

# Magic Quadrant for Corporate Performance Management Suites

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Corporate performance management supports cost optimization and growth initiatives. CPM is a suitable fit for nearly all organizations, and should be a priority initiative for CFOs to enable the finance functions necessary to deliver short- and long-term strategic benefits to the business.

## Market Definition/Description

Corporate performance management (CPM) applications are primarily used by the office of finance to support the core financial processes of consolidation, reporting and budgeting; however, they're increasingly being used outside of corporate finance to help link corporate and operational plans, to provide wider access to financial analytics, and to help develop strategies that deliver in regard to the expectations of shareholders, investors and funding bodies. CPM applications serve two needs. The first is tactical; they support more-efficient financial processes, enable greater control and transparency, and promote regulatory compliance. The second is strategic; they facilitate a broader approach to organizationwide performance management (PM).

The CPM application suite market is mature and composed of vendors offering solutions that are widely adopted by both large and midsize organizations (midsize can roughly be defined as those with between 100 and 1,000 employees and annual revenue of less than \$1 billion). The vendors tracked in this Magic Quadrant offer a suite of CPM solutions that support a comprehensive approach to CPM. This market is made up of consistent Leaders (megavendors IBM, Oracle and SAP) that command significant market share, midsize vendors with CPM suites that complement their other offerings, and smaller vendors trying to exploit opportunities that the megavendors can't.

The goal of this Magic Quadrant is to present a global view of the main vendors that offer broad CPM suites. It also briefly reviews specialist vendors that address more-specific CPM functionality. Both CPM suite vendors and specialist vendors should be considered by organizations pursuing a comprehensive CPM strategy.

There has been a change in the scope and classification of functionality included in the CPM suite market this year. Gartner now defines the components of a CPM suite as follows (see "CPM Applications Are Evolving to Meet Changing Business Needs" for full definitions):

- Financial Consolidation and Close Management

- Financial and Management Reporting and Disclosure
- Budgeting
- Strategic Planning and Forecasting
  - Planning
  - Forecasting
  - Strategy Management
- Profitability Modeling and Optimization (PM&O)

The two major changes in classification are:

- **Budgeting has been separated from planning and forecasting.** This is recognition of the fact that budgeting is typically conducted within corporate finance, and is less strategic than planning and forecasting. Planning and forecasting, on the other hand, although most often conducted within corporate finance, increasingly include links to operations and the involvement of financial, operational and executive management. This change in classification also acknowledges the buying patterns of organizations interested in a more finance-focused suite, opposed to those pursuing a more strategic CPM suite.
- **Strategy management has been included in a new pillar called "strategic planning and forecasting."** This classification change highlights strategy management's role within an organization's overall strategic planning and forecasting efforts. CPM applications focus deeply on financial management processes and offer functionality to support a broader approach to PM. The strategic planning and forecasting pillar primarily supports this latter effort.

## Financial Consolidation and Close Management

This type of application is a fundamental part of CPM, because it creates the audited, enterprise-level view of financial information that must be shared with other CPM applications to analyze variance from targets. Financial consolidation and close management applications allow organizations to reconcile, consolidate, summarize and aggregate financial data based on different accounting standards and government regulations, and provide financial and management consolidations at local, regional or business unit subconsolidations. These applications require complex transaction processing rules to automate intercompany transaction management (elimination and matching), as well as complex currency translation and revaluation capabilities. They also maintain a detailed audit trail of all transactions processed to arrive at the consolidated financial results.

Expanded capabilities are increasingly being provided in financial close solutions or by separate offerings that provide additional close management functionality. These capabilities primarily include improved close control process management, reconciliation management, intercompany activity management, journal entry control, financial control testing and tax provisioning. Tax provisioning functionality is new to this CPM pillar and its inclusion has affected product innovation ratings within the Magic Quadrant accordingly. In the past, the tax department has only seen marginal benefits from CPM applications, largely focused around reducing the need for separate tax

data collection and analysis efforts of the finance and tax organizations. In response to this need, applications for tax data provisioning are gaining traction. They delve deeper into the challenges faced by tax departments, such as multiple tax data sources; multinational, multijurisdictional reporting challenges; and the need to integrate closely with the financial reporting and planning functions (see "CPM Financial Consolidation Solutions Are Evolving").

## **Financial and Management Reporting and Disclosure**

The financial close process within CPM has specific disclosure and reporting requirements that require specialized reporting tools. CPM applications, such as those supporting financial consolidation and budgeting, require some of their output to be formatted as structured financial statements; therefore, reporting tools need additional logic and presentation capabilities to handle these requirements (for example, calculation rules for creating a cash flow statement from profit-and-loss and balance sheet data). They should support specific generally accepted accounting principles (GAAP) presentation rules, such as U.S. GAAP or International Financial Reporting Standards (IFRS), to enable the preparation of statutory financial statements with appropriate commentary and supplementary notes. Increasingly, financial reporting solutions incorporate process controls for reporting and disclosure, such as templates, collaboration between the company and the financial statement publisher, business rules, workflow, and audit trails to better meet regulatory, compliance and governance programs. In addition, they should support financial reporting technologies, such as eXtensible Business Reporting Language (XBRL), as regulators increasingly require the submission of financial statements in XBRL format. CPM applications should provide the reporting capabilities required to produce the management reports used by executives at corporate and business unit levels to manage and explain financial performance.

## **Budgeting**

In CPM, the budgeting process sets short-term targets for revenue, expenditures and cash generation, and usually has a one-year horizon. It typically uses financial classifications found in the general ledger to classify financial goals and targets. The budget (and the budgeting process) is usually wholly owned and controlled by the CFO and the finance function, and needs to link with underlying finance systems. The budgeting process acts as more of a fixed control mechanism than does planning and forecasting, and is less strategic. For this reason, it has been separated from planning and forecasting into its own category.

## **Strategic Planning and Forecasting**

In CPM, the planning and forecasting processes consist of a financial modeling engine with an integrated profit-and-loss balance sheet and cash flow forecasting capability. This is the key feature that distinguishes CPM from other analytics applications that also create plans and forecasts (such as applications for sales and operations planning [S&OP] or marketing campaign planning). These capabilities support the creation, review and approval of financially focused plans and forecasts, as well as their associated workflow. They should also maintain an audit trail of all associated activity.

Planning differs from budgeting in two main aspects. First, the time periods involved can be longer term (three to five years is common), and second, the focus is less on budget line items and more on business drivers that impact the financial line items. This means that planning is more relevant to operational managers, who do not run their part of the business using general ledger codes. Longer-term financial plans are used by executives to evaluate the effects of alternative strategies, such as merger and acquisition activity. They typically represent a high-level perspective of revenue, expenses, balance sheet items and cash flows. Planning applications should also support other aspects of strategic planning, such as initiative management, and should provide links to strategy maps in scorecard applications. These applications may also provide other detailed planning, such as salary or head count planning, revenue planning, capital planning, or expense planning. These applications may include additional functionality to extend financial planning to operational domains, allowing business users to model revenue streams and other aspects of the financial budget using business drivers such as price, volume and discounts.

CPM forecasting capabilities should support sophisticated forecasting and modeling, which involve extrapolating new versions of plans and budgets based on comparisons of actual results to budgets, the analysis of historical data and "what if" analysis. Forecasting typically differs from budgeting and planning in that once a budget is created, many organizations tend to strictly adhere to it, regardless of changes to the business environment. The goal of forecasting is to dynamically create more-accurate predictions of future outcomes based on experience and to predict alternative outcomes if business conditions change. Forecasting can be simple (for example, add three months' actual data to nine months' budget data) or sophisticated (based on statistical techniques) to help predict future performance.

Strategic planning also involves strategy management. These solutions provide a packaged approach to support strategic planning, modeling and monitoring to improve corporate performance, accelerate management decision making and facilitate collaboration. They're usually tied to strategy maps or methodologies, such as the balanced scorecard. Strategy management comprises:

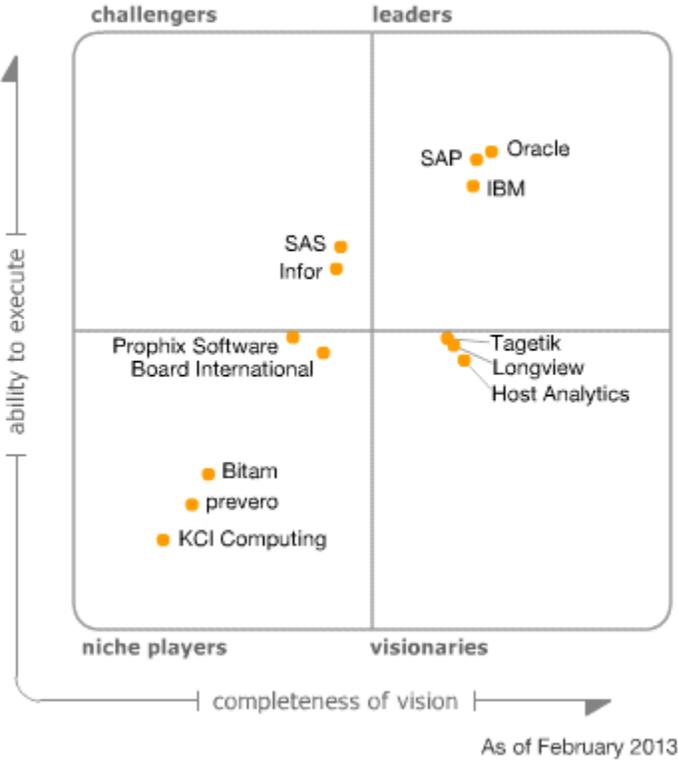
- Strategic planning — The creation of higher-level business plans to evaluate the impact of different strategic alternatives. It also includes long-term financial planning, which creates a high-level perspective of revenue, expenses, balance sheet items and cash flows to show the financial impact of different strategic alternatives.
- Initiative/goal management — Includes project-management-like tools to enable responsible managers to execute specific tasks related to a strategy.
- Scorecards and strategy maps — Used to record strategies, objectives and tasks; monitor performance; identify, explain and maintain the relationship of key performance indicators (KPIs); and enable related communications and collaboration capabilities.
- Dashboards — Used to aggregate and intuitively display metrics and KPIs, enabling them to be examined at a glance or analyzed interactively using embedded filters and drill down/across capabilities.

**PM&O**

PM&O includes activity-based costing (ABC) applications that determine and allocate costs at a highly granular level to, for example, determine the cost of each task (activity) that an agent may perform across all channels in a customer service contact center. This information can be applied to various cost objects, including products, customers and customer segments, to help determine product and customer profitability. PM&O applications take this approach one stage further and provide modeling capabilities to enable users to model the impact on the profitability of different cost and resource allocation strategies. This approach can help model optimal product and service offerings in packaging, bundling and pricing, as well as optimize channel strategies. Increasingly, profitability-modeling applications are focusing on profit optimization capabilities that enable executives to plan the impact of different strategies on profitability from different perspectives, such as customer or product. These solutions may also be able to model business processes and provide other advanced features, such as constraint-based, bidirectional and predictive modeling.

**Magic Quadrant**

Figure 1. Magic Quadrant for Corporate Performance Management Suites



Source: Gartner (February 2013)

## Vendor Strengths and Cautions

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### Bitam

#### Strengths

- Bitam reports having more than 2,050 customers in production. The vendor launched its software as a service (SaaS)-based offerings in March 2009; these have seen a healthy 52% increase in subscription revenue during the past year. Most of Bitam's customers are in North America; however, the vendor has a healthy presence in EMEA and South America. It has offices in the U.S. (Reston, Virginia, and Dallas), Mexico (Monterrey, Mexico City, Tampico and Guadalajara), Venezuela, Colombia, Chile and Spain.
- Bitam is particularly strong for midsize companies looking for budgeting, planning and forecasting; strategy management; financial consolidation; and financial reporting. As with previous years, according to the reference survey, the most common reason for choosing Bitam was for strategy management (with 63% of respondents reporting using the vendor's strategy management functionality — higher than any other component).
- Bitam offers solid functionality in all CPM areas. Its G6 offering provides a combined business intelligence (BI) and CPM portfolio (Artus, Stratego, Ektos and Papiro), supporting a Microsoft stack utilizing SQL Server, Analysis Services, Microsoft Outlook and Microsoft Office, as well as non-Microsoft platforms, such as Oracle, Sybase, Teradata, Netezza and SAP Business Information Warehouse (SAP BW). Custom reporting can be accomplished through the Bitam Advanced Reporting Server (ARS). Ektos is a financial planning application providing budgeting, forecasting and consolidation. Stratego is a strategy management application, and financial, statutory and management reporting are supported via a financial analytical model based on the Artus BI platform. Papiro provides a graphical report development environment. Bitam offers fast deployments with a relatively low cost of ownership, compared with traditional CPM vendors. The vendor's solutions are available in English, Dutch, German, Portuguese, Italian and Spanish for on-premises and on-demand (SaaS) licensing models.

#### Cautions

- Although survey results show a slightly above-average customer satisfaction rating this year and a good rating for "overall value for the money," some scores, such as "ongoing support and after-sales care" were below average. Some of this may be due to adjusting to different sales and support requirements between the on-premises and cloud-based offerings, and managing related customer expectations.
- Bitam's operations have been limited mainly to its midsize organizations within its home markets in North America, South America and Southern Europe. Although the vendor is gradually increasing its presence in the North American region, Bitam may struggle to get attention in new markets. It may be able to leverage its new cloud-based offering to help penetrate new markets, especially within emerging economies.

- Bitam doesn't offer PM&O and disclosure functionality; this may limit usefulness for larger companies looking for the ability to produce regulatory financial statements.

## Board International

### Strengths

- Board International has traditionally delivered PM, BI and analytics solutions within a single platform (see "Magic Quadrant for Business Intelligence Platforms"). The vendor's emphasis on BI as a core capability has been a positive in that financial analytics is increasing in importance for finance executives. A very high level of customer satisfaction with Board International's products has been reported in this year's survey results; the vendor scored the highest in overall customer satisfaction, with some of its highest ratings relating to product benefits. For this reason, Gartner has adjusted Board International's Magic Quadrant rating to reflect both an increased Ability to Execute and an enhanced Completeness of Vision, moving it closer to both the Challengers and Visionaries quadrants.
- During the past year, Board International has seen a healthy number of new sales (100 new customers) and a higher percentage of larger, enterprisewide sales. The majority of its customers are in the EMEA region; however, it has a market presence in North America and South America, as well as in the Asia/Pacific region. The vendor is headquartered in Lugano, Switzerland, with direct offices in Germany (Frankfurt and Munich), Italy, Singapore, Tokyo, Hong Kong, Spain (Barcelona and Madrid), the U.S. (Boston and Austin, Texas), Mexico, the U.K. (Milton Keynes and London), the United Arab Emirates (UAE), Australia and India. It has a worldwide reseller network.
- With its 7.4 release, Board International introduced the Hybrid Bitwise Memory Pattern (HBMP) in-memory computing algorithm, to increase performance, data compression, parallelism and user concurrency. This helps the vendor support more-complex integrated corporate and operational planning endeavors, as well as satisfying profitability-modeling requirements, all of which involve more-granular data and large numbers of users (Board International has several customers with hundreds of users and has demonstrated its ability to support more than 1,000 users in production). This year's survey results continue to indicate that, compared with many other CPM vendors, Board International's customers use its solution comprehensively to satisfy a broad set of CPM functions.
- Version 8.0 was released in December 2012 and includes new interactive mobile capabilities, information visualizations and customizable workflows. The vendor has also introduced blueprint solutions for demand planning and sales budgeting, and has complemented its strategy management capabilities with a new Balanced Scorecard blueprint. A new financial planning application is scheduled for release in 2013. Packaged CPM offerings have also been introduced for additional verticals.

## Cautions

- Although Board International has added more functionality for financial consolidation, it is still struggling to gain momentum with this product, especially with larger organizations where it is seeing higher levels of traction with its strategic planning capabilities.
- The vendor offers BI and CPM suite solutions. This is both a strength and a weakness in that, although combined BI and CPM process support is increasingly important, Board International may be challenged to expand awareness in both markets. (It is tracked in both our BI and CPM Suite Magic Quadrants.)
- Board International has a largely Microsoft-centric product, using Windows Presentation Foundation (WPF) and Windows Communication Foundation (WCF). It is also able to leverage SQL Server and SharePoint, but its BI products overlap with Microsoft's own BI portfolio and this makes selection more complex for some customers.

## Host Analytics

### Strengths

- Host Analytics offers the only cloud-based CPM suite included in this Magic Quadrant that is built from the ground up as a multitenant SaaS solution. The vendor is benefiting from the market's increasing acceptance of cloud-based solutions. It has reported a 118% total revenue growth for its last fiscal year; this is more than seven times the CPM market growth rate of 16.4% during 2011. The vendor's cloud-based architecture has allowed it to quickly expand its global sales reach and to more easily sell directly to line-of-business users. Host Analytics has moved into the Visionaries quadrant this year, largely because it has effectively leveraged the cloud to expand its sales and support capabilities. However, its new position also reflects its solutions' growing capability, revenue growth and expanding customer base.
- The vendor's customer base has grown to 324 customers across 36 countries. The majority of its customers are in North America; however, it also has a growing percentage of customers in EMEA and the Asia/Pacific region (about 10% in each).
- Host Analytics' customer satisfaction scores were among the highest this year; this is a noteworthy improvement from last year. In addition, survey results indicate that its average number of users per implementation (an indication of its customers' level of CPM maturity) is slowly growing; its largest implementations have over 500 users.

### Cautions

- The fact that financial information is regarded as highly sensitive has, in some cases, limited the number of potential customers willing to adopt cloud-based CPM solutions in the past. However, as organizations increasingly embrace the cloud across business functions, Gartner anticipates higher levels of acceptance for these applications, and we are seeing much broader interest.

- An increasing number of competitors are offering SaaS or cloud-delivered versions of their products. This may blunt Host Analytics' competitive advantage in that the availability of these separate cloud platform options may be attractive to prospects and current customers may prefer those vendors' solutions.
- Host Analytics performs most of its implementations through its own service organization, but also leverages its consulting partner network. These partners are generally small/niche in nature; this may make it more difficult for Host Analytics to break into more enterprise accounts, where the big system integrators often lead CPM implementations.

## IBM

### Strengths

- IBM's CPM suite is favored for its connectivity to the vendor's wider analytics offerings, advanced analysis, planning and reporting capabilities. The vendor's strengths as a CPM suite provider flow from its extensive integrated BI, analytics and PM capabilities. For example, it leverages the benefits of SPSS predictive analytics for improved forecasting and scenario planning, and its new Cognos Insight offering supports desktop analytics environments as well as enterprisewide analysis and planning for thousands of users. In response to a growing need for organizationwide real-time analytics and PM, both inside and outside the boundaries of finance, IBM has continued to improve its strong in-memory, read/write foundation with enhanced modeling and contribution experiences, improved performance and updated data visualization capabilities. As with previous years, CPM Suite Magic Quadrant survey respondents indicate that IBM customers are deploying multiple IBM CPM solutions to a larger degree than the other vendors.
- IBM has complemented its financial statement reporting solution Cognos FSR (acquired from Clarity Systems in 2010) with Cognos Disclosure Management. This new offering provides additional collaboration and process automation to expand IBM's vision of disclosure management. This more inclusive vision leverages information within spreadsheets, enhances BI integration and adds features to support the more automated creation of narratives to support management reporting and external reporting.
- IBM continues to acquire new customers at a healthy rate across all geographic regions, including growth markets, and has sales and support coverage globally as well as IBM Global Business Services, a business analytics and optimization (BAO) service organization that continues to expand, recently surpassing 9,000 consultants.

### Cautions

- During the past year, IBM has invested more heavily and has made greater advances with its strategic planning and disclosure management offerings than it has with its Cognos Controller product. Although this offering continues to be updated (for example, the latest version includes enhanced visibility into close process status), customers requiring an increased level of financial

process depth should evaluate their current and future needs against the Cognos Controller product road map.

- IBM has grown through acquisition and maintains several planning solutions. Although the Cognos Insight, Cognos Express and Cognos Enterprise (all TM1-based) product family represents IBM's strategic direction, IBM still chooses to manage two additional planning user bases (Cognos Planning and Clarity 7). Although IBM maintains that this permits its customers to migrate on a more flexible time scale (and possibly with free conversion of user entitlements), Cognos Planning and Clarity 7 customers should evaluate their needs against the Cognos product family road map to avoid unnecessary migration efforts.

## Infor

### Strengths

- Infor has a widespread global customer base and its CPM suite is available in multiple languages. The vendor's broad CPM and BI portfolio provides its enterprise and midmarket user base with integrated CPM and BI capabilities. Its CPM suite capabilities are delivered in a modular fashion, but all components share a common platform. The suite is particularly strong for planning and strategy management, although it also provides profitability modeling, financial consolidation and financial reporting.
- The vendor continues to expand its CPM offering with new Ion-based integration capabilities to link corporate and operational planning (see "Ion's Impact on Infor's CPM Suite") with mobile report delivery through its new CPM Workbench offering. Infor will also be delivering a new close management solution in 1Q13. It will target functionality providing additional control over the financial close, including capturing key metrics and measures, providing organizations the ability to identify opportunities to improve cycle times, and offering new audit and collaboration capabilities. Infor has also extended its budgeting capabilities with its recent workforce budgeting offering.
- Infor's uptick in revenue growth, the injection of new capital and the refinancing performed in 1Q12, together with the 2011 acquisition and integration of Lawson, have been positives (see "Vendor Rating: Infor").

### Cautions

- Infor has reset its strategy to build deep industry functionality within 12 defined vertical industries; however, Infor's CPM suite is one of its generic cross-industry application offerings. Prospects and customers requiring industry-specific support within their CPM suite will need to will need to configure the suite accordingly.
- The vendor has made an effort to increase awareness for its PM portfolio through influencers and direct marketing to prospects and its current customers. Infor has been moderately successful with this approach; however, awareness remains relatively low.

- The latest change of strategy and reorganization by Infor in the CPM/BI space may make it more difficult for the vendor to focus on developing new capabilities for its CPM offering. Customers and prospects should monitor product road maps and related vendor messaging.

## KCI Computing

### Strengths

- KCI Computing has approximately 165 customers worldwide. The vendor's Control suite is aimed at midsize to large companies. The solution provides a broad range of CPM functionality and appeals to customers that want an Excel-based user interface and that have complex, multidimensional budgeting, planning and forecasting, and analytical and reporting requirements.
- Control is a single, inclusive solution in which dimensions are shared across all models to ease metadata maintenance and accelerate the creation of new models. Control provides built-in, bidirectional, dynamic extract, transform and load (ETL) functionality, which includes automatic currency translations and drill-through to the underlying transactional detail. Control runs on a variety of databases (for example, Oracle, SQL Server and DB2), supports hundreds to thousands of users and can support very large data volumes.
- Profitability forecasting, analysis and management are core capabilities of the vendor's solution. KCI Computing offers three complementary modules: one for time series forecasting; the second for materials costing, capacity planning and price sensitivity analysis; and the third for project simulation, which includes resource and cost modeling/forecasting portfolio composition management, and capacity and profitability evaluation for project-based operations.

### Cautions

- KCI Computing has offices in Torrance, California, Boston, Massachusetts, and Bangalore, India, but it may be challenged to support large global rollouts across multiple regions with many users. Due to its size, rapid expansion will be difficult without a strong partner strategy. For example, this year's survey results showed a decrease in customer satisfaction, with some of the lowest scores related to implementation. Implementation scores have historically yielded a close-to-average result for KCI Computing. Prospective customers should ensure the availability of experienced resources when planning future implementations or application upgrades.
- Although PM&O functionality is an integral part of Control, it does not have disclosure management or strategy management functionality. Organizations looking for a CPM suite that includes these components will most likely not choose KCI Computing, unless the client is comfortable with a best-of-breed approach, integrating KCI Computing's offering with other solutions that provide this functionality.

- The vendor lacks a browser interface, although this can be achieved via the use of third-party tools, such as those from Citrix Systems. Nevertheless, some clients will be less attracted to KCI Computing and this is a weakness, compared with most of the other vendors in this Magic Quadrant.

## Longview

### Strengths

- Longview has reported a 27% growth in software revenue from its fiscal year for 2012; this reflects growth for both its traditional CPM suite and for its tax provisioning solution. The vendor has approximately 400 customers using its solutions in production. Longview's revenue has been enhanced by strong sales of its tax provisioning application. The vendor's past success in this area has moved its future product direction focus beyond tax provisioning to include tax planning capabilities, helping to bring the tax area into the strategic planning process. These tax capabilities have also driven new partnership activity with PwC, Deloitte and Ernst & Young. Market momentum for tax provisioning functionality within the CPM suite is a primary reason Gartner has included it within its definition of CPM; we expect other vendors to increase their coverage of tax provisioning in the near future.
- Longview is acquiring an increasing number of larger customers. This year's survey results show that the vendor has the highest number of installations with 1,000 or more users (although Oracle has the greatest number of users with 500 or more users). In addition, Longview continues to provide among the highest levels of customer satisfaction.
- Longview made its CPM solutions available in the cloud, providing an additional, subscription-based deployment option. Its new 7.1 release features a new Smart Client interface for high-performance user interface and workflow customization, modeling, and interactive analysis. The release also includes integration capabilities to provide more seamless access with a larger variety of source systems (certain newer, high-volume and automated integration capabilities leverage Longview's partnership with Pervasive Software).
- The vendor has direct and third-party sales, consulting, and training support capability in EMEA, North America, South America and the Asia/Pacific region.

### Cautions

- Historically, awareness among larger customers and competition from the megavendors have been challenges for Longview. It will need to continue to seize upon opportunities with organizations seeking viable alternatives to the typically more expensive megavendor offerings.
- The majority of Longview's customers are in North America; however, it also has a presence in EMEA (about 12% of its customers exist within that region). Although it has improved sales, consulting and training capabilities in North America, South America, EMEA and the Asia/Pacific region, the vendor's reach outside North America is more limited.

- Broad partnerships with CPM system integrators remain a challenge due to the smaller average project size of Longview projects, compared with the those of the megavendors. Longview has made good inroads with some major service providers, such as PwC and Deloitte, with its stand-alone tax solutions, but these do not generally extend to broader CPM coverage, and not all clients desire this tax functionality.

## Oracle

### Strengths

- Gartner estimates that Oracle has over 8,000 CPM customers and a continued growth of hundreds of new customers per year. This long-term success attracts healthy internal investment in new development. During the past year, the vendor announced the availability of Oracle Business Intelligence Enterprise Edition (OBIEE) capabilities embedded within its CPM suite with the new Hyperion Financial Management Analytics product; new predictive planning capabilities (leveraged from the Oracle Crystal Ball offering) embedded within Hyperion Planning; new account reconciliation capabilities available within the Hyperion Financial Close Management product; and the ability for Hyperion Planning to utilize the Oracle Exalytics in-memory machine. Oracle has also announced the future release of cloud-based planning capabilities and tax provisioning functionality, which Gartner expects will be available in 2013.
- Oracle is a Leader in CPM suites, and the Hyperion brand is respected by finance executives worldwide. Oracle has a very broad and deep CPM product suite, which employs a multiproduct approach with different applications for each of the major CPM processes; however, these products employ a common foundation and administrative components. The vendor has a well-established partner channel and Hyperion skills are plentiful among the consultant community, given the well-established products.
- The Oracle Enterprise Performance Management (EPM) platform includes applications for each of the major business processes for financial consolidation (Hyperion Financial Management, Hyperion Financial Close Management and Hyperion Disclosure Management) and financial planning (Hyperion Planning and related modules for workforce planning, capital asset planning and project financial planning, as well as Oracle Crystal Ball for more advanced planning analytics), Hyperion Profitability and Cost Management, Hyperion Strategic Finance, Oracle Scorecard and Strategy Management (part of Oracle Business Intelligence Foundation Suite), Hyperion Data Relationship Management for metadata integration and Hyperion Financial Data Quality Management for the integration of data from multiple sources. Oracle also offers an extensive number of industry solutions, including applications for banking and the public sector.
- Oracle has well-established worldwide sales and support capabilities, and can support user implementations involving thousands of users. The vendor continues to expand its extremely robust CPM portfolio, extending its depth of support for finance.

## Cautions

- Although having the Hyperion brand so firmly and positively established within the office of finance is a strength, it may also serve to slow the expansion of Oracle's PM footprint beyond finance. Oracle customers use Hyperion primarily for planning and financial consolidation (the most commonly deployed CPM components), with lower adoption of Oracle's other CPM portfolio components. Oracle needs to continue to expand its footprint across all CPM areas, both within and outside the office of finance.
- Oracle's customer satisfaction scores remained below average in this year's survey. Addressing some of the lower scores (such as those related to ease of implementation and responsiveness of telephone support) will speed Oracle's effort to expand the adoption of its financial suite offerings within its current customer base.
- Oracle is primarily deployed by enterprise firms and its solution suite continues to sell well in that space; however, some smaller clients have cited the vendor's multiproduct approach as too expensive and complex for their requirements. Oracle's recently announced Planning and Budgeting Cloud Service will provide an additional option for these small and midsize organizations.

## prevero

### Strengths

- After a 2011 merger between Winterheller Software and prevero, the vendor now offers a combined CPM and BI product portfolio. The main product lines are the p7 line and the professional line, with its chief product the professional planner. The vendor's portfolio includes a broad range of functionality, including ETL, reporting, dashboarding, analysis, budgeting and planning, simulation, liquidity forecasting/management, and consolidation. The vendor also offers solutions for HR, risk management, project and portfolio management, and other areas.
- The vendor reports a customer base of 4,730, although this number includes CPM and BI customers. It has added 82 new CPM customers during its past fiscal year. Although prevero has several implementations that support 100 or more users, its customer base mainly includes midsize organizations in Germany, Switzerland and Austria. This year's survey results indicate that the majority of prevero's survey respondents have between one and 49 users.

### Cautions

- The vendor is relatively unknown outside the EMEA region and has no direct support in other areas, although it has support, consulting and sales capabilities through partners in North America, South America, the Asia/Pacific region and Japan. As a result, prevero is likely to stay more focused on its geographic niche.
- Survey respondents rated prevero below average in customer satisfaction, with the lowest scores related to implementation price and complexity. This may be an indication of coordination issues resulting from the Winterheller merger.

- Although prevero covers all the bases of CPM functionality, it is more widely adopted for its planning, strategy management and risk management features than for its financial consolidation and disclosure management capabilities. The vendor will have to invest further in R&D and marketing to establish a stronger competitive position and gain more clients in these areas.

## Prophix Software

### Strengths

- Prophix Software continues its strong growth; it reported a 32% increase in CPM license revenue during the past year, and now has over 1,925 CPM customers. Most of these customers are in North America; however, the vendor has been very successfully growing its international coverage. About 20% of its customers are in the EMEA region, supported by the vendor's new Basingstoke, U.K., and Copenhagen, Denmark, offices. About 15% of its customers are in South America and the Asia/Pacific region. Prophix Software is also growing in these latter two regions — the number of new customers added in South America and the Asia/Pacific region from June 2011 to June 2012 has grown 80% and 154%, respectively, as compared with the vendor's reported results for the previous year. Prophix Software also has direct consulting and training support in both regions, and has active sales and project relationships with 17 partners. The vendor's strong growth, fueled by its operational planning capabilities and repeatable implementation model for resellers, has greatly enhanced its ability to execute, moving it on the threshold of the Challenger's quadrant for this year's Magic Quadrant.
- Prophix Software typically focuses on midmarket and upper midmarket organizations, and has seen good penetration with divisions of Tier 1 organizations. Its breadth of CPM functionality for corporate budgeting, planning, scorecarding and analytics serves as a strong complement to its success in delivering operational planning and modeling functionality. The solution also extends beyond CPM into areas such as personnel planning, demand planning, project planning, inventory planning and sales planning, where it has seen high levels of adoption.
- The Prophix 10 suite consists of Prophix Performance Management (a full CPM offering), Prophix Consolidations (a financial consolidation solution), Prophix G/L Reporter (a reporting-only solution with 25 prepackaged reports) and Prophix Express (a prepackaged budgeting, planning and forecasting solution targeted for midmarket organizations). Prophix 10 R3, released in July 2012, is the latest release, and includes navigation enhancements, such as scorecard drill-downs, smart triggers for KPI monitoring and notification, ease of access to visualizations, and deeper Microsoft compatibility. The vendor plans a series of improvements to its mobile capabilities through 2013.

### Cautions

- As Prophix Software grows internationally and maintains a larger ecosystem of partnerships, it will be challenged to maintain its above-average customer reference scores as it faces larger

implementations and a more diverse set of implementation resources. However, this year's survey results have not indicated any current implementation or support issues.

- Although the vendor has acquired additional Tier 1 customers, its main focus remains on the midmarket to upper midmarket, where it has seen success with offerings supporting a more integrated operational planning approach. However, if it chooses to move upmarket, it will need to strengthen its financial consolidation functionality and develop capabilities for disclosure management. Prophix Software does not yet provide disclosure management, although it does support XBRL via a partner offering that leverages Semansys Technologies.

## SAP

### Strengths

- SAP is a CPM Suite Magic Quadrant Leader with steady sales growth (the vendor reported 679 new CPM customers this year, to bring its total number of CPM customers in production to a reported 8,567). The vendor has also reported strong growth within the emerging Brazil, Russia, India and China (BRIC) economies, and has reported an increasing percentage of large deals. Despite SAP's CPM growth, the vendor has managed to make noticeable improvements in its customer satisfaction ratings this year. These results indicate that measures SAP has taken to address this issue appear to be working. SAP's solutions continue to deliver a substantial breadth and depth of functionality in all areas of CPM.
- SAP introduced new mobile CPM capabilities with the announcement of its SAP EPM Unwired mobile client in October 2012, as well as its CitizenInsight app earlier in the year. SAP's EPM Unwired client can access SAP Business Planning and Consolidation version for SAP NetWeaver. This enables new, more collaborative mobile planning functionality, such as allowing retail store managers to view and update their plans on their iPads.
- SAP is beginning to see its first SAP Business Planning and Consolidation version for SAP NetWeaver customers leveraging SAP Hana in production. The vendor has also accelerated the time frame to deliver functionality that leverages the power of Hana for certain performance-intensive planning and consolidation processes.
- SAP has a broad portfolio of applications and its flagship budgeting, planning and forecasting and financial close offering, SAP Business Planning and Consolidation version for SAP NetWeaver combines the most common CPM needs of the office of finance into a single product. With last year's SAP EPM 10.0 release, the vendor strengthened its consolidation capabilities by adding functionality previously available only within its SAP Financial Consolidation product, such as enhanced control and validation, monitoring capabilities, and improved performance. SAP's other key CPM components include SAP Strategy Management, SAP Profitability and Cost Management, and SAP Disclosure Management.

### Cautions

- Although the vendor has reported customer implementations with thousands of CPM users, SAP customers surveyed had fewer large implementations (large being defined as those with

more than 500 users) than those of some other CPM vendors. SAP should continue to pursue opportunities to raise awareness of the related benefits of SAP EPM 10.0 solutions, both within and outside corporate finance, to help improve these survey results.

- The road map for SAP EPM 10.0 solutions has become more clear during the past year; however, some areas may still cause confusion for prospects and existing customers. For example, for financial close and budgeting, planning and forecasting (the most popular CPM components), SAP has invested most heavily in SAP Business Planning and Consolidation version for SAP NetWeaver. However, investment continues for SAP Business Planning and Consolidation version for the Microsoft platform, and no migration plan has been announced for SAP Strategic Enterprise Management (SEM), which will be supported through 2020, and SRC will be supported through 2013. SAP will need to more clearly communicate its plan for SAP Business Planning and Consolidation version for the Microsoft platform customers' requesting SAP Business Planning and Consolidation version for SAP NetWeaver-only functionality, such as Hana compatibility, and ensure an unambiguous and manageable upgrade path for current SEM and SRC customers. If this isn't provided, SAP SEM and SRC customers without extensive SAP investments may investigate alternatives to SAP when considering CPM upgrades. SAP also continues to develop and sell overlapping planning solutions in BW-IP and SAP Business Planning and Consolidation, as well as two financial consolidation suites, SAP Business Planning and Consolidation and SAP Financial Consolidation.

## SAS

### Strengths

- SAS has always drawn on its analytics competency to bring strong BI and PM capabilities to its CPM suite. The vendor appears to have benefited from the increased demand for financial analytics — it has added over 100 new CPM customers this year, bringing its total number of customers in production with its CPM solutions to more than 1,075. Traditionally, SAS has attracted organizations in industries having complex analytics requirements and performance needs. Survey results show that SAS has a high number of customers in the insurance, banking and healthcare industries, and SAS customers reported more frequently than any other vendor that "expected performance and/or scalability" was a major reason SAS was selected as their CPM vendor (for example, SAS has a long history of leveraging in-memory computing).
- SAS has recognized the need to make its advanced analytics capabilities more accessible to the business user. The vendor has embedded additional features within its CPM offerings to make them accessible to a wider CPM audience. For example, SAS Financial Management provides unique predictive capabilities utilizing a wizard-based approach for driver-based forecasting, and SAS Profitability Management includes additional optimization capabilities. In addition, a streamlined version of the SAS Profitability Management offering is now available in the cloud, leveraging the Amazon Web Services platform.
- Although SAS customers typically choose the vendor's solutions for budgeting, planning and forecasting and profitability management, SAS provides a capable CPM suite and its customers leverage its modules comprehensively.

## Cautions

- SAS has a reputation for sophisticated, industry-specific solutions. Its approach to CPM emphasizes planning, forecasting and analysis, and a performance- and risk-management-based approach. This results in a tendency for the vendor to be overlooked for evaluations focused primarily on financial consolidation or budgeting. SAS will need to deepen its support of CPM-related financial processes to further expand its presence in the office of finance. SAS has recognized this need; for example, it is developing additional workflow automation, monitoring and reporting capabilities in support of concurrent finance processes, such as consolidation and close, forecasting, and budgeting.
- SAS has traditionally been perceived as a complex solution requiring specialized consulting skills. To improve this perception, the vendor has invested in standardizing the consulting approach used by SAS consultants and the vendor's partner ecosystem; however, these investments have not yet made an impact on survey results related to implementation and support.
- Both megavendor and specialist vendor offerings are becoming more sophisticated and easier to use. These products pose a threat to SAS' target market. In response, the vendor has released SAS Visual Analytics to provide easier-to-use, business-user-focused access to its analytics capabilities. SAS will need to continue to simplify accessibility to its advanced offerings through continued product and delivery innovations.

## Tagetik

### Strengths

- Tagetik has continued its solid year over year growth both in terms of their customer base (the vendor reported over 100 new customers this year, to bring its total number of customers in production to about 570) and as it relates to Tagetik's CPM sales revenue (it has also reported a 17% increase in CPM license revenue, which includes a 200% revenue growth in North America). Tagetik is acquiring and increasing number of enterprise wide Tier 1 customers, through which the vendor is demonstrating their ability to support larger, more complex, implementations (survey results indicated that Tagetik had more installations with 1,000 or more users than did the megavendors).
- The vendor has responded to the increased desire for SaaS-based products by releasing a cloud-based version, leveraging Amazon Web Services and Microsoft Azure platforms. This product is available in three different options to satisfy a variety of cloud needs: completed (a SaaS model that includes infrastructure, technical services and software); hosted (an infrastructure as a service [IaaS] model in which infrastructure and technical services are provided on a subscription basis) and custom (a platform as a service [PaaS] model that allows the customer to customize the environment for its specific needs).
- To help seize opportunities to more effectively address midsize organizations and emerging markets, Tagetik has released a simplified version of Tagetik 4 that includes standard CPM processes and is available at a predefined price to support 20 to 50 named users. The vendor's

4.2 version, released in October 2012, also continues to be improved, with prepackaged IFRS and Solvency II functionality, HR planning and new tax provisioning capabilities, as well as an improved user interface and workflow support. In addition, Tagetik's Collaborative Disclosure Management solution now includes EDGARization (the process of converting financial reports into a format for Securities and Exchange Commission [SEC] EDGAR submission) and certified SAP connectivity. Tagetik has also added additional mobile features, through its partnership with Roambi, to view reports via iPhone or iPad.

- The vendor has direct and third-party sales, consulting and training support capabilities in EMEA, North America, South America and the Asia/Pacific region.

### Cautions

- The majority of Tagetik's revenue comes from Western Europe. An increased availability of support and implementation specialists in North America, South America and the Asia/Pacific region will be needed to expand growth opportunities. In addition, although Tagetik currently has regional partnerships with PwC, KPMG and Ernst & Young, it will need to expand its partnering efforts with specialist consulting vendors and large consulting organizations worldwide.
- Tagetik will continue to see strong North American competition from vendors such as Host Analytics, Longview and Prophix Software. As Tagetik raises its sights to sell to additional large organizations, the megavendors will also provide additional pressure, although Tagetik's lower price points and a high-touch approach should provide points of differentiation.

### Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

#### Added

There were no CPM suite vendors added to the Magic Quadrant this year. However, there were a number of new market entrants and existing vendors increasingly focusing on particular components of CPM. These vendors fell into three categories:

- Vendors that provide unique analytics that are being used to provide PM&O capabilities, to support decision making, and to assist in the planning process. These solutions may be considered to extend the functionality of existing CPM or ERP suites.
- Vendors that support one or more components of a CPM suite, but do not meet Gartner's CPM suite Magic Quadrant inclusion criteria. They may support a particular aspect of CPM, fail to sufficiently support all required components, have productized their consulting expertise within

certain industries or geographic verticals, or support a unique aspect of or approach to business planning or PM.

- Vendors that offer financial governance solutions for disclosure management, close management and reconciliations management that will integrate with CPM and ERP suites and could function as extensions.

The following vendors did not meet the criteria for inclusion in the Magic Quadrant, but are benefiting from opportunities available within the CPM market and may be worthy of consideration in CPM evaluations:

- Acorn Systems: Provides profitability modeling solutions and ongoing performance analysis. The vendor's core offering is Performance Analyzer 5G (PA5G), and it is available on-premises or via the cloud, leveraging a Rackspace platform (early in 2013 it will also utilize the Windows Azure platform). In 2013, Acorn Systems will also be releasing Profit Impact to provide additional predictive simulation capabilities.
- Adaptive Planning: A cloud-based CPM vendor for midsize companies and large enterprises that provides an alternative to inefficient, Excel-based processes. The vendor's solution includes budgeting, forecasting, reporting, dashboards, modeling, analysis and collaboration. In July 2012, it also released its Adaptive Discovery solution to provide data visualizations, presentations and interactive analysis capabilities. Gartner's interactions with Adaptive Planning clients indicate a high level of customer satisfaction. Clients considering SaaS-based planning, reporting and data visualization should consider this vendor.
- Anaplan: Offers a SaaS business modeling and planning platform that provides solutions for finance and other business functions (such as sales, marketing and production) to plan collaboratively and improve operational performance. In a single platform (instead of Excel spreadsheets or distributed data marts), Anaplan enables business users to model their business, do scenario planning, integrate production data for analysis, and collaborate with field employees via interactive forms and dashboards.
- Arcplan: A unified platform integrates BI and CPM capabilities by incorporating guided and self-service analytics, along with budgeting, planning and forecasting process support. It can be configured to satisfy customized planning processes, and provides dashboarding, reporting, ad hoc analysis, mobile BI and collaboration capabilities for most data sources. It can support offline planning and out-of-the-box starter templates are available (see "Magic Quadrant for Business Intelligence Platforms").
- Camms: Develops, implements and supports an integrated suite of CPM and BI solutions that help organizations plan and execute their business strategy. The vendor has its roots in management consulting for the public sector; however, its offering is customizable to support a range of business flows and planning approaches.
- FinanceSeer: Offers a SaaS-based, high-level analysis tool that provides shared modeling capabilities for strategic planning. It is intended for use by business users. FinanceSeer is partnering with SAP as part of its CPM offering for strategic finance.

- Hicare Research: Provides its Luna solution, which allows for data simulation, visualization and reporting capabilities to support decision making involving high data volumes and integrations from diverse data sources. Applications include support for profitability cost, sales, marketing and HR analysis, as well as budgeting and strategic planning. The vendor's solution supports a variety of industries and includes mobile capabilities.
- Jedox: The Jedox suite provides cloud-ready, high-performance, in-memory planning, simulation, analysis and reporting capabilities. It can handle very large volumes of data and provides near-real-time performance via the browser or mobile devices, such as the iPad and iPhone, or Android-based mobile phones and tablets. Jedox is unique in that its in-memory online analytical processing (OLAP) database engine uses graphics processing units (GPUs) for high-speed planning and reporting purposes.
- Prodocapo: Offers a Web-enabled CPM suite with a focus on activity-based management and profitability modeling and business planning, and it has a balanced scorecard targeted at midsize and large organizations.
- QPR: Predominantly provides services and software for PM, scorecarding, strategy management, planning and reporting through its direct channel and partner networks. These solutions include balanced scorecarding, people PM, business process PM, and risk and compliance management. QPR's PM offering is closely linked to enterprise architecture, operational development and automated business process discovery.
- Tidemark: Offers a SaaS CPM solution incorporating mobile, social and big data capabilities. It is built on a virtualized platform and leverages an in-memory, elastic computation engine and distributed data stores. Tidemark's solution is characterized by a focus on mobile delivery and engaging visualizations. It allows for configured processes and can be used with any mobile device.

## Dropped

There were no vendors dropped from the Magic Quadrant this year.

## Inclusion and Exclusion Criteria

Market presence:

- At least 20 live customers using two or more of the CPM suite applications from that vendor.
- License and maintenance revenue of at least \$5 million from CPM applications in the most recent fiscal year.
- Live customers in more than one of the following geographic regions: North America, South America, EMEA, the Asia/Pacific region and Japan.
- Target customers — either midsize or large companies, or large public-sector/nongovernmental organizations (NGOs) with multiple, diverse departments.

#### Product capabilities:

- A CPM suite offering, at a minimum, supports budgeting, planning and forecasting, and financial consolidation and close. Although not required, disclosure and close governance is recommended.

#### Vendor viability:

- Vendor must be viable, and must not be in the process of filing for bankruptcy.

### Evaluation Criteria

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#### Ability to Execute

These criteria and weightings were used to evaluate vendors' market positions:

- **Product/Service:** This involves CPM suite functionality across the five application components described above, including the underlying technical architecture.
- **Overall Viability (Business Unit, Financial, Strategy, Organization):** This includes an assessment of the organization's overall financial health, the financial and practical success of the business, and the likelihood that the individual business will continue to invest in the CPM suite within the vendor's portfolio of products.
- **Sales Execution/Pricing:** This comprises the vendor's capabilities in all sales activities and the structures that support them. This criterion also includes an assessment of the cost of CPM suite licenses, implementations and ownership.
- **Market Responsiveness and Track Record:** This involves the vendor's overall effectiveness in the market, including its responsiveness to users, capability to articulate a clear CPM value proposition and the number of live implementations of its CPM suite.
- **Marketing Execution:** This was not rated as a separate criterion, because it was evaluated as part of Market Responsiveness and Track Record, as well as under Operations.
- **Customer Experience:** This includes the vendor's capability to deliver presales and postsales support, which enables clients to be successful with their CPM suites. This criterion also includes the quality and availability of the vendor's support desk, as well as implementation services.
- **Operations:** This involves the organization's capability to meet goals and commitments with respect to CPM suites. Factors include the quality of the organizational structure, such as skills, experience, programs, systems and other vehicles that enable vendors to operate effectively and efficiently in the market on an ongoing basis.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	High
Overall Viability (Business Unit, Financial, Strategy, Organization)	High
Sales Execution/Pricing	Standard
Market Responsiveness and Track Record	Standard
Marketing Execution	No Rating
Customer Experience	High
Operations	Standard

Source: Gartner (February 2013)

### Completeness of Vision

These criteria and weightings were used to evaluate the position of vendors in the market:

- **Market Understanding:** This is the vendor's capability to understand buyers' needs and to translate those needs into products and services. It addresses whether vendors show the highest degree of vision and listen to and understand buyers' wants and needs, and whether they can shape or enhance these wants and needs with their added visions.
- **Marketing Strategy:** This involves a clear, differentiated set of messages matching Gartner's vision of CPM that is communicated consistently throughout the organization and is externalized effectively to the market.
- **Sales Strategy:** This is the strategy for selling CPM suites that uses the appropriate network of direct and indirect sales, marketing, service, and communications affiliates to extend the scope and depth of market reach, skills, expertise, technologies, services, and the customer base.
- **Offering (Product) Strategy:** This is the CPM suite product strategy covering breadth and depth of functionality, underlying technology, and openness.
- **Business Model:** This refers to the soundness of each vendor's strategy to deliver CPM suites to the market.
- **Vertical/Industry Strategy:** This is the vendor's strategy to direct resources, skills and offerings to meet the specific needs of vertical market segments.
- **Innovation:** This was assessed under each criterion above, as appropriate (for example, product innovation was assessed under Offering [Product] Strategy). Therefore, innovation was not rated as a separate criterion.

- **Geographic Strategy:** This is the vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the home geography directly or through partners, channels or subsidiaries, as appropriate for the geography and market.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	Low
Marketing Strategy	Standard
Sales Strategy	Standard
Offering (Product) Strategy	High
Business Model	High
Vertical/Industry Strategy	Standard
Innovation	No Rating
Geographic Strategy	Standard

Source: Gartner (February 2013)

## Quadrant Descriptions

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### Leaders

Leaders possess a large percentage of the market share in the CPM suite market and demonstrate superior CPM sales levels. They can deliver breadth and depth of CPM suite functionality, as well as provide enterprisewide implementations to support a broad CPM strategy. Leaders excel at vision, successfully articulate a business proposition that resonates with buyers, are well-recognized in the space, have broad international presence in execution, and are supported by the viability and operational capability to deliver on a global basis.

### Challengers

Challengers must have strong sales revenue and multinational capabilities. They offer good breadth of functionality, but their solutions may lack one or more CPM components. They may provide offerings that are complementary to their established business applications to leverage their primary installed client base. Challengers may also have a more limited vision of CPM than Leaders.

## Visionaries

Visionaries have a strong vision for delivering a CPM suite. They are distinguished by the openness and flexibility of their application architectures and offer depth of functionality in the areas they address, but they may have gaps relative to broader functionality requirements. A Visionary vendor is a market thought leader and an innovator; however, it may have yet to achieve sufficient scale and/or market share, or there may be concerns about its capability to grow and provide consistent execution.

## Niche Players

Niche Players do well in a specific segment of the CPM suite market, or have limited capability to innovate or outperform other vendors in the market. These vendors may be focused on a specific domain or aspect of CPM and are likely to lack depth of functionality, or they may have gaps relative to broader CPM suite functionality requirements. Niche Players may have reasonably broad CPM suites, but limited implementation and support capabilities and relatively limited customer bases, or they may not have achieved the necessary scale to solidify their market positions. Some have a limited geographic presence outside their home regions.

## Context

The CPM market in 2012 was fairly consistent with 2011; vendors largely focused on expanding the existing capabilities within their portfolios. Although these vendors often pursued different areas of emphasis, most vendors enhanced their solutions' BI capabilities. This included additional in-memory computing, mobile, data visualization and dashboarding functionality to support larger datasets and emphasize discovery capabilities. This was consistent with market needs; Gartner's 2011 Financial Executives International (FEI) survey revealed that BI, analytics and PM were their highest priorities (see "CFO Update: The Top 10 Technology Priorities From the 2011 Gartner FEI Technology Study" [Note: This document has been archived; some of its content may not reflect current conditions.]). Similarly, Gartner's 2012 CIO survey indicated that the top priorities for CIOs are analytics and BI (see "Executive Summary: Amplifying the Enterprise: The 2012 CIO Agenda").

As more organizations embraced a cloud strategy (or, at a minimum, utilized additional SaaS applications) this year, SaaS-based CPM vendors have grown their customer base (see "Impact of the Nexus of Converging Cloud, Information, Social and Mobile Forces on CPM Applications and Strategies"). In response to this, a number of CPM vendors with on-premises solutions have addressed their current customers' and future prospects' desire for cloud-based options by providing or announcing alternative deployment options and subscription-based pricing.

Certain vendors reaffirmed their commitment to support the entire close process, from operational ledgers to external disclosure, by developing their solutions' ability to address additional pain points within the entire process and to support new industry-specific government regulations.

Vendors that had once exclusively addressed the midmarket are increasingly selling to Tier 1 companies. As a result, these vendors have just begun to acquire customers with many hundreds of

seatholders. Some of these sales, mainly those for organizationwide planning projects, have included more than 1,000 users. In previous years, implementations of this size were more commonly reserved exclusively for the megavendors.

During the past few years, CPM has helped to manage cost optimization efforts; however, in addition to this, 2012 saw an increase in CPM initiatives that support growth strategies. There has been an uptick in more comprehensive corporate planning projects, which include operational plans as well as cost and profitability modeling efforts (see "Assess CPM Maturity to Rate Your Performance Management"). In addition, the market has intensified its support of industry-specific approaches to CPM. This has occurred from both a financial process support standpoint and a PM standpoint. Vendors are more fully leveraging competitive advantage gains that shorter time to value and lower total cost of ownership can provide by increasing the availability of industry-specific templates for their solutions. In addition, smaller vendors that focus on certain industries or CPM areas are seeing increased traction within their product niches.

In terms of market share, this market continues to be dominated by the three megavendors (Oracle, SAP and IBM). Although each has emphasized different areas of focus for 2012, they have all demonstrated healthy, ongoing investments in their CPM suite offerings. Specialist vendors also continue to grow, although there are no new CPM suite vendor entrants in the Magic Quadrant. CPM is seeing additional industry- and function-specific solutions emerge. There is also a greater tendency for these new solutions to be cloud-based. The majority of new specialist vendors in the CPM market provide business analytics solutions, such as profitability modeling, that can be leveraged by finance power users. These users are typically main consumers of organizational BI and are typically underserved by capable analytics and overindulgent with spreadsheet-based analyses. This is especially true for data-intensive industries, such as banking, retail and telecommunications.

CPM should continue to be considered as both a strategic and tactical set of applications. CPM suites can bring greater rigor, accuracy and transparency to many financial management processes, such as budgeting, planning and forecasting, and management and external reporting (and associated compliance challenges). They deliver a better understanding of the drivers of corporate profitability and help ensure the accuracy of reporting results. Although the awareness of the CPM concept is now widespread, the use of spreadsheets or legacy applications for CPM processes is still common and is especially dominant within developing economies, such as the BRIC countries. Most CPM suite implementations have focused more on improving the financial functions (such as budgeting, planning and forecasting) and less on the strategic aspects of CPM (such as strategy management and profitability modeling); however clients that have established CPM solutions in support of the office of finance are increasingly looking at strategy management and profitability modeling to increase the sophistication and scope of their solutions. In particular, new in-memory computing capabilities are fueling the popularity of organizationwide planning efforts and highly granular, SKU-level cost and profitability modeling. There is still a significant and growing demand for both tactical and strategic CPM solutions. Therefore, conduct evaluations of the CPM suites based on their fit with key business requirements and on the ability of any solution to meet your PM and BI needs.

## Market Overview

CPM suite vendors must, at a minimum, provide strategic planning and forecasting and financial consolidation (and/or financial and management reporting and disclosure) capabilities. So, by definition, they need to provide both tactical and strategic solutions. However, some CPM suite vendors tend to focus either more predominantly on traditional financial management processes or on planning, forecasting, modeling and strategy management capabilities in support of a broader approach to PM. Both tactical and strategic capabilities are important. An emphasis on the needs of finance is understandable; it's easier to determine the ROI of CPM projects targeting specific cost reductions within corporate headquarters, especially when these types of CPM efforts have consistently proven their worth. However, customers pursuing greater CPM maturity are adopting a more strategic approach beyond finance that can result in more transformational PM benefits. These efforts involve more expansive planning, forecasting, strategy management, PM&O and financial analytics initiatives. These initiatives extend beyond the borders of finance to involve operational information, processes and personnel.

Some CPM vendors use the terms "enterprise performance management" or "performance management" to position their solutions' more expansive PM capabilities; however, labels are a matter of semantics — at this time, no single product can provide end-to-end PM support. PM is an evolutionary process in which a combination of methodologies, metrics and IT capabilities are employed. Although CPM's role in enabling a broader approach to PM is firmly established, enterprisewide PM is far more dependent on organizational, cultural and technological factors.

During the past year, this market has evolved in four primary ways.

### **Increased Emphasis on Financial Analytics**

CPM is sometimes thought of as BI for finance. Organizations with established BI infrastructures, and those in varying stages of BI competency, can have difficulty establishing where CPM fits in to an overall BI strategy. At a simple level, it's easy to draw this BI/CPM demarcation around the office of finance. However, as more organizations achieve higher levels of CPM maturity (see "Assess CPM Maturity to Rate Your Performance Management"), CPM application usage expands outside of the walls of the office of finance. This allows many more knowledge workers to reap the benefits of insightful financial analytics and contribute to their contextual meaning (for example, from an operational perspective).

This emphasis on analytics is resulting in the availability of more-sophisticated capabilities, such as predictive analytics and advanced visualizations. New or modified BI and data discovery offerings are becoming available for CPM tasks, such as planning, forecasting, profitability modeling and optimization. Vendors are beginning to go even further and are embedding these capabilities within their CPM solutions, providing valuable function-specific insights and additional transparency.

### **Increased Demand for Cloud and Mobile Capabilities**

There has been increased traction for SaaS-based CPM applications within midmarket organizations and, more recently, for larger, Tier 1 organizations. Gartner expects this trend to

continue, and has elevated the importance of CPM cloud capabilities for CPM suite vendors. The majority of CPM vendors have traditionally offered on-premises solutions; however, in response to the growing acceptance of cloud-based CPM, many CPM suite vendors have either provided or announced the future release of cloud-based options. The new cloud-based CPM options announced this year are largely on-premises code hosted on a (often third-party) cloud backbone. Although they provide new and current customers with options to traditional on-premises configurations, they tend not to be true multitenant solutions. This has implications for certain key SaaS advantages, such as the rapid adoption of new features (upgrades) and application monitoring, and may affect scalability and total cost of ownership. Host Analytics is the only SaaS-based CPM suite vendor analyzed in this Magic Quadrant, and there are a growing number of CPM vendors that offer point solutions within a SaaS model. As cloud-based capabilities develop within this market, each vendor's approach will determine its ability to provide new, innovative features while supporting a rich set of features within the office of finance, and to help manage performance throughout the organization.

Similarly, the ability to leverage mobile devices is becoming increasingly important to CPM (see "Predicting the Top Mobile Requirements for CPM"). This includes the delivery of reports and interactive dashboards on mobile devices, the communication of alerts and key metrics, and the ability to streamline workflows and invite greater participation (see "Impact of the Nexus of Converging Cloud, Information, Social and Mobile Forces on CPM Applications and Strategies"). Several CPM vendors have released new mobile information delivery and analysis capabilities, and SAP has taken a unique route by providing among the first instances of CPM process support through its new SAP EPM OnDemand platform and the SAP Unwired client.

### **More-Comprehensive Planning and Forecasting Capabilities**

Plans that incorporate more operational data allow for broader organizational participation and plan coordination, in that operational managers with meaningful front-line input can be more directly involved. For example, long-term planning processes that incorporate operational data can more effectively evaluate the effects of alternative strategies, such as when determining future merger and acquisition options. This can lead to new strategic planning capabilities. Certain vendors, such as IBM and SAS, with a history of providing function-specific, high-volume business analytics have significantly enhanced their existing in-memory computing capabilities (see "How In-Memory Technology Is Shaping CPM Solutions"). Other vendors, such as SAP and Oracle, have made their new in-memory offerings available in their planning solutions (for example, SAP Hana's in-memory database can now be used with the SAP Business Planning and Consolidation version for SAP NetWeaver solution, and Oracle Exalytics' in-memory platform can now be used by the Hyperion Planning offering). Other CPM vendors have improved their offerings by re-engineering specific processing methods in memory and/or by successfully leveraging additional in-memory computing capabilities within their platforms. These in-memory capabilities help enable modeling efforts to incorporate very large data volumes. They also make it possible for these models to be refreshed more frequently. This gives CPM solutions the capability to more closely link corporate and more-operational planning processes, and also allows for highly granular profit and cost modeling (PM&O).

## More Depth Within the Office of Finance

Financial governance (for example, close and disclosure management) and additional last-mile-of-finance capabilities (such as account reconciliation) are becoming increasingly popular as CPM customers seek additional efficiencies and compliance capabilities throughout the entire close process, from operational ledgers to disclosure. Many CPM suite and specialist vendors are expanding their offerings to satisfy these needs. This increased market interest and related activity is reflected within both the financial close and the financial and management reporting and disclosure CPM pillars. For example, some CPM vendors are expanding their offerings to support geographic- and industry-specific regulations, such as XBRL and iXBRL reporting requirements and those in support of Solvency II, Basel II and Basel III. This depth of support for finance is also reflected by the CPM market momentum around tax data provisioning. As finance pursues additional efficiency and control within CPM and related processes, we expect this trend to continue.

## Recommended Reading

*Some documents may not be available as part of your current Gartner subscription.*

"Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market"

"Impact of the Nexus of Converging Cloud, Information, Social and Mobile Forces on CPM"

"Predicting the Top Mobile Requirements for CPM"

"Assess CPM Maturity to Rate Your Performance Management"

"How In-Memory Technology Is Shaping CPM Solutions"

"How to Apply Gartner's Pace-Layered Application Strategy to CPM"

"CPM Financial Consolidation Solutions Are Evolving"

"User Survey Analysis: Customers Rate Their Corporate Performance Management Vendors"

"Magic Quadrant for Business Intelligence Platforms"

"Navigating the Disclosure Management Marketplace"

"CPM Applications Are Evolving to Meet Changing Business Needs"

"CFO Update: The Top 10 Technology Priorities From the 2011 Gartner FEI Technology Study"

## Note Survey Details

As part of this research, Gartner conducted a survey of organizations using CPM products. The survey participants were customer references nominated by each of the 13 CPM suite vendors in

this Magic Quadrant. These surveyed customers were asked 21 specific questions about their experiences with their CPM vendors and solutions. The results were used in support of the assessment of the CPM suite market. For 2012, we obtained 275 full responses (up from 233 in 2011) representing companies headquartered across six different geographic regions, as follows:

- North America, 53.1%
- Western Europe, 26.2%
- Latin America, 4.0%
- Central/Eastern Europe, 7.6%
- Asia/Pacific region, 5.8%
- Middle East and Africa, 3.3%

In addition to the survey results, final Magic Quadrant ratings are also the result of the significant consideration of information evaluated from Gartner CPM reference visits and calls throughout the year. These interactions serve as an important part of the vendor evaluation.

## Evaluation Criteria Definitions

### Ability to Execute

**Product/Service:** Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability (Business Unit, Financial, Strategy, Organization):** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness and Track Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can

be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

#### Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

**Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either

directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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