



BI and CPM for Small and Mid-sized Enterprises:
The Cloud Fits

Special Research Reprint
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Title **BI and CPM for Small and Mid-sized Enterprises: The Cloud Fits**

Summary Recently, we published *Strategic Perspectives* on BI and CPM as they relate to the Cloud and Software-As-A-Service (SaaS). In this *Strategic Perspective*, we focus specifically on the intersection of SMEs and BI / CPM in the Cloud.

So What? There is a general assumption that Small and Mid-sized Enterprises (SMEs) don't have the inclination or ability to make investments in Business Intelligence (BI) or Corporate Performance Management (CPM). In the past, on-premise BI and CPM applications may have been too onerous and expensive for SMEs to consider. With the Cloud as a realistic approach to utilizing BI and CPM, these tools and technologies are made viable for smaller organizations. And *SMEs are more likely to adopt BI and CPM now than ever before*. Many SMEs are realizing that they no longer need to use spreadsheets to solely manage the performance of their respective businesses. In fact, the Cloud could very well be the missing piece for effective performance management. But SME executives need to make the appropriate changes for successful deployment.

The author invites your comments and inquiries on this *Strategic Perspective*.

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Perspective

In recent *Strategic Perspectives* on BI and CPM in the Cloud, topics have ranged from the viability of BI & CPM in the Cloud to the Key Issues that we foresee for BI and CPM (please see *Strategic Perspective*, "[Business Intelligence and Corporate Performance Management in the Cloud: Key Issues Framing the Research Agenda](#)", MKT-737, published 26 May 2010). Most recently, we drilled down into one of those Key Issues, exploring the problems that Cloud BI and CPM try to solve (please see *Strategic Perspective*, "[Key Issue Examination: What Problems Do Cloud BI and CPM Try to Solve?](#)", MKT-754, 30 June 2010). A natural question that arises with these discussions is whether any or all of these topics apply to smaller enterprises. The answer is "absolutely". In this *Strategic Perspective*, we explore the acceptance and adoption of BI and CPM in the Cloud for SMEs.

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In discussions over the years with SMEs, we have found a general consensus that as these organizations have made substantial investments in various components of enterprise applications, the approach to BI and CPM has been more one-dimensional. BI tools may or may not suffice for the needs of SMEs, and CPM has been viewed as overkill, given the investment and implementation efforts that CPM has represented for SMEs.

Corporate Performance Management is defined as *the processes, methodologies, metrics and technology (applications and software tools) used to monitor, measure, and manage the activity of a business*. Traditional CPM applications include: planning, budgeting and forecasting, CFO dashboards, and financial reporting. SMEs accept the concept of CPM, as they define their basic requirements as follows:

Report automation – IT needs to save users many hours spent each week / month in collecting information and forcing it into Excel

Improved decision-making – enterprises can make more effective decisions when armed with accurate and timely information

Forecasting – enterprises need to minimize surprises and have better visibility to future and anticipated performance

Note 1

Saugatuck's 2010 Cloud Business Solutions / SaaS Survey

In March, 2010, Saugatuck completed its 5th annual SaaS buyer demand survey which included 790 total business and IT executive responses.

The global survey spanned all geographies, the full spectrum of organization size, and eight core industry groups.

The research focuses on buyer preferences related to key business goals, business solution demand (and when), collaboration solution demand (and when), benefits and concerns, satisfaction, adoption triggers, business and technology considerations, channels, and the overall expected future deployment preference between Cloud and on-premise software solutions.

This year, we have added some additional drill-down questions around three key functional groups, including HR, Finance and Procurement.

To supplement this research, Saugatuck is conducting telephone interviews with more than two dozen SaaS decision-makers within user firms, as well as deep-dive briefings with dozens of leading and emergent Cloud Business Solution / SaaS providers and established software and services providers.

Analysis, insights, and guidance based on this research has published throughout the 2nd and 3rd quarters of 2010 via Saugatuck's premium [Continuous Research Services \(CRS\)](#), including a data-rich *Research Report* (PowerPoint-based – which will only be available to ongoing CRS-BASE subscribers) and a major thought-leadership *Research Report* due to be published in August, 2010 – as well as numerous other premium research deliverables.

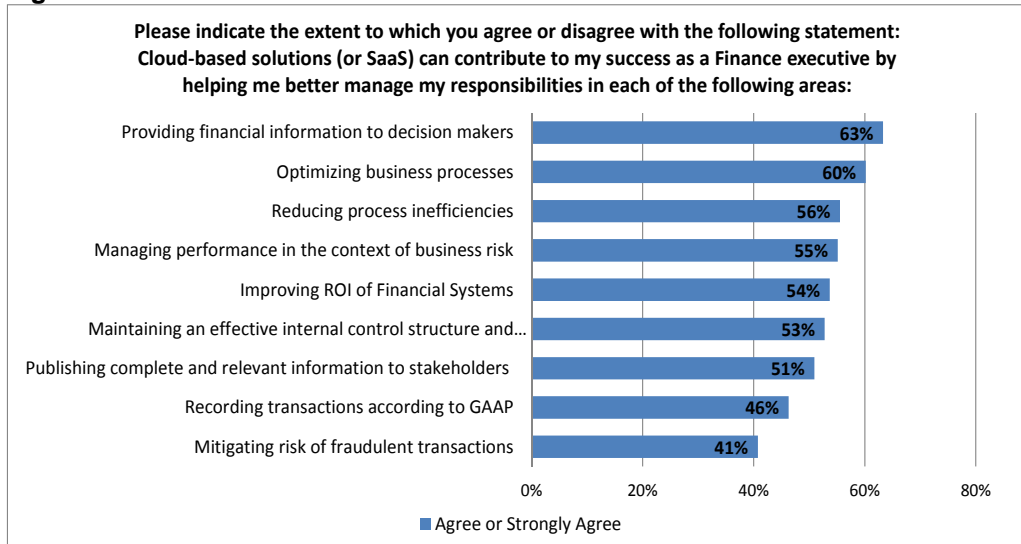
For information, contact [Chris MacGregor](#) via email, or call 1-203-454-3900.

Trend identification – enterprises should be able to identify trends where opportunities exist or blind spots where revenue is being lost.

Historically, the major CPM players (e.g., Business Objects, Cognos, Hyperion) focused on expanding from their BI roots and targeted larger enterprises. Smaller enterprises may have invested with those providers, but more likely exclusively around reporting tools. In many cases, the SME approach to CPM (as defined above) was accomplished through those reporting tools, an extension of their GL reporting function, or through spreadsheets. Given this, Excel remains the most common response to the question posed to SMEs, “what do you use for reporting, planning, budgeting and forecasting?” So again, although SMEs have long accepted the definition, idea and premise behind CPM, the general reaction among SMEs has been that they don't need anything that formal – *or expensive*. But the reality is that these organizations do indeed need the formality and structure that CPM offers; they just need a better way to get it. Enter the Cloud as a viable, less expensive and reasonable way for SMEs to deploy BI and CPM tools / applications and accomplish the overarching need to get a better handle on the performance of their business.

Since CPM is very focused on the financial executive of an enterprise, we can look at those executive's concerns and see some patterns and trends. In our most recent SaaS survey, we asked SME financial executives where Cloud-based solutions can contribute to their success and help them better manage their responsibilities (see Figure 1). Sixty three percent of executives indicated that Cloud solutions can assist in providing financial information to decision makers; 55 percent of respondents indicated that Cloud solutions can help these executives better manage performance in the context of business risk; and 51 percent stated that Cloud solutions can assist in publishing complete and relevant information. These responses all point to CPM by definition.

Figure 1: Cloud Business Solutions / SaaS – SME Concerns



Source: Saugatuck Technology, 2010 Cloud Business Solutions survey, n=252 SME execs (<1,000 employees)

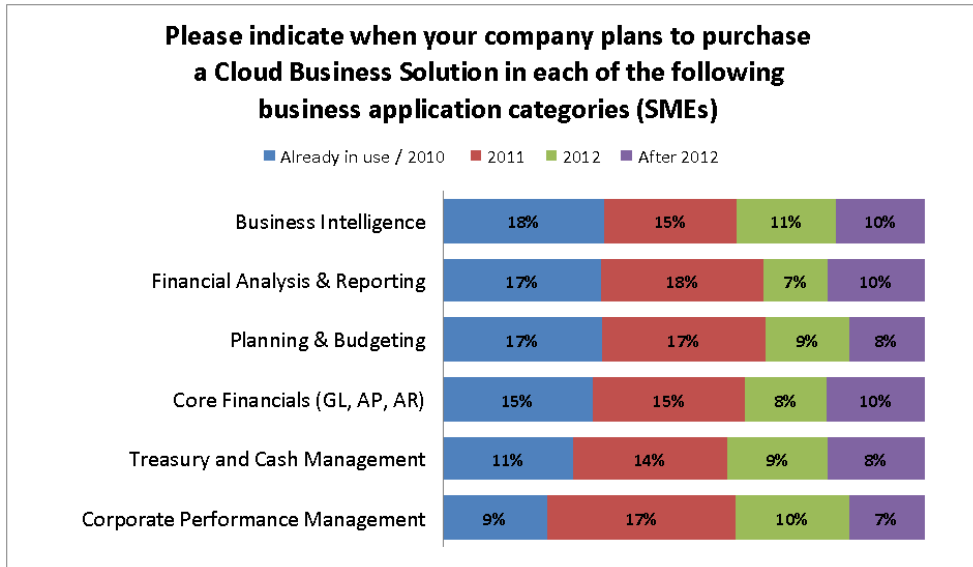
Cloud-Based Solutions for SMEs

SMEs worldwide are aggressively buying and implementing SaaS for all areas of business. But does that apply to Business Intelligence and Corporate

Performance Management? In our SaaS survey, we asked SMEs about their current deployment and future plans around Cloud business solutions, and broke it down by specific business applications.

If we look specifically at BI and CPM, 46 percent of SME respondents indicated that they have or plan on deploying BI on the Cloud by YE 2012, with 35 percent indicating that they have or plan on deploying CPM in the Cloud in this time period.

Figure 2: Cloud Business Solutions / SaaS – SME Adoption



Source: Saugatuck Technology, 2010 Cloud Business Solutions survey, n=252 SME execs (<1,000 employees)

This begs the question of what roles BI and CPM can play in smaller organizations. And the answer is that BI and CPM can play a much larger and more critical role than they play today. *Spreadsheets may not be completely replaced when smaller organizations move to the Cloud for BI and CPM, but spreadsheets should play a more supporting or secondary role than they do today.* With Cloud deployment of CPM applications and BI tools and technologies being more affordable and much faster for SMEs, these smaller organizations are now more open to going that route for performance management.

Based on recent interviews with more than a dozen SME executives, we found that the demand for more accurate and timely information is greater today, and that SMEs cannot afford to spend inordinate amounts of time sorting through mounds of data and then spending even more time trying to analyze and disseminate that data.

The Cloud is helping to change BI and CPM in powerful ways – and much more than just data access. Effective Cloud BI and CPM solutions are those that recognize the relevant business processes and tie intelligence tools and technologies in to those business processes. The Cloud platform plays a critical role here. Examples of this shift exist today; Taleo offers Talent Intelligence as an analytical approach to the data in their talent management offerings and integrates that information with the larger talent and performance management offering; SuccessFactors has also combined BI and CPM philosophies into their Performance Management products.

The business world continues to change, and SME executives recognize that

they need to shift the way they approach information management accordingly. An important way that we see the Cloud impacting BI and CPM is in regard to the way that companies are aggregating data. A second key change is that Cloud applications are more likely to have BI and CPM tools built in, so that business process and information are more interwoven and viewed holistically when it comes to analysis and decision-making.

The role that BI and CPM played in SMEs historically was very one-dimensional; BI and CPM in the Cloud are now driving new ways of combining information and business processes. And BI and CPM can provide the right combination of tools and technologies to take information management and decision-making to be more iterative and make a positive impact to making real-time decisions. Further, KPIs are being used in a more integral ways; SaaS provides a dynamic platform to monitor performance real-time as evidenced by the way that NetSuite uses dash-boarding centrally to its service delivery.

Net Impact Not only are SMEs worldwide making investments in various Cloud business solutions, but a healthy percentage of those SMEs are deploying (and plan on implementing) Business Intelligence and Corporate Performance Management. This is a shift from the perception that SMEs have had on BI and CPM in on-premise environments, and creates a great opportunity, for both user and vendor organizations.

SME executives who are implementing a cloud strategy should ensure that BI and CPM are part of that strategy. Those SMEs that are considering BI and CPM investments in the Cloud should ensure that the potential providers can meet the needs of their respective organization. But it is not enough to merely provide a more cost effective platform for delivering information and analytics; SME executives should take a fresh look at how the Cloud can potentially alter and improve their business processes and workflow, and ensure that any and all BI and CPM solutions can support them.

BI and CPM vendors that offer pure-play Cloud solutions are well positioned for SMEs and should ensure that they recognize the needs of smaller organizations. Pure-play BI and CPM vendors need to focus on specific sets of business processes and target the corresponding role(s) in user organizations. Historically, a variety of finance functions have proven to be great BI / CPM battlegrounds – but the easier aggregation of information in the Cloud from a variety of operational, sales, marketing and financial sources are helping to deliver even greater management value than ever before.

About This Research

This independently developed research was published as a deliverable of Saugatuck's [Continuous Research Services](#) (CRS) subscription research program. Host Analytics has been granted the right to reprint and electronically distribute this article through its website, through February 28, 2011.

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