In the wake of rapid disruption, CEOs are looking to the finance function to take on a considerably broader and deeper set of strategic responsibilities than ever before. Enterprise Performance Management (EPM) is an enterprise-wide capability enabled by technology that provides the business insight needed to translate strategy into action. This includes determining appropriate enterprise business measures, planning and forecasting integrated business outcomes, and analyzing and reporting business scenarios and results in order to ultimately drive enhanced business performance.

EPM has been shown to be increasingly crucial in planning, assessing, measuring, reporting, and adjusting organizational business models. Based on a company’s mission and vision, different strategic needs may drive how EPM domains are leveraged and promoted within the organization. Ultimately, however, looking at the broader performance of a business and integrating financial planning with those of workforce, supply, manufacturing, and operational planning is key to managing business success.

KPMG recently asked 529 C-suite executives across multiple industries about their experiences with taking the steps involved in EPM.1 About 55% of respondents were from companies whose EPM development was “mature,”2 describing business methods that placed them at a high level of EPM capability.

Businesses with mature EPM capabilities significantly outperform others

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1 Survey based on 529 respondents in the United States, director title and above, in companies with revenues of $500M+.
2 Respondents currently leading the marketplace in terms of EPM capabilities are described as “Mature” companies. Within the survey, respondents described their current state of EPM capability across several dimensions. Based on the aforementioned responses, a scoring metric was created to separate Mature companies that are ahead of their counterparts in terms of EPM capability. The scoring metric combined individual response scores multiplied by a recursive factor into a total EPM score. Those who scored above a specific threshold were labeled as Mature companies.
What is “EPM maturity”? The five fundamental EPM process components are expressed in KPMG’s EPM Model.

1. **Articulate the strategy**
2. **Plan the business**
3. **Report the business**
4. **Assess the results**
5. **Address the gaps**

What are mature EPM companies doing to succeed?

**Mature EPM companies scored high in areas such as:**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Mature companies</th>
<th>Less mature companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishing a global set of common and cascading performance drivers and measures to articulate the strategy in measurable terms</td>
<td>80%</td>
<td>4%</td>
</tr>
<tr>
<td>Setting and communicating clear expectations for the annual planning process</td>
<td>86%</td>
<td>6%</td>
</tr>
<tr>
<td>Utilizing EPM techniques to enable and measure achievement of the business strategy</td>
<td>78%</td>
<td>2%</td>
</tr>
<tr>
<td>Preparing reports that connect financial results to operational-level drivers</td>
<td>61%</td>
<td>14%</td>
</tr>
<tr>
<td>Preparing realistic financial forecasts</td>
<td>61%</td>
<td>13%</td>
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</tbody>
</table>

**So what are the leaders doing next?**

It's not enough to get things right at a point in time. Leaders are constantly focused on enhancing key capabilities and pushing to maintain their competitive edge and ability to address disruption in their marketplaces.

To maintain their lead, **70% of C-suite executives** in mature organizations surveyed focused on four top actions:

1. **Setting expectations for the annual plan**
2. **Implementing software for strategic business modeling**
3. **Establishing a global set of performance drivers to articulate strategy**
4. **Enabling and measuring achievement of strategy**

These companies plan to take these actions in **less than 12 months**.
What are less mature EPM companies still focusing on?

Conversely, less mature companies are still focused on the following EPM components: % of participants

<table>
<thead>
<tr>
<th>Component</th>
<th>Less mature companies</th>
<th>Mature companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrading resource talent in reporting the business</td>
<td>65%</td>
<td>47%</td>
</tr>
<tr>
<td>Changing who prepares management reporting (e.g., Corporate or Regional FP&amp;A, Shared Services, COE)</td>
<td>60%</td>
<td>33%</td>
</tr>
<tr>
<td>Improving coordination and communication in reporting the business</td>
<td>59%</td>
<td>31%</td>
</tr>
<tr>
<td>Improving training</td>
<td>57%</td>
<td>33%</td>
</tr>
<tr>
<td>Automating reporting process to improve efficiency (e.g., move reports from MS Excel®)</td>
<td>56%</td>
<td>8%</td>
</tr>
</tbody>
</table>

The top action areas planned by less mature companies include:

1. Upgrading resource talent in terms of reporting the business
2. Reviewing and updating global performance drivers
3. Centralizing reporting efforts
4. Automating planning and reporting processes

These actions are planned at least **1-2 years in the future**.
Getting the fundamentals of EPM right is top priority—but for leading EPM performers, implementing enabling software is crucial to maintaining and enhancing their EPM capabilities.

Survey results indicated that companies are moving away from using Excel® and in-house programs for EPM.

Oracle will maintain its market share advantage of an estimated 35% of the market (3% larger than its closest competitor) over the next 12 months.

About 50% of C-suite executives believe the following elements impact their EPM strategy.

**Extremely impactful to EPM strategy**
- Cloud technology
- Artificial intelligence
- Availability of external data sources

**Followed by**
- Natural language processing
- Availability of analytic skills & data scientists

**Is your organization truly managing its business success?**
Even leaders of organizations that define themselves as mature in their use of EPM measures understand that in order to maintain and increase profit and revenue growth, they must continue to expand their strategic vision and integrated planning efforts throughout the entire company. Those businesses that have not adequately used EPM measures to increase their growth need to wake up to the need to address disruptors in the markets and to adjust to these challenges as quickly as possible.

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