

A BPM Partners Research Report

BPM Pulse™ Survey Results

**Performance Management Research Study:
Spotlight on Budgeting and Forecasting for 2014**

December 2013

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Background for the Survey

This independent study by BPM Partners was conducted through an Internet-based survey from January, 2013 through April, 2013. The purpose of the survey was to identify important trends in Business Performance Management (BPM) and perceptions of BPM vendors and service providers. In total, 296 valid responses were received. We then analyzed these results in terms of both the current state of affairs, as well as the implications for BPM in 2014. Our analysis focused on the expected or appropriate next steps for vendors, as well as for purchasers of business performance management systems.

About BPM Partners

BPM Partners is the leading independent authority on business performance management (BPM) and related business intelligence solutions. The company helps organizations address their budgeting, planning, financial reporting, regulatory compliance, profitability optimization, key performance indicator (KPI) development, and operational performance challenges with vendor-neutral experts who can guide companies through their BPM initiatives from start to finish while both reducing risk and minimizing costs. BPM Partners has specialized packages that lead clients through project justification, requirements definition, vendor selection and deployment of departmental or enterprise-wide BPM or business intelligence (BI) systems. For further details, go to <http://www.bpmpartners.com>. Follow BPM Partners on Twitter [@BPMTeam](#).

Survey Methodology

Respondents were recruited through various promotions (electronic mail and newsletters) to subscribers of Business Finance Magazine, BPM Magazine, the BI Survey and the B-Eye Network/TechTarget. In addition, BPM Partners maintains a database of more than 14,000 contacts constructed from attendees of BPM Partners Webcasts as well as other industry events. These contacts were invited to participate through email programs and the BPM Partners Website. Financial, administrative, line of business and technical users were included.

This survey was available and open to all. While vendors may have promoted it to their customers, they did not provide an invite list to us which is an approach used by some similar industry surveys. We feel this would skew the results by allowing vendors to cherry-pick their best customers for the customer satisfaction portion of the survey.

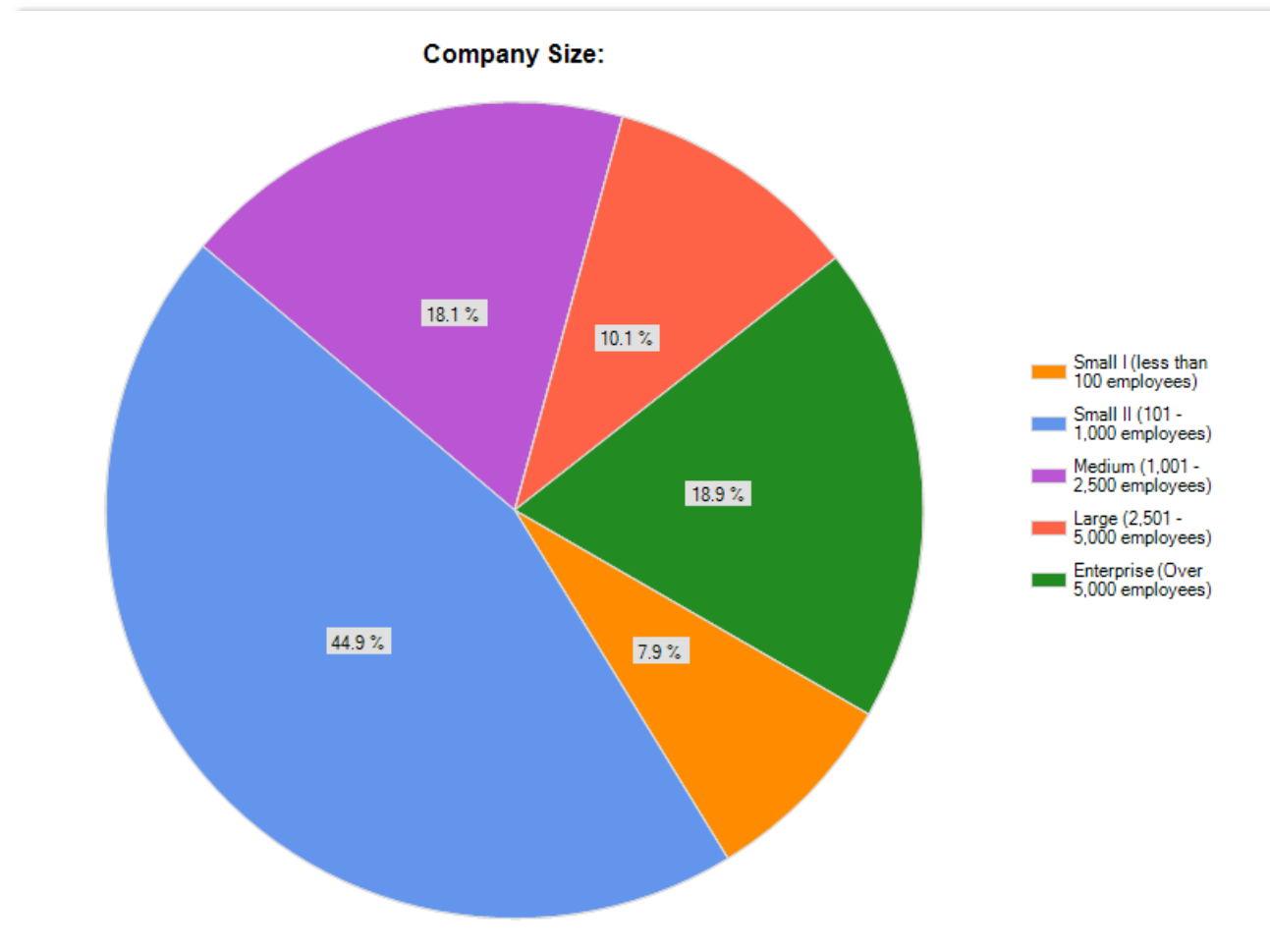


All participants were provided a copy of the results for their participation. No funding was accepted in terms of sponsorship of the survey itself from any vendor to avoid any potential bias in the results. Some vendors do fund free distribution of the results to the end user community. Additionally vendors may choose to participate in post-survey analysis of the results, but in these cases all details specific to individual responses are removed.

Demographics

When analyzing the BPM Pulse data it is important to keep in mind the background of the respondents.

Company Size Breakout



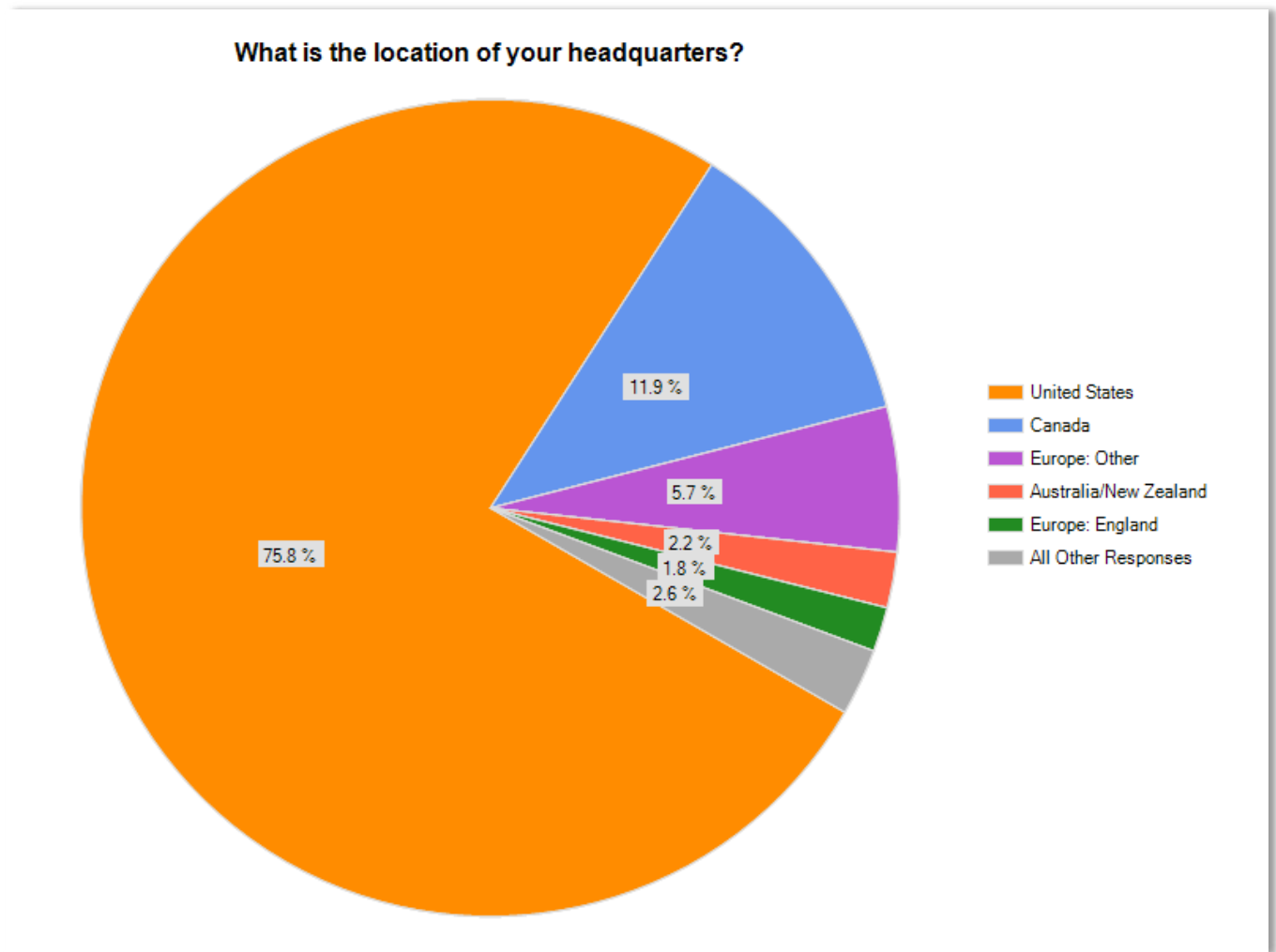
Source: BPM Partners' 2013 BPM Pulse Survey

The Data: Even though in the survey we called companies with 101-1000 employees Small II, this is really the lower end of the midmarket. If you combine Small II and Medium to create 'the Midmarket', you find that almost two thirds of the respondents, 63%, fall into this category. Similarly, if you combine Large and Enterprise you find that larger companies make up 29% of the responding organizations. These classifications were self-reported by the respondents. We utilized number of employees as the

measure because revenue classifications become difficult when you include not-for-profits, government agencies, and financial institutions.

Our Analysis: This data is consistent with our field experiences in terms of the size of companies currently pursuing performance management initiatives. In the past few years the number of companies in the middle to higher end of the midmarket pursuing performance management projects has grown significantly.

Location Breakout



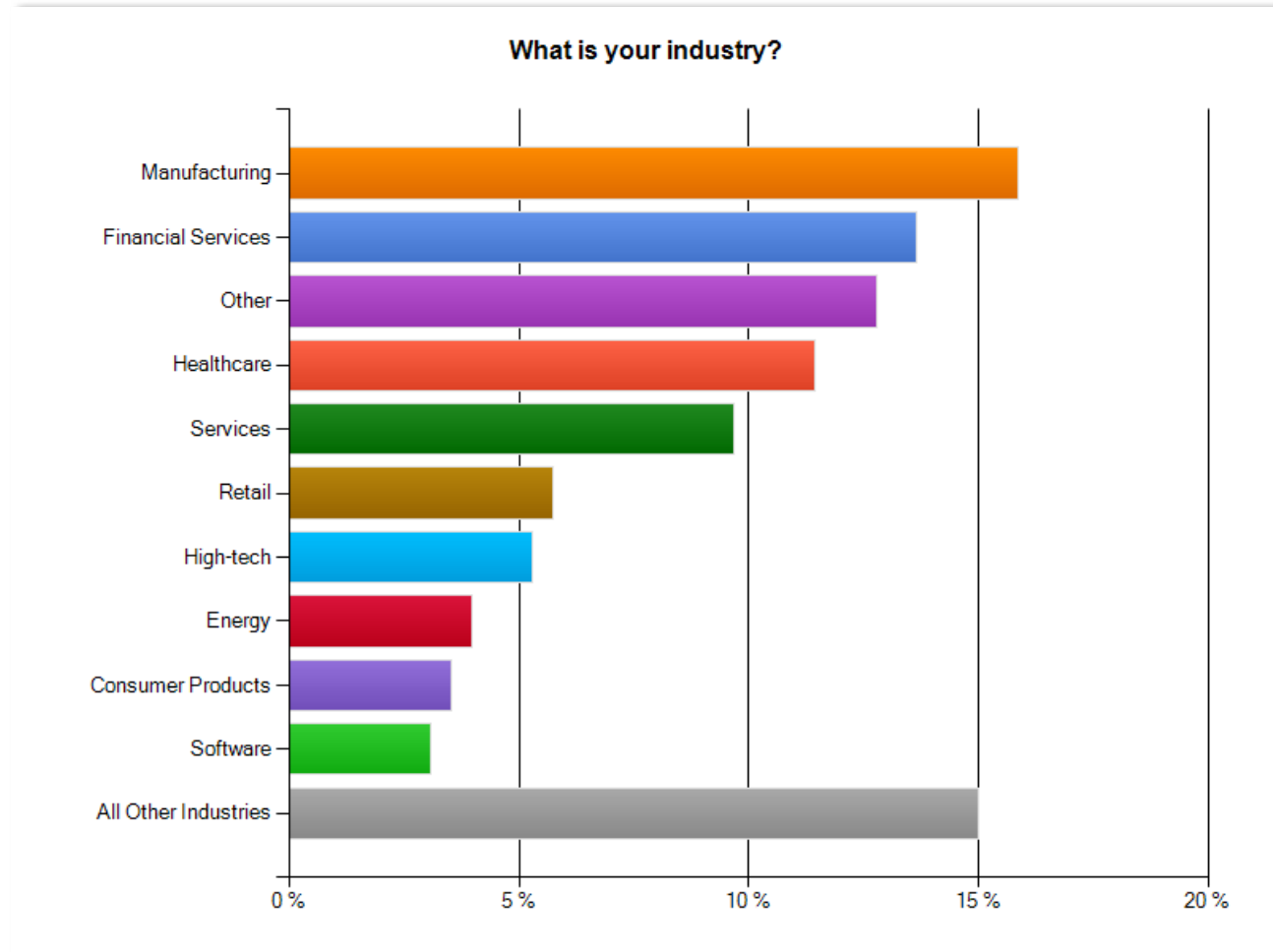
Source: BPM Partners' 2013 BPM Pulse Survey

The Data: The survey is available globally, but the bulk of the promotion takes place on North American focused websites and blogs. The result is that while there is some

representation outside of North America (most notably Europe), the majority of responses (almost 88%) come from the U.S. and Canada.

Our Analysis: While the survey results have a North American focus, performance management itself is growing around the world. In the past year we have seen renewed interest from companies in the U.K. the Netherlands, and throughout the Middle East.

Industry Breakout



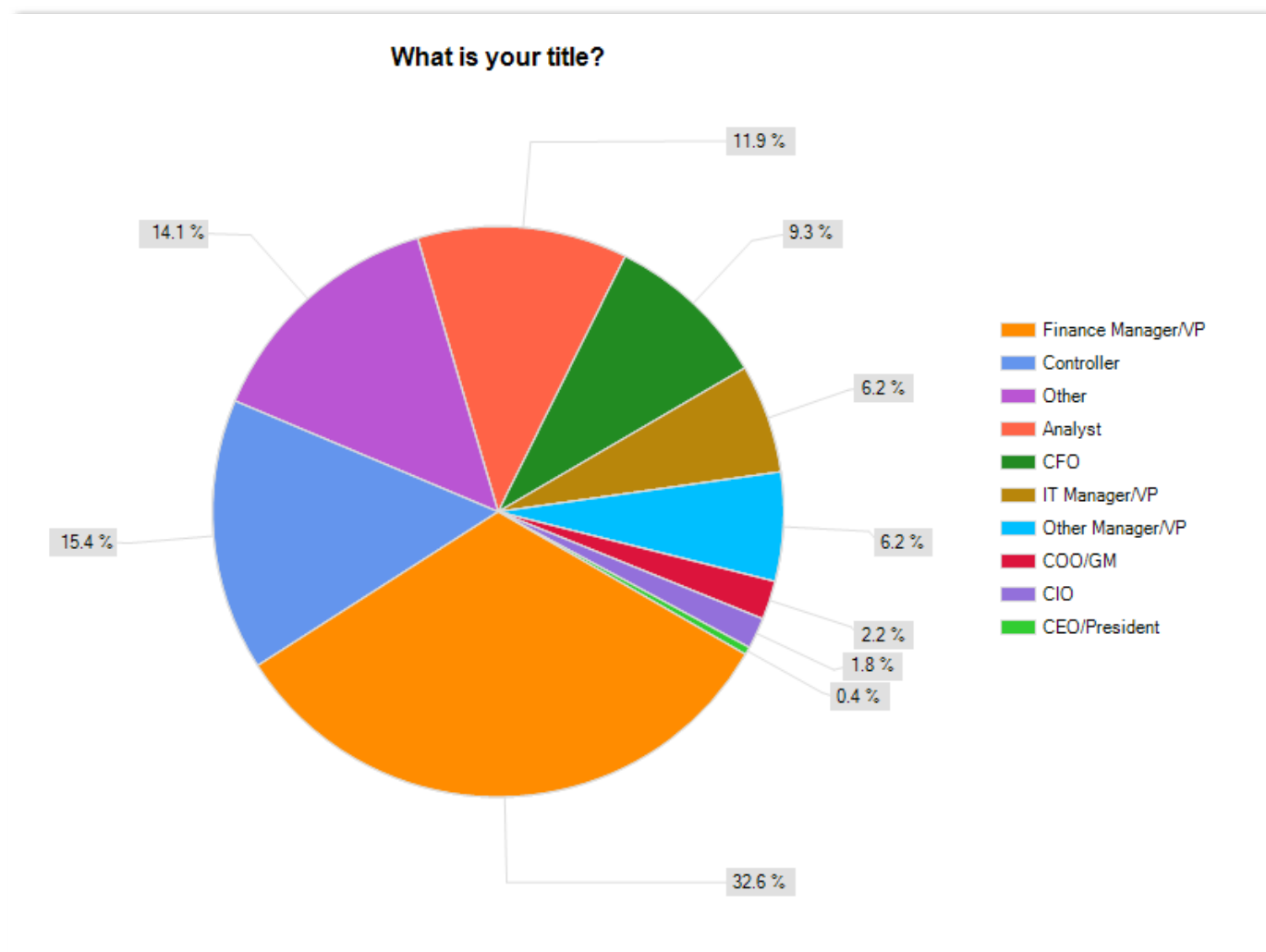
Source: BPM Partners' 2013 BPM Pulse Survey

The Data: The bar labeled 'All Other Industries' represents the summation of other industry choices provided in the survey that received less than 3% each. The bar labeled 'Other' was a choice in the survey for those companies that didn't fit into our pre-defined industry list. With the largest industry receiving just 16% of responses, no industry dominates and the survey is truly cross-industry. Note: performance management consulting and software companies were excluded from all survey results. Software and

services companies included here have a focus outside of performance management and related business intelligence areas.

Our Analysis: Manufacturing, financial services, and healthcare had the largest representation in the survey as they have had for the past several years. In the field we have seen more manufacturing companies than ever moving forward with performance management. Vendors that provide vertical solutions have focused on financial services, and to a lesser extent healthcare. We believe there is an opportunity for vendors, and a potential benefit to customers , if the next area of vertical focus is manufacturing.

Title Breakout



Source: BPM Partners' 2013 BPM Pulse Survey

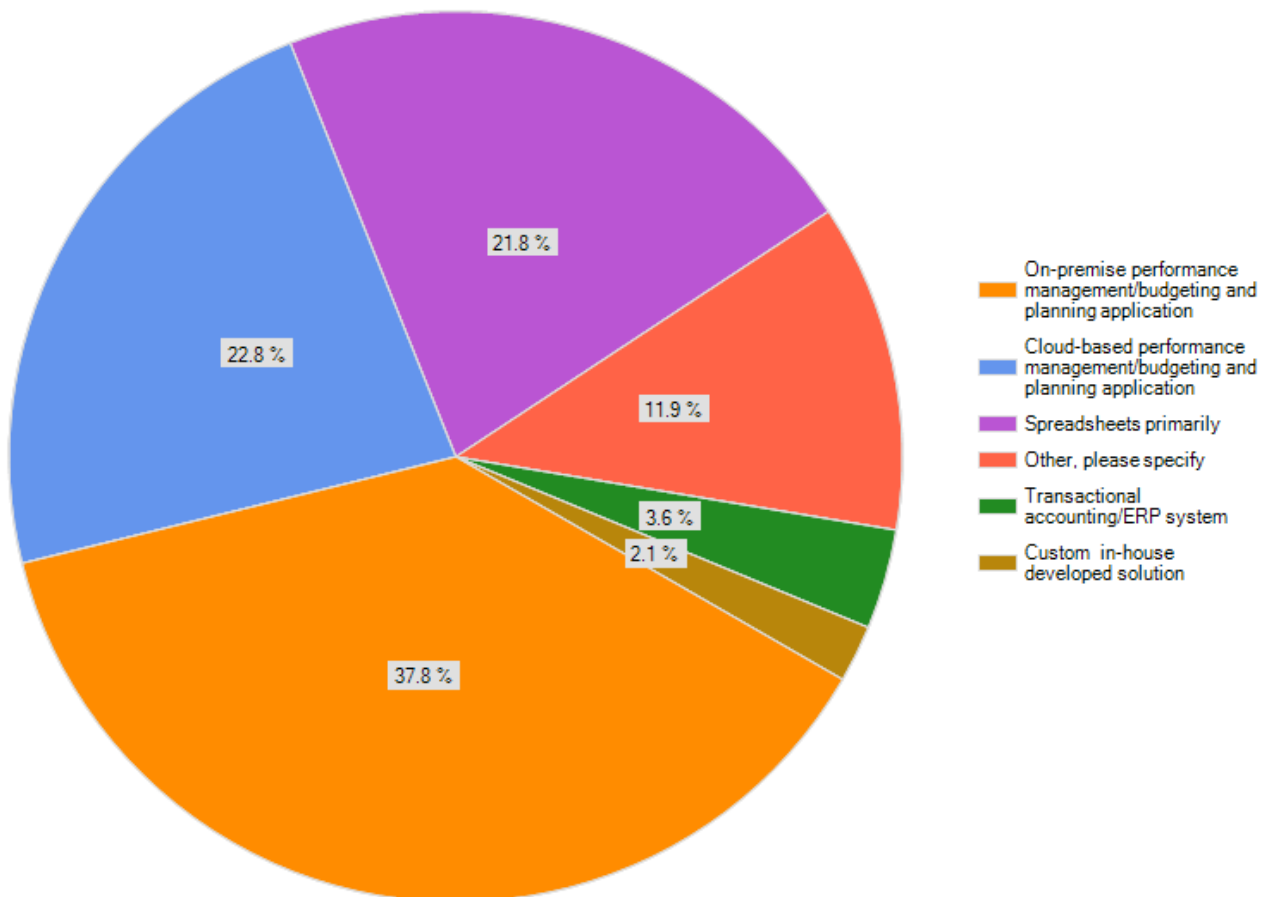
The Data: The largest number of responses came from individuals with titles associated with the Finance department. In addition, more than two thirds of respondents identified themselves as managers or above.

Our Analysis: Most performance management technology surveys today get the bulk of their responses from IT oriented individuals. The exception is surveys that are more focused on the financial processes themselves, not on the desired technology solution. We believe therefore that the BPM Pulse is unique in that we have financial people identifying the technologies they need to meet their business requirements. This is important because in our experience 80-90% of performance management projects are led by the Finance department. Of course the needs and requirements of IT have to be met as well, and the best projects are jointly led by Finance and IT. However, when selecting a new solution, while IT is represented on the overall team, the majority of participants come from Finance.

BPM Spotlight – Budgeting and Forecasting

Performance Management: Leading Choice for Budgeting

What are you currently using as a budgeting system?



Source: BPM Partners' 2013 BPM Pulse Survey

The Data: Almost 61% of respondents are now using a performance management application (cloud-based or on premise) as their primary budgeting tool. The next largest group at just about 22% are still using spreadsheets as their main solution in this area. The write-ins for the 'other' category typically involved a mix of various solutions.

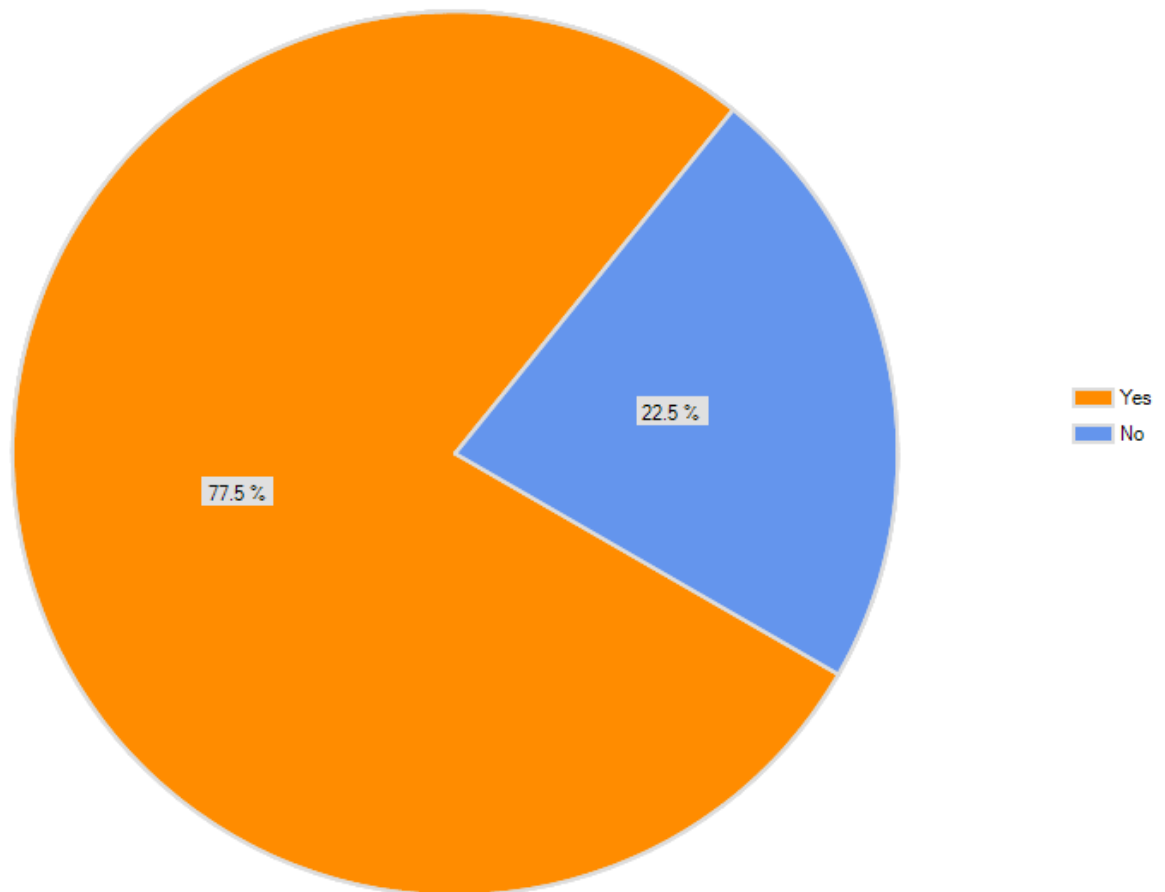
Our Analysis: After years of budgeting being the main driver for companies to make the move to a performance management solution, we would expect the high adoption rate we see here. This is the first year we broke out cloud and on-premise solutions. It is fairly

impressive that cloud makes up over a third of the total performance management budgeting and planning applications in place, even though true cloud vendor choices comprise significantly less than that amount . Companies still trying to force fit budgeting into their ERP solution are in a rapidly shrinking minority. Custom in-house development (or 'reinventing the wheel' as we like to call it) has been a non-starter for most enterprises for at least the past 10 years since performance management applications came into their own. Even the largest and most complex organizations should be able to configure one of the highly-customizable packages available today to meet their unique requirements. In the end though, the typical companies we work with in the field have outgrown their spreadsheet-only budgeting system and are anxious to join the ranks of performance management application users.

The Role of Spreadsheets in Performance Management Systems

While many companies have made the move to performance management systems, spreadsheets haven't gone away.

Are spreadsheets still used to supplement the core system?



Source: BPM Partners' 2013 BPM Pulse Survey

The Data: This question was only asked of those survey-takers who responded that spreadsheets were not being used as their primary budgeting system. More than three-quarters of these respondents (77.5%) still utilize spreadsheets in some form as part of their budgeting process.

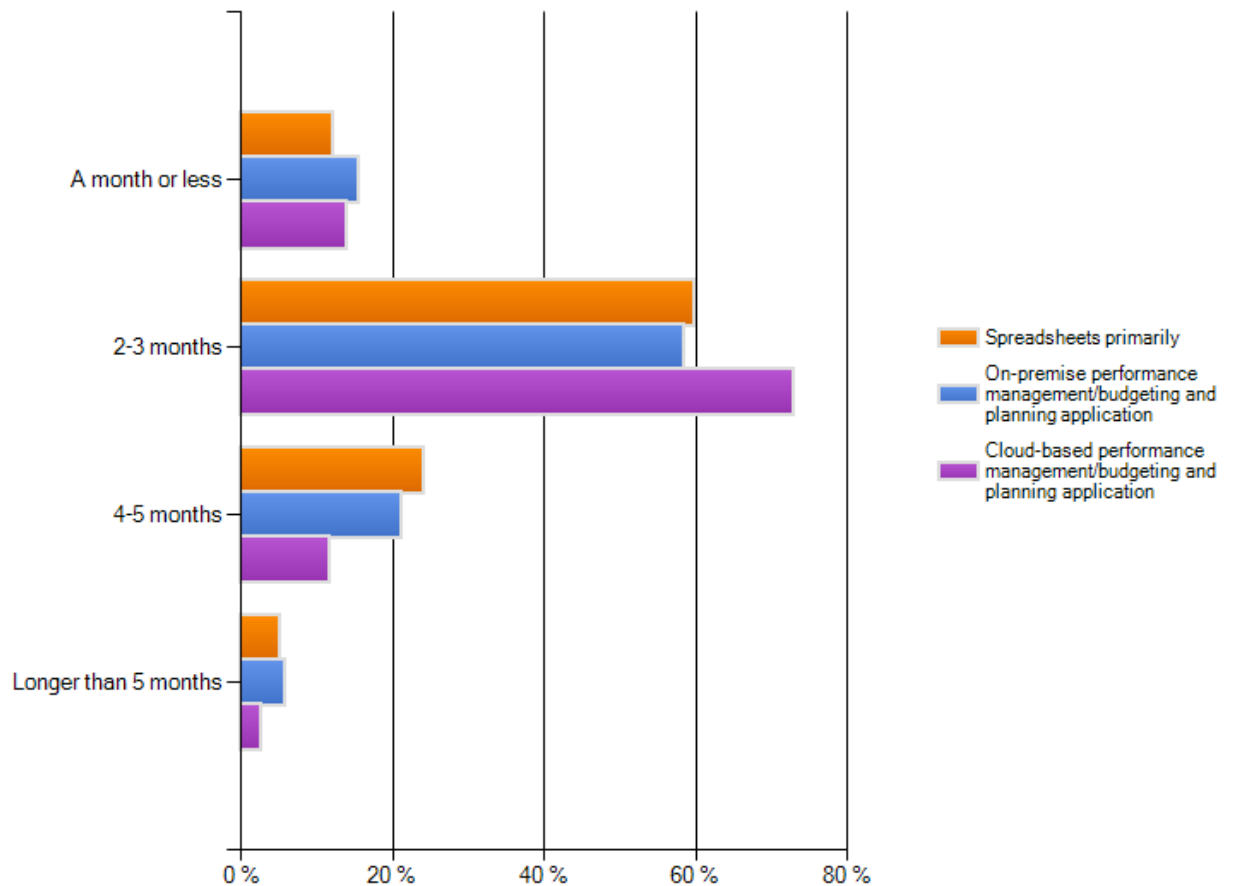
Our Analysis: This is important to be aware of. There are some companies that assume spreadsheet use will drop dramatically once they install a real system for budgeting. While those who had used spreadsheets begrudgingly in the past will be quick to move

away from them, many others (particularly in the Finance department) will not make the move nearly as fast if it all. There is also a question to be thought through on this topic - is it necessary and desirable for everyone to completely stop using spreadsheets in the budgeting process? Spreadsheets are a powerful tool that serve a useful purpose. The issue is when they are stretched into becoming a budgeting system , which is not what they were designed for. The upside of continuing to use spreadsheets is to leverage their power, flexibility, and the familiarity that many in the organization have developed with them over time. In addition, they often contain existing models and formatted reports that need to ultimately become part of the new system. The issue then becomes - what role should spreadsheets play in the new system? Should they continue to be used for input and reporting? Should they be used for complex models that would be time consuming to replicate in the new system? Should analysts who are power spreadsheet users be able to pull data into them for offline analysis? These questions need to be answered before you select a new system so that you can be sure that it supports your desired spreadsheet approach. As the survey data clearly shows, the bulk of organizations today are using spreadsheet in one or more of these ways even after implementing a new system.

Spreadsheets vs. Performance Management Systems: Time

How do organizations that are using performance management systems compare to those still using spreadsheets in terms of process time?

How long does your current annual budgeting process take?



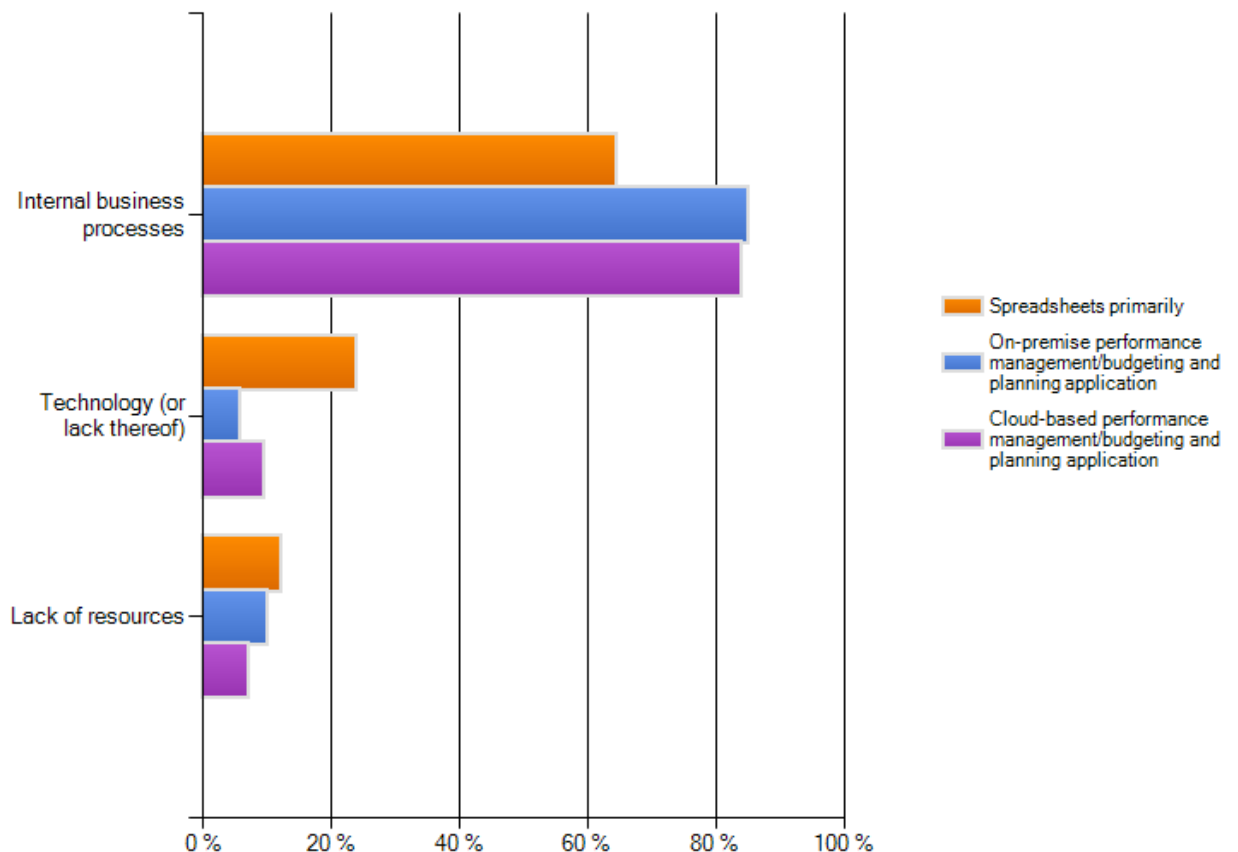
Source: BPM Partners' 2013 BPM Pulse Survey

The Data: This crosstab looks at the length of the budgeting process by solution type. The solution respondents are spread across the four process length choices by percentage, totaling 100% across all choices. The majority of cloud-based solution respondents (72.7%) report their budgeting process to be in the 2-3 month range. This is also the majority choice for on-premise and spreadsheet users as well, but to a lesser extent. Spreadsheet users comprise the largest group reporting a 4-5 month process (23.8%), and the smallest reporting a month or less (11.9%).

Our Analysis: This chart would seem to indicate that the cloud-based solutions allowed for the shortest budgeting process, and spreadsheets the longest (with on premise solutions somewhere in the middle). This makes sense and is largely consistent with what we see in the field. A couple of things to keep in mind though. The apparent cloud-based advantage may be due in part to the type of companies that purchase cloud solutions. Until fairly recently the majority of companies opting for cloud solutions were smaller, IT constrained organizations. It could be that their budgeting cycle is shorter because it is in some ways simpler than those of larger organizations. In addition, technology is only one element impacting process length. We will look at this in detail in the next chart.

This question seeks to determine if a new system could have a major positive impact on process time.

What is the single most important factor impacting process time?



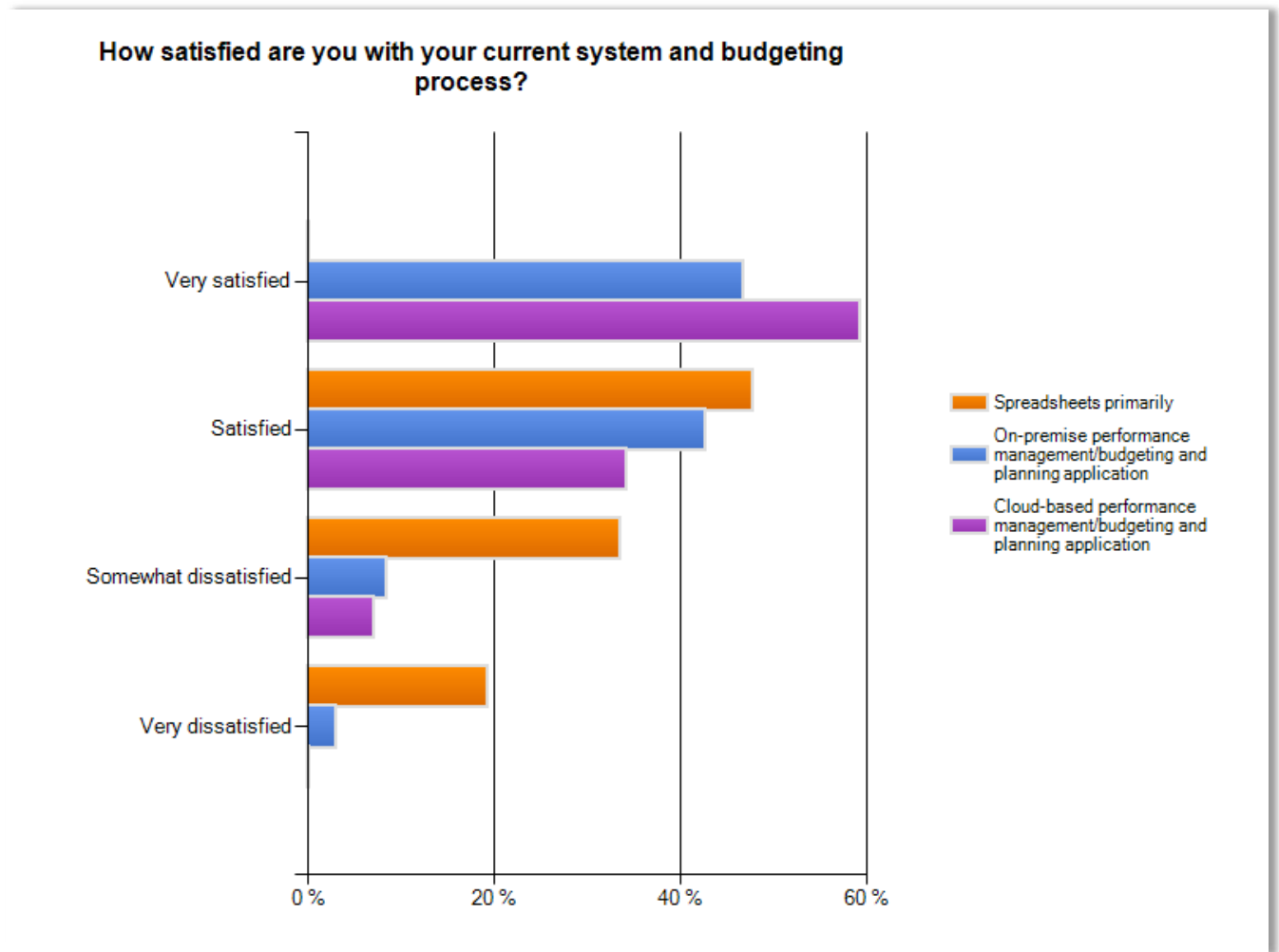
Source: BPM Partners' 2013 BPM Pulse Survey

The Data: The majority of users identified internal business processes as having the greatest impact on budget cycle time. Over 80% of performance management users (84.7% on premise, 83.7% cloud) and 64.3% of spreadsheet users reported this as the primary factor. Technology was a key limiting factor for 23.8% of spreadsheet users, 9.3% of cloud users and 5.6% of on premise users. Lack of resources was the issue for 11.9% of spreadsheet users, 9.7% of on premise solution users, and 7% of cloud solution users.

Our Analysis: There is no getting around it – internal processes have the greatest impact on how long it takes to complete the budgeting process. Be it the approval process, number of iterations required, or simply availability of senior management and corporate calendars, for most companies no amount of technology can dramatically speed up the process. The only significant exception to this rule is the almost 25% of spreadsheet users who do in fact say that technology is holding them back. As other data suggests, those companies should be able to accelerate the process by moving to a performance management system, but within the limits determined by their company operations.

Spreadsheets vs. Performance Management Systems: Satisfaction

How do organizations that are using performance management systems compare to those still using spreadsheets in terms of overall satisfaction?



Source: BPM Partners' 2013 BPM Pulse Survey

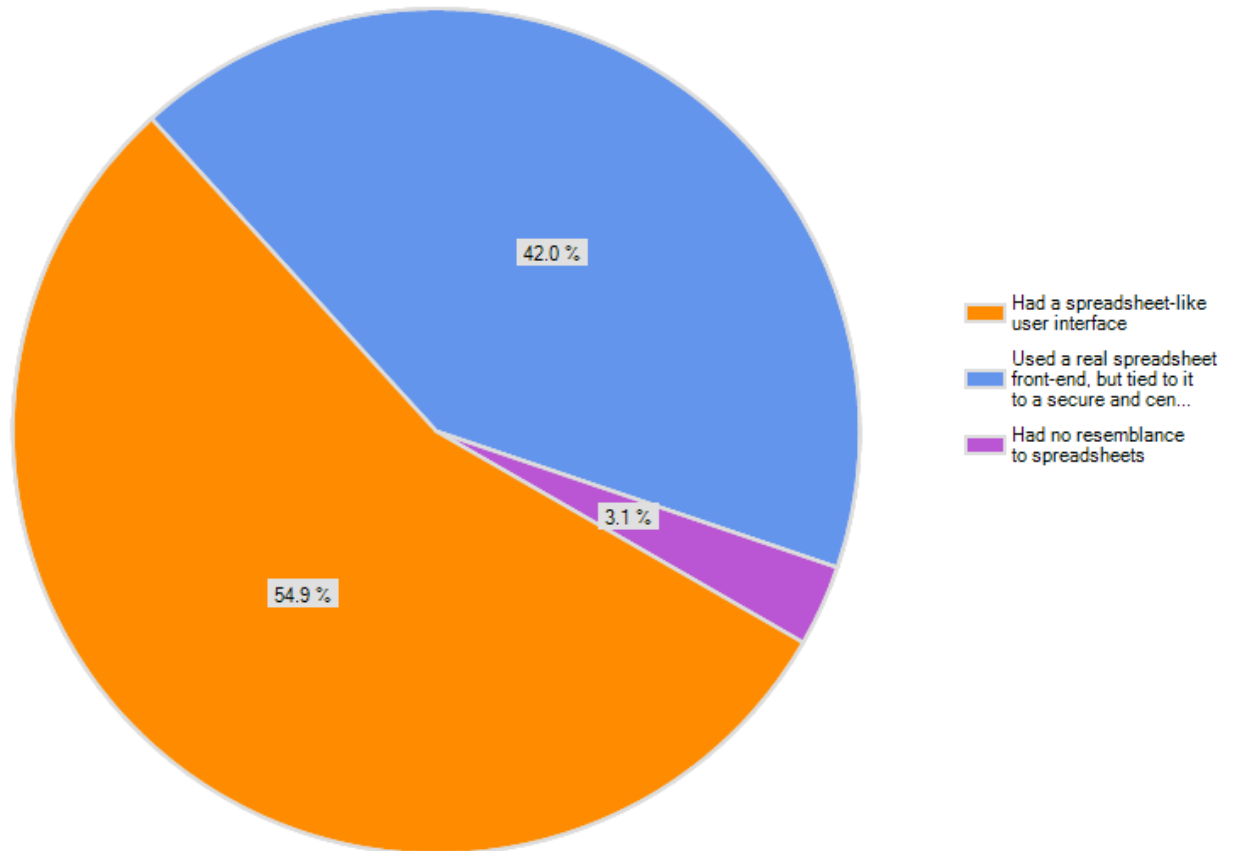
The Data: Over 93% of cloud-based performance management users are satisfied or very satisfied, with the overwhelming majority (59.1%) being very satisfied. The next largest satisfaction grouping is on-premise solution users with 89.1% being satisfied or very satisfied, again with more (46.6%) being very satisfied. No spreadsheet users described themselves as very satisfied, and 47.6% reported being satisfied. On the other hand, the majority of spreadsheet users (52.3%) were somewhat or very dissatisfied. About 19% of spreadsheet users were in fact very dissatisfied, compared to less than 2.7% of on premise solution users and 0% of cloud-based users.

Our Analysis: This data is very clear – performance management users are generally very happy, and spreadsheet users are mainly dissatisfied. Why is this? We see many reasons, depending on the role of the person answering the question. Executives are unhappy because they can't easily get the data they want, in the format they want, when they want it. In addition, there is some concern about the accuracy of the numbers (especially if they are familiar with the error-prone process that was used to pull the numbers together). On the other hand, the managers that are required to submit and/or collect, review, and analyze the data know how painful and manual the process is without a real system in place. While they can make the overall process times come close to the times experienced with a performance management system, it requires a great deal of tedious work and long days. We believe this satisfaction measure is a more accurate reflection of the differences between spreadsheets and systems than the process times are alone.

Spreadsheet Interface Preferences

As you might expect from the data we have just examined, there are mixed feelings in the buyer's mind about whether they want to continue to use real spreadsheets with their new system.

If you were purchasing a new packaged application for budgeting and planning would you prefer one that:



Source: BPM Partners' 2013 BPM Pulse Survey

Data: A very small group, 3.1% would like an interface that did not look like spreadsheets at all. 42% would prefer a real spreadsheet interface tied to a secure and centrally controlled system. The majority (54.9% of all respondents) would opt for the look and feel of spreadsheets without actually using spreadsheets.

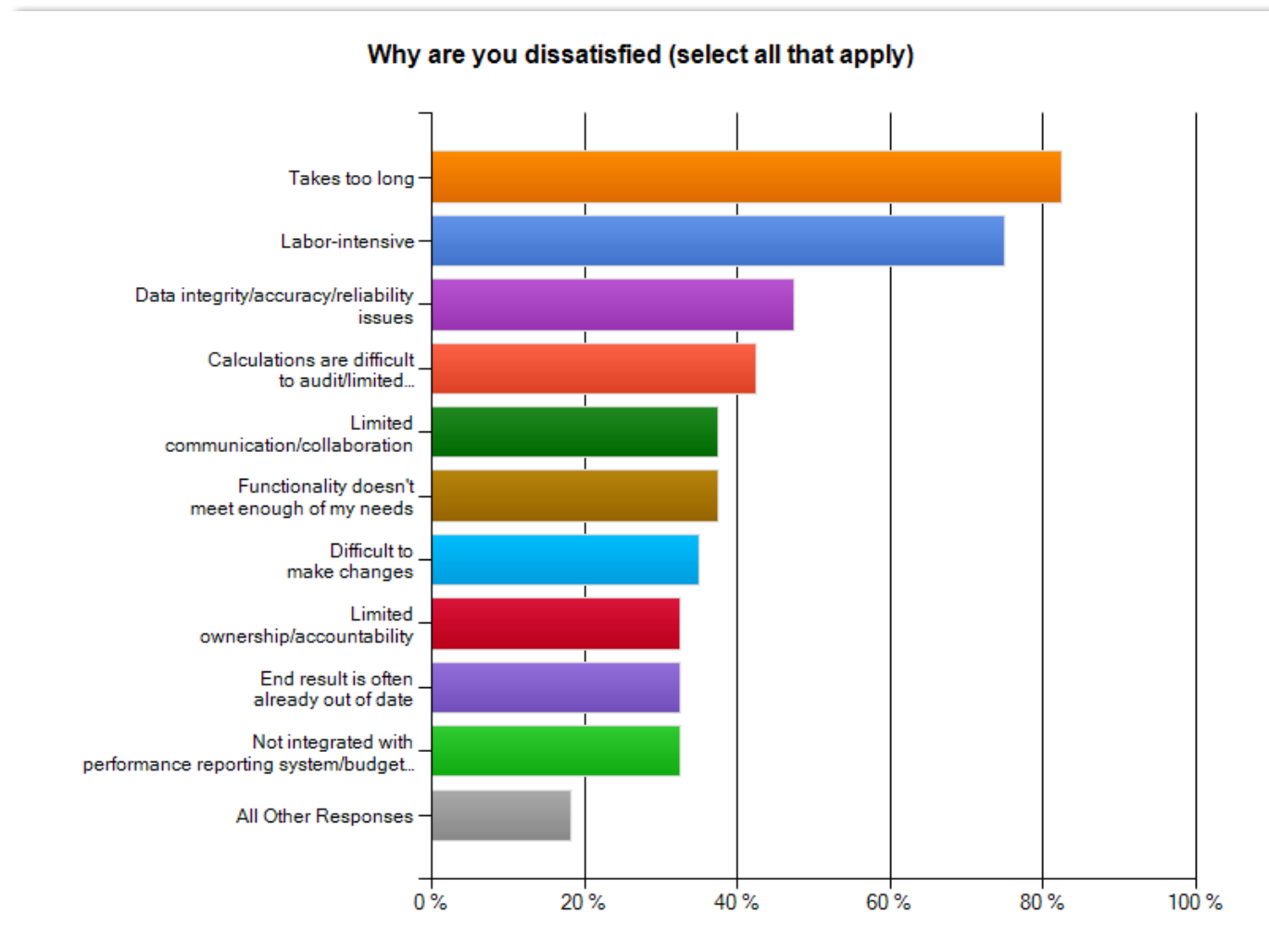
Our Analysis: It makes sense that an overwhelming majority would look for a spreadsheet interface since the orderly layout of rows and columns fits well with the performance management layout of accounts (most often the rows) and time

periods/categories (most often the columns). However, we are surprised that more would prefer a simulated spreadsheet look and feel as opposed to a real spreadsheet. This may tie back to bad experiences when using spreadsheets as the entire system, not just the front-end. This is short-sighted though in our opinion. While both approaches leverage the familiarity and comfort that most in finance have with spreadsheets, the actual functions they are familiar with may not be present. In addition, vendors that have to create their own spreadsheet-like interface (instead of leveraging existing technology) are diverting development resources from adding unique functionality elsewhere in the product. We do recognize however that custom spreadsheet-like interfaces may allow for better performance and reduced complexity by limiting functionality to just what is required by the system.

Budgeting Challenges and Requirements

Let's look at the challenges of the budgeting process overall and what respondents hope a new system can provide.

First let's take a look at why users are dissatisfied with their current budgeting process.

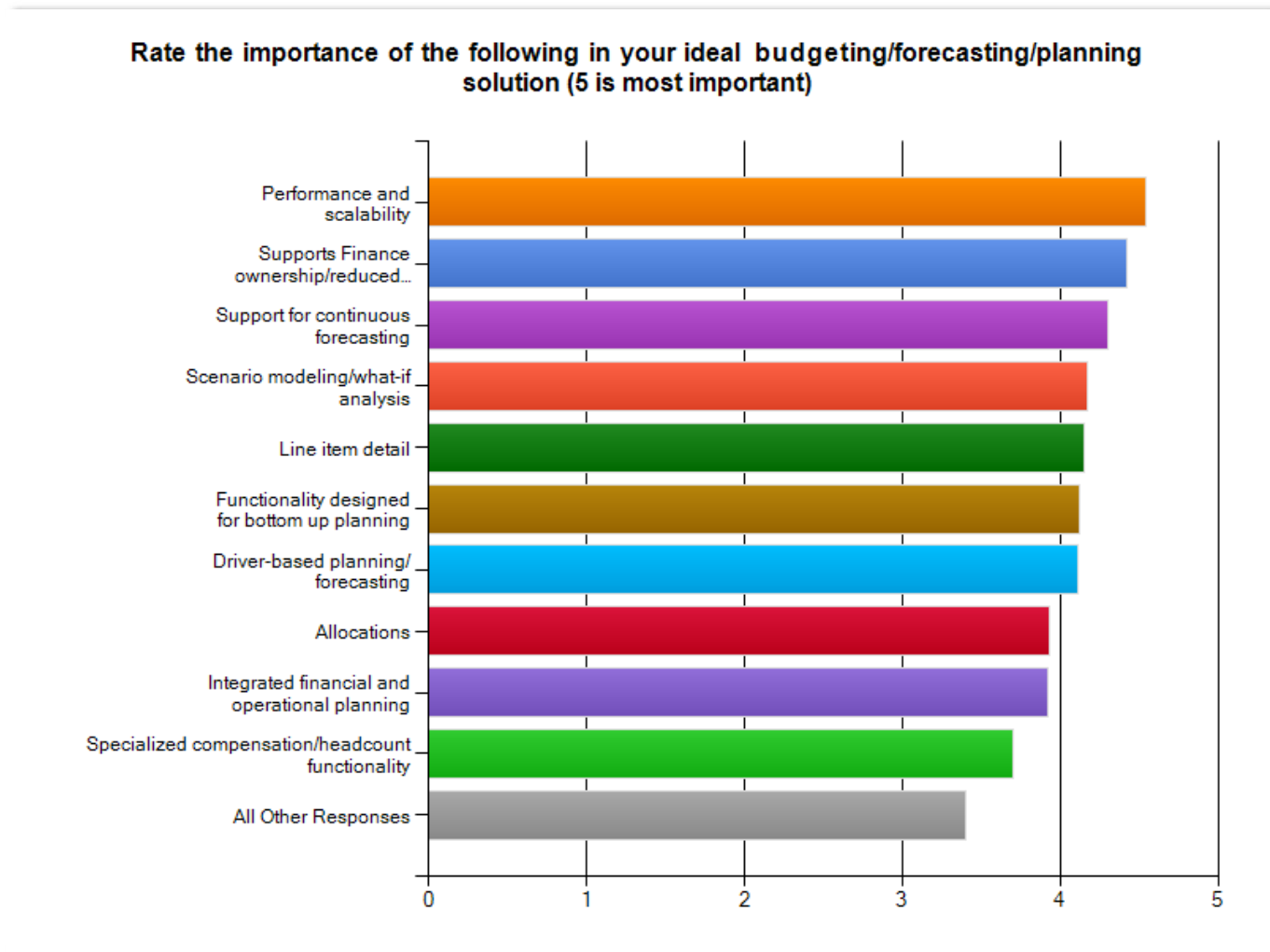


Source: BPM Partners' 2013 BPM Pulse Survey

The Data: Respondents who indicated they were somewhat or very dissatisfied with their budgeting process were asked to select one or more reasons from a list. The top responses are displayed here with the remaining choices consolidated in 'all other'. The top choices 'Takes too long' and 'Labor-intensive' were selected by 82.5% and 75% of respondents respectively. 'Data integrity' at 47.5% and 'Calculation audit difficulties' at 42.5% are next on the list.

Our Analysis: This is a significant list of challenges, and also fairly typical of spreadsheet users. As our earlier satisfaction data suggests, most of the respondents to this question are not users of performance management systems. We strongly believe that performance management systems do a good job of addressing these issues. The net of this is a tremendous opportunity for orders of magnitude improvement for spreadsheet users when they make the move to a performance management system. While the labor required and drawn out timeframe may be the most painful to the individuals involved, the issues of data integrity/reliability and limited calculation auditability may be the most damaging to the organization. Lastly, the lack of integration with performance reporting (combined with concerns about accuracy and timing) probably leads to a painfully produced budget that is of limited use once it is released.

Now let's take a look at what purchasers of performance management systems are looking for.



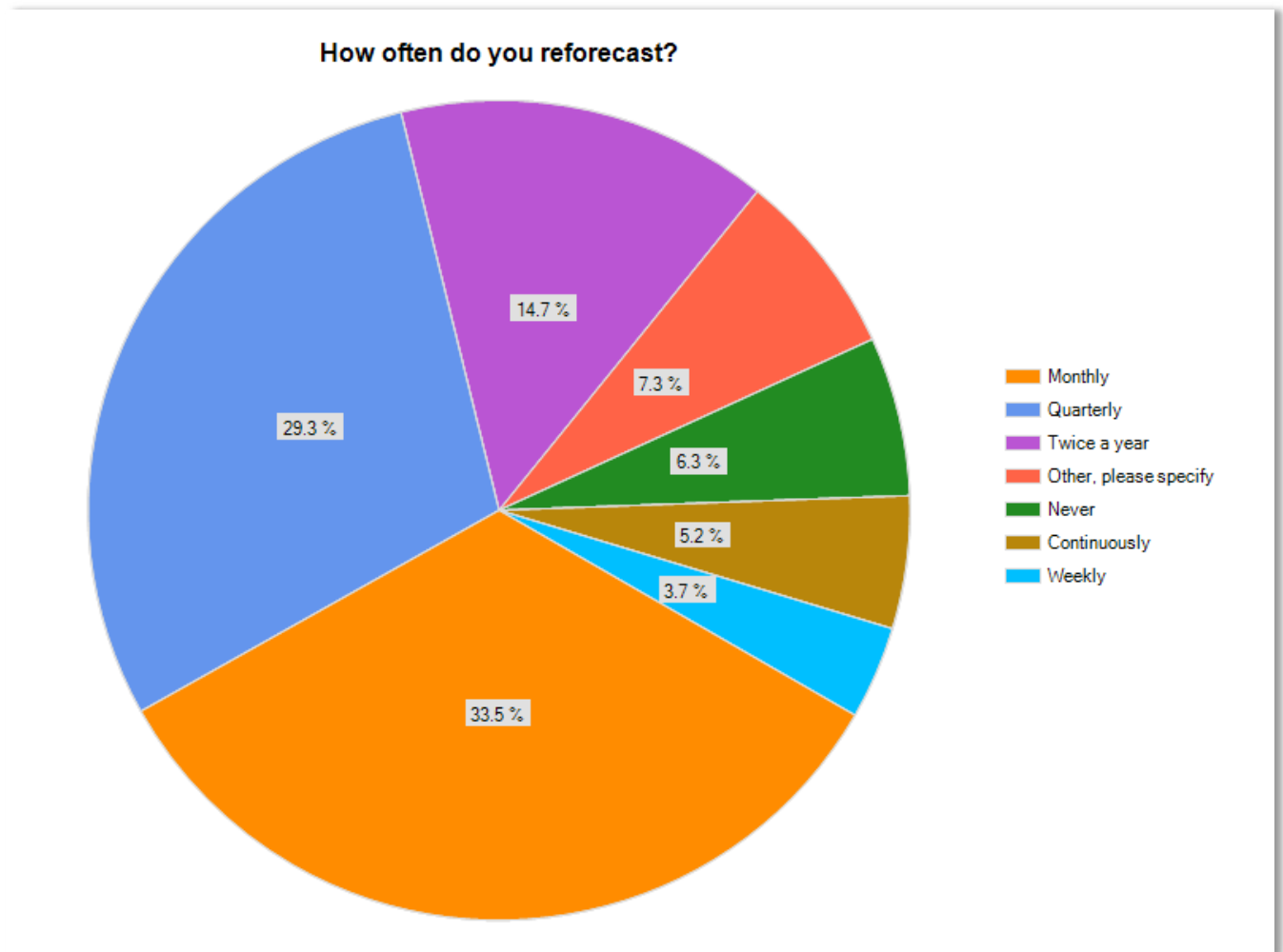
Source: BPM Partners' 2013 BPM Pulse Survey

The Data: Respondents were presented with a list of potential capabilities in their ideal budgeting system and they rated them on a 1 to 5 scale, with 5 being the highest. This chart shows the responses that received 3.5 or better, as well as a consolidated 'all other' response. 'Performance and scalability' received the highest marks with a 4.54, with 'Support for Finance ownership/reduced IT demand' right behind at 4.42. 'Support for continuous forecasting' was third on the list with a rating of 4.3.

Our Analysis: Performance and scalability – in this case performance means product speed. We believe this choice is important to current users of home-grown or over-

burdened spreadsheet systems that simply can't adequately handle the volume of data passing through them and/or a large number of concurrent users. This would tend to result in slow response times when submitting data, recalculating, consolidating, or retrieving a large report. We have also seen response time issues in some performance management solutions as well. Typically this occurs when a vendor adds new functionality that is not yet performance optimized. In addition, the most comprehensive, capable, and powerful solutions in the market often carry around significant overhead and are designed for top of the line hardware. Therefore, performance will be less ideal in other environments. This is an example of where buying more than you need will come with additional costs. The next highest ranked item, support for finance self-sufficiency, is a common theme we have seen in the field from members of finance departments, as well as IT. Almost all performance management application solutions are built with this in mind and meet this requirement. The next item, support for continuous forecasting surprises us being so high on the list. This was also true last year. There seems to be a strong desire to have these systems support continuous forecasting, yet the reality is very few companies are actually doing this today. Perhaps it is because their current systems make it too difficult.

The reality of re-forecasting frequency does not align with requests for continuous forecasting support.



Source: BPM Partners' 2013 BPM Pulse Survey

The Data: The largest number of respondents re-forecast on a monthly basis at 33.5%. This is followed closely by the 29.3% that reforecast on a quarterly basis. The least popular options were continuously at 5.2% and weekly at 3.7%.

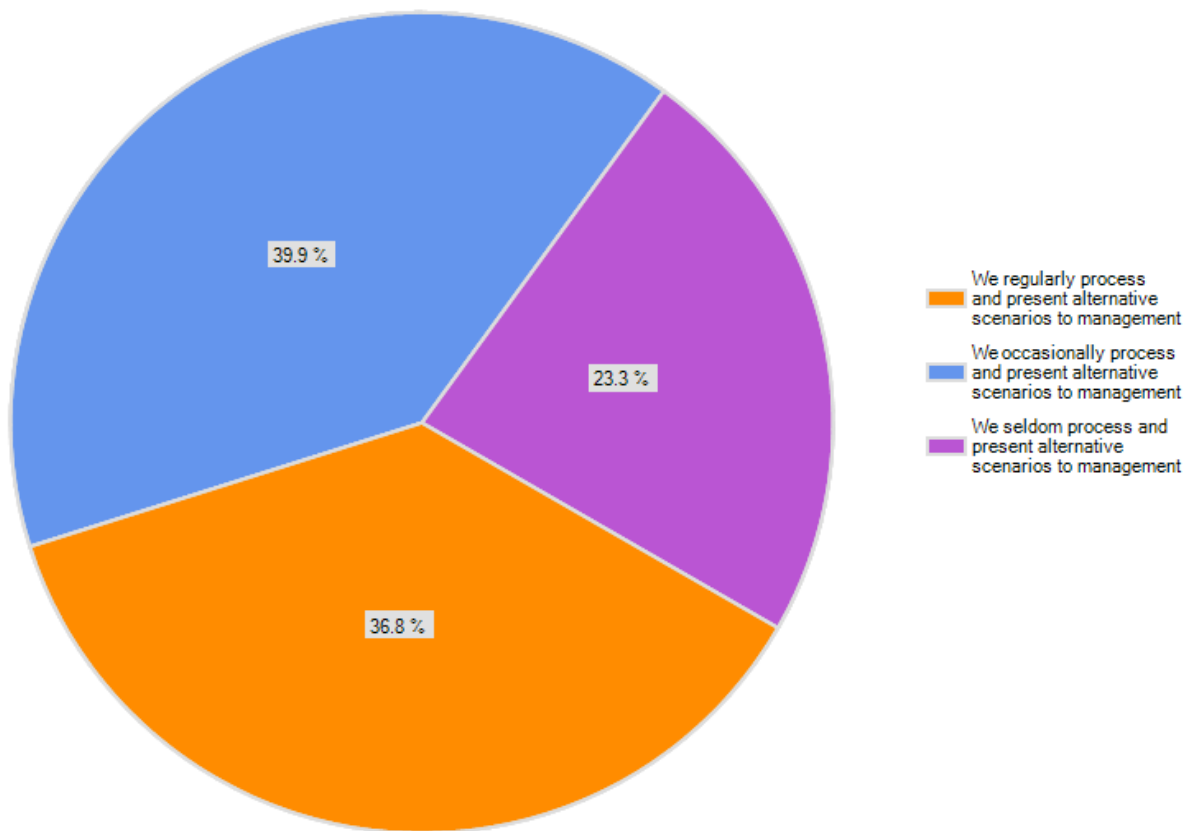
Our Analysis: This is consistent with what we see in the field – most companies favor a rolling monthly forecast, some step back to quarterly. As previously noted very few have moved to continuous forecasting, although many seem to be interested in being able to do this at some point. What we typically find is that the more frequently someone re-forecasts, the more summary level the information is tracked. What this data reflects is the present state of monthly/quarterly forecasting, with a growing number of early

adopters moving to a greater frequency as their systems enable the capability. This is in line with the momentum to get away from just doing a once a year budget that quickly becomes out of date and creates more and more meaningless performance comparisons as the year progresses.

Scenario Modeling and Predictive Analytics

This section of the survey explores the use of alternative scenarios and predictive capabilities.

In the context of budgeting which phrase regarding scenarios best describes your organization?



Source: BPM Partners' 2013 BPM Pulse Survey

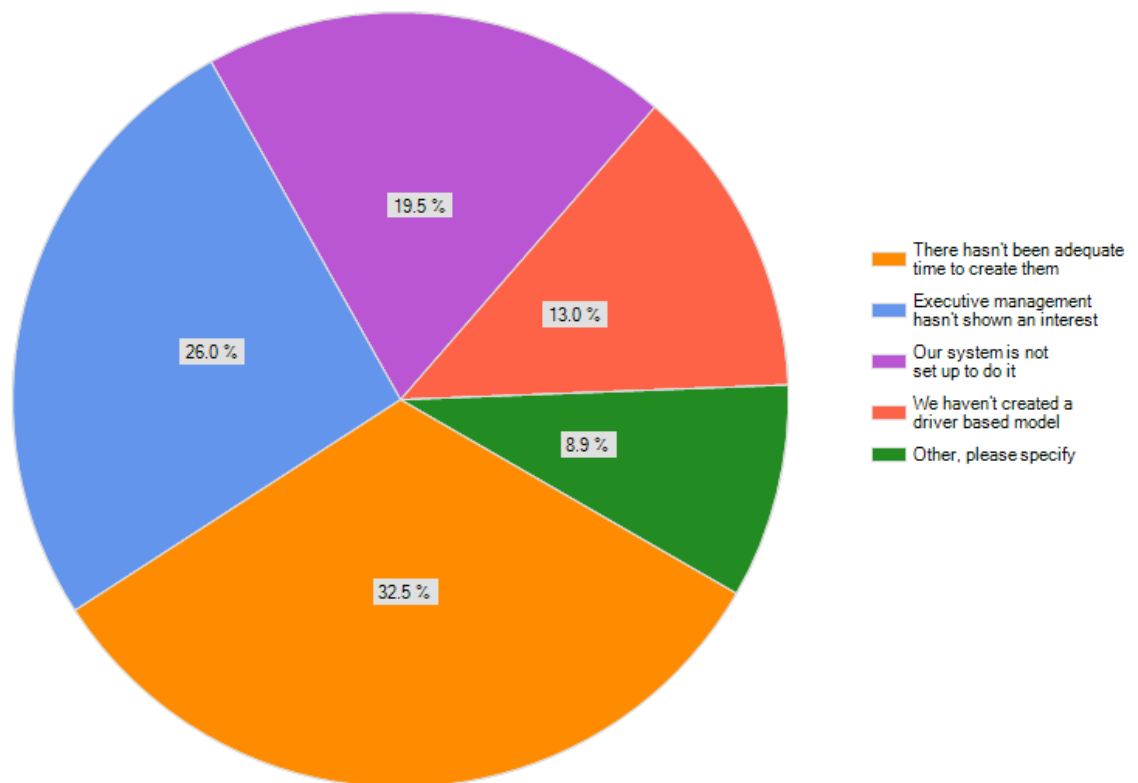
The Data: More than a third of respondents, 39.9%, occasionally get involved in scenario modelling. Close behind another group of 36.8% regularly do this. Slightly less than a quarter, 23.3%, don't look at alternative scenarios at all.

Our Analysis: This is a powerful capability that can be accomplished, but with great difficulty and complexity, in a spreadsheet. Several performance management solutions in the market today greatly simplify this process. We believe this is something that every

company should engage in, particularly in today's economy. If current systems don't support it, then it's time to change current systems. Most of our clients that are moving from spreadsheets to performance management systems have this requirement high on their list. We hope to see these numbers change over time, with the vast majority of companies modeling alternate scenarios as a matter of course.

This question examines the reasons behind the reluctance of some companies to engage in scenario modeling.

The greatest inhibitor to processing alternative scenarios in our organization is:



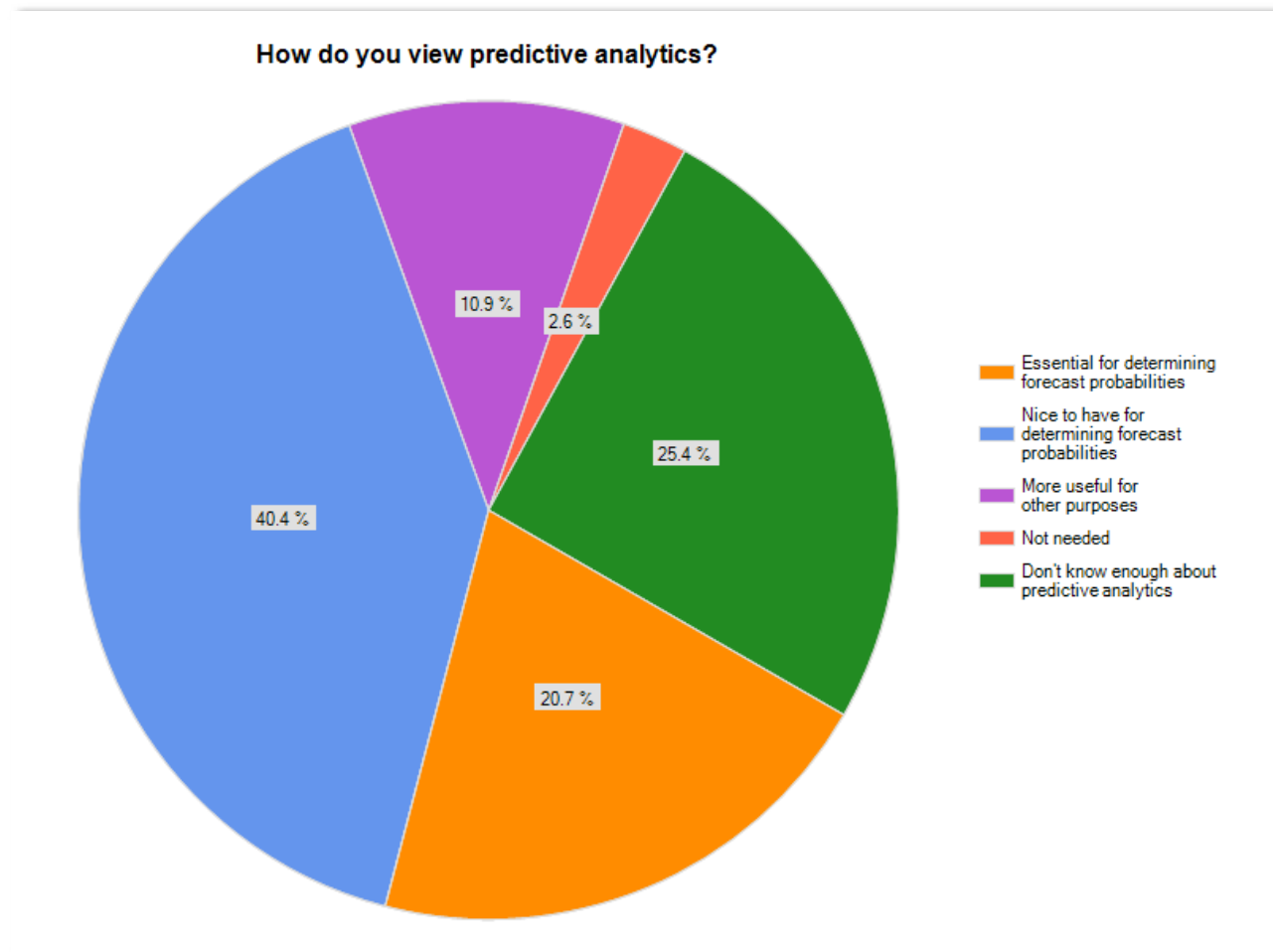
Source: BPM Partners' 2013 BPM Pulse Survey

The Data: This question was asked only of those who responded that they only seldom or occasionally process alternative scenarios. The top 2 reasons to not pursue scenario modelling are lack of time (32.5%) and lack of interest (26%). The system not being set up to handle it is third with 19.5%.

Our Analysis: We believe inadequate systems are the main culprit here. While the stated 'lack of time' could relate to the time involved in designing a model, we think the bigger

issue is the lack of appropriate tools to help design and then execute the model. Almost 20% directly implicate their current system. The fact that a quarter of organizations haven't shown an interest is a cause for concern. We find it hard to believe that they truly don't see the value in analyzing alternative scenarios. What we think is going on is that the executives aren't asking for it because they don't think it could be easily accomplished with current systems and resources. By the same token, Finance is not offering it up as an option because it is more painful work that they don't need on top of an already painful budgeting process. As more organizations move to modern performance management solutions we believe this is an area that will see great expansion.

This chart looks at the interest in predictive analytics.



Source: BPM Partners' 2013 BPM Pulse Survey

The Data: The largest group, 40.4% view predictive analytics as nice to have. The next largest group, 25.4% simply don't know enough. The group that understands it and finds it essential is 20.7%. Very few, 2.6%, think it is completely useless.

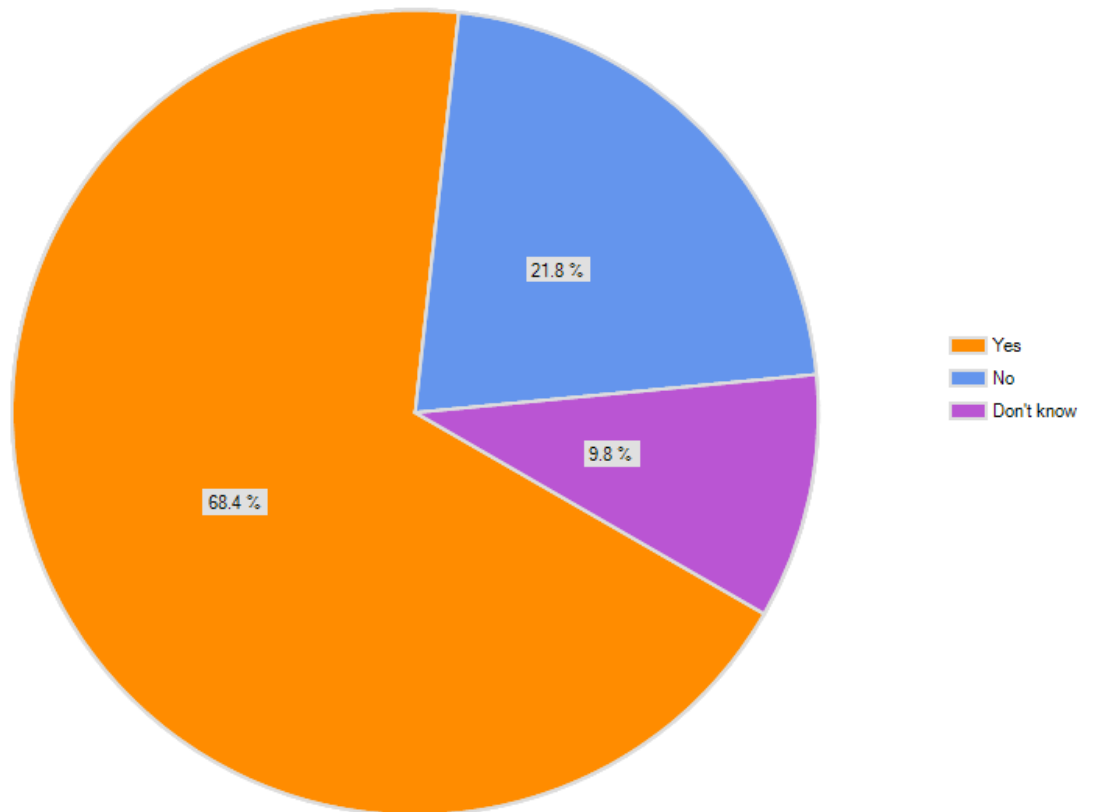
Our Analysis: This is currently a very hot topic. It comes up frequently when talking about analyzing large streams of data ('Big Data'). As the data indicates, this is an area that still seems to reside in the buzz/hype phase. Not everyone sees it as essential and a quarter of the respondents aren't really sure what it's all about. There is an opportunity here for vendors to clearly define what it is (and isn't), to educate the masses, and to deliver the necessary functionality in an easy to use format. We believe the value in being able to more accurately predict your business's future can't be overstated. To actually do this successfully though requires a broad set of historical data (to analyze trends, leading indicators, seasonality, etc.), access to external data for macroeconomic factors that have impacted and will continue to impact your business, and a powerful set

of algorithms to perform sophisticated analysis on this data. While there are specialized application vendors as well as business intelligence tools vendors that provide the necessary software, only a handful of performance management vendors offer this as an out of the box capability today. We hope to see this change in the near future.

Strategic Planning

Strategic planning, often grouped with budgeting and forecasting, is an important element in its own right. Companies need to have a formal process in place first, and then performance management systems can be leveraged for automation and integration.

Does your organization have a formal strategic planning process?



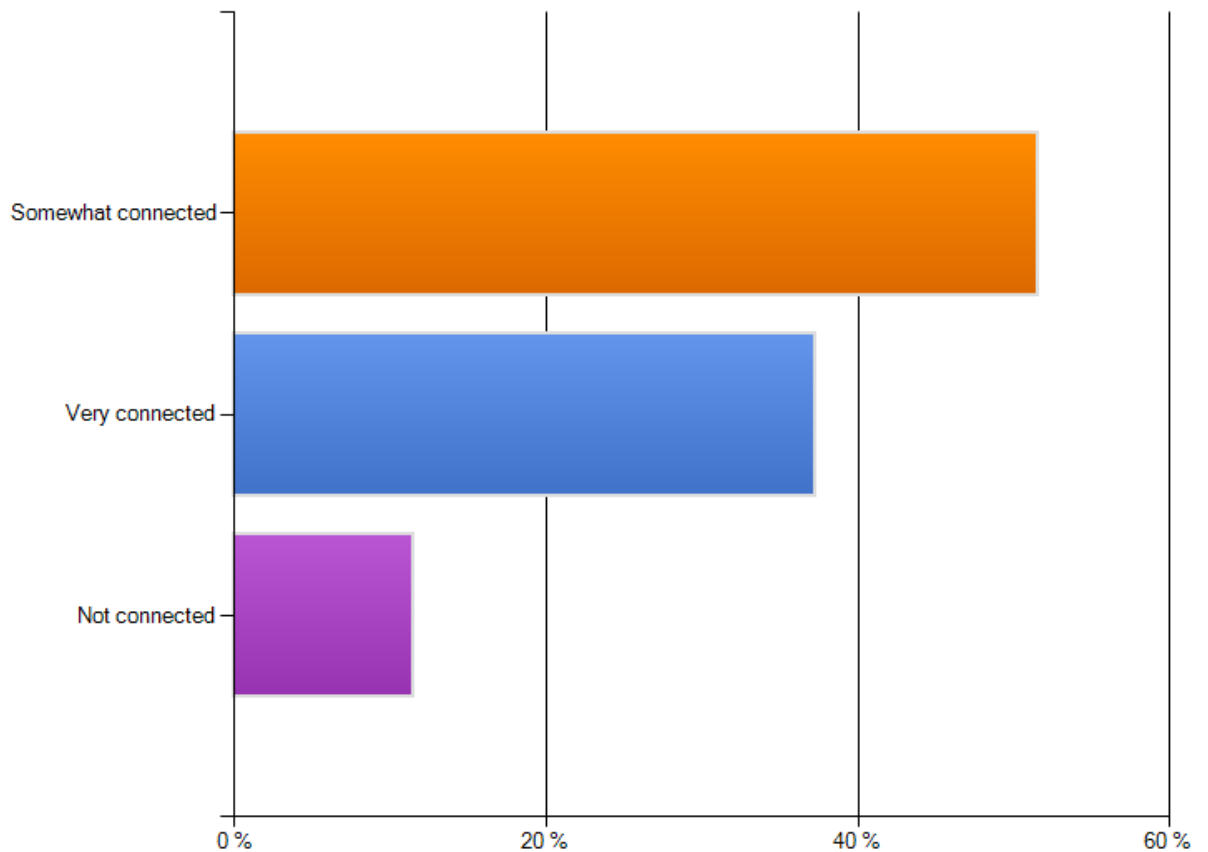
Source: BPM Partners' 2013 BPM Pulse Survey

The Data: The vast majority of companies, 68.4% have a strategic planning process in place. A little over a fifth, 21.8% do not. Some respondents, 9.8%, were not in a position to know if their company had a process or not.

Our Analysis: Clearly most companies are doing some form of strategic planning. The fifth that say they are not may not have a 'formal' process, but there is certainly some planning going on, even at a very high level. This topic doesn't get the attention it deserves. Strategic planning is rarely discussed, or is lumped in with budgeting, and forecasting. While this process generally involves a smaller, and more senior, team than budgeting it is still important that the right tools are in place to facilitate. It is also important that this plan ties back to the annual budgets.

Once a company has a strategic planning process in place, the true value is derived when the annual budgeting process incorporates elements of the plan that pertain to the budget year. This could include revenue or margin targets contained in a 3-5 year long-range plan, or providing resources to support strategic objectives.

How connected are your strategic planning and financial budgeting processes?



Source: BPM Partners' 2013 BPM Pulse Survey

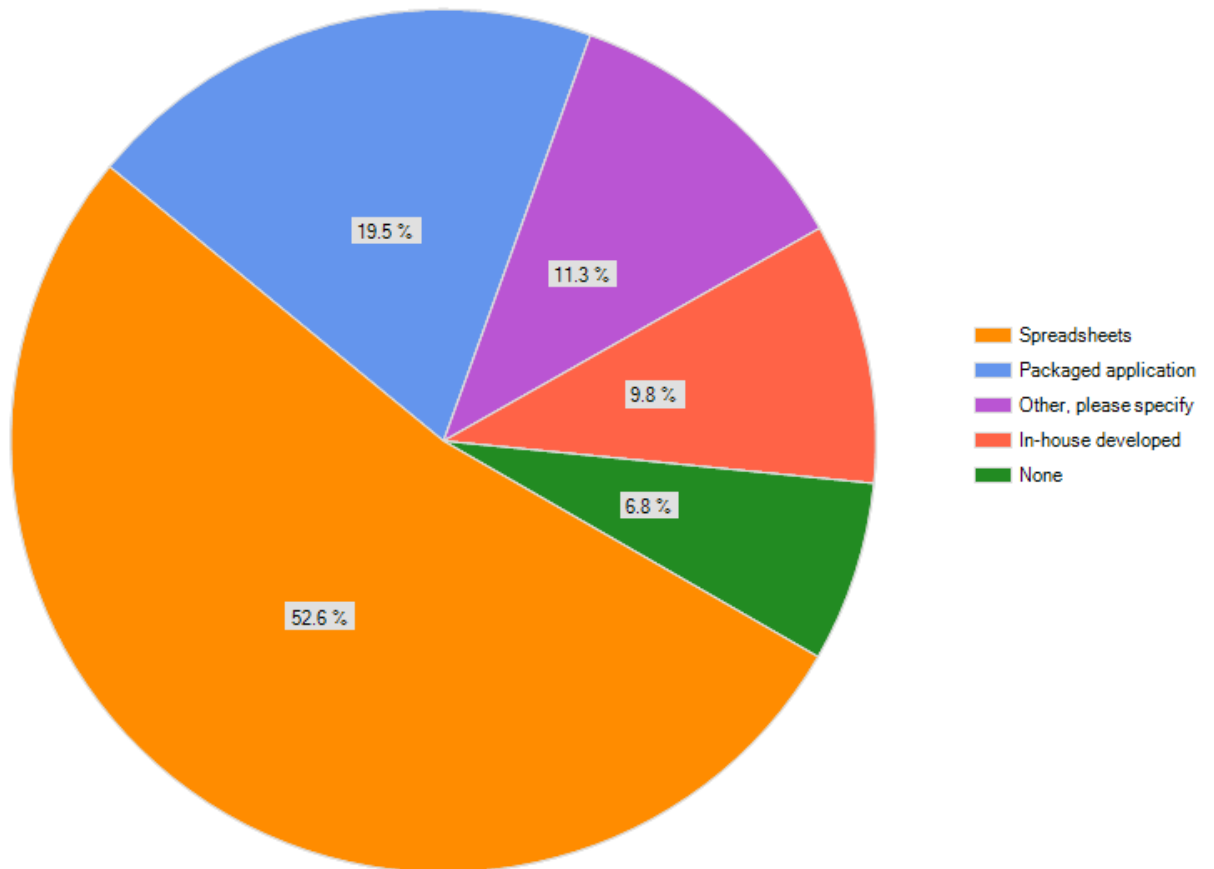
The Data: This question was asked of those respondents that have a strategic planning process in place. About half (51.5%) state that it is somewhat connected to the strategic plan. While 37.1% claim the two are very connected, 11.4% admit they are not connected at all.

Our Analysis: Clearly the annual budget at some level should tie back to the strategic plan, or at least use it as a target. The fact that less than 40% of companies do this is a concern. The question then is why? It could be that the strategic plan is not updated

often enough and has become meaningless. It might be that the plan is not well communicated or accessible to those preparing the budget. It is encouraging that half the respondents say the two are at least somewhat connected, but what does that mean? Perhaps they view it as a high-level goal for revenue targets and/or margins, but nothing more. We believe of course that this is an essential and strategic component of performance management that needs to be integrated with all of the other aspects.

While not as painful as other areas that performance management systems automate, there is still significant value to be derived from moving away from spreadsheets for strategic planning as well.

What system is used for strategic planning?



Source: BPM Partners' 2013 BPM Pulse Survey

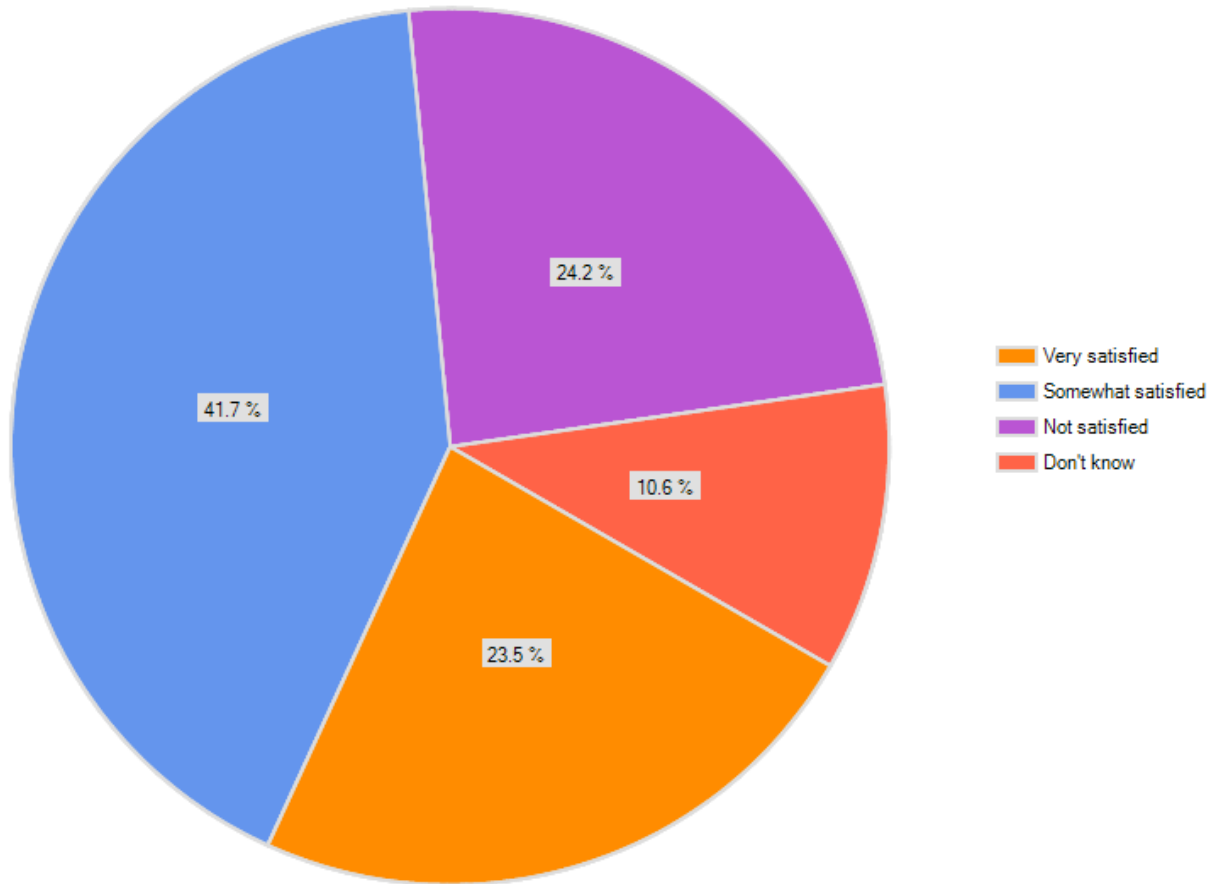
The Data: A little more than half the companies in our survey, 52.6%, use spreadsheets for strategic planning. The next largest group, 19.5% use a packaged solution. While 9.8% use a homegrown solution, 6.8% accomplish strategic planning without the benefit of any software tools.

Our Analysis: Actually, we would have guessed that almost 100% used spreadsheets for this, even just as a place to type in some numbers or objectives. The ability to tie it back to the annual budget which may sit in a different set of spreadsheets, or other system,

would be fairly difficult though. This is another area where performance management solutions can provide the best answer. An integrated system for strategic planning, budgeting, and ongoing forecasting is ideal. Based on the numbers here, with only about 20% using a packaged application today, this is an area ripe for growth for the performance management vendors. While most products in the market today can handle this, maybe what is needed is packaging or marketing to highlight this capability. Due to the smaller audience for this, and fewer ultimate users, it is understandable why marketing dollars aren't spent here, but it certainly should be brought up during the sales process. In addition, there are vendors in the market who focus on this area and lead with strategic performance management, but aren't as strong in other areas so the integration benefit can be lost.

Whether or not users will eventually move away from the current approach is often directly tied to how happy (or more importantly, unhappy) they are with the status quo.

How satisfied are you with the current approach?



Source: BPM Partners' 2013 BPM Pulse Survey

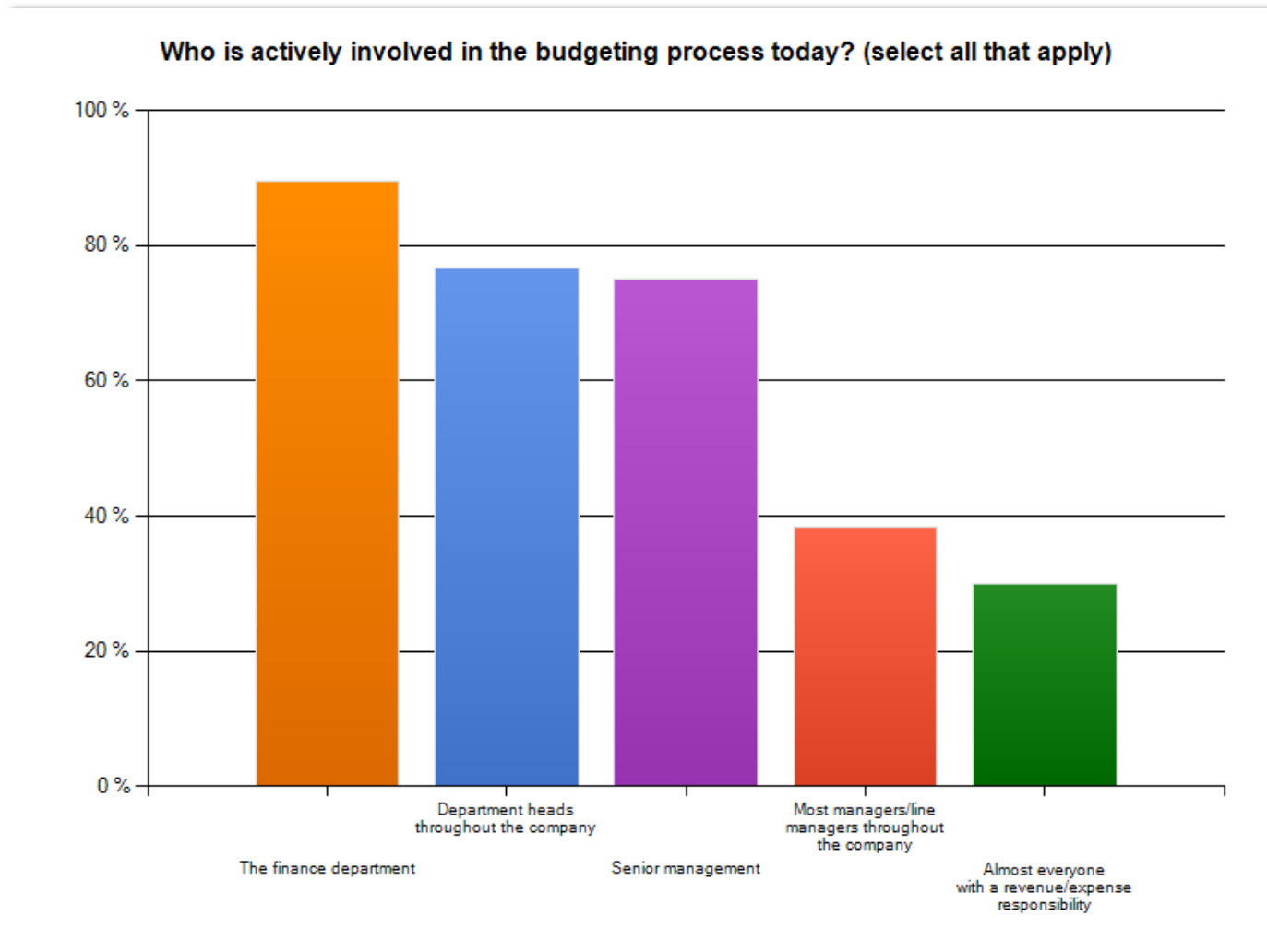
The Data: The majority, 65.9% are somewhat or very satisfied with their current approach to strategic planning. Those that are not satisfied comprise only 24.2% of the total. A smaller group 10.6% are not involved enough in this area to know the level of satisfaction.

Our Analysis: Preparing a strategic plan is less labor intensive than say, preparing a budget, or comparing actuals to forecast. So, those small groups typing numbers and goals into a spreadsheet are relatively happy. We believe the issue is that while the process is not as painful as some other areas that performance management can address, it can still be improved. As always, if you are unaware of what is available, you

don't know how much better something can be. Preparing a strategic plan in a system that has your business structures already built-in, as well as end user focused reporting tools and performance dashboards could greatly simplify the process. Then having access to that data in the same system used to prepare the budget would be a great benefit. While strategic planning rarely drives the performance management purchasing decision, it is a nice add-on that should appeal to the most senior members of the team that are involved in the purchasing decision.

Participation in the Budgeting and Planning Process

The full value of a performance management system for budgeting can only be realized when all employees with revenue and/or expense responsibility are directly involved in the process.



The Data: Almost 90% (89.6%) identify Finance as being actively involved in the process. Department heads and senior management follow with 76.7% and 75.1% respectively. Most managers are involved at 38.3% of companies, and everyone with revenue or expense authority at 30.1% of organizations.

Our Analysis: We are not sure why Finance isn't involved in 100% of companies. That data aside, it is obviously common practice to involve Finance, senior management, and

department heads throughout the company. Less than 40% involving most managers throughout the company is somewhat surprising and disappointing, and only involving 30% of employees with revenue or expense responsibility is an opportunity missed. The promise of performance management is to get more accurate input and ownership by reaching out to everyone in the field, and providing performance feedback to those same people. This should lead to increased accountability and involvement in the company performance. So why isn't this happening? We think there are three main reasons. For those companies without a performance management system it is a monumental task to get additional users up and running with appropriate security and training, and then collecting and consolidating that data is labor intensive. For those that have systems there is the matter of cost. In most cases there is a per user cost. While that can vary by the type of user, it may still be a limiting factor. Lastly, there are certainly corporate environments out there that culturally aren't ready to share that much information with a wider audience. It may just be a matter of time. For some companies, there is a phased roll-out and the number of users will increase dramatically over time as the new system proves itself. Wider rollouts may also become demand-driven. As non-users see the types of information being readily accessed by fellow employees, or the ability to supply their own budgets (as opposed to having someone higher up do it for them and perhaps change the numbers in the process), they will want in. Systems in the past had a high learning curve, required extensive training, and primarily benefited corporate. Performance management systems of today are more intuitive, business user friendly, and designed to provide benefits to all levels of the organization. Due to all of this, over time we expect to see wider adoption of performance management for budgeting within organizations.

Additional Resources

Complete Series of BPM Pulse Survey Reports

This year the BPM Pulse Survey was organized into five sections:

- Core Trends
- Spotlight on Budgeting and Forecasting
- Spotlight on Reporting and Analytics
- Spotlight on Financial Consolidation
- Spotlight on The Cloud and Mobile

Each of these survey sections will be available as an individual whitepaper at:

http://www.bpmpartners.com/bpmcentral_whitepapers.shtml

Vendor Customer Satisfaction Ratings

The customer satisfaction ratings collected as part of the BPM Pulse are included in BPM Partners' Vendor Landscape Matrix report. In this report each vendor is placed on a 3x3 matrix based on the scope of their offerings and momentum in the marketplace. Information is provided highlighting each vendor's unique elements and/or recent developments along with 10 checkboxes identifying which specific performance management capabilities they offer. For most vendors this document includes customer satisfaction ratings for 12 attributes including product functionality, quality, performance (speed), price/value, and support. Also includes Best Fit suggestions for each vendor. To purchase this report or to learn more:

http://www.bpmpartners.com/bpmcentral_thebpmreport.shtml.

Comprehensive Vendor Information

All you need to know, all in one place. BPM Partners' PerformancePlace brings together unbiased analyst reports, articles, news, whitepapers, and blogs grouped by vendor. To start your vendor research visit PerformancePlace today:

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