrid cloud: private cloud/hosted drops from 39 percent today to 33 percent in future, while hybrid cloud increases from 22 percent today to 27 percent in future.

These data show that, although public cloud/SaaS is becoming the preferred deployment model for EPM in the cloud, there is still some resistance to its adoption. This will suit EPM vendors that offer a range of cloud deployment options and means that EPM vendors offering public/cloud/SaaS have work to do in convincing many organizations that they have a viable solution for their needs.

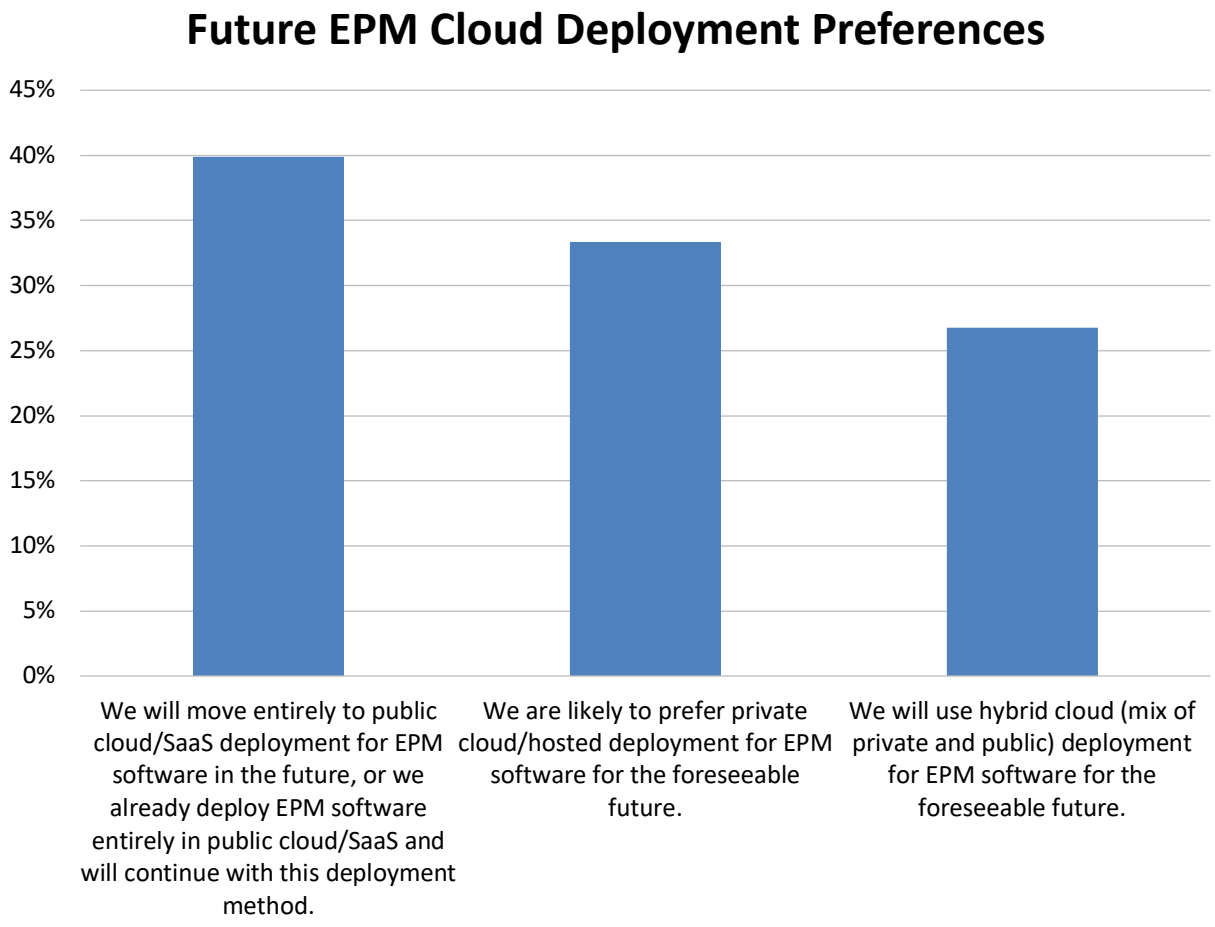


Figure 59 – Future EPM cloud deployment preferences

The Role of Enterprise Performance Management in Enterprise Architecture

We asked respondents how enterprise performance management systems are managed and governed in the overall context of their organization's enterprise architecture (fig. 60). Around 42 percent of respondents state that enterprise performance management is viewed primarily as *a finance system*, which means that although IT provides support, strategic direction for the deployment and use of EPM comes from the CFO and finance team. Twenty-five percent of respondents state it forms *part of their BI and analytics strategy*, while 19 percent view it as a domain-specific application for the senior management team. Only 13 percent do not view enterprise performance management as a strategic part of their enterprise architecture, instead approaching EPM on a purely tactical basis and deploying specific capabilities as needed.

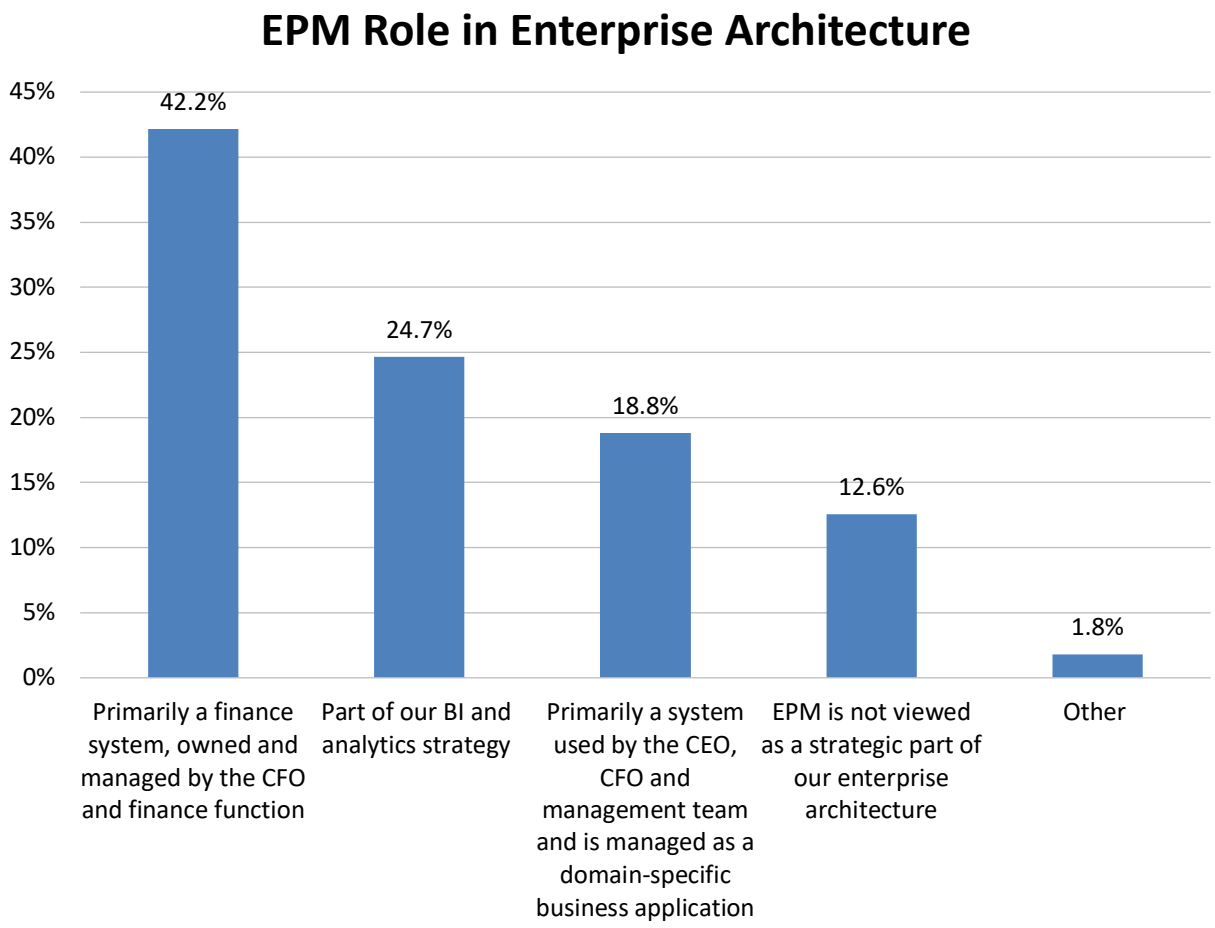


Figure 60 – EPM role in enterprise architecture

There are some significant differences in sentiment about the role of enterprise performance management in enterprise architecture by geography. Forty-five percent of respondents in *North America* view enterprise performance management as primarily a finance system compared to 40 percent in EMEA and only 24 percent in Asia Pacific (fig. 61). However, 36 percent of respondents in *EMEA* view enterprise performance management as part of their BI and analytics strategy compared to 29 percent in Asia Pacific and only 19 percent in North America. Thirty-three percent of respondents from *Asia Pacific* view it primarily as a system used by the CEO, CFO and management team.

There are clear differences by region in how enterprise performance management is viewed in the context of enterprise architecture, and vendors need to be aware of this in their marketing and implementation strategies. Data leaders in organizations based in North America have the opportunity to leverage existing EPM investments to better complement their BI and analytics investments.

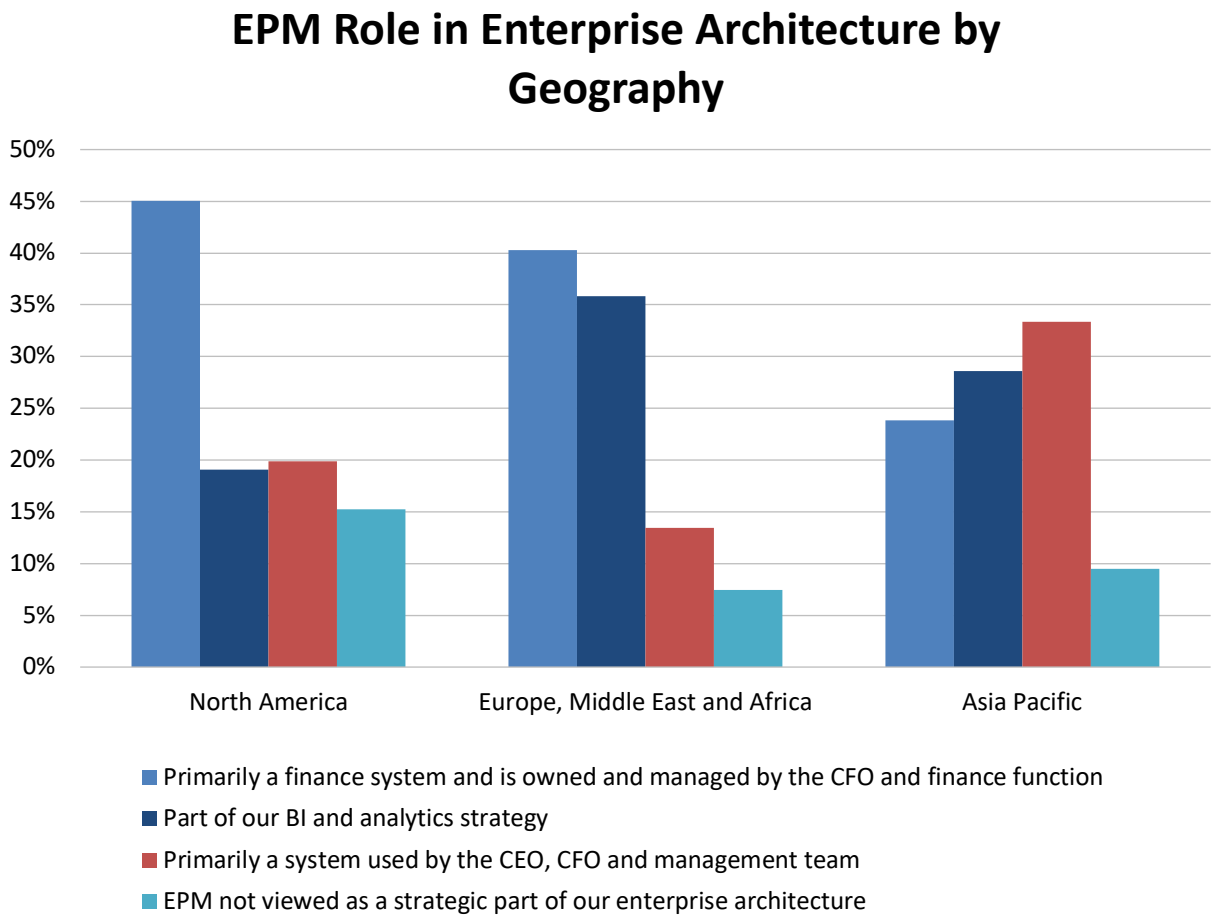


Figure 61 – EPM role in enterprise architecture by geography

Organization size also has an impact on how enterprise performance management is viewed in the context of enterprise architecture (fig. 62). Midsize (101-1,001 employees), large organizations (1,001-10,000 employees), and very large organizations (more than 10,000 employees) view enterprise performance management as primarily *a finance system* whereas small organizations (1-100 employees) take a more balanced view, with a preference for viewing it primarily as a system used by the CEO, CFO and management team (35 percent).

The data show that vendors have an opportunity to tailor marketing and implementation strategies to address the different perceived roles of EPM within enterprise architecture. For example, marketing strategies for small organizations could focus more on helping the CEO and management team to manage the organization as it grows rather than focusing on specific finance capabilities.

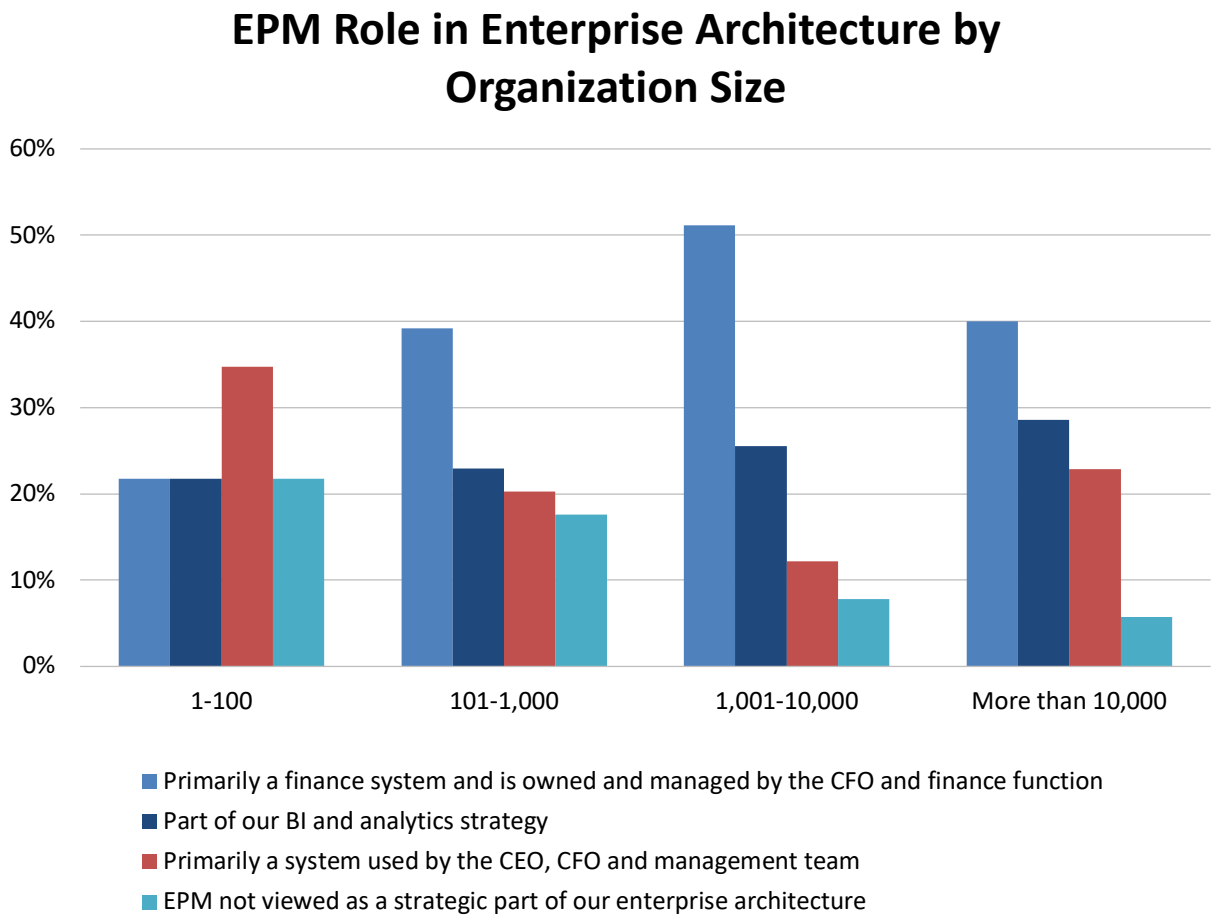


Figure 62 – EPM role in enterprise architecture by organization size

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Industry and Vendor Analysis

Industry Capabilities

For our 2024 study, we analyzed vendor responses about the functional and architectural capabilities of their products in the following categories:

Strategy Management – features and functions that support setting high-level goals and objectives, creating strategic plans (typically higher level and with longer time horizons than financial and operational plans). They also model the impact of complex strategic decisions (such as acquiring a company and different corporate financing strategies) and help senior management connect strategic objectives to financial and operational activities.

Financial Planning – capabilities that help the CFO and finance team create and manage financial plans and budgets. These are built using financial logic and frequently use coding structures found in the general ledger (GL). They need to manage the accounting conventions of debits and credits and typically follow the format of the primary financial reports (balance sheet, income statement, and cash-flow statement). They use these reports to predict likely financial performance and compare it against actuals.

Operational Planning – features and functions that line-of-business managers use to help plan their activities using measures and drivers that are relevant to their function. Examples include workforce planning tools that would be used by the human resources team, or territory and quota planning tools that would be used by the sales function.

Planning and Budgeting Process Support – capabilities that support the entry, amendment, review, and approval of plans and budgets of all types.

Planning and Modeling Capabilities – how the solution supports the modeling aspect of planning and budgeting. This includes forecasting, simulation, and “what-if” capabilities, along with the flexibility and sophistication of the underlying model or models.

Data Science and Machine Learning – includes statistics, modeling, machine learning, and data mining to analyze facts to make predictions about future or otherwise unknown events. The analysis is aligned with the capabilities defined in our Data Science and Machine Learning Market Study.

Technical Architecture – features of the underlying technical and application architecture, including delivery models supported and data architecture.

Industry – Strategy Management Capabilities

Most vendors provide broad support for strategy management capabilities (fig. 63). However, there are some gaps, and more specialized capabilities like debt vs. equity financing and mergers and acquisition analysis are not on the product road map for a minority of vendors. More concerning is the lack of coverage by some vendors in strategy development and strategy visualization, although more vendors in 2024 state they will have this capability within 12 months compared to 2023.

Strategy management is one of the areas of enterprise performance management that elevates any implementation beyond a focus on budgeting and planning. Organizations evaluating enterprise performance management software need to challenge their users, particularly executive management, to consider how they will leverage this functionality. Data leaders should use strategy visualization as a way of differentiating between vendors, as this is a key capability in the development and communication of strategy.

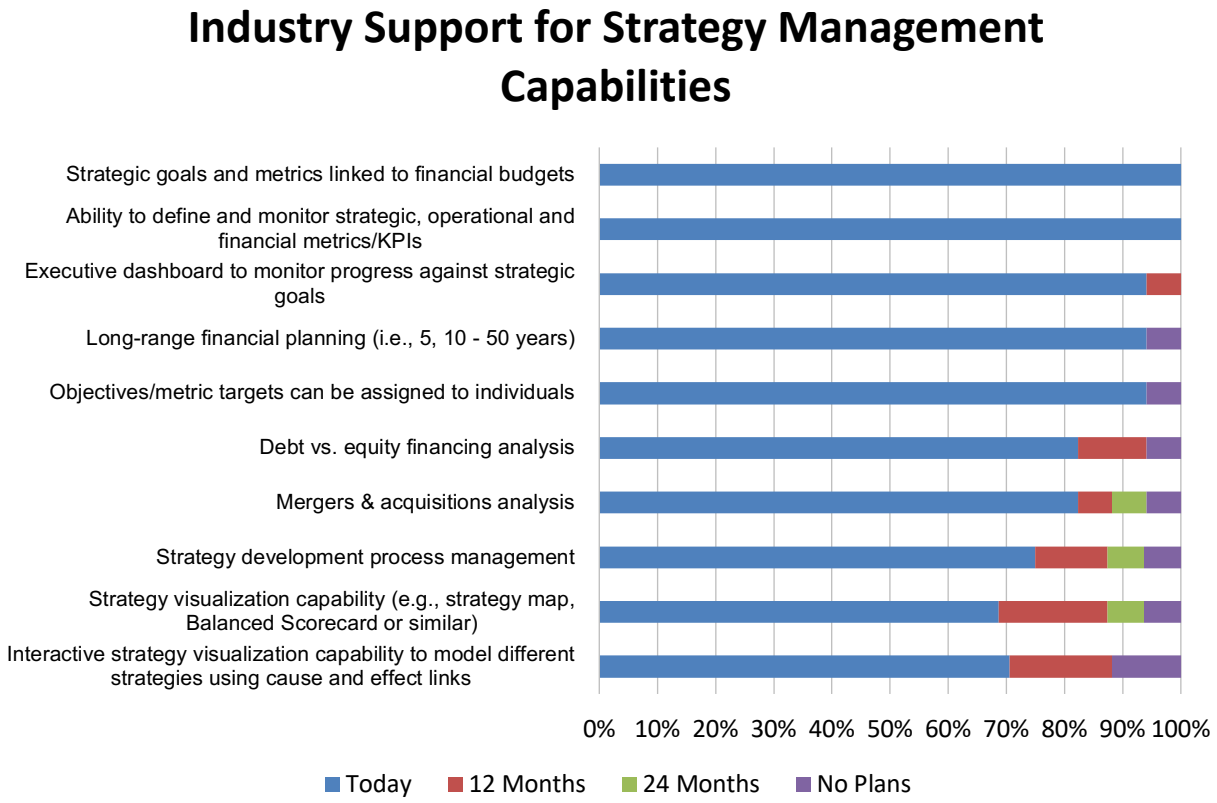

Figure 63 – Industry – strategy management capabilities

Industry – Financial Planning Capabilities

Financial planning capabilities are primarily intended for the finance function, and the CFO and finance function requirements heavily influence many enterprise performance management evaluations. Therefore, it is not surprising that vendors provide good coverage of capabilities in this area (fig. 64).

However, there are some notable areas where some vendor solutions lack support for key financial planning activities. For example, some vendors have no plans to support *pre-defined asset and depreciation calculations*, and support for *industry variants of financial planning* is also lacking. A minority of vendors also lack *built-in financial intelligence*, which could add complexity to any implementation.

Organizations evaluating enterprise performance management software must ensure they clearly define and rank their financial planning requirements, as this will help differentiate between vendors.

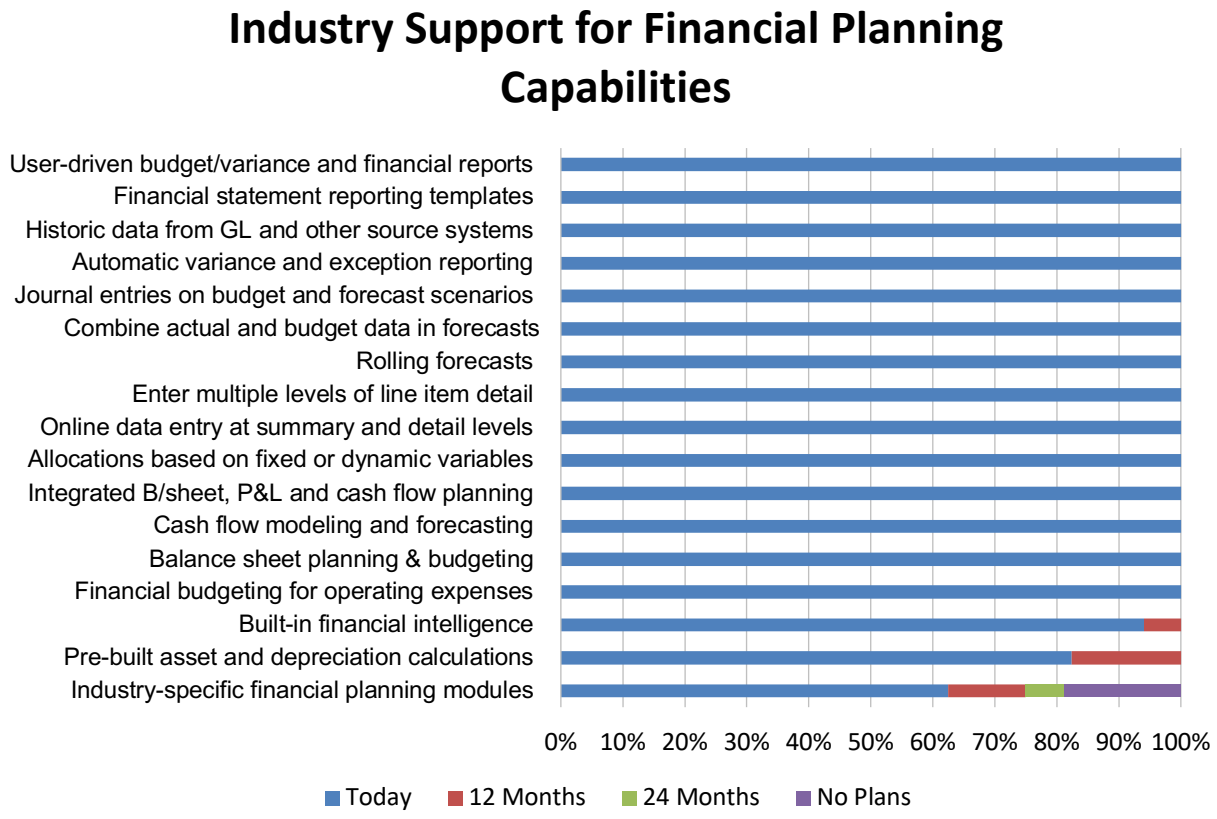

Figure 64 – Industry – financial planning capabilities

Industry – Operational Planning Capabilities

Support for operational planning capabilities is fairly broad (fig. 65). However, where there are gaps, some vendors do not have plans to fill them, especially in manufacturing production planning, sales territory planning, and supply chain planning. This means enterprise performance management solutions will vary in their operational planning capabilities in the foreseeable future.

Organizations looking to source planning capabilities outside financial planning from an enterprise performance management vendor need to evaluate domain capabilities closely and consider augmenting an enterprise performance management solution with a domain specialist solution if these do not go deep enough. Data leaders should closely evaluate the integration capabilities and partnerships provided by enterprise performance management vendors to work with domain-specific planning capabilities.

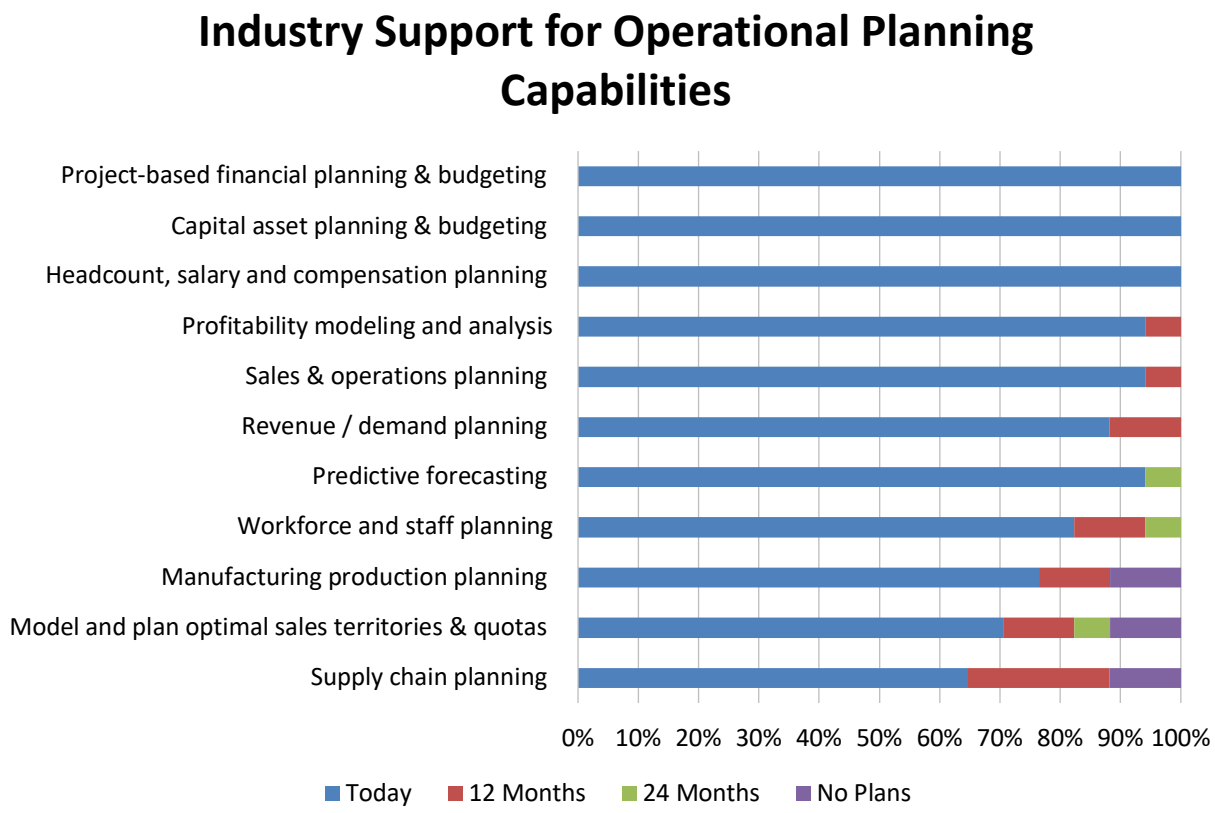

Figure 65 – Industry – operational planning capabilities

Industry – Budgeting and Planning Process Support

Most vendors provide comprehensive support for the processes that underpin the entry, amendment, review, and approval of budgets (fig. 66). There are some notable exceptions. For example, some solutions do not provide *Excel* data entry or support uploads from Excel, and vendors do not plan to fill these gaps. This likely reflects the cloud-based architecture of these systems, but it will likely require a mindset shift on the part of users to adopt this type of solution (and limit the use of Excel). *AI capabilities* are now becoming evident, with 47 percent of vendors offering this today and a further 47 percent planning to deliver this within 12 months.

Consequently, organizations evaluating enterprise performance management solutions should not assume that all vendors will meet all their required budgeting and planning process needs. They may also need to challenge some perceived user needs when adopting cloud-based enterprise performance management solutions.

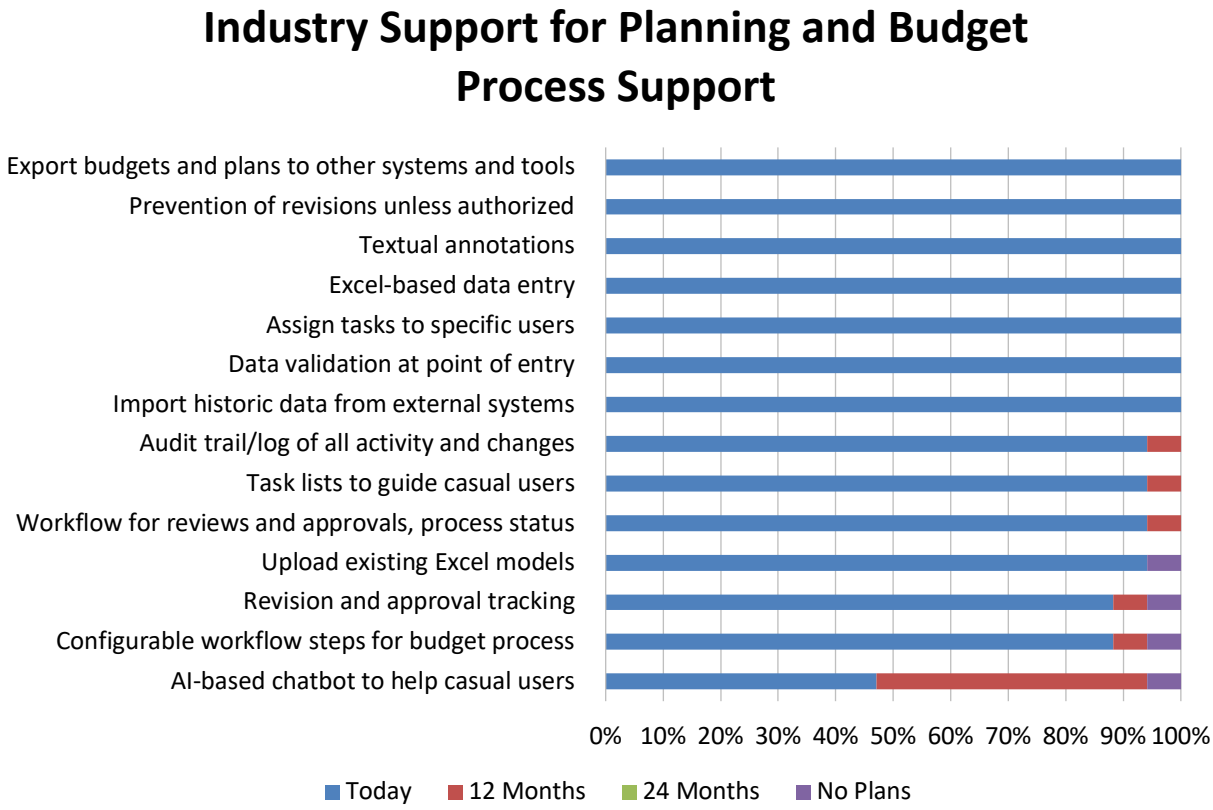

Figure 66 – Industry – planning and budgeting process support

Industry – Planning and Modeling Capabilities

There is broad support for many sophisticated planning and modeling functions (fig. 67). Capability gaps in some areas like driver-based planning and break-back allocations appear to have been filled. Most notable is that around 70 percent of vendors state they support *predictive forecasting using embedded AI / ML*, with another 24 percent planning to deliver this within 24 months. This could be a differentiating factor based on the sophistication and maturity of the AI / ML capabilities, and data leaders should investigate this capability closely in evaluations.

Offline budgeting, planning, and modeling capabilities and offline model creation have the lowest level of support from vendors. This is understandable, as the prevalence of cloud-based solutions reduces the need for offline capabilities. However, it may require a shift in user attitudes to adapt to lack of this type of functionality, especially if they are moving from on-premises solutions.

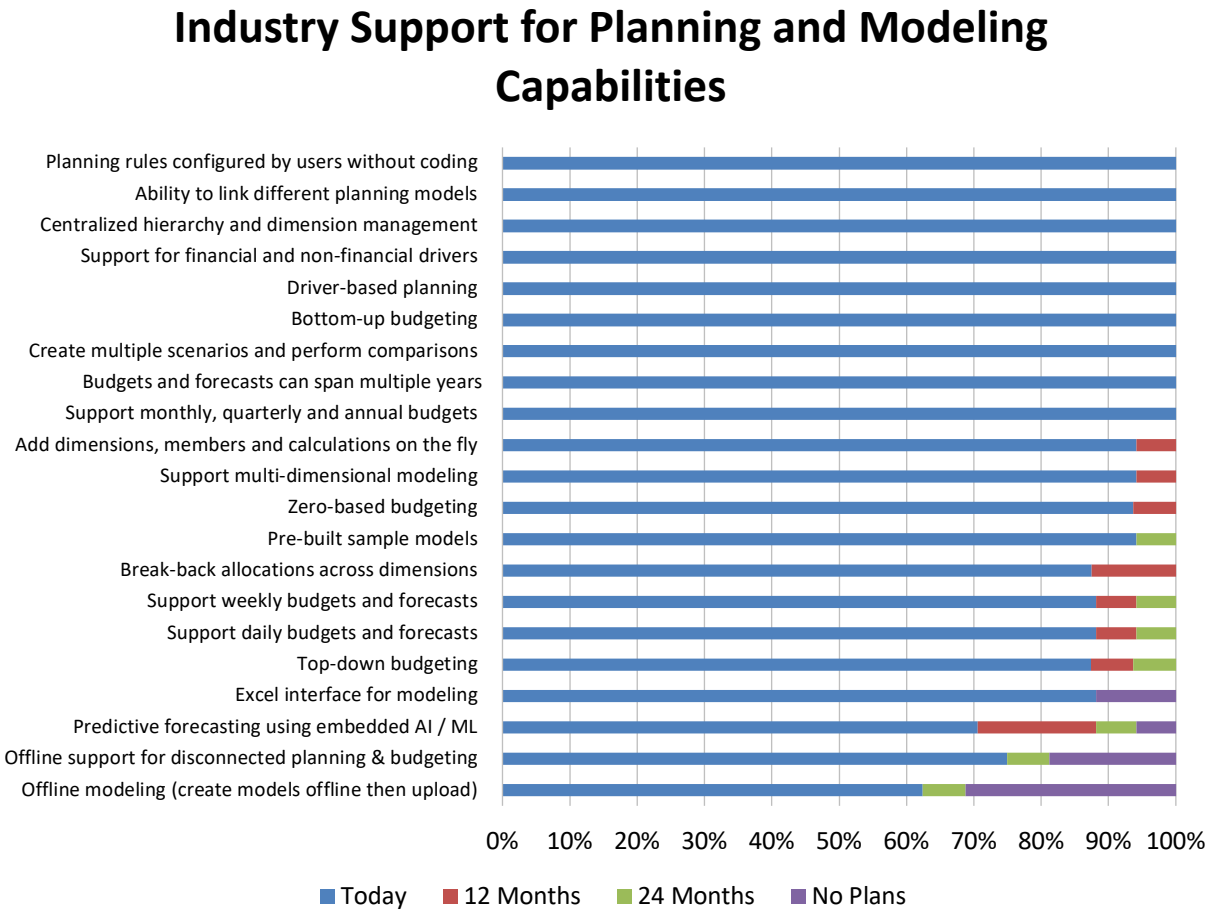

Figure 67 – Industry – planning and modeling capabilities

Industry – Data Science and Machine Learning

Support for data science and machine learning among enterprise performance management vendors is improving (fig. 68). Support for forecasting increased significantly, up to 76 percent from 50 percent in 2023. This is reflected in the high percentage of EPM vendors that now offer *embedded predictive forecasting* in their EPM applications.

An increasing number of enterprise performance management users are embedding *AI and machine learning* in their applications, but it is clear the depth and maturity of their technical underpinnings may vary. Data leaders need to pay close attention to this when evaluating enterprise performance management software.

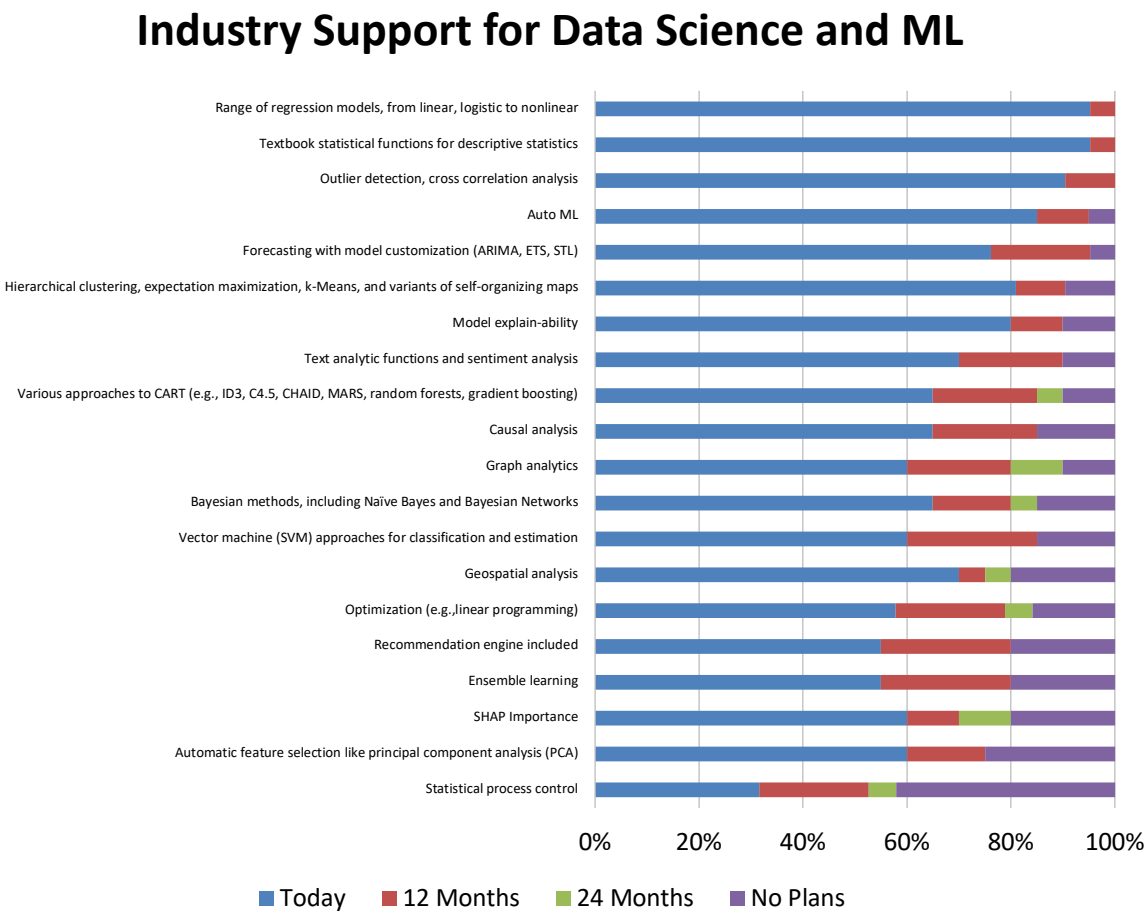

Figure 68 – Industry – data science and machine learning

Industry – Technical Architecture Features

All vendors support core technology capabilities such as automated alerting and access controls (fig. 69). Multi-language support has improved compared to 2023, with only 7 percent not currently offering this (although they plan to within 12 months). A minority of vendors do not plan to support in-memory databases.

There is a clear split between vendors in terms of deployment capabilities. All vendors now offer SaaS/public cloud delivery while some also offer hosted/private cloud and on-premises, while some vendors are "SaaS only" and do not plan to offer hosted/private cloud or on-premises solutions. Over 64 percent of vendors still offer an on-premises deployment option, so it is clear that some vendors will not force their users to move to cloud in the short term. However, the on-premises installed base is a tempting target for SaaS-only competitors.

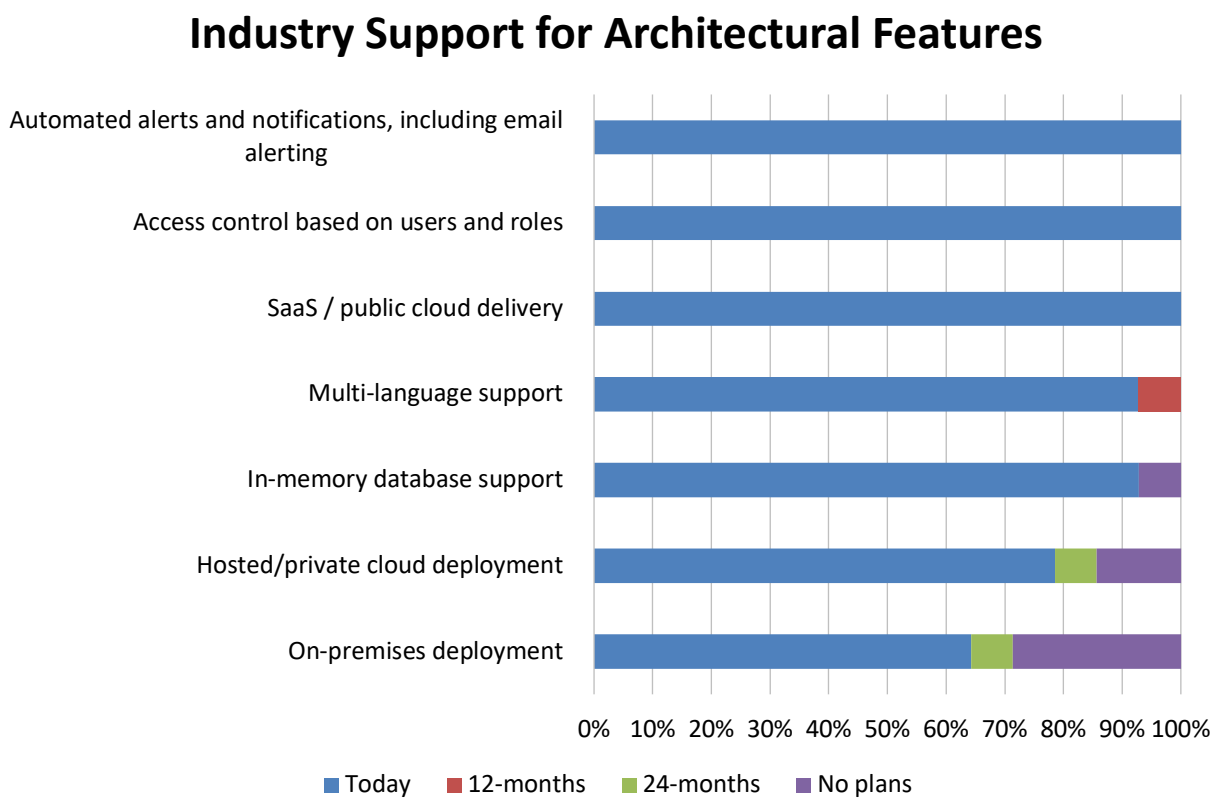

Figure 69 – Industry – architectural features

Vendor Rankings

In this section, we offer rankings of enterprise performance management software vendors. We rate vendors using 33 different criteria, on a five-point scale for each. Criteria covers sales /acquisition experience (8 criteria), value for price paid (1), quality and usefulness of product (12), quality of technical support (5), quality and value of consulting services (5), whether the vendor is recommended (1), and integrity (1).

As we explore vendor performance in more detail, it is important to understand the scale we use in scoring the industry and vendors:

- 5.0 = Excellent
- 4.0 = Very good
- 3.0 = Adequate
- 2.0 = Poor
- 1.0 = Very poor

Please note that "average score" is the mathematical mean of all items included in vendor ratings. Each column in the chart represents a scale consisting of varying numbers of items (for example, "sales" is a scale consisting of eight items, while "value for price paid" is one item). As such, each column is weighted differently (based upon the number of items represented and the number of respondents rating those items) in calculating the overall average rating. The average score cannot be calculated by simply averaging across the subscale scores.

Enterprise Performance Management Market Models

Since 2015, we have used the following two models for examining and understanding markets. Using quadrants, we plotted aggregated user sentiment into x and y axes.

Customer Experience Model

The Customer Experience Model considers the real-world experience of customers working with EPM products daily (fig. 70). For the x axis, we combine all vendor touch points—including the sales and acquisition process (8 measures), technical support (5 measures), and consulting services (5 measures)—into a single "sales and service" dimension. On the y axis, we plot customer sentiment surrounding product, derived from the 12 product and technology measures used to rank vendors. On the resulting four quadrants, we plot vendors based on these measures.

The upper-right quadrant contains the highest-scoring vendors and is named "Overall Experience Leaders." Technology Leaders (upper-left quadrant) identifies vendors with strong product offerings but relatively lower services scores. Contenders (lower-left quadrant) would benefit from varying degrees of improvement to product, services, or both.

User sentiment surrounding Outliers (outside of the four quadrants) suggests that significant improvements are required to product and services.

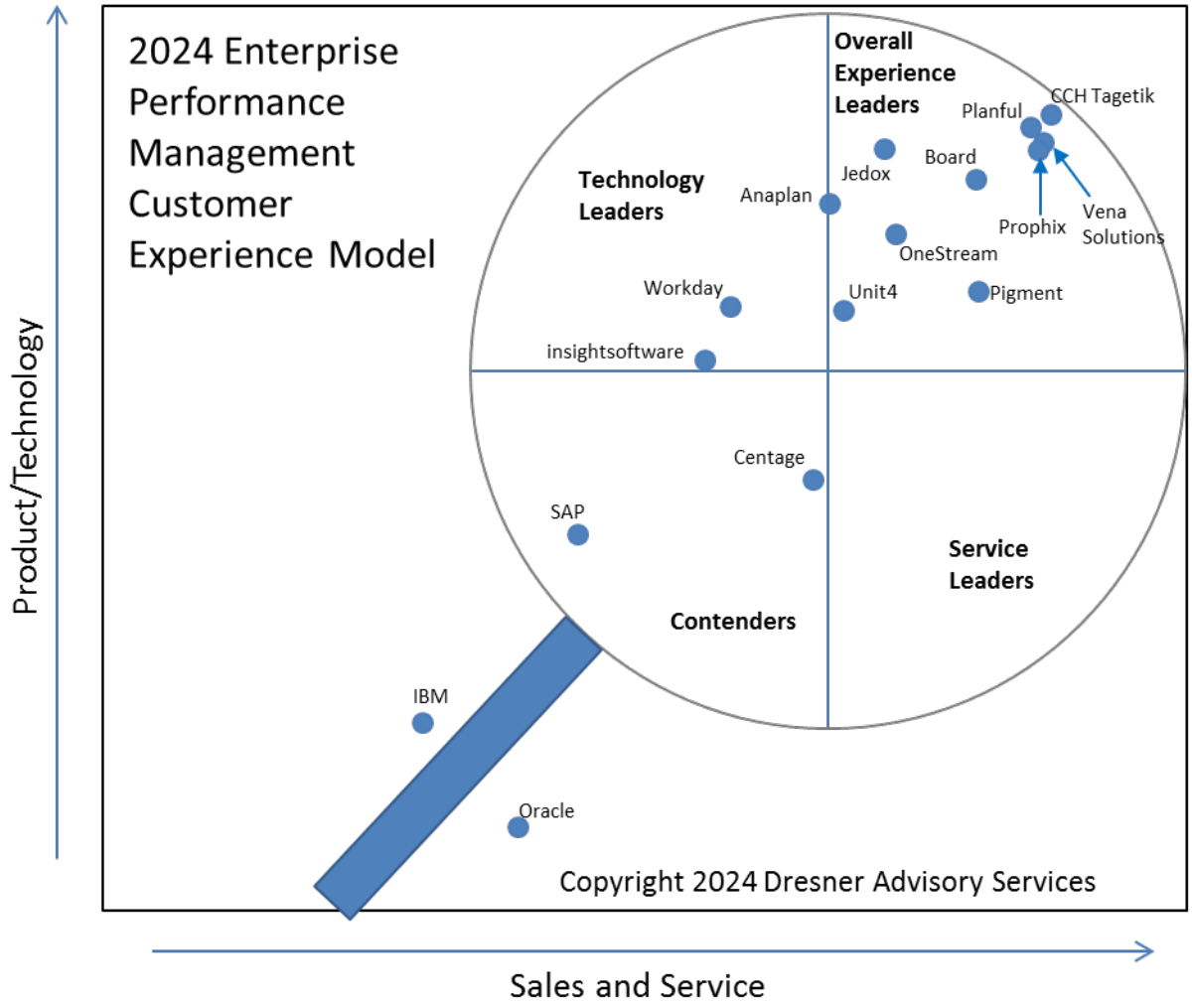

Figure 70 – Customer experience model

Vendor Credibility Model

The Vendor Credibility Model considers how customers "feel" about their vendor (fig. 71). The x axis plots perceived value for the price paid. The y axis combines the integrity and recommend measures, creating a "confidence" dimension. The resulting four quadrants position vendors based on these dimensions.

The upper-right quadrant contains the highest-scoring vendors and is named "Credibility Leaders." Trust Leaders (upper-left quadrant) identifies vendors with solid perceived confidence but relatively lower value scores. Contenders (lower-left quadrant) would benefit by working to improve customer value, confidence, or both.

User sentiment surrounding Outliers (outside of the four quadrants) suggests that significant improvements are required to improve perceived value and confidence.

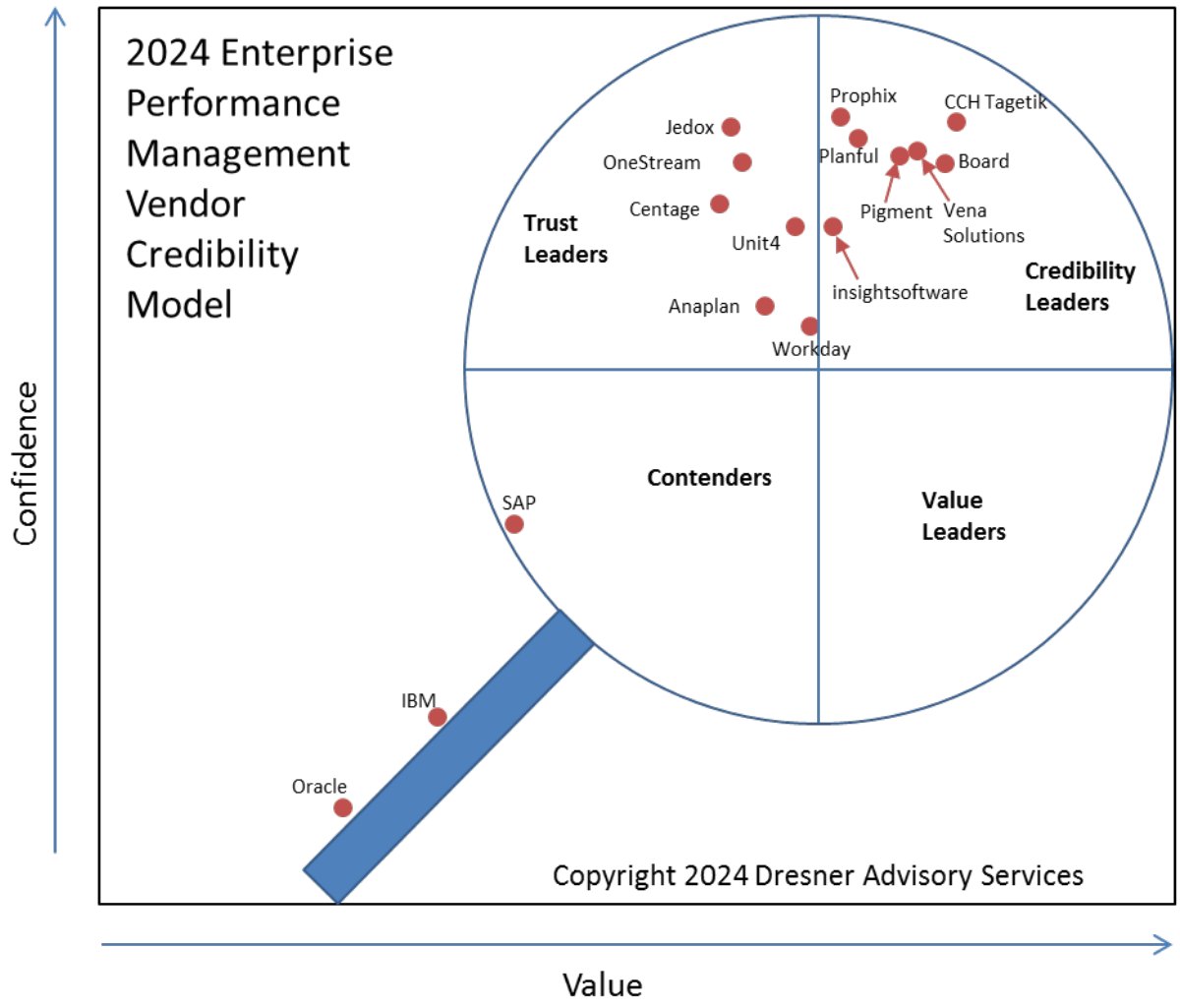

Figure 71 – Vendor credibility model

EPM Value / TCO Model

For 2024, we created a new model, the EPM Value / TCO (Total Cost of Ownership) Model (fig. 72). This model is based solely upon input from users of each EPM vendor and represents opinions related to the perceived value for price paid and perceived TCO.

On the x axis, we measure perceived value left to right, from low to high. On the y axis, we measure perceived TCO, bottom to top, from high to low. Hence, vendors in the upper-right quadrant hold the highest perceived value and lowest perceived TCO.

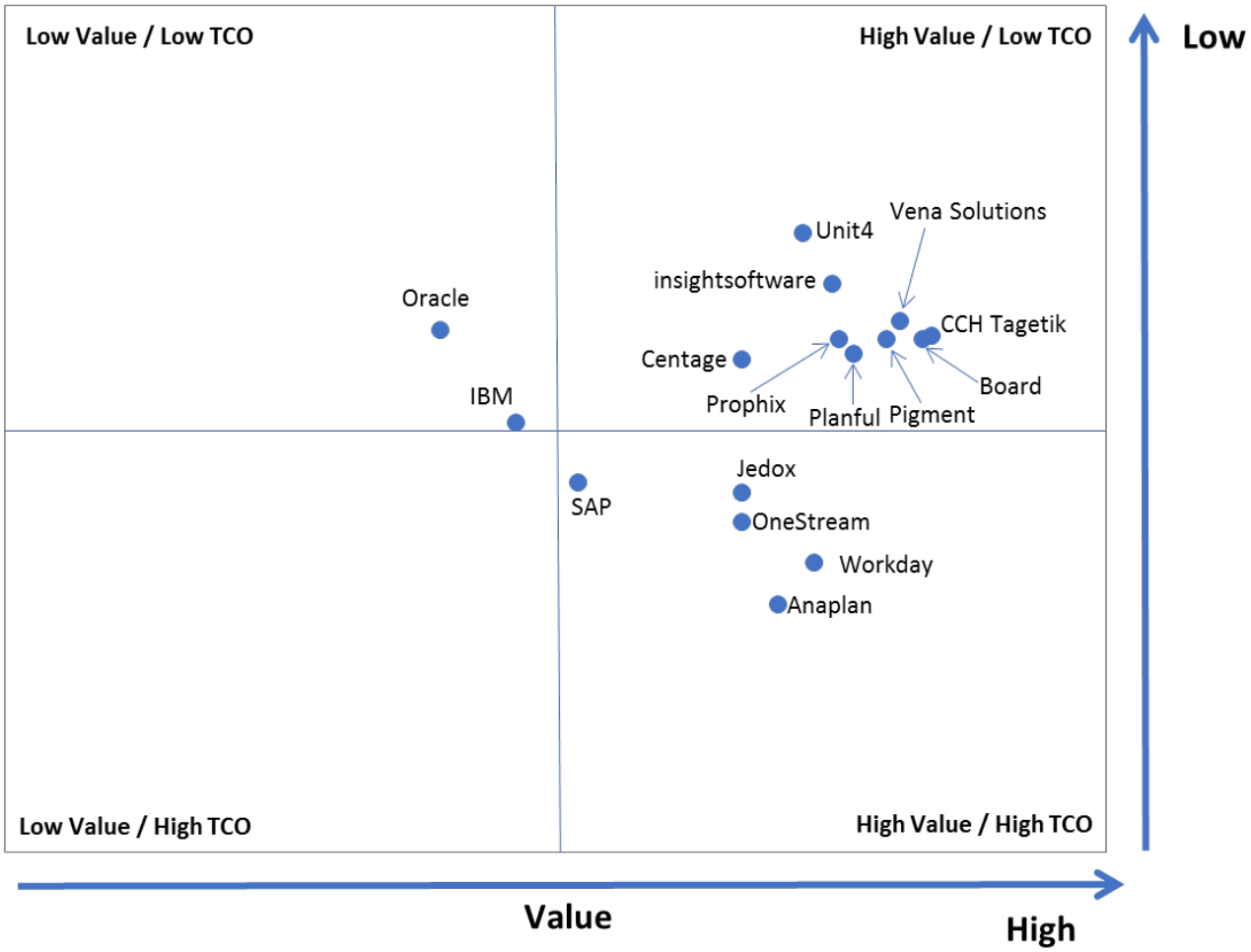

Figure 72 – EPM Value / TCO model

Detailed Vendor Ratings

In this section, we offer detailed vendor scores. Using our 33-criteria evaluation model (table 1), we compare each vendor's performance to its previous year's performance and to the average for all vendors (all records in the study population).

The detailed criteria are below. We add "clock" position information to assist in locating specific scores.

Table 1 - Detailed vendor rating criteria

- **Sales/acquisition experience***(12 - 2 o'clock)*
  - Professionalism
  - Product knowledge
  - Understanding our business/needs
  - Responsiveness
  - Flexibility/accommodation
  - Business practices
  - Contractual terms and conditions
  - Follow-up after the sale
- **Value for price** *(3 o'clock)*
- **Quality and usefulness of product** *(3 - 7 o'clock)*
  - Robustness/sophistication of technology
  - Completeness of functionality
  - Reliability of technology
  - Scalability
  - Integration of components within product
  - Integration with third-party technologies
  - Overall usability
  - Ease of installation
  - Ease of administration
- **Quality and usefulness of product (continued)**
  - Customization and extensibility
  - Ease of upgrade/migration to new versions
  - Online forums and documentation
-
- **Quality of technical support** *(8 - 9 o'clock)*
  - Professionalism
  - Product knowledge
  - Responsiveness
  - Continuity of personnel
  - Time to resolve problems
- **Quality and value of consulting services** *(9 - 10 o'clock)*
  - Professionalism
  - Product knowledge
  - Experience
  - Continuity
  - Value
- **Integrity** *(11 o'clock)*
- **Whether vendor is recommended** *(12 o'clock)*

Unit4 Detailed Score

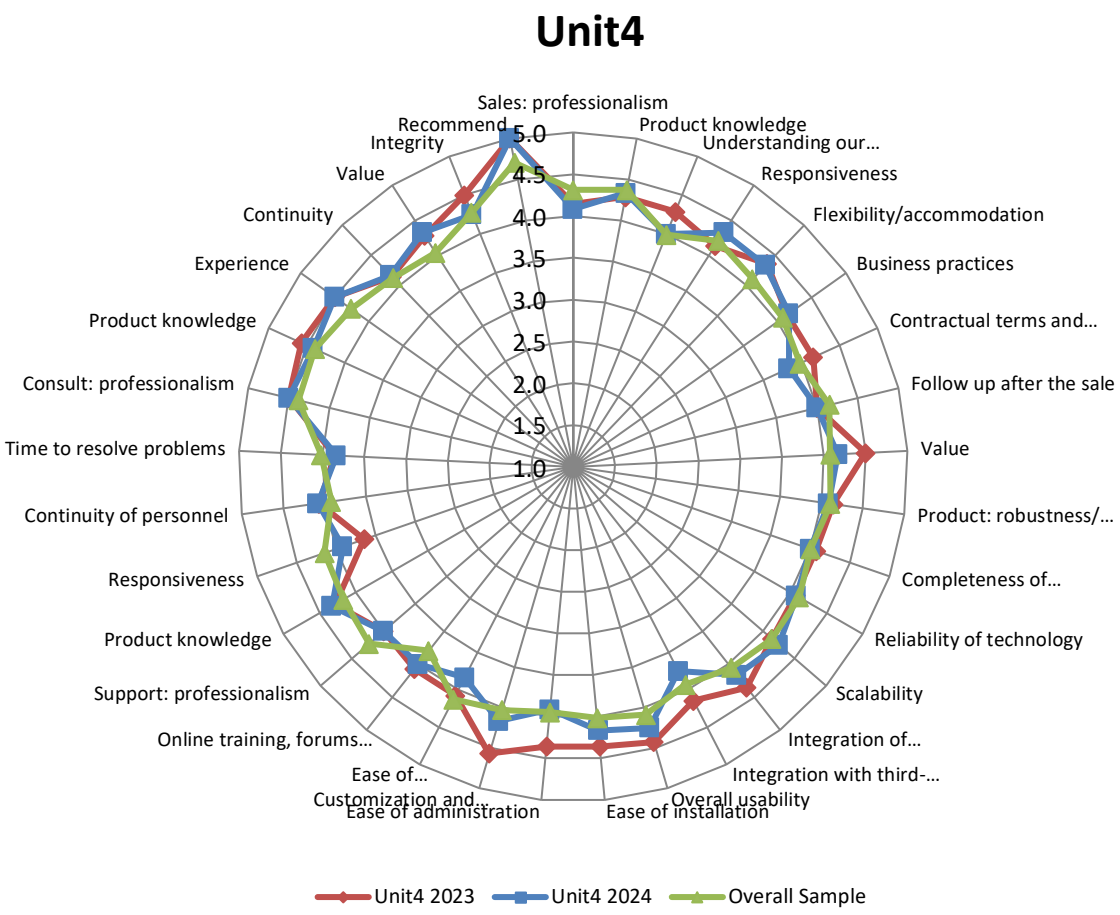

Figure 73 – Detailed score for Unit4

For 2024, Unit4's scores remain fairly consistent with 2023 and generally align with the overall sample. It is an Overall Leader in the Customer Experience Model and a Trust Leader in the Vendor Credibility Model. It is positively rated in the Value / TCO Model (high value, low TCO) and maintains a perfect recommend score.