



This post was published to Prologika at 5:02:54 PM 9/9/2017

Prologika Newsletter Fall 2017

Business Performance Management

As I'm writing this newsletter, Florida and Georgia (I live in Atlanta, GA) are in the midst of planning for hurricane Irma, which is expected to be one of the [most powerful Atlantic Ocean hurricanes](#) in recorded history. I hope that this won't be the case and we don't have to deal with a disaster of the magnitude of hurricane Harvey that took place just two weeks ago. To avoid and mitigate this, a great deal of planning happens at every level: from government to citizens. Did you know that over 5 million of people in Florida were evacuated, making this the biggest US evacuation to date? Speaking of planning, how does your company approach Business Performance Management? Do you use Excel spreadsheets or expensive high-end planning software? In this letter, I'll share how Prologika helped a mid-size organization to improve its budgeting and planning process, powered by a cost-effective solution based on Microsoft Analysis Services.

Why Business Performance Management?

Wikipedia [defines](#) Business Performance Management (BPM) as "a set of performance management and analytic processes that enables the management of an organization's performance to achieve one or more pre-selected goals". A simpler BPM definition might be a methodology to help the company predict its performance. An integral part of a BPM strategy is a process for Budgeting, Planning, and Forecasting that typically has the following workflow:

1. Every planning year, a planner in the Financial department creates a budget for a certain number of future periods. The budget is revised and multiple versions are proposed to management. Once budget is approved, it becomes fixed for the duration of the planning year.
2. As actuals come in, the planner works on forecast scenarios. Multiple forecast scenarios are typically prepared as the planning year progresses over time.
3. The planner monitors the variance between actuals and budget, actuals and forecast versions, and between forecast versions to improve the accuracy of the forecasted periods.

Business Needs

When it comes to Finance, nothing is simple and BPM is no exception. In fact, it very well might be that that your BPM solution might be the most complicated software you've ever developed. The temptation is to buy a prepackaged software but even that route would require a lot of customization and compromises. To gauge complexity, let's look at some of the business requirements we faced.

Previously, the company has used an Excel-based home-grown solution. However, the process was manual, lengthy, error-prone, and it couldn't give management a quick and accurate picture of the company's performance. A Business Analytics group was responsible for retrieving and consolidating actuals. Then, the Finance group would manually input actuals into an Excel template. Complicated Excel formulas were used to calculate drivers and output measures but even Excel had difficulty with more complex recursive measures. Most of the time and effort was spent on working the system than on business performance management. The company looked at other high-end financial solutions, with a starting price tag of \$300K, plus yearly maintenance fees and consulting fees. At the end, the company entrusted Prologika to implement the solution.

We used Analysis Services 2016 Multidimension, Initially, we considered Tabular but we realized that the solution complexity exceeded the Tabular capabilities, including:

- No support for writeback – Currently, Tabular doesn't writeback although third-party solution such as Power Planner can be overcome this limitation.
- No support for recursive measures – Currently, Tabular doesn't support recursive measures, where the measure DAX formula references the same measure.
- No scope assignments – Tabular doesn't support scope assignments for allocations.
- No parent-child dimensions and hierarchy functions – Tabular doesn't support parent-child hierarchies and functions for navigating the hierarchy, such as Parent, Children, etc.

This is a classic example of using the best tool for the job. While Tabular could be a good fit for perhaps 80% of semantic models out there, Multidimensional is probably your best bet for Financial projects and projects that require massive data volumes. No tool is perfect. "When all you have (know) is a hammer, everything looks like a nail" doesn't work for BI.