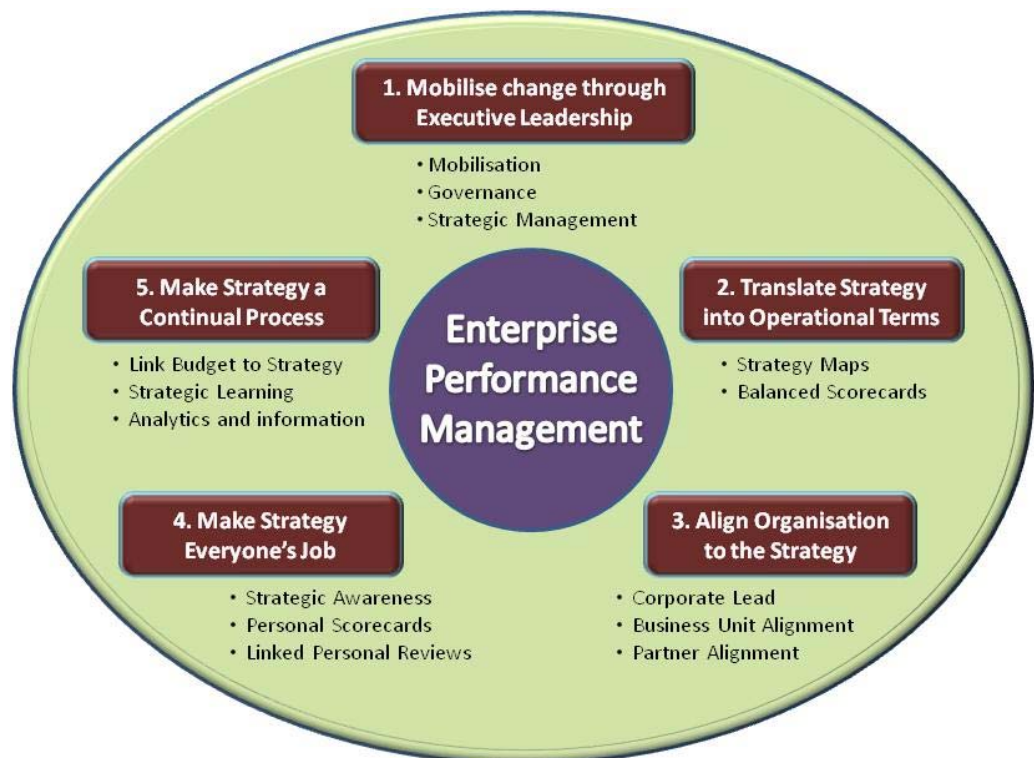




EUROPARTNERSHIP WHITE PAPER  
DIGEST

Enterprise Performance Management in  
medium sized organisations



The business control and competitive advantage delivered by Enterprise Performance Management is now open to medium sized organisations

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## Summary

The requirements to grow revenues and work within ever tighter cost constraints are common to all commercial organisations. Medium sized enterprises additionally have to out-innovate larger rivals in order to increase margins and create sustainable profit models.

Enterprise Performance Management (EPM) is a set of processes that create, monitor and manage the delivery of an organisation's value proposition, budget and that manage risk. Until recently, it has been the preserve of large organisations due to the cost and complexity of establishing the supporting infrastructure.

Midsize organizations, however, stand to gain even more as they are challenged to make decisions fast enough to keep pace with the rate of change or level of turbulence in the economy and technology shifts. Every manager knows they must monitor company performance closely to minimize threats and maximize opportunities – and that they often lack critical information to do the job at the level they require.

Good decisions are the building blocks of great business performance. To make the best decisions, managers need insights drawn from facts and information. Business intelligence (BI) provides the information foundation for these better insights. These insights lead to action through improved strategic and operational planning processes. Linking insight to action—reports to tangible plans—is the heart of performance management.

By linking the insights gained through BI with action-based planning, midsize companies can use enterprise performance management to understand the issues influencing business performance and marshal the resources to deal with them effectively.

With an effective enterprise performance management solution, managers are better able to address the critical business elements of growing revenue, reducing operating costs and improving processes. By performing these functions with greater agility than larger rivals, they can level the playing field with larger competitors with far greater numbers of strategic analysts and planners.

Importantly, EPM allows organisations to underpin decision making with forward looking information against the historical reporting of how we were doing in the past that is characteristic of spreadsheet based non-EPM companies.

Research reports returns on investment in EPM at between 50-150% within the first year - but it's sustainable and cumulative. Organisations keep on getting better at getting better.

**This digest is one of a series aimed at optimising use of SAP Enterprise Performance Management.**

**Order the full White Paper, including case studies, and a list of others in the SAP EPM Implementation Toolbox series from: [john.shuttleworth@europartneship.com](mailto:john.shuttleworth@europartneship.com)**

### **Business Problems**

Companies need to make solid and informed business decisions. Yet creating a decision culture isn't easy. People over-rely on spreadsheets and desktop systems which often produce data silos. This reduces the usefulness of information for decision making – and thence operational performance.

At the same time, the volume of data and the number of data sources are growing. Users grapple with too much information. They cannot easily access, view and use just the right information for decision-making. IT staff are challenged to provide solutions that enable productivity and agility in the face of market and customer demands. Midsize organizations typically lack the staff, experience, infrastructure, time and budget to select, implement and manage the plethora of tools.

Integrated business intelligence and planning solutions – Enterprise Performance Management - deliver a single source of information for shared, company-wide, deployment. These solutions are cost effective and eliminate reliance on a patchwork of spreadsheets, legacy solutions and manual processes.

### **Spreadsheet Madness**

Spreadsheets were not designed to handle the performance management needs of complex organizations in a dynamic, competitive markets. Let alone use as a data store for millions of cells. And certainly not for simultaneous use by hundreds or thousands of users across a company.

Spreadsheets simply don't provide the full knowledge and insight into their business activities based on "a single version of the truth." This is primarily because most data is in disparate Excel spreadsheets updated by manual processes. Information is often outdated and spread across the business.

EPM unlocks data captured in operational systems, transforming it into useful, relevant information, organizations can understand critical issues, trends and opportunities. It shifts the view into forward-looking and supports collaboration to make better strategic decisions and optimize business performance for better business outcomes.

### **Enterprise Performance Management Solutions**

Many organizations believe that enterprise performance management solutions are complex, expensive and beyond their reach. However, solutions are increasingly scalable and affordable – and installed without the need to overhaul existing IT investments. Performance management should leverage existing IT resources and infrastructure to speed time to results, lower cost of ownership, minimize risk and maximize return on investment. Value-based performance management promises to improve operating performance - without breaking the bank.

EPM is not an "all or nothing" proposition. By taking incremental steps to integrate information, technology and people, companies can gain value from their investment today and continue to meet future demands as their business grows. This results in a cost-effective solution that enables better decision-making, helping you to:

- plan where the business is heading, manage progress against plan and stay on course;
- analyze business information to understand what is driving trends and to spot anomalies;
- improve customer loyalty through better customer insight;
- respond faster to changing market and business conditions;
- reduce costs and improve productivity across business units, operations or product lines.

EPM is the integration of business intelligence and planning processes and tools. These key technology areas allow organizations to answer these three key performance questions: "How are we doing?"; and "What should we be doing?" The answers to such questions should be based on a common understanding of metrics, data dimensions, data definitions and views of the organization. A consistent, integrated technology platform is vital to effective performance management to achieve a shared understanding and accountable actions.

## EUROPARTNERSHIP: EPM in Medium Sized Organisations

A performance management solution has components that are common to any management information system - software, business processes, users and hardware - interacting to improve performance oversight and operational effectiveness.

### **Performance management components**

Scorecards and dashboards help answer the “How are we doing?” by combining information derived from many different sources, including targets, metrics and trends. Reporting and analysis allow people to dig into results and learn when, where and how variations occur.

Planning and scenario capability answers “What should we be doing?” by integrating budget, planning and forecasting. Performance targeting becomes more reliable and predictable with each iteration.

These capabilities are modular and subsequently connected as the programme evolves. The final, unified, system aligns decision-makers across the organization. The end result is better alignment, accountability and performance.

### **Leverage technology opportunities**

Consider the needs of decision-makers - how and where they use information. Web access and user self-service are important. EPM solutions work with ubiquitous Microsoft Office tools and provide anytime, anywhere access for office based and mobile workers. Solutions link partners and other stakeholders.

Efficient access to business intelligence features such as reports, tabs, graphs, charts and tables that regularly refresh and then present content in the form of briefing books and dashboards is critical.

### **Medium Sized Enterprise Performance Management Solutions**

Companies should have a vision for EPM, but should be able to start small. Experienced implementers help organizations on their journey to performance management so they can make better, faster decisions and optimize business performance to drive greater efficiencies, reduce costs and identify new growth opportunities. All EPM capabilities are ultimately available in one integrated solution.

Solutions should provide simplified deployment and integration to reduce IT dependencies and lower total cost of ownership. Preconfigured solutions plug into existing infrastructure. Typically a centralized Web-based console manages all administrative aspects of installation, deployment and ongoing management.

### **Modular deployment**

EPM requires top-down commitment. Thinking big but starting small is the key to success - establish quick wins, build success and support and create opportunity for further expansion. Add capabilities and improve decision-making and performance step by step. Most solutions provide out-of-the box performance management templates for fast deployment. These consist of pre-defined data, process and policy models based on proven best practices in planning, budgeting and forecasting and address EPM processes such as financial forecasting, key business ratios and scenario modelling.

Above all, implement EPM to equip your organisation to compete with those with far greater resources.

**Europartnership delivers high quality support designed to improve organisational performance through consulting, facilitation and training in strategy development, performance management and Balanced Scorecards. Our approach is to work in partnership with clients to establish continuous improvement programmes – adding value by knowledge and skills transfer.**

**Our mission is “to equip organisations to improve performance”**

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