

# Business Intelligence and Enterprise Performance Management: Trends for Midsize Companies

*An Oracle White Paper*  
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# Business Intelligence and Enterprise Performance Management: Trends for Midsize Companies

**Hyperion surveyed 163 companies to understand BI and EPM requirements, evaluation processes, and extent of adoption.**

**Top areas of current and future investment for midsize companies include budgeting and planning as well as management reporting solutions. Ease of use and pricing are key evaluation criteria. Executives are key influencers in the software selection process.**

## INTRODUCTION

Hyperion's 2007 survey (*2007 Business Finance Hyperion Mid-Enterprise Survey*) of requirements for business intelligence (BI) and enterprise performance management (EPM) solutions revealed the differences in requirements, evaluation criteria, and purchase influencers between midsize companies and large enterprises. With a heavy reliance on spreadsheets to support EPM processes, top investment areas for midsize companies include budgeting and planning as well as management reporting solutions. Executive influence plays a significant role in selecting software, and ease-of-use and pricing are key evaluation criteria.

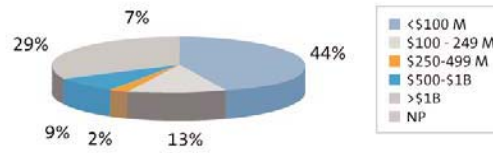
The notion that midsize companies have the same BI and EPM requirements as large enterprises is partly true. However, the survey makes clear that these requirements evolve as companies grow from single locations to multiple locations, expand internationally, or change from private to public ownership.

## SURVEY METHODOLOGY AND DEMOGRAPHICS

This Hyperion-sponsored survey was conducted during January and February of 2007 in conjunction with the publishers of *Business Finance* magazine. The target audience was *Business Finance* subscribers in North America. As an incentive, the first 100 respondents received a US\$5 Starbucks gift card.

The survey generated a total of 163 responses, with 25% of these coming from financial executives in companies with over US\$1B in revenue and 44% from companies with less than US\$100M in revenue. The responses came from companies across all industries. To understand BI and EPM adoption trends in midsize companies, we focused our analysis on the responses from companies with less than US\$1B in total revenue. As shown in Figure 1, these companies represented 111 of the 163 responses.

Total Responses **163**  
 Companies Under \$1B in Revenue = **111**



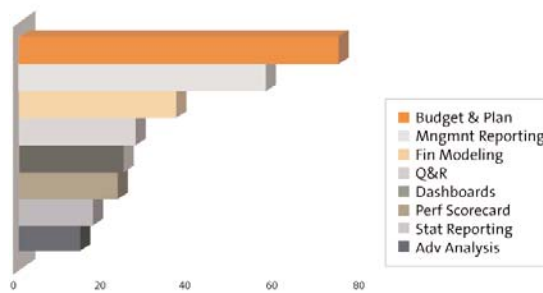
Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
 N = 163, February 2007

**Figure 1: All responses by company size**

## USAGE TRENDS FOR BI AND EPM SOFTWARE

**Survey results indicate that spreadsheets are the most often-used tool for BI and EPM processes in midsize companies, followed by a combination of spreadsheets and GL or ERP systems.**

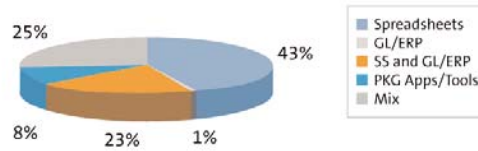
The first few questions in the survey focused on BI and EPM usage and investment plans. In terms of current BI and EPM deployments, the areas most often cited as being currently deployed by midsize companies were budgeting and planning and management reporting. These were followed by financial modeling, query and reporting, dashboards, and performance scorecards. More-advanced functions such as statutory reporting and advanced analysis were less-frequently mentioned. The BI and EPM usage trends for midsize companies were very similar to those for large enterprises surveyed. The results differed more when respondents were asked about future deployment plans.



Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
 N = 163, February 2007

**Figure 2: Areas of BI and EPM currently deployed in midsize companies**

When asked about the tools currently being used to support BI and EPM processes, spreadsheets were the most often used tool, followed by a combination of spreadsheets and general ledger (GL) or enterprise resource planning (ERP) systems. The number of companies relying mainly on packaged applications and tools to support their BI and EPM processes is much lower in the emerging business segment (8%) than in large organizations (24%). A large percentage of respondents (25%) rely on a combination of packaged applications, GL or ERP solutions, and spreadsheets.



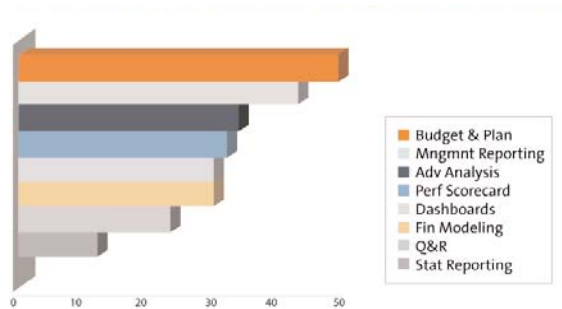
Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
N = 163, February 2007

**Figure 3: Tools used for BI and EPM in midsize companies**

**Emerging business respondents indicated that the top two areas for short-term investment are budgeting and planning and management reporting.**

When asked about investment plans for the next 12 to 24 months, respondents from midsize companies cited budgeting and planning and management reporting as their top two areas for investment, indicating continued challenges in these areas. Following these were advanced analysis, scorecards, dashboards, and financial modeling. The high ranking of scorecards in midsize companies was surprising, because the scorecard process typically requires the adoption of a particular management methodology, such as the Kaplan & Norton Balanced Scorecard or Six Sigma, whereas dashboards can be adopted without a particular methodology. The survey feedback here might reflect confusion in the market about the role of a dashboard versus a scorecard.

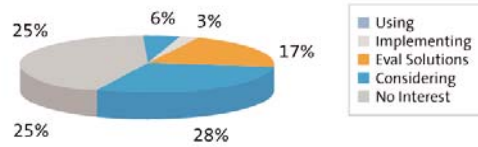
The investment priorities for large organizations surveyed were a bit different: with dashboards and scorecards ranked the highest, followed by management reporting and budgeting and planning. This might reflect the maturing of some of the more-basic EPM processes in larger organizations and the interest in adopting more-advanced EPM processes.



Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
N = 111, February 2007

**Figure 4: Areas of investment for midsize companies over a 12 to 24 month period**

In the survey, respondents were also asked about the adoption of the software as a service (SaaS) approach to BI and EPM. In the emerging business segment, only 9% of respondents indicated they were currently using or deploying SaaS-based BI and EPM solutions. However, 35% of the respondents indicated they were evaluating or considering SaaS-based solutions. The adoption trends for SaaS were very similar in the large company segment.



Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
N = 111, February 2007

Figure 5: SaaS usage and interest among midsize companies

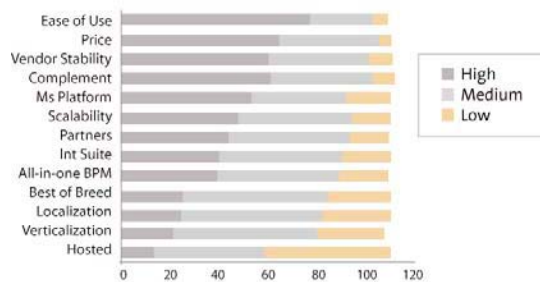
## REQUIREMENTS AND FEATURE PRIORITIES FOR BI AND EPM SOFTWARE

**Emerging business respondents indicated that the top three evaluation criteria for BI and EPM software are ease of use, price, and vendor stability.**

Gaining a better understanding of BI and EPM evaluation requirements and feature priorities for the emerging business segment was the second focus of the survey.

When asked to rank the evaluation criteria for BI and EPM solutions, ease of use, price, and vendor stability emerged as the top three criteria. These were followed by complementing current investments, Microsoft platform support, and scalability. Respondents showed a slight preference for integrated suites and all-in-one EPM solutions over best-of-breed applications. The lowest-ranked evaluation criteria were hosted solutions, verticalization, and localization. The low ranking for verticalization is surprising, because midsize companies are typically known for favoring solutions with out-of-the-box support for industry-specific requirements.

With the exception of scalability and performance, which received the highest ranking by large enterprises, the leading evaluation criteria for large enterprises were similar to those for midsize companies. In addition, price was a lower priority for large enterprises because they can be less cost sensitive than midsize companies.



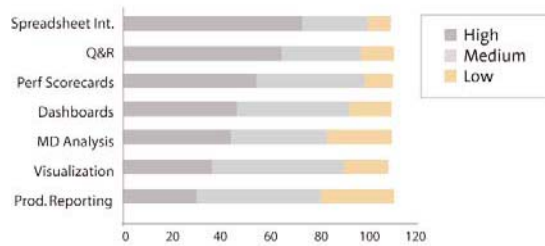
Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
N = 111, February 2007

Figure 6: Critical evaluation criteria for midsize companies

**Spreadsheet integration, query and reporting functionality, and scorecards were the three highest ranked features for BI software by midsize companies.**

Respondents were also asked to rank preferred features for three key areas: BI, budgeting and planning, and financial consolidation. In the BI area, spreadsheet integration, query and reporting, and scorecards ranked as the top three priorities. Production reporting, visualization, and advanced analysis were the bottom three priorities. The more-basic BI functions received higher priority than the more-advanced functions. But again, scorecards came in ahead of dashboards as a priority for midsize companies, which might indicate confusion over terminology.

The BI features preferred by midsize companies were very similar to those identified by enterprises, with query and reporting, spreadsheet integration, and dashboards coming in as the top three priorities, followed closely by scorecards.

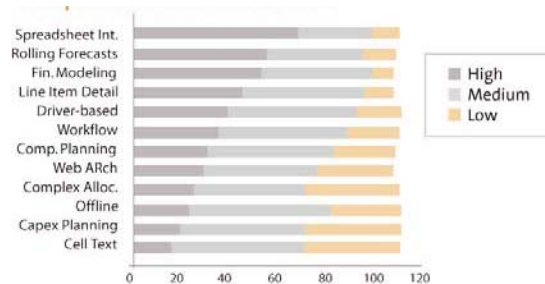


Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
N = 111, February 2007

**Figure 7: Critical BI Requirements for midsize companies**

**Spreadsheet integration, rolling forecasts, and financial modeling were the three highest-ranked features for budgeting and planning solutions.**

When asked to rank key features for budgeting and planning solutions, spreadsheet integration was again identified as the top priority, followed by rolling forecasts, financial modeling, and line item detail. The bottom four priorities were complex allocations, offline support, CAPEX (capital expenditure) planning, and cell text. SMBs showed less interest in advanced budgeting and planning features than larger organizations. Although the top four requirements for large organizations were similar to the responses for midsize companies, larger organizations showed a stronger interest in process management and other more-advanced functions, such as complex allocations, reflecting the higher complexity of these organizations.



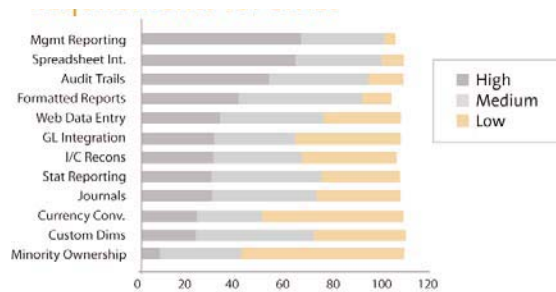
Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
N = 111, February 2007

**Figure 8: Critical budgeting and planning requirements for midsize companies**

**Management reporting, spreadsheet integration, and audit trails were the three highest-ranked features for financial consolidation solutions.**

In the area of financial consolidations, the top three priorities for midsize companies included management reporting, spreadsheet integration, and audit trails, whereas advanced features such as journals, currency translation, and minority ownership were the lowest priorities. These results show that midsize companies in North America typically have simpler financial consolidation and reporting requirements versus publicly held enterprises that are doing business internationally.

Although the top three consolidation features for large organizations were similar to those chosen by midsize companies, the larger companies showed a stronger interest in advanced features such as journals, currency translation, minority ownership, statutory reporting, intercompany reconciliations, and audit trails.



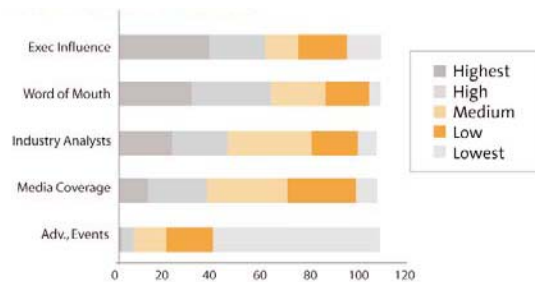
Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
N = 111, February 2007

**Figure 9: Critical financial consolidation requirements for midsize companies**

### INFLUENCERS IN THE BI AND EPM SOFTWARE EVALUATION PROCESS

**The top three influencers on software purchase decisions in midsize companies are executives, word of mouth, and industry analysts.**

The survey next focused on factors that influence the BI and EPM software evaluation and decision process in midsize companies. When asked to rank the key influencers on the decision process, respondents cited executive influence, word of mouth, and industry analysts as the top three factors. Media coverage and promotional events ranked the lowest. In large enterprises, word of mouth from peers and industry analyst influence ranked higher than executive influence.

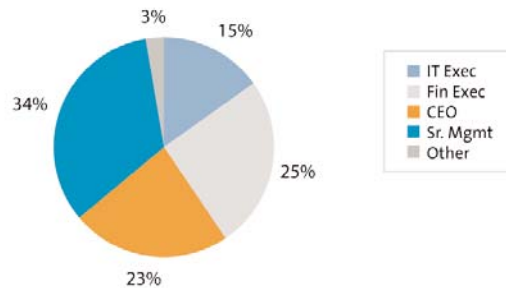


Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
N = 111, February 2007

**Figure 10: Most influential factors for emerging business purchase decisions**

**The CEO is more involved in BI and EPM software decisions in midsize companies than in large enterprises.**

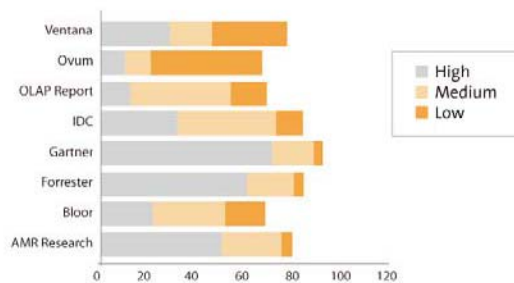
When asked who drives the BI and EPM software decision process, 34% of respondents from midsize companies cited the senior management team, 25% cited financial executives, and 23% cited the CEO. The answer to this question was much different in large enterprises: 44% of respondents cited the senior management team, followed by senior finance and information technology executives (29% and 22% respectively). The CEO was cited as the main decision-maker by only 5% of the respondents from large enterprises. In midsize companies, the CEO is more deeply involved in key operational decisions, whereas larger enterprises delegate these decisions to other members of the senior management team.



Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
N = 111, February 2007

**Figure 11: BI and EPM decision-makers in midsize companies**

When asked which industry analysts had the most influence on purchase decisions, the responses from midsize companies versus large enterprises were very similar. Gartner received the highest ranking, followed by Forrester, and AMR Research.



Source: Business Finance Hyperion Mid-Enterprise BPM Survey  
N = 111, February 2007

**Figure 12: Ranking the influencers**

**SURVEY SUMMARY**

The 2007 Business Finance Hyperion Mid-Enterprise Survey provided insight into BI and EPM adoption rates, feature preferences, and decision processes.

Spreadsheets are the dominant tool for EPM in most midsize companies, and the areas most often targeted for improvement are budgeting and planning and management reporting. The high ranking of scorecards could be attributed to the



synonymous usage of the terms *scorecard* and *dashboard* in the industry, or to an increasing interest in more-formal performance management methodologies.

For evaluation criteria, ease of use and pricing continue to rank as top priorities for midsize companies. BI and EPM software vendors must ensure that their solutions are priced affordably and are easy to install, deploy, and use.

From a product feature standpoint, spreadsheet integration ranked high in all of the surveyed solution areas (BI, budgeting and planning, and financial consolidation). This could be due to the high usage of spreadsheets for many BI and EPM applications and the need to provide a transition path for users of these systems. In the BI area, query and reporting, dashboards, and scorecards are the most demanded capabilities by both midsize companies and large enterprises, reflecting the need for continuous monitoring of key financial and operational metrics.

Demand for SaaS-based solutions for BI and EPM seems to be increasing. Because the SaaS-based delivery model can reduce deployment costs and the resources required to implement software systems, it addresses a major hurdle to the adoption of BI and EPM solutions in midsize companies.

When it comes to the decision process, executive influence clearly plays a major role in midsize companies—so prior experience and success with vendors can be a deciding factor in software evaluations.

In summary, the notion that midsize companies have the same BI and EPM requirements as large enterprises is only partly true. The survey results show that these BI and EPM requirements depend on an organization's complexity—whether it has multiple locations, an international presence, or is publicly held will influence its BI needs. A related Oracle white paper titled “Enterprise Performance Management for Midsize companies and Workgroups” discusses evolving EPM requirements as companies grow and cites a number of customer examples.

## **CONCLUSION**

The *2007 Business Finance Hyperion Mid-Enterprise Survey* clearly showed that BI and EPM software vendors need to be sensitive to the evolving requirements of growing businesses. Giving midsize companies the ability to adopt their solutions in a modular fashion, expand the deployment, and incorporate additional tools and applications over time is key to the adoption of BI and EPM software. Vendors must also provide an affordable entry price, flexible deployment options, and implementation services that can get these new systems up and running quickly to show rapid return on investment.



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