

# Enterprise Performance Management Cycle II

---

*A comparative index across 8 geographies, 10 months on*

**February 2010**

*In February 2009, Quocirca interviewed 800 individuals across 8 geographies for their views on, and usage of, enterprise performance management (EPM) tools and processes. The research was repeated in December 2009 and there was a clear improvement in respondents' understanding of EPM basics. However, much remains to be done, and the overall increase in the EPM sub-indices does not mean there is room for complacency. Awareness of how EPM can help an organisation is growing - however, the capability to use EPM processes still leaves much to be desired.*

Clive Longbottom  
Quocirca Ltd  
Tel : +44 118 948 3360  
Email: [Clive.Longbottom@Quocirca.com](mailto:Clive.Longbottom@Quocirca.com)

Bob Tarzey  
Quocirca Ltd  
Tel: +44 1753 855 794  
Email: [Bob.Tarzey@Quocirca.com](mailto:Bob.Tarzey@Quocirca.com)

# Enterprise Performance Management - Cycle II

---

*A comparative index across 8 geographies*

*Much progress has been made since the first cycle of the EPM Index was carried out in early 2009. However, this progress seems to be around awareness; actual implementation and integration of the various underlying processes of EPM is still not widespread.*

- **The overall EPM index for the geographies covered is 7.04 out of a maximum score of 10, compared with 5.13 in cycle I**  
Whereas this leap in the overall index seems to indicate a massive improvement, other findings show that this is mainly around the understanding of what EPM is, and how it can help, rather than in actual implementation of tools and formal processes. Elsewhere, it can be seen how the various processes that underpin and define effective EPM are still being carried out in isolation.
- **There has been a major improvement in the belief that the various EPM processes need to be consistently interlinked**  
In cycle I, only one fifth of respondents felt that the six core EPM processes needed to be regarded as interlinked. In cycle II, this has improved to nearly one third. Those believing that the processes can be regarded in total isolation have dropped from over one quarter to less than five percent.
- **In cycle I, it was predicated that countries with “soft touch” governance expectations would suffer in cycle II**  
Italy, in particular, has fared badly in cycle II. From being a top performing country in cycle I, it is now at the bottom of the table in cycle II. The recession seems to have uncovered basic failings in Italian organisations’ approach to EPM, and these organisations are now struggling to come to terms with how this impacts their existing processes.
- **Inclusion of stakeholders in the EPM process chain remains relatively poor**  
In cycle I, the lowest sub-index score was for stakeholders at 4.77, against an overall main index score of 5.13. In cycle II, the stakeholder sub-index score stands at 6.44, against 7.04 overall. Organisations are still not maximising the opportunities for increased value through encouraging and using inputs from very important constituents such as suppliers and customers, nor from employees, shareholders and others.
- **New geographies or new channels still fare badly as areas to exploit for growth**  
In cycle II, the emphasis has firmly moved towards looking for new customers and keeping existing customers. In cycle I, there was a focus on new products and services: this has been pushed back as the recession forces organisations to look at maximising the revenues from existing lines, rather than taking the riskier approach of investing in something completely new.
- **The view of Business intelligence (BI) has changed markedly**  
In cycle I, only 12% saw BI as being an important means of monitoring, measuring and reporting on the overall health of a business. However, 40% were either unsure as to what BI was, or saw it as an expensive waste of time. Now, only 12% see BI as being a waste of time or are not sure, whereas over 60% see it as being a major tool in running their business. As in cycle I, those who see BI as a critical tool scored better in the overall index than those who did not.

## Conclusions

In just 10 months, the views of organisations on EPM have changed markedly. However, the greater level of understanding and acceptance of what EPM stands for has not, as yet, resulted in hard improvements in implemented approaches. Quocirca expects that organisations will spend the next 12 months building on their new understandings, and that a more rigorous, connected and integrated approach to EPM will be seen in the coming months.

## Contents

1. INTRODUCTION .....	4
2. RESEARCH NOTES.....	5
3. THE ENTERPRISE PERFORMANCE MANAGEMENT (EPM) INDEX.....	6
4. OVERALL INDEX AND HIGH LEVEL SUB-INDEX FINDINGS.....	7
5. STAKEHOLDER ENVIRONMENT .....	11
6. MARKET MODEL .....	14
7. BUSINESS MODEL.....	16
8. BUSINESS PLAN.....	19
9. BUSINESS OPERATIONS .....	21
10. BUSINESS RESULTS .....	23
11. OTHER FINDINGS .....	25
12. CONCLUSIONS AND RECOMMENDATIONS.....	27
APPENDIX – SAMPLE DISTRIBUTIONS .....	29
ABOUT ORACLE .....	30
ABOUT QUOCIRCA .....	31

## 1. Introduction

In early 2009, the impact of the recession was just beginning to make itself felt through the financial reporting structures of organisations around the world. The good times had been rolling, for many, for many years, and the capability to track in minute detail exactly how well a business was performing was not a major issue: cash flow was OK, everyone was being paid on time and there was money in the bank. But the situation was changing fast. Businesses had to know where the next sales were coming from, and when - delays in having this information suddenly had a great deal more impact than previously. There was an increased need to respond quickly to the changing markets and a need to know how the business' customers and partners were being affected, as well as how the recession would change the customers' needs. Organisations needed a better view on what had happened in the past, what was happening now and, all importantly, to try and predict what might happen in an uncertain future.

The first enterprise performance management (EPM) index showed that capabilities around the world could, at best, be termed "modest" and that there was a lot of room for improvement: siloed areas of haphazard process with little formal flow between them, little focus on major areas of who should be involved and at what stage, along with a disregard for important groups of stakeholders whose inputs could be very informative. These all pointed to organisations where measuring performance had been neglected – but such a need was suddenly in the spotlight.

Quocirca has re-run the survey to see what, if any, progress had been made, where this progress would manifest itself, and where there was still room for improvement.

For reference, a full report on cycle I is freely available at <http://www.quocirca.com/reports/20/enterprise-performance-management--the-epm-index>. However, this new report compares the results of both cycles - EPM I and EPM II - and also analyses the impact of the changes between them, and what this means to both medium-sized and large organisations going forward.

In general, it is apparent that the recession has uncovered the failings in many organisations' approach to dealing with their financial reporting. Although the findings in cycle II show that there has been a great deal of progress across the board in the various aspects of EPM, it also shows that there is still much room for improvement. Although there is a greater understanding of the need for integrated and cohesive processes across the enterprise, few organisations are managing this effectively. Whereas the good times hid many of the issues, the bad times have brought these to the forefront, and organisations now have to tackle them head on.

In essence, EPM should provide the information, processes, tools and capabilities for organisations to become smart, agile and aligned. Many organisations seem to be well on the road to understanding this, and must now focus on ensuring that the right processes and tools are in place to make it happen. However, the research shows that some areas are still remarkably weak; organisations need to ensure that equal focus is given to each aspect of the overall EPM process to ensure maximum value is gained from a coherent EPM strategy.

This report draws on interviews with senior influencers and decision makers in the finance function within large and medium sized organisations across 8 geographies (The US and Canada (North America), UK, France, Iberia, Nordics, Benelux, Germany/Switzerland (DCH), Italy) and a range of industry verticals. Their views were solicited across a range of different areas, enabling a relatively simple measure to be taken which indicates an organisation's readiness for embracing, using and maximising the impact of EPM.

The survey has been split into discrete sections (described in section 2 below), which allows for a granular set of measurements to be taken, enabling greater analysis of where various organisations should be focusing their energy in ensuring that EPM works for them.

## 2. Research notes

The research included in this report consists of 800 telephone interviews carried out in November and December 2009. The individuals interviewed were profiled as being part of the financial reporting function within their organisation, as well as being involved in the measurement of the effectiveness of business processes. The research was carried out across 13 countries, which were then aggregated into 8 geographies. The interviews were carried out in native language for all geographies, excluding the Nordics where English was used. A range of vertical markets were covered (see appendix).

Interviewees were reminded that the research responses should not just reflect their own process group, but should reflect their view of the overall business, including the various stakeholders in the business and management processes. Therefore, the research attempts to reflect the overall reach and effectiveness of all parts of an organisation and its value chains.

The research concentrates on the “perceptual” responses of the interviewees. By this, Quocirca means that the research did not set out to uncover any actual, defined capabilities of an organisation at either a technical or business process level, but to uncover how individuals perceived the capabilities of their organisation to address the areas raised in the research. Each question was designed to return a score on a scale between 1 and 10 (with a 0 denoting a “don’t know” answer). Guideline statements for the lower and upper scores were provided, with the interviewee then choosing a point on the scale that they believed best reflected the position of their own organisation.

This approach will, by its very nature, lead to a comparative set of results that are built upon perceptions which may not be fully reflected in reality. This perception/reality gap is, in itself, important, in that many individuals within organisations have misaligned perceptions around their own business’ capabilities. Other research has been published looking more at the actual technical capabilities of organisations to meet the basics of an EPM strategy, but such research can also miss the fact that there is often a significant gap between the capability to carry out an action or process, and the manner in which it is carried out.

A straightforward 1–10 scoring system, as used here, will also tend to receive responses that are bunched towards the middle. Throughout the research, the analysis shows that response distribution has followed a “bell curve” (the highest number of responses occurring in the mid-scoring ranges, with a general drop off in responses towards the extremes). However, by using a wide range of possible response scores, the research can pick up on relatively small differences (in the range of less than 0.1 points) while still maintaining a high degree of statistical relevance.

Throughout the analysis, Quocirca has split responses into “strong” responses (scores of 7–10) and “weak” responses (scores of 1–4). This enables the middle of the bell curve (scores of 5 and 6) to be effectively discounted while still creating groups of scoring, enabling comparisons to be effectively drawn.

Finally, the approach has not been normalised in any way to reflect local artefacts. By this, Quocirca means that some regions may respond in a different manner to others – for example, one country may be found to score less often towards the extremes of a scoring response than another, for example because respondents are culturally biased towards not giving extremes as responses, and another country may consistently score higher for the same actual perception than another. Although it is possible to theoretically adapt scores to reflect these issues and so create a more directly comparable data set, the decision has been made here to leave all data in its “raw” form so as to avoid any form of analytical subjectivity.

Such an approach allows a baseline to be created and for trending to be measured as the index evolves over time. It should not be seen as providing a solid view of any organisation’s actual EPM “readiness” at a technical or full process level, but it can be used to indicate how well any grouping within the analysis perceives itself against the broader picture.

This report reflects the second cycle of this research, enabling Quocirca to compare and contrast the findings against those from 10 months ago.

The research was not carried out across the same sample group in both cycles. Using the same group leads to a natural drift towards higher scores, as familiarity with the subject drives the scores. Also, between the two cycles, individuals may have left an organisation, and organisations themselves may have been acquired or have disappeared. There will, however, be some overlap of response at the organisation level within the two cycles of the research: when looking at large companies in relatively small geographies, this is unavoidable.

### 3. The Enterprise Performance Management (EPM) Index

#### Main Findings:

- The index has been created to provide a baseline against which future progress can be measured.
- The index consists of six sub-indices, each covering a different area of an organisation's performance workflows.
- The EPM processes covered are inter-related and there are linkages within and across them. Implementing the processes enables a coherent and effective EPM strategy to be built up.

Quocirca, in conjunction with Oracle, has created the EPM Index. The purpose of the index is to provide a baseline, against which future trends and improvements in how well organisations perceive that they are dealing with the various aspects of EPM can be measured.

The overall index is based on an average of six sub-indices, each of which concentrates on a specific area critical to the overall health of an organisation. These sub-indices cover the following areas:

- **Stakeholder environment:** An organisation will have a range of stakeholders. As well as the obvious financial stakeholders (individual shareholders, institutional shareholders, venture capitalists and angels), there are also employees, customers, partners and suppliers, regulators and society at large. Each of these will have their own agenda as to what they expect to get out of their relationship with the given organisation, but all will have a vested interest in its success. Understanding the various needs of each type of stakeholder, and ensuring that these needs can be met within financial and legal constraints, is an imperative if management excellence is to be attained. Stakeholders also have a role to play as inputs to an organisation's strategy, and the means of capturing, acting upon and reporting back to such stakeholders on their inputs must be in place.
- **Market model:** Today's markets are ephemeral, changing on a constant basis as external forces create new needs. Without a full view of what these dynamics are, an organisation's market model cannot be effective. To create a market model that can be fully responsive to market changes, while also predicting and being proactive wherever possible, requires a full in-depth knowledge of what your competitors are doing, what trends there are within the market, and how new and proposed product offerings will impact existing products. Within the market model, there should also be the means to evaluate merger and acquisition targets, along with the capability to test various product and organisational scenarios as to their impact on the organisation itself.
- **Business model:** The business model is a strategic-level model describing how an organisation plans to grow and thrive. This covers areas such as organic versus inorganic growth, outsourcing, divestment of non-core or failing business units and growth through penetration of new geographies. The main means of ensuring that a business model supports the needs of all stakeholders is through the use of scenario analysis, enabling the most successful potential scenarios to be rapidly identified and implemented.
- **Business plan:** Within business planning, the capability to forecast and report on a near-real-time basis becomes important. Changes within the market may impact on the business model, unless these changes can be identified and dealt with as soon as possible. Making small changes through the business plan at this stage avoids the need to re-strategise the business model at a later date. The use of variance analysis enables such required micro-changes to be identified at an early stage; this is especially useful when comparing the organisation against others in the same market, rather than just focusing purely on internal factors.
- **Business operations:** Once an organisation has provided details of the market and business models, and has codified these as a plan that meets the needs of the stakeholders, it then requires operational excellence to ensure that these models and plans are effectively followed. The information uncovered through operational analysis has to be fed back into the overall system, impacting the business and market plans. Again, provided an agile system is in place, the changes required to ensure that the business operations continue to fulfil the requirements of the stakeholders and the business itself should be minimal. Underpinning business operational excellence are effective processes that cross the organisational boundaries to include the various stakeholders in the exchange of information, and enabling effective collaboration up and down the value chain.
- **Business results:** The aim of all the above actions is to ensure that the business results meet or exceed the expectations of the stakeholders. Again, measurement of the results, whether these be of products sold, margins attained or the success of a new campaign, has a direct impact back into previous steps, and the need for individuals and groups to have instant views of what is happening across multiple environments and data sets means that flexible, yet integrated, tools are required to ensure that decisions are made against the "big picture", and that these decisions, which reflect aggregated events, can be made with full knowledge of causal effects and any up- and downstream impacts that any change may cause.

Through devising a questionnaire that asks respondents to rank their perceptions of how well they see their own organisation's ability to deal with the various aspects of each of these six areas, Quocirca has created a set of sub-indices. By averaging the results of these sub-indices, we can then create an overall index, which can then be broken down by geography, by size of organisation and by vertical market to compare and contrast where various organisations are in their quest for management excellence through EPM.

The index has a maximum score of 10: at this level, organisations would be reporting that they have fully described and codified plans and models covering the six areas detailed above, and would have the integrated processes and tools in place to ensure that there is a full exchange of inputs and required information across all stakeholders and regulatory bodies involved. Within cycle II of the research, the highest score for an individual organisation was 9.6 for a Belgian hi-tech organisation, the lowest was 2.54 for an Italian healthcare company.

Between cycle I and cycle II, much has improved. Hidden underneath the top level findings, however, are findings that demonstrate that much still needs to be done, and that a greater understanding of how EPM can help an organisation is just the start of a journey: organisations have still to implement complete processes, and still need to join up the various aspects to create a coherent end-to-end EPM strategy.

#### 4. Overall index and high level sub-index findings

##### Main Findings:

- The overall index score has increased from 5.13 to 7.04, showing an appreciable improvement over a period of less than a year.
- The sub-index scores remain highly variable, indicating a continued lack of integration between and across the processes.
- There has been a marked improvement in the business plan and business operations sub-indices, reflecting the need for these areas to be focused on as platforms for further improvements in other areas.
- Benelux now leads the index, with France in second place. Italy, which was in second place in cycle I, has collapsed to the bottom of the geographies surveyed.

In cycle II of the EPM index, the overall score for the EPM index is 7.04 out of 10. However, as in cycle I, this figure hides a high degree of differences in the underlying sub-indices, across different geographies and verticals. What is reflected here is an upswing in confidence: not necessarily at the business level itself, but within the individuals dealing with the issues they encounter across their organisations. Whereas, in cycle I, the recession was just beginning to bite and individuals were struggling to uncover and report across the financial aspects of their organisations, in cycle II we see that respondents now understand the issues they are up against, and have begun to take steps to address the shortcomings in their processes and data sets.

In relative terms, it can be seen how many organisations' focus has changed from cycle I to cycle II (see Figure 1). Business planning has improved from fifth position in cycle I to third position in cycle II, showing how organisations are now having to think through ideas at a far more pragmatic level than was necessary before. Indeed, it can be seen that business modelling has fallen from first position to fourth: this shows that organisations are far more concerned with getting the basics right than they were before. Further findings show that organisations are no longer looking for growth through new services or products, the focus is on new customers and managing existing customer churn. Therefore, planning has to be more of a focus, while there is a perception that modelling can be deemed less important at this stage. However, when the overall indices are cross-referenced with how closely organisations score across the six sub-indices, it becomes apparent that those who score the most consistently across the sub-indices also tend to score the highest for the overall index.

## Overall comparison (n=800)

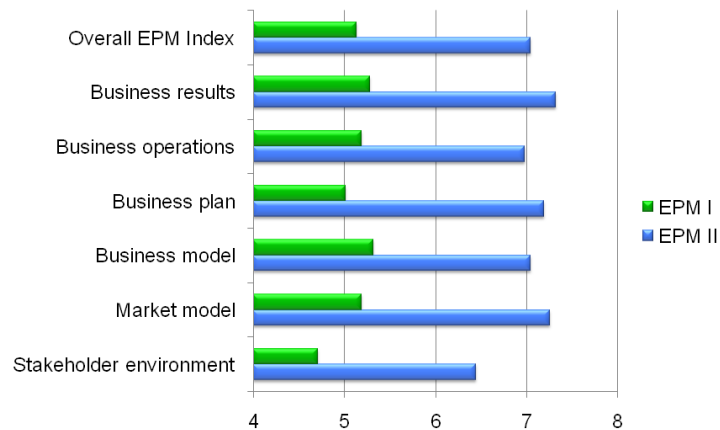


Figure 1

From this, Quocirca believes that, although it may be tempting to change focus from one set of processes to another to reflect changes in markets, a more integrated approach will provide the flexibility required for the business to make whatever changes are necessary to respond to any market changes as it goes along - without the need for hurried actions.

It should be noted that the stakeholder sub-index remains firmly behind the others. It is apparent that the majority of organisations are still inward-looking. They do not see that any value can be gained through the business entering into two-way discussions with its stakeholders when it comes to its financial processes. Quocirca cautions that such a blinkered view means that opportunities to optimise the processes at their touch points with external entities are being missed; suppliers may be able to point out ways of optimising supply chains and customers how best to improve payment times whilst employees, consultants and contractors may have ideas that can improve automation of processes, removing highly expensive manual tasks and so providing a positive impact to the bottom line.

At face value, it looks like the improvements to the various sub-indices and the overall index are good news. However, the continuing variation in scores shows that processes are being carried out in isolation of each other. Unless organisations begin to pull the various processes together as a cohesive and coherent whole, the overall possible value will be diluted, with the fidelity of information flows and the capability to report on them in a meaningful manner being compromised.

Figure 2 shows the overall index values by organisation size. In essence, there is little difference between the scores, but throughout the research, in both cycle I and cycle II, Quocirca has found that larger organisations scored somewhat better than their smaller counterparts. Quocirca does not find this surprising: larger organisations are more likely to have formalised processes in place, as having larger departments means that it may well be an individual within a group role carrying out the task, rather than a single named person, necessitating a more robust need for information flows to be carried out in a more formalised manner. However, the lack of a big difference in the index scores says much for the smaller organisations: they are doing relatively well, and this should hold them in good stead when it comes to competing and trading with their larger counterparts.

Overall by organisation size (n=800)

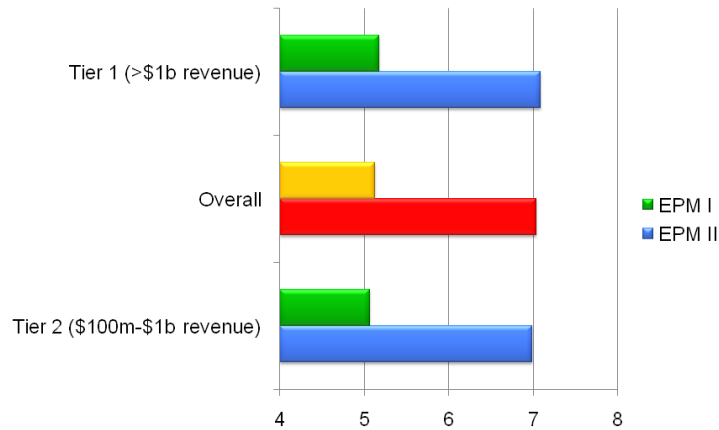


Figure 2

At a geographic level, there is, as in cycle I, a reasonable spread of responses (Figure 3). Benelux (7.44) leads, with Italy (6.63) trailing behind. However, all countries have improved their scores: the highest score in cycle I was France with a score of 5.4.

Overall by geography (n=800)

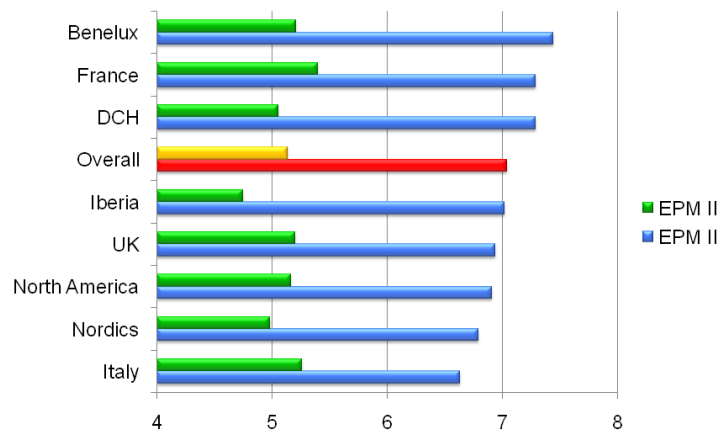


Figure 3

Figure 4 shows the relative performance of countries between cycle I and cycle II. DCH and Iberia are seen to have progressed well, whereas Italy has fallen from second place to the bottom of the table.

## EPM I to EPM II changes

Country	EPM I Position	EPM II Position	Change
Benelux	3	1	+2
France	1	2	-1
DCH	6	3	+3
Iberia	8	4	+4
UK	4	5	-1
North America	5	6	-1
Nordics	7	7	=
Italy	2	8	-6

Figure 4

In cycle I, Quocirca picked up on how those countries that perceived they operated within a light-touch governance environment perceived themselves as doing well in the overall EPM index. However, Quocirca also cautioned that those countries that expected the greatest change in regulatory load would see the worst performance between cycle I and cycle II. This was certainly true for Italy: it had the second highest score in cycle I when it came to expected regulatory change, and it seems that it was ill-equipped to deal with this. The UK, too, has demonstrated that its expectation of upcoming changes to regulation have proved difficult for it to deal with. France, however, has managed to do well. It expected to see the most change to its regulatory load, but has still managed to come out second in the overall EPM index table. Quocirca still believes that France has a long way to go, and that its position in the EPM index table cannot be taken for granted: without more focus on how the various EPM processes are enacted in a coherent manner, France could easily find itself slipping down the table.

## Overall by vertical (n=800)

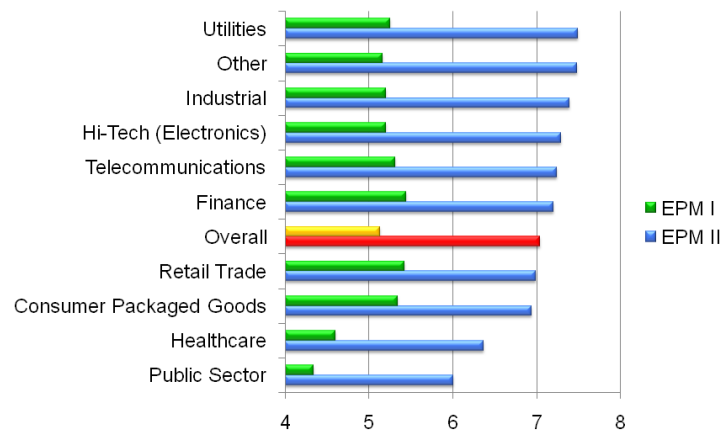


Figure 5

A view of industry verticals (see Figure 5) shows that the overall index is, as in cycle I, lowest for healthcare and the public sector. Although the survey was couched more in terms that a commercial enterprise would follow, the basic elements of the need to be able to report on the financial health and future state of healthcare and the public sector remain pretty much the same. It is sad to see, therefore, that these two verticals remain firmly rooted in bad practices when it comes to EPM.

Finance has also not fared well. In cycle I it was at the top of the table, but the collapse of their markets has uncovered basic issues within the finance community that is forcing them to come to terms with the need for greater transparency, ©Quocirca 2010

and the fact that the convoluted strands of their commercial approaches means that such transparency is going to be hard to implement. Having repackaged debt and sold them on through multiple-institution underwritten spread bets and hedge fund instruments, few people can see where any of the financial institution's real assets and financial flows actually start and end. As predicted in cycle I, the very fact that the financial sector has been heavily regulated for so long, and that it has continually found ways to work around the regulatory constraints, means that it has not been well positioned to deal with the need for massive changes at a high level. Indeed, it would not be surprising for these problems to deepen as governments attempt to further regulate finance institutions and recoup as much of the money spent on bail-outs as possible. The need for every transaction to be more closely monitored and reported will further uncover the dark depths of many financial institutions' lack of formal process capability.

Retail and CPG have also fared badly. In both cases, they have had to respond to a massive contraction in their markets, and the lack of elasticity in their approaches to the markets has become apparent. However, a market coming out of recession will soon enable these verticals to bounce back, and Quocirca would expect to see better performance from them in the next 12 to 18 months.

Utilities have done well: from a fifth place positioning in cycle I to top place in cycle II. In a recessionary market, people still require electricity, gas and water. With less need to react to changes in the market brought about by immediate reactions to the recession, the utilities sector has been able to take a more measured view of its problems, and has improved accordingly.

Industrial has also improved to some extent. It is harder to see what the underlying reasons could be: heavy manufacturing is often slow moving and its capability to make changes to its processes can be slow. However, its customer base also tends to be slow moving, and projects that have been signed off can be difficult to halt. Quocirca believes that industrial has taken the opportunity to clear some of the clutter out from its underlying processes, and in running down any existing inventory at standard or only slightly lower cost. There remains, however, scope for doing more and we will have to see how this bears out in future iterations of the research.

The following sections drill down through to the sub-indices, picking out those areas that best indicate where readers should focus to create an organisation that benefits the most from EPM.

## 5. Stakeholder Environment

### Main Findings:

- As in cycle I, the Stakeholder Environment is the lowest scoring sub-index. This indicates that the involvement of stakeholders in the performance of the organisation is not being optimised.
- Although there were far fewer “don't knows” in this section in cycle II, there were still many low ranking responses across the various questions asked. It is apparent that the finance function does not see a need to actively seek inputs from outside their core environment.
- As in cycle I, the correlation between overall index score and the perception of how much regulatory change is expected is strong.

The stakeholder sub-index is made up from a set of questions around how an organisation perceives the effectiveness of its dealings with the various stakeholders involved with an organisation. To define “stakeholder”, respondents were asked to consider employees (including contractors and consultants), partners (including suppliers), customers, shareholders, regulators and society at large; for public sector and healthcare this was also extended to citizens and patients. The questions asked in this section focused on how well, or badly, respondents believed their organisation interacted with these various groups, and how well, or badly, they shared required information with them.

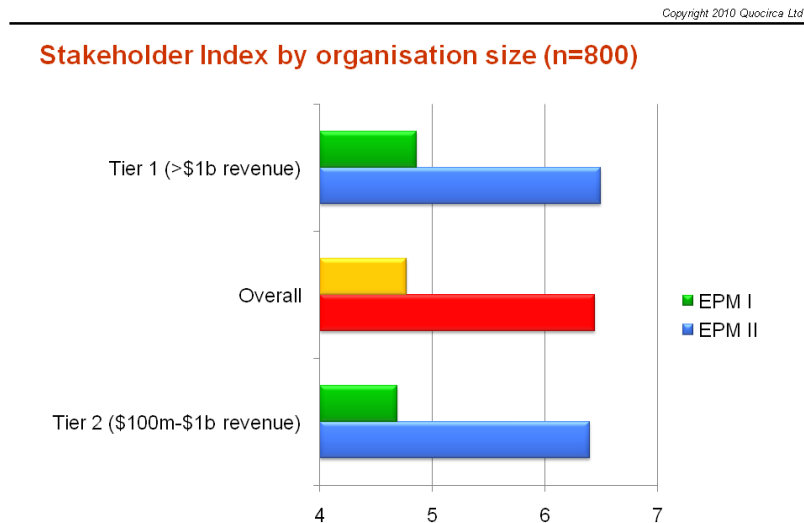
In cycle I, less than a quarter of respondents felt that they had effective processes in place to engage stakeholders in discussions, cycle II shows that nearly 70% now believe that they do. Similarly, in cycle I, only a little over 15% felt that investors and regulators had a transparent view of an organisation's strategy, this has now increased to nearly two thirds.

At a supplier level, there has been a jump from only 13% of respondents effectively sharing performance feedback with their suppliers to over 60%. Such openness should be having a strong impact on how the supply chain works: however, this takes time, and Quocirca believes that the real benefits from such a change will only become apparent over a longer period of time.

Over 60% of respondents now state that they provide a sustainability statement to their stakeholders, up from 13%.

The expectations for regulatory change have grown stronger; fewer than 15% of organisations expected big regulatory change under cycle I, under cycle II that has rocketed to over 37%.

Although all of these improvements are laudable, it still leaves the stakeholder sub-index as the lowest scoring sub-index in the research. As the repercussions of the recession continue to be felt, organisations are beginning to see that the world will not return to where it was easily. Not only will regulatory bodies and governments expect to have better visibility of an organisation's financial state, but its other stakeholders will also expect to be given better warning of what is likely to happen in the future.



**Figure 6**

As with the main index, very large organisations have a higher score than those in the mid-market (see Figure 6). This, in itself, is not surprising, due to the different types and numbers of stakeholders that these very different organisation types are dealing with. For example, very large organisations will generally be publically quoted on the stock exchange, will also tend to be more geographically dispersed, and will have a higher number of external resources being utilised in the day-to-day operations of the business. However, mid-sized organisations should not take this as an excuse not to have suitable processes and tools in place to ensure that they can deal with their stakeholders effectively, and just as much effort may be required to identify the different stakeholder groups as there would be in a very large organisation. Indeed, the input from external stakeholders can help smaller organisations to gain a better understanding of what needs addressing in their existing processes and also in dealing with the needs of external influences at an earlier stage.

## Stakeholder Index by geography (n=800)

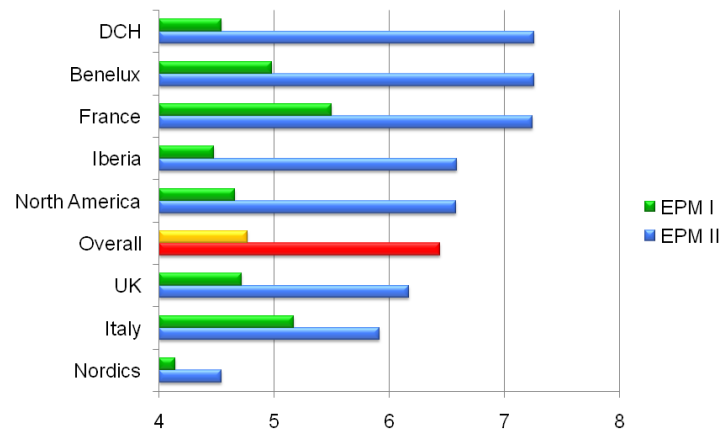


Figure 7

At the geographic level, DCH, Benelux and France lead the way, while the Nordics lag appreciably (see Figure 7). The Nordics saw themselves as being well below average in cycle I as well: as before, Quocirca finds this strange, as experience points to the Nordics being relatively proficient in dealing with external and internal stakeholders. Again, it is possible that this is due to cultural issues: whereas many would perceive that the Nordics does a good job of dealing with its stakeholders, the organisations concerned believe that lots more can be done, and answer with this in mind.

## Correlation Between Overall Index and Regulatory Change expectations (n=800)

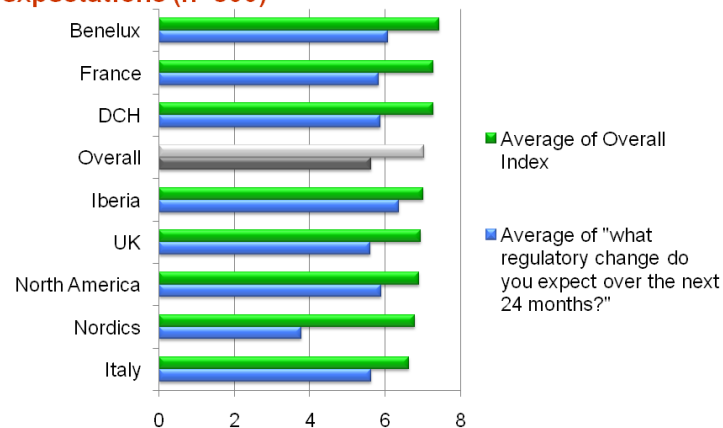


Figure 8

Within the set of questions asked in the stakeholder index section, Quocirca asked for views around the amount of regulatory change expected over the coming months. In cycle I, a strong correlation was observed between the overall index and the expected amount of change in regulatory load overall index. In cycle II, although it is not as marked, the correlation is still there (see Figure 8). Here, the more change in regulation that is expected by a respondent, the higher the overall EPM index tends to be. With the expected change in regulatory load having grown between cycle I and cycle II, any impact on how organisations manage their EPM processes will not be seen for a while. However, as seen with Italy, the impact of regulatory change can impact heavily, and geographies such as Iberia should be planning to deal with the expected changes as soon as possible.

## 6. Market Model

### Main Findings:

- There have been very strong improvements across all areas of the market model. However, these improvements are not necessarily being converted into better overall EPM index scores.
- There is a marked spread of viewpoints when it comes to how rapidly respondents expect their markets to change in the future. Although there are arguments for both high and low levels of change, Quocirca advises that organisations plan for a high level.
- Although respondents state that their capability to assess the level of success of a new product or service had improved, other research shows that this is not a capability that is at the forefront of businesses at the moment.

The market model sub-index is built around a set of questions covering how well organisations feel they are prepared for dealing with competition in the markets, for example through the use of competitive analysis, visibility of profitability by product line, customer segment and so on, and the capability to benchmark performance of such areas against the competition.

In cycle I, the market model sub-index was third in the table with a score of 5.19, in cycle II it is second with a score of 7.26.

Iberia, the UK and Benelux expect a higher than average rate of change in their markets over the next twelve months, whereas France and DCH expect a much lower rate of change. In markets emerging out of a recession, both viewpoints hold value: if a geography emerges rapidly out of recession, then the markets will have to change rapidly to respond to the buyers' needs, whereas if the climb out of recession is slower, a more measured response will be needed. However, Quocirca encourages the first of these approaches, believing markets will change rapidly in the coming months: the old models of transacting business have proven themselves to be inadequate to deal with chaotic markets, as the past 24 months has shown, and organisations will have to prepare themselves for a far more dynamic and demanding marketplace.

In cycle I, only a small proportion of respondents (17%) felt that they had a capability for adequate competitive intelligence to provide them with sufficient information about their competition. In cycle II, this has grown to nearly 75%, indicating that conditions have caused organisations to look more intently at what else is happening within their markets.

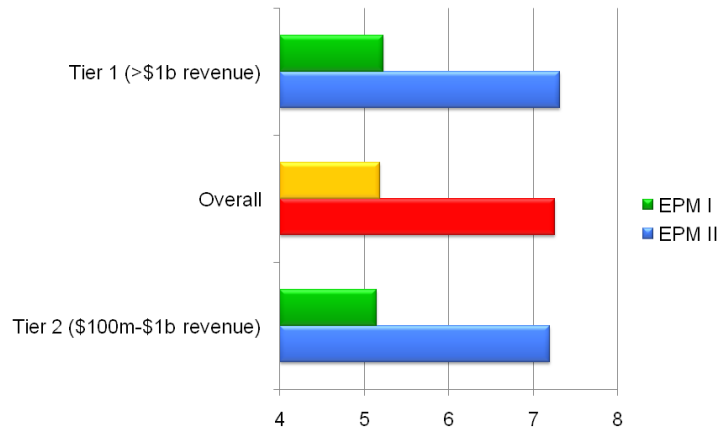
In cycle I, only 12% of respondents felt that they had strong capabilities to assess the possible level of success for a new product or service in the market – with no respondents scoring higher than 8 out of 10 in this area. Cycle II shows two thirds of respondents now believe that they have a good capability here, and nearly one quarter are in the 9 and 10 response levels. However, further research (see the business model index findings, below) shows that new service and product launches do not loom large in organisations' strategic plans at the moment and, as such, the capability for such planning will be proven or disproven when the markets reach a level where such activity is seen as being sensible again.

A similar shift is also seen when it comes to the capability for an organisation to gain visibility across product lines, customer segments, different markets and channels, as well as the ability to benchmark such information. In cycle I, only 12% felt that they had a high visibility of such information, whereas in cycle II, this had increased to nearly three quarters.

In cycle I, the responses to each question were a set of bell curves that were only slightly weighted towards a greater than average score. In cycle II, each response showed a far heavier weighting to the higher scores. Even with such strong scores, however, it is apparent that the overall value to the business has not been accrued. Although many of the building blocks are in place, the full benefits of EPM remain locked away due to the lack of integration between the various processes involved.

Copyright 2010 Quocirca Ltd

**Market Model by organisation size (n=800)**



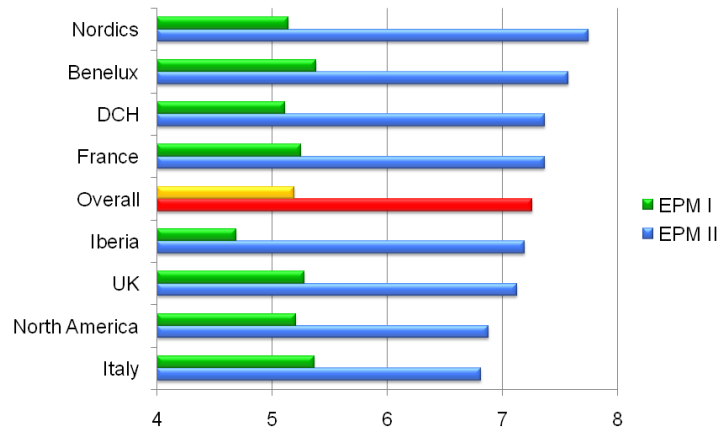
*Figure 9*

Again, Figure 9 shows the difference between very large organisations and mid-market ones; a very small difference, but large organisations have outperformed mid-sized ones in both cycle I and cycle II of the research.

Figure 10 shows that the Nordics and Benelux head the sub-index, with Italy trailing again. In this case, DCH and the Nordics have improved rapidly over their positions in cycle I, possibly paving the way for stronger showings in the other indices in the coming months.

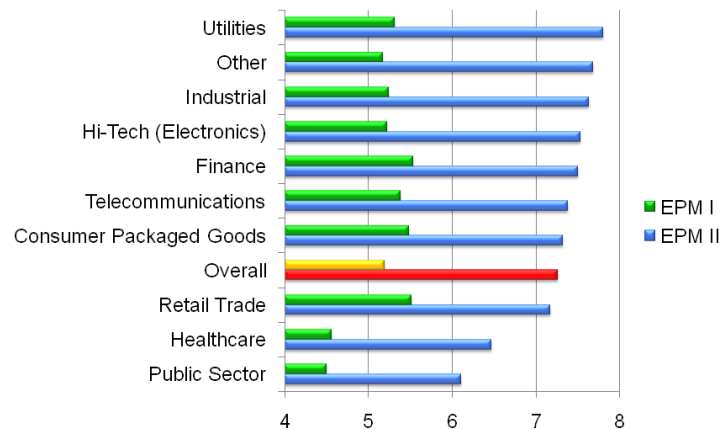
Copyright 2010 Quocirca Ltd

**Market Model by geography (n=800)**



*Figure 10*

However, a good showing in the market model sub-index does not necessarily convert into a good showing in the overall EPM index. Indeed, although the Nordics comes top here, it comes second from the bottom overall.

**Market Model by vertical (n=800)***Figure 11*

At an industry vertical level (see Figure 11) we see how retail has shown the lowest relative growth and falls from second place in cycle I to third from bottom in cycle II, while utilities shows a very strong relative improvement. Finance falls from top of the table in cycle I to fifth in cycle II, reflecting the issues that both finance and retail have in such challenging market conditions.

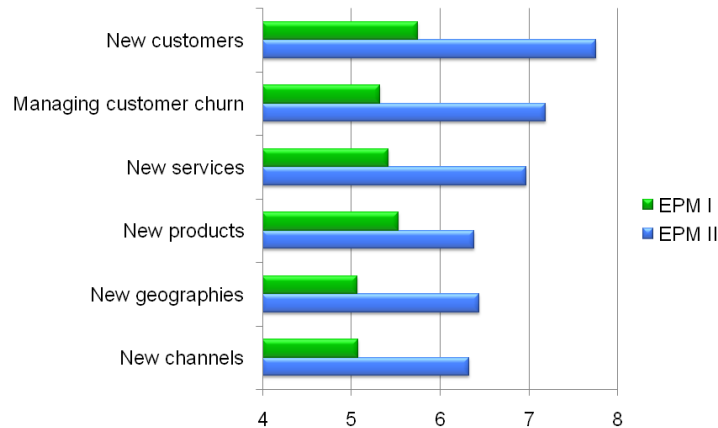
## 7. Business Model

### Main Findings:

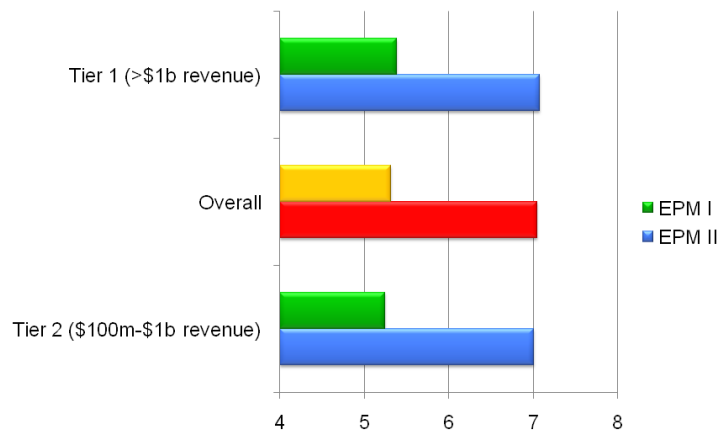
- In cycle II the focus is still on new customers for growth – but is backed up with maintaining existing customers. New products and services have slipped down in importance.
- The business model sub-index shows the greatest changes in positioning in cycle II, showing how the current market conditions have shaken up the various organisations by geography and vertical.

At 7.04, the business model sub-index score has slipped from being the highest scoring sub-index in cycle I to being the fourth position in cycle II. Questions covered perceptions around the overall forward planning capability perceived across the organisation – such as the capability to effectively carry out multi-scenario analysis, tracking opportunities for mergers and acquisitions, how well the business strategy is understood by employees, and so on. One area also looked at how important organisations saw different key drivers in generating growth in the market (see Figure 12).

Here, gaining new customers was seen as the most important focus for respondents, followed by managing customer churn. In cycle I, new products and new services were higher up the list in second and third position. In difficult market conditions, it is more pragmatic to concentrate on lower risk activities, and to focus on maximising the revenue generating capabilities of what is already in place, whether this is from new customers for existing products, or in cross- and up-selling to existing customers. However, once the markets have recovered, Quocirca would expect to see new products and new services move back up the table, and even for new geographies and channels to become more of a focus.

**Importance in generating growth: (n=800)****Figure 12**

In the background detail of the research, it is noticeable in cycle II that it is the smaller geographies that are tracking merger and acquisition (M&A) activity the strongest. Again, the Nordics are well ahead here, with Benelux also showing a good performance. The UK and North America are well off the curve. A part of this may well be down to the fact that smaller geographies tend to have smaller companies, which may well be the focus of M&A action from larger competitors, it may also reflect that the larger geographies have been quieter on M&A activity overall.

**Business Model by organisation size (n=800)****Figure 13**

With regard to organisational size (see Figure 13), although there is little difference in scores at the high level, the detailed research shows that mid-sized organisations are markedly less likely to want to break into new geographies, and may already find dealing with existing channels overly complex and time consuming. However, they are more likely than their larger counterparts to look to new products and services for growth. This is probably due to the fact that the smaller organisations are more likely to have smaller product portfolios already, and that a broader portfolio will be seen as spreading the risk, rather than increasing it.

Whereas, in cycle I, 22% of respondents did not feel that their strategy was well understood by their employees, this has fallen to under 10% in cycle II. Indeed, in cycle I, less than 28% believed that their strategy was well understood by their employees, with cycle II showing that this has increased to nearly three quarters. However, Quocirca believes that the majority of organisations have strategies that are fluid at the moment: growth strategies are either on hold, or being retrenched through downsizing. Although such downsizing may well be reasonably understood by a workforce, it does

©Quocirca 2010

not translate to an improvement in how the workforce perceives its own role in the aims of the organisation. The problem remains in ensuring that the workforce not only understands the organisation’s immediate strategy and the reasons behind it, but that they support this strategy, as they can see how it feeds in to a longer term strategy that goes beyond the current market environment, moving from a survival strategy to a thrive one.

At a geographic level (see Figure 14), the Nordics does well again. Iberia also shows a good improvement. On the other hand, Italy, which did well in cycle I, falls to the bottom just above France. North America also disappoints in its performance.

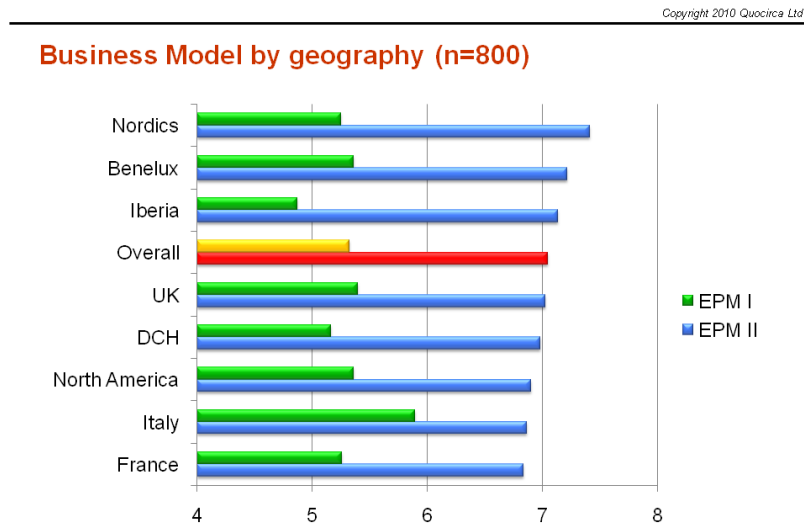


Figure 14

At a vertical level (see Figure 15), finance and CPG, which led the way in cycle I, have dropped down the table. Financial organisations are having to completely review their approach to the market and, even though profits continue to grow, it is apparent that the financial community will have to review what and how it offers its products and services to the market.

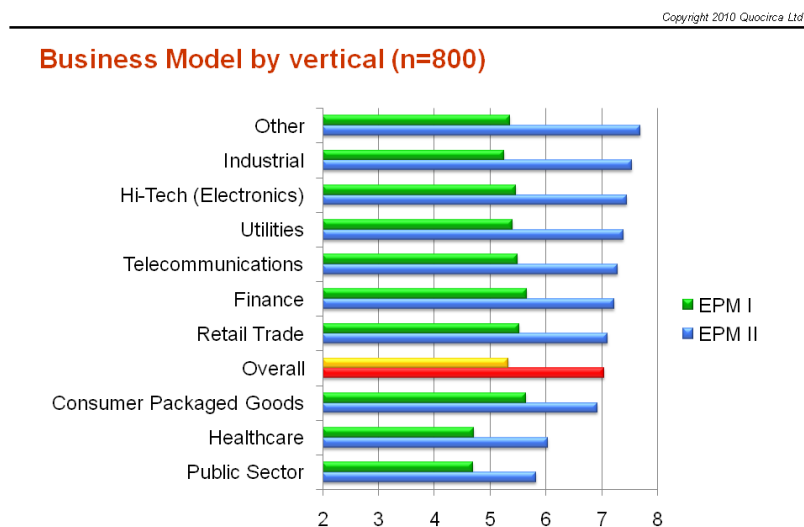


Figure 15

## 8. Business Plan

### Main Findings:

- Large organisations have pulled away from the mid-market in their capability for business planning.
- Retail and CPG show the greatest fall in the sub-index by vertical, moving from top of the table to just above healthcare and public sector. As the recession eases, much remains to be done by all four sectors.
- As in cycle I, Italy and Iberia are behind in this sub-index; however, Benelux has shown good progress.

The business plan sub-index looks at a greater granularity of capability, focusing more on day-to-day strategies in matching the financial performance of an organisation with the performance and needs of individuals and groups of employees. Respondents were asked for their views on areas such as how employees were compensated against their individual contribution to corporate goals, how well corporate plans matched an individual's business goals, to what extent risk and performance were considered when setting goals and targets, and whether plans and budgets had the flexibility to meet changes in the markets.

In cycle I, there is very little difference (just 0.01) in the scores gained by organisations of different sizes. In cycle II, this has increased to 0.07 (see Figure 16) – still not a massive difference, but a sign that larger organisations are beginning to focus on how their business plan is pulled together.

In cycle I, Quocirca found that underneath the headline sub-index value lay a diversity of scores by individual question. In cycle II, much of this has disappeared. The biggest difference in response was around how business managers were compensated: in cycle I, mid-market organisations scored higher than large organisations. In cycle II, this has switched, as the large organisations move far more to bring individuals in line with corporate strategy through incentivising them against strategic targets.

Copyright 2010 Quocirca Ltd

### Business Plan by organisation size (n=800)

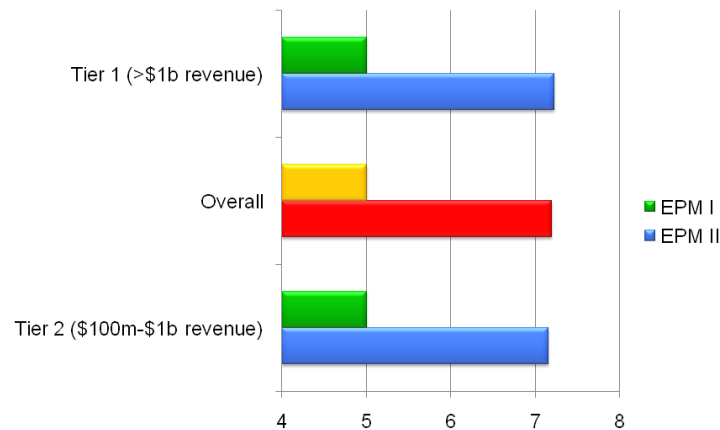


Figure 16

The incentivising of line managers was the weakest part of this sub-index, with the next weakest being around the capability to adequately assess risk and performance at the same time. In many ways, these two areas should be brought together: providing incentives for individuals to meet agreed strategic targets is a good starting point, but unless risk and performance are monitored and measured together, the individual may aim to meet targets at any cost, which may well be to the detriment of the organisation overall. Indeed, within the finance sector the rush to meet agreed targets meant that risk was massively increased. Traders and bankers got their bonuses, but only by hiding the risks they were taking in order to meet these targets. In this case, the impact was not just at an individual or corporate level - the lack of linkage between risk and performance led to a complete collapse of the global financial health.

There has been a strong move towards a feeling that organisations are better placed for business planning overall. In cycle I, Quocirca found that a large proportion of respondents answered each question in the lower end of the scoring. In cycle II, the majority of scores were in the area of 7 and above. Again, Quocirca believes that this reflects a new awareness of the issues that face organisations, and how these have been brought into sharp focus by the recession. Whether organisations will take this opportunity of a clearer vision of how their processes should be changed and improved in the longer term remains to be seen. However, it seems that the majority are learning fast, and it bodes well for organisations that will need solid plans for getting ahead as the recession abates.

At a geographic level, Benelux climbs from a fifth position to top of table (see Figure 17). Iberia and Italy remain at the bottom of the table, and North America slips to below average.

**Business Plan by geography (n=800)**

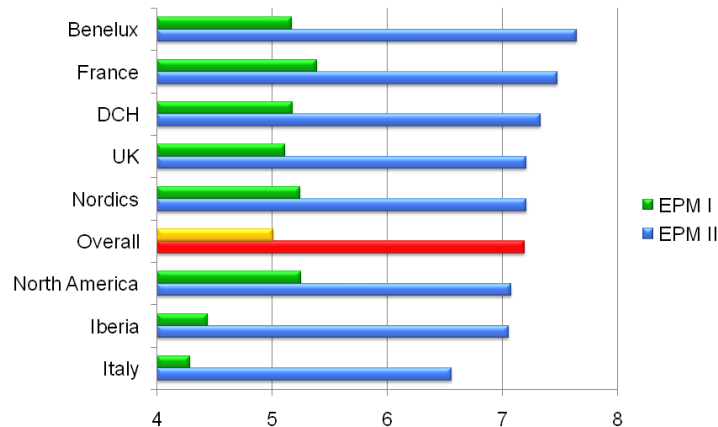


Figure 17

Figure 18 shows how the business plan index breaks down by industry vertical. Retail and CPG have fared least well overall, moving from leading positions to be just above healthcare and public sector. Again, the rapid and direct impact on these two verticals has shown up the shortcomings in their existing business plans, and the lack of capability to change the plan easily and rapidly is harming their capabilities in the markets. Utilities and industrial fare well, however. Utilities have managed better under the recession than most: their businesses are relatively well cushioned against the full impact of the recession, as customers still need to use the utilities' services and products. The recession has brought to the front the need for utilities to look to how well they predict the future and how well they can buy wholesale supplies against expected future outcomes, in effect hedging their expectations against future supplies.

**Business Plan by vertical (n=800)**

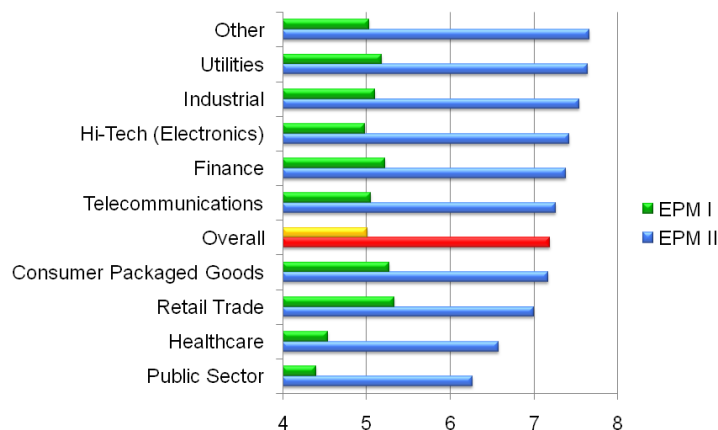


Figure 18

## 9. Business Operations

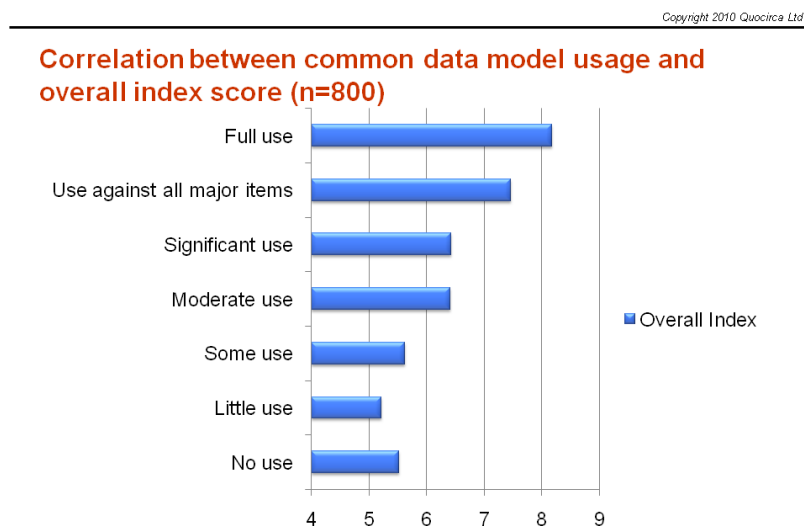
### Main Findings:

- Common data models are still being used in a piecemeal way: this hampers an organisation from gaining a true view of what is happening across its business.
- Key performance indicators (KPIs), linked to cause and effect or strategy maps, still need to gain more acceptance in the business so that an individual's actions are more closely aligned with the longer term strategy of the business.

The business operations sub-index looks at how a business believes it is positioned to deal with events arising from within its processes, and how well it is set up to deal with the information across its value chains. Here, the survey asked questions covering whether organisations are reactive or proactive in the manner in which alerts from events in critical business processes are dealt with, how key performance indicators (KPIs) are linked to cause-and-effect diagrams, and whether an organisation uses a common data model or a master data repository.

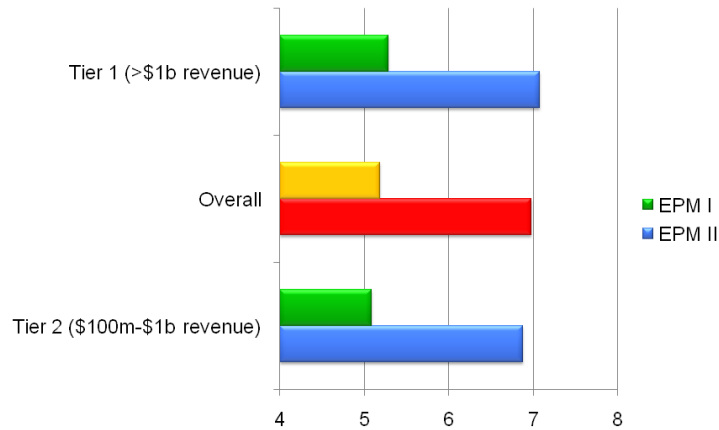
In cycle I, 56% of respondents had a common data model in place against some or all data sets. This has now climbed to over 80%, reflecting the way that organisations are now recognising the need for reporting against items in a more integrated and coherent manner. Over 20% of respondents state that the use of a common data model is applied to all of their data sets, so enabling a 360 degree view of information against any item.

Again, as in cycle I, there is a strong correlation between the use of a common data model and the performance of an organisation in the overall EPM index. In cycle I, the correlation was present, but with only 5 organisations using a full common data model, it was felt that it was too low a sample to make the correlation statistically valid. In cycle II (see Figure 19), there are now 161 respondents that fit in this area. Their average EPM score is above 8, compared to those who state that they do not have a common data model at all as having an average score of a little over 5. From this, Quocirca now believes that there is a strong case for using a common data model, as its presence enables a far stronger performance for the business as a whole, and for EPM in particular.



*Figure 19*

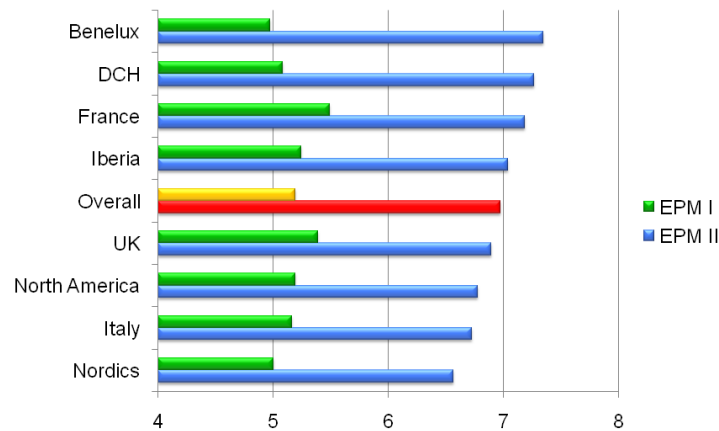
**Business Operations by organisation size (n=800)**



**Figure 20**

At the organisational size level (see Figure 20), large organisations again outperform their smaller counterparts. This is the same as seen in cycle I, and reflects the fact that Quocirca finds that larger organisations tend to have more control over their data and make more use of KPIs and master data models.

**Business Operations by geography (n=800)**



**Figure 21**

At the geographic level (see Figure 21), the UK has slipped in the list from cycle I, with the main cause being a large slip, in relation to others, in the way that it sees itself being able to respond to events from critical business processes. Benelux, however, has shot from bottom place to top place, bolstered by a very high score in reported use of a common data model. The Nordics score well in their reported capability to deal with events from critical business processes, but have little usage of KPIs or of common data models.

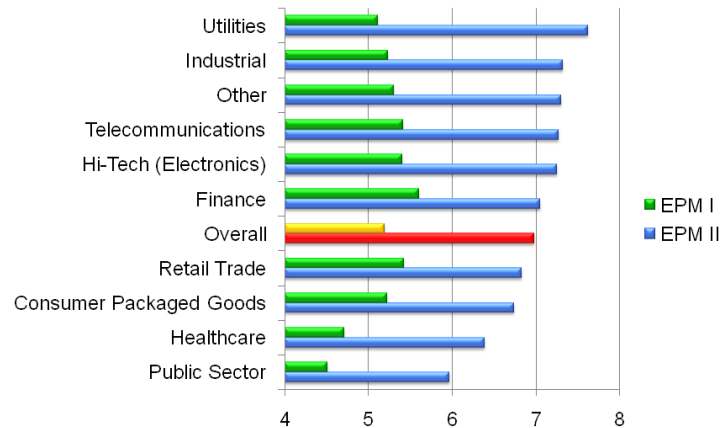
**Business Operations by vertical (n=800)***Figure 22*

Figure 22 shows the findings by industry vertical: utilities are again doing well, along with industrials, with finance and retail slipping down the table.

## 10. Business Results

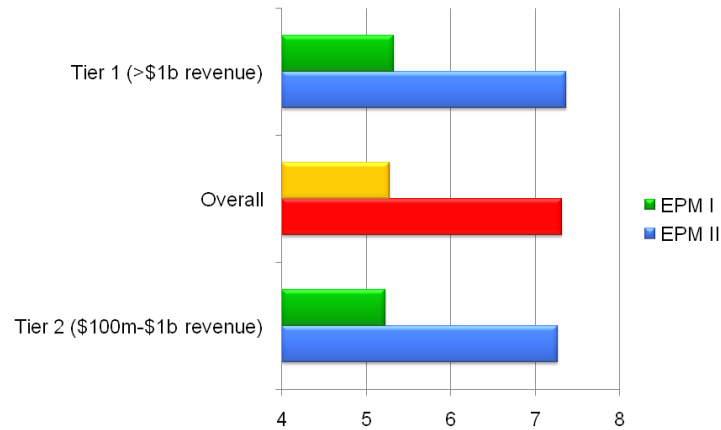
### Main Findings:

- The business results sub-index gets the equal highest score of all the sub-indices, as was the case in cycle I. However, against the backdrop of the mixed scores for the preceding sub-indices, it must be noted that many organisations are still missing out on improvements through non-integrated EPM processes.
- Two thirds of respondents state that they can prepare financial reports in less than 5 days.
- The majority of organisations believe that their stakeholders are happy with the disclosures made to them.

The business results sub-index looks to the end results of the various workflows involved in the EPM processes – how well an organisation can pull together the data and information created by the various processes involved in carrying out its business. Within this sub-index, questions were asked covering areas such as how interlinked reporting is across the organisation, how rapidly financial reports can be consolidated and closed, how satisfied external stakeholders are with speed of response to their needs and so on.

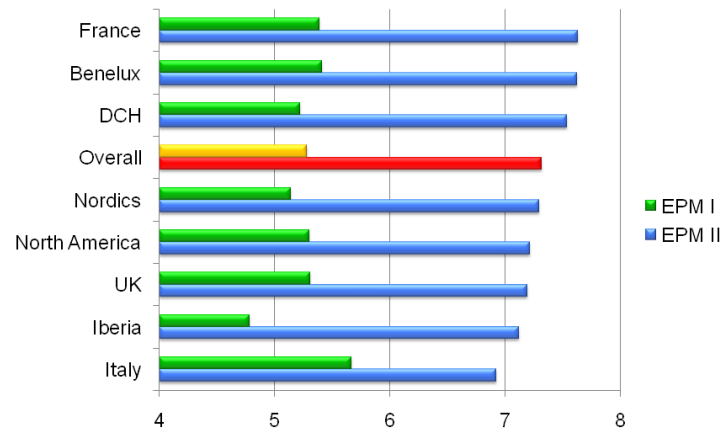
Although the business results index scored well in relation to other sub-indices in cycle I, the underlying scores still indicated that organisations were dealing with a chaotic mix of reporting tools, processes and capabilities. Cycle II indicates that much has changed: the vast majority of respondents now state that they have tools and capabilities in place, and the mean time to closure of books at a financial review point has fallen from less than 10 days to less than 5 days. Again, Quocirca believes that where margins and profits have been badly squeezed, it is far more important for organisations to know exactly how well they are doing, and that a 10 day period between the end of a financial quarter, or year, and the ability to see exactly how an organisation has fared is not sustainable. Indeed, with many organisations suddenly finding themselves running at fairly heavy losses, the emphasis is moving towards a more real-time capability of tracking business performance. To this end, just under 20% of respondents stated that they were now capable of closing the books within three days of the end of a financial period.

Copyright 2010 Quocirca Ltd

**Business Results by organisation size (n=800)****Figure 23**

Surprisingly, large organisations had fewer problems with multiple charts across business units and divisions than mid-sized organisations. Less surprisingly, large organisations also had a greater automation capability when it came to creating the reports. However, the large organisations state that they have appreciably more problems with spreadsheet use in their organisations - and this will also impact their capabilities to run a common data model and a master data model effectively.

Copyright 2010 Quocirca Ltd

**Business Results by geography (n=800)****Figure 24**

Again, at the geographic level, Italy fell from the top of the table to the bottom (see Figure 24).

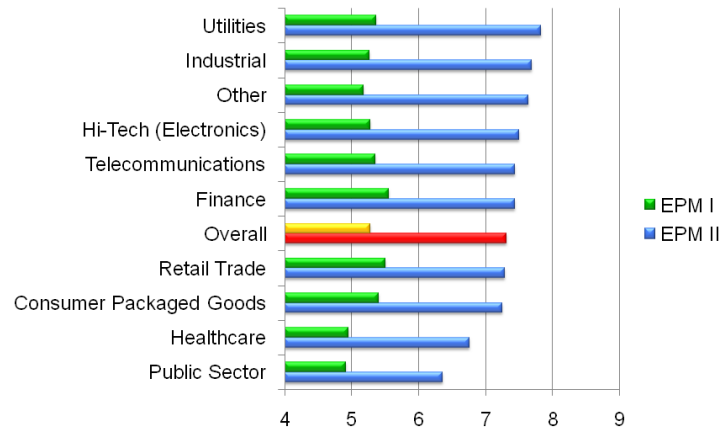
**Business Results by vertical (n=800)****Figure 25**

Figure 25 shows the business results by industry vertical: again, utilities and industrial move to the top of the sub-index, while finance and retail fall heavily. This shows a strong consistency across all the sub-indices: industrial and utilities have been in the top four of all the tables.

## 11. Other findings

### Main Findings:

- In cycle I, few respondents saw the various aspects of EPM needing to be integrated: in cycle II, the majority now see the need for such an approach.
- Business intelligence is now seen as a major tool in helping organisations in reporting on and predicting past, present and future states of their organisations.
- As in cycle I, there is a good correlation between views on BI and the overall EPM index score.

The six sub-indices create an overall environment that builds up into an interlinked and closely dependent set of processes that form an EPM strategy. In cycle I, just over 1 in 5 of respondents saw that an integrated approach had to be taken, with over 27% seeing no linkage between the areas at all. In cycle II (see Figure 26), we can see that fewer than 5% of respondents now believe that there is no linkage between the various processes, whereas nearly 60% now see that an integrated approach has to be taken. This is good news: it shows that the awareness of the need for a fully integrated approach is growing. For the period of time the research is reporting on, there still seems to be little true integration between the processes, but the overall improvements seen in each area should mean that integration will be easier and can be more swiftly implemented in the future.

Copyright 2010 Quocirca Ltd

**How do you regard the six sections of EPM as discussed? (n=800)**

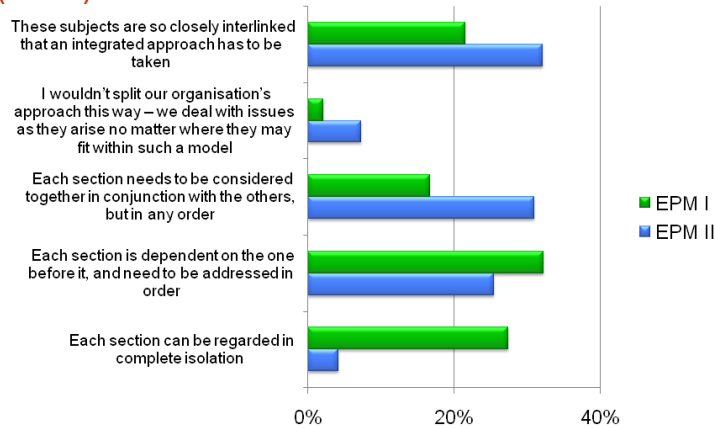


Figure 26

In cycle I, the majority of respondents either did not understand what business intelligence (BI) could do for their business, see it as being an expensive means of visualising data or as a means of reporting on past events within an organisation. In cycle II, there is a major change (see Figure 27). Very few respondents now do not have a view on what BI means to them, and even fewer see it as being an expensive means of visualising data. 50% now see it as an important tool for reporting and advising on what is happening in the business. Work still needs to be done, however. Only 10% see BI as being a major means of monitoring, measuring and reporting on the health of a business – which is where BI tools have now started to show their strength. It should also be noted that, as independent BI vendors have been acquired by the large enterprise software vendors, considerable new focus has been applied on BI by these larger vendors - with much larger marketing budgets and sales forces. However, Quocirca believes that BI is a key tool in enabling organisations to better monitor, measure and report on how they have performed, how well they are doing at any particular time, and how well they are likely to perform under a range of future states.

Copyright 2010 Quocirca Ltd

**What are your views on Business Intelligence (BI)? (n=800)**

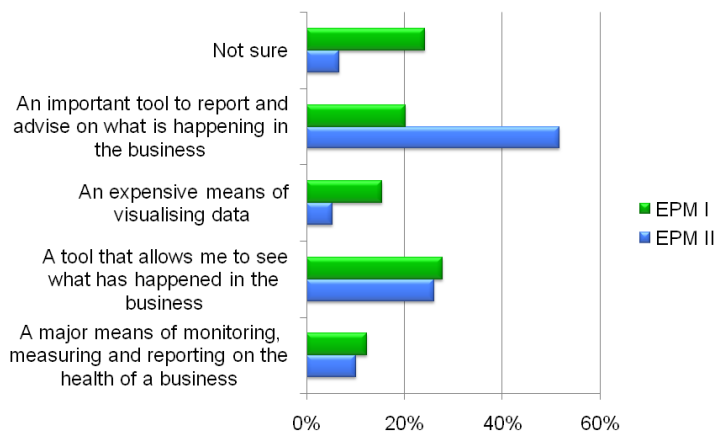


Figure 27

As in cycle I, there is a correlation between views of BI and the overall EPM index score (see Figure 28). Here, those seeing BI as a strategic tool score higher on the overall index than those who see it as more of an irrelevance.

Copyright 2010 Quocirca Ltd

### Correlation between Overall EPM Index score and views on BI (n=800)

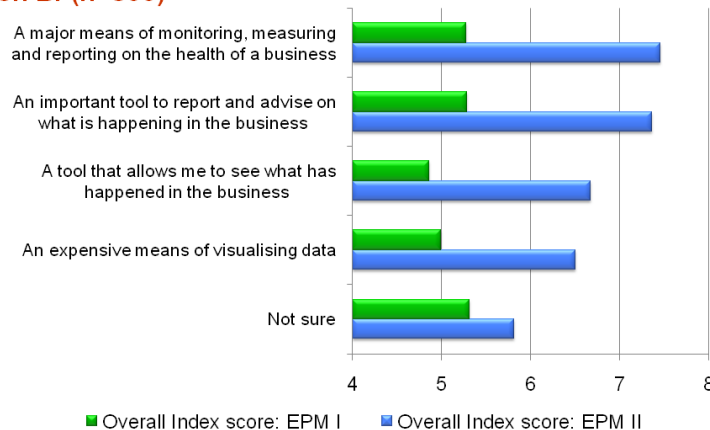


Figure 28

## 12. Conclusions and Recommendations

In cycle I of this research, Quocirca concluded that “Overall, it should be apparent that what is really needed is the creation of the necessary high level plans and the underpinning processes and workflows that lead towards a full EPM strategy. This does not have to be a one-off, big-bang approach, but different process areas can be dealt with at different times, provided that the overall EPM and corporate strategies are still adequately supported.” Cycle II shows that organisations have been taking this to heart: what is seen is not a massive change from a chaotic, multi-product approach to a highly homogenised and process-perfect set of solutions, but a set of steps in the right direction that set the scene for continued improvements in the coming months.

This cycle of the research shows that there have been great improvements in many areas with regards to EPM. However, the overall picture remains that of many processes being carried out in isolation, with little integration between one area of EPM and others. Scores have moved from a slightly skewed bell curve in cycle I to a strongly positive set of responses in cycle II. The confusion and worry perceived through the view of EPM in cycle I has been replaced with a stronger sense of purpose and acknowledgement in cycle II.

The biggest finding from the research is that the basic concept of EPM is now better understood, and that the underlying processes are beginning to be implemented. However, individuals and the organisations they work for are not able to move swiftly enough to change everything: as the recession has brought many of the issues into sharp relief, it has also produced constraints on the capability to spend money on the very tools that are required to ameliorate the problems. A return to growth could even see some organisations slipping back in certain areas.

The lack of stakeholder involvement remains a major issue. Even if organisations managed to optimise and link all its internal processes together, the end result would remain a sub-optimal EPM result. Stakeholders are key entities within the process flows, and they can ensure that the processes have the right inputs, that the right outputs are provided, and that underlying tasks and processes are streamlined wherever possible. Suppliers and customers can help in ensuring that process flows outside of the organisation are as automated as possible, removing the need for expensive and error-prone manual intervention.

Behind the headlines, we also see a continued set of important correlations between certain responses and the overall EPM index: those who see the various aspects of EPM as being strongly inter-related perform more strongly overall, as do those who see business intelligence as an important tool in managing their business. Also, those organisations that have a smaller difference in their sub-index scores tend to do well in the overall index, indicating that those organisations that have an equal focus on each area also tend to have a better integration between the areas.

Quocirca also notes how Italy has fallen from a leading to a trailing position. As noted in cycle I, Quocirca believed that those countries that perceived low levels of regulatory overhead and scored highly in cycle I would find their shortcomings uncovered by the time cycle II was run. Italy certainly falls in to this category, yet France has remained

towards the top end of the table. Whether this will change as a more competitive, post-recession market stresses organisations' capabilities again, we will have to wait and see.

The drawing in of the capability to consolidate and close accounts from 10 to 5 working days is a welcome improvement, yet spreadsheet usage and ad hoc work practices remain an issue. With a considerable spread of different data sources, the capability for errors to be introduced when compressing time in such a manner is amplified. The increased usage of common data and master data models will help in this environment, but the use of individual spreadsheets has got to be at least minimised in the EPM process chain – if not eliminated completely.

Building on the strong platform that organisations are now putting in place should be a priority. As the recession weakens and businesses begin to fight for renewed growth, greater responsiveness and flexibility will be required across the organisation and its value chains. Although respondents indicated in this cycle that new products and services had lessened in importance compared to attracting new and maintaining existing customers, this situation is likely to change rapidly in the coming months. However, long product planning, development, testing and market testing cycles will not prove successful in the new markets: tools have to be in place to enable modelling of the various parts of the process to be rapidly, effectively and realistically carried out in a matter of weeks and days – not months.

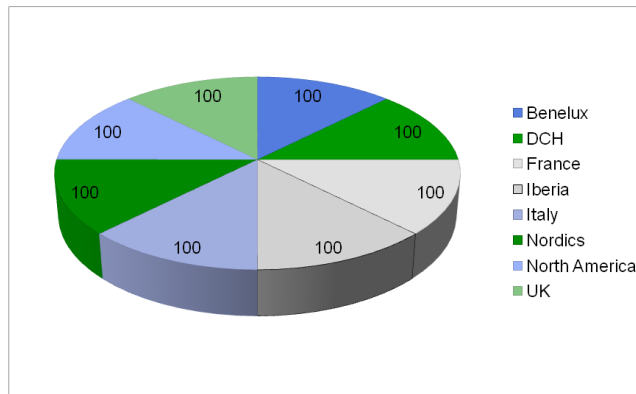
What is now important is to ensure that the improvements already made are not wasted. Even if the markets return to a better state and cash flow improves, the underlying presence of a solid EPM implementation will ensure that organisations gain the most from their day-to-day business and, should the markets recede back towards a recession, that the flexibility is present to ride the storm more safely than was possible for this last recession.

## Appendix – Sample distributions

Quocirca interviewed 800 people closely involved in the management of financial processes across their organisation. These interviewees were spread across 8 geographies, 2 organisational size groupings and 9 vertical markets (plus “other”). The interviews were carried out in November and December 2009 by telephone in the native language for each geography, excluding the Nordics where English was used.

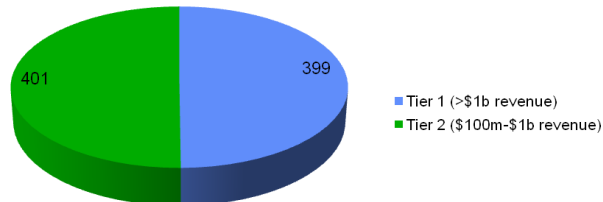
Copyright 2010 Quocirca Ltd

### Geographic split



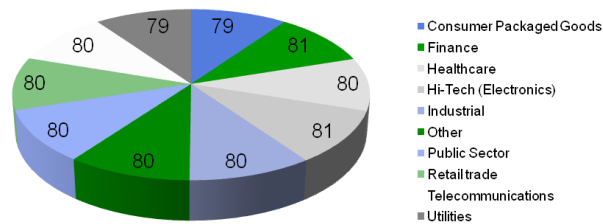
Copyright 2010 Quocirca Ltd

### Organisation size



Copyright 2010 Quocirca Ltd

### By vertical



## About Oracle

Oracle (NASDAQ: ORCL) is the world's largest business software company. For more information about Oracle, please visit our web site at <http://www.oracle.com>.

**ORACLE**

**REPORT NOTE:**

This report has been written independently by Quocirca Ltd to provide an overview of the issues facing organisations seeking to maximise the effectiveness of today's dynamic workforce.

The report draws on Quocirca's extensive knowledge of the technology and business arenas, and provides advice on the approach that organisations should take to create a more effective and efficient environment for future growth.

Quocirca would like to thank Oracle for its sponsorship of this report and to the end users who provided their time to answer questions on the usage of EPM within their organisations.

## About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with firsthand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

Details of Quocirca's work and the services it offers can be found at <http://www.quocirca.com>