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Strategic Planning, Budgeting, and Forecasting

Essential Questions and Expert Tips for Selecting the Ideal FP&A or xP&A Platform

Table Of Contents

"Clarity Captured, Clutter Cleared!"

Your Time is valuable – we can help so that you spend it on
making strategic decisions, not on busy work!

01. Introduction

Dive into the world of *Enterprise Performance Management (EPM)*, a powerful set of tools featured in this e-book that's changing how business strategies are crafted and managed. EPM software is more than just a tool— it's your gateway to mastering the pulse of your business activities with precision and agility.

You might be exploring an EPM platform for the first time or thinking about replacing an existing one. Given the pace of technology changes, even more than ever before, locking into a platform can be an expensive mistake. Here's a checklist of critical factors to guide your evaluation process, objectively supporting a wise, regret-free investment.

1

Data Duplication and Redundancy

2

Data Preparation and connectors

3

Data Modelling & Architecture

4

Flexible Modeling & User Preferences

5

Integration Complexity and Rework

6

Total Cost of Ownership

Let's explore each one of these in detail.

02. Data Duplication and Redundancy

Question: Do you want to pay for your data twice?

Is moving and duplicating data really a big fuss? *The answer is simple: you betcha!*

Shuffling data creates complexity in multiple ways:

- ☑ Creating and validating data pipelines takes effort and adds cost

- ☑ Many EPM vendors also charge for data storage.

- ☑ Often the complexity means that the data will be refreshed only periodically in the system, creating the risk of stale or incomplete data.

Recommendation:

You will most likely underestimate the complexity and cost that data shuffling creates. Avoid subsequent surprises and favor platforms that do not require data duplication and redundancy.

03. Data Preparation and Connectors

Question: Is your EPM platform designed to rapidly transform your data and seamlessly integrate with various sources?

A good EPM platform should offer robust data preparation tools and a wide range of connectors to various data sources. This way, whether your data is in a simple Excel sheet or a complex cloud database, getting it into the system and ready for analysis should be a breeze.

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Think about it: Do you want to spend hours cleaning up messy data and dealing with connector issues, or would you prefer a system that simplifies these tasks?

Connectors play a crucial role as vital links, ensuring the seamless transfer of data from diverse sources into your EPM platform.

Recommendation:

Look for platforms that provide intuitive data preparation tools and a broad spectrum of connectors. This will not only save time but also ensure that your data is always reliable and ready for analysis.

04. Data Modelling & Architecture

**Question:
MOLAP or
ROLAP?**

This one gets technical and apologies for a bit of theory here. There are two data architectures that are used by most platforms:

- **Multi-dimensional**(Multidimensional Online Analytical Processing or MOLAP)
- **Tabular/Relational**(Relational Online Analytical Processing or ROLAP)

MOLAP is often characterized by its utilization of multidimensional cubes, commonly referred to as "CUBES."

CUBEs historical advantages made it a preferred architectural choice in the past, and that legacy continues in many applications.

Most leading Enterprise Performance Management (EPM) systems and enterprise data warehouses employ a CUBE or multi-dimensional (MOLAP) architecture.

While not new, more recently Tabular/Relational (ROLAP) Architecture has been gaining popularity. The evolution of technology and tools means that businesses today can leverage ROLAP's flexibility and scalability without the compromises of yesteryears.

The MOLAP versus ROLAP discussion can be very detailed, but here is a quick summary comparing the two architectures:

Data Storage	Multi-dimensional CUBE	Relational TABULAR
Performance	Fast for predefined queries *Needs pre- aggregated data*	Excellent for ad-hoc queries *Slower for certain predefined queries*
Flexibility	Rigid schema *Harder to modify once cubes are designed*	More flexible *Easier to adapt to changing data models*
Scalability	Can face challenges with very large datasets	Scales well with large datasets
Data Latency	Data updates can introduce latency *Due to cube processing and complexity*	Capable of near-real-time or real-time analysis
Maintenance	Complex: *requires cube design and maintenance*	Demands initial attention, but easier to update and maintain *Initial: Database design, indexing, and query optimization*
Storage Efficiency	Can be storage-intensive *especially with sparse datasets*	Usually more storage-efficient *due to on-the-fly aggregation*
Setup Complexity	Rigid setup process *can be inflexible in the long run*	Historically complex, but modern tools and platforms have simplified the process
Optimized Use Cases	Good if requirements are static *and known in advance*	Best for complex data and dynamic environments *and ad-hoc querying*

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In today's rapidly evolving business landscape, the need for agile, scalable, and real-time data analysis is paramount. EPM systems, which are at the heart of business decision-making, must be equipped to handle these demands. **It should be noted that modern tools such as Power BI use ROLAP architecture.**

Recommendation:

Cubes are a legacy architecture. To remain future proof, pick a platform that uses ROLAP Architecture.

05. Flexible Modeling & User Preferences

Question: Can the platform bend and twist with your analytic and planning needs?

Ask your users, and you'll find that most prioritize the ease of data interaction and the flexibility to create required models as their top needs.

When assessing the flexibility of EPM (Enterprise Performance Management) systems, especially interms of modeling, forecasting, and scenario analysis, it's crucial to dig into the specific aspects that impact a business's ability to effectively harness data for informed decision-making.

To doubly misquote Mark Twain,

"The reports of Excel's death are greatly exaggerated."

Planners adore Excel for its accessibility, flexibility, and the sheer magic of turning raw data into insightful forecasts with a sprinkle of formulas. Make sure the platform you pick not just plays nice with Excel, but allows for perfect integration.

Here are some key considerations:

Modeling Flexibility	Q. Can the platform support the development of bespoke models tailored to distinct business requirements? Q. How user-friendly is the process of updating these models in response to evolving business needs?
Forecasting Capabilities	Q. Which statistical and machine learning algorithms does the platform provide for forecasting? Does it allow use of external libraries, or even Excel's native capabilities? Q. Is transitioning between or merging various forecasting techniques possible?
Scenario Analysis	Q. Does the platform facilitate the creation and multiple what-if scenarios? Q. Does the platform allow you to conduct stress tests and sensitivity analyses easily?
Collaboration Tools	Q.Is collaborative forecasting, involving multiple stakeholders, supported? Q. Are there functionalities like annotations, threaded discussions, or approval processes?

It's essential to opt for a system that not only boasts powerful analytical and planning capabilities but also resonates with the specific requirements and operational dynamics of your business.

As highlighted earlier, MOLAP architectures can introduce rigidity in data modeling, making them less adaptable to changes.

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Cubes also mean that the level of detail, also called the "grain", needs to be determined early. Planners hate that, they always want control over their planning granularity, with some items needing broad overviews and others demanding detailed inputs. Vendors might hide limitations under the guise of some "best practices," but always remember - users want flexibility.

Most analysts prefer familiar tools like Excel or Power BI. Introducing a system with proprietary, unfamiliar interfaces and workflows can be disempowering for the teams, and will complicate the transition process.

Recommendation:

Select a platform that complements your user preferences and allows flexibility at all stages of the planning. Users like Excel and tools like Power BI, don't discount that - enable your teams to have a conversation with your data, not a debate.

06. Integration Complexity and Rework

Question: What integration issues will arise and is reporting migration to a new platform needed?

When considering an EPM (Enterprise Performance Management) system, it's crucial to understand its impact on your existing reporting and dashboard setup.

The main concern is: Should you adjust your current reporting to fit the new EPM system, or can you easily integrate and pull data back to your primary reporting platform?

Here are some factors to consider:

Integration Complexity and Cost

Q. Even if the EPM system offering strong API integrations for data transfer, what hidden complexities and costs could come up?

Q. Is the integration setup straightforward, and are there limits on data volume or transfer speed?

Data Consistency and Integrity

Q. If data movement is needed, how will the EPM system ensure data consistency and integrity?

Q. Are there features to handle data discrepancies or conflicts?

Rebuilding Reports and Dashboards

Q. Will you need to rebuild your current reports and dashboards within the EPM framework?

Q. Does the EPM system offer advanced visualization or reporting features that could justify the rebuilding effort?

User Experience and Onboarding

Q. How user-friendly is the EPM system's reporting interface compared to what your team is used to?

Q. Will moving to the EPM system require extensive training for your team?

Recommendation:

Consider the value of your existing setup, even if it's not perfect. No platform will eliminate systematic challenges, and adding complexity might set you back further.

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07. Total Cost of Ownership

Question: What are the total cost of ownership factors to consider when migrating to a new platform?

Obviously, a new EPM (Enterprise Performance Management) system is a long-term engagement with financial ramifications. When picking a new EPM (Enterprise Performance Management) system, it's important to look at the total cost, not just the price tag. This entails accounting for every expense you will encounter, from the beginning to what lies ahead in the future

Here are some factors to consider:

Initial and Ongoing Costs

Q. What's the initial cost and what will be the ongoing costs for the EPM system?

Q. How do licensing costs change as more users or data are added? Will it remain affordable in case you decide to move beyond the initial use case. for example, from FP&A to xP&A?

Integration and Migration Costs

Q. What will it cost to integrate the EPM system with existing platforms?

Q. Are there costs for moving reports and dashboards to the new platform?

Customization and Change Management

Q. What are the costs to tailor the EPM system to your needs?

Q. How well does the EPM system handle changes in business processes over time?

Time to Value

Q. What's the expected timeframe to see real benefits from implementing the EPM system?

Q. Does the EPM system have features to speed up its impact on your business operations?

Support, Training, and Maintenance

Q. What will it cost for training, support, and maintenance?

Q. Is there a community for support or are support services expensive?

Long-term Value

Q. How does the total cost compare to the benefits like time savings, efficiency, and better decision-making?

Q. What's the expected return on investment over time?

Watch out for closed ecosystems, they often imply that sourcing skilled developers will be a challenging and pricey endeavor. With the tech landscape evolving at an unprecedented pace, committing to a high-cost platform will also impact your adaptability in the future.

Recommendation:

Prioritize flexibility in your data ecosystem. Avoid getting ensn costly proprietary systems.

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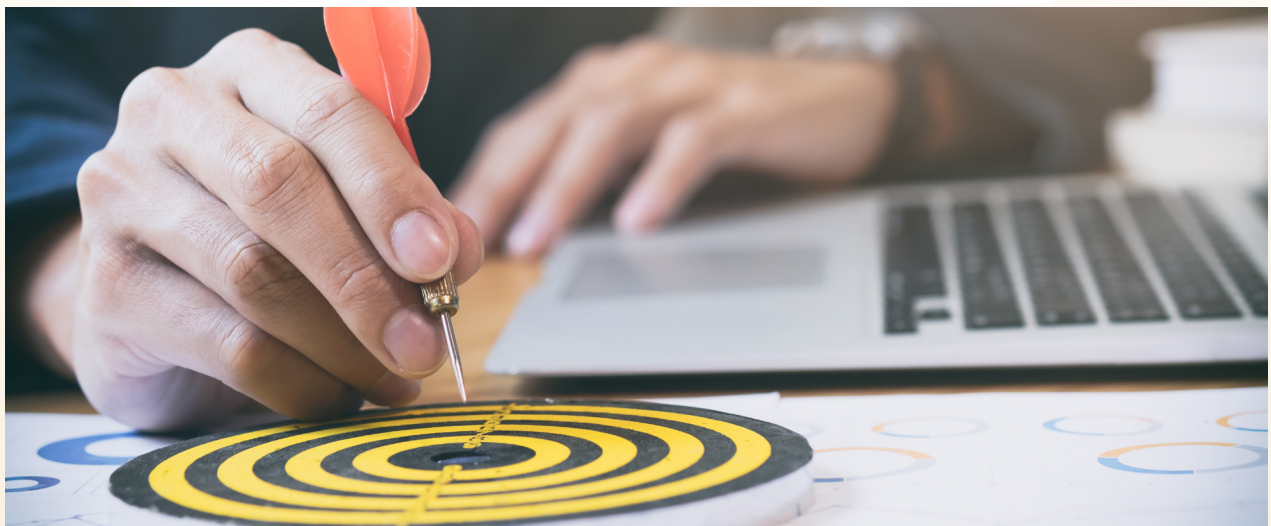
08. Bonus Insight

In the EPM (Enterprise Performance Management) system market, flashy marketing can easily catch your eye with promises of game-changing results.

Question: Are You About to Purchase Snake Oil?

Frequently, companies end up selecting platforms based on impressive presentations, proof-of-concepts, and the enthusiastic endorsements of internal champions.

But catchy phrases don't always show the real work needed or the true capabilities of a platform.

At the most basic level, any EPM system is like a powerful spreadsheet mixed with a blank canvas. No platform comes with ready-made solutions or automatically turns data into insights; your teams will do that. Empower them by prioritizing flexibility and avoiding the snare of costly proprietary systems.

Recommendation:

When selecting a platform, remember you're making a 3-5 year or longer investment. A clear and objective perspective is essential. Opt for platforms that integrate seamlessly with your existing data tools, like Power BI, SSAS, Snowflake, or others, building upon your current assets rather than starting anew. Consider dedicating an extra 1-2 months for a Proof of Concept (POC); this additional time is negligible in the long run but can prevent future headaches and disappointing surprises. Think of it as the equivalent of doing a thorough walk-through before buying a house – it's a step you wouldn't want to skip.

09. A Self-serving Post-script

Our founders have spent decades in senior finance leadership roles, and have experience with implementing and using the leading EPM platforms. To us, Acterys really stands out, and it is almost a no brainer if you already use Power BI and Excel.

Acterys is built on Power BI, making it easy and quick to develop solutions that work smoothly with Excel. You can also use your current data models, saving you time and money. Plus, creating new data and planning models is straightforward with Acterys Hub and Acterys Data Modeller, thanks to its strong connection with Power BI.

A testament to technology is that fact that Acterys has licensed its award-winning xP&A technology to Microsoft, which will be used as the xP&A solution for MS Dynamics.

With Acterys and Arkimetrix, you're not just getting a platform; you're getting a team ready to help you manage your business performance effectively, both now and in the future.

While Acterys and Arkimetrix make a great pair, it's always good to know what else is out there. Compare the legacy market leaders against the newer EPM platforms - many of these use ROLAP architecture and leverage Power BI and Excel. These alternatives each have their own set of features, but like Acterys, they are designed to work well in today's fast-paced business world.

Get in Touch

+1 (800) 701-4342

www.arkimetrix.com
info@arkimetrix.com

- Suite 711, 44 Victoria Street
Toronto, ON. M5C 1Y2, Canada

- 402-B Wing Kings Sq Bldg, Pallod
Farms III Baner, Pune, India