

EXCERPT

Worldwide Business Performance Management and Financial Analytic Applications 2005 - 2009 Forecast and Vendor Shares

Kathleen Wilhide

IN THIS EXCERPT

This excerpt is taken from Worldwide Business Performance Management and Financial Analytic Applications 2005 – 2009 Forecast and Vendor Shares (IDC #33620 / Jun 2005), by Kathleen Wilhide, Research Director, Compliance and Business Performance Management Solutions. It includes a Situation Overview, a Vendor Profile, a Table, a Figure, and Future Outlook.

SITUATION OVERVIEW

The Business Performance Management and Financial Analytic Applications Market in 2004

The BPM analytic applications market performance exceeded expectations in 2004. The worldwide market for financial/BPM analytic applications rose to \$1.4 billion, or 15.5%, exceeding the 2002–2003 growth of 14.5%. IDC research shows that information transparency and performance management initiatives are a top priority from both a business and an IT standpoint, and in North America as well as EMEA. BPM is now being considered part of enterprisewide transformation initiatives that include reducing information silos. The trend is beginning in the largest organizations, but the challenge cuts across all market segments and is expected to be a defining factor in more strategic business intelligence initiatives that include BPM. Another key factor is that BPM is making an even more significant move out of the office of finance and into operations. While certainly performance management is the goal of the enterprise and not just finance, early adoption of these solutions is typically led by finance, and will continue to be. The most significant gauge of success in performance management initiatives, however, is the impact that BPM projects have on management reporting. Organizations experiencing the highest level of success with BPM projects are dealing with consistency issues across the enterprise in both actual and plan information. Financial consolidation projects, based on applications that support statutory reporting, include more and more the management reporting dimension, and this is where the BI element of these solutions is so important. This consistency in the information platform then integrates planning, budgeting, and scorecarding initiatives, rounding out a strategic effort to support performance management with technology.

Performance of Leading Vendors in 2004

Table 1 displays 2002–2004 worldwide revenue and 2004 growth and market share for BPM vendors. The vendors leading this list have capabilities across the various dimensions of BPM and a related BI platform, enabling organizations to deal with both performance management processes as well as information consistency challenges.

TABLE 1					
Worldwide Business Performance Management and Financial Analytic Applications Market Revenue by Vendor, 2002–2004 (\$M)					
	2002	2003	2004	2004 Share (%)	2003–2004 Growth (%)
Hyperion Solutions	223.2	249.9	292.6	20.7	17.1
Oracle Corp.	91.9	107.9	121.0	8.5	12.1
Cognos Inc.	70.0	98.1	119.0	8.4	21.3
SAP AG	64.9	81.2	97.2	6.9	19.7
SAS Institute	41.8	59.9	64.3	4.5	7.3
Geac	36.0	50.4	61.9	4.4	22.8
Computer Corp. Ltd.					
Cartesis	28.2	35.2	39.5	2.8	12.2
OutlookSoft Corp.	6.7	18.2	30.0	2.1	64.8
SRC	16.8	25.5	27.5	1.9	7.9
Software Systems Union Group PLC	11.7	16.6	20.3	1.4	22.3
Applix Inc.	11.5	14.1	17.7	1.2	25.5
Performance Soft	9.9	13.9	15.6	1.1	12.6
SSA Global Technologies Inc.	11.0	12.8	14.6	1.0	14.5
Microsoft Corp.	9.5	10.9	14.0	1.0	28.1
ALG Software	10.7	12.4	11.6	0.8	-6.7
Lawson Software	13.0	14.0	10.3	0.7	-26.4
Longview Solutions Inc.	8.0	7.9	10.3	0.7	30.1
Unit4	5.7	7.1	9.9	0.7	39.5
Agresso					
Other	400.2	390.1	438.9	31.0	12.5
Total	1,070.6	1,226.1	1,416.2	100.0	15.5

Source: IDC, June 2005

Growth continues to be strong for most BPM vendors, reflecting execution of the IT and finance priorities for BPM revealed in IDC demand-side surveys. Those vendors with financial consolidation solutions are seeing a significant amount of growth as this currently is a heavy replacement market for older and less robust consolidation

solutions implemented in the 1990s, driven by compliance requirements as well as initiatives that include both statutory and management reporting involving a wider scope of information and more users. But broken planning and budgeting processes are still the leading reason organizations look to BPM vendors in the first place. The suite vendors that have capabilities across both financial consolidation and planning should be in the best position to capitalize on continued market growth, as long as they can truly meet the integration requirements of organizations. The area of scorecarding and dashboards should continue to see strong growth from suite vendors as well as standalone vendors, and this market segment is less subject to the suite-based, single-vendor evaluations that are occurring as long as the platform and integration capabilities are robust enough to work across multiple environments.

Vendor Profile

Hyperion

Hyperion still leads the market in terms of market share and actually increased its position this year. Hyperion Financial Management (HFM) is the primary driver as organizations respond to increasing compliance and reporting demands and replace the legacy Hyperion Enterprise with more of the robust features of HFM. Because of Hyperion's legacy in the finance world, HFM and related BPM applications are typically on the short list for evaluation for most organizations serious about BPM. An interesting move by Hyperion to focus on profitability is viewed very positively by IDC as this is a key element of management reporting that is on the agenda of most organizations and is emerging as a major pillar of BPM implementations.

Financial/Business Performance Management Market by Segment

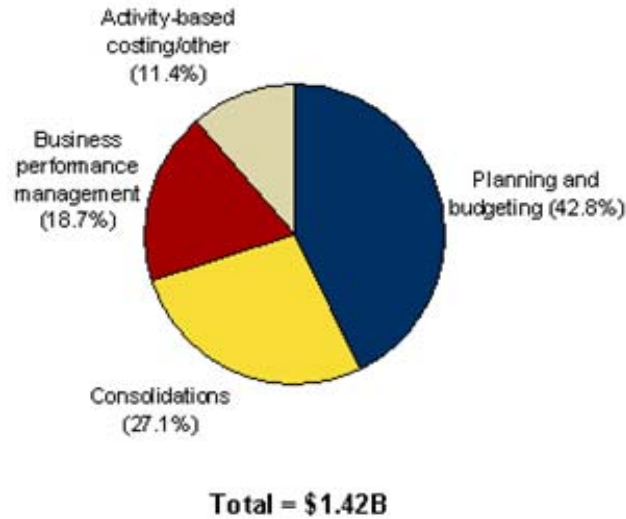
With regard to the mix of solutions within the BPM market, planning and budgeting applications are still the primary drivers of growth. Consolidations applications are seeing a resurgence after what was considered a maturing of this market, driven primarily by compliance issues in the United States (driven by Sarbanes-Oxley) and worldwide (driven by the rollout of International Financial Reporting Standards).

Additionally, the adoption of scorecarding and dashboards is increasing, and this momentum should continue through the forecast period, with scorecarding/dashboards seeing even higher growth as consolidations and planning applications reach maturity. Companies are more ready to adopt a scorecard-based approach to monitor performance, using dashboards to push critical financial and compliance information out to large numbers of employees.

Figure 1 shows the breakdown by market segment of the various financial/BPM applications in 2004.

FIGURE 1

Business Performance Management and Financial Applications Revenue Share by Market Segment, 2004



Source: IDC, 2005

FUTURE OUTLOOK

Although financial/BPM applications have been part of the longer-range plan of many finance organizations, the increase in revenue in 2004 is representative of those plans converting to serious BPM adoption. With finance organizations under the spotlight because of compliance issues, the scale is tipped for a more serious look at the entire financial reporting, analysis, and related BPM process. Compliance is acting as a significant driver that is escalating serious initiatives in the areas of finance and information transformation. This will accelerate investment in BPM solutions and related BI platforms for reporting.

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