

Michael Salmon

From: [REDACTED]
Sent: Monday, July 29, 2019 10:19 PM
To: Michael Salmon
Subject: [REDACTED]

Hi Mike,

Re: financial planning software. I spent [REDACTED] years in this industry at the executive level [REDACTED].

My team picked up a fair amount of business from dissatisfied Centage customers. Host Analytics was a decent competitor, but weak, ironically, on analytics. Also weak on visualizations and scenario analysis and somewhat clunky. The top provider / our toughest competitor in the space for mid-market, in my day, was Adaptive Insights - excellent service, fast implementations, highly collaborative and excellent dashboards. That said, Adaptive has steadily moved up-market, so may be outside TD's scope.

I took a look at the Capterra reviews, and, of most value, the latest Gartner report on the industry. Both confirmed that the above assessments still hold. Did you look at Adaptive?

Below are some excerpts from Gartner (note that Gartner dropped Centage from their list - not surprised, as they were always second tier - as more have entered the market, they seem to have fallen behind). [REDACTED]

Vendor Strengths and Cautions

Adaptive Insights

Adaptive Insights is a cloud-only vendor headquartered in Palo Alto, California, U.S. It provides Adaptive Insights for Finance to support budgeting, forecasting, dashboards, modeling, performance reporting, analytics and collaboration. Integration (Adaptive Integration) and Microsoft Office connections (Adaptive OfficeConnect) are also supported. Additional offerings are available for sales planning and financial close support.

Adaptive Insights is a Leader in this market due to its scores for Completeness of Vision, reflecting its sales, marketing and product strategy, and for Ability to Execute, reflecting its product and marketing execution and high customer satisfaction ratings. The vendor also has a large number of cloud customers.

Reference customers for Adaptive Insights reported that their top-three product selection criteria, in order, were ease of use, functional capability and solution flexibility.

Note: On 11 June 2018, Workday announced its acquisition of Adaptive Insights for approximately \$1.55 billion. The impact of this acquisition was not evaluated for this Magic Quadrant.

Strengths

Survey respondents rated Adaptive Insights above average in all 11 key areas surveyed, with top-quartile scores in nine: ease of implementation, use and maintenance, solution flexibility, performance, application governance/life cycle management, overall experience with vendor, meeting needs, and meeting overall needs vs. money spent. Almost all references said they would recommend Adaptive Insights without reservation.

Almost all Adaptive Insights reference customers reported having upgraded to new versions within a week, mostly as soon as the version was available. These scores are in the top quartile and are an indication of a reliable cloud architecture and version release process.

Adaptive Insights has increased scalability and performance capabilities in support of larger and more-complex implementations by large organizations. Survey respondents reported an above-average number of users for planning and integrated financial planning. A quarter of respondents reported having over 250 users, and a third had over \$1 billion in annual revenue.

Cautions

Prospective customers requiring high degrees of customization, such as those needing governance between many linked models, should conduct proofs of concept. Evaluate those capabilities that Adaptive Insights has released more recently. A very small percentage of Adaptive Insights reference customers cited the need for minor Microsoft Excel integration improvements.

Most Adaptive Insights business is done in the U.S. — 89% of its reference customers reported that their deployments were in North America. Prospects outside North America should appraise the vendor's local capabilities, although it is expanding globally (over 20% of its customers are international companies).

Host Analytics

Host Analytics is a cloud-only vendor headquartered in Redwood City, California, U.S. Its cloud platform supports budgeting, planning, forecasting, dashboards, modeling, analysis, financial reporting and collaboration, as well as the financial close. The vendor's modeling module supports a wide variety of use cases, such as revenue, sales and long-range planning.

Host Analytics is a Leader in this market due to its market understanding, number of cloud customers and experience as a cloud-only vendor. The vendor achieved an above-average score in most survey satisfaction ratings.

Reference customers for Host Analytics reported that their top-three product selection criteria, in order, were ease of use, price and solution flexibility.

Strengths

Survey respondents rated Host Analytics above average in seven of the 11 key areas surveyed: sales experience, ease of implementation and maintenance, application governance/life cycle management, overall experience, meeting needs, and meeting overall needs vs. money spent. Most reference customers would recommend the vendor without qualification. All Host Analytics reference customers reported upgrading to new versions as soon as the version was available. The highest score of any vendor in this Magic Quadrant, this result indicates a reliable cloud architecture and well-honed version release process.

Host Analytics is in the top quartile for reference customer needing ongoing support for upgrades related to maintenance or updates, with few requiring it.

Cautions

Host Analytics reference customers scored it in the bottom quartile for analytics. Some survey respondents cited issues with performance for very large datasets and data visualization capabilities for more-complex analytics needs.

Most Host Analytics software sales as well as consulting and support capabilities are in North America (all reference customer deployments took place in this region, although 10% of these had APAC activity, 14% had EMEA and 5% Latin America).

Prospects outside North America should appraise its local consulting and support capabilities.

Host Analytics has released significant new features for its modeling offering, including a new user interface that can be used as an alternative to Microsoft Excel. However, additional improvements are required to match the top modeling offerings in this market.

Dropped
CAMMS
Centage



Magic Quadrant for Cloud Financial Planning and Analysis Solutions

Published 24 July 2018 - ID G00337508 - 63 min read

By Analysts [Christopher Iervolino](#), [John Van Decker](#)

Financial planning and analysis solutions support the office of finance's efforts to manage financial planning and budgeting as well as financial modeling and performance reporting. Application leaders should use this Magic Quadrant to identify vendors that are a good match for their business needs.

Market Definition/Description

"Magic Quadrant for Cloud Strategic Corporate Performance Management Solutions" has been renamed "Magic Quadrant for Cloud Financial Planning and Analysis Solutions." It covers the same criteria as in 2017, with the addition of management reporting. Gartner has dropped use of the term "corporate performance management" (CPM — see "Back to Basics: The Refocusing of Corporate Performance Management").

Financial planning and analysis (FP&A) solutions support the office of finance's budgeting, planning and forecasting efforts. Many also supplement the office's budgeting and planning process support with modeling, collaboration analytics and performance-reporting capabilities, to increase its ability to manage performance by linking corporate strategy and execution (see "The Future of Financial Planning and Analysis").

The FP&A market is accelerating its shift from mature on-premises offerings to cloud solutions. Finance application leaders are seeking SaaS solutions to reduce application support costs, increase application flexibility and shorten time to value. New solutions built or significantly rearchitected as cloud services are typically easier to use and maintain than the previous generation of on-premises offerings. The vast majority of new FP&A sales are cloud-based. On-premises options still exist, but all vendors have greatly de-emphasized them or eliminated them entirely from their sales process.

All the vendors in this Magic Quadrant sell and support cloud-based FP&A solutions. Gartner's cloud service definition is not aligned with any specific technical architecture (for example, one that enables multitenancy at the application level). Because users tend primarily to value functionality, Gartner has defined a number of cloud service attributes that these vendors must have to be eligible for inclusion in this Magic Quadrant (see Note 1).

Gartner classifies three types of cloud service vendor that met the inclusion criteria for this Magic Quadrant:

- **Cloud-only vendors with cloud solutions that have been architected wholly or largely from the outset as cloud services.** These vendors have a multitenant application architecture.
- **Traditional on-premises vendors with new "built for the cloud" solutions.** These solutions may reuse functional code and platforms from the vendor's preceding on-premises offering. They may also vary in their degree of multitenancy.
- **Traditional on-premises vendors that have made their solutions available as a cloud service.** These vendors typically use third-party cloud platforms, such as Microsoft (Azure) and Amazon Web Services (AWS). All components require subscription pricing.

This Magic Quadrant is not restricted to vendors that offer only cloud solutions. However, where a vendor offers both on-premises and cloud options, the capabilities of the on-premises offerings and any hosted on-premises options were ignored in the evaluation process.

A variety of FP&A vendors provide solutions that are widely adopted by enterprises of the following sizes:

- *Midsize enterprises* – those with annual revenue between \$50 million and \$1 billion, and between 100 to 999 employees
- *Large enterprises* – between \$1 billion and \$5 billion in revenue, and between 1,000 and 10,000 employees
- *Global enterprises* – over \$5 billion in revenue and over 10,000 employees

All vendors in this market, as defined by Gartner, must support at least two of the following components of FP&A:

- **Financial budgeting and planning:** The financial budgeting process sets short-term targets for revenue, expenditure and cash generation, usually with a one-year horizon. It typically uses financial classifications found in the general ledger to classify financial goals and targets. It typically acts as a fixed control mechanism and is performed by the CFO.

Traditional office-of-finance-oriented planning and forecasting processes consist of a financial modeling engine, with integrated profit-and-loss balance sheet and cash-flow forecasting. These capabilities support the creation, review and approval of financially focused plans and forecasts, as well as their associated workflows. These capabilities should also maintain an audit trail of all associated activities.

- **Integrated financial planning:** This area joins the financial planning components of other business domains, such as workforce and sales, with those of corporate finance. More-innovative initiatives can also be used to meet organizationwide requirements in specific areas, thereby improving overall performance management needs.
- **Financial forecasting and modeling:** Capabilities in this area are enabled through corporate planning and modeling and "point" solutions that provide best-practice capabilities, especially for the more-flexible, end-user-driven corporate planning and modeling initiatives.
- **Management and performance reporting:** Performance reporting takes management reporting to a new level of inclusion and ease of use. Its collaboration capabilities transform traditional management accounting reports into "performance playbooks" that take a more inclusive approach to explaining results. Performance reporting incorporates operational results, financial results and enhanced narratives (narrative reporting).

This Magic Quadrant presents a view of the primary vendors in the FP&A market from a global perspective. The fact that certain vendors are Leaders does not necessarily mean that their solutions effectively address all functional and technical requirements for all use cases better than those of vendors in the other three quadrants. Vendors in this Magic Quadrant vary in their ability to support different FP&A processes and use cases.

This Magic Quadrant also briefly profiles some other vendors in the Honorable Mentions section. These vendors didn't meet the inclusion criteria but are worthy of consideration.

This Magic Quadrant is not designed to be the sole tool to use when creating a vendor shortlist. Use it as part of your due diligence, and in conjunction with discussions with Gartner analysts and study of Gartner Peer Insights and the companion document, "Critical Capabilities for Financial Planning and Analysis Solutions."

A fuller view of vendors in this market is provided by "Market Guide for Corporate Planning Applications." These vendors' offerings can be considered with a view to augmenting or, in certain situations, replacing the solutions from vendors

evaluated in this Magic Quadrant.

Please Note

- *The positions on this Magic Quadrant for the vendor offerings are based on an algorithm that considers the vendors as a whole. As a result, year-over-year positions do not necessarily correlate due to the lowest vendor in last year's Magic Quadrant having been dropped.*
 - *The market has moved forward year over year as cloud FP&A solutions have improved and product adoption, innovation and execution have progressed. This necessarily requires recalibration from one year to the next. This is another reason why year-over-year comparisons with former iterations may show some significant differences.*
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Magic Quadrant

Figure 1. Magic Quadrant for Cloud Financial Planning and Analysis Solutions



Source: Gartner (July 2018)

Vendor Strengths and Cautions

Adaptive Insights

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Adaptive Insights is a Leader in this market due to its scores for Completeness of Vision, reflecting its sales, marketing and product strategy, and for Ability to Execute, reflecting its product and marketing execution and high customer satisfaction ratings. The vendor also has a large number of cloud customers.

Reference customers for Adaptive Insights reported that their top-three product selection criteria, in order, were ease of use, functional capability and solution flexibility.

Note: On 11 June 2018, Workday announced its acquisition of Adaptive Insights for approximately \$1.55 billion. The impact of this acquisition was not evaluated for this Magic Quadrant.

Strengths

- Survey respondents rated Adaptive Insights above average in all 11 key areas surveyed, with top-quartile scores in nine: ease of implementation, use and maintenance, solution flexibility, performance, application governance/life cycle management, overall experience with vendor, meeting needs, and meeting overall needs vs. money spent. Almost all references said they would recommend Adaptive Insights without reservation.
- Almost all Adaptive Insights reference customers reported having upgraded to new versions within a week, mostly as soon as the version was available. These scores are in the top quartile and are an indication of a reliable cloud architecture and version release process.
- Adaptive Insights has increased scalability and performance capabilities in support of larger and more-complex implementations by large organizations. Survey respondents reported an above-average number of users for planning and integrated financial planning. A quarter of respondents reported having over 250 users, and a third had over \$1 billion in annual revenue.

Cautions

- Prospective customers requiring high degrees of customization, such as those needing governance between many linked models, should conduct proofs of concept. Evaluate those capabilities that Adaptive Insights has released more recently.
- A very small percentage of Adaptive Insights reference customers cited the need for minor Microsoft Excel integration improvements.
- Most Adaptive Insights business is done in the U.S. — 89% of its reference customers reported that their deployments were in North America. Prospects outside North America should appraise the vendor's local capabilities, although it is expanding globally (over 20% of its customers are international companies).

Anaplan

Anaplan is a cloud-only vendor headquartered in San Francisco, California, U.S. It provides a SaaS business modeling and planning platform for finance and other business functions. Anaplan supports financial planning and forecasting, as well as planning for sales, capital expenditure, operations, workforce, marketing and supply chain.

Anaplan is a Leader in this market due to its number of cloud customers and experience as a cloud-only vendor. Its scores for Completeness of Vision reflect its market understanding and innovation, and those for Ability to Execute reflect its marketing execution and high customer satisfaction ratings. The vendor also has a large number of larger, more-complex cloud customers.

Reference customers for Anaplan reported that their top-three product selection criteria, in order, were modeling capabilities, solution flexibility and ease of use.

Strengths

- Survey respondents rated Anaplan above average in eight of the 11 key areas surveyed, with top-quartile scores in six: sales experience, ease of use, solution flexibility, performance and overall experience with vendor, and meeting overall needs. All customers surveyed would recommend Anaplan without qualification.
- All Anaplan customers surveyed reported upgrading to new versions within a week, with the vast majority upgrading as soon as the version was available. The vendor's top-quartile scores here indicate a reliable cloud architecture and version release process.
- Anaplan tends to be used by large organizations for complex, enterprisewide applications (56% of its survey respondents had over \$1 billion in annual revenue, and 22% had more than \$10 billion — this latter percentage is a top-quartile result). In addition, Anaplan reference customers reported having an above-average number of users — 11% of them had over 1,000 users (another top-quartile result).

Cautions

- Anaplan survey respondents gave slightly below-average scores for ease of implementation, ease of maintenance and meeting needs vs. money spent, although none of these ratings was especially weak. Prospects should consider these scores alongside the above-average number of users and complex models in the Anaplan customer base.
- Anaplan may not be an appropriate vendor for small organizations with straightforward planning needs, such as those without complex integrated financial planning or modeling requirements. This is due to a higher product cost and higher internal application governance requirements.
- Some Anaplan reference customers reported performance slowdown when many users are in the same model. Organizations with complex models and large numbers of concurrent users should pay particular attention to model design optimization.

BOARD International

BOARD International is co-headquartered in Boston, Massachusetts, U.S., and Chiasso, Switzerland. It sells both on-premises and cloud solutions (using Microsoft Azure), the latter of which has seen significant growth in 2017. It supports collaborative planning, modeling, profitability analysis and performance reporting. It can also support the financial close.

BOARD is a Visionary in this market, largely due to its ability to support complex requirements and provide continued product innovation. It has shown strong vision in terms of innovation, and a good understanding of the market and analytics. The vendor also achieved an above-average score in the combined Magic Quadrant survey satisfaction rating.

Reference customers for BOARD reported that their top-three product selection criteria, in order, were ease of use, analytics and solution flexibility.

Strengths

- Survey respondents rated BOARD above average in seven of the 11 key areas surveyed: ease of use and maintenance, solution flexibility, performance, analytics, application governance/life cycle management, and meeting overall needs. The vast majority of its customers surveyed would recommend BOARD without reservation.
- BOARD supports both midsize and large organizations as well as enterprisewide use. Half of its survey respondents had less than \$1 billion in annual revenue; half had more. Eleven percent had more than \$10 billion in annual revenue, and the average number of users per customer was 1,230 — over double that of any other vendor in this Magic Quadrant. This

high number is partially due to the inclusion of some customers with integrated planning and modeling use cases across very large numbers of users.

- BOARD has focused on its strength in analytics, expanding these capabilities to allow predictive forecasting and information visualizations to be used more extensively.

Cautions

- A notable number of BOARD reference customers reported taking six months or more to upgrade to new versions, with some reporting that they didn't accept any version updates in 2017. The ability to quickly and seamlessly upgrade allows new product capabilities to be leveraged sooner. This finding compares unfavorably to the other vendors in this study — most notably against the cloud-only vendors.
- A notable number of BOARD reference customers reported that their deployment took nine months or more. Although part of this reason is the size and complexity of applications the vendor often undertakes, related attention should be given during project scoping accordingly.
- BOARD offers fewer process- and business-domain-focused prepackaged applications than other vendors in this Magic Quadrant.

CCH Tagetik

CCH Tagetik is owned by Wolters Kluwer Tax & Accounting and is part of the latter's Corporate Performance Solutions business unit. Co-headquartered in Lucca, Italy, and Stamford, Connecticut, U.S., CCH Tagetik sells both on-premises and cloud solutions, the latter of which now comprises the majority of its sales. The vendor supports budgeting, forecasting, integrated financial planning, performance reporting, dashboards, modeling and analysis, as well as financial close processes (covered in the Magic Quadrant for cloud financial close solutions). Its cloud service can use AWS or Microsoft Azure cloud environments.

CCH Tagetik is a Visionary in this market due to its increased Ability to Execute, enabled by Wolters Kluwer, and its ability to support complex use cases.

Reference customers for CCH Tagetik reported that their top-three product selection criteria, in order, were compatibility with Microsoft Excel, ease of use and solution flexibility.

Strengths

- CCH Tagetik has consistently demonstrated its ability to satisfy the needs of large, complex organizations. For example, 32% of its customers surveyed had over \$1 billion in annual revenue, and 18% had over \$10 billion — the latter being a top-quartile score.
- CCH Tagetik has enhanced its user experience by simplifying navigation and adding an Analytical Workspace to its planning and profitability modules. This is for governing the large data volumes and dimensionality required for complex financial and operational planning and profitability analysis.
- CCH Tagetik has been effective in replacing on-premises planning solutions in large or complex enterprisewide FP&A opportunities.

Cautions

- Survey respondents rated CCH Tagetik below average in 10 of the 11 key areas surveyed, although few individual ratings were especially weak. Bottom-quartile scores were reported for ease of implementation and analytics, although most reference customers would still recommend the vendor without reservation.
- Almost half of CCH Tagetik's customers surveyed reported that their deployment took nine months or more. Although part of this reason is the broader FP&A and financial close implementation scope the vendor often undertakes, related attention should be given during project scoping accordingly.
- Half of CCH Tagetik's reference customers said they needed ongoing support for upgrades related to maintenance or updates, which places the vendor in the bottom quartile in this area. This is partially attributable to the size and complexity of applications the vendor often undertakes. When scoping related initiatives, prospects should consider the potential need for ongoing support.

Host Analytics

Host Analytics is a cloud-only vendor headquartered in Redwood City, California, U.S. Its cloud platform supports budgeting, planning, forecasting, dashboards, modeling, analysis, financial reporting and collaboration, as well as the financial close. The vendor's modeling module supports a wide variety of use cases, such as revenue, sales and long-range planning.

Host Analytics is a Leader in this market due to its market understanding, number of cloud customers and experience as a cloud-only vendor. The vendor achieved an above-average score in most survey satisfaction ratings.

Reference customers for Host Analytics reported that their top-three product selection criteria, in order, were ease of use, price and solution flexibility.

Strengths

- Survey respondents rated Host Analytics above average in seven of the 11 key areas surveyed: sales experience, ease of implementation and maintenance, application governance/life cycle management, overall experience, meeting needs, and meeting overall needs vs. money spent. Most reference customers would recommend the vendor without qualification.
- All Host Analytics reference customers reported upgrading to new versions as soon as the version was available. The highest score of any vendor in this Magic Quadrant, this result indicates a reliable cloud architecture and well-honed version release process.
- Host Analytics is in the top quartile for reference customer needing ongoing support for upgrades related to maintenance or updates, with few requiring it.

Cautions

- Host Analytics reference customers scored it in the bottom quartile for analytics. Some survey respondents cited issues with performance for very large datasets and data visualization capabilities for more-complex analytics needs.
- Most Host Analytics software sales as well as consulting and support capabilities are in North America (all reference customer deployments took place in this region, although 10% of these had APAC activity, 14% had EMEA and 5% Latin America). Prospects outside North America should appraise its local consulting and support capabilities.
- Host Analytics has released significant new features for its modeling offering, including a new user interface that can be used as an alternative to Microsoft Excel. However, additional improvements are required to match the top modeling offerings in this market.

IBM

IBM, headquartered in Armonk, New York, U.S., sells both on-premises and cloud solutions. The vendor offers IBM Planning Analytics for planning, budgeting and forecasting modeling; dashboards; and analytics. IBM Planning Analytics embeds pattern detection, advanced analytics and natural-language queries from Watson Analytics. IBM's cloud FP&A solutions run on its own cloud platform.

IBM has moved to the Leaders quadrant in this market due to its level of customer expansion in the cloud as well as its geographic, sales and product strategies. IBM has a large on-premises market share and experience supporting complex FP&A processes within financial and other functions.

Reference customers for IBM reported that their top-three product selection criteria, in order, were modeling capabilities, solution flexibility and price.

Strengths

- IBM has many large customers, a global reach, a large implementation partner ecosystem and an extensive service organization, with broad business domain and industry expertise.
- IBM Planning Analytics is based on TM1, and has had many improvements to enhance functionality, usability and flexibility. IBM's reference customer scores for solution flexibility were above average.
- IBM has a diversified customer base. The vendor tends to be used by large organizations for complex, enterprisewide applications — 58% of reference clients had over \$1 billion in annual revenue, and 17% more than \$10 billion. At the other end, 25% of reference clients had less than \$1 billion in revenue.

Cautions

- Survey respondents rated IBM below average in 10 of the 11 key areas surveyed, although few individual ratings were especially weak. It had bottom-quartile scores for ease of implementation and maintenance, application governance/life cycle management, overall experience with vendor, and meeting needs vs. money spent.
- IBM is in this Magic Quadrant's bottom quartile for reference customers needing ongoing support for upgrades related to maintenance or updates, with almost half requiring it.
- A clear majority of IBM customers surveyed would recommend the vendor without reservation; however, a material number would do so with minor qualifications. These qualifications generally reflected some dissatisfaction with support responsiveness.

Jedox

Jedox, headquartered in Freiburg, Germany, sells both on-premises and cloud solutions. The vendor offers an integrated BI and FP&A solution that supports budgeting, planning and forecasting.

Jedox is a Niche Player in this market. It provides a cost-effective modeling solution that is highly compatible with Microsoft Excel. Jedox provides a flexible solution that has continued to develop as its cloud deployments have increased.

Reference customers for Jedox reported that their top-three product selection criteria, in order, were compatibility with Microsoft Excel, ease of use and modeling capabilities.

Strengths

- Jedox provides a flexible FP&A modeling solution, with reference customers scoring it highest for solution flexibility, performance and analytics. The vast majority of its customers surveyed would recommend the vendor without reservation.
- Jedox can support a range of customer sizes (30% of its survey respondents had more than \$1 billion in annual revenue, and 15% more than \$10 billion). However, in large organizations its solutions tend to be used by business units and departments, as opposed to enterprisewide (Jedox survey respondents reported having, on average, 55 users versus the all-vendor average of 259).
- Jedox has released new capabilities allowing for predictive forecasting, and can leverage GPUs for larger, more-complex models.

Cautions

- Half of Jedox's reference customers cited needing ongoing support for upgrades related to maintenance or updates, placing the vendor in the bottom quartile in this regard.
- Most Jedox reference customer satisfaction scores were average. This isn't an indication of any problem since no individual score was weak; however, some respondents reported minor implementation issues due to a suboptimal third-party consulting team.
- A material number of Jedox reference customers reported that they didn't accept any version updates in 2017. Updates allow new product capabilities to be leveraged. This finding compares unfavorably to the other vendors in this study – most notably against the cloud-only vendors.

Kaufman Hall (Axiom Software)

Kaufman Hall, headquartered in Skokie, Illinois, U.S., sells Axiom Software as a cloud solution (using Microsoft Azure). The vendor supports multiple industries but focuses on tailored solutions for healthcare, financial services and higher education (accounting for 47%, 24% and 29% of survey respondents, respectively). The Axiom Software cloud solution supports planning, budgeting, performance reporting, rolling and cash flow forecasting, cost accounting, capital and workforce planning, strategy management, and profitability modeling.

Kaufman Hall has moved from a Niche Player to a Challenger in this market. Its strategic focus on a limited number of industries positively affected its vertical/industry strategy rating, but negatively affected its marketing and sales strategy scores. In addition, its geographic strategy scores were low. For Completeness of Vision, the vendor continues to demonstrate strong sales execution and received high customer satisfaction ratings.

Reference customers for Kaufman Hall reported that their top-three product selection criteria, in order, were ease of use, solution flexibility and functional capabilities.

Strengths

- Survey respondents rated Kaufman Hall above average in all 11 key areas surveyed, with top-quartile scores in 10: sales experience, use and maintenance, solution flexibility, performance, application governance/life cycle management, overall experience with vendor, meeting needs, and meeting overall needs vs. money spent. The vast majority of reference customers would recommend Kaufman Hall without reservation.
- Axiom Software tends to be used by large organizations for complex, enterprisewide applications (71% of Kaufman Hall survey respondents had over \$1 billion in annual revenue, and 29% had more than \$10 billion – this latter percentage is in

the top-quartile for vendors in this Magic Quadrant). In addition, survey respondents reported having a top-quartile average of 480 users.

- Kaufman Hall's industry-specific knowledge within the healthcare, financial services and higher education sectors enables Axiom Software customers to use its embedded industry and process-specific capabilities.

Cautions

- Most Kaufman Hall reference customers said they needed ongoing support for upgrades related to maintenance or updates. This compares unfavorably to the other vendors in this study.
- Almost half of Kaufman Hall's reference customers reported taking six months or more to upgrade to new versions, a quarter of whom didn't accept any version updates in 2017. The ability to quickly and seamlessly upgrade allows new product capabilities to be leveraged sooner. This finding compares unfavorably to the other vendors in this study – most notably against the cloud-only vendors.
- A material number of Kaufman Hall reference customers reported that their deployment took 12 months or more. Although partially due to the size and complexity of their applications, related attention should be given during project scoping accordingly.

Kepion

Kepion, headquartered in Seattle, Washington, U.S., provides a planning platform supporting FP&A process and providing analytics for finance, sales, marketing, HR and operations. The vendor supports both financial and operational planning processes, providing dashboards and key performance indicator (KPI) tracking as well as reporting and analytics. Kepion leverages the Microsoft Azure and SQL Server platforms, integrates with Microsoft Power BI for visualizations, and integrates with Microsoft Dynamics, SAP and other ERP systems. Kepion partners with River Logic for prescriptive analytics and scenario analysis.

Kepion is a Niche Player in this market, given its ability to provide a flexible, integrated financial planning and modeling tool that is highly compatible with Microsoft Excel, for a range of company sizes.

Reference customers for Kepion reported that their top-three product selection criteria, in order, were solution flexibility, compatibility with Microsoft Excel and ease of use.

Strengths

- When asked what they liked most about the solution, Kepion survey respondents most often cited solution flexibility.
- That Kepion is Microsoft-based makes it a more attractive option for organizations standardizing on Microsoft solutions.
- Kepion has increased its market exposure through its partner and OEM relationships in 2017.

Cautions

- Survey respondents rated Kepion below average in all 11 key areas surveyed, although few individual ratings were especially weak. Bottom-quartile scores were reported for sales experience, analytics, application governance/life cycle management and meeting overall needs.
- Over half of Kepion's reference customers cited needing ongoing support for upgrades related to maintenance or updates, placing the vendor in the bottom quartile in this regard.

- Most Kepion sales, consulting and support capabilities are in EMEA (69% of its reference customer deployments took place in this region, although 13% of these had APAC activity, 13% had Latin America and 6% North America). Prospects outside EMEA regions should appraise its local consulting and support capabilities.

Longview

Longview (formerly Longview Solutions) is headquartered in Toronto, Canada. The vendor offers a cloud-based FP&A solution, Longview Plan powered by Tidemark (Longview finalized its merger with Tidemark in 2017). Longview provides budgeting, forecasting, dashboards, modeling, performance reporting, analytics and collaboration support. It also offers separate solutions for tax planning and to support the financial close.

Longview is a Visionary in this market. It provides a flexible, scalable modeling solution with innovative data management capabilities along with a global reach. As its cloud product continues to develop and deployments increase globally, its scores have potential for improvement.

Reference customers for Longview reported that their top-three product selection criteria, in order, were functional capabilities, solution flexibility and ease of use.

Strengths

- Longview received top-quartile scores for the speed of version updates. Almost all its reference customers reported upgrading to new versions within a week, with many upgrading as soon as the version was available — an indication of a reliable cloud architecture and version release process.
- Longview can support a range of customer sizes — 38% of its survey respondents had more than \$1 billion in annual revenue, and 13% more than \$10 billion.
- Longview leverages a number of innovative features, such as its approach to analyzing detailed data across multiple hierarchies, and its "storylines" to combine financial, operational and unstructured data within business narratives.

Cautions

- Survey respondents rated Longview below average in all 11 key areas surveyed. Bottom-quartile scores were reported for ease of implementation, analytics, application governance/life cycle management and meeting needs.
- Reference customer feedback reflected some dissatisfaction with reporting capabilities and project implementation. Although Longview reference customers would all recommend the vendor, a material number said they would do so with minor qualifications such as these. Longview has subsequently released reporting and analytics improvements.
- A quarter of Longview reference customers reported that their deployment took nine months or more. Although part of this reason is the size and complexity of applications the vendor often undertakes, related attention should be given during project scoping accordingly.

OneStream Software

OneStream Software, headquartered in Rochester, Michigan, U.S., sells on-premises, hosted and SaaS solutions (the latter two using Microsoft Azure). The vendor offers a robust platform and supports budgeting, forecasting, performance reporting and analytics, all oriented to the office of finance. The vendor also supports the financial close process.

OneStream is a Visionary in this market. Its scores for Ability to Execute reflect its product and high customer satisfaction ratings. As its cloud products continue to develop and deployments increase globally, its scores have potential for

improvement.

Reference customers for OneStream reported that their top-three product selection criteria, in order, were functional capabilities, solution flexibility and ease of use.

Strengths

- Survey respondents rated OneStream in the top quartile in all 11 key areas surveyed. All of its customers surveyed would recommend the vendor with no qualifications.
- OneStream was awarded a perfect score by reference customers for sales experience (no vendor has ever achieved that rating in this study).
- OneStream tends to be used by large organizations for complex, enterprisewide applications (59% of its survey respondents had over \$1 billion in annual revenue — a top-quartile amount in this Magic Quadrant — and 4% had more than \$10 billion).

Cautions

- A notable number of OneStream reference customers reported that their deployment took nine months or more. Although part of this reason is the size and complexity of applications the vendor often undertakes, related attention should be given during project scoping accordingly.
- OneStream received a below-average score for the number of reference customers citing a need for ongoing support for upgrades related to maintenance or updates.
- OneStream's solutions tend to be used exclusively by the office of finance as opposed to enterprisewide (survey respondents reported having a materially below-average number of users). However, the vendor can support a range of customer sizes and larger numbers of end users.

Oracle

Oracle, headquartered in Redwood City, California, U.S., is best-known for its on-premises Hyperion FP&A solutions, but the vendor now almost exclusively sells its cloud offerings in this market. Its offerings include Oracle Planning and Budgeting Cloud Service (PBCS), Oracle Enterprise Planning and Budgeting Cloud Service (EPBCS), Oracle Profitability and Cost Management Cloud Service, and Oracle Enterprise Performance Reporting Cloud Service for narrative reporting. Oracle also supports the financial close. Oracle PBCS and EPBCS support budgeting, forecasting, dashboards, modeling and analytics. Oracle's cloud FP&A solutions run on Oracle's cloud platform.

Oracle is a Leader in this market, due to its market traction with PBCS and EPBCS, its geographic, sales and product strategy, and its business model.

Reference customers for Oracle reported that their top-three product selection criteria, in order, were ease of use, their using other Oracle products, and price.

Strengths

- Oracle has many large customers, a global reach, a large implementation partner ecosystem and a large service organization, with broad business domain and industry coverage. It has a high degree of name recognition in this space — a 2017 Gartner social media analysis indicated that Oracle led all other vendors in number of social media conversations and the increase in its share of social media conversations.

- Since switching to a primary sales focus for its cloud-based enterprise performance management offerings in 2016, Oracle has achieved a high rate of customer adoption for PBCS and EPBCS. Its customer adoption rate compares favorably with those of most other vendors in this Magic Quadrant.
- Oracle supports both midsize and large organizations as well as enterprisewide use. Its survey respondents were mostly large organizations (57%), with 15% having more than \$10 billion in annual revenue. They also reported a top-quartile average number of users.

Cautions

- Survey respondents rated Oracle below average in all 11 key areas surveyed, although few individual scores were especially weak. Bottom-quartile scores were reported for sales experience and overall experience with this vendor, but these two scores were significantly higher than those attained in past years for Oracle's on-premises FP&A solutions.
- A material number of Oracle reference customers said they would recommend the vendor with minor qualifications, generally reflecting some dissatisfaction with support responsiveness and the speed of bug fixes.
- Oracle received a below-average score for the number of reference customers citing a need for ongoing support for upgrades related to maintenance or updates.

Prophix

Prophix, headquartered in Toronto, Canada, provides both on-premises and cloud solutions (using AWS), the latter of which saw significant growth in 2017. Prophix supports budgeting, planning, modeling, profitability analysis, dashboarding and performance reporting. It can also support financial close processes.

Prophix is a Visionary in this market, given its ability to provide a cost-effective, flexible FP&A tool for SMBs and the midmarket, and for its expanded technology partner base.

Reference customers for Prophix reported that their top-three product selection criteria, in order, were functional capabilities, ease of use and modeling capabilities.

Strengths

- Survey respondents rated Prophix above average or average in nine of the 11 key areas surveyed, with top-quartile scores for analytics and meeting overall needs. The vast majority of respondents would recommend the vendor without qualification.
- Prophix targets SMBs and the midmarket, as shown by its high number of reference customers with less than \$1 billion in annual revenue and below-average number of users. The vendor's larger customers tend to use its applications on a business unit or departmental basis.
- Prophix has seen strong levels of cloud growth in the past year and has expanded its number of worldwide ERP partnerships, such as with SYSPRO, Viewpoint, TOTVS, QAD and Sage.

Cautions

- Most of Prophix's software's cloud sales, consulting and support capabilities are in North America, although it has channel partner support worldwide. Almost all of its reference customer deployments took place in North America, and only a few of these had EMEA activity. Most respondents worked with Prophix for application design and implementation. As a result, prospects outside North America should appraise its local consulting and support capabilities.

- Prophix is in the bottom quartile for the time taken to upgrade to new versions, with a material number of reference customers citing six months or more, including some that they didn't accept any version updates in 2017. Updates allow new product capabilities to be leveraged. This finding compares unfavorably to the other vendors in this study — most notably against the cloud-only vendors.
- Some Prophix reference customers referred to the need for improvements with cloud application maintenance and implementation planning, and noted some performance slowdown with large applications and/or high-volume data load tasks.

SAP

SAP, headquartered in Walldorf, Germany, offers SAP Analytics Cloud and SAP Digital Boardroom (built on SAP Analytics Cloud) in this space. SAP Analytics Cloud combines data discovery and visualization, predictive analytics, and planning. The vendor's cloud FP&A solutions run on the SAP Cloud Platform. SAP also supports the financial close — on-premises and in the cloud — with its new SAP S/4HANA Cloud for Group Reporting solution.

SAP is a Visionary in this market, as SAP Analytics Cloud introduces innovative analytics and process support. Most SAP Analytics Cloud customers surveyed also use SAP ERP and/or on-premises FP&A and BI solutions in "hybrid" scenarios — but SAP Analytics Cloud does not require this.

Reference customers for SAP reported that their top-three product selection criteria, in order, were analytics, ease of use and functional capabilities.

Strengths

- SAP has many large customers, a global reach, a large implementation partner ecosystem and an extensive service organization, with broad business domain and industry expertise.
- Survey respondents gave SAP top-quartile scores for analytics and overall experience with the vendor, the latter rating representing much improvement over previous versions of this survey. The vast majority of their customers surveyed would recommend SAP without reservation.
- Deployment speed survey results show marked improvement over previous years' results, with a good majority of SAP reference customers citing deployment within six months.

Cautions

- A clear majority of SAP reference customers would recommend the vendor without qualification; but a small percentage would do so with minor qualifications. For example, some respondents reported slight performance issues related to large applications. Prospects with such use cases should pay particular attention to application design.
- SAP reference customers tend to choose to rely on ERP for a larger percentage of financial planning and forecasting needs than those of the other vendors in this Magic Quadrant. This is likely related to a desire to combine transactions, planning and analysis. Associated implementation project emphasis should be given to process and application design in order to optimize potential advantages.
- SAP reference customers reported having a higher degree of technical expertise than those of the other vendors in this Magic Quadrant. They estimated that the balance of financial application support responsibility rested more outside finance — with either IT, an external vendor or consulting support — than inside.

Vena Solutions, headquartered in Toronto, Canada, sells only cloud solutions (primarily through AWS), although has some legacy on-premises customers. The vendor supports budgeting, forecasting, planning, reporting, analytics and other finance processes, such as revenue planning. It uses Microsoft Excel (desktop and Office 365) within its user interface; users are not required to replace their current models and spreadsheets.

Vena is a Niche Player in this market, given its ability to provide a cost-effective, easy-to-support financial modeling tool that is highly compatible with Excel, and given its high customer satisfaction ratings.

Reference customers for Vena reported that their top-three product selection criteria, in order, were compatibility with Excel, solution flexibility and ease of use.

Strengths

- Survey respondents rated Vena above average in 10 of the 11 key areas surveyed, with top-quartile scores in seven: sales experience, ease of implementation and use, application governance/life cycle management, overall experience with vendor, meeting overall needs, and meeting needs vs. money spent. The vast majority of their customers surveyed would recommend Vena without qualification.
- Vena is in the top quartile for the fewest number of reference customers citing a need for ongoing support for upgrades related to maintenance or updates.
- Vena can support a range of customer sizes (32% of its survey respondents had more than \$1 billion in annual revenue, and 5% more than \$10 billion). However, in large organizations, its solutions tend to be used by individual business units and departments as opposed to enterprisewide (reference customers reported having a far-below-average number of users).

Cautions

- Most of Vena's software sales, consulting and support capabilities are in North America (91% of its reference customer deployments took place in this region, although 27% of these had EMEA activity, 9% had APAC and 5% Latin America). Prospects outside North America should appraise its local consulting and support capabilities.
- Some Vena survey respondents cited some issues with performance for very large datasets. Overall performance satisfaction scores were slightly below average.
- Vena lacks brand awareness relative to other vendors in this Magic Quadrant.

Workiva

Workiva, headquartered in Ames, Iowa, U.S., is a cloud-only vendor. Its Wdesk solution supports certain performance reporting and budget preparation processes when the process is Microsoft Excel-based. It also supports the related creation and combination of text documents, workbooks, presentations, dashboards and charts. It provides a central platform for the storing and synchronization of data from ERP systems, consolidation, financial planning and analysis, as well as operational systems and other sources. Wdesk enables reporting teams to organize that diverse data into financial, management and performance reports.

Workiva is a Challenger in this market, reflecting its high execution, rapid growth and continued high customer satisfaction ratings. However, it supports a limited set of FP&A capabilities.

Reference customers for Workiva reported that their top-three product selection criteria, in order, were ease of use, functional capability and performance.

Strengths

- Survey respondents rated Workiva above average in 10 of the 11 key areas surveyed, with top-quartile scores in six: ease of implementation, use and maintenance, performance, and overall experience with vendor. The vast majority would recommend Workiva to others without qualification.
- Workiva is a public company with \$208 million of revenue in 2017 and a rate of growth that compares favorably with most other vendors in this market.
- Workiva supports both midsize and large organizations, with most of its reference customers having over \$1 billion in annual revenue and a material number having over \$10 billion. The tendency for large companies to use Wdesk reflects their more-complex financial disclosure and performance reporting requirements.

Cautions

- Workiva's FP&A capabilities satisfy some budgeting requirements where Excel is used as the main tool, but Wdesk lacks many basic capabilities, such as for scenario comparison and allocation. It does not offer the same level of analytics as other vendors in this Magic Quadrant, with reference customers rating the vendor below average in this area.
- Most of Workiva's software sales, consulting and support capabilities are in North America (all reference customer deployments took place in this region, although 10% of these had APAC activity, 10% had EMEA and 10% Latin America). Prospects outside North America should appraise its local consulting and support capabilities.
- Wdesk is used more often for financial disclosure than for FP&A. This is reflected in Workiva reference customers reporting an average number of users far below the Magic Quadrant average.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

- Kepion
- Longview
- OneStream Software
- Prophix
- SAP

Dropped

- CAMMS
- Centage

Inclusion and Exclusion Criteria

Product Capabilities

To be eligible for inclusion in this Magic Quadrant, a vendor had to:

- Support at least two components of FP&A (as defined in the Market Definition/Description section).
- Deploy an FP&A solution as a cloud service (see Note 1). This solution cannot be deployed on-premises or as a managed cloud service.
- Actively market and sell this cloud solution to small, midsize and/or large and/or global organizations.
- Actively market, sell and deploy this cloud solution on a stand-alone basis, regardless of any additional bundling with broader ERP suites or other applications.

Market Presence

To be eligible for inclusion in this Magic Quadrant, a vendor had to:

- Have at least 50 organizations in production using the cloud service. It had to be prepared to provide evidence of sufficient production customers. If a vendor chose not to disclose this information, Gartner was at liberty to use its own market research and insights from public sources to judge that vendor's eligibility for inclusion.
- Have generated at least \$7 million in booked subscription revenue from the FP&A cloud offering(s) between 1 January and 31 December 2017 (or whichever 12-month accounting period most closely aligned with that period). This excludes any revenue from on-premises, hosted, managed cloud service or other deployment models. Unrealized recurring revenue was not included. If a vendor chose not to disclose revenue information, Gartner was at liberty to use its own market research and insights from public sources to judge that vendor's eligibility for inclusion.
- Actively sell and market the cloud solution (and have live users of the cloud solution) outside the vendor's home region in at least one of the following regions: Americas, EMEA and Asia/Pacific.

Vendor Viability

To be eligible for inclusion in this Magic Quadrant, a vendor had to:

- Be financially viable and profitable, or have a realistic path to profitability.

Honorable Mentions

The following vendor did not qualify for inclusion in this Magic Quadrant, but is worthy of consideration:

CAMMS

CAMMS is a cloud-focused vendor headquartered in Adelaide, Australia. It supports integrated performance management through a combined software and management consulting approach. CAMMS focuses on building a business framework that supports financial budgeting and planning, and links those processes to overall business strategy. Its suite of integrated FP&A and BI solutions target the needs of the government (federal, state, local), healthcare, not-for-profit and utility sectors. The vendor also provides cross-industry solutions. CAMMS supports the private sector through integration of GRC and PPM and strategy execution.

For information about additional cloud FP&A offerings, see "Market Guide for Corporate Planning Applications."

Evaluation Criteria

Ability to Execute

The following criteria and weightings were used to evaluate vendors' Ability to Execute:

- **Product or service** — Core goods and services offered by the vendor that compete in and serve the market. This category includes product and service capabilities, quality, feature sets, and skills (offered natively or through OEMs), as defined in the market definition and possibly further detailed by other criteria.
- **Overall viability** — Includes an assessment of the vendor's overall financial health, the financial and practical success of the relevant business unit, and the likelihood of that business unit continuing to invest in and offer the product within the vendor's product portfolio.
- **Sales execution/pricing** — The vendor's capabilities in presales and sales activities as well as the structure that supports them in this market. This criterion also includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.
- **Market responsiveness/record** — The vendor's ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers how responsive the vendor has been over time.
- **Marketing execution** — The clarity, quality, creativity and efficacy of the execution of marketing programs. These are designed to deliver the vendor's message to influence the market, promote its brand and business, increase awareness of its products and services, and establish a positive identification with the product, brand or vendor with buyers. These programs may include, among other elements, a combination of advertising, promotions, thought leadership, word of mouth and sales activities.
- **Customer experience** — Relationships, products, and services and programs that enable clients to succeed with the products being evaluated. This criterion includes the ways in which customers receive technical support or account support for the product being evaluated. It also includes ancillary tools, customer support programs (and their quality), the availability of user groups and service-level agreements. Specifically, the Magic Quadrant survey asks respondents to rate overall satisfaction in 11 areas:
 - Sales experience
 - Ease of implementation
 - Ease of use
 - Ease of maintenance
 - Solution flexibility
 - Performance
 - Analytics
 - Application governance/life cycle management
 - Overall experience with the vendor
 - Meeting needs
 - Meeting needs versus money spent

- **Operations** — The vendor's ability to meet its goals and commitments. This includes the quality of the organizational structure, such as skills, experiences, programs, systems and other vehicles that enable the vendor to operate effectively and efficiently.

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	High
Sales Execution/Pricing	High
Market Responsiveness/Record	High
Marketing Execution	High
Customer Experience	High
Operations	High

Source: Gartner (July 2018)

Completeness of Vision

The following criteria and weightings were used to evaluate vendors' Completeness of Vision:

- **Market understanding** — The vendor's ability to understand buyers' needs and to translate those needs into products and services. A vendor that shows the highest degree of vision listens to and understands what buyers want and need, and can use that information to shape or enhance the relationship.
- **Marketing strategy** — A clear, differentiated set of messages consistently communicated throughout the organization. These are publicized through online presence, advertising, customer programs, events and positioning statements.
- **Sales strategy** — A strategy for selling products or services that uses an appropriate network of direct and indirect sales, marketing, service and communication affiliates. These extend the scope and depth of the vendor's market reach, skills, expertise, technologies, services and customer base.
- **Offering (product) strategy** — The vendor's approach to product development and service delivery. This emphasizes differentiation, functions, methodology and feature set in relation to current and future requirements.
- **Business model** — The validity and logic of the vendor's underlying business proposition in this market.
- **Vertical/industry strategy** — The vendor's strategy to direct resources, skills and offerings to meet the needs of individual market segments, including vertical industries.
- **Innovation** — The vendor's marshaling of resources, expertise or capital for competitive advantage, investment, consolidation or defense against acquisition.

- **Geographic strategy** — The vendor's strategy to direct resources, skills and offerings to meet the needs of regions beyond its "home" or native area — directly or through partners, channels and subsidiaries — as appropriate for that region and market.

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	High
Marketing Strategy	High
Sales Strategy	High
Offering (Product) Strategy	High
Business Model	High
Vertical/Industry Strategy	Medium
Innovation	High
Geographic Strategy	High

Source: Gartner (July 2018)

Quadrant Descriptions

Leaders

Leaders provide mature offerings that meet market demand and have demonstrated the vision necessary to sustain their market position as requirements evolve. The hallmark of Leaders is that they focus on and invest in their offerings to the point where they lead the market and can affect its overall direction. As a result, Leaders can be vendors to watch as you try to understand how new market offerings might evolve. Leaders typically possess a large, satisfied customer base (relative to the size of the market) and enjoy high visibility within the market. Their size and financial strength enable them to remain viable in a challenging economy.

Leaders typically respond to a wide market audience by supporting broad market requirements. However, they may fail to meet the specific needs of vertical markets or other, more specialized segments.

Challengers

Challengers have a strong Ability to Execute but may offer products that don't fully align with Gartner's definition of the market. Large vendors in mature markets may be positioned as Challengers because they choose to minimize risk or avoid disrupting either their customers' activities or their own. Although Challengers typically have significant size and financial resources, they may lack strong vision, innovation or an overall understanding of market needs. Challengers may offer products nearing the end of their lives that dominate a large but shrinking segment.

Challengers can become Leaders if their vision develops. Over time, large companies may move between the Challengers and Leaders quadrants as their product cycles and market needs shift.

Visionaries

Visionaries align with Gartner's view of how a market will evolve, but their ability to deliver against that vision is less proven. In growing markets, this is the typical status. In more mature markets, it may reflect a competitive strategy for a smaller vendor — such as selling an innovation ahead of mainstream demand — or a larger vendor trying to get out of a rut or differentiate itself. For vendors and customers, Visionaries fall into the higher-risk/higher-reward category. They often introduce new technology, services or business models, and they may need to build financial strength, service and support, and sales and distribution channels.

Whether Visionaries become Challengers or Leaders may depend on whether customers accept new technologies or whether the vendors can develop partnerships that complement their strengths. Visionaries are sometimes attractive acquisition targets for Leaders and Challengers.

Niche Players

Niche Players do well in a segment of a market, or have a limited ability to innovate or outperform other vendors in the wider market. This may be because they focus on a particular functionality or region, or because they are new entrants. Alternatively, they may be struggling to remain relevant in a market that is moving away from them. Niche Players may have reasonably broad functionality, but limited implementation and support capabilities and relatively limited customer bases. Niche Players do not demonstrate a strong vision for their offerings. For end users, assessing Niche Players is more challenging than assessing vendors in other quadrants. This is because some could make progress, while others may not execute well and may lack the vision and means to keep pace with broader market demands.

A Niche Player may be perfect for your requirements. However, even if you like what a Niche Player offers, if it runs contrary to the direction of the market, it may be a risky choice, as its long-term viability will be threatened.

Context

FP&A solutions are used mostly within the office of finance to add efficiency and control to financial budgeting and planning processes. It has always been the responsibility of finance leaders to advise and guide executives in using financial information to make better decisions in managing corporate performance. These solutions are becoming more capable at supporting that need. They continue to evolve from centralized, finance process support solutions to enable more-collaborative FP&A and performance reporting.

Gartner's survey results indicate that the top-three reasons customers purchased their FP&A solution were to:

- Create internal/operational efficiencies (79% of respondents)
- Improve business process outcomes (59%)
- Enhance decision making (58%)

This is appropriate, since finance leaders have a dual "govern and guide" mandate. Traditional financial systems have generally allowed them more success with the former rather than the latter.

FP&A solutions may also include the ability to support the financial planning process across different business domains. This may include specialized modules or models for specific domains, such as for sales or workforce planning. This broader definition of financial planning and performance reporting requires greater solution flexibility and application life cycle management. It includes the capability to allow end users to modify certain aspects of the controlling model, such as adding custom attributes, maintaining process-specific workflows and managing source-system-specific integrations — all with

appropriate application governance (see "The Future of Financial Planning and Analysis"). Survey results found that 45% of the respondents using FP&A solutions for planning used their solution to conduct integrated financial planning.

Digital business is placing demands on FP&A to expand beyond the traditional financial planning methods. Digital business initiatives, such as establishing digital sales channels or creating entirely new digital businesses, must be supported by more-collaborative, agile financial planning processes and performance reporting, so that feedback is received, analyzed and acted upon sooner. In addition, more-granular, driver-based modeling efforts — ideally incorporated into these integrated planning processes — help the organization anticipate outcomes given existing assumptions. Such integrated planning efforts will produce benefits given current application capabilities. They will also help prepare organizations to adopt future artificial intelligence (AI)-based analytic approaches, by identifying new data sources, addressing current integration challenges, and expanding current data analysis initiatives sooner rather than later (see "Hype Cycle for CRM Sales, 2018").

To varying degrees, the vendors in this Magic Quadrant embed analytics within a business process to guide and optimize performance. Many vendors are also expanding their platforms with architectural changes, which may draw on their own data centers' capabilities or those available within third-party cloud service layers (typically those provided by Microsoft [Azure] or AWS).

As FP&A analytic and platform capabilities have evolved, access has been granted to additional data sources, such as with transactional finance systems. These capabilities provide finance application leaders with new options to support a broader set of FP&A needs, but also create challenges when considering where FP&A efforts end and enterprisewide BI initiatives begin (see "Best Practices for Improving Financial Planning and Analysis Systems and Processes").

Market Overview

Market Dynamics

FP&A solutions are used by both SMBs and large organizations. From our Magic Quadrant reference customer survey:

- 50% of respondents reported annual revenue of less than \$1 billion
- 45% reported annual revenue of over \$1 billion
- 5% were from government or nonprofit entities

The larger vendors have the advantage of being able to draw on an extensive base of FP&A, financial close, analytics and (for some vendors) ERP customers. These larger vendors have invested heavily. They have gained ground in this market against the pure-play cloud vendors that pioneered innovative product capabilities and improved customer satisfaction in the cloud.

Despite the past year's successes of the larger vendors, however, re-evaluation of existing on-premises solutions and processes continues to generate opportunities for all vendors in the market. Growth opportunities continue to exist as prospective customers are either:

- Frustrated with their on-premises solutions' lack of flexibility, poor performance, ongoing support costs and limited analytical capabilities, as well as the specialized skills they require.
- Finding that they use too much Microsoft Excel to overcome the aforementioned shortcomings of their on-premises solution, thus seeking another solution to either complement or (more commonly) replace their on-premises option.
- Finding that traditional barriers to entry, such as the extent of skill sets required and higher software and installation costs, for using this type of application have been lowered. This is especially important for SMB organizations.

"Greenfield" Microsoft Excel opportunities also continue to exist. This is most common in the SMB market but applies to organizations of all sizes.

Vendors are imitating each other's successful innovations, and employees are moving between competitors, resulting in less product differentiation between solutions. The main points of differentiation between the vendors and solutions in this study generally relate to the targeted market segment (customer size and process complexity). These are the 11 most common areas in which prospective customers must evaluate FP&A solutions/vendors:

- Ease of maintenance and use
- Analytics
- Integration with source and target systems
- Solution flexibility
- Availability of integrated planning modules for other business domains
- Application life cycle management
- Industry-specific capability and experience
- Subscription cost
- Implementation cost and effort
- Geographic coverage
- Vendor culture

Further Sources

More extensive product-related analysis can be found in "Critical Capabilities for Financial Planning and Analysis Solutions."

Customer-driven feedback can be found in [Gartner Peer Insights \(https://www.gartner.com/reviews/home\)](https://www.gartner.com/reviews/home) .

Market Evolution: Four Primary Aspects

Gartner emphasizes the most impactful market factors when considering vendors' scores. This Magic Quadrant stresses capabilities related to the four primary aspects of this market's evolution. These are:

1. Ease of use, maintenance and solution flexibility
2. Platform
3. Integration
4. Analytics and decision support

1. Ease of Use, Maintenance and Solution Flexibility

Ease of use and maintenance enable more finance and nonfinance users to use these solutions effectively. Solution flexibility enables users to be more effective, because they can customize the solution to support a more diverse set of business needs. These business needs generally reflect the need to model more dynamically and to plan between business domains. The latter capability requires each business domain to have a degree of control over their own model while not sacrificing the application governance of all connected models.

Analysis of social media conversations around the leading vendors in the FP&A space has revealed that the market direction is gradually shifting from "integration" and "consolidation" in 2016 and 2017 toward creating "user-friendly" interfaces or GUI in 2018 (see Note 2).

Magic Quadrant survey respondents were asked to provide their best estimate (in percentages) of financial application support responsibility balance in their organization. Results for 2018 were:

- Finance: 60%
- IT: 25%
- External/vendor support: 15%

The desire to allow finance to provide this support is expected to increase, for respondents anticipated percentages for 2020 were:

- Finance: 65%
- IT: 23%
- External/vendor support: 12%

These attributes are especially important when expanding from traditional finance-focused budgeting and planning to a more integrated planning approach. Their importance is reflected in the Magic Quadrant survey results. Survey respondents were asked, *"What were your organization's three most important selection criteria when selecting a vendor for a FP&A or financial close solution?"* Fifty percent identified ease of use as their first choice. This was the No. 1 answer, up from 38% last year. Next came functional capabilities (39%) and solution flexibility (34%). Interestingly, price was the next highest answer at 28%, indicative of the high level of competition in this market.

2. Platform

The need to support finance processes consistently over time has created a requirement for all vendors to provide a capable platform to support more-modern FP&A efforts. FP&A platforms require the ability to manage larger data stores from a performance and data management standpoint. This also includes the application governance ability necessary to manage more-diverse users and data, for both financial and operational planning. These expanded platform needs generally go beyond the capabilities of traditional online analytical processing (OLAP) engines.

A modern FP&A platform increasingly will require the ability to support the FP&A process across traditional business application definition lines, such as with ERP(s), other business-domain-specific applications and enterprisewide analytics efforts. Such capability includes supporting a microservices architecture to help vendors bring new features to market faster, and to more efficiently scale and focus development efforts on areas that provide competitive advantage.

3. Integration

Closely related to platform, a historical lack of integration capability has prevented FP&A solutions from fully delivering on their performance management promise. Loosely coupled integration between ERP, FP&A and financial other source systems, along with insufficient workflow collaboration, has limited data accessibility as well as hampered broader use and more strategic value. Vendors in the FP&A market, as well as contiguous financial close and ERP markets, are following two paths:

- **FP&A vendors are expanding their integration capabilities** with more-capable, source-system-specific configurable adapters and by exposing additional APIs. This enables business users to manage additional (sometimes all) integration needs. As the amount of data needed to conduct more-effective FP&A increases, so does the number of potential integration points. This leads to new integration challenges. Evaluation of FP&A solutions must include thorough examination of their integration endpoints in the context of the business need and the solutions used both within and outside the office of finance.
- **ERP vendors are expanding their platform or integration capabilities (or both)** to capitalize on the advantage of being able to have ERP, FP&A and financial close data in one place. Other data sources will also always need to be integrated for analytical and performance management purposes, however. Survey respondents were asked, *"Which of the following technologies are you looking to deploy in the finance organization to improve the business by 2020?"* 27% answered integration of external data, including crowdsourcing and benchmarks (see "Best Practices for Improving Financial Planning and Analysis Systems and Processes").

4. Analytics and Decision Support

The office of finance requires embedded analytic capabilities within FP&A solutions. Survey respondents were asked, *"Which of the following technologies are you looking to deploy in the finance organization to improve the business by 2020?"* Fifty percent responded predictive analytics. This was the No. 1 answer given. Fifteen percent responded data lakes. Although this is a relatively small percentage, it's representative of what Gartner has discussed with organizations that have advanced analytics initiatives (see "Best Practices for Improving Financial Planning and Analysis Systems and Processes").

Maturity in the field of FP&A analytics involves analysis of more-detailed operational data to investigate critical issues, sophisticated collaborative planning models that use additional data sources, and calculations to examine the impact of multiple scenarios. These capabilities need to be accessible by the average finance user in order to facilitate a common understanding of the business and support strategic decision making. In this way, analytic and decision support capabilities have the potential to help finance teams identify what is driving performance against targets, and advise business leaders how changes in business operations may impact future financial performance (see "The Future of Financial Planning and Analysis").

Analysis of social media conversations around the leading vendors in the FP&A space revealed that the market direction is gradually shifting, and revealed increased usage of "analytics" and "machine learning" for creating BI outcomes (see Note 2).

An increasing number of FP&A solutions embed predictive and statistical capabilities, sometimes hyping these as AI. Gartner's FP&A inquiry volume indicates that the vast majority of their use is experimental rather than in-production. As the amount of data used in these solutions increases, however, we expect predictive and statistical methods to become more mainstream in the next two to three years.

Differentiating Technologies

Although vendors often hype their investment in and use of AI, automation and blockchain technologies for FP&A, this investment is still important — especially for AI. By 2020, embedded AI will become a key differentiating factor in finance

systems evaluations (see "Predicts 2018: SaaS Financial Management Applications Increase Integration, Automation and Sophistication").

AI

As organizations digitalize more of their business through digital sales channels and connected assets, for example, the amount of high-quality, real-time data available to optimize AI-driven models dramatically increases. Use of AI models is much more common for operational modeling purposes than for financial modeling models, even though many operational planning models have financial implications, so may aid FP&A accuracy. Some companies do integrate these AI-driven model insights into their FP&A efforts, but these cases are rare due to the need for expertise (either internal data scientists or external consultants) and for business SMEs to work closely with them. This type of initiative is currently characterized by significant investment and high levels of executive sponsorship.

Currently, the use of AI techniques is rare for FP&A, because:

- For machine learning (a core AI technology) to provide value, there needs to be much higher levels of data volume, velocity and variety than what most FP&A teams and their platforms currently manage.
- AI capabilities are not yet consumable for business users within FP&A applications.

However, the future implications of AI-driven FP&A are significant. For example, complex, bottom-up forecasts based on multiple levels of manager input can be subject to cumulative biases. This is because each level of management adds its own subjective assumptions, such as underplaying revenue forecasts. Twenty-seven percent of survey respondents said they are looking to deploy AI/machine learning in the finance organization to improve the business by 2020.

Forecasts based on machine learning can potentially eliminate these biases and allow a fact-based discussion of potential performance. The further potential of AI in this area is to enable sophisticated prescriptive capabilities that will recommend actions to optimize financial and business outcomes. Prescriptive capabilities could be used to analyze actual data from a range of sources, then compare this to plans and recommend actions to achieve targets if these are not being met (see "Impacts of Artificial Intelligence on Financial Management Applications").

Robotic Process Automation

There can be confusion between robotic process automation (RPA) and AI, especially as the market confuses the terminology and capabilities of each. RPA tools offer potential ways to automate all or some stages of manual, rule-based processes that were previously not automated (see "When and How to Use Robotic Process Automation in Finance and Accounting").

Specialized RPA solutions exist in the market. They can be used to automate a simple string of tasks, or these tasks can be logically grouped to automate a more complex, but fixed, set of processes. Unlike AI models, RPA tools are not trained and do not learn. They automate the most basic tasks and create integration with offline processes, such as email and spreadsheets.

Opportunities exist for FP&A vendors to embed additional automation capabilities within their FP&A solutions, for tasks such as data movement and other process workflows. RPA tools can, however, work across multiple applications, so embedded RPA opportunities are more limited than those available to best-of-breed RPA solutions (see "When and How to Use Robotic Process Automation in Finance and Accounting").

Interest in RPA within the finance function is strong. Twenty-nine percent of survey respondents said they are looking to deploy RPA in the finance organization to improve the business by 2020.

Blockchain

Blockchain offers a radical new computing paradigm that promises to deliver new decentralized operating and market structure models, challenging conventional processes across industries and society. Gartner has seen the term "blockchain" become the No. 1 searched term on its research portal in 2017 and in early 2018 (see "Blockchain Status 2018: Market Adoption Reality").

Although blockchain technology platforms differ greatly in approach and detail, the overall concept behind them all is similar. Blockchain technologies enable a trust architecture that allows untrusted entities (both human and nonhuman) to undertake commercial transactions and exchange information across interested parties without requiring them to access the same application.

Although there is blockchain potential to support FP&A processes with trusted information exchange across a far wider set of internal and external sources, only the larger FP&A vendors have made significant blockchain investments. Importantly, no tangible benefits have been demonstrated for FP&A to date. Only 7% of survey respondents said they are looking to deploy blockchain in the finance organization to improve the business by 2020.

For now, these efforts have been closely associated with ERP. Gartner estimates that by 2020, 90% of ERP vendors will enhance their offerings with blockchain-inspired capabilities that will be largely immature and unproven (see "A Guide to Demystifying Blockchain for ERP").

For FP&A, Gartner recommends:

- Reviewing the blockchain roadmaps of current and potential FP&A vendors to assess whether they match your prioritization of this technology.
- Undertaking measured development and innovation efforts with the primary objective of identifying realistic use cases for blockchain and learning how to support adoption.

Evidence

Gartner conducted a survey of organizations using cloud FP&A products. The survey ran from February 2018 to April 2018. The survey participants were reference customers nominated by each of the vendors in this Magic Quadrant. These customers were asked 21 questions about their experiences with their cloud FP&A vendor and its solution(s).

We obtained 462 full responses, which represented companies headquartered in four different regions, as follows:

- North America (71%)
- Europe, Middle East and Africa (42%)
- Asia/Pacific (21%)
- Latin America (16%)

Participants were asked about 11 vendor satisfaction areas that contributed toward overall vendor scores:

- Sales experience
- Ease of implementation

- Ease of use
- Ease of maintenance
- Solution flexibility
- Performance
- Analytics
- Application governance/life cycle management
- Overall experience with this vendor
- Meeting needs
- Meeting needs versus money spent

In addition to the survey results, the assessments in this Magic Quadrant reflect significant consideration of information gathered from Gartner's interactions with cloud FP&A reference customers, Gartner Peer Insights feedback and other sources.

Note 1

Cloud Service Attributes

- **Responsibility:**
 - All technology infrastructure is managed in either the vendor's own data centers or those of a third party.
 - The vendor implements upgrades itself as part of its cloud service, not via a third party or managed-service provider.
- **Licensing and technology:**
 - The cloud service is licensed on a subscription basis or metered on a pay-for-use basis.
 - Users cannot have a contract that is unique to them (except in terms of minor adjustments), nor can they be provided with a service version different from that offered to other cloud customers.
 - The cloud service uses internet technologies, and use of internet files, formats and identifiers is necessary for the delivery of cloud service interfaces.
 - The computing resources used to support the cloud service are scalable and elastic in near real time, rather than based on dedicated hardware.
- **Customization:**
 - Source code cannot be modified. Configuration via citizen developer tools and extension via a PaaS (by partner, vendor or user) is allowed.
- **Pace of change:**

- A single code line is used for all customers of the cloud service, to enable the vendor to deploy new functionality rapidly.
- The vendor delivers at least two upgrades containing new functionality per annum to all users of the cloud service, and controls the pace of the upgrade cycle.
- The vendor offers self-provisioning capabilities for the service (at least for development and test instances) without the involvement of the vendor's staff.
- The technology used to deliver the service is shared by multiple customers in order to create a pool of resources from which elasticity can be delivered.

Note 2

Social Media Analysis Methodology

- *Source of social media analytics data:* Automated social media listening tools were used to track user responses on social media and public discussion forums, as a leading indicator of consumer sentiment, preferences and activities.
- *Scope:* The data tracked is specific to quantifiable keywords and phrases, as well as qualitative assessments and evaluations of results and use cases.
- *Duration:* The time period for the analysis of the overall mention count was between 1 January 2017 and 31 December 2017. The time period for "share of voice" analysis was between 1 January 2016 and 31 December 2017. Considering a different time interval may change the most talked-about conversations.
- *Definition:* "Mentions" are the text inclusion of a monitored keyword in a post on a social media platform. High mention count on social media platforms should not be considered as a positive sentiment by default.
- *Sources covered:* By default, social media sources considered for analysis include Twitter, Facebook (publicly available information only), aggregator websites, blogs, news, mainstream media, forums and videos (comments only) – unless and until specified.
- *Geography covered:* All geographical regions of the world were analyzed for the study.
- *Languages used:* All languages recognized by the tool were used for the study.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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