

## IDC MarketScape

# IDC MarketScape: Worldwide Cloud Enterprise Performance Management Software for Planning, Budgeting, and Forecasting 2020 Vendor Assessment

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**THIS IDC MARKETSCAPE EXCERPT FEATURES ANAPLAN**

### IDC MARKETSCAPE FIGURE

**FIGURE 1**

## IDC MarketScape Worldwide Cloud Enterprise Performance Management Software for Planning, Budgeting, and Forecasting Vendor Assessment



Source: IDC, 2020

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

## IN THIS EXCERPT

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The content for this excerpt was taken directly from IDC MarketScape: Worldwide Cloud Enterprise Performance Management Software for Planning, Budgeting, and Forecasting 2020 Vendor Assessment (Doc #US46953520). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1 and 2.

## IDC OPINION

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This IDC study represents a vendor assessment of enterprise performance management (EPM) software vendors as of 2020 through the IDC MarketScape methodology at a worldwide level. This assessment discusses both quantitative and qualitative characteristics of EPM applications in the market, as it specifically relates to the planning, budgeting, and forecasting tasks that are typically conducted in support of the finance function. The evaluation is based on a comprehensive and rigorous framework that assesses each vendor relative to the criteria and to one another. Key findings include:

- This EPM evaluation looked only at software deployed on the cloud and available as a subscription.
- Most vendors have started to include features such as machine learning (ML) and natural language processing in their products. EPM vendors have begun to deliver on the rapid innovation that we saw emerge in the 2018 version of this study (see *IDC MarketScape: Worldwide Enterprise Performance Management Analytic Applications 2018 Vendor Assessment*, IDC #US43847618, June 2018).
- Strategic planning, visibility, governance, and collaboration were listed by buyers as the top benefits of using an EPM solution. Ease of use and administration by the finance line of business were important requirements cited by users.

## IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

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The EPM software 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. This IDC MarketScape studies the planning, budgeting, and forecasting functions of cloud EPM software products. Budgeting and planning include applications to support operational budgeting processes, corporate budget consolidation and adjustment processes, and planning and forecasting processes. In the remainder of this document, we refer to the class of planning, budgeting, and forecasting products evaluated as cloud EPM software.

The criteria for qualifying vendors for inclusion were:

- Vendors must have a multitenant cloud offering (they can have additional deployment models).
- Vendors must have capabilities beyond budgeting, planning, and forecasting (not a point planning solution).
- Vendors must have a horizontal offering (in addition to any vertical solutions).
- Vendors must have a North American presence of more than \$25 million.

## ADVICE FOR TECHNOLOGY BUYERS

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IDC interviewed more than 50 customer and partner references provided by the vendors during the evaluation process. Detailed views on buyer experiences with EPM software and its implementation are discussed in *IDC PeerScape: Practices to Implement Planning, Budgeting, and Forecasting in Enterprise Performance Management* (IDC #US46511820, June 2020). The guidance provided by buyers is discussed in the sections that follow.

### **Spend Time Really Understanding the Data and Granularity You Need in the EPM Application**

Many enterprises often embark on implementing an EPM application without a good understanding of their underlying data architecture. They do not scope the granularity that they need for their planning processes or quantify the size of the data models. They also do not consider all the sources of data and how frequently they need to update information in the EPM application or how long those updates will take. Some customers need to integrate EPM applications with systems of record, and ensuring that the connectors are built properly is also very critical.

### **Find an EPM Implementation Partner That Complements Your Skill Sets and Brings Best Practice**

Many customers choose to implement EPM applications after outgrowing spreadsheets or have homegrown/legacy applications and suboptimal processes. If the implementation partner just replicates the old processes, material improvements are not achieved. The interviews provided positive and negative experiences with consultants during the implementation process. Another challenge was when there was not enough collaboration during the implementation process, and hence the customer was dependent on consulting to make ongoing changes to the EPM application.

### **Select a Vendor That Can Meet Your Requirements Today and in Three to Five Years**

During vendor selection, end users have to keep the Goldilocks story in mind. Some vendors are too big, some are too small, and a select few are just right. Depending on the number of people that are available to work on the EPM implementation project, and the skills required to implement and maintain it, companies should ensure that the EPM application fits their current requirements and can scale with them as they grow.

### **Ensure You Review the Terms and Conditions of What Is Going to Be Delivered as Part of the EPM Solution**

There are sometimes costs to the project that are not apparent or anticipated in the initial project scoping. While this is not unique to EPM application implementations, changes to the number/types of users or changes to the number of modules, data volumes, and so on can significantly increase the price of the software.

## VENDOR SUMMARY PROFILES

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This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

## Anaplan

Anaplan is positioned in the Leaders category in the 2020 IDC MarketScape for cloud enterprise performance management software for planning, budgeting, and forecasting.

Anaplan is a cloud EPM vendor that approaches this space with the idea that planning encompasses more than just the finance function. Anaplan offers planning and performance management capabilities that span many business functions including financial planning and analysis (FP&A), commercial finance, sales, operations, workforce, and supply chain. Anaplan, in conjunction with industry knowledge from its consulting partners, has also verticalized its offering to address the needs of industries such as consumer products, banking, insurance, retail, technology, life sciences, and telecom/media.

Anaplan's EPM solution was launched commercially in the United Kingdom in 2011. Anaplan's headquarters is based in San Francisco, California. Anaplan had a successful initial public offering in October 2018 and has more than 1,500 customers across 50 countries. It is one of the larger pure-play EPM vendor in this enterprise market.

Anaplan has built its solutions strategy around the concept of connected planning and forecasting, visually represented by a honeycomb, where each cell represents a functional operating plan, or a financial planning process, with an end goal of delivering enterprise financial success. Where traditionally, like most EPM vendors, Anaplan's center of gravity is the office of finance as the platform champion, the company also has customers that have fully realized the benefit of connecting several functional and business unit planning processes. The key to achieving connected planning with Anaplan is its Data Hub, which allows each module to access a common data repository.

Anaplan has revamped its user interface (UI) that allows for collaboration and native mobile app. In October 2019, Anaplan acquired Mintigo, an artificial intelligence (AI)/ML SaaS platform that derives customer insights and buyer propensities for enterprises by collecting and analyzing fit and intent data across the internet. Now branded Predictive Insights (formerly Mintigo), these third-party insights have been incorporated into Anaplan's business solutions, allowing users to leverage forward-looking insights into their plans to make better, more informed decisions. Anaplan's proprietary in-memory calculation engine, called Hyperblock, allows modelers to build simple applications quickly while providing expert modelers with a full set of capabilities to construct large complex models as needed.

### Strengths

Anaplan has many examples of customers using its application in multiple business functions. Anaplan's Data Hub allows users to build their hierarchies and models from the ground up, with a lot of flexibility to adapt to complex use cases. It offers 30+ statistical algorithms and optimization solutions natively within the software to deliver more accurate forecast or optimized scenario-based planning. Anaplan is also working on advanced forecasting techniques powered by machine learning, which will be announced in the near future. It also has a well-developed network of 175 partners that include implementation partners as well as technology partners.

Customers cited that the application is managed by advanced users in the line of business, although business owned. They also said that it was critical to have experts help develop the models in Data Hub with best practices in mind because Anaplan allows users to tailor it according to their requirements, which is especially helpful for enterprises that want to have custom versions for individual business units.

Anaplan offers reporting and visualization capabilities out of the box and integrates with business intelligence (BI) tools such as Tableau for enterprisewide reporting when users have advanced visualization requirements.

## **Challenges**

Customers that tend to have complex planning requirements mentioned that they needed to get consulting resources to help them deploy the solution because of its flexibility; they were concerned that without best practices, they would have issues with performance if not implemented properly. Customers also mentioned that the company should consider simplifying its pricing models.

## **Consider Anaplan When**

Anaplan has seen significant growth in EPM over the past few years and even through the recession caused by the COVID-19 pandemic. Customers that want to pivot their business and operating plans quickly, have agility in building their data models and hierarchies, or have business units with individual requirements should consider Anaplan. The vendor also has a proven track record of being deployed in use cases that extend beyond the financial budgeting function into other finance use cases. Anaplan is a good platform for enterprises that are willing to invest in having strong business-owned data modeling resources available to help support the application and deliver enterprise financial success.

## **APPENDIX**

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### **Reading an IDC MarketScape Graph**

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

Vendors in the IDC MarketScape for cloud enterprise performance management software for planning, budgeting, and forecasting were assessed with special emphasis on the breadth of their portfolios and geographical presence, the innovative features in their products, customer perception and satisfaction, and the health of their companies.

### **IDC MarketScape Methodology**

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics

by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

## **Market Definition**

The enterprise performance management (EPM) applications market is a subset of the worldwide big data and analytics software market and more specifically one of the six analytic and performance management applications, as shown in Figure 2. The EPM applications market consists of cross-industry applications whose main purpose is to measure, analyze, and optimize financial performance management and planning and assist in forecasting.

The market is made up of functional areas including budgeting, planning, and forecasting; financial close and consolidation; profitability and cost management; risk management; and tax accounting.

FIGURE 2

IDC's Big Data and Analytics Taxonomy



Source: IDC, 2020

LEARN MORE

Related Research

- *Market Analysis Perspective: Worldwide Enterprise Performance Management Software, 2020* (IDC #US46845020, September 2020)
- *Worldwide Big Data and Analytics Software Forecast, 2020-2024* (IDC #US46760920, August 2020)
- *Worldwide Big Data and Analytics Software Market Shares, 2019: Investment in Data Continues* (IDC #US46651120, July 2020)
- *Worldwide Enterprise Performance Management Software Forecast, 2020-2024* (IDC #US46703620, July 2020)
- *IDC's Forecast Scenario Assumptions for the ICT Markets, September 2020* (IDC #US46937920, October 2020)
- *IDC's Worldwide Software Taxonomy, 2020* (IDC #US45718419, January 2020)

- *The AI Automation Framework Applied to Business Intelligence* (IDC #US45719019, December 2019)
- *IDC FutureScape: Worldwide Data, Integration, and Analytics 2020 Predictions* (IDC #US44802519, October 2019)
- *Worldwide Big Data and Analytics Software Forecast, 2019-2023* (IDC #US44803719, September 2019)

## Synopsis

This IDC study represents a vendor assessment of cloud enterprise performance management (EPM) software for planning, budgeting, and forecasting through the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in the ecosystem. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and one another and highlights the factors expected to be the most influential for success in the market during both the short term and the long term.

"Enterprise performance management is a critical tool for executive decision making as it allows enterprises to plan and model different scenarios, which is a critical capability in this volatile business environment," according to Chandana Gopal, research director, Analytics and Information Management at IDC. "Modern EPM allows users to plan across business functions and predict the impact of business changes and also allows enterprises to make strategic data-driven decisions."



## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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