What is Financial Performance Management?

Reporting, Planning & Analytics for High Performance Organizations
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The pressure is on

Businesses are under pressure to cut costs and grow revenue, while making sure their customers - and shareholders - are happy. The question is, how can you understand, manage, and predict your business when your data systems aren’t moving at the speed of your company?

Companies invested $380 billion in enterprise software last year - but are they getting the most out of it? Oftentimes, critical business systems, like ERPs, are great at some things, like transaction processing and business process, but not so strong in other areas, like the reporting, analytics, and planning capabilities that give companies what they truly need to drive business performance.

Companies are living with inflexible critical business systems. They have grown tired by the complexity of their processes, which, in turn, cripples corporate performance and produces data that isn’t accurate, relevant or timely.
How can anyone do their job effectively with old, stale data?

The role of the CFO is changing from the traditional strict financial responsibilities to business leader. In fact, over 50% of CFOs describe themselves as strategic business analysts. And boards and CEOs are leaning ever-more heavily on them to provide the information, insight and foresight required to strategically grow the corporate revenue and profits.

Finance and IT teams are being held responsible for finding ways to optimize and even transform the business. They are tasked with initiatives ranging from changing financial reporting processes to implementing next generation information technology platforms.

Also, the speed of business is increasing, and it’s time to embrace software that can move with the speed of business. In simple terms, a high performing company operates at optimal speeds – not because they simply “will themselves” to act faster but because their systems and processes allow them to more quickly transform their data to information and then to insights and foresight. A high performance organization (HPO) is lean, agile and able to make impactful strategic decisions based on real-time data. This is where Financial Performance Management comes in.

The right Financial Performance Management (FPM) solution will give you real-time reporting, planning, and analytics, but also a native understanding of all your processes and systems, plus the ability to handle an incredible volume of transactions at blistering speeds – all without leaving your own critical business systems (like ERP and CRM).

Sounds like a dream come true, right? These concepts are what drive our business because they’re essential to the success of your business.

When reporting, planning and analytics tools work seamlessly with your existing critical platforms, magic can happen. Such tools can help executives understand what’s important – fast – so they can make the right business decisions confidently.

Some call what we do Corporate Performance Management. Others refer to it as Enterprise Performance Management or Business Performance Management. But, we see FPM as a step further in a company’s reporting, planning and analytics processes. It’s our core business and our passion, and we’d like to share with you our thoughts on FPM and how it can benefit your company.

First we’d like to get you up to speed on how FPM has evolved from traditional Business Intelligence (BI) and other Performance Management solutions. We’ll then discuss the three key pillars of FPM (reporting, planning and analytics) and share some examples of how they are relevant to your business.

These solutions can help create an environment for high performance by empowering every employee with relevant, real-time information. By doing this, and connecting the entire company to your critical business systems, the whole business can have more streamlined processes and can make contextual, informative decisions that drive overall corporate performance.
What is Financial Performance Management? (FPM)

For years, companies have collected and managed valuable business data by establishing massive, critical business systems to help run the organization. These systems are often referred to as Enterprise Resource Planning (ERP) and in recent years have been joined by robust Customer Relationship Management (CRM) platforms, other sales and marketing tools and custom data platforms.

These systems are inherently transactional in nature. They can record and handle large volumes of data and help companies capture information throughout all facets of the business. But the downside of these massive, critical business systems is that they don’t do a great job at helping end-users make sense of their transactional data. They don’t make it easy for the business to glean actionable insights.

This gap led to the creation of the Business Intelligence (BI) industry – a way of making sense of the massive amounts of data these systems were collecting. While BI is good at summarizing information, most company systems are too complex and speak different languages – so data ends up being extracted out of the ERP and into a cubed-base data warehouse. BI software then accesses the cubes, which are generally a subset of the complete data, and updates on a schedule, usually once per day in the middle of the night when there is less activity in the system.

While a recent Gartner summit indicates that Business Intelligence is also trending towards self-service, the summit also found that BI is not fulfilling its promise of rounding out the requirements of the corporation. While BI is able to do management reporting, analytics and planning, it falls short in the area of transaction processing and business process. Additionally, many traditional BI solutions are very expensive and require long implementation and integration schedules. Hardware, maintenance and ongoing staffing requirements only make the economic impact even worse.
The value of BI is that companies can now view summary information and design dashboards and scorecards for c-level executives. But in this day in age, companies need speed, and they need the option for transaction and summary information in all areas of the business so everyone can translate data into action. Visibility to the entire data set is another key requirement and OLAP cubes rarely provide the complete picture.

BI is a roadblock to this optimal process because in order to work with the data, it has to be extracted from the ERP. This disconnect impacts data integrity, speed, visibility, and costs.

Thus came the rise of Performance Management (sometimes referred to as Corporate Performance Management or Enterprise Performance Management), which is designed to provide reporting, planning and analytics solutions in ways that are directly linked to the critical systems. But it’s not really the case, is it?

Both BI and CPM software can separate your data and take it outside for analysis. And while normal business challenges can be overcome with all of these options, it’s important to know that looks can be deceiving.

“This has led to two outcomes: low penetration of BI use among business executives, and a growing frustration with the analytic capabilities of business applications. Executives have to resort to data extracts and spreadsheet mashups to get much of the information they thought they were going to get from BI and business applications. This is changing, with the growing adoption of analytic applications, in particular PM [Performance Management] applications, which bridge the gap between these worlds and offer the business user the right solution to their needs.” - Nigel Rayner

Financial Performance Management (FPM) solutions came about as a best-of-both-worlds solution. A proper FPM solution provides a single platform for reporting, planning, and analytics for everyone in the business in one real-time solution that fully understands the critical business systems.

Companies need another option, other than BI, that truly gives them the actionable information businesses need to empower users at all levels– which is a key factor in creating a high performance culture.
Companies need a real-time solution that's integrated with their ERP and provides advanced reporting, planning and analytics tools. These three pillars are essential to successful companies and drive all strategic decision-making. They are tactical pieces of a broader strategy of using data to make better business decisions and provide context to drive high performance throughout the whole business.

Using business intelligence tools can help you see data - but what if it’s old data? As mentioned, BI solutions require a data warehouse that lives outside of the ERP. Typically, IT will run reports overnight. Once you pull data out of its home, the ERP, 50,000,000 transactions could occur before the report is created. Can you really take that sort of risk with your information?

The best Financial Performance Management solutions don’t break the link with the ERP, so you are always sure the data you are looking at is real-time and accurate. This makes it extremely easy to see how you are doing compared to how you should be doing. That comparative view gives you quick insight so you know where action is needed right away.

Sometimes a report is exactly what you need. But oftentimes, when you are just looking for a measurement of performance, running a full report can be timely. If you can identify your KPIs and find a way to measure them, they can be a critical value in driving high performance.

Let’s take a look at how FPM’s three pillars can have a positive impact on your business:
You’re likely well aware of the problems associated with traditional month-end reporting. In simple terms, it’s often tremendously chaotic! Do you know how long it’s taking the finance department to pull management reports? Once they are pulled, how easy is it for you to glean insights from those reports to help guide the management team decisions? Is reality a three-day process of examining and exporting data to Excel and then fielding back-and-forth questions via email?

If any of these sound familiar to you, don’t fret! There is a solution – and it starts with timely, accurate and relevant data and empowering everyone across the company to answer their own questions and run relevant reports. And it does all of this without breaking the link to the ERP, without needing new ERP platforms or having to ask IT to train non-technical people. What more could you want?
Beyond reporting, many companies struggle to keep up with their planning efforts in their ERP. Planning is often tied intrinsically to the reporting process. When you can’t see your data the way you need, in real-time, people are forced into Excel to create budgets.

Excel is great for budget modeling, but when it comes to using it as a tool to manage data, there are huge risks involved. Because of the version-control horrors that come from spreadsheet madness, budgets can take companies months to finalize - and by then, your figures are out of date and irrelevant. Not to mention the nightmarish user experience – using different tools, no standardized processes, and poor version control.

By using a planning tool that doesn’t break the link, you can solve all the core problems that cause you to resort to spreadsheets. By integrating reporting, planning and analytics, you can create a holistic picture of your business – and its future. And, then continuous forecasting actually becomes possible.
How can you be a high performing organization if you’re relying on business decisions made from data that was pulled days, weeks, or even months ago? What about sorting through endless amounts of data to get to what’s really important? Or measuring what matters in real-time?

Businesses are capturing lots of information, and to make good decisions, you need to see what your actual figures are right now, not 10 days ago. How effective would a car dashboard be if it showed you the speed you were driving 10 minutes ago? Why should your business be running like that?

BI solutions can create summary dashboards, but because information has been extracted from the ERP, the business faces issues when trying to drill down and explore the information that makes up the visuals.

Analytics have historically been targeted at executives, but in order to track corporate, department, and group KPIs, this type of visibility should be available to all levels of an organization, regardless of how many different information systems used, or the volume of data that resides in them.

What are costs/revenues right now? How much do my customers owe me right now?

The real key here is creating a forward-thinking business platform that can handle your information – especially from so many sources. This concept is becoming even more important in a time of great technological growth. Gartner calls the merging of these technologies the *Nexus of Forces* – where social, mobile, cloud and information intersect.
With widespread computer and mobile adoption, companies must ensure critical business systems can incorporate this data in a user-driven ecosystem. The Nexus of Forces has four key elements:

- **Social** – You have to be aware of online conversations about your company. Peer reviews alone can have a huge impact on sales and need to be included in any executive’s decision making.

- **Mobile** – Few things have a bigger impact on business than its ability to interact and excel on mobile devices. Smartphone users alone are projected to top 2 billion people in 2015.

- **Cloud** – Gartner calls this the glue of the Nexus. It houses all mobile data, makes networks and platforms scalable and helps connect information from separate systems.

- **Information** – Information must be accessible, shareable and consumable by anyone, anywhere, at any time.

Embracing these technological forces can yield some wonderful opportunities for the businesses that drive the future of technology and data aggregation. Analytics best practices already include the use of KPIs and dashboards that work in real-time and speak the languages of several critical business systems at once.

CPM is a dynamic market for innovation and new capabilities, with new vendors entering the market bringing innovation. The Nexus of Forces is significantly impacting the market as CPM strategists in finance and IT take advantage of cloud and hybrid implementations, mobile and in-memory computing.

*Leveraging CPM Innovation With Leading Trends in Technology.*

John E. Van Decker, Christopher Iervolino
Why FPM is Industry Standard

We think FPM works as an industry standard because of its ability to easily shift with the times in a few key areas:

- **Improved software technology.** FPM will be able to handle more data at faster speeds and aggregate this data from even more complex sources – this is especially important when you consider Gartner’s Nexus of Forces. Data integrity and security will remain hot topics for software as it improves to manage higher volumes of transactional data at extraordinary speeds.

- **Empowering more users.** Processes with bottlenecks or technical expertise limitations are unsustainable. FPM enables business users to manage reporting, planning, and analytics processes on their own – empowering them to answer their own ad-hoc questions, input their own data securely, and see their own business and personal analytics.

  With more end users being able to access their own information, reporting, analytics and planning can occur at much faster speeds, making more time for strategic planning and adjustments. And, as users gain more hands-on experience with these systems, they become invaluable to every business unit in an organization.

- **Driving high performance change.** Inflexible business systems wreak havoc across the organization beyond just stale data. When users are forced to resort to spreadsheets to understand, manage, and predict their business, confidence in the data greatly decreases and processes become a nightmare.

  FPM solutions understand that you simply cannot drive high performance in spreadsheets. FPM seeks to change the status quo in organizations by fixing the core issues that created chaotic processes in the first place.

- **Innovative KPIs.** With more and more data being aggregated and analyzed, FPM strategies and processes yield interesting new opportunities. By quickly aggregating transactional data, individuals and departments will find it increasingly easy to track and manage major key performance indicators.

- **Flexibility and mobility.** FPM works both with the cloud and data centers and has a mobile-first design so business users can access reports, budgets, and analytics on the fly. And it’s designed to make it easier for users to cut through the clutter of information and consume relevant, actionable KPIs from any place at any time.
Find Your FPM Solution

FPM gives organizations real-time reporting, planning, and analytics, but also a native understanding of all your processes and systems, plus the ability to handle an incredible volume of transactions at astronomical speeds.

FPM helps businesses run at optimal performance. It can do this because critical business systems are providing accurate, real-time data that is relevant and positioned to help everyone in the company make smarter decisions.

It provides a single platform for reporting, planning, and analytics for everyone in the business in one single, real-time solution that fully understands the critical business systems. This is made possible by three key things:

1. **Not breaking the link.** Data in your critical data systems should stay there. Many solutions extract data to a separate system for analysis. This can comprise data integrity and ensures you’re working with old data.

2. **Real-time speed.** You want to know what’s going on in your company right now, not yesterday or worse, six months ago. Old data can lead to poor decision-making and render information irrelevant. Real-time data allows you to understand, manage, and predict your business and stay one step ahead.

3. **Speaking the ERP language.** FPM solutions should actually understand your business systems, instead of merely connecting to them. When this happens, end users are immediately empowered to drive business performance.
Do you want to be involved?

Have we convinced you to join the cutting-edge business technology of FPM and make your company a high performance business? Our passion, combined with our technology and commitment to data integrity, is the key to delivering high performance to your business.

If you want to learn more, get in touch with us and learn how Hubble works.