



Value Index

Financial Performance Management 2012

Executive Summary

Aligning Business and IT To Improve Performance

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Ventana Research performed this research and analysis independently. Our goals were to determine the Value Index for Financial Performance Management and to evaluate vendors and products in accordance with the Ventana Research financial performance management blueprint and specific operational and performance activities and processes. We charged no fees for this research and invited to participate all vendors that are delivering applications to enable financial performance management. This report includes vendors and products generally available as of February 2012.

Our purpose in conducting this research was to evaluate the maturity of software vendors and products and their appropriateness for the methodology and process of financial performance management. This research and report are not intended to imply that one vendor or product is the right choice for any particular organization. Rather, they provide a baseline of knowledge that organizations can use to evaluate vendors and products to manage and improve financial performance management by aligning business and IT. Unlike IT analyst firm reports that use subjective influences to score vendors, our research is based on thorough analysis of customer assurance and product categories that best represent how an organization should evaluate its technology supplier.

We certify that Ventana Research performed the research to the best of our ability; that the analysis is a faithful representation of our knowledge of vendors and products; and that the analysis and scoring are our own.

A handwritten signature in black ink that reads "ventana Research".

Financial Performance Management

Ventana Research defines financial performance management (FPM) as the process of addressing the often overlapping people, process, information and technology issues that affect how well finance organizations operate and support the activities of the rest of their organization. FPM deals with the full cycle of finance department activities, which include planning and budgeting, analysis, assessment and review, closing and consolidation, internal financial reporting and external financial reporting, as well as the underlying information technology systems that support them.

Financial performance management is a necessity for running any organization efficiently and effectively. Corporations, small businesses, government entities and nonprofits all must be able to set financial objectives, plan and budget, and review and evaluate their financial performance in a timely and thorough fashion in order to control their fiscal well-being and achieve their strategic objectives. Increasingly finance organizations also are being asked to play a more strategic role, providing analytic support to operating units in areas such as profit optimization.

Managing financial performance involves well-established processes and analytic techniques. Babylonian clay tablets show that budgeting stretches back millennia. The codification of double-entry bookkeeping in the 15th century set the foundation for financial analytics. Accounting was one of the first business activities to be automated because it involved numbers and well-defined processes.

Today the intensifying focus on financial performance management is being driven by the maturation of information technology systems. The term was created to encompass the once separate but now interrelated information systems that have transformed financial management, increasing radically the breadth and depth of financial and operational information that organizations can access and analyze. FPM enables a deeper understanding of an organization's historical performance and gives it the tools to dynamically realign future activities to best support organizational strategy.

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Using our rigorous benchmark research methodology, Ventana Research has examined how organizations execute FPM, which includes exploring their maturity in planning and budgeting, reporting, analysis, consolidation and closing. We also have done extensive research into how companies use spreadsheets to manage and support these activities and how those tools impact the quality, timeliness and accuracy of core business processes. The research shows that in the major financial performance management processes and capabilities most organizations are relatively immature, with just 10 to 15 percent in the upper quartile of maturity. To put it simply, a majority of companies fail to provide financial information on a timely basis.

Having the right technology and using it to its fullest are vital to achieving better execution of FPM processes. On average, companies that use consolidation software close their books about one-third faster than those that perform this task using spreadsheets, and companies that use spreadsheets sparingly in the closing process

encounter fewer errors in preparing their financial statements than those that use them extensively.

Relying on this research and our years of benchmarking, we have developed a blueprint that will guide organizations to improve their financial performance management. Using this approach enables companies to more effectively align and link their many finance-related activities and processes.

Achieving this effectiveness, however, requires applications that will make it possible for an organization to manage finance operations and performance to the degree required. We have developed and regularly update this Value Index to enable companies to evaluate applications' suitability for use as elements of this approach.

The Value Index for financial performance management uses the Ventana Research methodology, a framework that evaluates application vendors and their products in seven categories of requirements. Five are product-related, assessing usability, manageability, reliability, capability and adaptability, while two quantify the customer assurance issues of vendor validation and total cost of ownership and return on investment (TCO/ROI).

The Value Index can be used to evaluate existing suppliers and also provides evaluation criteria for new projects; applying it thus can shorten the RFP cycle time.

This Value Index report evaluates the following vendors that offer products that address key elements of financial performance management as we define it: Host Analytics, IBM, Infor, Longview, Oracle, Prophix, SAP, SAS and Tagetik.

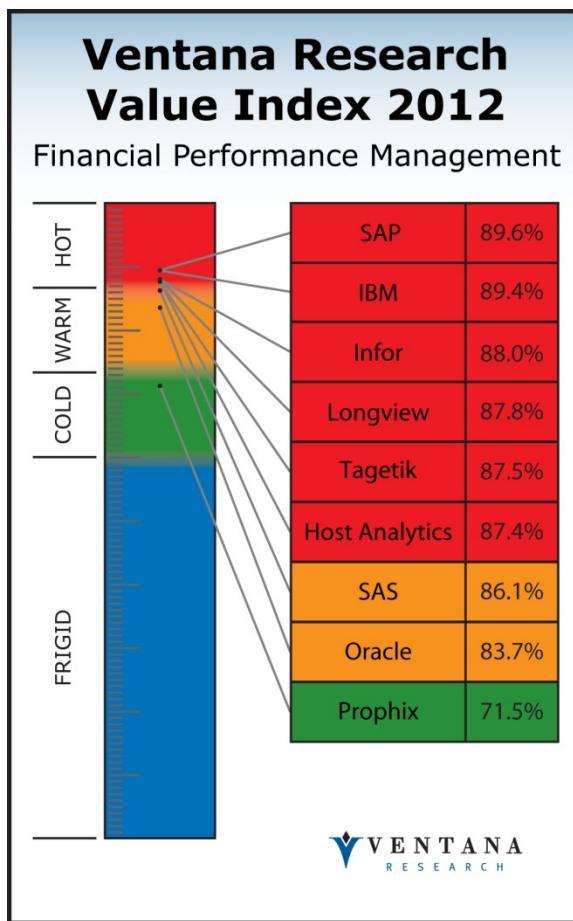
We urge organizations to do a thorough job of evaluating financial performance management systems

and tools and offer this Value Index as both the results of our in-depth analysis of these vendors and as an evaluation methodology. The Value Index can be used to evaluate existing suppliers and also provides evaluation criteria for new projects; applying it thus can shorten the RFP cycle time.

Unlike many IT analyst firms that rank vendors from an IT-only perspective, Ventana Research has designed the Value Index to provide a balanced perspective of vendors and products that is rooted in an understanding of business drivers and needs. This approach not only reduces cost and time but also minimizes the risk of making a decision that is bad for the business. Using the Value Index will enable your organization to achieve the levels of efficiency and effectiveness needed to optimize financial performance.

Value Index Overview

The *Ventana Research Value Index: Financial Performance Management in 2012* is the distillation of a year of market and product research efforts by Ventana Research, the premier benchmark research and advisory services firm. Built on a foundation of 10 years of business and technology research, this unbiased, fact-based index is the first such industry undertaking to assess the value of software designed specifically for enabling financial performance management.



This Ventana Research Value Index is an analytic representation of our assessment of how well vendors' offerings meet buyers' requirements for software that enables and supports financial performance management. The Index evaluates the software in seven key categories. Five are product-related: usability, manageability, reliability, capability and adaptability. In addition, we considered two customer assurance categories: vendor validation and total cost of ownership and return on investment (TCO/ROI). To assess functionality, one of the components of capability, we applied the Ventana Research financial performance management methodology and blueprint, which links the business process of financial performance management to an organization's information technology.

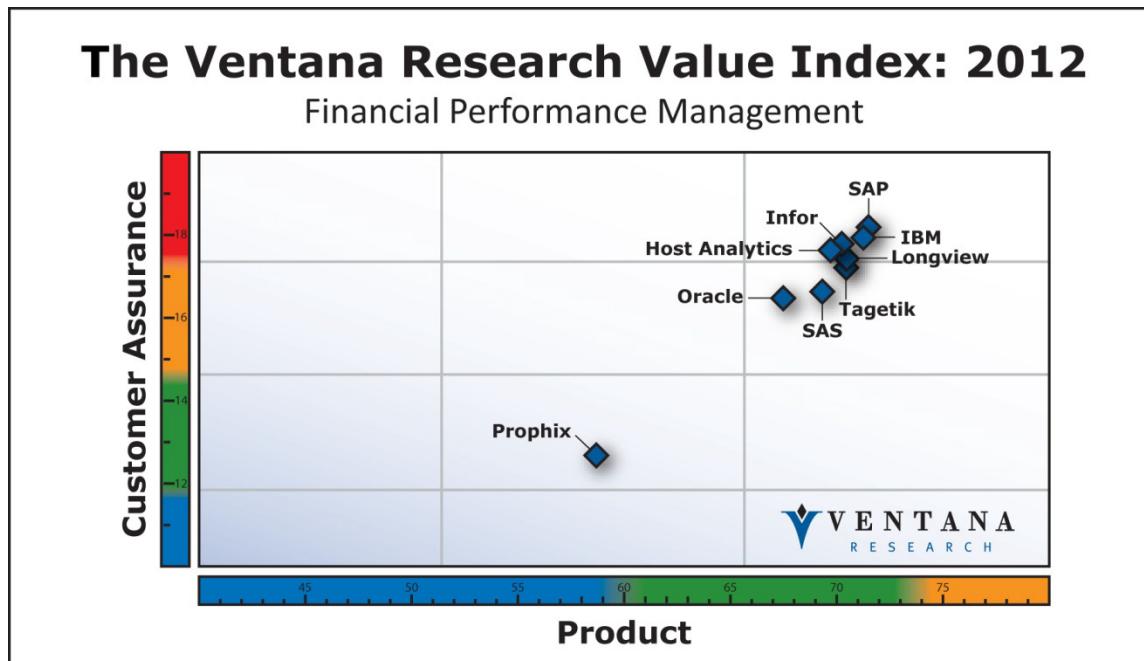
We use our research-based analytics and methodology to generate the Value Index percentages. We then build them into a set of indicators that we present graphically as temperature charts. In these indicators the colors reflect our

assessment of the value to you, the potential buyer, on a scale from minimally valuable, or Frigid (blue), to very valuable, or Hot (red). Thus, we present the Value Index in both analytic and graphic form, each depicting the value of a specific vendor's offering based on an evaluation of what it can deliver that is relevant to your financial performance management needs.

The Value Index is not an abstraction; Ventana Research used a carefully crafted best practices-based methodology to represent how organizations actually will assess vendors. We believe it is important to take this approach, since making the wrong decisions can raise the total cost of ownership, lower the return on investment and hamper your organization's ability to reach its performance potential. In addition, this approach can reduce the project's development and deployment time and eliminate the risk of placing on your short list vendors that are wrong for your organization.

The Value Index for Financial Performance Management in 2012 shows that currently two companies, IBM and SAP, are virtually tied for top supplier, with SAP besting

IBM by only 0.2%; both qualify as Hot vendors. They're followed closely by four other Hot vendors: Infor, Longview, Tagetik and Host Analytics.



The financial performance management suite category is a mature one, as evidenced by the close and almost uniformly high scores garnered by the software vendors in our Value Index. It's therefore important for organizations considering the purchase of this type of software to understand the approach we used to evaluate the nine companies' suite offerings.

The advantage of having a suite is that it is usually easier for individuals that use more than one piece of it to become proficient in its application. It will almost always involve a single sign-on, which is probably not the case if various pieces are assembled from multiple vendors. Those managing the software also will find it easier to learn and work with a single suite, particularly in handling the administrative functions. Especially in midsize and even in larger companies, administrators can wear multiple hats, and their responsibilities can shift from one piece of the suite to another over time. Also from an IT perspective suites are usually easier and less expensive to maintain.

In assessing the capabilities of the FPM suites we are evaluating a full range of functionality; think of these software packages as multifunction tools – Swiss Army knives for finance. Some of these capabilities address core functions that every company does (such as statutory consolidation, budgeting and dashboard viewing). Others support tasks that have been assumed to varying degrees by finance organizations (such as profitability management or advanced costing methods). We believe that the finance departments of midsize and larger corporations (those with 100 or more employees) need a much larger Swiss Army Knife these days to fulfill their expanding roles, and that is why we base our scores the full set of functionality – even though an organization may be looking only for budgeting or consolidation software.

To ensure the accuracy of the information we collected, we required participating vendors to provide evaluation data across seven categories designed to reflect the

concerns of a well-crafted RFP. Ventana Research then validated the information, first independently through our database of product information and extensive Web-based research, and then in consultation with the vendors. The majority of selected vendors participated in one-on-one consultative sessions, after which we requested them to provide additional documentation to support any new inputs.

About Ventana Research

Ventana Research is the leading benchmark research and business technology advisory services firm. We provide insight and expert guidance on trends and mainstream and disruptive technologies. Our unparalleled insights and best practices guidance are based on our rigorous research-based benchmarking of people, processes, information and technology across business and IT functions worldwide. The combination we offer of benchmark research, market coverage and in-depth knowledge of hundreds of technology providers means we can deliver business and technology education and expertise to our clients where and when needed to reduce the time requirements, cost and risk of technology investments. The Ventana Research Indexes – the Value Index and the Benchmark Index family – have redefined the research industry by providing accessible, easy-to-use research-based business and technology guidance to businesses. Ventana Research provides the most comprehensive analyst and research coverage in the industry; the many business and IT professionals worldwide who are members of our community benefit from Ventana Research's insights, as do highly regarded media and association partners around the globe. Our views and analyses are distributed daily through blogs and social media channels including [Twitter](#), [Facebook](#), [LinkedIn](#) and [Google+](#). Ventana Research was ranked the #1 analyst firm you can trust in enterprise software for 2009 for its relevance to the industry. To learn how Ventana Research advances the maturity of organizations use of information and technology through benchmark research, education and advisory services, visit www.ventanaresearch.com.

We offer a variety of customizable services to meet your specific needs including workshops, assessments and advisory services. Our [education](#) service, led by analysts with more than 20 years of experience, provides a great starting point to learn about important business and technology topics from compliance to business intelligence to building a strategy and driving adoption of best practices. We also offer tailored [Value Index Assessment Services](#) to help you define your strategy, build a business case and connect the business and technology phases of your project. And we can provide Ventana On-Demand access to our analysts on an as-needed basis to help you keep up with market trends, technologies and best practices.

Everything at Ventana Research begins with our focused [research](#), of which this Value Index is a part. We work with thousands of organizations worldwide, conducting research and analyzing market trends, best practices and technologies to help our clients improve the efficiency and effectiveness of their organizations.

Through the Ventana Research [community](#) we also provide opportunities for professionals to share challenges, best practices and methodologies. Sign up for Individual membership at www.ventanaresearch.com to gain access to our weekly insights and learn about upcoming educational and collaboration events – webinars, conferences and opportunities for social collaboration on the Internet. We offer the following membership levels:

Individual membership: For business and IT professionals* interested in full access to our website and analyst team for themselves. The membership includes access to our library of hundreds of white papers and research notes, briefings and telephone or email consulting sessions to provide input and feedback.

Team membership: For business and IT professionals* interested in full access to our website and analysts for a five-member team. The membership includes access to our library of hundreds of white papers and research notes, briefings, telephone or email consulting sessions to provide input and feedback and the use of Ventana Research materials for business purposes.

Business membership: For business and IT professionals* interested in full access to our website and analyst team for their larger team or small business unit. The membership includes access to our library of hundreds of white papers and research notes, briefings, telephone or email consulting sessions to provide input and feedback, use of Ventana Research materials for business purposes and additional analyst availability.

Business Plus membership: For business and IT professionals* interested in full access to our Web site and analyst team for larger numbers of company employees. The membership includes access to our library of hundreds of white papers and research notes, briefings, telephone or email consulting sessions to provide input and feedback, quotes and validation for media, use of Ventana Research materials for business purposes, additional analyst availability and access to our team for scheduled strategy consulting sessions.

This Value Index report is one of a series that are available for purchase. Also available are any of our extensive library of Benchmark Research reports. To purchase a report or learn more about Ventana Research services – including workshops, assessments and advice – please contact sales@ventanaresearch.com.

* *[Additional services](#) are available for solution providers, software vendors, consultants and systems integrators.*

This Executive Summary is drawn from the full Ventana Research Value Index report, which lays out in detail the analysis underlying the Value Index, lists the products evaluated, and suggests a methodology for preparing for a related RFP. The full report is available for purchase, payable by check or credit card. For more information about the full Value Index report or assessment of your organization using the Value Index, please contact us at sales@ventanaresearch.com.