



**BPM at Risk:**  
*How to Increase Your Odds of Success*

**Presenter: Craig Schiff, CEO, BPM Partners**  
**October 28, 2008**



# Craig Schiff



- Craig Schiff, CEO, BPM Partners, a vendor-neutral advisory services firm that guides clients through their performance management initiatives from start to finish.
- Founding member of Hyperion, now part of Oracle.
- Co-founder and first CEO of OutlookSoft, now part of SAP
- BPM Standards Group founding member, contributor to BPM Magazine, Business Finance, Business Intelligence Network, DMReview, TDWI
- 25+ years focused on analytic applications, BI, and BPM





## BPM at Risk ... Agenda

- ◉ Why BPM?
- ◉ Causes of BPM Risk
- ◉ Innovative Vendors
- ◉ Vendor Tactics
- ◉ Risk Reduction Tips
- ◉ Role of Consultants
- ◉ Vendor Landscape Matrix
- ◉ The BPM Deprived
- ◉ Next Wave: IFRS



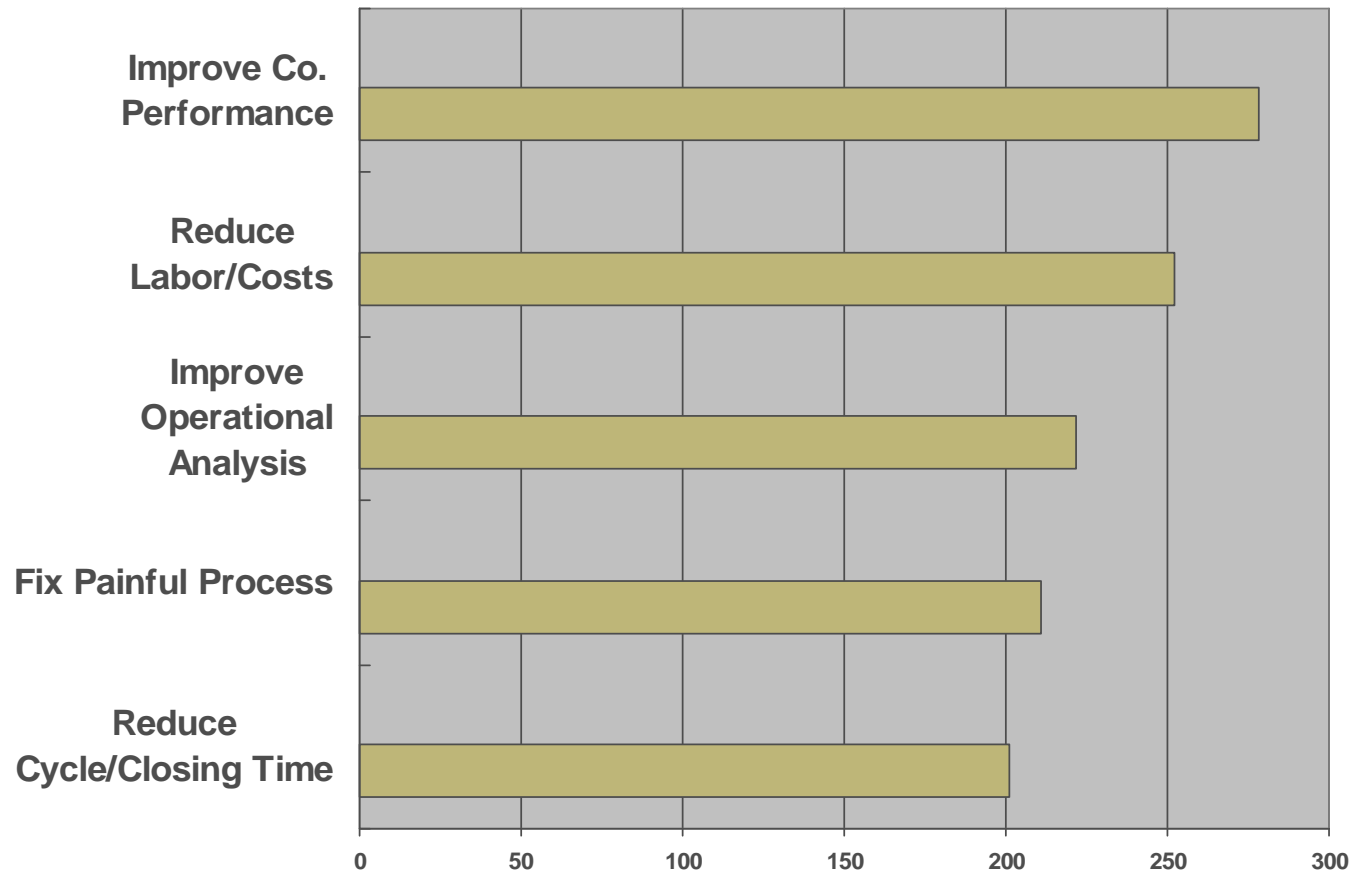
# BPM at Risk

Why BPM?

# Reasons for BPM Project

## BPM Pulse Survey

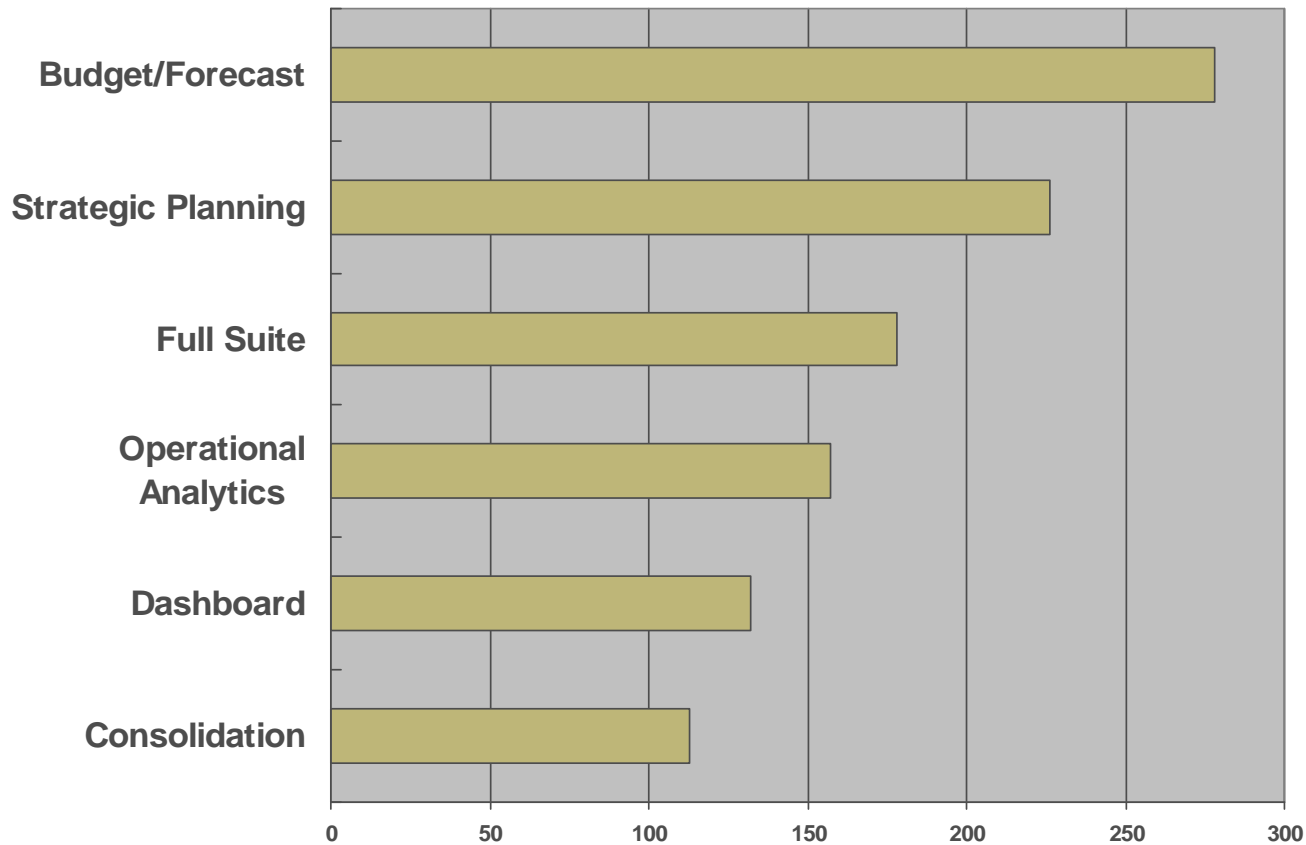
2008



# BPM Components

## BPM Pulse Survey

2008





# BPM at Risk

## Primary Causes of Risk



# Primary Risk Causes

- **BPM Success**

- BPM Pulse 2008: 87% say project met or exceeded expectations
- False sense of security: problems worked out, BPM today perceived as relatively easy and risk-free





# Primary Risk Causes

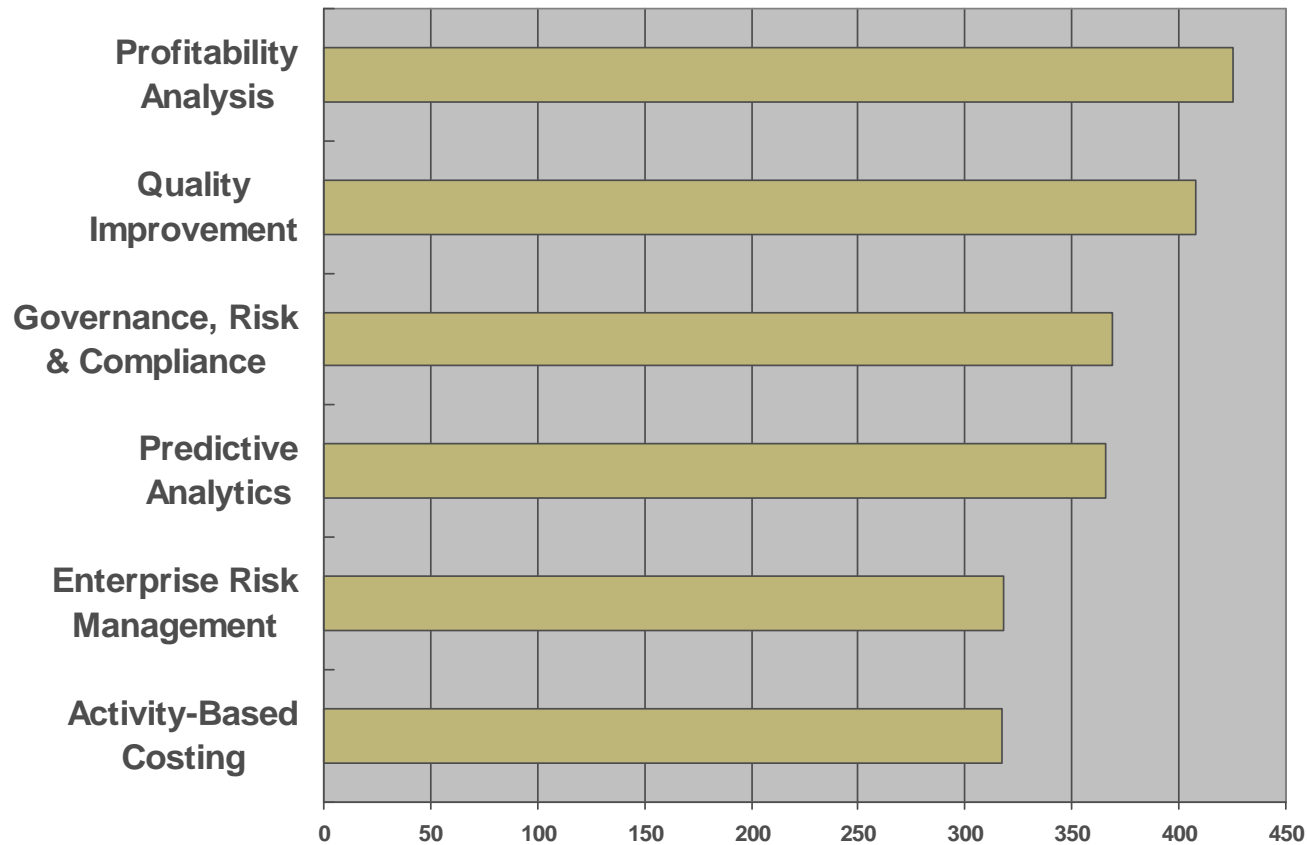
## ◉ BPM Success

- Reality: majority of those 87% did their homework, engaged experts, learned a lot along the way
- Challenges today still the same: gaining executive sponsorship, selecting best fit solution, obtaining user buy-in, measuring the right things

# Business Capability Importance

## BPM Pulse Survey

2008

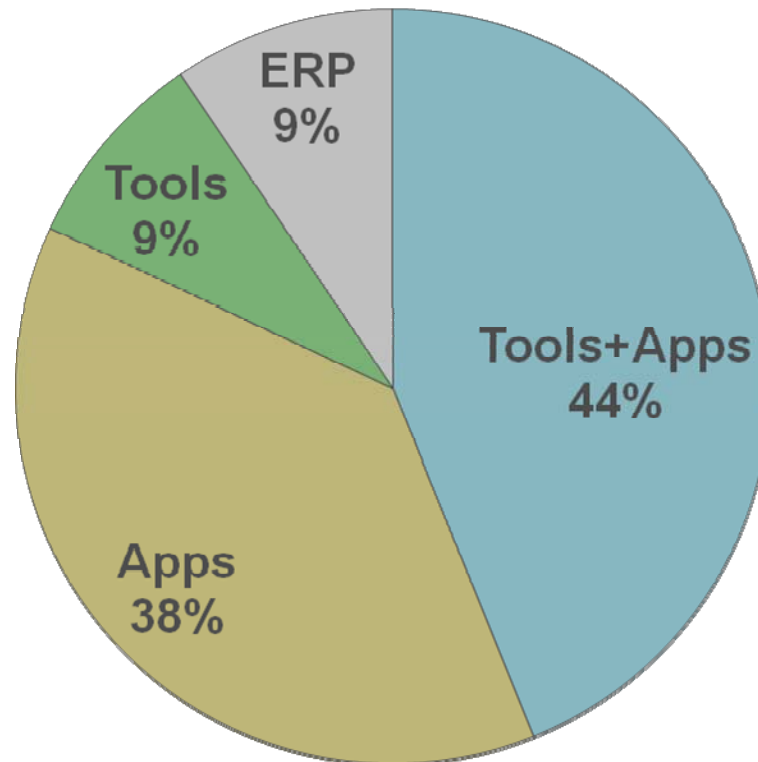




## Primary Risk Causes

- Growing Complexity
  - Requirements for new features not well understood
  - For some vendors new features are more marketing than reality
  - A lot to bite off: need a prioritized roadmap

## Vendor of Choice – Last Year

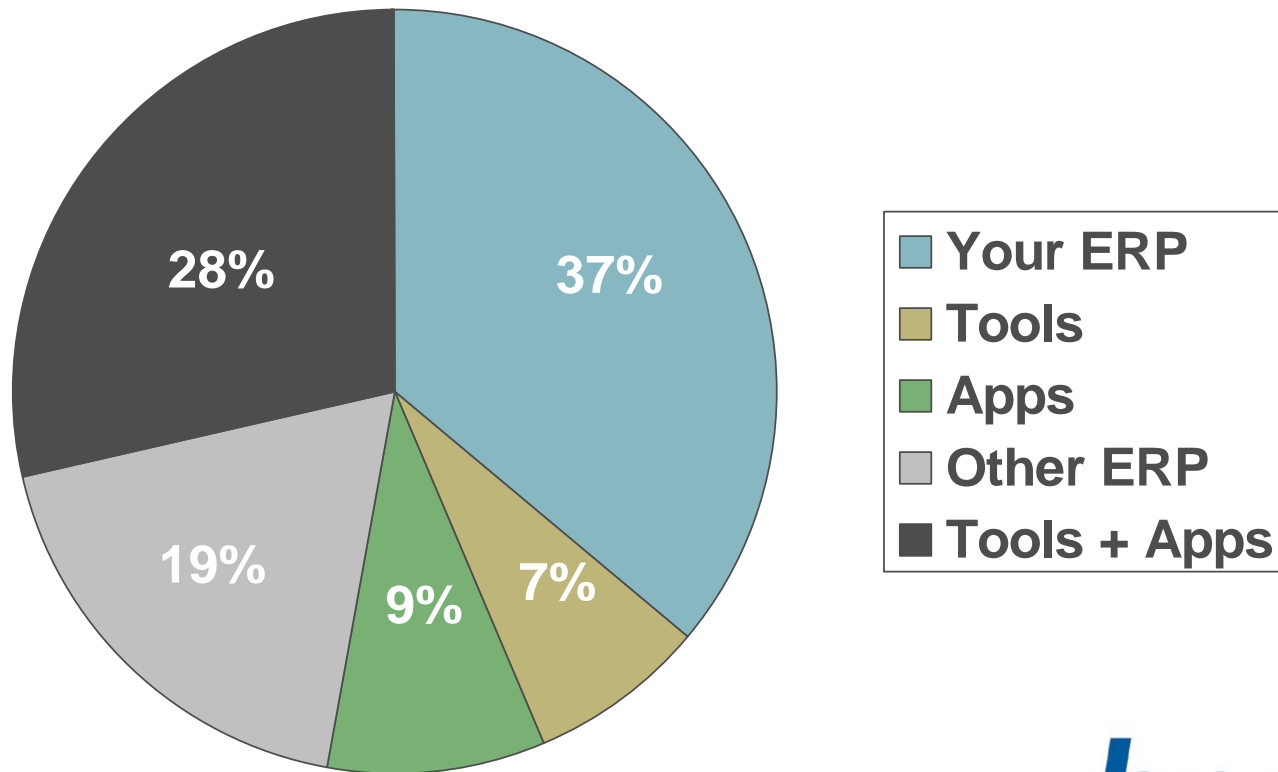


Source: 2007 BPM Partners Pulse Survey

# Vendor of Choice - 2008

## BPM Pulse Survey

2008





## BPM Risk Causes

- Consolidated Landscape
  - Significant marketing spend by handful of vendors
  - Perceived leadership can result in changes to the sales approach
  - False belief that ‘You can’t go wrong with the Big 3’



## BPM Risk Causes

- ‘You Can’t Go Wrong with the Big 3’
  - IBM, SAP, Oracle
  - Not right for everyone: too complex and too costly for some companies
  - The Big 3 are not identical: differ by pricing, integration, focus, future roadmap
  - Many smaller, innovative companies may better address specific requirements



# BPM at Risk

Performance Management Innovators





## BPM Innovators

- Unique Capabilities
  - Adaptive Planning: On demand solution, collaboration capabilities
  - Varicent: Sales performance management
  - myDials: Operational analysis via pre-built dashboards
  - Tagetik: Business process platform – cash management, credit reporting and analysis



## BPM Innovators

- Unique Capabilities

- Alight Planning: forecasting and modeling based on rates/units/amounts model
- Whitebirch Software: advanced modeling and portfolio optimization
- River Logic: demand planning
- Acorn Systems: profitability analysis
- Carpio Systems: graphical approach to optimization, MicroStrategy integration



# BPM Innovators

- Unique Capabilities

- Longview: Tax planning and provisioning
- Clarity: Financial statement reporting for the SEC
- SAS: Sustainability solutions
- SAP: Governance, risk and compliance
- IBM/Cognos: Mobile, Search, Hardware appliance



# BPM at Risk

## Vendor Tactics



## Vendor Tactics

- **Zombie Products (dead products brought back to 'life')**
  - Product is put out to pasture, customers are compelled to move to new product/version
  - Some customers refuse to move and consider other vendors
  - Salesmen promise to extend support for product
  - May have to pay to upgrade to latest version of dead product



## Vendor Tactics

- Product “Frozen in Time” = Dead
  - No longer sold/marketed, talent moves to newer products
  - Limited support: reduced phone access, major bug fixes only, minor enhancements
  - No major enhancements: product is frozen in time – technology, promised features, new capabilities



## Vendor Tactics

- Insight/Assessment Services (“trust us”)
  - Vendor team will analyze your business needs
  - 3 to 6 week process, usually at no cost (other than your time and resources)
  - Vendor will come back and recommend technology solutions to meet your business needs
  - Their solutions will always be the answer



# BPM at Risk

## Risk Reduction Tips





## BPM Risk Reduction

- Executive Sponsor

- Key to the whole project, sets tone and vision, mediates disputes, drives change
- Without a sponsor project may never get off the ground, or stall out early on

- BPM Roadmap

- Identifies desired state, present state, gaps, and steps to close the gap
- Essential to define priorities, set expectations, identify current and future product needs

# BPM Risk Reduction

- Define Requirements
  - Requirements for each area to be addressed with enough detail to distinguish between vendors
  - Gain buy-in, be inclusive, aids in end user acceptance later
  - Go beyond current pains, but be realistic, eliminate blue-sky items
  - Technology constraints, interfaces
  - Pricing, delivery options



## BPM Risk Reduction

- Rigorous Evaluation
  - Multiple vendors
  - Custom demo/proof of concept
  - Team scoring
  - Analyze scoring variances
- Develop Key Performance Indicators
  - Do not just use existing report ratios
  - Tie back to corporate strategy
  - Mix of financial and non-financial
  - Goal: cascading dashboards throughout the company



## BPM Risk Reduction

- Leverage Expertise
  - Still a challenging process with many potential pitfalls
  - Significant time and dollars investment
  - High visibility mission-critical front office system with 5-7 year life
  - Hire an expert (employee/consultant), or become one



# BPM at Risk

## Role of Consultants



# BPM Consultants

- ◉ Strategy
- ◉ Financial Process
- ◉ Management
- ◉ Implementation



## BPM Consultants

- Strategy Consultants

- What they do: Help clients create, revise, and clarify their corporate strategy, can also assist with change management
- Essential for: companies that lack a well-defined set of goals and objectives, are not culturally ready for BPM
- Look for: industry expertise, methodology used, senior resources
- Examples: Accenture, BearingPoint



## BPM Consultants

- Financial Process Consultants
  - What they do: Review and optimize internal processes and controls for efficiency, auditability, and transparency and assist with governance, risk, and compliance
  - Essential for: companies with inefficient or non-transparent processes
  - Look for: industry expertise, senior resources, knowledge of GAAP and IFRS
  - Examples: The Player Group, Grant Thornton





## BPM Consultants

- **BPM Management Consultants**
  - What they do: Combine financial, technical and BPM expertise to help clients select and deploy solutions with less risk at lower cost
  - Essential for: companies that are cost conscious, risk-averse, lack internal resources with deep and current BPM expertise
  - Look for: Breadth and depth of BPM knowledge, best practices, senior resources, vendor neutrality
  - Example: BPM Partners, Inc.



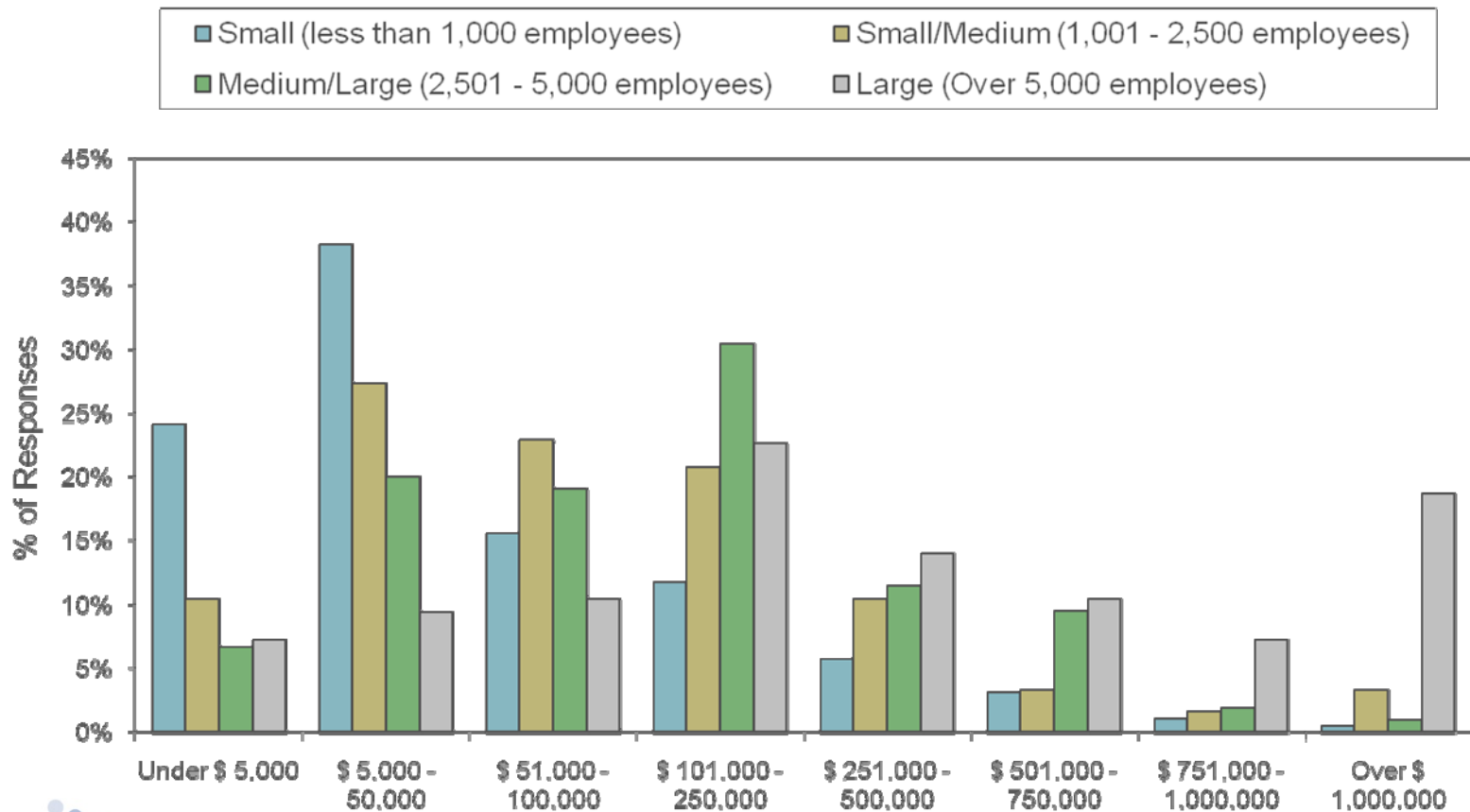
## BPM Consultants

- Implementation Consultants
  - What they do: Customize the selected technology solution to meet a client's specific needs
  - Essential for: companies that have a tight timeframe or limited availability of internal resources
  - Look for: Depth of product specific knowledge, location, pricing, reseller status
  - Examples: ITEC, Pinnacle Group

# Planned Spending

BPM Pulse Survey 2008

How much do you plan to spend on BPM related products and services in the next 12 months?





# BPM at Risk

## BPM Partners Vendor Landscape Matrix



## Vendor Landscape Matrix

- Objective placement on 3x3 matrix
- Based on product scope and market traction (placement as well as inclusion)
- Commentary on new or unique elements
- Standard functionality checkboxes
- Customer satisfaction ratings for multiple attributes
- Comprehensive tool to help end users develop their BPM vendor shortlist

# Vendor Landscape Matrix

Comprehensive


Specialized

Developing

Established



# U.S. Vendor Landscape 10/08

See Session Handout



# BPM at Risk

## The BPM Deprived





## The BPM Deprived

- Cost
  - Valid issue in the past, particularly for smaller companies
  - Recently several vendors have introduced attractively priced offerings for the mid-market
  - SaaS solutions reduce demand on IT infrastructure and staff
- Risk-averse
  - Don't want to be pioneers or early adopters
  - BPM has hit the mainstream
  - 87% have met or exceeded expectations
  - Follow BPM Partners guidance to reduce risk



## The BPM Deprived

- Other Priorities

- Most common reason, BPM on the backburner
- Putting out fires; it's possible that BPM could have helped spot those problems early
- Implementing/replacing ERP
- BPM can be implemented in parallel and more quickly than ERP
- Start enjoying BPM benefits sooner, point to new transactional source data when ready



## The BPM Deprived

- Lack of an Executive Sponsor
  - Those who most feel the pain are not a position to do anything about it
  - Senior management may not see the significant effort or error-prone process required to get their reports
  - Make management aware of time, costs, morale and retention issues
  - Educate senior team on benefits peer organizations are receiving from BPM

## The BPM Deprived

### ● In Pain

- Still using risky and painful spreadsheet process
- Try to fix it before the next budget cycle, but run out of time
- Vow to fix it before the next cycle
- Heads down during the budget
- After budgeting have other priorities
- Process repeats
- Key is to work back from the target live date and determine when you need to start your BPM initiative to be ready
- Bite the bullet and get it done



# BPM at Risk

Next Wave: BPM and IFRS



## Impact of IFRS

- Changeover will require new accounts
- Alternate or additional roll-ups
- New level of detail in certain areas
- Revised calculations
- Multi-GAAP reporting and reconciliation
- Auditability and transparency
- Difficult to accomplish in spreadsheets, custom-coded, or departmental BPM systems



## Value of BPM Technology

- Ideal: BPM consolidation and reporting company-wide
  - Some BPM systems today are departmental or only budgeting/dashboards
- Don't wait until the last minute to implement
- Too complex to change technology and process simultaneously
- Start getting BPM benefits now



# IFRS System Challenges

- Multi-GAAP
  - Report on U.S. GAAP, IFRS, local GAAP
  - Re-use base data
  - Use consolidating logic
  - Alternate roll-up approach
  - Reconciliation report





## IFRS System Challenges

- PP&E componentization
  - Separate depreciation for each significant component
  - Capture additional detail
  - Track costs for financial reporting, tax, and multi-GAAP differences
- Inventory
  - LIFO not allowed
  - Ability to reverse write-offs



## IFRS System Challenges

- Sales contract tracking
  - Completed contract accounting not allowed
  - Tied to milestones/deliverables
  - Percent complete or recoverable cost
  - Revenue recognition
- Expanded consolidation
  - Based on financial and operating control
  - Reduces off balance sheet entities



## IFRS System Challenges

- Segment reporting
  - By product
  - By geography
  - Mutli-dimensional reporting and analysis
- P&L and Balance Sheet by categories
  - Operating
  - Investing
  - Financing



## Action Plans

- Identify qualifying technology vendors with consolidation and reporting to support IFRS and U.S. GAAP
- Make sure they meet your other BPM requirements as well
- Evaluate, select, and deploy
- Enjoy the benefits today, be ready for IFRS tomorrow



## What do you do now?

- Leverage the Expertise of BPM Partners  
<http://www.bpmpartners.com>
- Participate in BPM Pulse 2009
- Read *Watch Your Step* – BPM Magazine – September 2008
- Utilize *BPM Partners Vendor Landscape Matrix* – October 2008
- Read the BPM Software Guide: Business Finance – January 2009
- Attend our Annual Beyond the Hype Webcast – January 2009



Q&A

# Questions and Answers

# Contact Information



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