The FP&A Market Guide to 3rd Generation FP&A Tools

Vendor Spotlight: Acterys

Authors

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Wouter Born is the founding partner at Born Capital, a venture capital firm specializing in #CFOTech: innovative technology for FP&A, Financial Close, Reporting and Finance Automation. He is also the co-founder of CXO Software (exit 2018) and former head of M&A at insightsoftware. Wouter has worked with FP&A technology companies for the past 22 years. As consultant, sales, entrepreneur, executive and investor he has looked at the market from different angles. He uses his deep understanding of the CFOTech industry to support the next generation of founders, to drive innovation, to support other investors (VC/PE) in making the right CFOTech investment decisions and change the way the CFO office drives value for every business. When he's not busy working on Born Capital deals or advising other entrepreneurs on how to grow their businesses. He's enjoying life with his lovely wife & two children. And, he loves windsurfing and cycling. You can find him on LinkedIn sharing daily insights on CFOTech, FP&A and Entrepreneurship.

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3rd Generation FP&A Software

Imagine a soccer coach never being present at the match for his team. There is no plan, and the coach can only evaluate the results afterwards with the team. And, during the match the players would have to figure out on their own how to make the best decisions without guidance.

Would that lead to best possible results? I think you know the answer – absolutely not.

The same approach is being used by companies, just doing accounting will only create insights after the financial period ends and then it's typically too late to change direction. So, companies work with Financial Planning & Analysis (FP&A) teams to create financial plans, monitor the execution, and advise the business leaders to take corrective measures. FP&A software helps businesses streamline this process.

FP&A software makes life easier for finance and accounting teams.

3rd Generation of FP&A software

FP&A software, originally referred to as Corporate Performance Management (CPM) or Enterprise Performance Management (EPM) software has been out there for the past 40 years. So, to understand what we mean by 3rd generation, let's first look at the evolution of FP&A software:

The First Generation of FP&A software included solutions such as Hyperion, SAP BPC, and TM1. These are very powerful, sophisticated solutions, but were heavy weight on-premises solutions that typically took more than 6 months to implement and involved massive hardware costs, making these solutions only available to very large companies with deep pockets. For these large enterprises the TCO could be more than $1 million in the first year alone.

Cloud-Based Second-Generation FP&A solutions such as Anaplan, Planful, and Adaptive Insights had a significantly lower TCO, were faster to implement, and offered increased scalability. These solutions were much more appealing to middle-market buyers. However, the implementations often still required extensive technical knowledge and the products were often only used by key FP&A users. Despite being significantly less expensive than first-generation solutions, companies would typically pay between $25,000 and $100,000 per year and more than $25,000 for a basic implementation.

3rd Generation FP&A software is delivered as a service and offers a user-centric design, low cost, shorter implementation times, many self-service features, native ERP integration, and a quick/high ROI. The typical annual TCO of a third-generation FP&A solution is $15k to $25k, with a one-time implementation fee of $10k or less. These 3rd Generation tools made FP&A software a viable solution for small to midmarket businesses (SMBs)

Although Microsoft Excel is still the most used FP&A tool, this last generation of products help you with overcoming spreadsheet issues in a variety of ways by creating governance, business user collaboration and offering full web-based modeling and reporting.

The 1st and 2nd generation vendors are still out there, they are still innovating, they have some great software that has helped many companies improve their FP&A, and own a significant part of the market. However, the 3rd generation vendors are built for a new type of user, like agile companies, that are digitally native, preferring point solutions over vendor standardization, that can take quick decisions and are looking for a quick ROI. If you recognize yourself in this profile, then you should consider 3rd generation FP&A solutions when making your buying decision.

Market Dynamics

The 3rd generation software market is booming. For this guide we longlisted more than 40 FP&A vendors, all founded in the past few years. This group of vendors is still a fraction of what is out there, as new products are being launched daily. Why are so many entrepreneurs building new solutions for FP&A? There is a simple reason for it. The lower mid-market and SMB market is gigantic and most companies that could benefit from an FP&A solution don't own one.

The reason that this is happening now and not before has to do with the evolution of technology and go to market models. Until recently it was not possible to build a sophisticated and powerful business solution that required very little implementation time. And, even when this would have been possible it would have been hard to sell such a product without an enterprise sales team running long sales cycles. Thanks to modern cloud software architectures and improved UI/UX techniques, vendors can build more intuitive software with a lower learning curve and self-service features. These new developments also allow for different go to market models like product led growth, try & buy, and short proof of concepts.

The 3rd generation vendors are addressing a new audience that has been traditionally underserved and relied heavily on Microsoft Excel. They bring the enterprise scale features to lower mid-market and SMB companies.

The amount of venture capital flowing into this category has been very significant. Many vendors in our market guide have received significant funding which allows them to invest in R&D and scale their operations.

Selection Criteria and Survey Process

This guide is primarily meant to highlight those solutions in the market that are not yet covered by major market research firms like Gartner, Forrester, etc. This guide won't tell you what the best 3rd generation solution is or rank any vendors, but guides potential buyers in their selection process.

We started the selection process by researching the market and longlisted more than 40 FP&A tools. Once we had put together an initial list, we screened the tools on the list, looking for tools that met the following criteria:

- The product fits the 3rd generation definition
- Company has received significant funding or has an innovative product and is looking to scale
- Product is a financial planning platform, not a financial modeling tool or a planning platform for other departments such as marketing or procurement.

After reviewing our initial list with the above requirements, we narrowed the list down to just over 20 vendors. We reached out to contacts at each company and sent surveys and received responses from 17 vendors. After receiving the responses, we removed two vendors, one because it was not fully cloud-based, and one due to product maturity. We finally included 15 in the guide after reviewing the survey responses.

For the survey, we asked each vendor the same set of questions, and the questions were used to help write the guide and to provide comparison tables highlighting differences between each vendor. In addition to conducting a survey with each vendor, we did a demo of the products. For most products, we spent time with the founders/senior leadership learning about the vision and story behind the product. We have tried to capture not only what we like about the product, but also the story behind the company.

Vendors

Acterys

🌐 **www.acterys.com**

Founded:	2015
Founders:	Martin Kratky & Hesam Ziaei
Target Customer:	All industries, 10M+ revenue, industry agnostic
Est Implementation Time*:	SMB offering 1 day, Enterprise version <= 1 Week

Company Overview:
Acertys was founded by Martin Kratky and Hesam Ziaei with the goal of creating a unified data warehouse, planning, and reporting application using the Microsoft technology stack. The founders spent over 20 years implementing planning tools, including TM1, and saw an opportunity to embed a similar solution based on the Microsoft Azure ecosystem and utilizing Microsoft Power BI and Excel on the frontend. Acterys set out to create a product that integrated all this in one platform in a way that was easy to implement and could serve the entire marketplace, from small businesses with pre-configured applications to large enterprises with the Acterys xP&A Suite. The founders believe the traditional approach of separating data warehousing, planning, and reporting creates siloes and comes with a heavy cost.
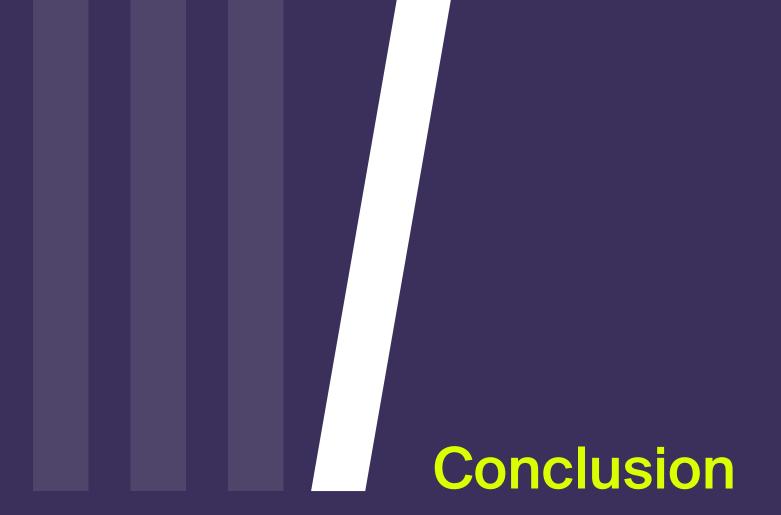
Product Overview:
Acterys is a unique product in that it has different product offerings for small business and enterprise business within the same platform. The platform provides a unique offering built upon the Microsoft tech stack allowing write-back capability in Power BI and Excel. The product for small business is built around a marketplace offering of pre-built templates that integrate and build a data model to over 80 common SaaS tools. The Enterprise product offers a complete planning platform that includes the ability to write-back data directly to the tool using 8 Acterys Power BI visuals as well as an Excel Add-in.

What we like:
- The tool combines your planning, visualization, and data warehouse tools together in one platform
- Platform is integrated seamlessly into the Microsoft tech stack (Excel, Power BI, Azure)
- Acterys Visual Planning allows you to update scenarios visually and write it back to the data warehouse
- Acterys Apps are pre-configured applications designed to get you up and running in minutes

Conclusion

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There was a time when a planning tool was reserved for blue chip companies. They required large on-premises installations and countless hours of expensive consulting costs. On top of that, you had to add high per-user license fees. And at best what you got was a complex model that required specialists to operate, maintain, and change when needed. The worst part was that it was difficult to understand for most business leaders. Most other companies were stuck with spreadsheets and ran manual and error-prone processes.

Cloud has changed all that. A wide range of SaaS tools are now available at affordable price points making planning tools available to SMBs. This has significantly expanded the market for planning tools leading to a gold rush in starting new planning tool companies. As we have described in this Market Guide it's the 3rd Generation of planning tools.

As we have shown, significant capital has been invested in this market. It's expected to go on as the companies showcased in this market guide continue to build their product and expand on their early commercial successes. However, it's also our expectation that not all these companies will emerge as winners once the dust has settled.

We created this guide to provide more transparency to the marketplace. We know many finance and FP&A professionals are looking for resources to help them decide on which planning tool to use.

We have compared features across all the planning tools to the extent possible and told the story of each of them. We have also shared our views on what features we like from the tools.

This guide is not meant to be like Gartner's Magic Quadrant or The Forrester Wave where we pass judgment on which tools are the best. It's still too early days for that. However, it's our intention to create this guide yearly and continue to provide more visibility into the planning and more widely CFOTech market for finance and FP&A professionals.

We appreciate any feedback you may have for this guide and suggestions for how to improve for the next edition. You can reach out to any one of Wouter, Paul, and Anders and find our contact information below. We hope that you will find this guide insightful and that it will help you and your company make the best possible choices when it comes to planning tools going forward.