

Magic Quadrant for Corporate Performance Management Suites

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Corporate performance management supports both cost optimization and growth initiatives. CPM is a suitable fit for nearly all organizations, and should be a priority initiative for CFOs to enable the finance function to deliver short- and long-term strategic benefits to the business.

WHAT YOU NEED TO KNOW

Despite the economic downturn and a global decline in overall IT spending of approximately 3%, spending on corporate performance management (CPM) suites remained positive (growing at 3.6% in 2009). Previous years were marked by large-scale vendor consolidation and subsequent portfolio rationalization, while this year has seen a more stable market in which the vendors have focused on execution (particularly the large vendors selling into their existing customer bases). However, there has been one aspect of significant change that has seen the development, partnering and acquisition of financial governance capabilities into the core CPM vendor portfolios. This is especially prevalent in relation to additional applications to support the financial close and consolidation processes, as well as the financial and regulatory reporting and disclosure processes.

Through the last 24 months of economic uncertainty, CPM has helped to manage cost optimization efforts, but through 2010, many more CPM initiatives were justified on the basis of supporting growth strategies. Furthermore, many of the stalled or sidelined CPM initiatives that didn't occur in 2009 were reinstated during 2010. Consequently, the market and the vendors that support it remain buoyant and positive about the market outlook. We continue to see increasing market consolidation, such as with the IBM acquisition of Clarity Systems, which further transitions market share to the remaining megavendors. In particular, the market is dominated, in terms of market share, by the three CPM megavendors (Oracle, SAP and IBM); although they all have strong product portfolios, there is still some uncertainty among users about future product road maps. Additionally, specialist vendors continue to grow (Gartner is tracking over 90 vendors offering full or partial solutions for CPM), and this year sees KCI Control enter the Magic Quadrant. The specialists continue to offer leading-edge functionality and licensing options that appeal to organizations that do not want to choose from the megavendors.

CPM suites can bring greater rigor, accuracy and transparency to many financial management processes, such as budgeting, planning and forecasting (BP&F), financials and regulatory reporting (and associated compliance challenges), and they can deliver a better understanding of the drivers of corporate profitability. Although awareness of the CPM concept has become more widespread, Gartner still estimates that 40% of large enterprises

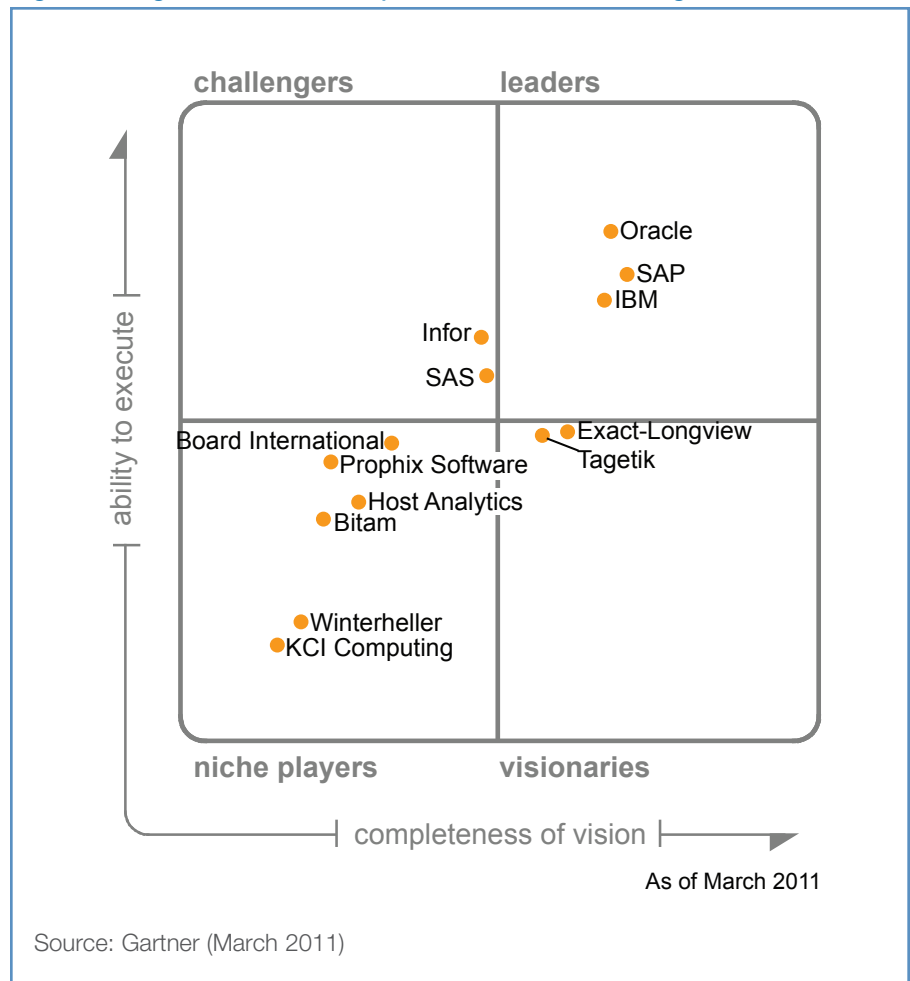
and as much as 75% of midsize businesses are using spreadsheets or legacy applications to meet their core management processes for BP&F, financial consolidations and financial reporting. Furthermore, most CPM suite implementations have focused on improving the financial functions (primarily BP&F), and less on the strategic aspects of CPM (such as strategy management and profitability modeling). Clients that have established CPM solutions for BP&F and reporting are now increasingly looking at strategy management and profitability modeling to increase the sophistication and scope of their solutions; first-time adopters are also investigating the higher value of these less-adopted CPM components. Hence, there is still a significant and growing demand for CPM solutions. Therefore, conduct evaluations of the CPM suites based on their fit with these key business requirements, and on the ability of any solution to meet your performance management (PM) and business intelligence (BI) needs (see Figure 1).

MAGIC QUADRANT

Market Overview

CPM includes the processes used to manage corporate performance (such as strategy formulation, budgeting and forecasting), the methodologies that support these processes (including the balanced scorecard or value-based management), and the metrics used to measure performance against strategic and operational performance goals. CPM also comprises a series of analytic applications, such as BP&F, financial consolidation and financial reporting solutions, which provide the functionality to support these processes, methodologies and metrics, targeted at the CFO, finance team, senior executives and corporate-level decision makers (see the Market Definition/Description section below). CPM projects typically focus on BP&F, or on financial consolidation and reporting. But CPM applications are also key in linking strategy to operational execution; they also leverage BI investments to bring consistency to financial and operational reporting, which can improve corporate governance, and can help address compliance issues. Increasingly, CPM applications can be used to identify the drivers of profitability to help organizations pursue profitable revenue growth, and, in the last year, we have seen an expansion of CPM coverage to incorporate financial

Figure 1. Magic Quadrant for Corporate Performance Management Suites



governance capabilities to support financial close and disclosure processes. However, there is a lack of knowledge among most finance and business users about the potential of these applications, and few companies appear to be leveraging them to their fullest extent.

The 2010 Gartner Financial Executives International (FEI) technology study proved that CPM was a major technology initiative for CFOs; 54.4% of organizations planned to upgrade their decision and analytical support processes in 2010. Many of these organizations recognize that current financial management processes are a constraint, and are making investments in process and technology for improvement. The study showed that many

of the top constraints are components of what the CPM suite targets, including profitability modeling and optimization (PM&O) – these applications can be used to address the measuring product and customer profitability constraints – and the monitoring of business performance. Understanding the drivers of profitability and positioning the company for profitable growth are top priorities.

Trends that emerged or continued strongly in 2010 for CPM were:

- **The economy** – Due to economic conditions, CPM purchases changed in context, focusing on cost optimization as a key theme at the start of the year to an increasing number of organizations planning for growth in 2010. Whether planning for efficiencies or growth, finance and IT leaders in many businesses found it challenging to justify CPM suite purchases. Although cost issues tend to be reasonably clear and capable of quantification, the benefits to be derived from such initiatives were often difficult to define, quantify and realize. Therefore, some organizations reduced or shelved CPM projects in 2009/2010.
- **Tactical versus strategic spending** – Enterprises have become more cautious about taking on big or complex projects when funding is less certain. This cautious market has meant delays in contract signings and more focus on total cost of ownership and ROI. This tactical-versus-strategic approach reduced the scope of many CPM projects, and customers retrenched from buying more-strategic components of CPM, such as profitability modeling and strategy management, postponing these projects for 2010.
- **Focus on point solutions** – A common approach in 2009 and early 2010 was to purchase and deliver a single CPM component as opposed to a full CPM suite, most often BP&F, or financial consolidation and reporting. This approach requires less cost, time and risk, but it also misses the transformational benefits that could be obtained from a full CPM suite implementation.
- **Back to basics** – In line with a general desire to leverage software assets already purchased, 2009 and early 2010 encouraged some clients to focus on improving existing CPM or legacy implementations rather than look at new CPM investments. This culminated in more of a do-it-yourself approach to CPM, leveraging Excel or already-purchased online analytical processing (OLAP) technology, such as Microsoft Analysis Services or Oracle Hyperion Essbase. For some organizations, this encouraged a look at more-cost-effective purchases, such as IBM Cognos Express or software-as-a-service (SaaS)-based alternatives. However, Gartner believes that, in CPM, the shift from buy to build is temporary.
- **Wait-and-see approach to vendor road maps** – Some CPM purchases in 2009/2010 were delayed, which was a consequence of vendor consolidation (such as the confusion over the go-forward components in SAP BusinessObject's product set) and portfolio rationalization (such as Microsoft's decision to withdraw from the CPM suite market).

As a result of changes in the economy and spending, the CPM suite market was basically flat, experiencing smaller growth of 3.6% in 2009, down from 28% from the prior year. This must be considered in light of the economic downturn and a global decline in overall IT spending of approximately 3%, which concluded that the overall size of the market is now \$1.94 billion, worldwide. New sales dropped significantly as CPM projects were deferred, despite the potential benefits that CPM can deliver in relatively short time frames. Gartner believes CPM is now a mature market that will show steady growth in the future, of around 5% to 10%, rather than the 20+% that it achieved in prior years. The low growth rate of 3.6% should be viewed as a temporary downturn.

The CPM market is dominated by three megavendors: Oracle, SAP and IBM. Although they all have strong product portfolios, there is still some uncertainty among users about these vendors' future product road maps. Additionally, there are many specialist vendors that offer leading-edge functionality and licensing options that appeal to organizations that do not want to choose from the megavendors. The majority of specialist CPM vendors grew more than the overall market (revenue growth in the CPM suite market in 2009 was 9%, excluding the five largest vendors, whereas revenue growth of the five largest vendors was 3%). However, there were large fluctuations between vendors – for example, SAP's revenue shrank (-1%) and both Infor and SAS grew below the market average (1% respectively), while Oracle and IBM showed healthy growth (6% and 7%, respectively), and Bitam and Clarity Systems (acquired by IBM in October 2010) were the fastest-growing CPM vendors (31% and 38%, respectively). Some independent vendors (such as Board International, Prophix Software, Tagetik and Bitam) have been able to capitalize on the opportunity created by Microsoft's road map changes, but the biggest vendors are increasing market share either through organic growth or further consolidation. The combined global market share of the top five CPM vendors (including all their acquired assets) comprises 76% of the market, and the rest of the market is composed of many small vendors. Almost all the revenue in the market is generated through traditional on-premises implementations. However, we have also seen increased traction for SaaS-based CPM solutions.

While the 2010 Gartner FEI study shows there were improvements from 2009 in the perception of the maturity of BI and CPM investments, there is also room for further improvement. Most current CPM projects typically focus on BP&F, or on financial consolidation and reporting. However, CPM applications are also key in linking strategy to operational execution; they also leverage BI investments to bring consistency to financial and operational reporting, which can improve corporate governance and can help address compliance issues. Increasingly, CPM applications can be used to identify the drivers of profitability to help organizations pursue profitable revenue growth. However, there is a lack of knowledge among most finance and business users about the potential of these applications, and few companies appear to be leveraging them to their fullest extent. Many organizations that have implemented CPM solutions have not implemented more of the advanced functionality, including strategy management and profitability management. In fact, these are top constraints to success for the finance organization. By leveraging PM&O, the finance organization can address its top constraint.

Results From the Customer Reference Survey

As part of this research, Gartner conducted a customer survey (comprising nominated CPM references by the vendors), and asked 20 specific questions about the customers' experiences in working with their chosen vendors. The results were used in support of the assessment of the CPM suite market. For 2010, we obtained 220 full responses (from 244 in 2009) representing companies in 27 countries with revenue ranging from \$50 million to \$100 billion, and CPM deployments from 10 to more than 3,000 users. The average results across key questions showed some variation, ranging from 4.00 to 5.38, where 1=Strongly disagree, 7=Strongly agree, with an average score of 5.01 and a standard deviation of 0.35 (0.202 in 2009).

Therefore, there has been an increase again in the differences between the top and bottom scores in the survey. IBM, SAP and Oracle are the lowest-scoring performers, while Infor and Tagetik have significantly improved their execution in the past year, and consequently received more-favorable scores. However, there are still large differences in the results in individual questions related to benefits realized and quality of support and services; hence, reference visits/calls are an important part of the vendor evaluation.

Again, this year's survey shows striking similarities to the previous three years when it comes to project sponsorship and adoption. The survey revealed that CPM is still mainly sponsored by finance, although there was also a pronounced increase in sponsorship outside finance, indicating that CPM is becoming more integrated into wider BI and PM strategies. BP&F remains the most popular use for CPM, followed by financial reporting and financial consolidation. Despite the increased capabilities of the available solutions, Gartner has only just started to see a shift to increased adoption of strategy management and profitability modeling in user deployment trends during the past year. The number of CPM evaluations and the size of deployments (in number of users) continue to grow, although much more slowly. However, most CPM suite evaluations are still focused on improving the financial functions (primarily BP&F), and less on the strategic aspects of CPM (such as strategy management and profitability modeling). This focus on just the core financial processes has started to change as the market, vendors and buyers continue to mature. An increasing number of early adopters are looking to implement strategy management and profitability modeling solutions (21% and 13% of CPM survey clients indicate that they plan to invest in these areas in the next 12 months).

Market Definition/Description

The CPM market is populated with many vendors, some offering a broad range of solutions, while others have limited, specific point applications. The goal of this Magic Quadrant is to present a global view of the main vendors that offer broad CPM suites that should be considered by organizations seeking to implement a CPM strategy. There has been a change in the scope of functionality included in the CPM suite market this year. Gartner has increasingly seen aspects of financial governance become integrated and implemented in conjunction with core CPM, especially in support

of the financial close and disclosure processes. The expanded application components of a CPM suite are, therefore, as follows:

- BP&F
- PM&O
- Strategy Management
- Financial Consolidation and Close
- Financial and Management Reporting and Disclosure

BP&F

This covers the development of budgets, plans and forecasts. In CPM, the core of the BP&F process is a financial-modeling engine that has an integrated profit-and-loss, balance sheet and cash flow forecasting capability. This is the key feature that distinguishes CPM from other analytic applications that also create budgets, plans and forecasts (such as sales and operations planning or marketing campaign planning applications). CPM applications support the creation of financially focused budgets and plans, and should support the complete budget creation and approval process with appropriate workflow that enables users to define and control the flow of budgets, plans and forecasts for review and approval. These applications should also keep an audit trail of changes to budgets, plans and forecasts.

CPM BP&F should support the two forms of financial planning that dominate most organizations: short-term financial budgeting, usually with a one-year time horizon, and longer-term planning, commonly with a three- to five-year time horizon. The financial budget is used to set financial targets for revenue, expenditures and cash generation, and typically uses financial classifications found in the general ledger. The long-term financial plan is used by executives to evaluate the effects of alternative strategies (such as merger-and-acquisition activity), and represents a high-level perspective of revenue, expenses, balance sheet items and cash flows. BP&F applications should also support other aspects of strategic planning, such as initiative management, and should provide links to strategy maps in scorecard applications. BP&F applications may also provide other detailed planning, such as salary or head count planning, revenue planning, capital planning or expense planning.

CPM BP&F applications should support sophisticated forecasting and modeling, which involve extrapolating new versions of plans and budgets based on the analysis of historical data. Forecasting can be simple (for example, add three months of actual data to nine months of budget data) or sophisticated (based on statistical techniques) to help predict future performance. They should also offer more-sophisticated capabilities that extend beyond financially focused budgets, supporting the creation of models based on a network of business drivers that enable users to model financial outcomes by varying the business driver assumptions. This capability helps link CPM to other areas of PM.

PM&O

PM&O includes activity-based costing (ABC) applications that determine and allocate costs at a highly granular level to, for example, determine the cost of each task (activity) that an agent may perform across all channels in a customer service contact center. This information can be applied to various “cost objects,” including products, customers or customer segments, to help determine product and customer profitability. Activity-based management applications take this approach one stage further and provide modeling capabilities to enable users to model the impact on profitability of different cost and resource allocation strategies. More-sophisticated applications have moved beyond the “traditional” ABC focus to enable revenue to be allocated in a similar manner, which, in some industries where there are complex sales models (such as those selling through intermediaries), can be as complex as the costing model. This approach can help model optimal product and service offerings in packaging, bundling and pricing, as well as optimize channel strategies. Increasingly, profitability-modeling applications are focusing on profit optimization capabilities that enable executives to see the impact of different strategies on profitability from different perspectives, such as customer or product.

Strategy Management

Strategy management applications provide a packaged approach to support strategic planning, modeling and monitoring to improve corporate performance, accelerate management decision making and facilitate collaboration. These solutions are usually tied to strategy maps or methodologies, such as the balanced scorecard. Strategy management comprises:

- **Strategic planning** – The creation of high-level business plans to evaluate the impact of different strategic alternatives. This includes creating strategic plans on a “base case plus” or initiative-based approach, along with scenario modeling to compare the financial outcomes of various strategies. Strategic planning includes long-term financial planning, which creates a high-level perspective of revenue, expenses, balance sheet items and cash flows to show the financial impact of different strategic alternatives.
- **Initiative/goal management** – Includes project-management-like tools to enable responsible managers to execute specific tasks related to a strategy.
- **Scorecards and strategy maps** – Used to record strategies, objectives and tasks; measure performance; and provide a collaborative environment for effective, enterprisewide communication.
- **Dashboards (or cockpits)** – Aggregate and display metrics and key performance indicators (KPIs), enabling them to be examined at a glance before further exploration via additional BI tools.

CPM suites should, at the very least, provide dashboard capabilities to help display performance information in a way that is easily understood by users. However, more-sophisticated organizations are implementing strategy maps (linked frameworks of KPIs) using scorecard software to link CPM to other aspects of PM. Strategy management is, therefore, becoming an increasingly important aspect of CPM suites.

Financial Consolidation and Close

This type of application lets organizations reconcile, consolidate, summarize and aggregate financial data based on different accounting standards and federal regulations. These applications require complex transaction-processing rules to automate intercompany transaction management (elimination and matching), and must maintain a detailed audit trail of all transactions processed to arrive at the consolidated financial results. These applications must provide sophisticated multicurrency handling capabilities, including the ability to support complex translation and revaluation processing. They are a fundamental part of CPM, because they create the audited, enterprise-level view of financial information that must be shared with other CPM applications to analyze variance from targets. Financial consolidation applications are increasingly being deployed more widely in a federated fashion to provide financial and management consolidations at local, regional or business unit subconsolidations by linking directly to the general ledgers at this level.

Financial consolidation applications should be scalable enough to support this deployment model and should provide a group consolidation using shared dimensions (such as legal entity and account) across the federated models. Financial consolidation solutions are part of the corporate close process, and increasingly these solutions will be extended with elements of close management (which forms part of financial governance suites), primarily improved close control process management and journal entry controls, in addition to intercompany transaction management. These capabilities should be offered as part of a CPM suite, but also they may be sold stand-alone by some vendors as part of a broader close management solution.

Financial and Management Reporting and Disclosure

We have added new criteria to the Magic Quadrant this year, as disclosure management solutions have entered and taken hold in the market. This is a component of the financial governance market segment that links to financial consolidation solutions. There are many generic query and reporting applications available as part of BI platforms. Although these capabilities add value to a CPM implementation, CPM has some specific additional disclosure and reporting requirements that require specialized reporting tools. CPM applications, such as financial consolidation and BP&F, require some of their output to be formatted as structured financial statements, and thus, reporting tools need additional logic and presentation capabilities to handle these requirements (for example, calculation rules for creating a cash flow statement from profit-and-loss and balance sheet data). They should support specific generally accepted accounting principles (GAAP) accounting presentation rules, such as U.S. GAAP or International

Financial Reporting Standards (IFRS), to enable the preparation of statutory financial statements with appropriate commentary and supplementary notes. Increasingly, financial-reporting solutions incorporate process controls for reporting and disclosure, such as templates, collaboration between the company and the financial statement publisher, business rules, workflow and audit trails to better meet regulatory, compliance and governance programs. In addition, they should support financial-reporting technologies, such as eXtensible Business Reporting Language (XBRL), as regulators increasingly require the submission of financial statements in XBRL format.

Additionally, disclosure and reporting solutions are employed to provide rigor and management of other regulatory reporting cycles, such as sustainability. CPM applications should also provide management reporting capabilities. These are specifically required to produce the management reports used by executives at corporate and business unit levels to manage and explain financial performance. This requires a financial statement presentation format, but also requires additional functionality, primarily budget/variance analysis. CPM applications should also enable the creation of “management packs,” which enable groups of reports to be produced electronically or in printed form, with the ability to add annotations and commentary. Finally, these applications include visualization techniques specifically designed to support analysis of variance from budgets or targets and comparisons with historical performance. This can include integration with dashboard and scorecard applications, as well as specific visualization techniques, such as decision trees, heat maps and hyperbolic trees.

Inclusion and Exclusion Criteria

Market Presence

- At least 20 live customers using two or more of the CPM suite applications from that vendor.
- License and maintenance revenue of at least \$5 million from CPM applications in the most recent fiscal year.
- Live customers in more than one of the following geographic regions: North America, South America, EMEA, Asia/Pacific or Japan.
- Target customers that comprise either midsize/large companies, or large public-sector/nongovernmental organizations (NGOs) with multiple, diverse departments.

Product Capabilities

- CPM suite offering that includes at least three of the application components described above.

Vendor Viability

- Vendors must be viable, not in the process of filing for bankruptcy.

Added

There is one new vendor added to the Magic Quadrant this year (KCI Computing), and there are plenty of innovative, interesting others to watch (as Gartner is tracking 90 vendors in the market offering CPM suites or CPM components). KCI Computing meets our inclusion criteria as a local CPM solution (based in North America) that has started to build out its global execution capability. Through its midmarket and enterprise focus, KCI has gained market share and capitalized on opportunities that the Tier 1 vendors have ignored

Other specialist vendors are also benefiting from the growth of the CPM suite market, but did not yet meet our inclusion criteria and are worthy of consideration in CPM evaluations. These vendors are:

- **Acorn Systems:** Acorn Systems is focused on PM&O solutions as a best-of-breed provider with an established customer installed base, primarily in North America and EMEA. Acorn is well-suited for clients who recognize the need for a sophisticated PM&O solution and desire to easily integrate into other CPM and BI components. Acorn’s core offering is the Web-based Performance Analyzer, and the company extends its value through industry- and initiative-specific solutions, as well as its own experienced implementers and partner and reseller network. Acorn has a strong partnership with Microsoft to leverage Microsoft’s BI capabilities, is resold by Exact-Longview, and has been integrated into many of the other third-party providers in the CPM suite market.
- **Adaptive Planning:** Adaptive Planning is an on-demand budgeting, forecasting and reporting solution vendor for small and midsize companies that provides an alternative to inefficient, Excel-based processes for CPM. In September 2010, the company released Adaptive Planning 7.0, a major product update that delivered new features for reporting, application management and data integration. Its solution includes reporting, dashboards and modeling for more CPM functionality, as well as Web-based collaboration capabilities that integrate online documents, discussion groups, project management and other Web 2.0 features into the context of financial processes. Adaptive Planning has continued to show strong sales/revenue growth (50%+ growth in bookings and revenue in 2010, and now counts over 75 enterprise organizations among its base of more than 900 customers), and has gained momentum with partners (developing a significant North American channel and smaller EMEA and Asia/Pacific reseller channels) and through partnerships (especially with NetSuite, which has generated over 100 joint customers. Gartner interactions with Adaptive Planning clients indicate a high level of customer satisfaction. Clients considering SaaS-based budgeting, planning and reporting should consider Adaptive Planning.
- **Arcplan:** Arcplan brings a BI point of view to the CPM market, similar to Board International. Arcplan’s second-generation CPM solution (arcplan Edge) was launched in mid-2010, and offers out-of-the-box BP&F capabilities most important to the midmarket, while leveraging its BI platform (arcplan Enterprise).

Arcplan is better-suited for clients whose needs are outside the scope of a packaged CPM suite. The company's portal integration, integrated workflow functionality, federated write-back capabilities and access to most data sources support the building of complex analytic applications, for example, to deliver closed-loop planning or to support collaborative, unified operational and financial PM.

- **Carpio Solutions:** Carpio is a privately held and private-equity-financed U.S.-based CPM software firm with approximately 65 employees, headquartered in Raleigh, North Carolina. GesFin is a Web- and Excel-based solution for BP&F, reporting, scenario planning, profitability analysis and consolidation. Carpio is expanding from its Latin American roots, primarily into North America, but also into Europe and the Asia/Pacific regions, through a strategic partnership with MicroStrategy, a growing list of resellers and a direct sales force (with global delivery operations and resources in the U.S., Brazil, Panama and Mexico).
- **Exie:** Exie has focused its message more broadly on PM, although its component-based application builder approach is still suitable for core CPM deployments, especially where there is a strong focus on alignment with strategy. Exie has strengthened its delivery capability through partnerships, such as with Aaro Systems for financial consolidation and Ernst & Young for delivery in Scandinavia. Exie is focused on the Scandinavian region and has struggled to expand outside this region.
- **Prodacapo:** Swedish-based Prodacapo offers a Web-enabled CPM suite with a focus on activity-based management and profitability modeling, business planning and a balanced scorecard targeted at midsize and large organizations. Although most of its 170 active CPM clients are EMEA-based, Prodacapo now has international customers with global operations and customers in North America (in August 2010 it opened its first office in North America) and the Asia/Pacific region. By offering an interesting combination of modeling, data integration, reporting and analysis, Prodacapo has continued to grow outside its Scandinavian home markets, and is able to capture greater market share as customers increasingly look to profitability modeling and strategy management solutions to drive business transformation. Prodacapo is available as a modular application residing on either SQL Server or Oracle.
- **QPR Software:** This Finnish-based vendor predominantly provides scorecarding, strategy management, planning and reporting solutions through its direct business and partner network, serving approximately 780 global CPM customers (although the majority of its customers are in EMEA, QPR has seen increased expansion in the Asia/Pacific region). QPR also enables customers to model and optimize business processes that help align business processes with strategic and risk management objectives. Collaboration and reporting are provided by a portal that integrates the three core components of the solution (QPR ScoreCard, QPR FactView and QPR

ProcessGuide) with Excel integration and support for SharePoint Server. QPR clients indicate that (relative to other CPM vendors) there have been some implementation and support issues impacting customer satisfaction.

As mentioned above, financial governance applications are converging with CPM suites, and in 2010, we saw new offerings, partnerships and acquisitions from many of the vendors, principally in the disclosure management area. There are a number of best-of-breed vendors that offer financial governance solutions for disclosure management, close management and reconciliations management that will integrate with CPM and ERP suites and could function as extensions, including solutions from BlackLine, Chesapeake Systems, Fiserv-CheckFree, Infogix, Rivet Software, SmartStream, Trintech, WebFilings and UBmatrix.

Dropped

Clarity Systems was dropped from the Magic Quadrant for CPM suites as a consequence of its acquisition by IBM. The financial reporting and disclosure functionality offered by Clarity FSR has been evaluated as part of the combined IBM Cognos offering.

Evaluation Criteria

Ability to Execute

These criteria and weightings were used to evaluate vendors' market positions.

Product/Service: This involves CPM suite functionality across the five application components described above, including the underlying technical architecture.

Overall Viability (Business Unit, Financial, Strategy, Organization): This includes an assessment of the organization's overall financial health, the financial and practical success of the business, and the likelihood that the individual business will continue to invest in the CPM suite within the vendor's portfolio of products.

Sales Execution/Pricing: This comprises the vendor's capabilities in all sales activities and the structures that support them. This criterion also includes an assessment of the cost of CPM suite licenses, implementations and ownership.

Market Responsiveness and Track Record: This involves the vendor's overall effectiveness in the market, including its responsiveness to users, capability to articulate a clear CPM value proposition and the number of live implementations of its CPM suite. This criterion was raised in priority to "standard" to reflect its increased importance in a more mature market.

Customer Experience: This includes the vendor's capability to deliver pre-sales and post-sales support, which enables clients to be successful with their CPM suites. The criterion also includes the quality and availability of the vendor's support desks, as well as implementation services.

Table 1. Ability to Execute Evaluation Criteria

| Evaluation Criteria | Weighting |
|--|-----------|
| Product/Service | high |
| Overall Viability (Business Unit, Financial, Strategy, Organization) | high |
| Sales Execution/Pricing | standard |
| Market Responsiveness and Track Record | standard |
| Marketing Execution | no rating |
| Customer Experience | high |
| Operations | standard |
| Source: Gartner (March 2011) | |

Operations: This involves the organization's capability to meet goals and commitments with respect to CPM suites. Factors include the quality of the organizational structure, such as skills, experiences, programs, systems and other vehicles that enable vendors to operate effectively and efficiently in the market on an ongoing basis.

Marketing Execution: This was not rated as a separate criterion, because it was evaluated as part of Market Responsiveness and Track Record, as well as under Operations (see Table 1).

Completeness of Vision

These criteria and weightings were used to evaluate the position of vendors in the market.

Market Understanding: This is the vendor's capability to understand buyers' needs and to translate these needs into products and services. It addresses whether vendors show the highest degree of vision, listen to and understand buyers' wants and needs, and whether they can shape or enhance these wants with their added vision. This criterion was reduced in priority to low because the market is now well-understood by most vendors.

Marketing Strategy: This involves a clear, differentiated set of messages matching Gartner's vision of CPM that is communicated consistently throughout the organization and is externalized effectively to the market.

Sales Strategy: This is the strategy for selling CPM suites that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: This is the CPM suite product strategy covering breadth and depth of functionality, underlying technology and openness.

Table 2. Completeness of Vision Evaluation Criteria

| Evaluation Criteria | Weighting |
|------------------------------|-----------|
| Market Understanding | low |
| Marketing Strategy | standard |
| Sales Strategy | standard |
| Offering (Product) Strategy | high |
| Business Model | high |
| Vertical/Industry Strategy | standard |
| Innovation | no rating |
| Geographic Strategy | standard |
| Source: Gartner (March 2011) | |

Business Model: This refers to the soundness of each vendor's strategy to deliver CPM suites to the market.

Vertical/Industry Strategy: This is the vendor's strategy to direct resources, skills and offerings to meet the specific needs of vertical market segments. This criterion was raised in priority to "standard" to reflect the increasing maturity of the market.

Geographic Strategy: This is the vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the home geography directly or through partners, channels or subsidiaries, as appropriate for the geography and market.

Innovation: This was assessed under each criterion above, as appropriate. For example, product innovation was assessed under Offering (Product) Strategy. Therefore, innovation was not rated as a separate criterion (see Table 2).

Leaders

Leaders' performances excel in the CPM suite market segment. They can deliver breadth and depth of CPM suite functionality, as well as provide enterprisewide implementations to support a broad CPM strategy. Leaders successfully articulate a business proposition that resonates with buyers, and are supported by the viability and operational capability to deliver on a global basis.

Challengers

Challengers provide offerings that are complementary to their established business applications. In doing so, they expect to leverage their installed client bases. They typically offer good breadth of functionality, but their solutions are tied primarily to their own applications. Challengers also may have a limited vision of CPM that is not well-aligned with Gartner's vision of where CPM is heading.

Visionaries

Visionaries have a strong vision for delivering a CPM suite. They are distinguished by the openness and flexibility of their application architectures and offer depth of functionality in the areas they address, but they may have gaps relative to broader functionality requirements. A Visionary vendor is a market “thought leader” and an innovator; however, it may have yet to achieve sufficient scale, or there may be concerns about its capability to grow and provide consistent execution.

Niche Players

Niche Players do well in a specific segment of the CPM suite market, or have limited capability to innovate or outperform other vendors in the market. These vendors may be focused on a specific domain or aspect of CPM and are likely to lack depth of functionality, or they may have gaps relative to broader CPM suite functionality requirements. Niche Players may have reasonably broad CPM suites, but limited implementation and support capabilities, and relatively limited customer bases, or they may not have achieved the necessary scale to solidify their market positions. Some have a limited geographic presence outside their home regions.

Vendor Strengths and Cautions

Bitam

Strengths

- Bitam is a client/server and Web-based, three-tiered application that enables integration into heterogeneous environments supporting multiple Web servers that support Windows, Unix or Linux platforms. Bitam G6 provides a combined BI and CPM portfolio: Artus, Stratego, Ektos and Papiro, supporting a Microsoft stack utilizing SQL Server, Analysis Services, Microsoft Outlook and Microsoft Office, as well as non-Microsoft platforms, such as Oracle, Sybase, Teradata, Netezza and SAP Business Information Warehouse (SAP BW). Ektos is a financial-planning application providing budgeting, forecasting and consolidation. Stratego is the strategy management application, and financial, statutory and management reporting are supported via a financial analytical model based on the Artus BI platform. Papiro provides a graphical report development environment. Bitam extended its SaaS capability by buying KPI Online (in March 2009) to provide prebuilt or customizable dashboards and analytical tools, such as forecasting and trending.
- Bitam understands the CPM space well and has strong functionality in all areas, except PM&O (although the company has had solutions in this area before). Bitam is particularly strong for midsize companies looking for BP&F, strategy management, financial consolidation and financial reporting. Although its largest customers have more than 10,000 users, the typical customer has a relatively small number of users (up to 300). According to our reference survey, the most common reason for choosing Bitam was for strategy management.

- Bitam is now building out its sales and marketing capabilities (both directly and through partners) from its Latin American origins to raise its visibility as a global CPM vendor. It offers fast deployments with a relatively low cost of ownership, compared with traditional CPM vendors. Bitam solutions are available in English, Dutch, German, Portuguese, Italian and Spanish for on-premises and on-demand (SaaS) licensing models.
- Bitam claims more than 1,700 customers in Europe, North America and Latin America (such as Pfizer, Coca-Cola, Home Depot, Johnson Controls, Petróleos Mexicanos [PEMEX], GNC, Black & Decker and Janssen, as well as government clients) using its CPM capabilities, with more than 100 of them using its SaaS solutions (launched in March 2009).

Cautions

- Bitam offers a CPM suite targeted at midsize companies and departmental solutions in larger enterprises (75% of its customers are small to midsize businesses with annual revenue of less than \$500 million); however, the company may be challenged to meet the complexity and scalability required in larger customer deployments. Although it has added some limited capability for financial consolidation, this is relatively lightweight when compared to the market standards, and will need to be extended to compete effectively with the rest of the CPM market.
- Bitam’s operations have been limited mainly to its home markets in Latin America, North America and southern Europe. Although it has exhibited good growth rates and has increased its presence in the North America region, the company may struggle to get attention in new markets, unless it invests heavily in marketing. Bitam will need to address its branding and go-to-market strategies to expand its global presence.
- Feedback from client references improved over last year and was slightly above average, although scores for business benefits obtained lag behind some of Bitam’s direct competitors, indicating that the adoption of Bitam is still in the relatively early stages. This has affected the company’s Ability to Execute rating.

Board International

Strengths

- Board has continued to expand at above-average growth rates for the CPM market – 15% in 2010 globally and 30% in the Asia/Pacific region. It now claims more than 670 CPM customers (mostly in EMEA), but has developed a global execution capability, with headquarters in Lugano, Switzerland; direct offices in Germany, Italy, Singapore, Spain, the U.S., the U.K., Australia and India; and a worldwide resellers’ network.

- Users like Board International's "toolkit" approach, which enables CPM applications to be configured easily and extended to meet users' unique requirements. This also is a popular feature with Board's partners, which can create tailored solutions quickly and cost-effectively.
- Board released its current version (Board 7.2) in July 2010, which further strengthens its offering for both BI and CPM, with extended financial consolidation functionality, improved cube capabilities and support for mobile devices. Board 7 is developed using Microsoft's Windows Communication Foundation (WCF) and Windows Presentation Foundation (WPF) development standards, providing a .NET service-oriented architecture (SOA) supporting a 64-bit architecture and a Silverlight-based Web client, utilizing advanced visualizations and increased Microsoft Office integration. Board has specific integration with SAP, and has improved its overall integration with relational databases and other vendors' multidimensional (OLAP) databases, including SAP BW, Microsoft Analysis Services and Oracle Hyperion Essbase.
- Board's toolkit approach gives it a broad functional footprint in CPM, and it can accommodate complex planning and profitability-modeling requirements. The toolkit also has strong strategy management capabilities. Board also improved financial consolidation and planning functionality in 7.2, and is creating packaged CPM offerings for certain verticals, the first being hospitality.

Cautions

Cautions Board scored slightly above average in our customer survey for service and support, and for meeting overall objectives. However, the average size of customers and of deployments indicates that the majority of references were midsize enterprises that used Board as a tactical deployment at a departmental/functional level.

- Awareness remains a key challenge for Board, especially in the CPM suite market. Because it is a vendor of BI platforms and CPM suites, it is hard for Board, as a small vendor with limited marketing resources, to create the market presence it needs in both markets. Some specialist competitors, such as Prophix Software and Tagetik, can focus all their marketing efforts on the CPM suite market, and are generating greater awareness.
- Board's sales and implementation coverage outside EMEA is still limited, although it is picking up via an expanded partner network. This limits the company's ability to successfully compete in larger global CPM deals. Although Board has added more functionality for financial consolidation, it is still challenged to grow customers choosing this functionality. Board is mainly deployed by midsize customers looking for BP&F, PM&O and strategy management solutions.

Exact-Longview

Strengths

- Exact-Longview has a broad functional solution across all aspects of CPM, and its solution appeals to customers that want to implement a CPM suite in a single, integrated application suite, rather than multiple point CPM applications. The solution can handle large data volumes (for example, daily profitability analysis on a dataset with 3 billion rows) with considerable complexity. As a result, Exact-Longview's primary focus remains larger Tier 1 enterprises.
- Longview is operated as an independent business unit and brand within Exact and is focused exclusively on CPM. Exact-Longview scored high in the customer reference survey (Exact's customer base is typically much smaller in company size, where the Longview solution would not be appropriate). Exact ownership brings a perceived financial stability and viability of a larger company to the market, and this is a benefit for the company. The company continued to add customers during 2010, and sales of its tax forecasting and reporting application are boosting overall performance. There is a high-level of customer satisfaction, consistent with the previous Magic Quadrant.
- Tax reporting and forecasting is not part of the current market definition of CPM suites, as this functionality is generally still purchased on a best-of-breed basis. However, the tax solution market is growing as other vendors are getting into the fray. Tax reporting and forecasting is a part of Exact-Longview's unified CPM platform, and it can act as a differentiator in some CPM evaluations. The incremental revenue from this solution also contributes to strengthening its overall viability as an independent business unit within Exact.
- Exact-Longview announced general availability of Longview 7 in October 2009. They have been successful with selling this to new customers and having existing customers take the upgrade. Longview 7 is a major technology upgrade to the unified CPM platform that underpins the Longview product. This has an SOA base that leverages Microsoft .NET for service delivery and development (studios), and uses Java Platform, Enterprise Edition for data and execution servers. It features a new user interface with better usability and stronger visualization capabilities, with interactive Ajax and Flash-based presentation. Existing users can migrate from earlier versions of Khalix (enhanced through 2010) to Longview 7 at no additional charge. This has enabled the company to be attractive to Microsoft customers.
- Longview continues to be a visionary vendor, has established a partnership with Trintech, white labeling its financial reporting and disclosure management product as Longview FXR, which is integrated with Longview Consolidation. The company plans on offering more components of the financial governance suite from Trintech, including close management and reconciliations

management. It has a global-technology partnership with MicroStrategy and is MicroStrategy's preferred CPM solution. The integration with MicroStrategy offers BI and advanced reporting and analytics to Longview customers. The strategic relationship with MicroStrategy also helps Longview get access to MicroStrategy's sales force in the Asia/Pacific and Latin American markets.

Cautions

- Awareness for Exact-Longview continues to remain a challenge, but is improving as companies seek viable alternatives from the megavendor consolidations (e.g., Clarity Systems was a significant competitor of Longview). Because it is operated as an independent business unit, it has not been able to leverage the Exact brand and is challenged by the dominance of the megavendors in terms of market awareness.
- The company has limited direct global reach outside North America and EMEA, which can be a challenge as its primary target is large multinationals, many that have financial operations outside of these regions. As a result, Exact-Longview continues to miss out on the increasing interest in CPM in the Asia/Pacific region, while facing competition from emerging specialist vendors like Bitam in Latin America. However, the strategic partnership with MicroStrategy provides access to MicroStrategy's regional offices in Asia/Pacific and Latin America.
- Broad partnerships with system integrators (SIs) that encompass CPM remain a challenge. Exact-Longview has created some good partnerships with major service providers (e.g., Deloitte) for its tax solutions and, we believe, for XBRL/financial reporting, but these do not generally extend to broader CPM coverage. This is a challenge because SIs are increasingly focusing on megavendor offerings, so Exact-Longview must create stronger partnerships, with boutique SIs focusing on tax and financial reporting, and extend existing relationships to gain mind share.

Host Analytics

Strengths

- While the company has three legacy, on-premises, licensed base customers, all deals have been SaaS deals for the past three years. Pricing is modular-based (Host Analytics Budget, Consolidator, Executive Report Writer, etc.) and offers bundles for full CPM suite customers, with reduced pricing available for small/midsize companies. With the product modules and bundles, a range of customers can be serviced. Host Analytics can target small and midsize businesses, as well as line-of-business solutions for larger Tier 1 enterprises. We have seen Host Analytics effectively compete against midmarket offerings, like Adaptive Planning, and larger enterprise offerings, like Hyperion Planning and Hyperion Financial Management. We also see Host Analytics compete effectively with firms that have

less-complex budgeting requirements, or those that may be a division of a larger company where a larger enterprise solution is not desired. Host Analytics provides an opportunity for a lower-cost, easier-to-implement solution through a SaaS model.

- Host Analytics has an expanding base of users, many of which have grown the scope of their CPM implementations, along with the Host Analytics stable of products, extending their solutions as Host Analytics expands its capabilities. Host Analytics is a Microsoft partner, and is one of the many vendors that are the beneficiary of Microsoft referrals for the CPM business that it has exited.
- Host Analytics covers most of the components in a CPM suite in a SaaS offering through an Excel-like interface, which is unique for a vendor that is solely a SaaS provider, since its primary SaaS competitor (Adaptive Planning) covers a smaller number of CPM pillars (i.e., planning and reporting). The company has added financial statement production through its Enterprise Reporting Management (ERM) solution and access to integrated external data with the Host Analytics Decision Hub.
- As more firms overcome the concerns of security, nondisclosure and firewall issues of outsourcing strategic planning and financial management applications to an outsourcing provider, Host Analytics will be in a position to provide increasing capabilities to organizations that adopt SaaS for CPM, as well as increased cloud-computing initiatives.
- Host Analytics' recurring revenue stream from its SaaS offerings provides the consistency and capability to continue to develop and support its products, as it is less subject to market fluctuations. The company is seeing channel revenue being generated by the regional consulting companies and national accounting firms.

Cautions

- Host Analytics is a niche company, though growing in revenue year over year, and carries with it the viability concerns that firms have with companies of this size. The company potentially could be an acquisition target for a larger CPM player that sees the benefits of a SaaS offering.
- While Host Analytics has found a niche in the CPM market, it may not have the size and scale to support larger international rollouts. It currently does not have any international language support (planned for late 2011), so that limits the scope of international deals.
- Host Analytics performs most of its implementations through its professional services organizations, but now has an established U.S. consulting partner network. Some partners are small/niche in nature, as most of these implementations are streamlined and do not provide extensive professional service opportunities for the Big 4 consulting companies

IBM

Strengths

- IBM offers a combination of CPM applications and BI platform capabilities for organizations of different types and sizes. IT competes effectively in enterprise-level CPM deals, and IBM Cognos Express is gaining presence in the midmarket (with over 500 customers). One of the initial BI vendors to venture into the CPM market, IBM has remained a leader, owing to its core strengths in BP&F (which still drives most CPM deals) and strategy management, and has maintained a strong market presence. Its Controller product for financial consolidation continues to be developed and to gain ground, and the underlying BI platform can be used to report on data from these applications. With Cognos 10, IBM has introduced a unified work space for consuming all BI and PM capabilities, like scorecarding, planning, reporting and scenario analysis, as well as adding built-in collaboration capabilities to enhance the decision-making process.
- IBM extended the core capability of its Cognos suite by increasing the performance and scalability of TM1 and delivering on its CPM road map to become increasingly TM1-centric. For example, IBM Cognos TM1 can be extended with IBM SPSS Modeler to provide extended statistical modeling. Furthermore, IBM Cognos Business Viewpoint provides dimension management of multiple hierarchies, current and future views, and versions across the Cognos portfolio.
- IBM recently announced two acquisitions (OpenPages and Clarity Systems) that have strengthened its breadth of offerings for the CPM market. OpenPages provides extended functionality for risk management and compliance activities related to the financial close. Clarity provides more-direct expansion in CPM, and Clarity FSR, the most deployed and proven product for financial statement production, further strengthens the suite. IBM announced that the Clarity CPM suite will continue to be developed and supported, but would only be sold to new customers through channel partners. Clarity FSR expansion plans include supporting additional finance functions related to close management, and other financial governance functionality.
- IBM extends its CPM functionality through horizontal and vertical “blueprints” that Cognos’ licensed users can download free of charge to reduce time to deployment and implementation costs; however, there is no application support for these blueprints and they may not include all the desired functionality, requiring additional design and configuration. Blueprints are also used to give Cognos vertical (including pharmaceuticals and life sciences, banking and financial services, manufacturing, public sector, retail, and oil and gas) and functional capabilities (including risk-adjusted profitability, S&OP planning, IT cost to serve and specialized scorecards) outside core CPM applications. Its relationship to IBM Business Analytics and Optimization (BAO) services capability extends the use of Cognos’ solutions and blueprints, and has started to deliver verticalizations of its CPM products beyond the current suite of vertical blueprints.

- BAO – which incorporates the IBM CPM suite capabilities – is one of four growth initiatives for IBM, and an area of large investment. In 2010, IBM invested another \$6 billion to acquire 17 companies, including Clarity Systems, Coremetrics, OpenPages, Netezza and Unica, supporting the Business Analytics growth area, and grew the number of Business Analytics solutions. IBM also added over 4,000 consultants in 2010, and now has more than 7,800 dedicated consultants in the BAO practice. IBM has demonstrated strong double-digit growth in 2010 for its Business Analytics business.

Cautions

- IBM has started to leverage its acquisition of Cognos TM1 more effectively, and plans to utilize this as the analytic engine for its financial PM portfolio in the future. Although customers can now have one contribution interface for end users, whether they are deploying the analytic-planning-style applications of Cognos TM1 or distributed planning applications of Cognos Planning, the fact remains that IBM still has two overlapping planning options, which continue to cause some confusion among prospects and existing users.
- Controller’s functionality and market presence is improving, but the need to push data to Cognos TM1 for management reporting is seen as a weakness by some prospects, compared with some competitor solutions. IBM had embedded Cognos TM1 technology into the consolidation system to provide an analytic data foundation that easily combines data from other performance management processes and delivers reporting, dashboarding and analysis using Cognos BI. However, competitors may attack the need to have some additional Cognos TM1 and BI licenses. Now, with the acquisition of Clarity FSR, Cognos has expanded its reporting and disclosure functionality, but must incorporate the recent acquisitions into its overall offering and clearly communicate the product road map.
- IBM’s BAO initiative has the potential to drive more business for the IBM Cognos CPM applications. Although the momentum is growing, it is still Gartner’s opinion that IBM Global Business Services is also focused on competitor products. While the vision of BAO is promising, its recent growth indicates progress on execution and impact on revenue generation.

Infor

Strengths

- Infor reorganized its CPM sales structure and saw good double-digit growth in 2010 in CPM sales with its enterprise solution, Infor PM. Infor has also integrated its CPM and BI capabilities, enabling customers to deliver a unified BI and PM framework, renaming the former management information system (MIS) components Infor PM Application Studio (Web client), Infor PM OLAP (analytic engine) and Infor PM Office Plus (Excel add-in).

- Infor's BI and PM solution strategy has been based on acquired products combined with internally developed dashboards (formerly MyDay) and analytics (formerly Decisions). Infor's CPM suite, Infor PM (10.1.x), has been augmented with the Infor PM OLAP database and various other additional reporting capabilities. However, Infor plans to focus underlying BI product components on Microsoft's technology stack, including Microsoft SQL Server, Microsoft SharePoint and Microsoft Office. Microsoft SharePoint becomes the portal delivery mechanism, while Infor PM OLAP and Infor PM Application Studio and Office Plus will continue to be enhanced and developed as the go-to-market BI product portfolio. The increased use of Microsoft technology will make the overall Infor CPM offering more attractive in the open market for organizations with a Microsoft strategy.
- Infor has again made good progress on previous CPM and financial management road map announcements by delivering Infor PM 10.1.6 and the low-priced midmarket planning offering (Infor PM Business Edition and Business Edition FR), which is focused on companies with revenue less than \$100 million. Financial reporting with XBRL tagging is supported through Infor PM Office Plus (Excel add-in), and there are longer-term plans to tag data for XBRL within the applications. Momentum is building with stand-alone sales of CPM and increasingly bundled sales with other Infor ERP, FMS and SCM purchases.
- Infor has a large installed base (approximately 70,000 customers) using its transactional applications in the midmarket and enterprise space, which are ideal target markets for its CPM solutions. Gartner estimates that there are more than 3,000 Infor PM customers, and Infor has a widespread global customer base with products available in multiple languages. With the Infor PM 10.x releases and Infor PM Business Edition, there is plenty of potential to further cross-sell and penetrate net-new accounts.
- Infor faces tough competition, and has yet to prove that it can gain wide acceptance with IT and finance departments in preference over CPM offerings from the other large vendors. Although Infor made good progress in the customer satisfaction survey (from near the bottom in 2009 to mid-table in 2010), customers still cited concerns over the business benefits obtained and lower-than-average service and support satisfaction. Furthermore, with the incorporation of an increasingly Microsoft-centric technology stack, Infor must clearly articulate and deliver against another new product road map.

KCI Computing

Strengths

- KCI Computing is a new entrant in the Magic Quadrant this year, and most new entrants enter as a Niche Player. Its CPM suite solution is called Control, and contains BP&F and financial reporting, and consolidation and management reporting. It is aimed at midsize to large companies. Profitability forecasting, analysis and management is a core functionality of the company's solution, with one large company with nearly 200 users.
- Control is a single unified solution with a single user interface, common metadata and data repository and calculation engine. Microsoft Excel is its main user interface, but Control also provides a Web-based interface. It runs on a variety of databases, including Oracle, Microsoft SQL Server, DB2/UDB, Informix and Sybase, providing flexibility for companies that want to be consistent with their chosen database preferences. KCI may be an appropriate choice for customers that have specific database requirements in their established markets.
- KCI does its own implementations, providing a one-stop-shopping experience for its customers. It has relatively high customer satisfaction (top third) as determined by our Magic Quadrant end-user study.

Cautions

- KCI has offices in the U.S., Dubai and the U.K., with limited geographic presence. It is in the process of setting up an office in Bangalore, India to be operational in March 2011. KCI will be challenged to support customers in other areas, and also to support large global rollouts across multiple regions with many users.
- KCI has limited revenue when compared with many other vendors in the Magic Quadrant, including many of the Niche Players. Although the company is growing and we do not see major threats ahead, it will have difficulty competing against many of the established players and cannot create the awareness and market presence of its competitors; therefore, it's at risk of being excluded from many deals where it could be credible.

Cautions

- Infor has made an effort during the past year to raise awareness of its PM portfolio through influencers and direct marketing to customers; however, awareness remains relatively low, particularly outside the Infor ERP base of clients. This will limit Infor's ability to compete for new business outside its installed base, unless it can build greater awareness. The growth that we have witnessed for Infor outside its customer base has been primarily with its Infor PM 10.1.x product.
- Lack of awareness of the Infor PM brand is a challenge in the firm's installed base. Many customers are unaware that Infor offers a CPM solution, or that the CPM products they use are owned by Infor. This shows an inconsistency of coverage and knowledge of the product set by Infor salespeople. Consequently, customers may look elsewhere, and installations could be replaced without Infor being invited to bid, owing purely to a lack of awareness.

- KCI has yet to embrace financial governance functionality, such as disclosure management; however, its products are evolving to include more leading functionality in the BP&F, costing and financial consolidation areas. Organizations looking for a more complete CPM solution, including strategy management, will most likely not choose KCI unless KCI wants to integrate with other solutions for this functionality.

Oracle

Strengths

- Oracle remains the best recognized brand in finance offices and continues to appear in the majority of CPM evaluations. The focus of most Oracle deals remains the core products, Hyperion Planning and Hyperion Financial Management (HFM). Hyperion Planning and HFM are well-established products that offer a considerable depth of functionality.
- Oracle has a strong customer base, and the company is a strong vendor capable of competing on price, product features, performance and geographic presence. It has a well-established partner channel, with both large and smaller CPM SI specialists. Hyperion skills are also plentiful among the independent consultant community, given the well-established products.
- Oracle is touting the Oracle Enterprise Performance Management System, which includes products for strategy management, planning and forecasting, financial close and reporting, and profitability management, along with analytical solutions (ERP, CRM and industry) that sit on top of an integrated platform leveraging a common enterprise information model, Oracle BI Server, Oracle Essbase, dimension management and predictive analytics. Hyperion Profitability and Cost Management has accelerated (Gartner estimates that there are approximately 80 clients) after a relatively slow start. Hyperion Data Relationship Management continues to sell well; although this is not a core CPM application (it is an analytical MDM capability), it is an important enabling technology for CPM implementations in a heterogeneous environment, and Oracle continues to lead its competitors in this space. Oracle Scorecards and Strategy Management has been released as part of OBIEE 11g. This is an important addition to the portfolio and also replaces Hyperion Performance Scorecard, a product that did not have successful penetration.
- Oracle released Hyperion Financial Close Management and Hyperion Disclosure Management in 2010, making it the first large CPM vendor to offer this functionality, with IBM and SAP following with disclosure management offerings in 2010. Increasing, HFM customers are acquiring Disclosure Management for financial statement production functionality. We see increasing penetration in its Financial Close Management and Disclosure Management products.
- In addition to the Hyperion Strategic Finance product for long-term planning, Oracle has released additional planning modules, including workforce planning, capital assets planning

and integrated margin planning, expanding its planning product arsenal. It has also expanded into industry solutions, including public sector planning and budgeting, and balance sheet planning (for banks).

Cautions

- There are still some areas of overlap between the Oracle EPM products and Oracle BI Suite Enterprise Edition (OBIEE), primarily in the area of financial analytics. The direction for scorecarding is clear with the release in OBIEE 11g. While these are not major issues, they continue to create challenges in sales situations against specialist vendors that are pitching a single CPM application suite.
- Oracle is a premium product and may be cost-prohibitive for some midmarket organizations when you also consider implementation services and ongoing maintenance, including future product upgrades. Although the pricing has been simplified and employs a user-based approach, the licensing model can still be expensive, when compared with other vendors for larger deployments (hundreds of users and more), especially for HFM. Oracle provides three pricing models – Component, Custom Applications Suite and Enterprise. While Oracle has shown itself more willing to negotiate in commercial situations, it is still expensive for many firms to implement.
- Over the past year, Oracle has been consolidating its Oracle EPM Fusion Edition release. Unfortunately, it has performed rather weak on client satisfaction, as seen in the Magic Quadrant end-user survey, similar to last year due to support issues.

Prophix Software

Strengths

- Prophix Software is a privately held company based in Ontario, Canada, and has been delivering CPM applications since 1987. It covers an extensive scope of functionality in the four solutions it has in Prophix 10, its latest release, including CPM, Consolidation, Express and G/L Reporter. Its original offering, Prophix Enterprise, was focused on small and midsize companies, but Prophix 10 (formerly Prophix for SQL Server) is targeted at larger midsize companies supporting hundreds of users, as well as opportunities with companies with more than \$1 billion in revenue. For the lower market, its Express solution (which starts at \$7,500) is suitable for organizations with revenue of more than \$10 million, while Prophix 10 is targeted at organizations with revenue up to and over \$1 billion.
- Prophix has a good breadth of CPM functionality, covering budgeting, forecasting, consolidation, financial analysis and reporting, general ledger analytics (focused on the lower market and Microsoft FRx-type users) and scorecarding. It doesn't have specific profitability modeling capabilities, but it includes sophisticated allocation capabilities that can support an activity-

based management approach. The solution also extends beyond CPM into personnel planning and sales planning and forecasting.

- Prophix leverages Microsoft technologies. Prophix 10 is based on Microsoft technologies, and leverages Microsoft Analysis Services, Reporting Services, Office and SharePoint Services. It has some very attractive features for budget creation and management, such as the ability to directly compare proposed budget changes to the base plan over a variable time span. The user interface is appealing, and its technology stack is attractive to midmarket companies. Prophix is a beneficiary of referrals from Microsoft since Microsoft withdrew from the CPM market in 2009, particularly in the U.S. now that Clarity has been acquired by IBM. This is helping Prophix build its partner channel, with many prospects currently under consideration. This is giving Prophix increasing international coverage and potential for further revenue growth.
- Prophix now has over 1,900 customers worldwide, and has been experiencing above-market-average revenue growth. Its flagship product, Prophix 10, has gained good traction, with over 400 (up from 150 in 2009) customers, many of them outside North America. Prophix added financial consolidation functionality (Financial Controller), which provides Prophix financial consolidation capabilities that are suitable for its target market, not specifically targeted at competing with Hyperion Financial Management.
- Prophix, like many of the niche vendors that provide their own services and have a higher-touch approach to their customers, has gained high customer satisfaction, as determined from the Magic Quadrant survey of its users.

Cautions

- Prophix still has less market visibility than some CPM competitors; it is a small company with limited marketing resources. It will need to continue to balance investments in marketing and channel development with product development investments, and may not be able to increase awareness sufficiently to capitalize on all market opportunities in the next 12 to 18 months.
- Although Prophix is capitalizing on the opportunities created by Microsoft's withdrawal from the CPM suite market (particularly in North America), other specialist vendors like Exact-Longview and Tagetik, as well as SAP, are also competing for many of the same opportunities, and these vendors are better established in the upper midmarket (which is one of Prophix's focus areas for SQL Server).
- Prophix may be challenged to maintain its good customer reference scores as it faces both rapid growth and an expansion of its partner channel. It is still a relatively small company, and the continuing rapid growth may put pressure on its internal resources.
- Prophix has not been strong in financial consolidation functionality, compared with other vendors, but it is fit-for-purpose for its midmarket customers. This has not been an issue in its earlier products, which were targeted at smaller midsize companies. However, with the move up-market, Prophix needs to strengthen these. It released a financial consolidation product last year, but this is still relatively new in the market even after a year, so Prophix will need to ensure that it develops the skills in its professional services staff and channel partners to compete effectively with more-established financial consolidation solutions.
- Prophix does not yet provide disclosure management, which is a growing requirement and capability within the CPM suite market; although it does support XBRL via a partner offering from Semansys Technologies. Prophix has indicated that it is working toward a more comprehensive approach.

SAP

Strengths

- SAP has a broad portfolio of applications and continues to grow its CPM footprint through acquisitions, including the 2010 acquisition of a partner, Cundus, for disclosure management, and its overall vision is very strong. The key strategic components of SAP BusinessObjects Strategy Management, SAP BusinessObjects Planning and Consolidation, SAP BusinessObjects Profitability and Cost Management, and SAP BusinessObjects Financial Consolidation deliver a good breadth and depth of functionality in all areas of CPM. Its recent acquisition of Cundus will provide integrated disclosure management capabilities, an emerging area in CPM financial reporting. SAP's current CPM release, EPM 10.0, Phase 1, started ramping up in December 2010.
- SAP has improved its sales effectiveness through a better focus on its customers and prospects. CPM applications are sold through a mix of a direct sales force and indirect partners and channels. The CPM applications are directly supported by a dedicated CPM sales team, which supports the core account executives who own key accounts. SAP's global routes to market and strong relationships with service providers mean that it is well-positioned to continue growing its market share as organizations deploy CPM more widely. SAP has a partnership with Microsoft to support SAP BusinessObjects Planning and Consolidation as a preferred solution, and this is seen in the marketplace.
- SAP is executing well on an aggressive road map to deliver integration among the various acquired CPM applications in its portfolio and integration with SAP NetWeaver BW and SAP BusinessObjects BI. SAP has delivered CPM integration with SAP BusinessObjects BI, SAP NetWeaver BW and SAP ERP applications. It has introduced industry planning applications for the public sector, healthcare and banking. SAP has released a number of line-of-business applications, including Capex Planning, Liquidity Planning, Sales Volume Planning, and Sales and Operations Planning. In keeping with BusinessObjects'

traditionally heterogeneous strategy, the CPM products can be purchased and deployed without the need for the SAP NetWeaver/BI/BW stack. SAP BusinessObjects Planning and Consolidation NetWeaver is now the product of choice for most SAP customers with BP&F requirements, and it grew by 54% in 2010 as a result, where it now has more licensed NW customers than Microsoft.

- SAP's linkage of CPM with governance, risk and compliance (GRC) through its Strategy Management component is a visionary move. Although this is initially relatively simple, it shows SAP's vision of linking PM with risk management, which is still early in its evolution. In addition, we envision that SAP will bring more GRC/financial governance components to market in the near future, including reconciliation management, disclosure management (integrating its acquisition of Cundus disclosure management) and close management, as it has stated its vision of improving organizations' financial close. SAP also brought a risk management and planning solution to market.

Cautions

- As with the last Magic Quadrant, there is still confusion in the user base about the role of the acquired products, and about the impact of the EPM road map on existing SAP products. EPM 7.5 has addressed some of this, because the release has broader integration across the EPM portfolio and more integration with NetWeaver BI; however, EPM 10.0 provides more clarity. While SAP BusinessObjects Planning and Consolidation is its stated strategic solution for BP&F, based upon which it recently introduced a specific industry public sector planning application, SAP has also unveiled a CPM planning product dedicated to the public sector in North America based on BW-Integrated Planning in early 2009. These two product announcements cloud SAP's EPM message.
- Although SAP has committed to the support of strategic enterprise management (SEM) and related products to support CPM (such as BW-Integrated Planning, which still has a significant user base) through 2017 and potentially beyond, some SAP customers that have made major investments in these solutions are disappointed that these products are no longer viewed as strategic CPM products by SAP. Although SAP is still supporting these products, users will have to purchase EPM applications if they want leading-edge CPM functionality. Although many users are planning possible moves to the EPM solution, some are looking at alternatives, instead of assuming that SAP is the only answer. Although we expect SAP to retain most of these customers, it is an opportunity for competitors to target the SAP user base.
- SAP's user reference responses were below-average, consistent with the 2008 and 2009 CPM Magic Quadrants. This indicates that there are still improvements to be made in service and support areas.

SAS

Strengths

- SAS has moved this year from the Visionaries section of the Magic Quadrant to the Challengers section. It has formed an important partnership with Accenture for implementation services that has given it an increased ability to execute. Most of its sales of CPM modules are also not part of a CPM suite sale; rather, they're targeted solutions for industries and specific disciplines.
- SAS still does well in evaluations that are focused on profitability modeling and strategy management, because these aspects of its CPM suite are particularly strong. SAS Activity-Based Management is its most widely deployed CPM application, followed by SAS Strategy Management. However, SAS does cross-sell its CPM applications, and users that start with these application areas often deploy other aspects of CPM from SAS.
- SAS is strengthening its focus on PM as a broader solution. It has continued to develop its messaging around the combination of its CPM applications with other aspects of PM (including risk management, sustainability management, human and IT capital analysis, and other operationally focused solutions); however, it often sells these solutions separate from CPM suite deals. This leverages Strategy Management as the centerpiece of an integrated solution, with strategy maps providing the starting point for managing performance and the means of monitoring execution.
- SAS exhibited good growth in 2010, expanding its CPM base to nearly 1,100 customers and is increasingly leveraging its forecasting and predictive capabilities in the context of CPM. These can be used to forecast the results of any metrics displayed in a dashboard, scorecard or strategy map, and to adopt a statistical approach of confidence levels toward the likely achievement of forecasts and objectives. SAS has good industry solutions for financial services, telecom, manufacturing and the public sector. Organizations using SAS for industry-specific solutions often consider it over a more general CPM implementation.
- SAS scored slightly below average in the customer survey, although its scores improved, compared with last year's survey, showing that SAS improved in all categories, which is evidence of growing execution capability. This positively impacts its ability to execute.

Cautions

- SAS still suffers from a lack of visibility in the CPM suite market, compared with the other large vendors (Oracle, SAP and IBM). Momentum within SAS customers for PM embedded into vertical solutions further compounds this challenge.

- As the CPM market is evolving to include financial governance components like disclosure management, SAS has not been keeping up with these innovations.
- SAS's functional strength can also work against it, particularly sophisticated deployments; in some organizations, it is perceived as a complex solution that requires both significant and specialized skills. This is not necessarily the case for its PM solutions, but SAS needs to work harder to remove this perception.
- Although SAS remains strong in strategy management and profitability modeling, these are still not the focus of the majority of CPM evaluations. We expect these areas of CPM to become increasingly important, especially as organizations increasingly focus on cost optimization and growth; however, SAS's competitors are also making progress in these areas, notably SAP, with BusinessObjects.
- SAS has relied on its internal professional-services organization for most implementations of its CPM solution; however, large service providers (such as Accenture) are pushing for increased partnerships, although it will be challenged to drive those relationships up to the global level.
- Tagetik has expanded on its road map to incorporate a broader view of BI and PM by extending beyond traditional CPM boundaries with additional process workflows to build custom analytic processes, build vertical templates and leverage the Microsoft stack (integration with Microsoft SharePoint Server and Microsoft BI platform), and it is this Microsoft relationship that is generating more global opportunities and introducing Tagetik to new clients.
- Tagetik grew from a consulting company, and its employees have a good depth of knowledge of the more-complex aspects of CPM. Tagetik achieved above-average scores in this year's customer satisfaction survey, significantly improving on last year, indicating that it has added capabilities to support its rapid expansion.

Cautions

- Tagetik's operations have been limited mainly to its home markets in Western Europe (where it is based), although it has also added new customers in the U.S. The company still faces challenges to gain attention in international markets, unless it continues to invest heavily in marketing and partnering. As Tagetik establishes a larger North American market, it will increasingly face tough competition from the megavendors and, in some cases, homegrown North American specialist CPM vendors, such as Host Analytics, Exact-Longview and Prophix.
- Competition is fierce, and Tagetik may struggle with its direct and partner-oriented approach in Tier 1 sales against established CPM vendors with larger direct sales forces. Although improved, there is still limited availability of support and implementation specialists as its partner base builds capabilities to meet demand, although momentum is growing through established partnerships such as PwC and Capgemini.
- Despite establishing a raft of service provider and reseller relationships, Tagetik has yet to prove that it can gain wide acceptance with IT and finance departments in preference over CPM offerings from the other specialists and larger vendors. For example, more than half of Tagetik customer references state that Tagetik is mainly used by finance and senior management to report on financial performance, rather than in wider use across the organization.

Winterheller

Strengths

- EMEA-based Winterheller has a CPM suite that covers financial consolidation, reporting, financial planning, budgeting, forecasting and simulation. Winterheller developed its own calculation engine for simulation, planning and forecasting. The Microsoft BI stack is the preferred platform of choice for Winterheller.

Tagetik

Strengths

- Tagetik continues to grow at a faster-than-average rate in the CPM suite market (Gartner estimates more than 400 clients and 250 employees), is profitable and is expanding internationally by growing its direct channel and distributor network in Europe and the U.S. (contributing more than 50% of the company's revenue from outside Italy). Furthermore, Tagetik has gained traction in the construction, banking and financial services industries in Southern, Central and Eastern Europe, and has good vertical knowledge of these sectors.
- Tagetik 3.0 supports all areas of CPM functionality, with XBRL support and scorecarding capabilities. Tagetik also supports a number of features for financial disclosure and governance (support for further auditability, reconciliation management and the financial close process). Tagetik has simplified the price list, and its products are now sold by process/user. Tagetik has demonstrated a good execution capability, culminating in its position as an innovator in this Magic Quadrant.
- Tagetik provides a unified solution for all the components of CPM, but remains particularly strong for financial consolidation and financial management and statutory reporting. Many of its larger customers are handling complex consolidation and reporting requirements. However, Tagetik is also seeing an increased adoption for BP&F-type solutions, evidenced by large planning projects with customers such as Italcementi, Seat Pagine Gialle and Banque de France, showing that it is gaining broader adoption than for just complex financial consolidation.

- Professional Planner is the budgeting and planning solution, Professional Consolidation (added in March 2009) is the financial consolidation and reporting solution, Professional Analyser is the solution for interactive analysis and reporting (including dashboarding and KPI scorecarding), and Professional Modeller is the data integration solution. In mid-2010, Winterheller enhanced its suite to include Professional Treasury, a special tool for short-term to long-term cash planning. Professional Treasury can be used as a stand-alone tool or can be integrated into the existing Professional Planner environment.
- Winterheller software is available in two editions: for fewer than 50 users and for more than 50. Professional Planner is particularly suited to midsize implementations running on a small footprint (but capable of scaling to larger solutions) with a prebuilt, object-oriented calculation engine and prebuilt rules and reports that reduce the complexity of implementations and simplify ongoing maintenance.
- The company claims more than 4,500 CPM customers, mainly midsize companies in German-speaking regions of Europe, but is increasing its international operations with a view of growing outside its “home” markets. Through direct and partner channels (such as the relationship with Lawson), Winterheller is increasingly competing in midsize to enterprise-size deals outside its traditional German customer base.

Cautions

- Despite being a long-standing (20 years) provider of BI and, more recently, adding CPM, Winterheller is still unknown outside EMEA. It has direct operations in locations in Austria, Germany and Switzerland, and is supported globally through partners. However, it is still not well-known, making it a challenge to compete with larger vendors.

- Winterheller does not support profitability modeling and optimization, and lags behind some of its competitors in this area. We are not aware of any plans for Winterheller to include this functionality in immediate future versions.
- Feedback from client references was less positive than for some other vendors, indicating that there are still execution and adoption challenges for Winterheller for CPM solutions. For example, survey results show that customers perceived Winterheller as both more expensive and more difficult to implement than they expected.

Disclaimer

We believe that Infor currently carries at least \$4.5 billion in debt, used primarily to fund acquisitions (Infor has indicated that this figure is materially overstated, but has not provided additional information). This is a highly leveraged company by enterprise application software vendor standards. Gartner suggests that users bear this in mind in discussions with Infor, and seek assurance that the company has the wherewithal to execute on the components of its strategy that are relevant to users' specific strategic requirements.

Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.