

Cloud Uptake is Rising but Outdated Processes Remain Unchallenged

"A range of deployment options – in the cloud, on-premises, or hybrid - allows technology decisions and process change decisions to be made independently."



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Only 11% of respondents have deployed cloud solutions across all their business units

As more and more organisational services move to the cloud, planning, budgeting and forecasting is being swept along the same tide. Yet even as uptake is gradually rising, the real benefits are often lagging.

In a utopia of cloud-based planning, budgeting and forecasting, there should be seamless information flow, inclusive communication with all relevant stakeholders, and open discussions that lead to a perfectly refined forecast. The theory is that deploying a centralised cloud solution for PBF has the power to radically change the processes and outcomes of the discipline.

But the reality is that uptake is still low (only 11% of respondents have deployed cloud solutions across all their business units), and those that have begun the journey are a long way from achieving the full benefits.

Cloud utopia remains elusive

Instead of the utopia of a unified solution, more than a third of cloud users still use multiple software vendors for planning, budgeting and forecasting. And only half agreed to using one model shared by the whole enterprise, the same percentage as those that had yet to move to the cloud. Meanwhile the same percentage of cloud and non-cloud users (36%) responded that each major part of the business has its own standalone model, which invariably creates issues when trying to collate and unify these disparate models.

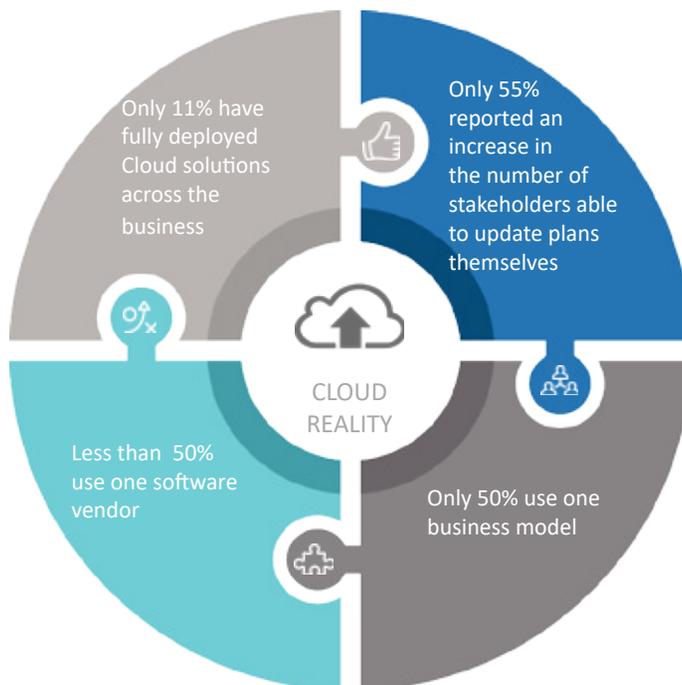
It is inevitable that business functions will argue that by their very difference they need models specific to them. But when a central cloud solution is implemented, retaining this disparate model structure immediately reduces the potential benefits of a centralised system. Re-engineering the models to allow for differences under a unified cloud is the next logical step to making the most out of a cloud investment.

Cloud users were also equally as likely to find cross-business collaboration difficult. This despite the expectation that cloud services should bring and bind business areas together under a software umbrella accessible from anywhere. Instead 34% of respondents said they found it difficult to collaborate across functional areas, the same as those yet to implement the cloud, whilst 28% still struggle to collaborate across business units.

Of the 11% who have fully deployed Cloud solutions across the organization less than 50% of these use one software vendor

Figure 2:

Organizations are failing to fully embrace the move to the Cloud.



Cloud implementations often mirror the on-premise limitations

This echoes the problem of lack of progression within the planning, budgeting and forecasting process. When cloud solutions are implemented, the opportunity to investigate and improve processes is missed. Instead they are merely substituted into the existing framework, replicating the processes already in place.

The benefits of the cloud include:



Quicker at reforecasting



More accurate forecasting



More stakeholders connected



Ability to connect more easily to new sources of data and produce larger and more detailed plans

That said, even those companies that have yet to take full advantage of the cloud are reaping some of the rewards that the agile cloud offers. Those that have started on the cloud journey are over one and a half times more likely to be able to reforecast earnings for the organisation within 24 hours and a third more likely to get the forecast right to within 5%.

This highlights one of the key selling points of cloud software, the ability to quickly and comprehensively draw data from numerous locations and stakeholders for immediate analysis, thereby producing timely, and accurate reports.

The process of implementation will invariably also encompass a wider range of stakeholders, by the very nature of its connectivity. Cloud adopters are more than twice as likely to strongly agree they have more stakeholders involved in the process compared with three years ago.

Their plans are also more integrated between different business functions, with 78% in agreement compared with 60% for non-cloud users. Cloud adopters are also more than twice as likely to agree that all users have visibility of changes in real time, and the centre has improved visibility too (more than one and a half times the number of cloud-based respondents agreed).

The upshot is that the cloud brings connectivity and collaboration to the planning, budgeting and forecasting process. And this is critical for companies that need all their functions and divisions to be working towards a common financial goal. Too often departments

work in silos to generate plans and forecasts that aren't holistic, and would offer little in the way of strategic input.

Unsurprisingly for a new technology, cloud adopters were almost 50% more likely to have reported an improved ability to connect more easily with new sources of data, and 20% more likely to be able to produce larger plans.

Cloud adopters are more process-savvy

Cloud users tend to include the early technology adopters that have recognised the financial advantages of improved business processes. Respondents who had already implemented cloud PBF solutions were a third less likely to see automation as an obstacle to process improvement, and a fifth less likely to view standardisation as an obstacle either.



Cloud can be used as a proof of concept tool and is often used as a method to overcome the hurdle of seeking investment from the Board of Directors

Tellingly those using the cloud were also 17% less likely to see the Board as an obstacle to seeking investment, possibly because their implementation of the cloud could be used as a proof of concept tool.

The benefits of unifying the planning, budgeting and forecasting process under a single cloud solution are significant even without a re-engineering of BPF processes. Combine both the technology and the business process improvements, and the cloud utopia is very achievable and vastly beneficial.

IBM Solution

Advanced performance management processes and practices often depend on enabling technology. The cloud offers many undeniable benefits in cost, scalability and resource commitments. But with IBM, the same PBF solution can be deployed in cloud, on-premises or in hybrid environments. This gives organizations the flexibility to pursue process improvements without being limited by their software choices.

We are counting on cloud to negate these issues so we can focus on managing our capital.

CASE STUDY 3: Benefits of a Cloud Solution

From our perspective, there is a constant barrage of upgrades, patches and new features that we don't have the capacity to read up on. As a result we've stumbled into compatibility problems that slowed down deployment while we researched a fix. We are counting on cloud to negate these issues so we can focus on managing our capital. – *Senior Director of Cost and Capital Management, regional telecommunications company*

Click [here](#) to download the full report.



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With flexible deployment options including cloud, on premises and hybrid, IBM enterprise performance management solutions enable organizations to:

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- Create a dynamic, collaborative and reliable planning process across geographies, business units and functional silos to improve visibility into the impact of business drivers.
- Harness big data analytics to deliver deeper predictive insights and improve decision making.
- Track performance against corporate objectives to identify performance gaps and assess alternatives with “what-if” scenario modeling.
- Report with confidence to internal and external stakeholders.

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