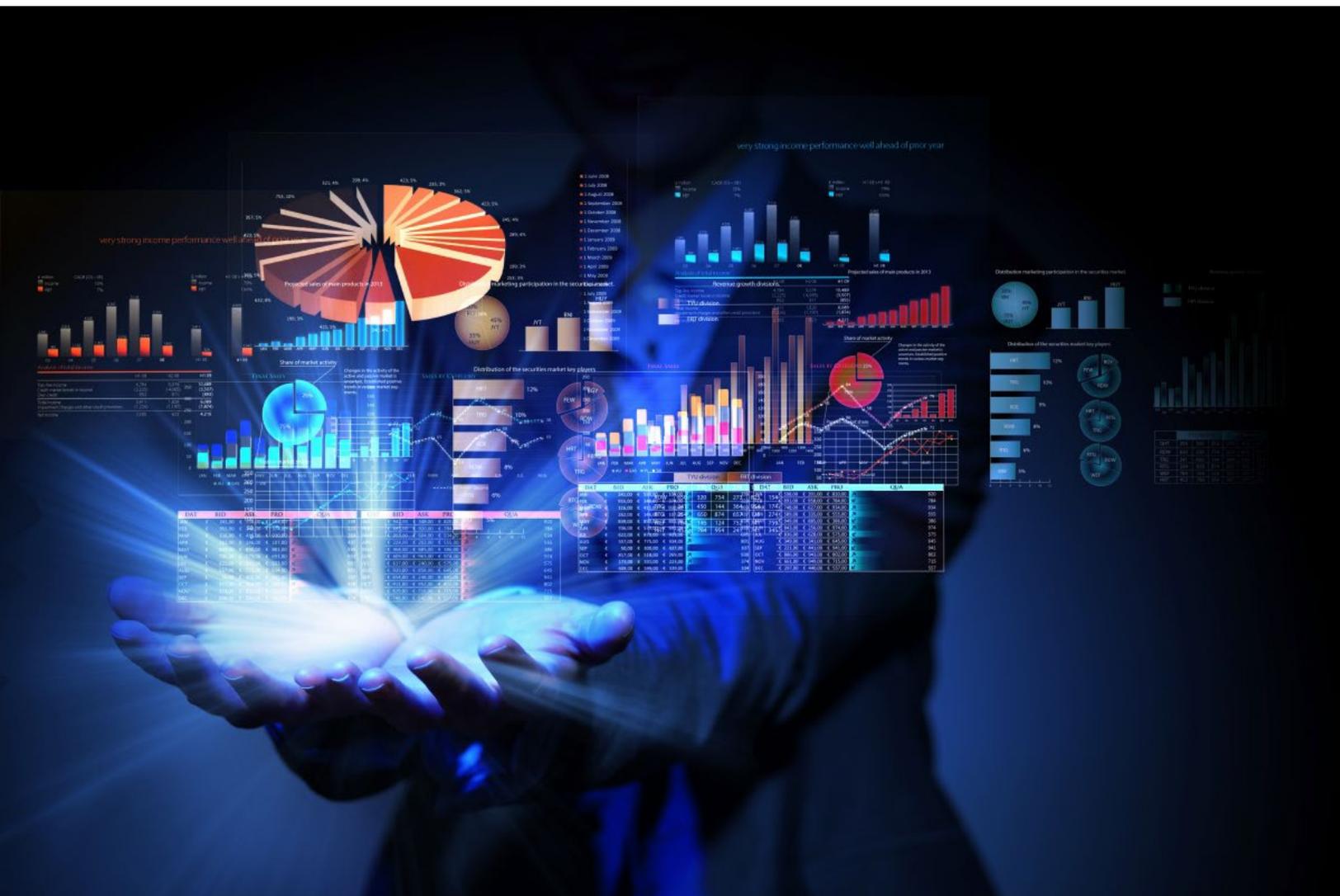




Buyers Guide for Financial Consolidation, Close, and Reporting Solutions

Performance Management Buyers Guide Series



2024 Edition



Buyers Guide for Consolidation, Close, and Reporting Solutions

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Overview

The BPM Partners Performance Management Buyers Guide Series is designed to provide an unbiased and up to date view of the latest trends, developments, requirements, best practices, and vendor options in the world of business performance management. The information provided is intended to enable companies to have meaningful and informed discussions as they plan their performance management projects.

Financial Consolidation, Close, and Reporting Solutions

Financial consolidation, close, and reporting solutions are a key component of performance management systems (BPM, CPM, EPM, FP&A Systems, Extended P&A Systems). In 2023 the use of financial consolidation solutions expanded dramatically. We have observed firsthand many more instances where the controller either has taken the lead on performance management projects, or at least had a seat at the table. Many organizations require alternate rollups: legal, management, regions, products, etc. Others want detailed audit trails, the ability to enter journal entries, or to collect and report data in multiple currencies. While there are several ways to address these needs, only financial consolidation and reporting solutions are designed and optimized specifically for them. As has been the case in the past, the majority of companies today are still dealing with multiple GLs or ERPs that need to be consolidated. Add in the need for intercompany matching and eliminations, minority ownership, acquisition modeling, allocations for true costing and profitability analysis, cash flow, and you can see how almost every company could benefit from a consolidation and reporting solution.

As companies have started to plan at a more detailed level there is a need for consolidation capabilities such as alternate rollups, intercompany eliminations, currency conversion, and journal entries during the budgeting and planning process. Beyond typical consolidation use cases running a trial balance or performing account reconciliation in the performance management system is now a common occurrence. Of course, many companies still use these solutions to meet their external reporting and compliance requirements. From a performance management perspective, the key use of financial consolidation and reporting solutions is to improve management reporting, which is the primary driver for performance management initiatives in the first place. These solutions deliver the 'one version of the truth' that is required for trustworthy performance reporting that executives can rely on to inform key decisions.

This Guide is designed to help you better understand the current state of this rapidly evolving solution area.

Requirements and Results



Financial Consolidation, Reporting & GRC

- Companies still striving to attain 'one version of the truth'
- Users unable to easily produce their own ad-hoc reports and analysis
- Monthly close that takes too long
- The need to address changing regulatory requirements

Most organizations know why they need a new consolidation and reporting solution, and its usually because they are facing one or more of the challenges highlighted in this graphic. Often it is their existing systems that have caused or exacerbated these issues in the first place. After years of manually cutting and pasting data from multiple systems to produce reports they realize how risky and labor-intensive it is. If they don't have 'one version of the truth', or reports are difficult to create, how will they produce timely and reliable reports to drive decision-making? Once they recognize the need, the challenge becomes trying to define exactly what they require from a new solution. Requirements need to be spelled out with enough detail to be able to differentiate solutions.

Financial Consolidation and Reporting Requirements

To help you begin thinking about your own requirements, on the next few pages we will share data from your peers, collected as part of the most recent BPM Pulse Research Study. We will examine their challenges, as well as what they prioritized during their own search for a new consolidation, close and reporting solution. Below is a demographic profile highlighting the largest respondent groups.

Responses

385

Company Size

Small
7%

Midmarket
61%

Large/Enterprise
32%

Industries

Manufacturing (process), technology, financial services, manufacturing (discrete), energy, not for profit, healthcare, higher education, professional services, retail, automotive

Geography

North America
58%

Europe
28%

Asia/Australia/NZ
13%

Business Area

Finance/Accounting
60%

Senior Executive
18%

IT
15%

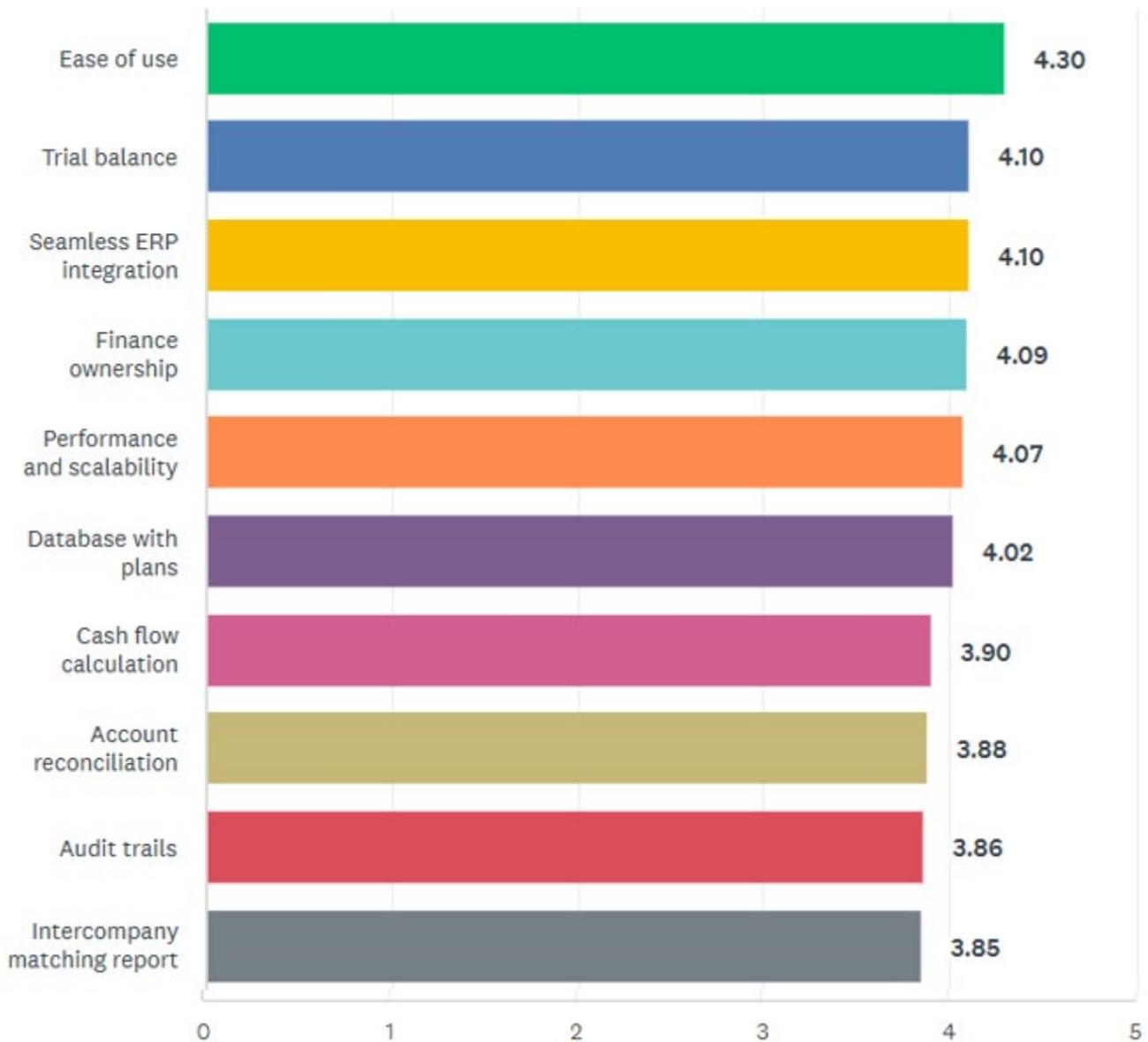
Performance Management
Research Study Results

BPM PULSE 2023



Date: March - May 2023

Key Features of a Consolidation Solution



Source: BPM Partners 2023 BPM Pulse Survey

Respondents were asked to rate a list of features on a 1 - 5 importance scale, with 5 being most important for a new consolidation solution. This graph displays the top-rated items. Ease of use tops the list as always, but this year being able run a trial balance and tight integration with ERP source systems took a small lead over Finance self-sufficiency and scalability. Also of high importance is having the consolidation solution share a database with the planning solution. This of course is a key benefit of performance management consolidation solutions over standalone ERP consolidation solutions. The result is the ability to produce reports more quickly, more easily, and with less chance of errors. As its importance rating has increased over the years more vendors have incorporated account reconciliation into their consolidation solutions, reducing the need to rely on third-party offerings to address this requirement.

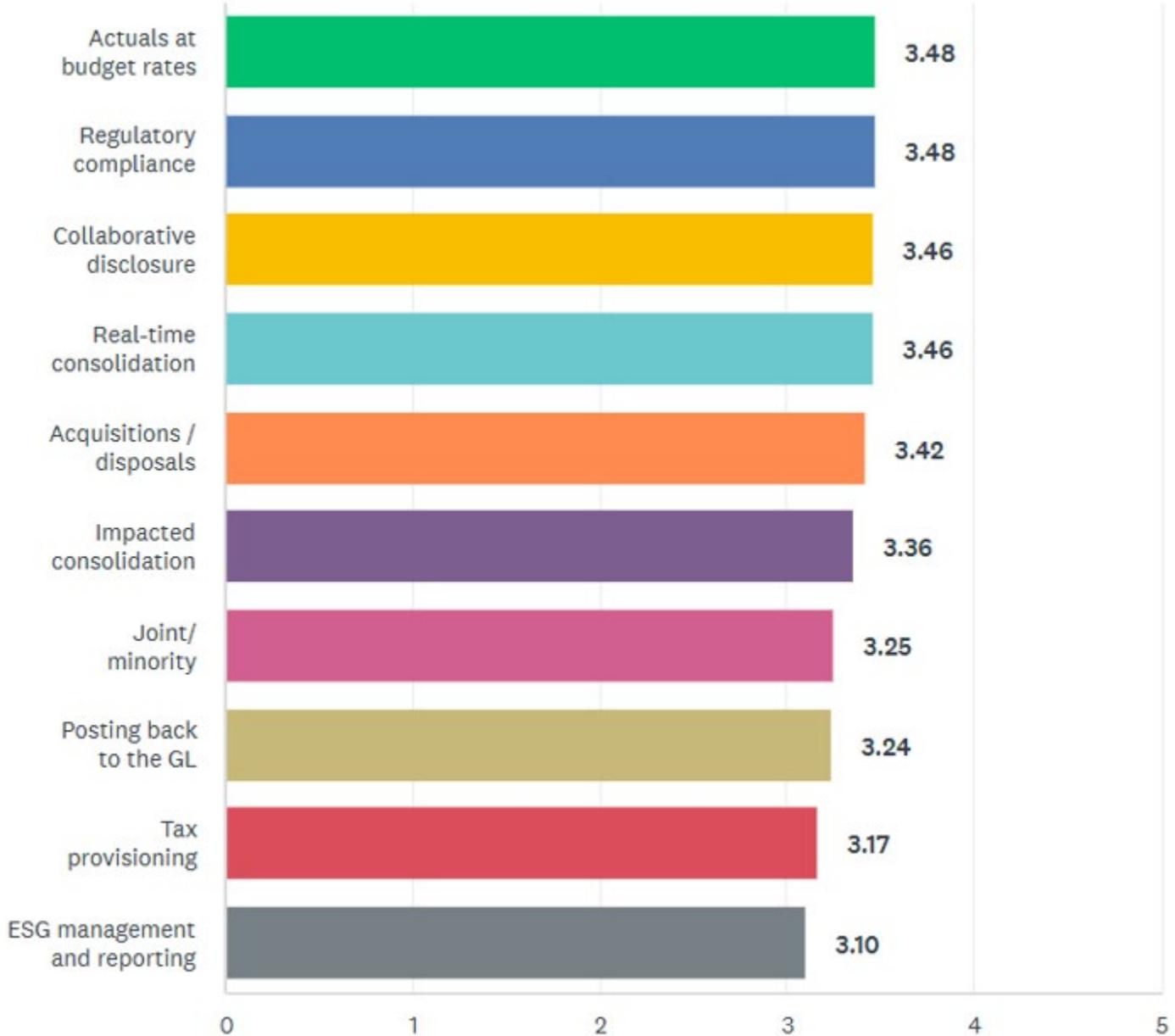
Key Features of a Consolidation Solution pt. II



Source: BPM Partners 2023 BPM Pulse Survey

Workflow and data locking enables data to be released for consolidation and then locked to prevent any changes after consolidation has taken place, unless unlock permission is granted. We have observed the need for robust journal entry capabilities in many of our projects, sometimes even requiring the ability to post back to the general ledger. As we continue to drill into the top requested features, we see more of the core capabilities usually associated with consolidation systems: automated intercompany eliminations, alternate roll-ups, and of course legal/statutory reporting. Close management and narrative reporting continue to move up this this list as they are key elements of the close to disclose process. Automation of multi-step processes (which can leverage robotic process automation) is important not only for ease of use, but to reduce errors by making sure no steps are inadvertently skipped in the loading and processing of source system data for example.

Key Features of a Consolidation Solution pt. III

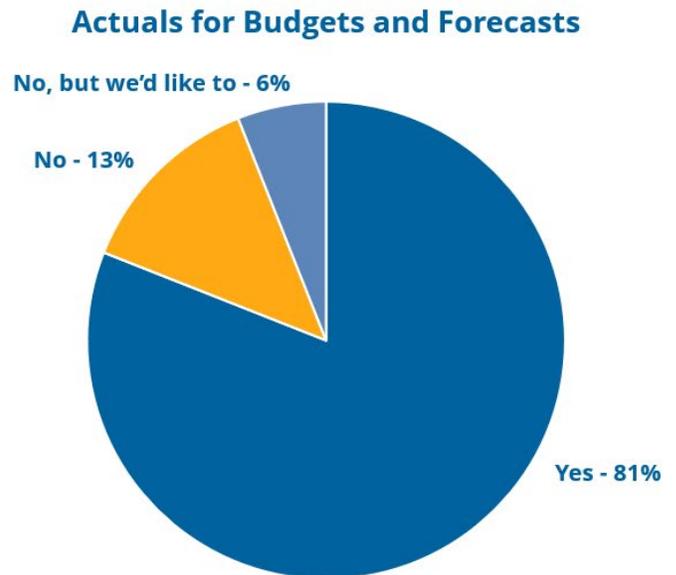


Source: BPM Partners 2023 BPM Pulse Survey

On this final page of consolidation requirements we see features that are less important to the market overall, but that can be very important to the smaller group of companies that need them. Collaborative disclosure management is a necessity for large public companies but can also provide benefits in any reporting process. For companies with a time-consuming consolidation process real-time consolidation and impacted consolidation can speed up the process as last minute adjustments are made. Real-time consolidation essentially consolidates as each set of data becomes available to avoid one big and time-consuming process at the end. Impacted consolidation only re-consolidates the branches of the hierarchy that are impacted by the adjustments. ESG management and reporting importance varies by geography, with certain regions further along in terms of standardization.

Consolidation as a Basis for Budgeting and Forecasting

- Question: Do you use your consolidated financials as a basis for budgets and forecasts?
- The results indicate that the majority of survey respondents use consolidated actuals in this manner.
- Input into the budgeting process
- Provides period-to-date actuals for forecasts



Source: BPM Partners 2023 BPM Pulse Survey

This chart, and the one on the following page, highlight use cases for consolidation that go beyond what most organizations consider when determining whether or not they need a consolidation solution. Financial consolidation is primarily associated with the loading and processing of actual transactional data from source systems for external reporting purposes, and the close to disclose process that goes along with it.

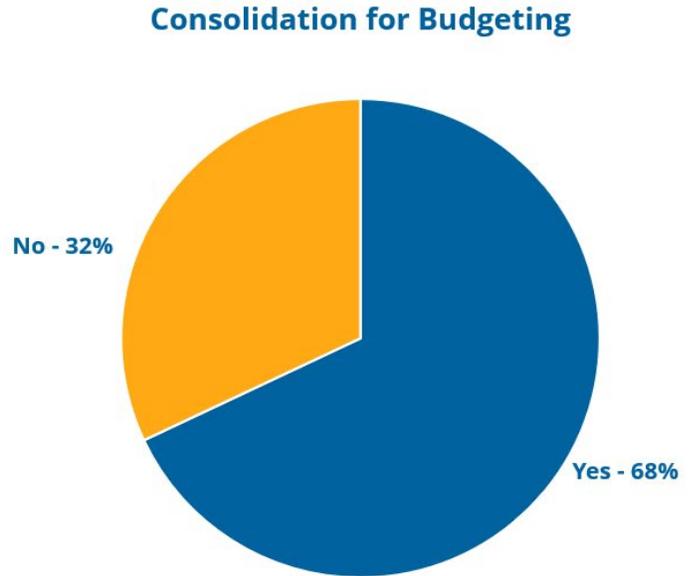
As we will see on the 'Reporting Focus' chart on page 10, management reporting is one of the most important aspects of performance management and companies now understand the vital role that consolidation solutions play in delivering a trustworthy set of clean and processed actuals data, at the right level of granularity, to provide the 'one version of the truth' which is required for meaningful performance analysis.

However, there are several other areas where consolidation solutions (or at least select capabilities) play a pivotal role yet are often left out of the product requirements and evaluation process. As you can see in this chart, over 80% of companies utilize consolidated financials as a basis for budgeting and forecasting. Historical and current actuals data play a key role in seeding the budgeting process. In a top-down plan you may use current year actuals to define the base from which you plan to grow from in the next budget year. When creating a bottom-up plan you need to look at existing costs and trends as well as historical growth rates to formulate your detailed budget. When it comes to creating a new forecast, the consolidated financials provide the current period actuals that the forecast is built off of. Historical actuals are used to provide trend data utilized by predictive forecasting models.

It's clear that even if you don't have a need for external reporting, you still could benefit from the capabilities of an integrated consolidation solution to provide the actual data needed by both the budgeting and forecasting processes.

Consolidation Capabilities for Budgeting and Planning

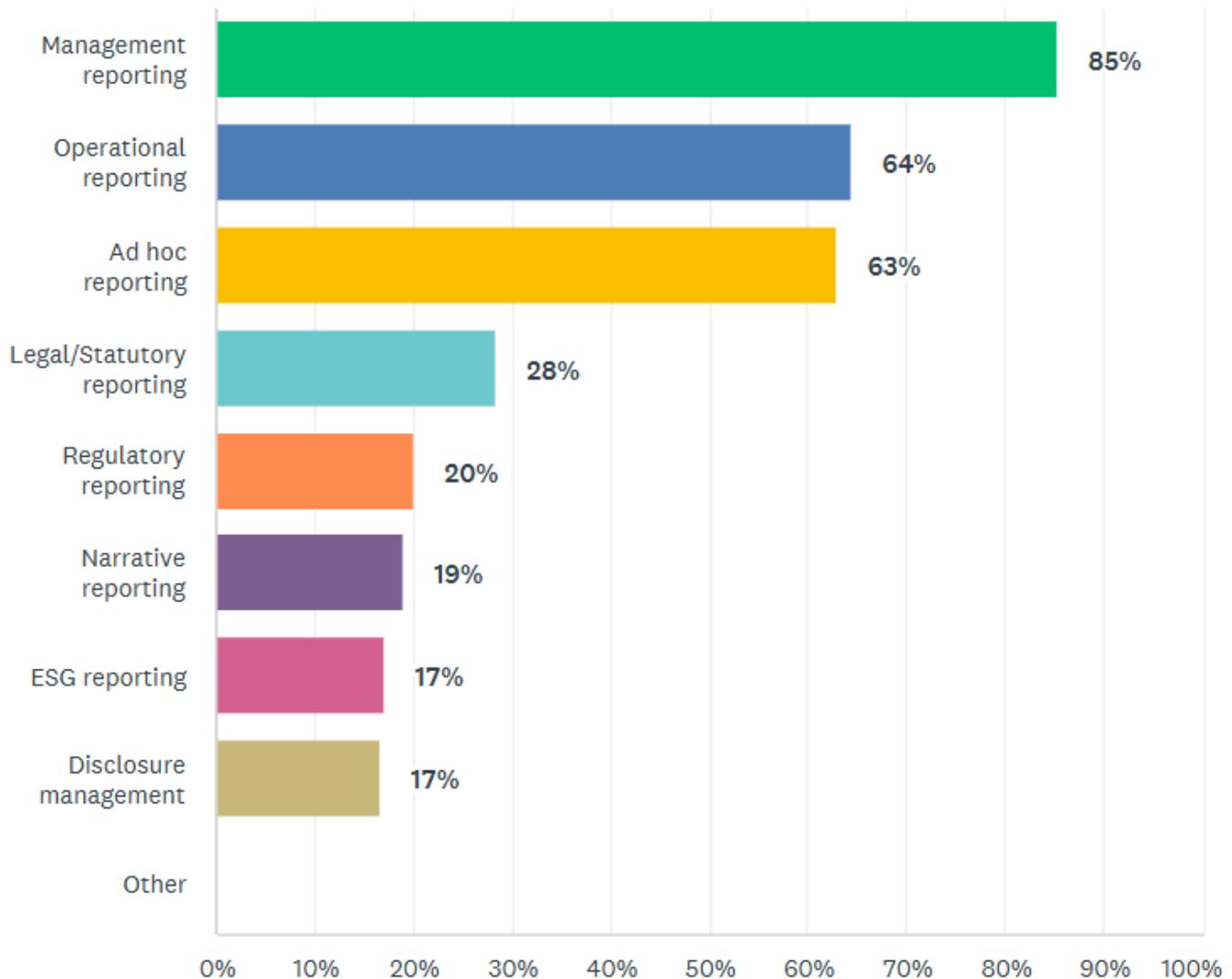
- Question: Do you see the need for robust consolidation capabilities during the budgeting and planning processes?
- The majority of respondents do see the need.
- The primary uses:
 - 76% - Intercompany reconciliation
 - 64% - Currency conversion
 - 50% - Alternate roll-ups
 - 45% - Journal entry
 - 23% - Joint/Minority ownership



Source: BPM Partners 2023 BPM Pulse Survey

Another key use case for consolidation solutions is related to the budget data. Many companies are budgeting at a very detailed level and they need to use consolidation functionality on budget and plan data. In the most recent survey that was the case for almost 70% of the respondents. More specifically, they need the solution to perform intercompany eliminations and support alternate roll-up paths. As noted above, even in the budgeting process a sizeable group wants the ability to create journal entries. Currency conversion clearly adds value for those companies collecting budgeting and planning data in local currencies. We have been tracking this trend for several years now and it is holding steady in the 65% – 75% range of companies that require this capability. We are seeing this not just in our survey data, but in our vendor selection projects as well. Almost every budgeting and planning project requires some capabilities typically delivered by a consolidation solution. It's something to think about as you consider your own requirements for a performance management solution. Even if it is primarily focused on budgeting and planning, don't forget the role that you may need a consolidation solution to play.

Reporting Focus



Source: BPM Partners 2023 BPM Pulse Survey

The key deliverable for a performance management system is providing reliable and timely information to enable better informed decision-making. That is reflected in this chart with management reporting being important to 85% of survey respondents. To produce these reports you need a very capable consolidation solution with powerful but easy to use reporting functionality, in a unified or integrated system with planning which provides the data that actual performance is measured against. Operational reporting has now become a standard part of most planning processes as companies look to take a holistic view of the business that enables them to understand the full impact of changes as they ripple through the system. Ad hoc reporting continues to grow in importance due to rapidly changing market conditions. The ability to quickly pull selected data out of the system as needed enables companies to respond to changing conditions in real time. Legal reporting is very important to the subset of companies that require it, as is narrative reporting. While it is a key component of disclosure management, many organizations also use this type of report as part of their management reporting process. Most performance management systems can store and report on the data required for ESG reporting and today many vendors now offer out of the box templates and frameworks that support emerging standards.

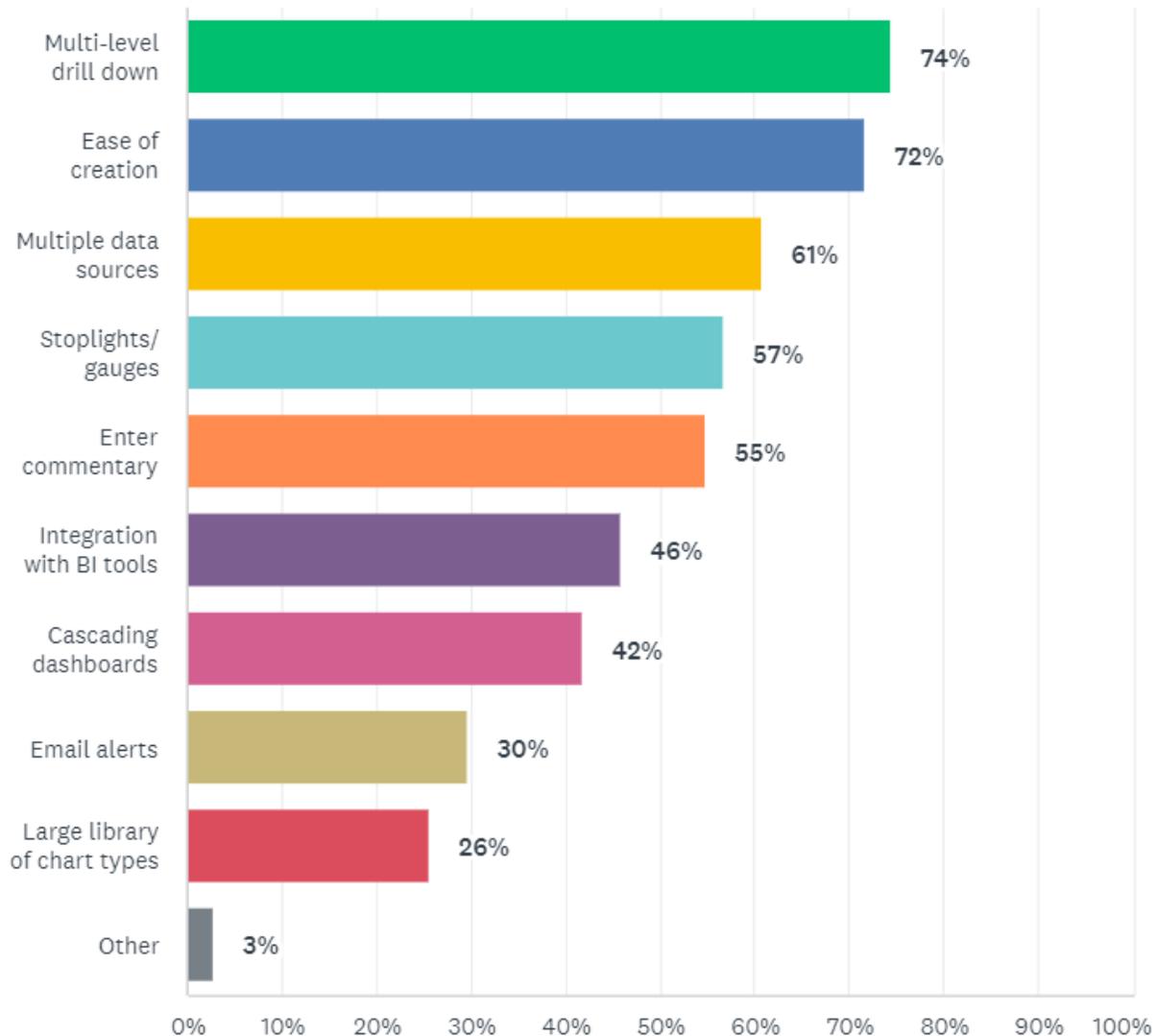
Key Features of a Reporting Solution



Source: BPM Partners 2023 BPM Pulse Survey

This chart uses the 1 - 5 importance scale and shows the top 10 reporting solution priorities. As we have seen elsewhere, ease of use (in this case easy report creation) tops the list. Unique to reporting is the importance of being able to drill down into details. This could mean drilling from a consolidated entity into the cost centers that roll up into it, or from a major account into the subaccounts that make it up. In some situations it could also mean drilling down into the transactional details. Although there is some expectation of drilling back to the source system to retrieve this data, the reality is more often drilling into details already pre-loaded into the performance management system for this purpose. Easy end-user ad hoc reporting capabilities are key as the need for this type of report continues to grow. The ability to pull data from multiple sources enables these systems to become the central reporting hub for decision-makers across the company.

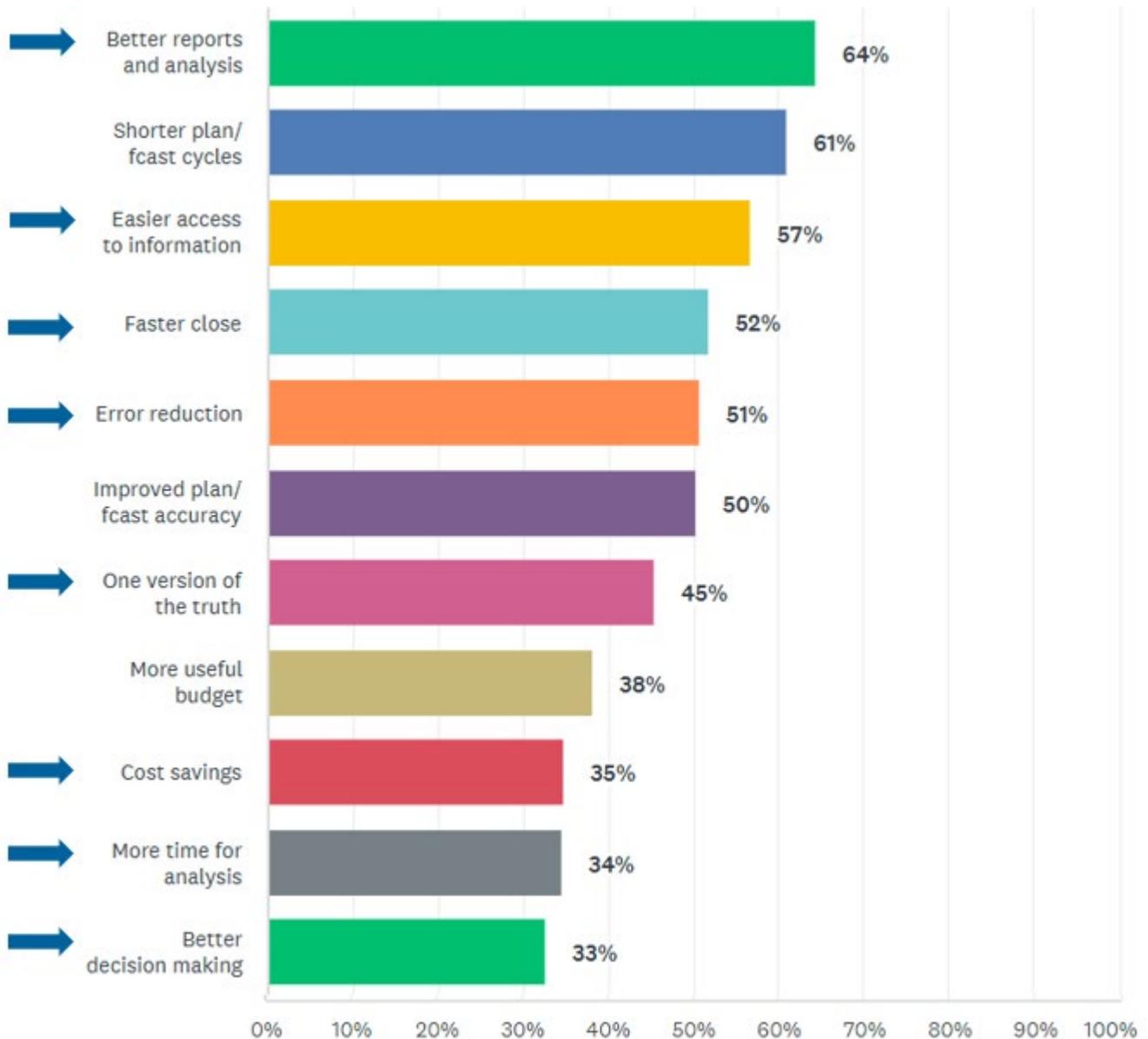
Key Features of a Performance Dashboard



Source: BPM Partners 2023 BPM Pulse Survey

A performance dashboard is designed to visually display actual performance vs. target (plan), highlighting any variances outside of tolerance ranges. It is usually populated with the Key Performance Indicators (KPIs) which make up an organization's scorecard. In high growth companies using an OKR (objective and key results) framework it would be the key results that populate the dashboard. The requirements for performance dashboards share some similarities with what's needed in a reporting solution. A few key differences: the use of stoplights and gauges to more intuitively call attention to variances, the ability to enter commentary to explain unexpected variances, integration with a company's existing BI tools to leverage them for the dashboard interface (usually Power BI), and cascading dashboards that link detailed operational dashboards and their KPIs with corporate targets.

Benefits Received: Consolidation, Close, and Reporting Solutions



Source: BPM Partners 2023 BPM Pulse Survey

What kind of results can you expect once you have implemented a performance management consolidation, close, and reporting solution that meets your requirements? The above chart contains data collected from users of many of the solutions listed in this Guide. These are the actual benefits they have received from their performance management solution. We have highlighted the benefits that are specific to consolidation, close, and reporting and will cover the others in our Budgeting and Planning Guide (as well as the benefits that overlap). The top of the list really says it all: 'Better reports and analysis', which is usually the primary driver for a performance management initiative. We would also expect that over time this will lead to more companies being able to lay claim to 'Better decision making' as a benefit as well.

General Financial Consolidation and Reporting Solution Requirements



While your detailed list of requirements should focus on your unique business needs, this chart defines a recommended set of capabilities that any Consolidation and Reporting solution you evaluate should have.

Easy to Use: What does that actually mean in terms of product capabilities? Some companies believe familiarity equates to ease of use, so using a spreadsheet interface would be viewed as easy since many employees are already comfortable working in that environment. Another way to think about ease of use is to ask yourself this question – will the team be able to pick up this product and start using it without any special training or user manuals? Finance self-sufficiency means that most tasks could be handled by the business users themselves, but not all tasks. Connecting new source systems for example will almost certainly require IT involvement, as it should. Workflow enables everyone to know where they are in the process and who is responsible for the next step. Out of the box functionality is a key differentiator in consolidation solutions – how much is pre-built vs. coded by the implementers. Pre-built functionality is easier to use and maintain.

Rich Functionality: Which particular consolidation and reporting capabilities you need today will depend on your specific requirements. However, you will hopefully be using this system for many years to come, and your needs will likely grow. That’s why it makes sense to select a solution that contains the core set of functionality spelled out here. As your business evolves and management requirements change, it’s reassuring to know you have a consolidation and reporting solution that will be able to handle whatever the future holds.

Cloud-based: It’s not much of a debate anymore: from the smallest start-up to the largest financial institution or government agency, and everywhere in between, a cloud-based performance management solution is the preferred choice. The chart above highlights the benefits of this approach which have only grown in importance with the increased number of people now working from home all or part of the time. Also, while every vendor in this Guide offers a cloud-based solution, very few still offer an on-premises option.

Technology/Architecture: No matter how many accounts, entities, and source systems you start with, it is almost a certainty that they will grow. Make sure that your system can handle today’s volume as well as tomorrow’s, with adequate performance. Impacted (only re-consolidating impacted branches), or real-time consolidation (consolidating each entity as its data is approved) can speed up the process when it matters most. Integrated close management can streamline the close to disclose process. A solution that integrates budgeting and planning with consolidation and reporting ensures a consistent set of data, at the same level of granularity, for timely and accurate report production as soon as the period is closed.

The Core Vendors

The BPM Partners Core Vendors for Financial Consolidation and Reporting are your best choice for selecting successful, proven, and trustworthy vendors for your evaluation shortlist. They have met the following criteria:

- BPM Pulse Customer Satisfaction Rating of Good, Very Good, Excellent, or Outstanding for Financial Consolidation Functionality (3.6 or better out of 5)
- Positive BPM Partners Analyst Assessment of Management Team, Product Roadmap, Strategic Direction, Growth Rates, Customer Retention, Employee Retention
- Positive BPM Partners Field Consulting Assessment of Ease of Doing Business, Accuracy of Product Representation, Responsiveness to Prospect Requests

Financial Consolidation and Reporting Vendor Categories

Most vendors will claim to offer consolidation capabilities. In our assessment some of them do not actually provide true financial consolidation capabilities and those vendors are not included in this Guide. The remaining consolidation vendors fall into two major categories which we have labelled 'focused' and 'comprehensive'. The key difference between the two comes down to the depth and breadth of out-of-the-box functionality. Focused consolidation vendors address some consolidation requirements through a combination of product functionality and implementation design. Comprehensive consolidation vendors address a broad range of consolidation requirements though pre-built product functionality that can be configured. The following table shows some examples of how these vendor categories may differ.

Focused vs. Comprehensive Consolidation Solutions

Capability	Focused Solution	Comprehensive Solution
Aggregation	Yes	Yes
Alternate Roll-Ups	Yes, but usually only in reports	Yes, true alternate hierarchies
Currency Conversion	Yes, but usually through calculation set-up	Yes, with auto calculation of gains/losses; actuals at budget rate, etc.
Intercompany	Yes, but through complex account design and calculations	Yes, built-in with standard matching reports and auto eliminations
Legal/Statutory Consolidation	No	Yes
Regulatory Compliance	Limited	Yes
Disclosure Management	No	Yes
JE Capabilities	No, or limited	Yes
ETL	Basic, with selected pre-built connectors	Streamlined integration, data quality
Ease of Use	Usually easy for end users, but can be challenging to modify/maintain calculations	Usually easy for end users, but can take time to implement all capabilities
Acquisition, Disposal, Discontinued Ops	No, handled manually	Yes
Complex Allocations	Either done outside of consolidation or with poor performance	Yes
Minority Ownership	No, handled by partial entry	Yes
Account Reconciliation	No, or limited	Yes
Optimized for High Performance	No	Yes

Key to Core Vendor Chart

Consolidation Category – *focused* or *comprehensive* appears under vendor name to indicate which category their solution most closely aligns with (see table above for details)

Solution Summary – brief description of the vendor’s offerings, highlighting the main components and unique elements

Target Customer – company size (by revenue), and specific verticals that the vendor primarily sells and markets to

Selected Strengths – four defining attributes of the vendor’s solution, as determined by BPM Partners based on its annually updated list of twenty possible choices; vendor input (where provided) is taken into account

Learn More: Info – this hyperlink takes you to a BPM Partners curated page for that vendor containing a further description of their offering, their overall BPM Pulse rating, links to analyst reports, the latest news on product releases, key partnerships, growth and revenues, acquisitions, as well as articles, blogs, whitepapers, and webcasts related to that vendor

Learn More: Details – this hyperlink allows you to request a custom report comparing any two vendors that includes detailed write-ups, feature checkboxes that include advanced consolidation capabilities (such as account reconciliation and disclosure management) and whether they are vendor developed or through a partnership, all sixteen BPM Pulse attribute ratings, referenceability ratings, and typical price ranges; also included is a comparative rating chart for the two selected vendors

The Core Financial Consolidation and Reporting Vendors

Vendor	Solution Summary	Target Customer	Selected Strengths	Learn More
<i>Board comprehensive</i>	Intelligent Planning platform for planning, consolidation and close, analytics, and BI	Upper Midmarket to Enterprise	Flexibility, No Coding, Unified Planning, Scalability	Info , Details
<i>Fluence comprehensive</i>	Close-to-disclose platform with consolidation, Excel-based reporting, ad hoc analytics, workflow, and disclosure management	Midmarket to Large	No Coding, Scalability, Out-of-the-Box Functionality, Quick Implementation	Info , Details
<i>IBM comprehensive</i>	Integrated and extensible financial and operational planning with consolidation and AI	Upper Midmarket to Enterprise	Flexibility, Financial Intelligence, Integrated Planning, Partner Ecosystem	Info , Details
<i>JustPerform comprehensive</i>	Unified process-centric platform with planning, consolidation and close, modeling, AI, Excel UI	Upper Midmarket to Enterprise	Intuitive, No Coding, Complexity Simplification, Streamlined Integration	Info , Details
<i>OneStream comprehensive</i>	Intelligent Finance platform with planning, consolidation and close, for complex requirements	Upper Midmarket to Enterprise	Unified Planning, Scalability, Financial Intelligence, AI Powered	Info , Details
<i>Planful comprehensive</i>	Platform for streamlining financial and operational planning, consolidation, and reporting	Midmarket To Large	Intuitive, Integrated Planning, Scalability, Quick Implementation	Info , Details
<i>Prophix comprehensive</i>	Financial Performance platform for planning, modeling, reporting, and consolidation	Midmarket to Large	Intuitive, Flexibility, Out-of-the-Box Functionality, Streamlined Integration	Info , Details

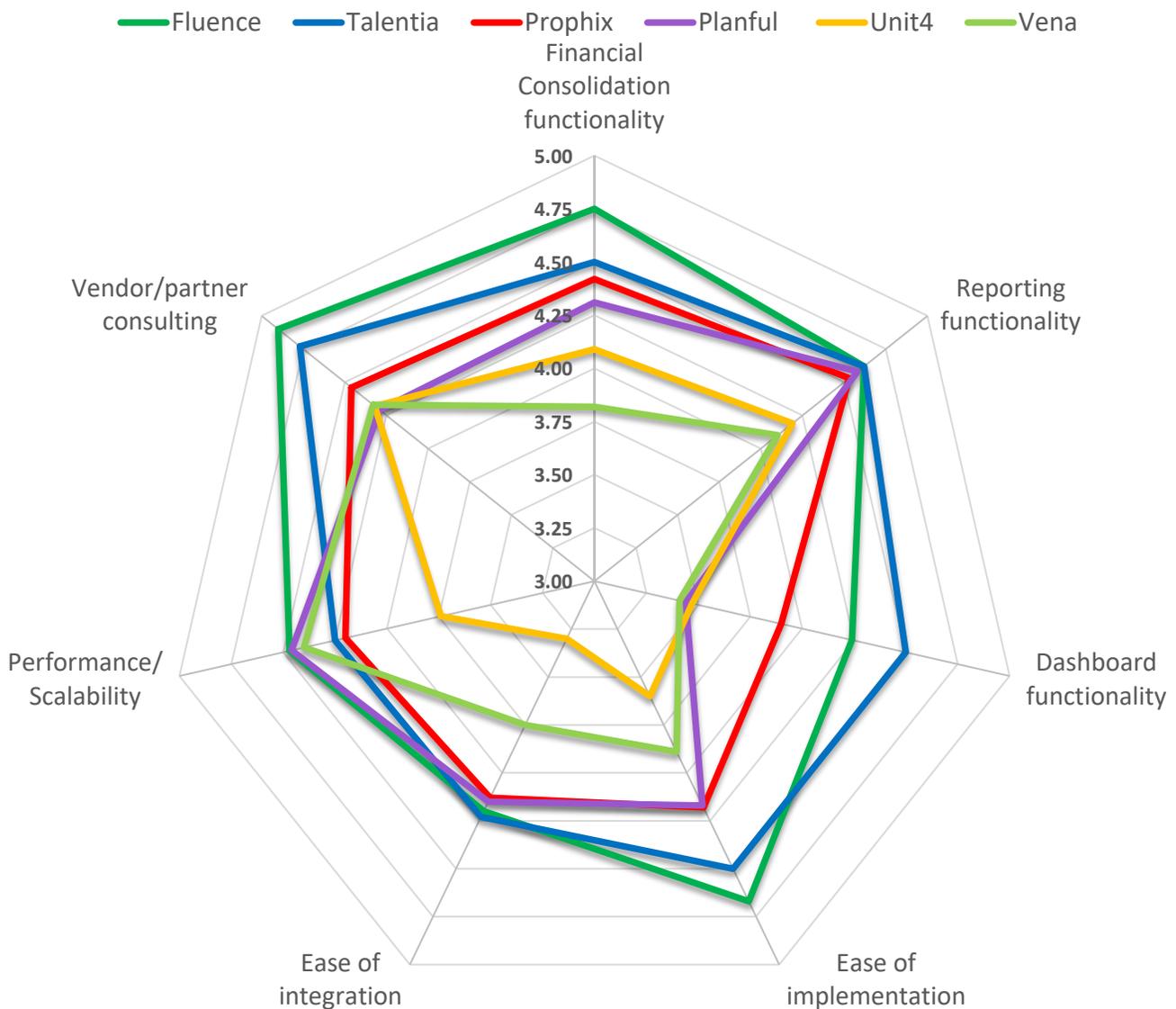
The Core Financial Consolidation and Reporting Vendors (continued)

Vendor	Solution Summary	Target Customer	Selected Strengths	Learn More
<i>Talentia comprehensive</i>	Comprehensive solution with a focus on consolidation and close, planning and management reporting	Midmarket to Large	No Coding, Low TCO, Complexity Simplification, Quick Implementation	Info, Details
<i>Unit4 comprehensive</i>	Solution combining planning, analytics, consolidation, and BI with a vertical focus	Midmarket to Large	Intuitive, Flexibility, Unified Planning, Pre-configured Solutions	Info, Details
<i>Vena comprehensive</i>	Planning, analytics, and consolidation leveraging native Excel and Power BI for a complete planning platform	Midmarket to Large	Intuitive, Financial Intelligence, Integrated Planning, Streamlined Integration	Info, Details
<i>Wolters Kluwer CCH Tagetik comprehensive</i>	Unified and intelligent financial and operational planning, consolidation, close, regulatory compliance	Upper Midmarket to Enterprise	No Coding, Pre-configured Solutions, Integrated Planning, AI Powered	Info, Details

The Core Financial Consolidation and Reporting Vendors Customer Ratings: Midmarket/Large Comprehensive Solutions

This chart compares key customer satisfaction ratings related to Consolidation and Reporting for the Core Vendors providing comprehensive consolidation capabilities for the midmarket/large market.

Core Financial Consolidation and Reporting Vendors: Midmarket/Large Comprehensive

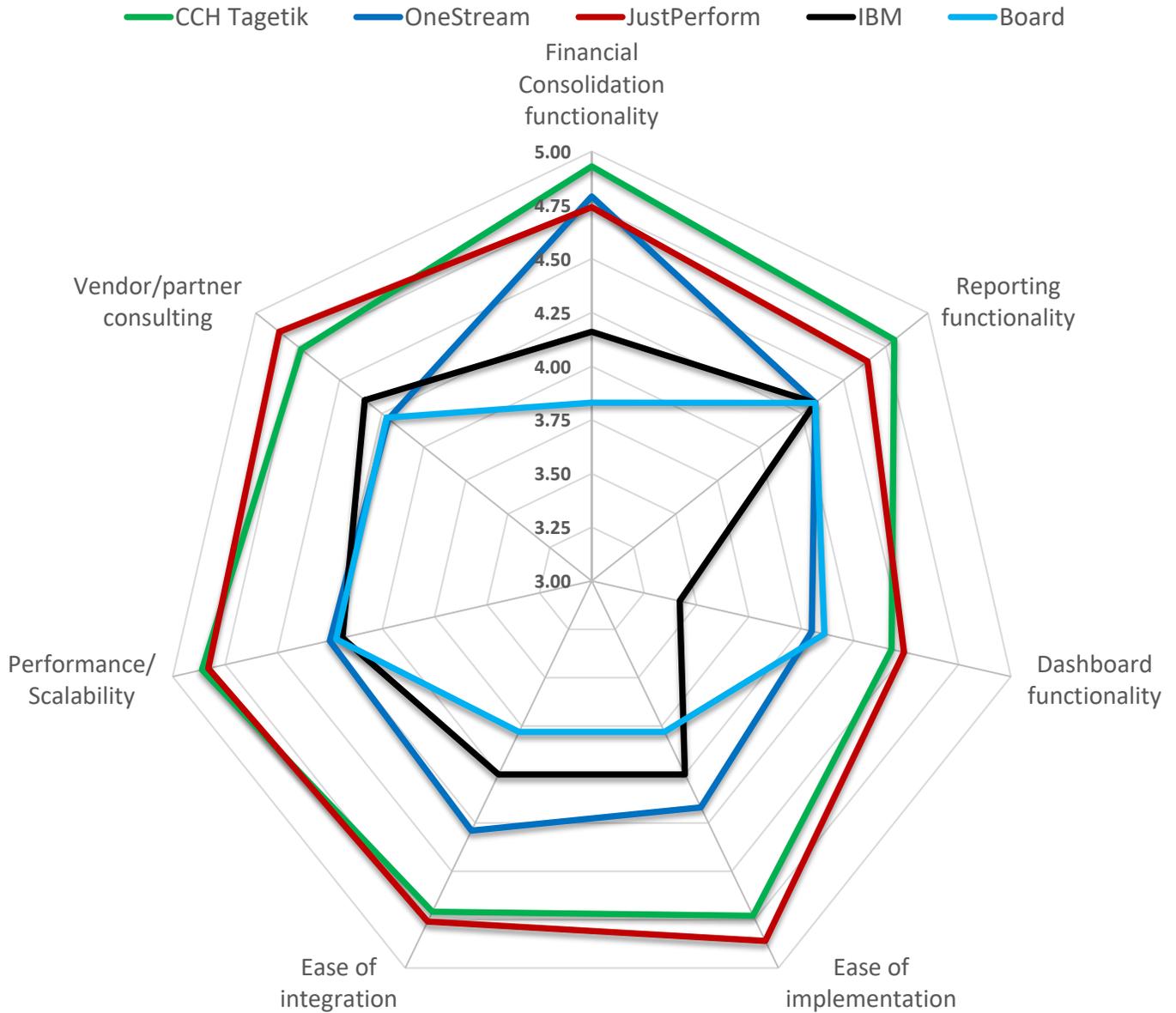


Source: BPM Partners 2023 BPM Pulse Survey

The Core Financial Consolidation and Reporting Vendors Customer Ratings: Upper Midmarket/Enterprise Comprehensive Solutions

This chart compares key customer satisfaction ratings related to Consolidation and Reporting for the Core Vendors providing comprehensive consolidation capabilities for the upper midmarket/enterprise market.

Core Financial Consolidation and Reporting Vendors: Upper Midmarket/Enterprise Comprehensive



Source: BPM Partners 2023 BPM Pulse Survey

Additional Vendors

The following vendors have been evaluated by our team but did not meet one or more of the BPM Partners Core Vendor criteria. While this does increase the risk somewhat, it is still likely you will find additional vendors that fit your requirements on this list. If you decide to include them in your evaluation you will need to allow extra time for a more thorough due diligence process:

- Some of these vendors are relatively small so there is limited feedback from analysts and customers to confirm their product capabilities and market success
- Several established vendors on this list no longer participate in industry surveys and have reduced analyst interactions in recent years so reliable up-to-date assessments are not readily available
- Other vendors on this list simply did not achieve the high ratings and/or positive assessments required to make the Core List for Financial Consolidation, Close, and Reporting Solutions
- There are also several performance management vendors included in our Budgeting and Planning Buyers Guide that are absent from this Guide based on our assessment that they do not provide out-of-the-box financial consolidation capabilities as part of their performance management offering

Additional Financial Consolidation and Reporting Vendors

Acterys – planning, *focused consolidation* and analytics, leveraging Excel and Power BI for small to large organizations [Info](#), [Details](#)

Centage – integrated budgeting, forecasting, *focused consolidation*, self-service reporting and analysis for small to midmarket organizations [Info](#), [Details](#)

FYIsoft – offers financial reporting and *focused consolidation* that integrates with a wide range of GL source systems, coupled with analytics and budgeting [Info](#)

insightsoftware – provides reporting, planning, *comprehensive consolidation*, equity management and tax solutions for small to enterprise organizations [Info](#)

Jedox – planning, analytics, *focused consolidation*, and BI with Excel, web, and mobile UIs for midmarket to large organizations [Info](#)

Oracle – full modular suite of planning, *comprehensive consolidation*, analytics, and BI modules for midmarket to enterprise organizations [Info](#), [Details](#)

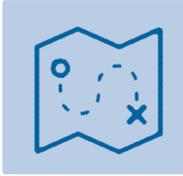
The Vendor Selection Process

In prior sections of this guide we have given you some ideas to think about in terms of your requirements, as well as an overview of some of the best vendors available to meet those requirements. This is where it all comes together. How do you finalize your requirements and make sure you choose the best vendor for your unique needs? In this section we are going to share some proven best practices. First, some general guidance:

- This solution is part of a high visibility, mission critical front office system that the company will rely on to make key decisions. You don't want to be stuck with a sub-optimal choice for the next 8 - 10 years (or longer) that these systems typically remain in place. That is why it is essential to go through a formal evaluation process.
- The starting point for any performance management vendor selection project is to identify an executive sponsor. They should be a senior executive with the authority to make decisions for the team. Among other tasks, they will need to do the following:
 - o Create a vision that considers the full potential of performance management and doesn't limit the focus to a current pain point
 - o Initiate and enable change, to prepare the company for revised processes, new roles and responsibilities, the transition to a new system
 - o Make the tough decisions on trade-offs that have to be made
- To get the necessary buy-in and adoption required to make this initiative a success you will need to assemble a cross-functional team of key stakeholders from Finance, IT, and operations. They will need to be actively involved throughout the process. For a consolidation-focused project the Corporate or Group Controller should have a leading role, regional controllers need to be on the evaluation team, and members of the accounting group need to be consulted as well.
- Some organizations may be required to go through an RFP process. That step is not covered in this guide.

Learn how to ensure you get the right product, at the best price, while minimizing risk, and maximizing buy-in and adoption: [BPM Partners process benefits](#)

The Vendor Selection Process for Financial Consolidation and Reporting Solutions



Roadmap: This is where you define the overall project scope and lay out a 3 – 5 year phased rollout plan. Without a roadmap you will inevitably focus on today’s most pressing issues and potentially select a solution that falls short when it comes to the other elements of performance management you may need in the coming months and years. While you may be focused initially on consolidation and reporting to create ‘one version of the truth’, if your vision also includes adding budgeting and planning, performance dashboards, account reconciliation, cash flow, close and disclosure management, profitability analysis, or anything else, you need to capture that up front through a roadmap. This roadmap leads into your requirements and ensures that you select a solution that can continue to meet your needs as your use of the system grows and evolves over time.



Requirements: While your requirements do not need to be at the level of detail required to build a custom system from scratch, they do need to be detailed enough to differentiate vendors. For example, just saying that “the new solution needs to support intercompany” does not go far enough. You would need to explain your planned usage: an intercompany matching report, automated intercompany eliminations, integration with journal entry capabilities, etc.

The best way to start gathering requirements is to interview your key stakeholders from the cross-functional team discussed earlier. They should be asked to share the unique challenges they face in their business area, what they like about the current systems and processes, and where they see the opportunity for improvement. These conversations should cover all areas included in the roadmap.

The next step is to consolidate these business requirements into a unified list organized by common themes, and then work with the team to define priorities (hint: they cannot all be the highest priority). These business requirements then need to be converted to functional requirements; what capabilities does the new solution need to address these business requirements? In addition, you will need to document all the required system integrations. The last key element to include is related to volume and dimensions (which impact performance and pricing): number of users, accounts, entities/cost centers, currencies, allocation rules, products, and more.



Vendor Identification: Armed with your requirements and this Guide you are now ready to identify the vendors to evaluate. At this stage you should select 6 – 8 vendors to consider. To decide on this list you need to consider several factors: which vendors offer the type of consolidation you need (focused or comprehensive), does the vendor target companies of your size (or industry), do they seem to address all of the areas of performance management contained in your roadmap, do their strengths line up with your requirements, and how did their customers rate them for the attributes that are most important to you. At this stage you should cast a wide net and consider vendors you may not be that familiar with. They could turn out to be the best fit, at the best price.

If you have not already done so, for each of the selected vendors you can gather additional information at their [Info](#) and [Details](#) links in this guide. It is important to see if some of your key requirements are met directly by the vendor or through a third-party. Account reconciliation and disclosure management are often delivered through partnerships. In addition, you should visit their websites, take a look at a standard demo, and get some basic questions answered including ballpark pricing for software and services. After doing this preliminary research bring the team together to compare notes and reduce the list to a final 3 – 4 to advance to the next stage.

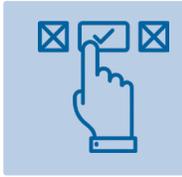
Not sure which vendors to include? Get help [here](#).



Vendor Evaluation: It's now time to determine how well each vendor finalist meets your unique requirements. Everyone will have strong opinions, so you need to follow a formal process that ensures a level playing field for the vendors, and equal input from each of your team members. It also needs to be transparent and self-documenting. At the end of the process you want everyone in agreement and fully supporting the company's selection.

The best way to accomplish this is to have each of the vendor finalists follow the same Proof of Concept custom demo script, created by you, that ties back to your requirements. Your cross-functional team members will each be scoring the vendors on how well they meet your detailed requirements in each major area (consolidation, reporting, planning, UI, system administration, technology, etc.). The demo script should be divided into an end user portion and a system admin/technology portion. Not everyone on the team will need to participate in both portions of the demo.

After the demos you should collect and consolidate the scoring sheets to prepare for the final step in the process.



Vendor Selection: This is the step where you and the team select the winning vendor and a backup (in case there are contract or pricing issues with your first choice). The consolidated scoring results should show an overall winner as well as the vendor with the second-highest total score. These should be the two that you move to final steps with. You can also consider individual section scores for the most important areas, such as consolidation and reporting, if the total scores are very close.

Once you are down to the final two you will need to do the following with each of them. First, determine if one or both of them require any final proof steps. Were there key questions not answered during the demos? Is there a particularly complex calculation or report you would like to see them demonstrate? Do you need to load some data and do a volume/performance test? The next step is to request 2 - 3 references from each. Try to ask probing questions during the reference calls as it is unlikely vendor-provided references are going to voluntarily discuss issues they have encountered. You can ask them something such as “has the system been rolled out to the number of users originally planned, if not, why?”.

The final step is to get proposals with software and service pricing from both vendors, along with a sample agreement to review. When asking for software price quotes make sure to be clear and consistent in terms of modules/components, users by type, number of years for cloud subscription, required connectors, etc.

For implementation quotes you may need to have a scoping discussion with the vendor or their implementation partners. Be prepared to discuss the volume of work to be done, any specific complexities, and the scope to be included in their estimate - is it just phase 1 (which you need to clearly define), or the full implementation. From a resource side, what will you be able to bring to the table in terms of FTEs, and what type of implementation are you looking for: 50/50 joint implementation, customer-led implementation, or a consulting turnkey implementation?

All that is left to do is review the contract. Besides any legal concerns, pay attention to any year to year price increases in a multi-year subscription agreement and what the terms are for renewal. Assuming your top choice is still on top after these final steps you are now ready to move forward. If you need to go with your backup instead, make sure the reasons are communicated clearly to the team.

To complete all of the above vendor selection process steps with minimal work disruption in just 4 – 8 weeks: [BPM Partners vendor selection packages](#)

About BPM Partners

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New and updated Guides in this series will be made available [here](#).

**Vendor-Supplied Content Follows:
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“Fluence is really delivering on their promise of easy to use and robust consolidation for the mid market.”



Craig Schiff
President & CEO,
BPM Partners



The Fluence difference

Fluence is purpose-built for handling your close, consolidation and reporting needs with features and benefits including:



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No code

For true finance-owned reporting, financials, workflow automation, user roles and more.



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Transparency

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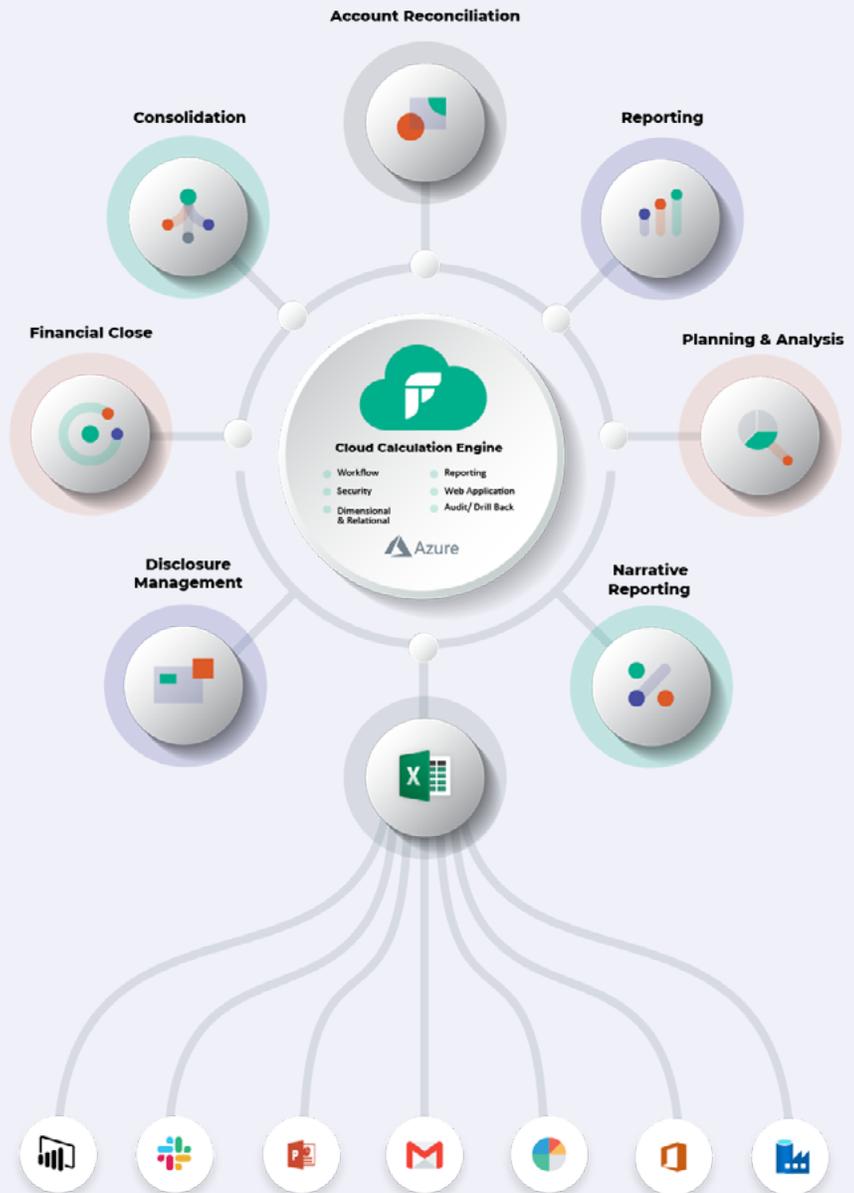
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Connected Excel

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