

# HOW TO SELECT THE BEST CPM SOFTWARE SOLUTION

Learn how to improve your corporate performance by automating your financial processes and learn how to select the best solution for your organization.



## WHITE PAPER

Are you ready for a more advanced solution?

Signs that your financial processes are too complex

Eight questions to select the best CPM solution

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## Introduction

Every day, the playing field of your company keeps becoming more complex. Due to external factors such as regulators, competition, prices, and macroeconomic developments. But also internal factors like acquisitions, growth, more systems, more integrations, and different definitions.

Because of this ever-increasing complexity, more and more people and operations develop a so-called 'silo mentality': teams or team members tend to share less valuable information with the rest of the organisation. This leads to poor decision-making, as every team decides for themselves instead of openly creating, sharing, and discussing information.

The more an organisation grows, the bigger the need for more stable, structured, and efficient financial and reporting processes. Manually planning, forecasting, and reporting in Excel-based applications are no longer enough to meet the higher reporting demands and obligations.

How can you determine if your organisation is ready for a more advanced solution? In this whitepaper, you will learn to recognize the signs. Moreover, we will help you prepare the selection of the best CPM solution with eight simple questions.

How can you determine if your organisation is ready for a more advanced solution?  
Read more...

## Are you ready for a more advanced solution?

An organisation can be defined as a cooperation between people and other resources to create value and achieve – usually predefined – financial results. Strategic and financial planning are vital to obtain and maintain a competitive advantage by taking the right strategic decisions. Let's look at the top financial processes and their contribution to your corporate performance.

### Budgeting & forecasting

Accurate budgeting and forecasting provide you with reliable financial insights for assessing the financial consequences of your decisions. Also, these insights serve to check along the way if you are still on track.

Especially forecasts are extremely important, as they are less static than budgets. Rolling forecasts help you to periodically evaluate and adjust your prognosis and goals, based on actual results and developments. For instance, global developments such as COVID-19, supply chain issues, personnel shortages, and the war in Ukraine can have a severe impact on your company's performance. As a result, the budgets and plans you originally drafted may no longer be valid and need adjustment



## Consolidation & reporting

Financial consolidation and reporting are all about communicating your group results to stakeholders, after eliminating internal transactions and costs. External reporting is done following national or international reporting standards. The consolidated results give insight into the total performance of company activities, product groups, countries, etc. To provide valuable information about your company and activity performance, also budgets and forecasts need to be consolidated.

Most companies consolidate every month and publish their corporate results once a year in their annual report. This is mandatory for listed companies. In addition, companies have growing liabilities towards stakeholders such as lenders, investors, shareholders, tax authorities, and bodies like CBS, DNB, and ESG. Not meeting these regulations means putting the continuity of your company at stake. And running big risks, such as no more financial loans, a share value decrease, customers who start questioning your sustainability or even leave you, less turnover, or questions from the tax office.

## Meeting your consolidation and reporting obligations can be very time-consuming

### Management reporting

Aside from the financial reporting, many companies seek to provide consolidated information at group level, such as overviews per business line, product group, and cost centre. Management reports are used to inform internal stakeholders about how the company is doing, often sliced down by segment. These reports are targeted to the needs of the top management and the CEO and help them make predictions about future performance and growth. Thus helping them to take the right strategic decisions.

As management reporting is not mandatory, most reporting systems do not provide templates for creating valuable management reports by default.

## Are your financial processes too complex?

Financial planning is a complicated process. But some 'growing pains' in your organisation can make it even more difficult. Be aware of the following signs that your financial planning process is far too complex:

### Common issues

- Too many people involved
- Poor alignment between business and finance
- Too many data sources
- Countless Excel templates and files
- Too much manual work
- Unreliable data
- Bad work/life balance
- Not attractive for new employees

### Reporting issues

- Different reporting standards (CSRD, IFRS, US GAAP, Dutch GAAP, etc.)
- Different currencies
- Time-consuming eliminations
- Limited or no drill-down options
- Insufficient auditability
- Governance and control issues
- Lack of agility

### Management reporting issues

- No default templates
- Inefficient data compilation
- Too much manual work
- Too time-consuming
- Substantial risk of errors or omissions
- Insufficient reliability
- Wrong strategic decisions

*"We experienced limitations in accommodating future growth. And there was a need for harmonizing and streamlining consolidation and FP&A."*

**[Read the story of our customer Kinly >>](#)**

### How sophisticated is your financial solution?

**Low sophistication:** you still use Excel for your financial consolidation, reporting or management reporting, maybe supported by an interface to a central BI or data warehouse environment.

**Medium sophistication:** you use your ERP system or FP&A tool for (partial) financial consolidation, followed by manual eliminations. Reporting usually still done manually.

**High sophistication:** you use a consolidation tool or CPM platform to automatically consolidate your actuals, budgets, and forecasts, and generate financial and/or management reports.

“We were looking for a unified platform that would replace multiple fragmented legacy solutions saving on costs and complexity in reporting processes. And supporting Finance to serve as a strategic partner for the business.”

**Bram Janssens – Group  
Controlling and Accounting  
Director – Azelis**

[Read the case>>](#)

## Common coping strategies

### 1. **Hire more people, work more hours, and/or raise productivity targets**

Higher demands on the reporting side are often solved by working harder, hiring more people, and focusing more on data delivery than on data analysis. Although this might get the job done, it severely impacts job satisfaction and your company's attractiveness to future employees.

### 2. **Centralising and updating ERP systems**

As a good and important step in making their financial processes more efficient, many organizations invest in centralizing and updating their ERP systems. This creates a solid base for efficient documentation and reporting of financial figures and management data.

### 3. **Centralising and integrating accounting and reporting processes**

A bigger step towards a more advanced financial reporting process is centralizing and integrating accounting and reporting processes. For example, by implementing shared service centres organisation wide. This increases the efficiency of financial operations, especially in a multinational context.

### 4. **Investing in data warehouses and BI tools**

Combining data warehouses and BI tools – for example, Azure Data Lake connected with Power BI – creates more analysis possibilities. Moreover, the analysing process becomes faster and easier because of the structured data and (management) reports.



### The added value of a CPM solution

For smooth and smart financial processes, the ideal solution could be one central system where actuals, budgets, and forecasts come together, where variance analyses can be made, and corporate performance management (CPM) can take place. A CPM solution is worth considering if your company is operating in an increasingly complex and competitive playing field and you take performance management very seriously. It will:

- streamline and automate your reporting process.
- provide insight into data audit trails.
- centralise data from multiple sources.
- provide analytics and management reporting options.
- make the system finance owned.
- offer the required level of governance and flexibility.

“We now have a single source of truth, and we can share information across the company. Operating units and group management share the same reporting infrastructure and leverage each other’s reporting packs.”

**Onno Krap – CFO – Kinly**

[Read the case>>](#)

## Types of CPM solutions

Not all organisations are equal, and neither are their needs. The best matching type of CPM solution is defined by, among others, the size, lifecycle phase, and structure of your company. In global, three types of CPM solutions can be distinguished:

### Point solutions

Software solving a specific problem or question, for example:

- FP&A solutions for streamlining the planning and budgeting process.
- Financial consolidation solutions with default connectors to specific source systems.

Most point solutions offer good and in-depth functionality for a particular topic. They often contain a lot of default content for fast deployment. However, they are not always flexible. They might have limited customization possibilities, which makes it difficult to meet the specific needs of your organisation.

### CPM platforms

Unified software platform solutions supporting the main reporting processes, for example:

- Financial planning & administration
- Financial consolidation and reporting
- Disclosure management
- Account reconciliation and transaction matching
- Tax solutions
- ESG
- BI and analytics

CPM platform solutions offer a wide and usually in-depth range of functionality for finance departments. Usually, these systems are flexible and can be tailored to the needs of your organisation. In general, they offer less default content than point solutions and require more configuration. This often results in longer project lead times.

This type of CPM solution can be of immense value to your organisation if you desire a one-stop shop for all corporate performance matters. It will make your CPM processes easier and the total cost of ownership lower.

### **Extended CPM on current ERP cloud platforms**

More and more software companies, like SAP, Oracle, and Workday, offer their CPM solutions for planning, consolidation, and analytics as extensions to their ERP platforms. These extensions mainly focus on harmonising and integrating financial operations and financial reporting.

This is a strong proposition, especially for organisations that store more than 90% of their data and entities in a single ERP instance. By adding a CPM extension, they can profit from a seamless connection between financial closing and reporting.

For organisations with a more fragmented landscape, this proposition has less value as disclosing external data usually comes with more complexity and less flexibility. Or certain functionality is missing, which makes it difficult to import external data.

## Eight questions to select the best CPM solution

**The following questions help you define global requirements for selecting the best CPM solution:**

How big is your organisation?	Size does matter. Because the number of entities in your company and the countries in which you operate, define the appropriate type of CPM solution.
Centralised or fragmented finance landscape?	Is your ERP/accounting landscape centralised or fragmented? The more complex your organisation is, the less appropriate a default CPM solution is.
Do you want a specific or general solution?	<a href="#">Are you looking for a solution to a specific problem?</a> Or do you want to integrate a wide range of reporting processes during the coming years?
Buy or build?	Do you want to purchase a default solution (buy) or create a custom solution for your company (build)?
Inhouse centre of excellence, yes or no?	Is your finance and support organisation big and mature enough to develop and manage a CPM solution in-house?
Central or decentral reporting?	Are your reporting processes mainly centralised? Or does your company have a decentral business model?
Keep or lose Excel?	<a href="#">For Excel lovers:</a> how important is it for your company to embrace Excel for reporting purposes? Is your organisation open to other reporting tools?
What is your budget?	Your budget defines the possibilities for selecting a CPM solution. Having a wish list that is bigger than your budget is complex, as you might have to reconsider, restrict, and prioritise your requirements. And having a budget that is bigger than your wish list is nice, but it is evident that you want value for money.

## No organisation is the same

Having trouble answering these questions? Don't worry. Although it seems easy to select a CPM solution, there can be more to it than meets the eye as no organisation is the same. Especially in the mid-market, we see many organisations struggle to find the most appropriate solution. Because what to do when your company is too big and has too many flexible demands for one of the smaller point solutions, but your budget or resources are too small for the major platforms in the market?

Do you already have a CPM solution in place that no longer meets your current requirements? Another situation in which it can be quite a challenge to decide how to scale up, adjust or replace your current CPM system.

## Why automation can make your life easier

- ✓ easy data collection and processing
- ✓ reliable data
- ✓ more flexible and agile
- ✓ more accurate insights
- ✓ better strategic decisions
- ✓ save time and money
- ✓ attract high potentials
- ✓ better work/life balance

## More information? Contact us!



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