

Turning Data into Information 3 QUESTIONS...

...With David Giannetto, director of the Enterprise Performance Management Practice at Cohn Consulting Group, a division of J.H. Cohn LLP. He provides specialized services in such areas as performance management, strategic planning and information technologies integration.

Question: What benefits can enterprise performance management tools provide that most ERP systems do not?

Giannetto: EPM tools paint a picture of overall operational and financial performance of the organization by bringing together data from multiple, disparate data sources and turning it into information — showing management one clear picture of what is driving their success or failure. An ERP application within an organization would be just one data source for an EPM application. [EPM systems] also do not focus on transactional information the way ERP systems do, yet they have the ability, when used properly, to take management all the way from one large summary number down into individual transactions that are either suspect or directly causing failure, in any segment of the business.

EPM applications require a data source, typically a transactional data source such as an ERP application would have. They do not require a full data warehouse as a source (actually they make data warehousing much simpler and cost-effective), but without an actual data source there isn't anything for the organization to leverage. There are, however, cases where EPM tools can be used to create a data source, via data entry or data combination, where one otherwise would not have existed. This gives the organization the ability to measure and manage processes that they otherwise could not base upon factual information.

Question: What are some EPM applications that companies may want to use?

Giannetto: To improve performance, it is critical to first take a look at what should the organization be managing and what information does management truly need. EPM is about then using this technology as the backbone for how management communicates what is important to the organization, provides the infrastructure with which to manage those things, and then actually provides decision-makers with the information they need to make better, more timely decisions. For the first time, it is actually possible to tie conceptual strategic objectives with the daily actions employees should be focusing on. This is technology actually addressing the business needs of management and, for perhaps the first time, providing IT managers with a way to show true value to upper management.

Question: What elements are necessary for a successful implementation of EPM tools?

Giannetto: Perhaps it is easier to look at the two main reasons EPM initiatives fail. First, EPM implementations are unique to each organization and therefore they can get complicated. If there isn't a process to follow that allows the organization to figure out what is important, tie them to metrics with which to manage these important things, and then tie those down to data elements in an automated environment, it generally becomes too complicated to ever get off the ground. Organizations need a process that takes them through these steps and guides them on what is truly important to their organization.

Second, once it is fully up and running, no one cares. You built it but no one comes. This shows that there isn't any information of value there for management; it is just one more technology layer muddying the water with more data. This is about technology squarely meeting business needs, and although that is often talked about, it is rarely achieved, especially at the management level. Again, following a process that uncovers management's needs will prevent this failure.