



PERFORMANCE MANAGEMENT: TURNING DATA INTO ACTION

**By Joe McKendrick, Research Analyst
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DECISION-MAKING IN A NEW ERA

Many organizations have turned on firehoses of data, resulting in a drought in the midst of a deluge. Decision-makers don't have the tools or capabilities to find the right data that can be turned into actionable information.

The following report explores the results of the latest survey of members of the Quest International Users Group, conducted in partnership with Cognos, an IBM company, to take a look at how Performance Management is being deployed in today's organizations, the challenges with such environments, and the benefits being delivered. The survey was announced via an email notification to the Quest membership list, which directed participants to a Web-based survey instrument. A total of 494 respondents participated in the survey.

Survey respondents represented a cross-section of advanced PeopleSoft and JD Edwards sites. About 45 percent of respondents indicated they managed PeopleSoft Enterprise, and another 38 percent are JD Edwards EnterpriseOne users. Another 18 percent reported using JD Edwards World as their primary transaction application. Respondents also represented a wide range of industry groups and company sizes. More detailed demographic information can be found at the end of this report, in Figures 16-21.

For just about all the respondents in this survey, there's a direct link between the quality of decision-making and the bottom line. Eight-five percent of respondents agree that critical business decisions made within their companies impact the operational and financial performance in a meaningful way. Thirty-five percent said they consider this connection "very significant."

This illustrates the importance of getting all the right information to decision-makers at the right time. However, ensuring that information is complete and timely is a challenge for most organizations.

This survey brings to light a paradox that is affecting the quality of information for decision-making at many companies. That is, data managers are wrestling with managing an "information overload" - meaning there's too much data being dumped on decision-makers, as well as a lack of complete information available for decision-making. In this survey, 87 percent of respondents said their decision-makers are hampered by a lack of complete information at least some of the time, while 78 percent said the challenge is information overload - having too much data, but too little time to understand it. (See Figure 1).

FIGURE 1: Impediments to Effective Decision-Making

	All/most of the time	Some of the time
Information overload	24%	54%
Lack of complete information	23%	64%
Conflicting data from different sources	22%	62%
Delays in the availability of required information	21%	62%

How could there be too little information and too much information at the same time? A key factor is that decision-makers may not have the tools or the training to be able to parse through and analyze all the data they have in order to draw meaningful and valid conclusions.

Other impacts shown in Figure 1 also help explain the paradox. Namely, that many organizations have flooded decision-makers with data, believing that this will enhance their ability to make well-informed decisions. However, executives and managers are having a hard time sifting through a lot of "noise" - conflicting data from different sources or dated data - to get at the nuggets of information that are actually relevant to decisions. Large numbers of respondents, at least 83 percent, agree that the data their organizations are generating are either inconsistent or dated.

Performance management - defined in this survey as the use of business intelligence, planning and/or analytic application software and services to help companies plan, understand and manage financial and operational performance - promises to bring information from across the enterprise into actionable business results.

Sometimes referred to as “corporate performance management,” or CPM, Performance Management tools and methodologies link business strategy to metrics, analytics, and reporting options, and typically provide validated and weighted information to decision-makers through dashboards or portals.

Robust Performance Management - based on performance management solutions - can help executives and managers convert financial and operational data from across the enterprise into actionable information, presented through dashboards or portals. End-users have the capability to drill down into multi-dimensional information often supported by data warehouses and data marts.

Effective decision-making depends on the answers to three key core questions; each with specific solution sets:

- *How are we doing?* Scorecards and dashboards monitor the business with metrics.
- *Why?* Reporting and analysis tools provide the ability to look at historic data and understand trends.
- *What should we be doing?* Planning and forecasting tools help provide a reliable view of future opportunities.

Key findings of the survey include the following:

- More than three out of five respondents' companies said Performance Management is an "important" IT priority. This is an area wide open for change, with most rating their current Performance Management systems as marginal. In addition, only a handful said they are receiving adequate funding for these projects.
- In most companies, fewer than 10 percent of employees have access to Performance Management software on a regular basis. Companies want to increase this access over the next few years, however. The challenge is to increase the accessibility and ease of use of these tools.
- Most data for Performance Management comes out of enterprise application environments; and companies say they draw data from many sources to present in front-end dashboards or reports.
- To meet the needs of Performance Management, almost half of the respondents said they need to plug into between two and five data sources to effectively deliver a Performance Management solution. Another 30 percent indicated that they would need to plug into more than five data sources. Among the largest companies in the survey, close to half need this number of data sources, at a minimum.

This survey finds that financial and operational management at JD Edwards and PeopleSoft enterprises is significantly impacted by ineffective decision-making. The inability to effectively carry out decision-making results from the combined challenges of information overload, lack of complete information, conflicting data from different sources, and delays in the availability of required information. Companies are just starting to embrace performance management tools and techniques that can help manage these informational challenges.

PERFORMANCE MANAGEMENT CHALLENGES AND OPPORTUNITIES

More than three out of five respondents' companies said Performance Management is an "important" IT priority. This is an area wide open for change, with most rating their current Performance Management systems as marginal. In addition, only a handful said they are receiving adequate funding for these projects.

Not too long ago, decision-making was a slow, deliberate process. Where it was available, data was collected from various parts of the business and entered into ERP or mainframe systems. The IT department then printed monthly or quarterly reports that were delivered to executives and business analysts, who then attempted to extrapolate trends from this historical data to make decisions about the future.

These days, information needs to be complete and consistent, and delivered on a real-time or near real-time basis. Decision-makers require the timeliest information on how key performance indicators measure up to corporate goals. To meet the need for more timely and targeted information, many organizations are turning to Performance Management to gain more visibility into the performance of their businesses, and turn this knowledge into actionable information.

IT has a critical role to play here, beyond its traditional role of managing service levels, uptime, data quality, security, and compliance. Three out of five respondents, in fact, rated Performance Management as important as an IT priority. (See Figure 2.) As shown in Figure 3, only 28 percent said that most or all of their Performance Management needs are met at this time. A majority, 55 percent, consider their efforts to be marginal at best.

FIGURE 2: Performance Management Rank as IT Priority

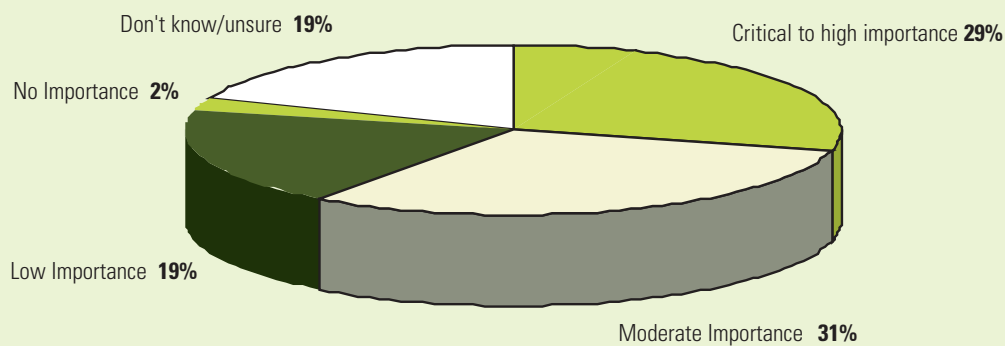
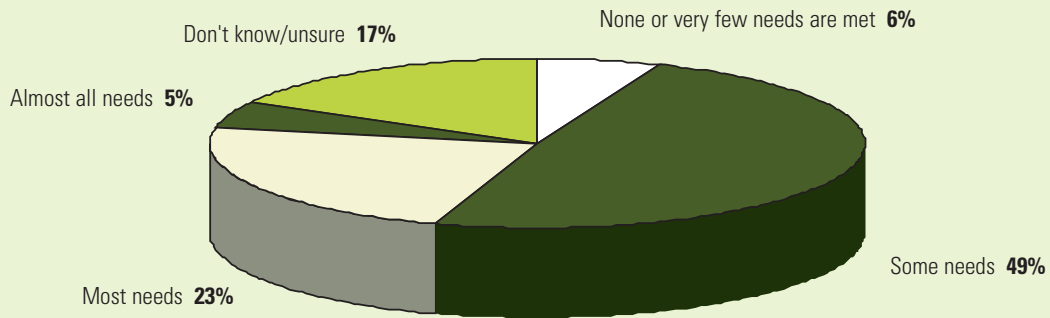
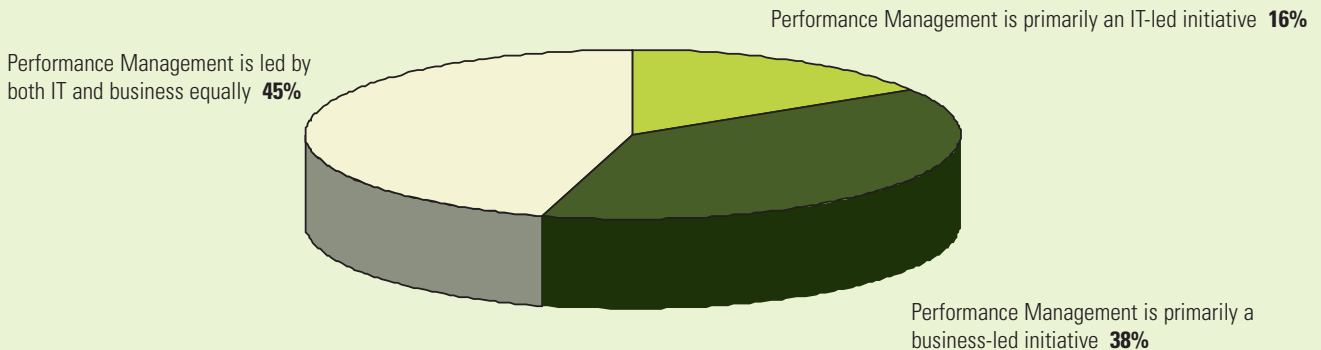


FIGURE 3: How Much of Your Company's Performance Management Needs are Effectively Met Today?



While Performance Management relies on data from various back-end applications, the effort is very much a joint effort between business and IT departments. Close to half of respondents, 45 percent, view Performance Management as a joint IT-business initiative, and 38 percent said the business itself is driving the initiative. Only 16 percent have left it exclusively up to IT to manage and lead. (See Figure 4.)

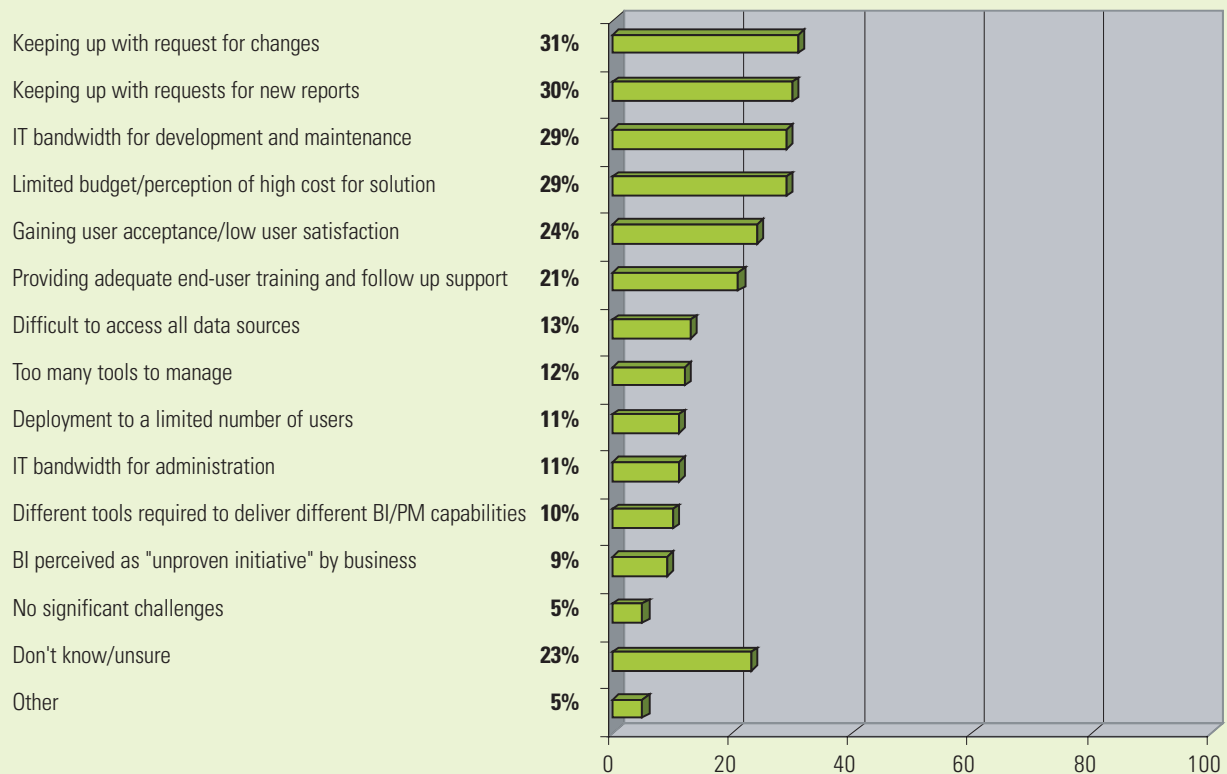
FIGURE 4: Who Leads Performance Management?



The fact that Performance Management is driven by the business may help in addressing the major challenges in making such an initiative work within enterprises. Indeed, the direction to go is in enabling more self-service, in which end users can generate their own reports on demand. In many organizations today, the ability to create new reports or adapt current reports to new situations is constrained by the workloads IT and data management departments already face. In many cases, executives may be anxious to set up new data feeds or new analysis tools within their dashboards or portals as they see how effectively the tools enhance their decision-making capabilities. Close to a third, 31 percent, said keeping up with requests for changes is the greatest challenge, followed by requests for new reports, cited by 30 percent. (See Figure 5.)

Related to the demand for more functions or information through Performance Management interfaces is the ability of IT to keep up with these demands. At least 29 percent of respondents said their IT departments simply may not have the staff and resources to keep pace with all these requests, and thus slow down the effort. As shown later in this report (see Figure 11 on page 11), most respondents agree that building in a self-service aspect to gathering financial performance data could greatly improve this situation.

FIGURE 5: Top Performance Management Challenges



As shown in Figure 6, about 37 percent said they get requests for more than 10 new reports a month. As shown in Figure 7, more than a third, 35 percent, said it takes more than a week to build a new report. Then, as shown in Figure 8, most respondents, 55 percent, said it takes at least two to five iterations before a report is approved.

FIGURE 6: Average Number of Requests Per Month for New Reports, Dashboards, Scorecards, or Planning models

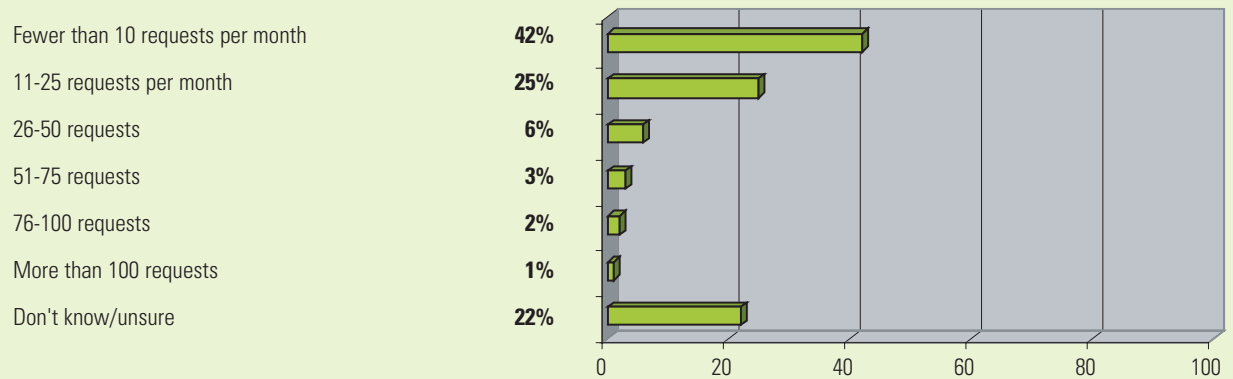
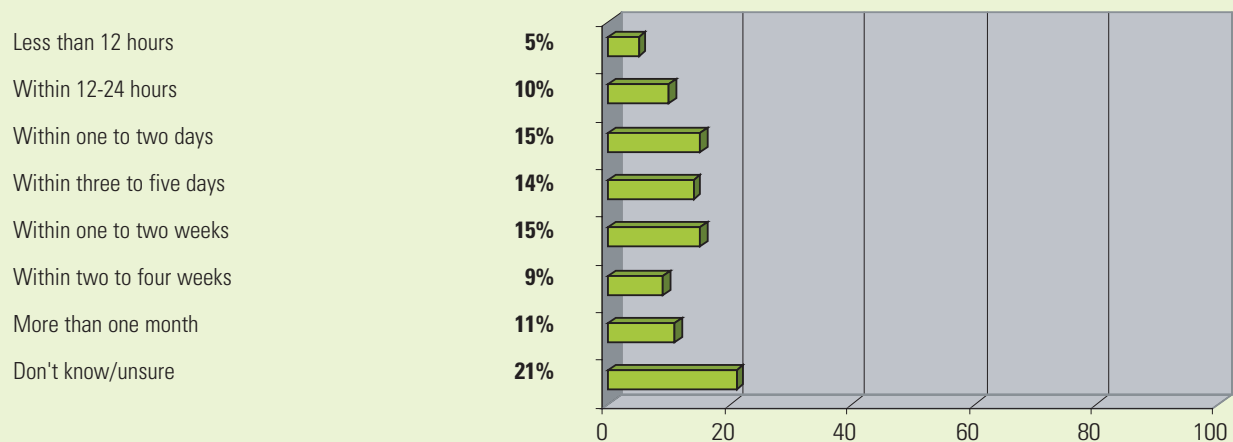


FIGURE 7: Average Time to Prepare New Report or Planning Model



While many organizations recognize the value Performance Management solutions and approaches can play in their business, most do not receive adequate funding for these efforts. Budgetary limitations are cited in the survey (Figure 5) as the third-ranked reason Performance Management efforts are held back, cited by 29 percent.

The budget issue is explored further in Figure 9, which shows that the survey group is divided on whether their efforts are adequately funded. Only eight percent consider these levels to be more than adequate, while another 33 percent said the levels are moderate at best. Another 36 percent said their Performance Management initiatives either don't get enough funding, or receive no funds at all at this time.

FIGURE 8: Average Length of Time Before New Report or Planning Model is Approved

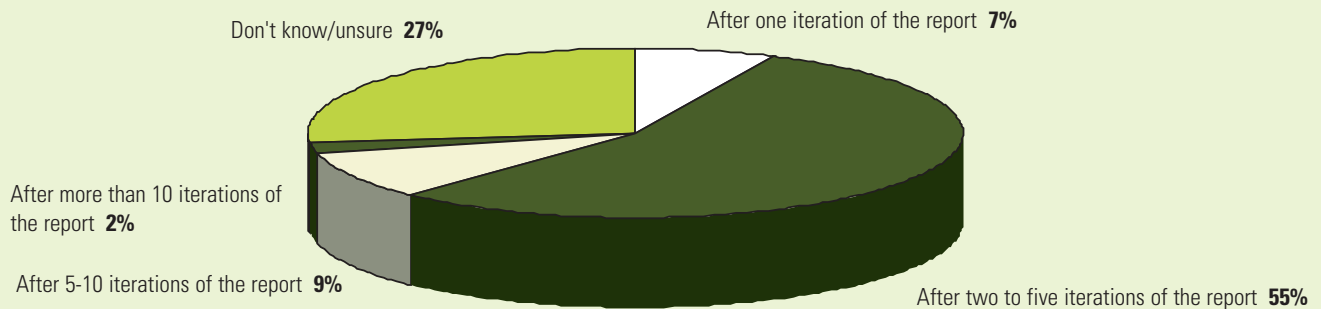
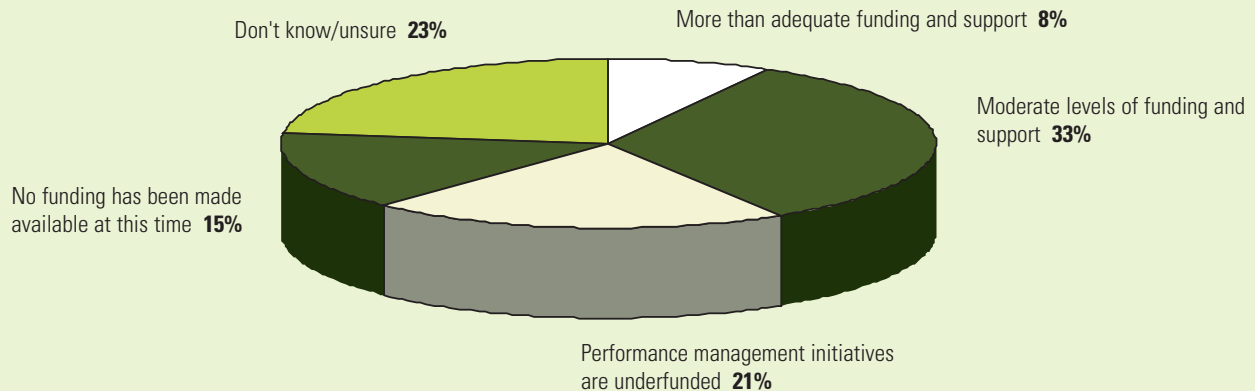


FIGURE 9: State of Current Investment in Performance Management



THE END-USER CONNECTION

In most companies, fewer than 10 percent of employees have access to Performance Management software on a regular basis. Companies want to increase this access over the next few years, however. The challenge is to increase the accessibility and ease of use of these tools.

How far has the Performance Management vision percolated throughout the organization? Is the ability to make the right decisions - based on the right information at the right time - available to end-users other than business analysts that spend their days poring over statistical data? Not yet, unfortunately. While Performance Management ranks high as a corporate priority, and survey participants are well aware that a deficit of actionable information exists within the flood of data coming into their enterprises, this is not a capability available to most members of organizations.

In almost half of the organizations surveyed (47%), fewer than 10 percent of employees use Performance Management software on a regular basis. Another 16 percent said that up to a quarter of the workforce has access to such tools or environments. (See Figure 10.)

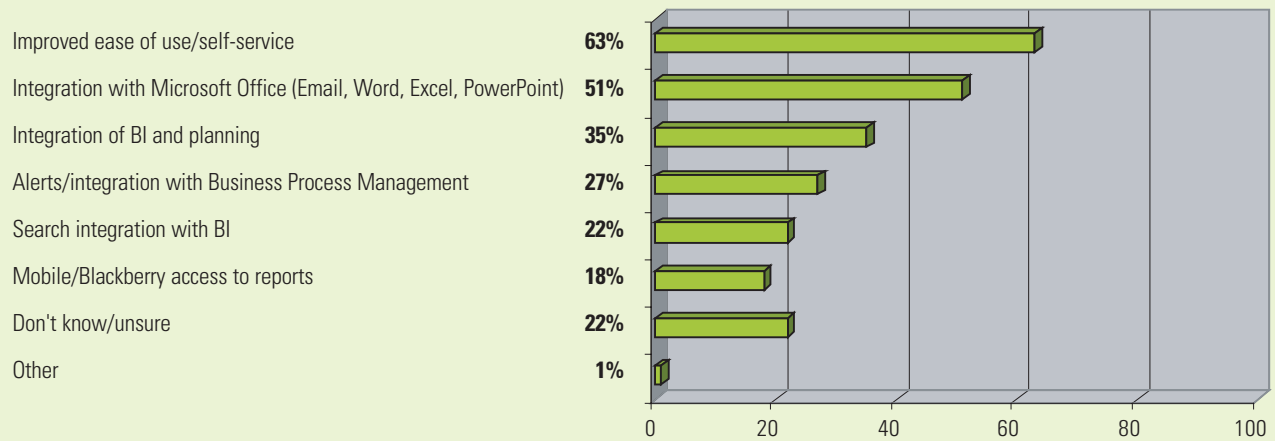
However, most respondents see a different picture unfolding over the next five years. At least 28 percent expect to see a majority of their workforces working with Performance Management environments by then, up from eight percent today. (Figure 10.)

FIGURE 10: Percentage of Employees Now Using Performance Management Software, and Percentage Five Years from Now

	NOW	IN 5 YEARS
Fewer than 10% of employees	47%	8%
11-25%	16%	22%
26-50%	8%	19%
51-75%	5%	13%
76-100%	3%	15%
Don't know/unsure	22%	23%

What will increase employee access and adoption of Performance Management tools? Respondents overwhelmingly pointed to improved ease of use and the ability to access functions without going through the IT or data management department. Sixty-three percent said by improving ease of use and self-service capabilities, employees are more likely to become regular users of the technology. A majority, 51 percent, also said these environments need to easily integrate with the standard desktop tools that employees use on a day-to-day basis: email, word processing, spreadsheets, and presentation slides. (See Figure 11.)

FIGURE 11: Technologies That Will Boost User Adoption



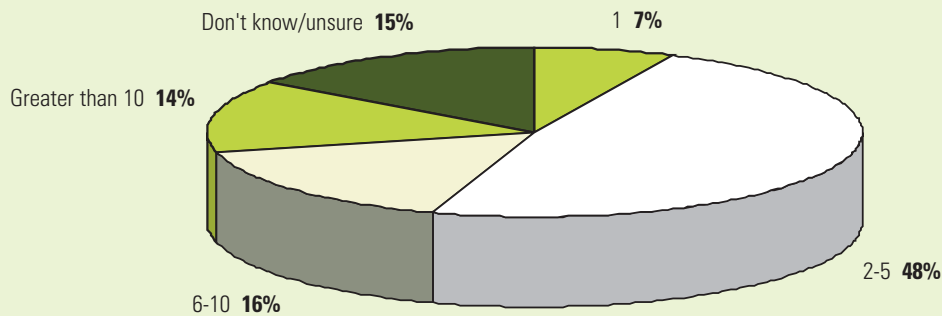
HIGH-VALUE DATA

Most data for Performance Management comes out of enterprise application environments; and companies say they draw data from many sources to present in front-end dashboards or reports. In addition, a third of companies rely on data warehouses and marts to deliver this data that comes from across the enterprise.

Few organizations rely on a single source of data. To meet the needs of Performance Management, a large segment of respondents, 48 percent, said they need to plug into between two and five data sources to effectively deliver a Performance Management solution. Another 30 percent indicated that they would need to plug into more than five data sources. (See Figure 12.)

The larger the organization, the larger the array of data sources required to effectively capture performance metrics. The survey found, for example, that at least 44 percent of the decision-makers in companies with greater than \$1 billion in annual revenues require more than five separate data sources to get a full picture of the business. This compares to only 15 percent of the smaller companies in the survey, with \$50 million or less in revenues.

FIGURE 12: Average Number of Application Instances, Databases, or Other Data Sources Required for Performance Management



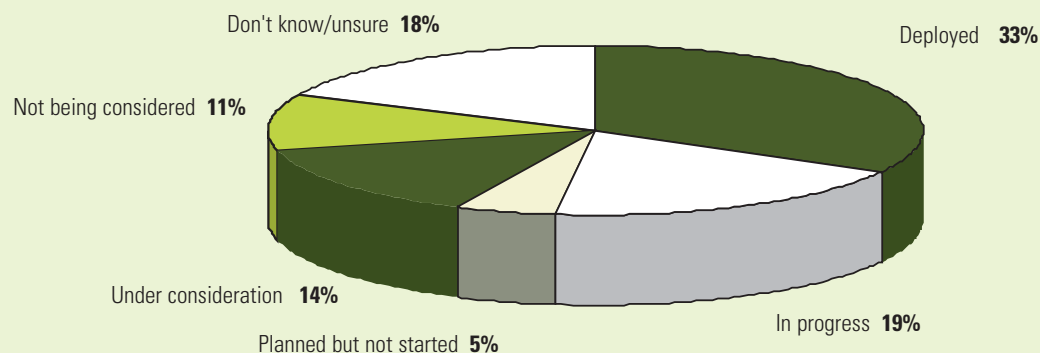
As shown in Figure 13, respondents to this survey, who represent a cross-section of the Quest user group membership base, said they consider their back-end PeopleSoft or JD Edwards applications to be their primary data sources. However, despite the importance of the ERP system to the business, it's notable that a lot of data needs to come from outside these systems. The survey finds that 58 percent of PeopleSoft users, 61 percent of JD Edwards EnterpriseOne, and 45 percent of JD Edwards World customers indicated that at least 25 percent of the data they need for performance management (i.e. need to make decisions) is not contained in their ERP system. While ERP systems are important, they are only one of the required sources and would produce an incomplete picture for decision-making if used alone.

**FIGURE 13: Reliance on Large Enterprise Systems for Decision-Making
(Among users of each application)**

	PeopleSoft	JDE EnterpriseOne	JDE World
Less than 25%	24%	17%	20%
26-50%	17%	21%	11%
51-75%	17%	23%	14%
76-90%	24%	27%	37%
90%+	17%	12%	18%
>50%	58%	62%	69%

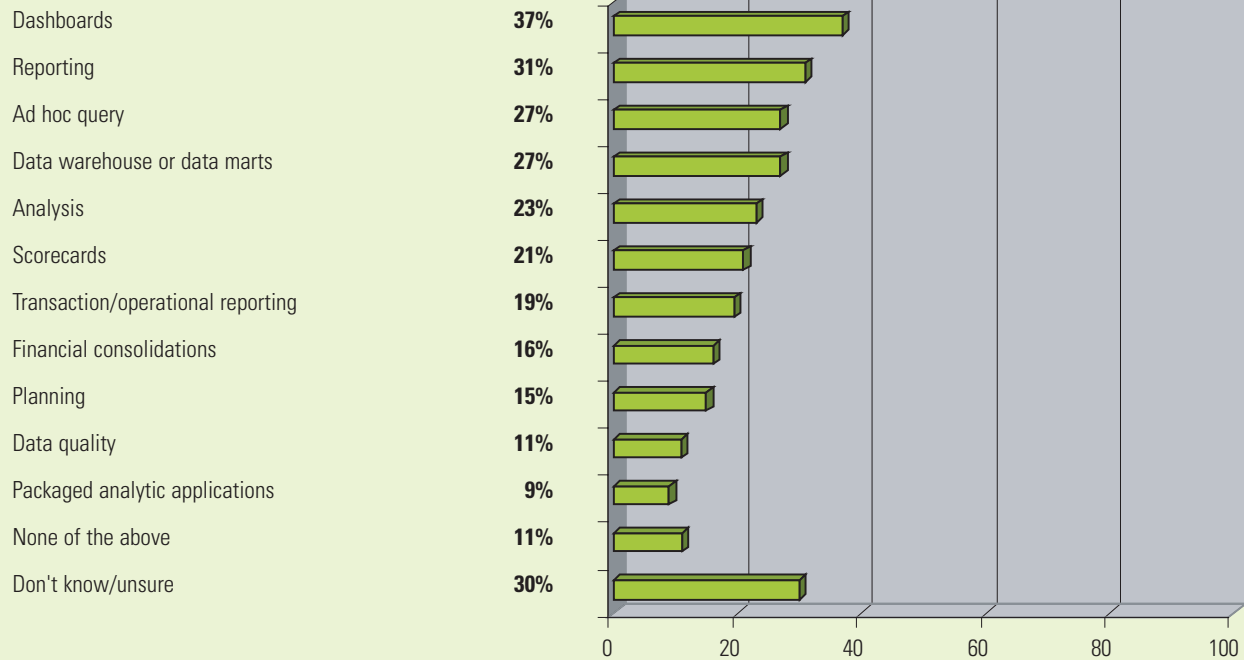
A third of respondents source their data through data warehouses or data marts - meaning metadata is collected and archived within a data store intended specifically for analysis. Another 24 percent are either in the process of deploying or are planning data warehouse and data mart implementations. (See Figure 14.) Overall, at least eight out of ten of the data warehouses and marts in the survey source data from PeopleSoft or JD Edwards.

FIGURE 14: Data Warehouse/Data Mart Deployments



Dashboards and reporting tools will be the most likely implementations of Performance Management, the survey found. Close to four out of 10 respondents, 37 percent, said they will be implementing dashboards, and 31 percent will be working with standard reporting tools. (See Figure 15.)

FIGURE 15: Technology Deployment Plans - Next 12 Months



DEMOGRAPHICS

FIGURE 16: Respondents' Leading Enterprise Transaction Applications

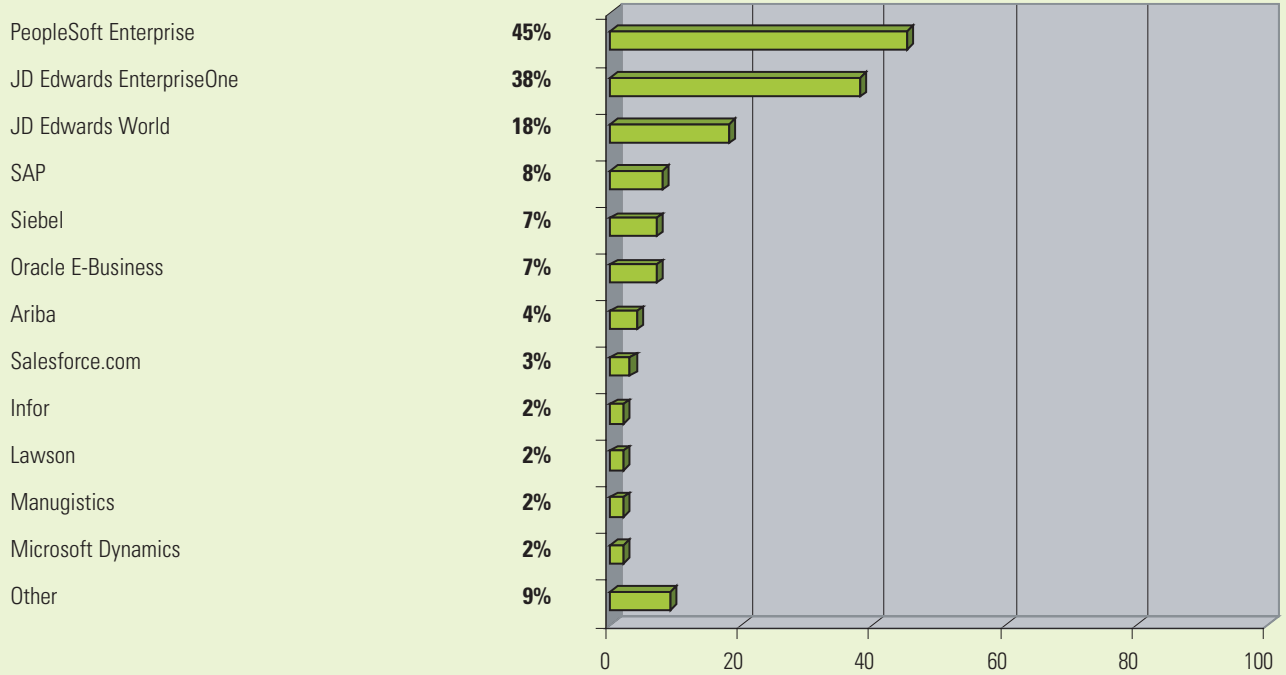


FIGURE 17: Respondents' Company Sizes - By Number of Employees

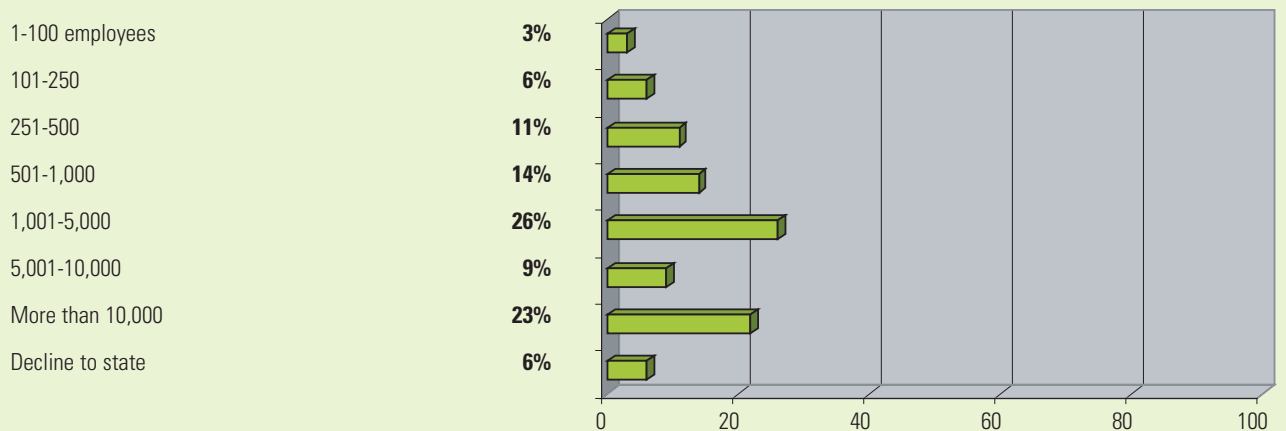


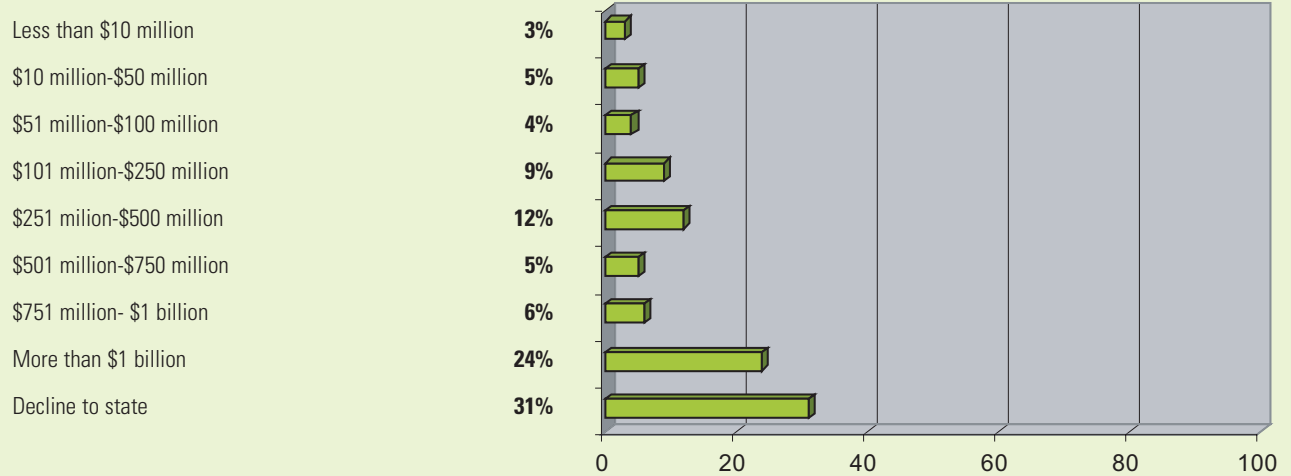
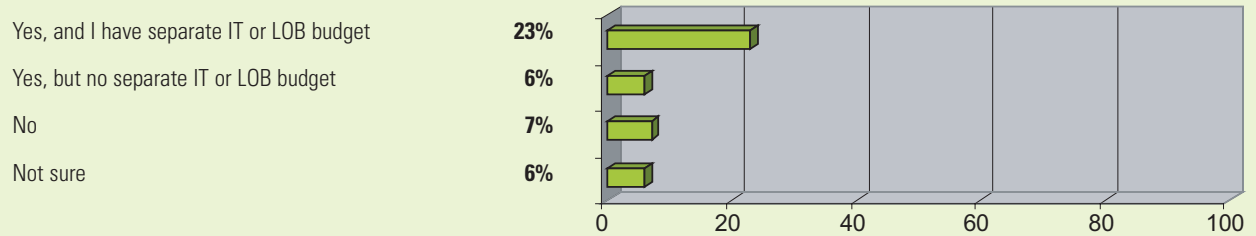
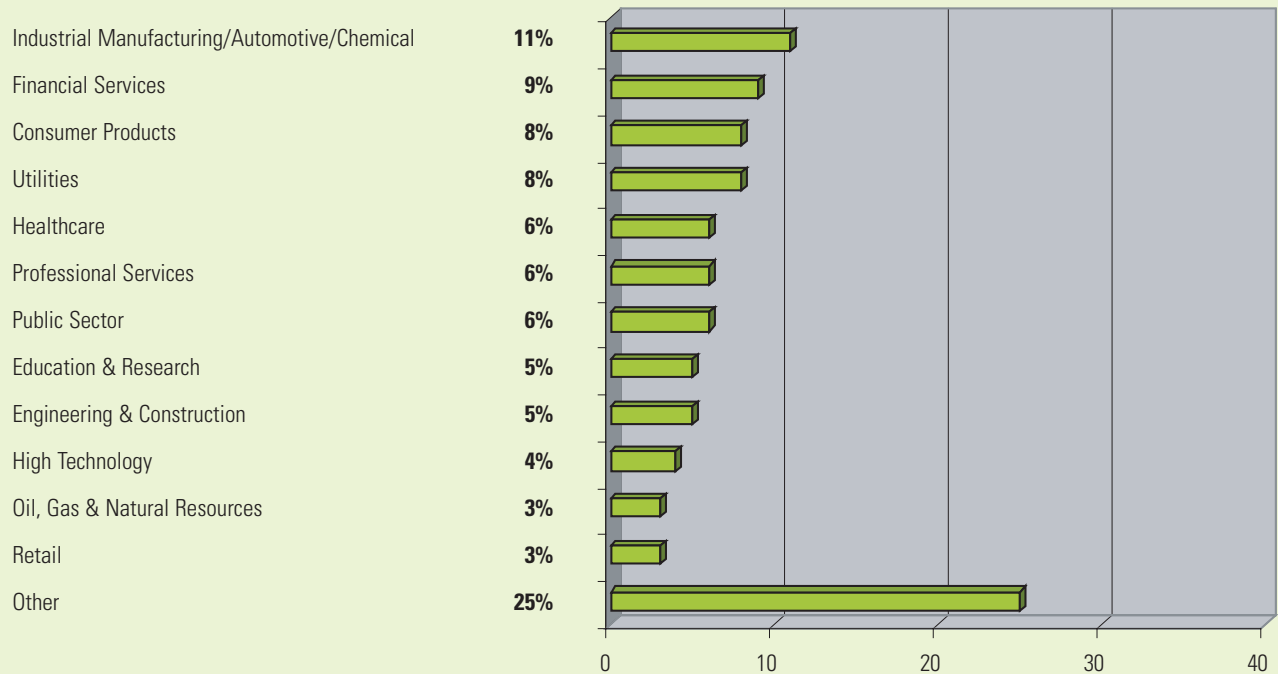
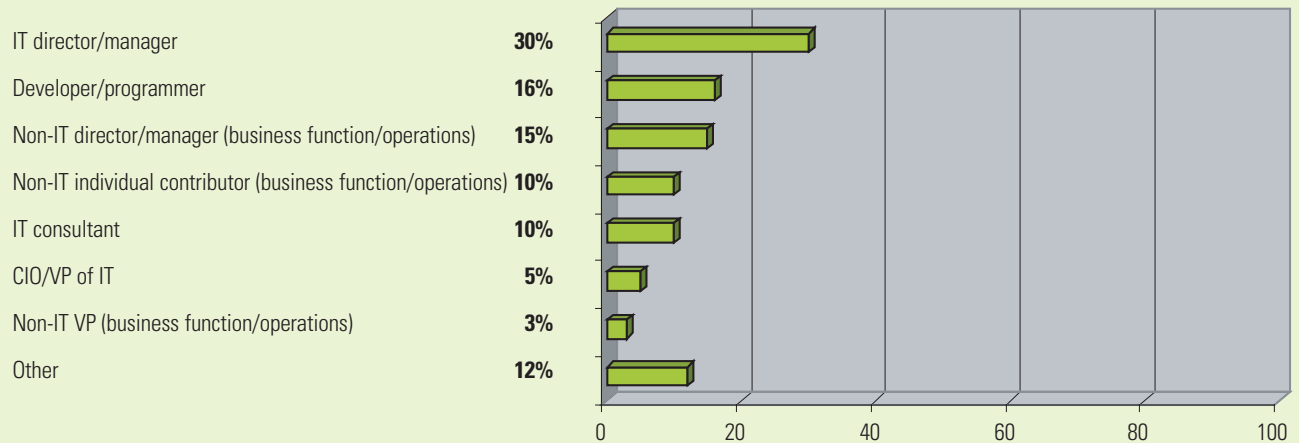
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FIGURE 20: Respondents' Primary Industry**FIGURE 21: Respondents' Job Roles**

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