Performance Management –
Current Challenges and Future Directions

A global survey of the maturity of Performance Management processes.
By BARC, July 2009
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BARC – Business Application Research Center
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Executive summary

Key processes for managing organizational performance include planning and budgeting, financial consolidation, reporting, compliance and risk management, as well as strategy management. This global study explores the key challenges organizations face today, the implications of these challenges on performance management processes, future process improvement priorities as well as integration levels between the different performance management processes.

This vendor-independent empirical study is based on 553 responses from organizations across a wide range industries, countries and company sizes. Most respondents were executives from departments such as finance, IT and general management. The study was conducted between March and May 2009.

The following key messages have emerged from this study:

- **Business**
  - **Acceleration of processes** (faster reporting, shorter planning cycles, fast close) across all existing PM processes is the major improvement priority.
  - Creation of **better links between strategy management and other PM processes** is the major integration priority.

- **Organization**
  - **PM processes are becoming more complex, with more people involved and an increasing number of tools used.** This requires careful management.
  - It is important to better align IT and business so they share a common vision of performance management.

- **Technology**
  - **Companies do increasingly use more specialized software tools to automate their PM processes, as opposed to using basic spreadsheet tools such as Excel.**
  - There is an increasing need for integrated technology platforms that allow companies to manage performance across the different PM processes.

These key messages have emerged from the four sections of this study. Here is an overview of the finding in each of the four sections:

**Current Challenges**

- In light of current challenges, **93 percent of respondents state that complexity of their role has increased, in fact, 51 percent say complexity has increased by “a lot”**.
- The main factors that create challenges for organizations today are the current economic turmoil as well as **increased competition**.
Both external and internal changes have a major impact on performance management processes; key factors that drive performance management activities are:

- desire for more content and more requests for information,
- organizational dynamics from restructuring and new products, and
- more regulations.

In 38 percent of organizations business and IT do not share a common vision of performance management.

Status of performance management processes

- **Performance Management has become a strategic process**: The number of people involved in performance management has risen significantly over the last three years (on average by about 30 percent across all processes).
- For individual processes Strategy Management, Compliance Management and Planning/Budgeting/Forecasting show the highest increases.
- **Usage of specialized Performance Management software is growing**, often replacing Spreadsheet and ERP applications.
- The finance industry is the heaviest user of Performance Management software across all processes.
- Most companies use 1-3 tools for PM, the average is 4.9.

Improvement of performance management processes

- **More than 80 percent of companies think their PM processes need improvement**.
- Process improvement is seen as a priority over resource or output considerations.
- The most common goals of any improvement initiatives to PM processes are:
  - Data quality,
  - Implementation of corporate strategy, and
  - Reduction of complexity.

Integration of performance management processes

- The greatest benefits are thought to be achieved by integrating planning and budgeting with other PM processes.
- The biggest value is seen in integration of planning and budgeting with strategy management.
- There is a large gap in perceived value and implementations of integrated software platforms for PM processes.
Introduction

Performance Management comprises a set of management processes, often supported by technology, that help companies to manage and monitor their performance. This vendor-independent empirical study takes a closer look at the current state of performance management processes in organizations. In the current economic climate there are many internal and external challenges facing the Chief Executive Officers (CEOs), Chief Finance Officers (CFOs), Chief Information Officers (CIOs) and all the departments involved in managing an organization’s performance. One obvious effect of these challenges is the rising complexity in managing the business. Thus, this global study identifies the current challenges and future directions of the performance management processes in organizations.

The first part of this study aims to identify the key challenges managers face today and examines which internal and external factors influence the complexity they have to deal with.

We then explore the impact of these challenges on performance management processes. In particular, we take a closer look at the following five processes that support the performance management of organizations:

1. Planning, budgeting and forecasting
2. Legal/financial consolidation and financial reporting
3. Other reporting
4. Compliance and risk management
5. Strategy management

Important indicators of the current state and future directions of performance management processes are the number of people and tools involved. We therefore asked participants to indicate how many people are involved in performance management processes and what software tools are used to support them.

In the second part we take a look at the key areas for improvement. In particular, we look at speed, efficiency and effectiveness of the processes to pinpoint the major factors that drive organizations to improve their performance management processes. We also explore the improvement priorities and the initiative already ongoing.

In the third and final part we investigate the integration and alignment of the various performance management processes. Integration helps managers to share information and insight across all PM processes to inform decision making in a more unified and comprehensive way. However, different organizational units in charge of different processes, and an increasing number of people and tools used to support performance management often have the effect of driving PM processes apart. More so, if PM is to become a pervasive activity in organizations it has to enable them to better execute on strategy and more quickly respond to the challenges they face. With this in mind, we explore the level of integration achieved so far and identify the perceived value of and priorities for the integration of PM processes.
Framework of the empirical study

The data used in this empirical study stems from a survey conducted worldwide between March and May 2009. Participants were contacted through more than 25000 personalized emails, promotion on relevant web sites and in various newsletters. In addition, hard copy versions of the survey were handed out at relevant conferences worldwide. The questionnaire was available in English, German, Spanish, Portuguese, French and Italian.

The objective was to survey people who are stakeholders in performance management processes. The methodology used was a mixed-mode data collection and a multi-language survey. The questionnaire was promoted to business professionals worldwide through direct mailings and with media support. The target groups were general management as well as any IT professionals or business users involved in performance management processes.

A total of 580 questionnaires were completed. 27 of these were eliminated because they were incomplete or dubious in nature. As a result the detailed analysis was based on the responses of 553 participants.

To ensure a high level of data quality, the analysts omitted obvious incorrect entries to individual questions from the final analysis. Respondents did have the option to skip questions entirely without answering.

This data was evaluated using frequency, cross-table and correlation analyses as well as statistical hypothesis tests. The analysts were also committed to keeping a high sample level.

Demographics

The survey received 553 answers from a worldwide audience. The participants came from 27 different countries. Most responses came from Germany (22%), the United Kingdom (22 %), USA (20 %), Italy (15 %) and Austria (7 %) (Figure 1).

![Figure 1: Participation by country (Total=526)](image-url)
Other participants came from Andorra, Argentina, Australia, Belgium, Canada, Chile, Colombia, Cuba, Ecuador, Finland, France, Guatemala, India, Lithuania, Netherlands, Nigeria, Paraguay, Portugal, Switzerland, South Africa, Spain and Poland.

![Graph of industry participation]  
**Figure 2:** Participation by industry (Total=539)

A good representation of different industries has been achieved. IT/Telecommunications (22%) is the most strongly represented industry, followed by Manufacturing/Energy (15%), Service (14%), Consulting (13%) and Commerce/Consumer Goods (12%), Finance (8%), and Healthcare (3%) (See Figure 2).

Company sizes were defined according to number of employees: “small”: less than 500 employees (37%), “medium”: 500-5000 employees (36%) and “large”: more than 5000 employees (27%) (Figure 3).

![Graph of company size and role participation]  
**Figure 3:** Participation by company size and role (Total=547)

Participants had the option to enter their role within the company (Figure 3). The best represented roles are CFO/Finance-function (30%), followed by CIO/IT-function (19%) and CEO/director (17%).
Current Challenges for Performance Management

The current economic downturn is seen as posing the biggest challenge for most companies. Thirty-five percent of survey participants identified economic turmoil/the financial crisis as the main driver of their current challenges (Figure 4).

As competition will always be a factor for most companies, not surprisingly 24 percent see competition as the main driver of their current challenges. To a lesser extent participants regard globalization (13%), access to financial resources (12%) or new regulations (11%) as their main challenge.

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**Figure 4: Main drivers of current challenges (Total=456)**

- Economic turmoil / the financial crisis: 35.4%
- Competition: 24.2%
- Globalization: 13.2%
- Access to financial resources (credit etc.): 11.6%
- New compliance demands: 11.1%
- Other: 4.6%

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**Analyst Opinion**

Economic turmoil and the financial crisis are currently seen to be posing the biggest challenges to firms. The problem for companies is that generally they cannot control or even influence those external factors. While the credit crunch and the global economic downturn are causing many problems for companies today they are likely to be a temporary phenomenon. Even though there is little companies can do about the economic downturn, they can, however, see it as a wake-up call to get their performance management processes in order. Better external monitoring enables companies to detect early warning signals earlier and better internal performance management processes allow firms to focus on what matters the most and enables them to react to pressures of cost-cutting and efficiency improvements by streamlining and optimizing their operations. While the credit crunch will be temporary, it will most likely bring increased regulation in many industries. Also, global competition is going to increase further making the business landscape more complex. Future performance management processes need to help address these.
Internal and external changes

The economic downturn has been identified as posing the biggest challenges to business today. But what affects the actual performance management processes in companies the most? In order to answer this, survey participants were asked about external and internal changes that have had an impact on their performance management processes.

The key internal factors leading to a change in performance management processes were identified as increasing content and increasing information request from the chief executive officer. 72 percent of participants identified these categories as having an increased effect on performance management (see Figure 6). This is followed by organizational dynamics such as restructuring (69%) and new products (61%).

Significantly, the majority of respondents believe that the impact these internal factors have on performance management processes has increased over the past years.
The same scenario is repeated for the external factors, where 59 percent of the survey participants believe that the impact of factors such as Sarbanes Oxley, local laws or industry-specific rules on their performance management processes has increased (see Figure 6). 45 percent report an increasing impact from new auditing processes while 43 percent identify decreased customer demand as impacting performance management processes.

Almost all respondents (93%) stated that the complexity of their job has increased (Figure 7). 50 percent even stated that complexity has increased “a lot”, while 43 percent feel that complexity has increased “little” with only 7 percent not seeing an increase in complexity at all.

Figure 7: Did complexity increase? (Total=522)

**Analyst Opinion**

The survey data shows that internal and external influences have increased the demands on performance management significantly. More content, more requests for information and business restructuring drive internal change while compliance, auditing procedures as external factors have led to an ever increasing complexity in performance management processes.
A frequently encountered challenge in organizations is the gap between business and IT departments in understanding and implementing performance management strategies. 38 percent of respondents said that they do not have a common vision of performance management in their organization (Figure 8).

![Pie chart showing 62% yes and 38% no to the question of sharing a common vision of performance management.](image)

Figure 8: Do business and IT share a common vision of performance management? (Total=522)

**Analyst Opinion**

The lack of a common vision on performance management poses an inherent danger that business and IT steer their initiatives in different directions. The results we see in many companies are inefficiencies, higher complexity and inconsistent solutions. A joint-up approach to performance management is needed to make it work. A good idea is to create a business intelligence and performance management competency center that has both management and IT skills and which drives all performance management initiatives across the organization.
Status of performance management processes

This study looks at different processes that support the performance management of an organization. Participants were asked to define the status quo as well as any initiatives they have planned to improve these processes. Before we go into the findings, let quickly outline the five PM processes we looked at in detail:

1. **Planning, Budgeting and Forecasting**

Planning and budgeting are indispensable tools for managing companies and pave a solid foundation for driving business performance. By regularly comparing their budgets to actuals, companies can effectively monitor the progress and effects of planned measures and adjust their objectives accordingly.

2. **Legal/Financial Consolidation and Financial Reporting**

The creation of a group view by consolidation of legal entities is not only mandatory for external financial and statutory reporting but is also a guidance for group-related decisions as well as planning and controlling the enterprise as a whole.

3. **Other Reporting**

Reporting is the backbone of performance management and comprises all reporting tasks to internal and external stakeholders. It includes operational reporting, management reporting, and external reporting demanded by authorities and/or auditors.

4. **Compliance and Risk Management**

Trying to learn from the mistakes of banks and government institutions where risk management failed blatantly in the lead up to the crisis, many companies might now see these processes to be more important for performance management. Managing the inevitable increase in regulatory requirements and different aspects of risk will most likely become a more significant part of performance management in the future.

5. **Strategy Management**

Strategy Management involves the definition and execution of strategies using different methodologies and approaches, e.g. balanced scorecard, six sigma, initiative management, strategic planning and simulation.

As chapter one shows, the complexity of performance management has increased significantly due to increased internal and external requirements. Alongside new requirements, one reason for this might be the large increase in the number of people involved in performance management - **over the last three years there has been an average increase of about 30 percent across all processes**. Strategy Management (52%), Compliance Management (46%) and Planning/Budgeting/Forecasting (42%) show the biggest individual increases.
### Performance Management: A Global Survey

**Figure 9**: How many people are involved in PM processes?

<table>
<thead>
<tr>
<th></th>
<th>Small Companies</th>
<th>Medium Companies</th>
<th>Large Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning, budgeting and forecasting</td>
<td>4,6 6,6</td>
<td>28 32</td>
<td>102 164</td>
</tr>
<tr>
<td>Legal consolidation and financial reporting</td>
<td>2,5 3,3</td>
<td>11 13</td>
<td>25 39</td>
</tr>
<tr>
<td>Other reporting</td>
<td>2,8 4,6</td>
<td>23 27</td>
<td>70 89</td>
</tr>
<tr>
<td>Compliance and risk management</td>
<td>1,6 2,4</td>
<td>7 9</td>
<td>20 33</td>
</tr>
<tr>
<td>Strategy management</td>
<td>2,6 3,5</td>
<td>17 30</td>
<td>17 23</td>
</tr>
</tbody>
</table>

**Figure 10**: How many people are involved in PM processes? (Growth in percent)

<table>
<thead>
<tr>
<th></th>
<th>Small Companies</th>
<th>Medium Companies</th>
<th>Large Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning, budgeting and forecasting</td>
<td>45%</td>
<td>12%</td>
<td>60%</td>
</tr>
<tr>
<td>Legal consolidation and financial reporting</td>
<td>29%</td>
<td>17%</td>
<td>55%</td>
</tr>
<tr>
<td>Other reporting</td>
<td>66%</td>
<td>18%</td>
<td>27%</td>
</tr>
<tr>
<td>Compliance and risk management</td>
<td>46%</td>
<td>27%</td>
<td>61%</td>
</tr>
<tr>
<td>Strategy management</td>
<td>33%</td>
<td>72%</td>
<td>33%</td>
</tr>
</tbody>
</table>
Looking at the actual number of people involved in PM processes, large increases can be seen across all processes and across all company sizes (see Figure 10 and 11). Compared to three years ago the number of people involved in all processes has risen by an average of 30 percent. Very big individual increases can be seen in small companies for other reporting (66%), in medium-sized companies for strategy management (72%) and in large companies for planning (60%), legal consolidation (55%) and compliance (61%).

**Analyst Opinion**

The fact that more people are involved in performance management shows that companies are serious about managing performance. The trends reflect the facts that smaller companies are catching up across many performance management processes, while medium and large firms focus on some of the gaps and current priorities such as strategy management, compliance and planning. Over the next few years we expect further expansion of performance management processes, in particular in medium sized companies who have some catching up to do. However, in the long-run we would expect to see some consolidation driven by integration and automation. A smaller more focused team could control the overall processes while a larger group of people will become end-users of analytics and performance management.

Companies react to the changing performance management landscape by increasingly utilizing specialized performance management software. While Excel still is widely used for all PM processes, usage of PM software has surpassed Excel in financial and other reporting (Figure 12) and is used almost as often for planning, budgeting and forecasting. Enterprise Resource Planning (ERP) Systems are mostly used for performance management processes in financial consolidation and reporting (27%).

<table>
<thead>
<tr>
<th>Special PM software</th>
<th>Excel</th>
<th>ERP-System</th>
<th>No software</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning, budgeting and forecasting</td>
<td>38%</td>
<td>41%</td>
<td>19%</td>
</tr>
<tr>
<td>Legal /financial consolidation and financial reporting</td>
<td>37%</td>
<td>31%</td>
<td>27%</td>
</tr>
<tr>
<td>Other reporting</td>
<td>42%</td>
<td>40%</td>
<td>14%</td>
</tr>
<tr>
<td>Compliance and risk management</td>
<td>24%</td>
<td>42%</td>
<td>14%</td>
</tr>
<tr>
<td>Strategy management</td>
<td>26%</td>
<td>38%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Figure 11: Software for Performance Management Processes (Total=407)
Twenty percent of companies surveyed do not use any software for compliance and risk management and thirty-three percent do not use software for strategy management. Incidentally these are also the two areas that show the biggest increases in the average number of people involved in the process (Figure 10). With more people involved the pressure to support these processes by specialized software might also increase in the future.

When cross analyzing software usage with perceived complexity of their roles, it is notable that users of ERP-Systems complain significantly more about increased complexity.

**Analyst opinion**

This study shows that Excel is becoming less dominant as the key software tool to manage performance. This is good to see considering the advantages specialized PM software applications offer. In some areas such as legal and financial consolidation and reporting there are more companies using specialized PM software tools than spreadsheet applications. For planning, budgeting and forecasting it is almost the same level of companies using Excel and specialized PM software. **We expect this trend to continue as more companies purchase specialized applications that allow them to unleash the power of performance management processes.**

The number of tools used to handle PM processes differs depending on company size. Of the companies surveyed a majority had 1-3 tools in use. **The overall average is 4.9 tools per company** (Figure 13). Naturally this number varies heavily depending on company size and software architecture. The basic assumption that the larger a company is, the more software tools it uses generally holds true.

![Figure 12: How many different tools are used to handle performance management tasks? (Total=426)](image-url)
Analyst opinion

The more tools companies use for performance management the bigger the problems get. Data transfer between systems as well as different methodologies, processes and user interfaces of different tools lead to many challenges in running and administering the overall PM and data management infrastructure. We expect to see more consolidation and implementations of integrated enterprise performance management solutions, replacing different point solutions.

The finance industry is the heaviest user of Performance Management software across all processes. The biggest difference between software adoption in the finance industry and the cross industry average is in the area of compliance and risk management, where 40 percent of companies in the finance sector use PM software while across all industries only 23,8 percent do so (Figure 14).

Figure 13: Usage of PM software for Compliance and Risk Management
Improvement of performance management processes

After identifying the current state of their PM processes, survey participants were asked to identify how PM processes could be improved in their companies. They were asked to identify the highest potential for improvement choosing from “Process improvements” (faster reporting, shorter planning cycles, fast close), “Resource optimizations” (reducing effort, cost, resources), “Better output” (more accurate reporting, user friendliness) or “Process runs just fine”.

The results here are again quite striking: On average, more than 80 percent of companies think their PM processes need improvement (Figure 15). The planning, budgeting and forecasting processes seem to be especially problematic: only 9 percent think these processes run just fine. Improving the processes (faster reporting, shorter planning cycles, fast close) was the most common response across all PM processes apart from “other reporting” where better output is of higher importance. Overall, it can be said that the process improvement and increasing speed are seen as more important improvement priorities than resource or output considerations.

<table>
<thead>
<tr>
<th>Process improvements</th>
<th>Resource optimizations</th>
<th>Better output</th>
<th>Process runs just fine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning, budgeting and forecasting</td>
<td>47%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Legal /financial consolidation and financial reporting</td>
<td>34%</td>
<td>30%</td>
<td>18%</td>
</tr>
<tr>
<td>Other reporting</td>
<td>28%</td>
<td>25%</td>
<td>31%</td>
</tr>
<tr>
<td>Compliance and risk management</td>
<td>34%</td>
<td>24%</td>
<td>21%</td>
</tr>
<tr>
<td>Strategy management</td>
<td>35%</td>
<td>19%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Figure 14: Improvement of Performance Management Processes (Total=407)

Analyst opinion

Being able to run PM processes better and faster is currently more important for companies than optimizing the resources used for running the processes or improving the quality of the output. This reflects the challenges of a globalized economy where faster reaction to changing market environments is a key to success. In last year’s survey on planning and budgeting processes we saw a high dynamic with 77 percent of all companies reporting that they change their planning process at least once per year. This also shows the need for fast process execution when rolling forecasts and more frequent planning cycles become increasingly prevalent.
Participants were also asked if there are current initiatives to improve PM processes (Figure 16). Only 15 percent of companies have no ongoing initiatives for improvement. In 28 percent of companies surveyed there are currently initiatives to improve planning, budgeting and forecasting, followed by 17 percent that are running initiatives to improve their reporting. These results are in line with the previous findings (Figure 15) and show the need for improvement in these processes.

When asked which goals are pursued in the initiatives to improve Performance Management processes improving data quality, implementing the corporate strategy and reducing the complexity of the process were ranked as the top three (see Figure 17). Standardization of methodologies and tools are also of importance, mostly for CIOs. Top priority for CFOs on the other hand is to assist the CEO in implementing his strategy.
Integration of performance management processes

With 93 percent of respondents complaining about higher complexity and over 80 percent seeing a need to improve their performance management processes, the question of how improvements can be achieved comes into focus. With increasing information requests, more people involved and a growing number of tools implemented on the one hand and the need for higher speed and better quality in processes on the other, one hypothesis is that an integration of processes can help to tackle these challenges and deficiencies. The study looked at the perceived value of integrating PM processes to identify whether integration in general is valued (Figure 18) and to see which of the particular PM process integration is seen as most valuable (see Figure 19).

<table>
<thead>
<tr>
<th></th>
<th>Legal consolidation and financial reporting</th>
<th>Other reporting</th>
<th>Compliance and risk management</th>
<th>Strategy management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning, budgeting and forecasting</td>
<td>52,8%</td>
<td>41,7%</td>
<td>32,2%</td>
<td>61,8%</td>
</tr>
<tr>
<td>Legal consolidation and financial reporting</td>
<td>-</td>
<td>28,4%</td>
<td>30,8%</td>
<td>17,5%</td>
</tr>
<tr>
<td>Other reporting</td>
<td>-</td>
<td>-</td>
<td>15,4%</td>
<td>18,7%</td>
</tr>
<tr>
<td>Compliance and risk management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,4%</td>
</tr>
</tbody>
</table>

Figure 17: Where do you see a value in integration? (Total=422)
(Multiple answers possible, percentage of all respondents)

The participants in this study believe that the greatest benefits are achieved by integrating planning and budgeting with other PM processes. 62 percent of all participants that answered this question see value in integration of planning and budgeting with strategy management, 53 percent of planning with legal consolidation, and 42 percent of planning with reporting. Also, almost a third of respondents see value in integrating compliance and risk management with planning and legal consolidation.

<table>
<thead>
<tr>
<th></th>
<th>Legal consolidation and financial reporting</th>
<th>Other reporting</th>
<th>Compliance and risk management</th>
<th>Strategy management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning, budgeting and forecasting</td>
<td>63,1%</td>
<td>50%</td>
<td>22,1%</td>
<td>27,5%</td>
</tr>
<tr>
<td>Legal consolidation and financial reporting</td>
<td>-</td>
<td>33,2%</td>
<td>24,2%</td>
<td>14,3%</td>
</tr>
<tr>
<td>Other reporting</td>
<td>-</td>
<td>-</td>
<td>18,9%</td>
<td>14,3%</td>
</tr>
<tr>
<td>Compliance and risk management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,7%</td>
</tr>
</tbody>
</table>

Figure 18: Which processes share a fully integrated software platform? (Total=244)
(Multiple answers possible, percentage of all respondents with integrated platforms)
A frequently encountered tactic to improve processes and also a goal of many standardization initiatives is the implementation of a unified, integrated software platform for performance management processes. Participants in the study were therefore asked for which combination of processes they already use a fully integrated software platform. Of those that answered the question and therefore already have integrated processes, 63 percent say they have an integrated platform for planning and consolidation and 50 percent have planning and reporting integrated.

**Analyst opinion**

This study shows that there are few companies have fully integrated software platforms. With integration levels too low we see a clear need for further alignment beyond some more obvious integration such as those between planning processes and consolidation and reporting. In particular we see a greater need to better align strategy management as well as compliance and risk management processes with other performance management activities. The fact that these key processes are currently not integrated inevitably leads to problems with strategy execution and compliance.

A clear trend emerges that people who already have integrated processes in place see the most value in integrating planning and strategy management processes (57% - Figure 20). This is also where the biggest gap between perceived value and already integrated platforms exists. While 57 percent see value in integrating planning and budgeting processes with strategy management, only less than a third of companies in our survey have achieved this integration, a difference of about thirty percent. Another noticeable gap exists for integration of planning with compliance processes and for the integration of legal consolidation with compliance (10%). Investing in integrated platforms that cover these performance management processes will improve performance management.

<table>
<thead>
<tr>
<th></th>
<th>Legal consolidation and financial reporting</th>
<th>Other reporting</th>
<th>Compliance and risk management</th>
<th>Strategy management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning, budgeting and forecasting</td>
<td>53,8%</td>
<td>39,4%</td>
<td>36,7%</td>
<td>57%</td>
</tr>
<tr>
<td>Legal consolidation and financial reporting</td>
<td>-</td>
<td>30,3%</td>
<td>34,4%</td>
<td>18,1%</td>
</tr>
<tr>
<td>Other reporting</td>
<td>-</td>
<td>-</td>
<td>14,9%</td>
<td>19,5%</td>
</tr>
<tr>
<td>Compliance and risk management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21,3%</td>
</tr>
</tbody>
</table>

*Figure 19: Where do you see a value in integration? (Total=221)  
(Multiple answers possible, percentage of all respondents with integrated platforms)*
Conclusion

The daily complexity in business is increasing. A stunning 93 percent of respondents state that complexity of their role has increased due to current challenges that arise from inside and outside the firm. Performance management has become a key enabler for two aspects: (1) helping organizations to provide managers with more decision-relevant information and (2) helping companies to become more transparent and compliant with regulations. Consequently the number of people involved in performance management processes has increased over the last years with an average of 30% across all PM processes. But still more than 80 percent of companies think their PM processes need improvement and started initiatives to tackle the most urgent deficiencies such as data quality, implementation of corporate strategy, and reduction of complexity. Also, the speed and quality of performance management processes is seen as a priority over resource or output quality considerations, showing the enormous pressure companies are facing in the current economic climate.

In terms of technology we see an increase in the usage of specialized performance management software which is starting to replace Excel as the dominant tool. Even though respondents indicated that they see major benefits in closer integration, integrated technical platforms that are able to cover multiple PM processes are rare. The biggest gap between perceived benefits and actual integration is between planning and strategy management, compliance and legal consolidation and compliance and planning.

This study shows that improving and integrating performance management processes is seen as a business priority with a high level of expected benefits. Addressing the key challenges outlined in this study will help companies to comply with the increasing complexities and challenging global competition.
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