

How Enterprise Performance Management (EPM) Compares to CPM

This article first appeared on the OneStream blog by John O'Rourke

The terms enterprise performance management (EPM) and corporate performance management (CPM) have been in use in the market for at least 20 years. These terms are both used to describe a similar set of management processes, although there are some subtle differences in the intended meaning and scope of these processes and the software used to support them. What is EPM and how does it differ from CPM? Read on to learn more.

Enterprise Performance Management (EPM) Defined

According to IT industry research firm [Gartner's](#) EPM definition: "Enterprise Performance Management (EPM) is the process of monitoring performance across the enterprise with the goal of improving business performance." While monitoring performance across the enterprise is part of EPM, I've always preferred to think about EPM more broadly. In my view, EPM is a set of management processes and a system designed to help organizations achieve their financial objectives by linking their strategies to plans and execution in a continuous management cycle.

These management processes include the following: Goal Setting, Modeling, Planning, Financial Close & Consolidation, Reporting, and Analysis. The continuous management cycle and relationship of these processes can be seen in Figure 1 below.



Figure 1 - The Performance Management Cycle

How Does EPM Compare to ERP Systems?

An EPM system integrates and analyzes data from many sources, including, but not limited to, ERP systems, HCM, CRM, and Supply Chain applications, data warehouses, and also cloud and external data sources. And this brings up an important point and differentiator about [EPM vs. ERP](#) and other enterprise systems. While ERP's and other systems help organizations "run the business", EPM systems help organizations "manage the business."

What does that mean? What it means is that EPM software systems provide management with data analytics and insights across multiple operational systems and processes (see Figure 2). EPM solutions provide agility in forecasting and strategic planning, reporting, and decision-making. And they help organizations create alignment across the enterprise.



Figure 2 - EPM/CPM Systems Integrate Multiple ERP Systems

How Does EPM Compare to CPM?

So now you might be asking, how does enterprise performance management (EPM) differ from corporate performance management (CPM)? The answer is – they are essentially the same. And for that matter so are terms such as business performance management (BPM) and financial performance management (FPM).

The latter term, FPM, is by nature more aligned to the Finance function, and CPM sounds more aligned to managing “corporate” functions. The EPM term was clearly intended to sound broader, encompassing management processes across the enterprise. But again, these terms are used synonymously in practice depending on the organization, and especially by different software vendors.

Alternative Software Approaches to EPM

This brings us to the next topic – what type of software is available to support EPM? The answer is that there are basically three alternative enterprise performance management software approaches here:

- Spreadsheets
- GL/ERP Systems
- Purpose-Built EPM Applications

Spreadsheets – are the “go-to” EPM solution for many Finance processes and can suffice in a small enterprise. But organizations often outgrow the spreadsheet approach to budgeting and planning, and they don’t provide adequate controls and audit trails when used for financial consolidation and reporting.

GL/ERP Systems – the general ledger module found in most ERP systems does provide the ability to capture budgets, produce financial statements, and comparisons of actuals vs. budget. But these EPM products aren’t designed to support the budget data collection process or consolidate financial results from multiple GL/ERP systems. And the management reporting capabilities are limited in GL/ERP systems.

Purpose-Built EPM Applications – these applications have been available in the market for over 20 years and are the preferred approach to supporting EPM processes in organizations that have complexity that cannot be handled by the spreadsheet approach. They provide the ability to integrate data from multiple GL/ERP systems and have specific automation functionality required to support EPM processes such as budgeting & planning, financial close and consolidation, financial and management reporting, and various types of analysis including risk and impact analysis.

While purpose-built EPM applications were initially delivered as on-premise software, these applications are now available as cloud-deployed solutions with subscription pricing, also known as

software as a service (SaaS). One caveat to be aware of is that not all EPM applications are created equally. Some are focused only on [budgeting and planning](#), others only on [financial close](#). And some vendors provide multiple applications to support the various management processes while others support them through a single EPM tool or platform.



Figure 3 - OneStream's Unified Intelligent Finance Platform

For example, [OneStream Software](#) provides a single, unified platform (see figure 3) that supports all the EPM processes in the management cycle described earlier in this article. Customers who adopt OneStream are typically replacing spreadsheets they have outgrown, multiple [legacy EPM applications](#), or cloud-based point solutions.

Learn More

Whether you call it EPM, CPM, or some other term - a continuous management process that helps organizations link their strategies to their plans and execution is essential to creating and sustaining the corporate agility required to navigate rapidly-changing business and economic conditions. Spreadsheets and email can support the EPM needs of small enterprises, but purpose-built EPM software applications are becoming the preferred approach for most mid-sized to large enterprises with any level of complexity.

To learn more about EPM software and how various vendors in the market compare, download the Dresner Advisory 2021 EPM [Market Survey report](#).

Contact us to learn more about the benefits of OneStream's unified EPM software for your company.