

What is Gartner's View of the Cloud Financial Close Software Market?

[This article first appeared on the OneStream blog by John O'Rourke](#)

The global pandemic that emerged in 2020, and the remote work model that ensued, exposed the weaknesses in the financial close process for organizations who were reliant on spreadsheets or fragmented, legacy financial close software solutions. And the crisis has triggered software evaluations and purchases in many organizations who saw the opportunity for digital transformation of the financial close process.

Documenting the key steps in the financial close process and the capabilities organizations should consider when evaluating financial close software solutions was the focus of the recently published Gartner Market Guide for Cloud Financial Close Solutions. [Download the report here](#) or read on to learn about the highlights of the report and how OneStream Software was positioned.

Gartner Magic Quadrant Morphs into Market Guide

Gartner had been publishing a Magic Quadrant report for Cloud Financial Close solutions for several years. The last one was published in October of 2019, at which point the analyst team at Gartner decided to retire the report in lieu of a market guide. Why is this? One of the key drivers for this decision was diversity of vendors in this particular Magic Quadrant report. (see figure 2)



Figure 2 - Gartner Magic Quadrant for Cloud Financial Close Solutions 2019

Given the breadth of requirements in the financial close process, the Magic Quadrant for this market segment wasn't really comparing apples to apples. Some vendors focused on financial consolidation and reporting, others focused on financial close and account reconciliations, while others focused mostly on disclosure management. This was confusing to buyers, so Gartner decided to retire the Magic Quadrant and transform this into a Market Guide - which by nature doesn't rank the vendors but instead identifies key requirements and provides a listing of the various vendors in the market and their market coverage.

Financial Close Requirements and Market Trends

Gartner defines the financial close process as encompassing all the steps in the record to report process, as well as decision-making by users of the financial results. This includes recording transactions, closing the books, consolidating financial results, internal and external reporting, and finally planning and forecasting. (see figure 1)



Figure 1 - Gartner's Market Definition for Cloud Financial Close

Accordingly, vendors in the cloud financial software market need to provide support for one or more

of the following requirements:

- Financial Consolidation
- Financial Reporting
- Reconciliation Management
- Close Management
- Journal Entry Processing
- Intercompany Hub
- Disclosure Management (including XBRL tagging of regulatory filings)

For the purposes of this Market Guide, Gartner identifies three distinct categories of vendors and solutions to support the financial close process. This includes the following:

Suite Vendors – for whom financial close (and financial planning) capabilities are tightly integrated with core financial management suites. (e.g. SAP, Oracle, Workday)

Financial Operations Management Vendors – focusing mainly on financial close management but lacking financial consolidation or planning capabilities. (e.g. Blackline and Trintech)

Best of Breed Platform Vendors – including most, but not all, financial close (and financial planning) capabilities and integrating with any source systems. (e.g. OneStream)

So what market trends did Gartner identify in the report? They mainly fell into three areas. The first is that COVID-19 forced many finance teams into remote operation and with recovery underway, many will continue to operate all or part of their finance teams remotely. Many organizations have been able to complete their financial close processes remotely, but they struggle due to less-than-optimal processes, and issues with collaboration and data availability.

The second trend is that vendors are increasingly offering significant financial close capabilities within a single solution, or adjacent solutions that share financial master data elements. This provides a comprehensive platform for financial closing and reporting of results.

And the third trend is that vendors are expanding their offerings to provide AI-infused automation capabilities not only within the financial close period, but also within the periodic accounting cycle. This will increase the efficiency of finance processes within the periodic accounting cycle.

How Was OneStream Positioned?

Gartner correctly identified that [OneStream's Intelligent Finance platform](#) supports financial consolidation, financial reporting, financial close, complex intercompany eliminations, account reconciliation and transaction matching. Customers also choose [OneStream for FP&A](#), which is a core capability of the platform. OneStream also has capabilities to support tax provision reporting and lease accounting.

Gartner also highlighted that OneStream primarily targets midsize to large, complex global enterprises and historically, the majority of its customers have been based in North America. However, it has expanded internationally at a fast pace over the past several years, with EMEA now representing 30% of its customer base and a growing presence in APAC as well.

Learn More

To learn more about the key market trends and how OneStream compares to other vendors in the market, [download the Gartner Market Guide](#) for Cloud Financial Close Solutions.

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