

A BPM Partners White Paper

CFO's Guide to Performance Management

9 Key Criteria for Selecting a CPM / BPM Solution

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Introduction

This white paper addresses several important criteria to seek in a business performance management (BPM) system and software vendor. Some key criteria are easy to overlook because they are not typical checkoff features: flexibility, for example, and accessibility of data. Companies need to consider their own resources versus external consultants, and how close a fit they will require software to provide to any company-specific business processes.

When it comes to selection, companies often make the error of choosing the vendor with the best marketing. They can easily overlook the vendor with the best solution for their requirements, especially if the vendor is smaller and less known. Understanding the criteria that are not checkoff features will be helpful in seeing the full picture and making the most appropriate choice.

The vendor's experience in a vertical market—their knowledge of your specific industry and their ability to rapidly tailor the solution to your business processes—can bring extra benefits.

If your company is still handling finance processes with a purely spreadsheet-based system, or cumbersome legacy applications that cannot extend to your unique workflow nor include users outside Finance, it is time to begin the selection process.

As with any software selection, at the start there is a process to define the functionality required of a BPM system. This document does not cover requirements definition, but we present several key criteria here that most companies should consider, and which could otherwise be overlooked.

Note: in this document, the terms corporate performance management (CPM) and business performance management (BPM) are used interchangeably.

Flexibility

BPM solutions can be evaluated by where they stand on several continuums; among them, flexibility. In other words, is the system configurable and customizable—and to what degree?

One aspect of flexibility is whether the users can configure the system and fit its functionality to the business requirements on their own, or a consultant's help is needed.

This depends in large part on whether a company's processes for performance management are unique, or are more typical and therefore likely to have been built into the software. It also depends how much customization work the finance department wants to take on, and whether a system is designed to be plug-and-play (less flexible), or performs best when configured and adapted by consultants. Flexibility implies that a closer fit is possible, although with some work, probably involving experienced consultants.

Data Accessibility

With the rise of cloud computing and mobile access, software applications today usually must fulfill somewhat opposing requirements: be easily accessed by different types of users, via remote access, while maintaining or improving security. Secure, easy access has become a make-or-break feature for many.

Scalability

At some point early in the selection process, the software's speed and data limits must be reconciled with the company's volume of processing, number of users, and data restrictions. The key questions to answer:

- Can the software's database handle the data volume and processing demands at peak times?
- Can the system handle the peak number of concurrent users?
- Can it process data models or cubes of the largest size that your user base will seek to analyze?

What Kind of Database?

Scalability depends to a large degree on the type of database and its architecture. Multi-dimensional analysis is the essence of much performance management, and this calls for a cube technology, such as an OLAP database—or an in-memory database that retains the data for extremely large models without relying on comparatively slow storage and I/O, allowing for extremely fast slicing and dicing across multiple planes of the data. If the multidimensional database can automatically pull in the financial intelligence embedded in the BPM system, that is a significant advantage to users.

Centralized Data Repository, a Single Financial Truth

It almost goes without saying that a BPM solution needs a centralized data repository. In nearly all cases, the BPM system must combine data from different sources in different formats. Some key decisions are in selecting which sources and which data will be used, and how to combine them—but at the end of each day, management needs to know there is a trusted, single source of data for performance management and financial reporting.

BI tools – Dashboard / Data Visualization

There is more to data visualization and dashboards in BPM systems than simply supporting information graphically. Easier data discovery capabilities allow for greatly enhanced investigative thinking, helping managers and analysts to follow their intuition and creativity in picking out problems and finding remedies.

Dashboards assist in quick snapshot understanding of current status, making them ideal for “executive monitoring.” Dashboards are only as good as the KPIs they contain. They can usually be customized—or should be adjustable—to the metrics that a particular department or business unit needs to evaluate its financial and operational performance.

Determine KPIs Using “Top-Down” Approach

One reason to establish KPIs prior to software selection is to be sure the system is capable of calculating and presenting these metrics in the form needed by the Office of the CFO.

Corporate KPIs are derived from the overall corporate strategy so they are built from the top-down. In an ideal situation there are cascading sets of KPIs across all major business units that, while focused on the goals of the specific unit, tie back to and support the corporate set of metrics. This helps ensure that there are KPIs that are useful outside Finance and across the enterprise to support a wider range of decision-makers.

Those within a company may not have a broad industry perspective on choosing KPIs, making the software vendor’s industry knowledge an important resource.

Vendor’s Vertical Experience

Companies operating in industries with specific requirements, such as energy, retail, financial services, and manufacturing, should look at the software provider’s knowledge of their field and their business processes. It can be a significant advantage to work with a vendor that has appropriate experience in the same industry; customer references, as a starting point, can be very specific and granular. In addition, the vendor’s knowledge of best practices in other companies is likely to be a valuable byproduct, delivered through embedded intelligence in the software itself, or via consulting services.

Usability Matters as CPM Extends Outside Finance

Usability will figure higher as the number of end users per CPM system climbs and the user population includes more people with scant knowledge of finance processes. This is already occurring with the rising popularity of cloud-based, web-accessible versions that are easier and easier to learn, and CFOs’ growing interest in allowing other departments to leverage their trusted financial data.

ROI

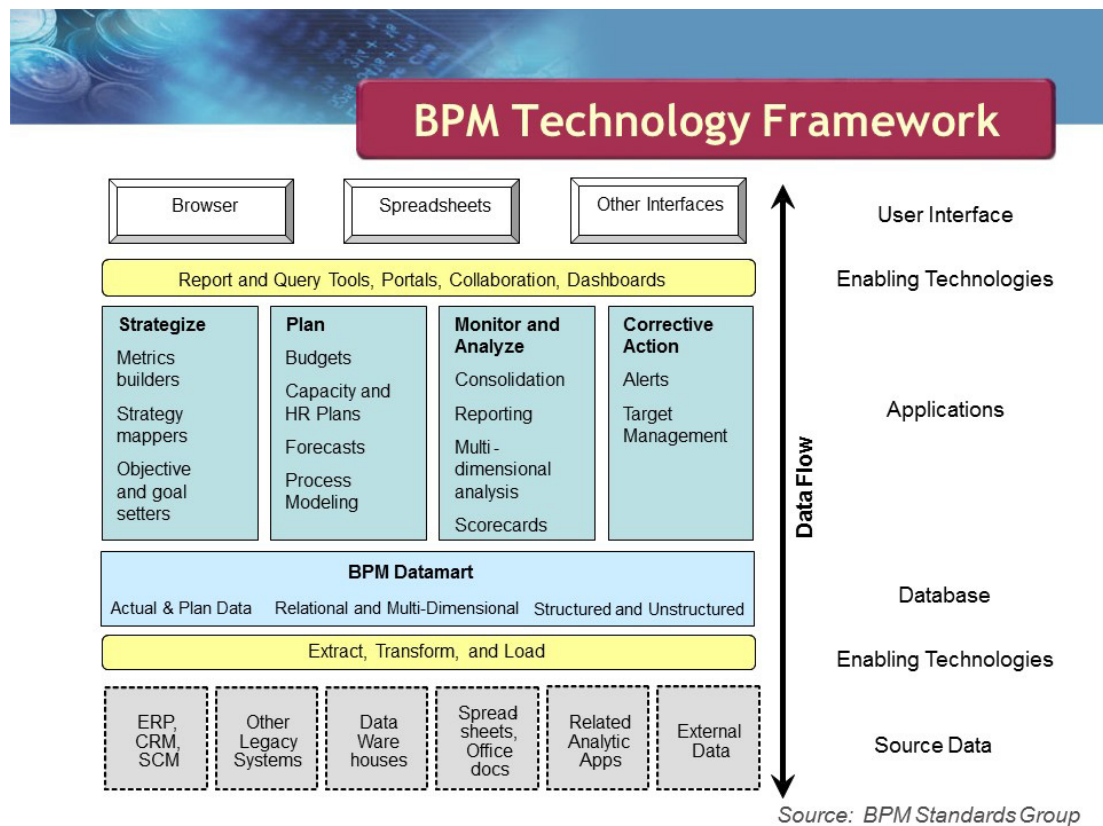
Return on investment (ROI) is usually calculated on numerical elements. The true return—the business benefits—are not all numeric, of course. For example, users responding to the most recent BPM Partners Pulse Survey picked “easier access

to information” and “more useful budget” and “better decision-making” as higher priorities (more important to them) than the more easily quantified error reduction and cost savings benefits.

Standards and the Technology Framework for BPM

Adherence to technical standards and conventions will save time and money, by reducing or removing ongoing integration requirements.

An industry standards and thought leadership group made up primarily of vendors, the BPM Standards Group has defined an overall framework that is useful in comparing the architectural tradeoffs and functional capabilities of different solutions.



Conclusion

There will never be a better time to introduce business performance management to one's company. While it sounds cliché, in this case it holds true.

Most companies will find that their competitors already have a CPM/BPM solution of some kind in place, and that lends urgency – the idea being to not fall behind in this critical area. Moreover, a well-chosen, well-configured CPM system helps management do its job better and that benefit goes to the bottom line.

Companies that are still spreadsheet-bound or working with cumbersome legacy systems should establish their project roadmap, and begin their requirements definition and software selection process now.

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. For further details, go to <http://www.bpmpartners.com>. Follow BPM Partners on Twitter [@BPMTeam](#).

About Altius

Altius helps companies better understand and manage the information that drives their business with innovative software products and consulting services. They have managed hundreds of global performance management and business intelligence initiatives.

From this experience they have developed a suite of products - built upon a single platform - that helps companies save time, reduce errors and quickly execute corporate performance management and planning activities. These products have been used to facilitate budgeting, planning, forecasting and capital expenditure tracking.

Their mission is to help companies of every size make intelligent business decisions that drive greater performance.

For more information about Altius, visit <http://www.altius-usa.com>.