

## Market Share

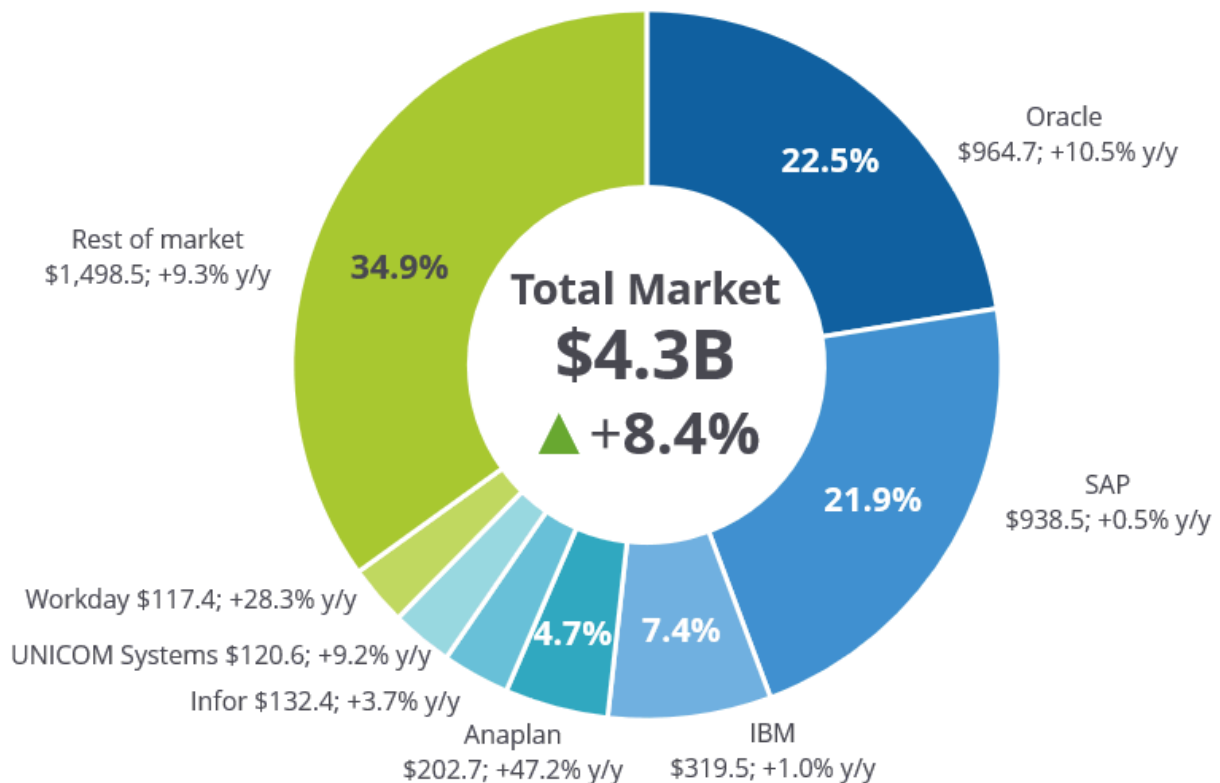
# Worldwide Enterprise Performance Management Applications Software Market Shares, 2018: Cloud Reigns Supreme

Chandana Gopal

## IDC MARKET SHARE FIGURE

**FIGURE 1**

### Worldwide Enterprise Performance Management Applications Software 2018 Share Snapshot



Note: 2018 Share (%), Revenue (\$M), and Growth (%)

Source: IDC, 2019

## EXECUTIVE SUMMARY

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The worldwide enterprise performance management (EPM) market is one of six subsegments of the analytic and performance management applications market, which is, in turn, part of the broader IDC big data and analytics software market. EPM applications market consists of cross-industry applications whose main purpose is to measure, analyze, and optimize financial performance management, planning, forecasting, and certain risk management processes using prepackaged applications. In 2018, the EPM applications market grew 8.4% in current currency terms. In constant currency, the market grew 7.5%.

Oracle held the most market share, with 22.5%, followed by SAP with 21.9% share. Of the vendors with over \$100 million in 2018 revenue, Anaplan showed the highest growth (47.2%) in the EPM applications market.

The growth in EPM is primarily fueled by growth in public cloud deployments. In 2018, public cloud-based EPM accounted for more than a quarter of this market (25.3%), up from 10% just three years ago. The growth in on-premises/other deployments of EPM remained flat at 0.8%, contrasted with public cloud EPM that grew 39.7% year over year.

By region, the Americas is the largest with 51.1% share of the market. APJ grew 8.8%, with 10.3% market share, and EMEA grew 9.1%, with 38.6% market share.

This IDC study highlights the shares of the largest vendors in the worldwide enterprise performance management applications market for the calendar year 2018. This study also highlights the trends and significant developments in the EPM market.

"Enterprise performance management software serves a strategic role within enterprises. Companies of all sizes and in all industries have to plan strategically and operationalize those plans effectively. EPM allows enterprises to track performance and improve decision making," said Chandana Gopal, research manager, Business Analytics. "Effective planning is critical to performance, and enterprises continue to invest in tools (especially cloud-based EPM tools) that allow them to coordinate planning across different lines of business."

## ADVICE FOR TECHNOLOGY SUPPLIERS

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Enterprise performance management vendors should consider the following:

- **Tailoring to different types of users:** EPM users fall into two distinct categories – the power user and the casual user. EPM vendors have to be able to offer licensing and functionality to both user groups. The power user needs advanced capabilities such as model building, what-if scenario forecasts, and driver-based planning and workflow modeling. They need to be able to add new data sources and be the administrators of the tool. The casual user usually submits data and might view certain reports or dashboards. This type of user benefits the most from having an intuitive user experience and often prefers a spreadsheet-like interface that is easily learned. Vendors should offer flexible licensing where power users can have fully functional licensing and casual users' licenses are less expensive to encourage adoption.
- **Connections to data sources:** Vendors need to offer ways of connecting to a variety of data sources both on-premises and cloud either by partnering with integration software providers or by offering prebuilt connectors to systems of record. Having access to the right data is critical

to planning and consolidation. Vendors should make it as seamless as possible for customers to add new connections to data sources with minimal IT involvement, otherwise users will resort to working on snapshots or extracts of data that don't reflect the accurate state of the business.

- **Cloud the preferred choice of deployment:** Growth in the number of cloud deployments has significantly outpaced on-premises EPM. All vendors should offer a cloud version of their EPM software or will be left out of short-lists. Cloud architecture is also a point of differentiation. EPM solutions that are native to the cloud will offer better performance in non-functional areas such as the performance of the application compared with an on-premises solution deployed in the cloud.
- **Building an excellent partner network:** EPM tools can help automate the planning process; however, it is often not the best approach to automate manual processes without considering best practices. Consulting and implementation partners are a valuable ally to both EPM vendors and customers because they have expertise on a variety of tools and business processes and can suggest best practices, which prevent costly errors and missteps. Demonstrating a willingness to work with professional services providers and investing in building a strong partner network have been shown to be very beneficial to growing an EPM customer base.
- **Advanced and predictive analytics:** Embedded analytics into business applications makes them easier to use and powerful at the same time. EPM vendors need to start focusing on embedding advanced analytics capabilities into their product, but in a way, that is seamless to their users. Some advanced users are looking for algorithms and techniques that use data science to help them make more accurate forecasts and predictions.

## MARKET SHARE

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Table 1 shows worldwide revenue, growth, and shares by vendor of the EPM applications market for 2016-2018. Table 2 shows the worldwide revenue by the deployment type for 2016-2018. Table 3 shows revenue, growth, and shares by region of the EPM applications market for 2016-2018. Figure 2 presents the current and constant currency rates for 2016-2018. Figures 3 and 4 display the revenue share by deployment type and region, respectively, of the EPM applications market.

**TABLE 1**

**Worldwide Enterprise Performance Management Applications Revenue by Vendor, 2016-2018 (\$M)**

	2016	2017	2018	2018 Share (%)	2017-2018 Growth (%)
Oracle	857.7	872.8	964.7	22.5	10.5
SAP	880.8	934.1	938.5	21.9	0.5
IBM	305.8	316.2	319.5	7.4	1.0
Anaplan	88.7	137.7	202.7	4.7	47.2
Infor	127.6	127.7	132.4	3.1	3.7
UNICOM Systems	106.5	110.5	120.6	2.8	9.2
Workday	67.7	91.4	117.4	2.7	28.3
Host Analytics	49.3	64.2	85.8	2.0	33.6
Unit4	67.8	68.7	79.6	1.9	15.9
Epicor Software	67.2	69.1	72.6	1.7	4.9
Wolters Kluwer	44.2	48.6	55.4	1.3	14.1
BearingPoint	39.0	41.3	46.7	1.1	13.0
SAS	42.2	42.3	40.0	0.9	-5.5
Board International	19.7	22.6	34.7	0.8	53.5
Prophix	34.5	41.4	49.8	1.2	20.3
Vena Systems	19.4	30.1	52.4	1.2	74.1
insight software	30.5	45.9	65.7	1.5	43.1
Subtotal	2,848.7	3,064.8	3,378.5	78.7	10.2
Other	829.1	896.2	915.8	21.3	2.2
Total	3,677.9	3,961.0	4,294.3	100.0	8.4

Source: IDC's Worldwide Semiannual Software Tracker, April 2019

**TABLE 2****Worldwide Enterprise Performance Management Applications Revenue by Deployment Type, 2016-2018 (\$M)**

	2016	2017	2018	2018 Share (%)	2017-2018 Growth (%)
On-premises/others	3,121.5	3,183.5	3,207.9	74.7	0.8
Public cloud services	556.4	777.5	1,086.4	25.3	39.7
Total	3,677.9	3,961.0	4,294.3	100.0	8.4

Source: IDC's Worldwide Semiannual Software Tracker, April 2019

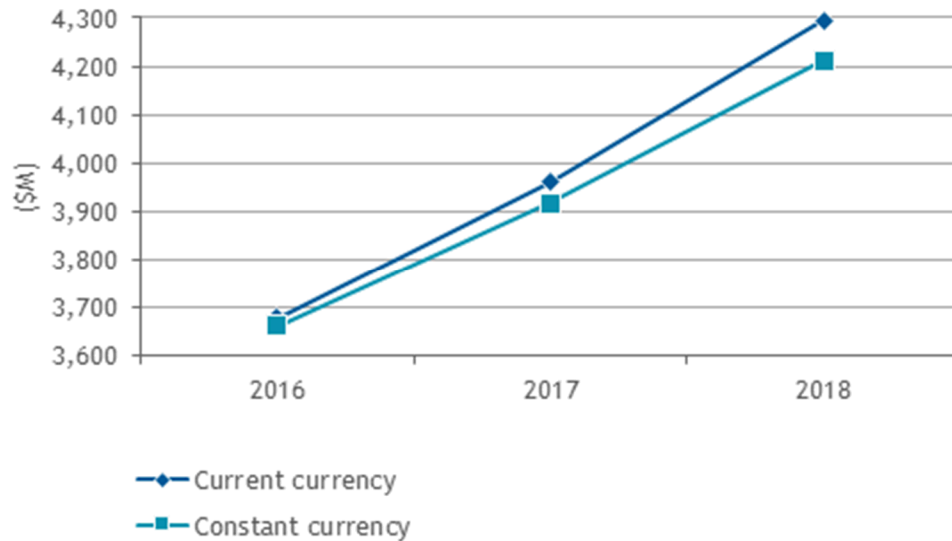
**TABLE 3****Worldwide Enterprise Performance Management Applications Revenue by Region, 2016-2018 (\$M)**

	2016	2017	2018	2018 Share (%)	2017-2018 Growth (%)
Americas	1,919.5	2,035.1	2,195.1	51.1	7.9
Asia/Pacific (including Japan)	364.0	404.9	440.5	10.3	8.8
EMEA	1,394.4	1,521.0	1,658.7	38.6	9.1
Total	3,677.9	3,961.0	4,294.3	100.0	8.4

Source: IDC's Worldwide Semiannual Software Tracker, April 2019

**FIGURE 2**

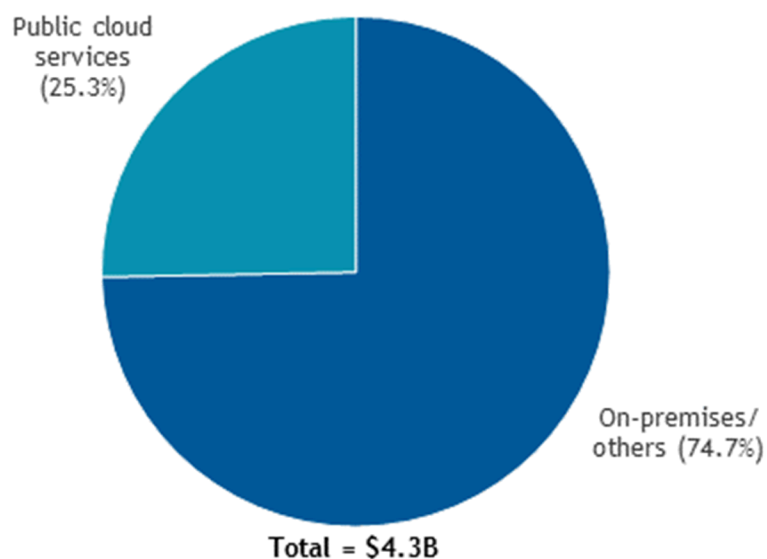
**Worldwide Enterprise Performance Management Applications Revenue, 2016-2018: Current and Constant Currency**



Source: IDC's Worldwide Semiannual Software Tracker, April 2019

**FIGURE 3**

**Worldwide Enterprise Performance Management Applications Revenue Share by Deployment Type, 2018**

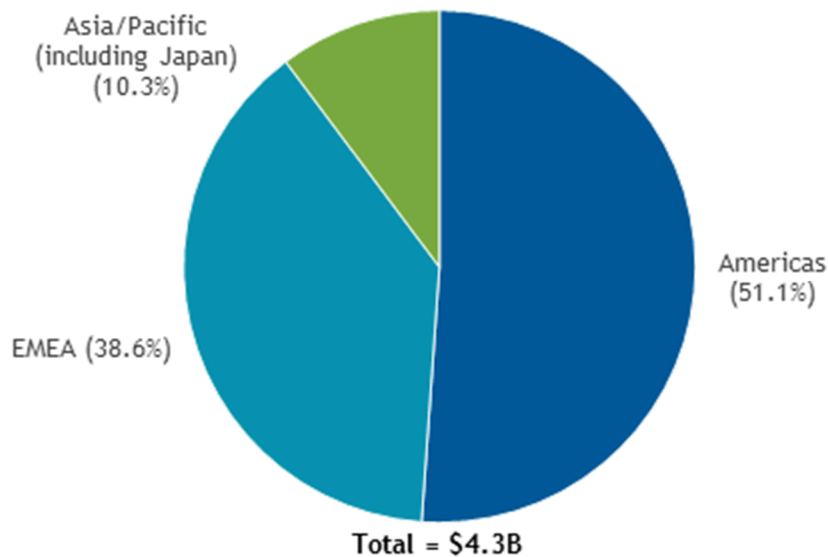


Source: IDC's Worldwide Semiannual Software Tracker, April 2019

**FIGURE 4**

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**Worldwide Enterprise Performance Management Applications Revenue Share by Region, 2018**



Source: IDC's Worldwide Semiannual Software Tracker, April 2019

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**WHO SHAPED THE YEAR**

- Anaplan had a public offering in October 2018 and has continued to expand its connected planning messaging to its customer. It had the fastest growth rate among the top 10 players. Anaplan is expanding out from the traditional finance-based user base into other areas such as supply chain, operations, and human resources and has gained traction in the large enterprise market.
- The number of cloud deployments continued to grow as players like SAP and Oracle focused on transitioning their incumbent on-premises user base to the cloud. All vendors are reporting that their net-new sales are predominantly in the cloud.
- Vendors like Prophix and Vena Solutions that serve the SMB market have also outperformed the EPM market. They are addressing the needs of enterprises that have outgrown the use of spreadsheets and need a formal platform for planning, budgeting, and forecasting.
- There were a number of funding activities (listed in the Significant Market Development section) in 2018, indicating that the EPM market is very competitive, and there is still significant opportunity to expand in all geographies, especially since spreadsheets still tend to be widely used for EPM-related activities.

## MARKET CONTEXT

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The EPM applications market was affected by the following drivers and inhibitors, many of which were carried forward from the previous year:

- The biggest inhibitor to growth of EPM continues to be the humble spreadsheet. Spreadsheets are ubiquitous and used widely for EPM in many companies. Budgets, forecasts, and plans are built in standalone spreadsheets and shared via email. Users will often revert to using spreadsheets if EPM applications are complex to use or have IT dependencies.
- The migration to the cloud continues to serve as a short-term revenue inhibitor due to a change in the revenue recognition model by vendors undergoing this migration. Legacy, on-premises enterprise software vendors are deeply discounting cloud EPM offerings to encourage their user base to migrate to their cloud EPM platforms.
- Growth in analytic applications that incorporate predictive analytics functionality saw strong demand, which is expected to continue. Organizations across industries continue to cite a lack of sufficient number of internal data scientists. Analytic applications with advanced and predictive analytics are one way to address some of this skills shortage.

## Significant Market Developments

There were several acquisitions of EPM vendors:

- Adaptive Insights was acquired by Workday in June 2018.
- Host Analytics was acquired by Vector Capital in December 2018.
- Board International was acquired by Nordic Capital in January 2019.

This indicates that the EPM market continues to attract investments and interest due to the potential EPM provides. EPM provides a strong return on investment if implemented correctly saving customers costly mistakes, and enabling better decision making.

## METHODOLOGY

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The IDC software market sizing and forecasts are presented in terms of commercial software revenue. IDC uses the term *commercial software* to distinguish commercially available software from custom software. Commercial software is programs or codesets of any type commercially available through sale, lease, rental, or as a service. Commercial software revenue typically includes fees for initial and continued right-to-use commercial software licenses. These fees may include, as part of the license contract, access to product support and/or other services that are inseparable from the right-to-use license fee structure, or this support may be priced separately. Upgrades may be included in the continuing right of use or may be priced separately. These are counted by IDC as commercial software revenue.

Commercial software revenue excludes service revenue derived from training, consulting, and systems integration that is separate (or unbundled) from the right-to-use license but does include the implicit value of software included in a service that offers software functionality by a different pricing scheme. It is the total commercial software revenue that is further allocated to markets, geographic areas, and sometimes operating environments. For further details, see *IDC's Software Taxonomy, 2018: Update* (IDC #US44835319, February 2019).



Bottom-up/company-level data collection for calendar year 2018 began in January 2019 with in-depth vendor surveys and analysis to develop detailed 2018 company models by market, geographic region, and operating environment.

The data presented in this document is IDC estimates only.

*Note: All numbers in this document may not be exact due to rounding.*

## MARKET DEFINITION

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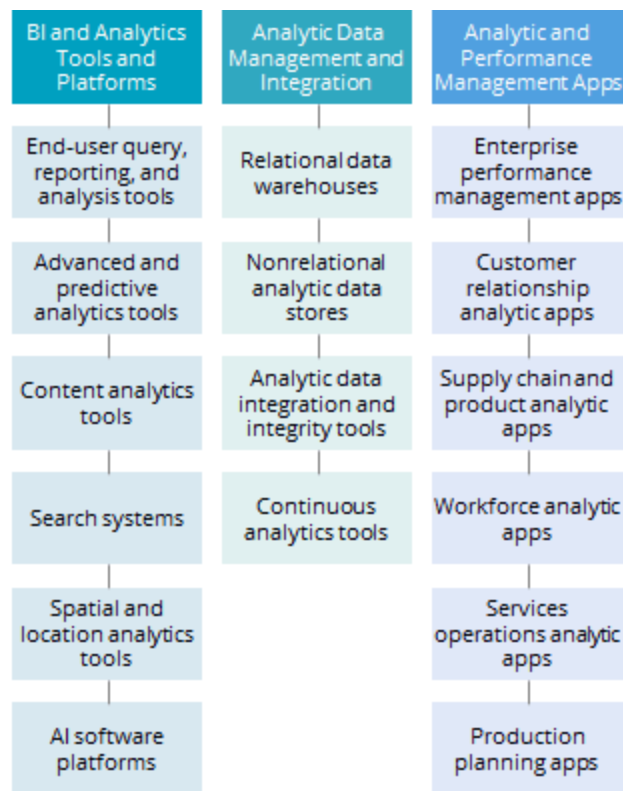
Enterprise performance management software tools represent one of four primary segments of the broader big data and analytics software market (see Figure 5) and QRA software is one submarket.

The enterprise performance management applications market consists of cross-industry applications whose main purpose is to measure, analyze, and optimize financial performance management, planning, forecasting, and certain risk management processes using prepackaged applications that include the following categories:

- **Budgeting and planning** includes applications to support operational budgeting processes, corporate budget consolidation and adjustment processes, and planning and forecasting processes.
- **Financial consolidation and close** includes applications that support both compliance with statutory requirements and management of financial consolidation, reporting, and adjustment processes across multiple entities and divisions. This includes functionality that manages external financial reporting compliance requirements in the close process, management of internal financial policies across all business operations, and assessment and analysis of the financial risks faced by an organization. It excludes the execution of these policies that are handled by distinct business departments including payroll, treasury management, or procurement.
- **Profitability management and activity-based costing applications** include packaged applications to support detailed cost and profitability measurement and reporting processes.
- **Cross-functional strategy and risk management applications** include those applications that support a closed-loop performance management methodology such as the balanced scorecard. Strategy management applications incorporate domain expertise across a range of business processes, such as finance, human resources, operations, and CRM, to enable strategic management of the organization. Strategy management applications help companies collect and agree on the risk requirements faced by their operations and monitor how effectively these risk requirements are managed across the enterprise. Enterprise risk assessments help the organization establish the enterprise risk appetite and conduct risk-adjusted performance management. In addition, this software can enable organizations to create and manage contingency plans to be executed as either positive or negative risks are realized. It does not directly manage any single cross-industry or vertical-specific GRC function.

**FIGURE 5**

## IDC's Big Data and Analytics Software Taxonomy



Source: IDC, 2019

## RELATED RESEARCH

- *Usage Patterns – How to Rethink the Requirements Gathering Process for Decision Support and Decision Automation Needs* (IDC #US45164519, June 2019)
- *IDC's Forecast Scenario Assumptions for the ICT Markets and Historical Market Values and Exchange Rates, 4Q18* (IDC #US43652019, April 2018)
- *Data Literacy: A Foundation for Succeeding in a Data-Driven World* (IDC #US44930119, March 2019)
- *Adoption of Analytics Software on the Public Cloud* (IDC #US44934919, March 2019)
- *IDC's Worldwide Software Taxonomy, 2018: Update* (IDC #US44835319, February 2019)
- *IDC's Worldwide Big Data and Analytics Software Taxonomy, 2019* (IDC #US44517318, December 2018)
- *Worldwide Enterprise Performance Management Applications Software Forecast, 2018-2022* (IDC #US43979018, June 2018)
- *IDC MarketScape: Worldwide Enterprise Performance Management Analytic Applications 2018 Vendor Assessment* (IDC #US43847618, June 2018)

## About IDC

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## Global Headquarters

5 Speen Street  
Framingham, MA 01701  
USA  
508.872.8200  
Twitter: @IDC  
idc-community.com  
www.idc.com

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