

CFO'S GUIDELINES

EBOOK

The elements that a **CFO**
should consider when
choosing a **CPM** software

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We can say with certainty that the **CFO** is a figure who plays a **crucial role** in defining corporate strategies and business operating models. One of its main tasks is in fact having to provide, through budgeting, closing and reporting processes, reliable and significant information to make operational and / or strategic decisions. Furthermore, let us not forget that, due to recent events, the CFOs have found themselves having to give answers in ever shorter time frames; all this at a time when it is becoming increasingly difficult to provide estimates and projections which are the main drivers of the decision-making process.

A company that relies on unstructured spreadsheets to manage large amounts of data risks losing competitiveness compared to those who rely on software capable of adapting to the business scenarios that characterize the day-by-day.

In the current context, the role of the CFO has had to evolve and adapt to the needs of the new normal: it is no longer enough to provide information for someone else to decide. The CFO has in fact taken on a proactive, if not propulsive, role in rethinking strategic choices, production processes and cost allocation. In light of this change, the CFO, increasingly in the spotlight in the company, increasingly needs to rely on a solid and structured tool from which to draw information: we are referring to **Corporate Performance Management** software.

01

CPM SOFTWARE: WHAT ARE THEY AND WHY DO CFO'S CONSIDER THEM INDISPENSABLE

Corporate Performance Management (CPM), also known as Business Performance Management or Enterprise Performance Management, is effectively described by Gartner, a leading company in strategic consulting, research and evaluation of market software solutions:

"CPM is a generic term that describes methods, evaluation parameters, processes and systems used to monitor and manage the performance of a company. Applications that support CPM translate strategic information into operational plans and return aggregated results. In addition, these applications integrate with the elements of planning and the control cycle and meet the needs of optimizing customer relations or controlling business activities. The CPM must be supported by a suite of analytical applications capable of managing these processes, methodologies and evaluation parameters."

Ultimately, CPM is the term used in the software sector to identify corporate applications in the company to support Performance Management processes, usually governed by the Finance function, namely: Closing, Consolidated, Planning, Budgeting & Forecasting, Reporting & Analytics.

CPM software becomes absolutely **essential** for a CFO because business processes are now characterized by such a deep specificity that they must be treated with dedicated attention, otherwise the risk of obtaining unsatisfactory results.

02

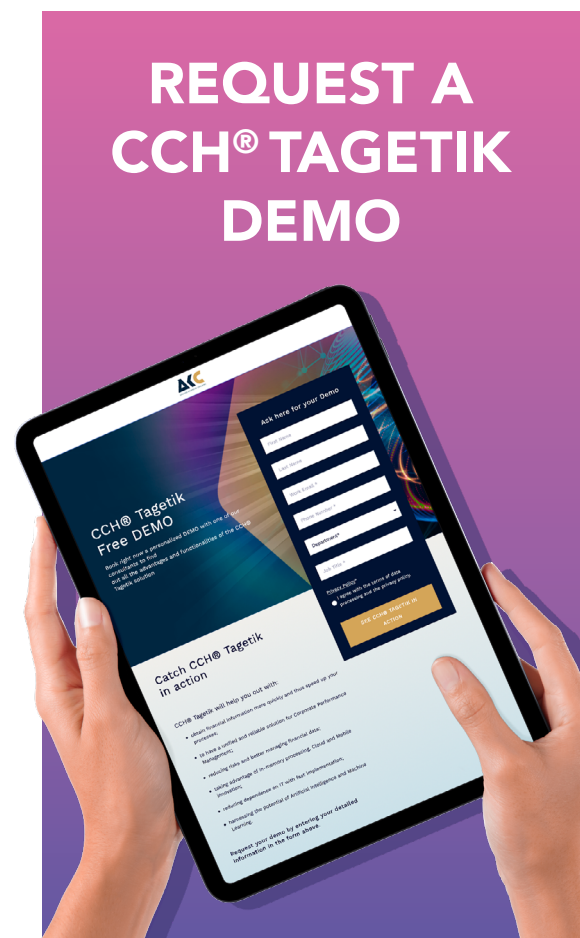
CPM VS ERP

There are many processes to manage in the Finance area: the CFO must be able to analyze them all quickly to fully fulfill the new role dictated by the current context. In this regard, **the choice of a software** to integrate within the company application map becomes of fundamental importance because the software cannot and must not be seen only as a technological tool, but as an application capable of managing processes (in this case in support of the CFO).

From this point of view, the **comparison between the ERP system and the CPM system** is on the agenda, given the dichotomy of the choice between the tool to support all processes (ERP) or the best-in-class for the different processes (ERP + CPM). However, it is difficult to choose an ERP system to support the CFO on all Finance processes. This, in fact, in addition to being an anachronistic choice, would also not correspond to the

characteristics of the new software on the market. ERP systems, in fact, although they have evolved in recent years, are born with the aim of managing transactions. Millions of transactions that are generated daily in the company in the various areas of work.

The Corporate Performance Management area, on the other hand, was created to govern these huge amounts of data and operate on aggregates of these to lose the administrative baggage of the transaction and look for trends that allow us to understand the **company's performance and define plans of future development**. In the field of Corporate Performance Management, in fact, one no longer operates on the movement but on the balance, for this reason it is not interesting to know the invoice number, for example, but it is important to group by billing customer (or cluster), so as to have an overview broader than the company's performance. In addition to this, it must also be considered that in recent times new business areas and new processes have been included under the sphere of the CFO, making it increasingly important to use software capable of responding to these new needs which now find their exclusive place in the CPM area.



03

WHY CAN INVESTING IN CPM SOFTWARE HAVE A HIGH RETURN ON INVESTMENT



Budgeting, forecasting, and strategic planning are labor-intensive business activities that can take a few months to complete. CPM software can reduce budget, forecast and strategic planning processing times thanks to the way data is managed within these tools. In other words, through a Corporate Performance Management system it will be possible to **reduce the time** required for the consolidation, planning and reporting processes by over 35% and have a **cost reduction** of over 20%, as well as **greater efficiency**.



The right CPM software application enables the finance department to be more proactive, with the full range of planning processes well integrated into daily operations. And this is not limited only to the Finance department: top management is also able to operate on faster and more

reliable data. In short, investing in the right CPM software application **increases business productivity**, from finance to top management.



It is known that the main competitor of CPM systems is the unstructured use of Excel files. This entails high risks in terms of data significance, repeatability of the calculation, what-if analysis, reduction of user efficiency, consequently leading to an increase in hidden process costs. The adoption of a CPM system, in addition to reducing / eliminating these risks / costs, **increases the ROI** of the investment thanks to a widespread increase in company productivity also linked to the management of processes through dedicated workflows aimed at ensuring the consistency of results.



The use of CPM software allows those who plan and control data to **identify trends** and market opportunities through increasingly incisive and efficient what-if analysis and reporting features. The identification of these trends allows you to anticipate market trends and maintain competitiveness, seizing high-value opportunities.

04

HOW TO CHOOSE A CPM SOFTWARE?
5 ELEMENTS TO TAKE INTO
CONSIDERATION

The selection of a CPM software is an extremely delicate process given the direct effects that this tool will have on strategic decisions in the medium/long term. Therefore, before opting for one solution rather than another, it is of fundamental importance to consider several elements, including:

01

USER-FRIENDLINESS

One of the first elements to take into consideration when choosing a CPM software is its **ease of use**: opt for a solution that can improve your team's daily workflow so that it can carry out analyzes independently and quickly. Easy-to-use software will require a shorter training process and will deliver higher ROI.

**DO**

Involve your team in software selection

**DON'T**

Don't think that your way of working shouldn't change

02

KPI ANALYSIS

Through a CPM software you can have a clear view of the overall business trend, highlighting the achievement of the objectives and improving the company's route. Having a full awareness of the various indicators and the actual state of performance, you can make more structured decisions based on a real picture of costs and profitability.

**DO**

Set measurable goals

**DON'T**

Do not think that the analysis of KPIs is only the last step of the implementation

03

PROCESS AUTOMATION

Thanks to the right software it is possible to **automate over 50% of manual entries**, saving a large amount of time that can be invested in analysis activities.



DO

Periodically update your processes in the software that manages them



DON'T

Don't choose software that can't adapt to your processes

04

KNOWLEDGE OF THE OBJECTIVES

Before organizing a software selection for choosing a CPM system, define clearly what your goals are, even with the help of a consulting company capable of guiding you along the evolutionary path.



DO

Define a realistic implementation timeline



DON'T

Do not accept software constraints if they revent you from achieving your goals

05

CHOICE OF THE RIGHT CONSULTING COMPANY

The result of the implementation depends as much on the choice of the software as on that of the consulting company that follows you in the implementation.



DO

Choose people (not companies) who know the business and are not just mere executors



DON'T

Do not choose consulting firms that have a high turnover rate





**ARE YOU CURIOUS TO
KNOW MORE ABOUT CPM
SOFTWARE AND THEIR
FEATURES?**

**Request a custom demo
of CCH® Tagetik**

About AKC Advanced Knowledge Consulting

AKC represents the synthesis of a "System Integrator" and a management consulting firm, which for years has been supporting large customers through the implementation of strategic-technological projects with the support of the Wolters Kluwer CCH® Tagetik solution. Sectors in which AKC has considerable experience include Industrial, CPG, Retail and Large-scale Retail, and Utilities.

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