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Why You Should Consider Enterprise Performance Management for Your Organization

Frank Graham, Chief Financial Officer | DHG

This is part of DHG's Performance Quarterly Series for 2019. In this quarter's installment, DHG's Chief Financial Officer Frank Graham provides an overview of the benefits of enterprise performance management.

Enterprise performance management (EPM) is a platform meant to improve overall operations of an organization, seeking to enhance overall data and infrastructure in order to improve performance through the use of analytics. The use of such analytics has the potential to increase speed of identifying business issues and drivers, as well as develop better change-agility. In this article, we summarize what EPM actually is and how it can similarly help your organization improve its operational functions.

What is Enterprise Performance Management?

EPM is a unique business management process, which utilizes an enterprise software application category that may be purchased and customized by organizations to improve processes within their finance departments. EPM helps organizations have consistent, accurate, scalable and reportable metadata within one consolidated source. EPM can also help planning, analysis and reporting on an organization become more efficient with this singular source for all data. While EPM may be primarily utilized by an organization's chief financial officer (CFO) and others in the

finance department, EPM may be used by other parts of an organization, including human resources, marketing, sales and IT, for any operational activities.

How can I determine if my organization should utilize EPM?

When determining a potential need for EPM within an organization, the first step is to examine the reporting and analytics capabilities within and among your current finance and operating applications, e.g. Accounting system, Time and Billing, Travel and Expense, Customer Relationship

Management, Scheduling, Payroll and Human Resources. Also, a key indicator is how many Excel spreadsheets you use to maintain data, and whether you use Excel spreadsheets to summarize and consolidate data across the type of applications noted above. If your organization's current application structure requires you to use multiple systems for analyzing and evaluating the business in multiple reports, this could be an initial sign you could benefit from EPM. In addition, if you are essentially using Excel spreadsheet to evaluate, report and plan your business enterprise, this will also be a sign that you may benefit from EPM.

When an organization has multiple applications and uses Excel to bridge these applications together to evaluate and report the business, the metadata (dimensions that describe and gives information about data) is normally inconsistent among the applications, which could negatively affect you organization in the following manner:

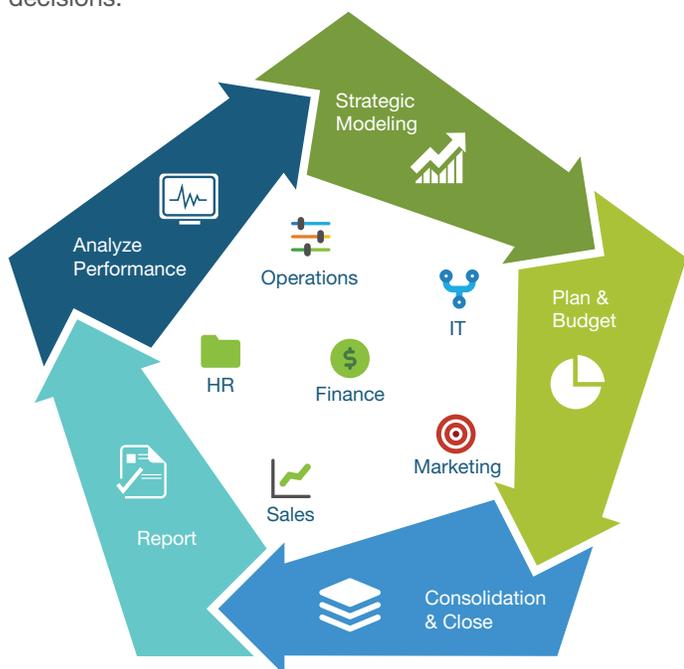
- Excess resources (time and dollars) used to compile, organize and report results, e.g. current architecture requires a disproportionate level of effort to produce expected insights.

- Limited analysis and reporting capabilities, meaning your organization is tethered to Excel for analysis and reporting.
- Lack of comprehensive metadata due to missing reporting and analysis dimensions.
- Security and controls concerning spreadsheets.
- Reduced accuracy in analysis and reporting due to numbers changing in silo applications that are not automatically updated in spreadsheets.
- Lack of replicable process that does not require a re-compilation or organization of the data.
- Lack of change-agility; essentially, evaluating reporting and planning process cannot keep pace with changes in the business.

EPM can help an organization better manage its business by connecting financial and operational metrics to provide comprehension and understanding to push strategies and plans for the future, thus optimizing overall performance within the organization. Financial and operational outcomes can be measured compared to goals and objectives, using specific analytics to discover trends and forecast outcomes.

What is the EPM cycle?

The EPM cycle uses a closed loop to execute strategic planning, budgeting, consolidation, reporting and analysis processes, thus enabling organizations to understand and stay ahead of changes in business, thus helping an organization understand data to make better business decisions.¹



What are the other benefits to utilizing EPM?

Besides providing one source of the facts regarding an organization's data, other benefits to utilizing EPM may include any of the following:

- Verified data from one consolidated source.
- Consistent metadata.
- Scalable and retrievable information.
- Dashboarding capabilities.
- Flexibility to endure disruption.
- Capabilities for data accumulation and analysis.
- Improve overall agility to make critical business decisions.
- Better and faster budgeting and forecasting.

All of these aspects can help an organization ultimately improve performance, therefore providing more value and profit. Streamlining the collection data, as well as providing valuable analytical information, can help organizations make sense of their performance now so that they can work to be better in the future.

For further information, reach out to us at info@dhg.com.

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Endnotes

1. Oracle, *What is Enterprise Performance Management?*, 2018.