

A woman with long brown hair is looking down at a tablet device. She is wearing a dark blue patterned top. The background is a blurred city street at night with bokeh lights. A large red diagonal shape is overlaid on the image, pointing towards the bottom right.

# **EPM Trends Report**

## **2018**

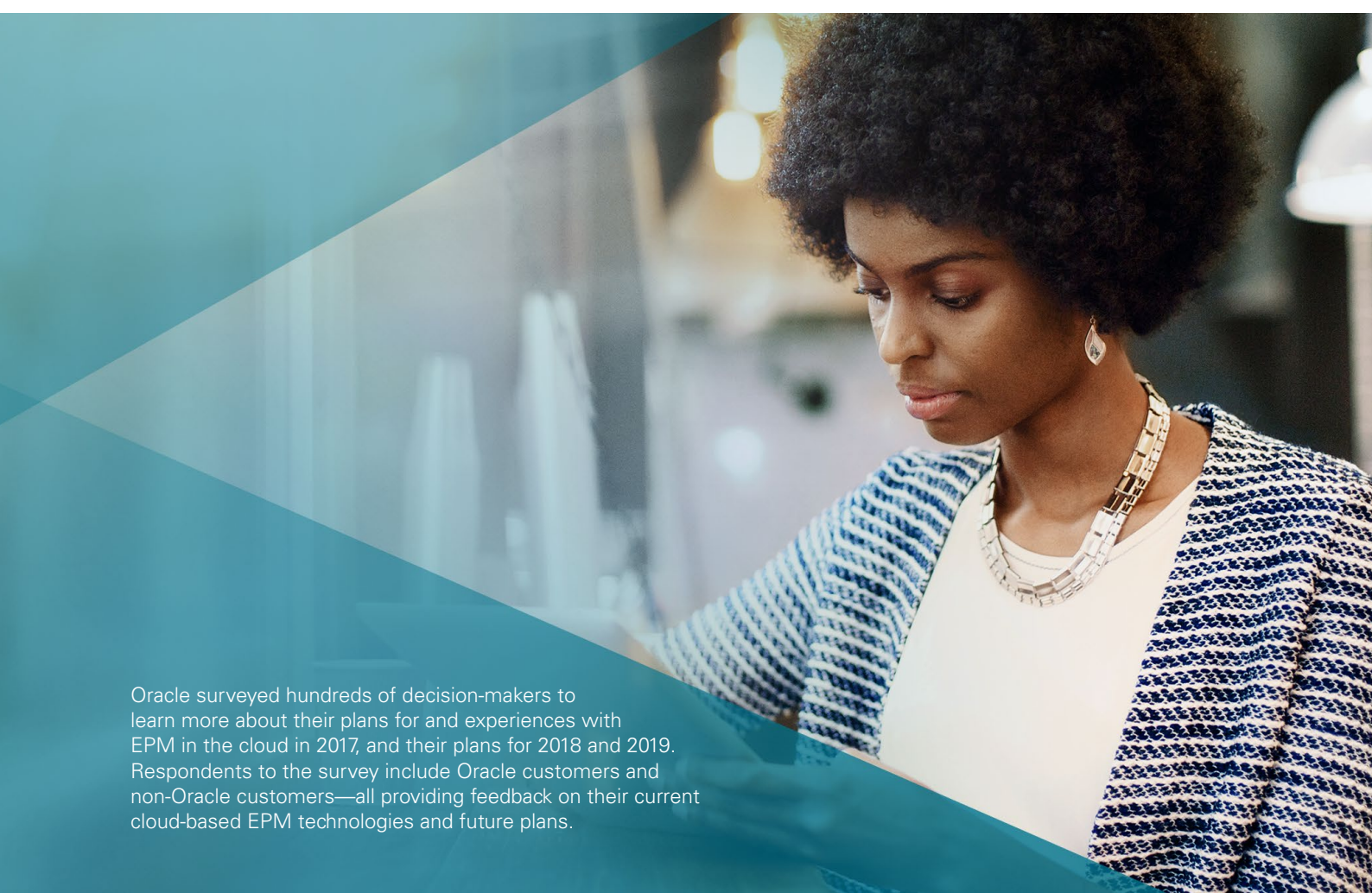
# Introduction

Cloud technology has reached an inflection point within the office of finance. In our fifth annual Enterprise Performance Management (EPM) Trends report, more than half the respondents (62 percent) have moved or will move their EPM processes to the cloud within the next year.

With aging systems and the pace of change accelerating, avoiding on-premises upgrades is now the top reason to move to the cloud. More importantly, companies are starting to appreciate the benefits of continuous innovation that come with the cloud, as well as to understand the risk of technology obsolescence that can occur when focusing too many resources on maintaining outdated systems.

But moving to the cloud is not about simply lifting and shifting capabilities from on-premises to the cloud; it's an opportunity to reinvent and transform your business processes, and infuse them with best practices.

The cloud not only enables new capabilities; it provides the vehicle to deliver emerging technologies such as artificial intelligence, machine learning, process automation, blockchain, and more. These capabilities are enhancing the next generation of EPM cloud that enables finance leaders to build future-ready finance organizations.



Oracle surveyed hundreds of decision-makers to learn more about their plans for and experiences with EPM in the cloud in 2017, and their plans for 2018 and 2019. Respondents to the survey include Oracle customers and non-Oracle customers—all providing feedback on their current cloud-based EPM technologies and future plans.

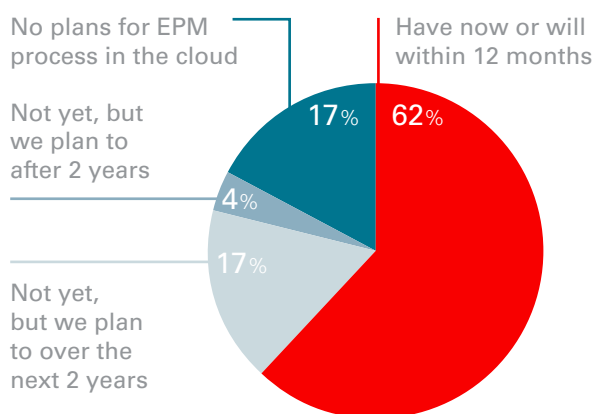


# 1. EPM in the Cloud Is the New Status Quo

Within the office of finance, EPM processes have often been the first to move to the cloud, and EPM in the cloud is rapidly becoming the new standard. The pace of adoption is accelerating, with 62 percent of this year's survey respondents reporting that they are currently running EPM processes in the cloud, or will within the next 12 months. This is up from 46 percent in last year's survey.

Overall, 79 percent of respondents indicate they have plans for EPM in the cloud within the next two years, versus 65 percent in last year's survey.

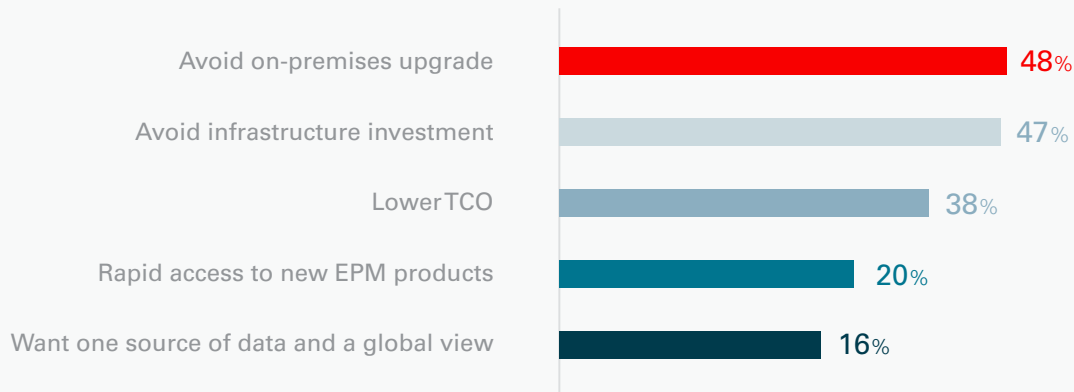
## Do you have EPM processes in the cloud?



## 2. Just Say No to Upgrades

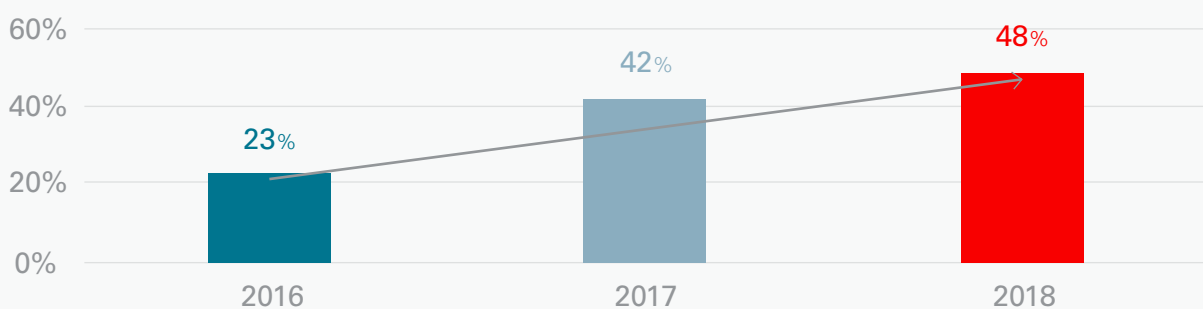
What's driving this shift to EPM cloud? As with our previous EPM trends studies, costs and economic considerations remain key reasons for moving to the cloud, including avoiding infrastructure investments and lowering TCO. But, with systems starting to age, organizations are looking more closely at the pain, complexity, and time involved in upgrading their on-premises software.

### Top five reasons for moving EPM to the cloud



Avoiding on-premises upgrades has rapidly risen to the top as the main driver for moving EPM to the cloud (48 percent), up from the second most stated reason (42 percent) last year and sixth place (23 percent) two years ago.

### On-premises upgrade avoidance rises as top reason for moving to the cloud



Percentage naming upgrade avoidance

Companies are starting to appreciate the benefits of the continuous innovation that comes with the cloud. And they are realizing the impact and risk of technology obsolescence that can occur when focusing too many resources on maintaining outdated systems.

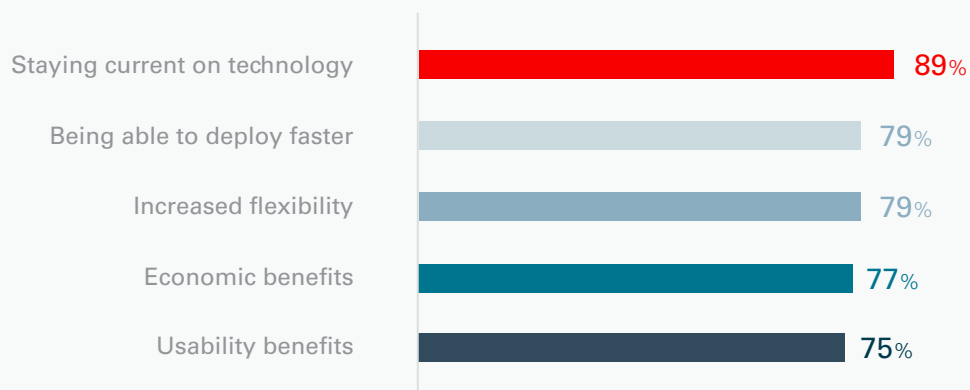


### 3. Come to Save Money, but Stay for Business Agility

While economic drivers lead the reasons to move to the cloud, the benefits realized with EPM cloud go far beyond cost savings. Organizations found that the competitive advantage offered by always-new technology outweighed everything else. Compared with last year's survey, staying current on technology increased significantly as a benefit (89 percent, up from 75 percent). Improved flexibility also increased in importance (79 percent) over last year (62 percent), tying with faster deployments in second place.

In this era of digital disruption, organizations need to be nimble, and the cloud offers the agility to rapidly adapt and stay ahead of changing conditions. Moreover, with cloud, the risk of technology obsolescence drops to zero—putting the business on a more solidly competitive footing.

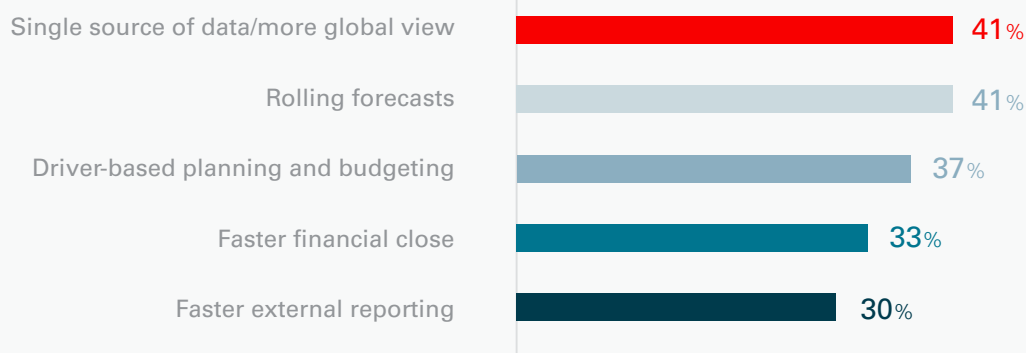
#### Benefits realized with EPM cloud



## 4. Using Best Practices Yet? Look to the Cloud

Moving to the cloud has enabled respondents to innovate and adopt best practices such as rolling forecasts, driver-based planning, and faster reporting and close. With best-practice processes baked into applications, cloud services make it easier to disseminate standardized best practices across an organization, which can lead to higher productivity and performance. Moreover, in the era of the cloud, best practice becomes a well-organized toolbox that is continually upgraded with the latest features, so cloud customers always benefit from access to the most current technology.

### Which of the following leading practices has been enabled by moving to the cloud?



In addition to disseminating best practices, EPM cloud has enabled the majority of the organizations we surveyed to do something that they were not able to do before, ranging from connected enterprise planning to dynamic profitability and more. These customers are finding that moving to the cloud is not just a lift-and-shift exercise; rather, it's an opportunity to transform business processes.

"As we were in Excel files in the past, we were not able to generate a P&L at the press of a button."

"Easier to generate reports that meet customers' needs."

"Produce full monthly reporting packages within four days of month end."

—Cloud users' survey comments

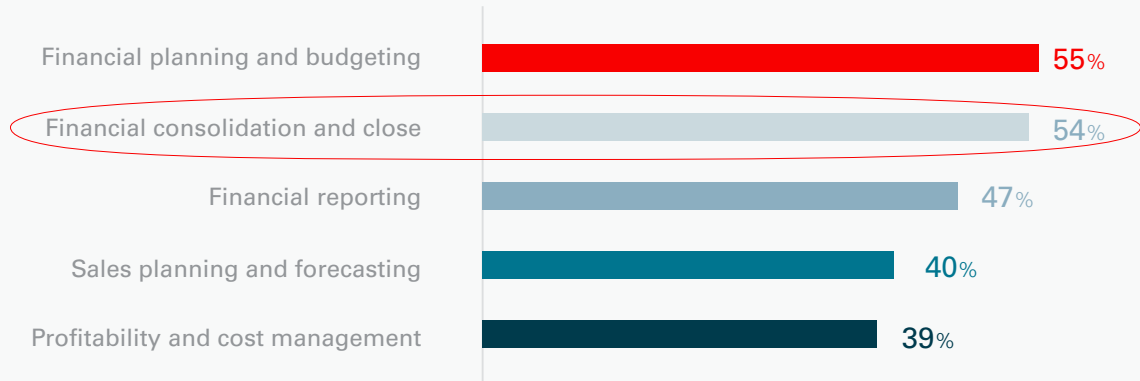




## 5. The Next Big Thing

Whereas planning and budgeting has been the beachhead for EPM in the cloud, financial consolidation and close has risen in importance to become the next significant area to move to cloud. In our survey, it ranked in second place, up from fifth place just a few years ago.

### What's next for EPM cloud users?



Increasing regulation and stakeholder demands are putting more and more pressure on financial consolidation, close, and reporting processes. A fragmented approach to financial close and reporting processes makes meeting these demands problematic. Organizations are now turning to cloud software solutions that address the extended process, from ledger close to regulatory filing, to help them deliver a modern financial close.

Oracle EPM Cloud provides an integrated solution for the [extended financial close and reporting process](#).

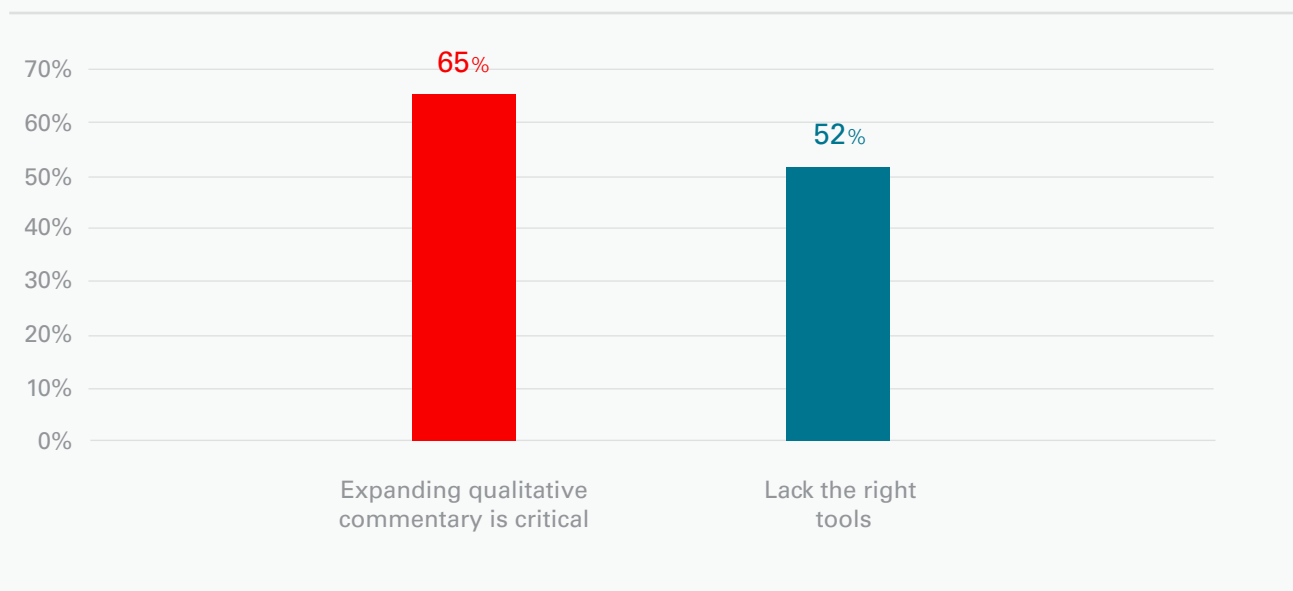




## 6. It's Not Just About the Numbers

In today's dynamic business environment, it's more important than ever for management to clearly explain the quality and sustainability of corporate performance. Nearly two-thirds of the companies in our survey agreed that expanding qualitative commentary is critical in their reporting processes. Organizations see the need to report in a timely and accurate manner, and to provide a level of visibility and transparency so that stakeholders can fully understand the numbers reported.

And yet, more than half of respondents are not confident in their tools to provide sufficient collaboration to produce that qualitative commentary.

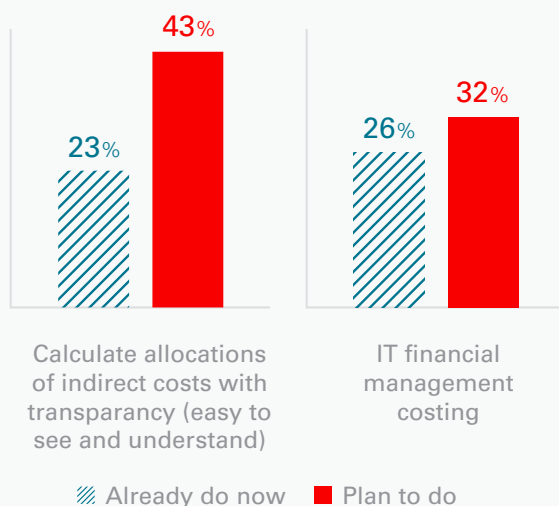


Modern enterprise reporting solutions should provide collaboration facilities so that staff can enrich the numbers with meaningful commentary through integrated, secure and purpose-built functionality. Oracle EPM Cloud enables you to reinvent [narrative reporting](#) by streamlining reporting processes and combining data plus narrative in a secure, collaborative environment.



## 7. No More “Black Boxes”

Traditionally, finance has focused on calculating costs at a company level. Less than half of the respondents also calculate costs at a group or class level, and at an individual customer, product, or service level. With today's technology, calculating the direct costs associated with each costing level is much easier than it used to be, but indirect costs for many are still done poorly or inaccurately (that is, spread like peanut butter across all products), or worse, they are done in a black box (purchased programs or in-house creations) with little or no transparency for recipients. This year, 43 percent of respondents declared they plan to change this practice and provide transparency of allocations to aid in controlling costs and changing inefficient practices.



The information technology (IT) department is a great example of a department with high indirect costs, because a good portion of its budget is attributed to people resources (indirect or shared). 32 percent of respondents indicated they planned to implement IT financial management (ITFM) to better understand the cost implications on the use of and plans for their resources. Add to this the 26 percent that have already implemented ITFM, and it becomes apparent that ITFM is becoming a popular method of managing indirect costs.

Oracle EPM Cloud enables [profitability and cost management](#) at all levels, and provides the transparency and scenario modeling needed to control costs and help change inefficient practices, including [IT financial management](#).





## 8. The Only Thing That's Constant Is Change

Change is rampant in today's business environment, from mergers and acquisitions to sales territory realignment, new product rollouts, migration to the cloud, and more. When such changes occur, the data structures and hierarchies of how the business is managed must also change.

Yet the tools and processes that finance professionals have are not fit for purpose. Face-to-face meetings, spreadsheets, and emails were by far the most common methods used to manage structural changes across enterprise systems.

### Tools used to govern structural changes across enterprise systems



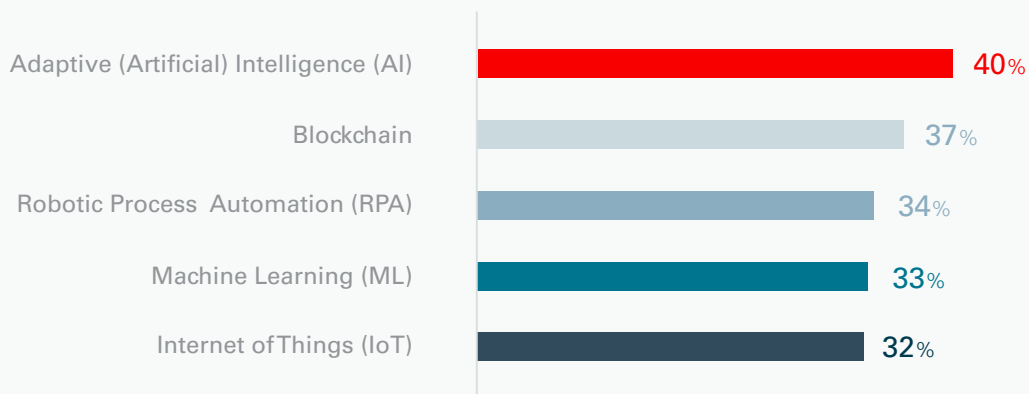
These ad hoc methods are not easily repeatable, trackable, nor auditable, and they impede change. Organizations need an enterprise data management solution designed for dynamic, fast-changing business environments to keep structural information aligned. An enterprise data management solution resolves the difficulties of manual processes and helps finance executives drive more efficiency and more reliable numbers, and be a more effective business partner.

Oracle EPM Cloud provides a [single platform to flexibly manage enterprise data](#), while maintaining data integrity and enterprise application alignment.

## 9. The Power to Transform

In the past several years, we have seen the rapid rise of and interest in cloud-delivered technology advances such as blockchain, artificial intelligence, machine learning, cognitive computing, intelligent or robotic process automation, and the Internet of Things (IoT). The news is filled with stories, and analysts are writing about the impact of emerging technologies on the office of finance. Our survey respondents indicated that they had already begun projects in some of these areas and confirmed their interest in exploring these technologies more.

### Leading-edge technologies: interested in or exploring



Many of these emerging technologies are squarely within the remit of the finance function. For example, blockchain is seen as a new way to manage financial assets, while technologies like machine learning and artificial intelligence can be powerful tools in decision-making. They can help improve the quality of decisions made by finance managers and executives by detecting hidden patterns and insights in historic data. These insights can impact a range of decisions: from tactical decisions (like which vendor to pay first) to operational decisions (like budget reallocations) to strategic decisions (like mergers and acquisitions).

Beyond decision-making, these technologies can also [automate routine tasks](#) to eliminate manual labor and reduce the likelihood of errors. There are many tasks in the financial close and reconciliation process that fall into this category. This type of automation will free up valuable time for finance professionals to engage with operations, and spend more time providing the forward-looking guidance that management needs to capitalize on the next opportunity.

Oracle EPM Cloud is [embedding these advanced technologies](#) and helping finance teams move more quickly from analysis to action.



## Conclusion

In this year's survey, EPM in the cloud reached an inflection point, with more than half of respondents already moved or moving to the cloud within the next year. The availability of EPM solutions in the cloud is providing many organizations the opportunity to improve their EPM processes with best practices such as rolling forecasts and driver-based planning. Financial consolidation and close is the next big area of EPM to move to cloud. Respondents indicate a desire and move toward more clarity and transparency in their narrative and allocations reporting. Enterprise data management can play a significant role in managing and simplifying change, including moving to the cloud. Finally, emerging technologies have the real potential to transform finance, and leaders are looking to incorporate these technologies into their EPM processes to become future-ready.

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