



eBook

You Love Excel... but Hate the Risks

Now There's a Simple Way to Minimize Them

Finance teams are often equipped with Business Intelligence (BI) solutions and ERP reporting tools, yet they rely on Microsoft Excel for reporting and analysis due to its ease of use and flexibility. However, everyone is aware of the inherent risks associated with standalone spreadsheets and managing static data within them. So, is there a way to remove these risks while still leveraging the power of Excel?

Who Will Benefit from
This eBook?

Senior finance teams of
organizations reporting
from an ERP System.

 **insight**software

Why Accountants & Finance Professionals LOVE Excel

With more than 750 million users around the globe, Microsoft Excel is the undisputed tool of choice for presenting and analyzing data. First launched in 1985, it's used by bankers, accountants, analysts, managers and others for budget planning, data analysis, financial reporting, accounting, managing data records and, ultimately, decision making. Users rely heavily on Excel and are highly skilled in its uses and functionality. There are very few software applications that can boast over 30 years of enhancements by one of the largest and most skilled development teams in the world.

Why this love affair with Excel? Because there's no better way to manipulate and view financial information than in the columns and rows of a spreadsheet.

Today, Excel is regularly used as a program into which users can export, cut and paste, or even manually re-key data from a company's ERP system. Once in Excel the data can be used to create the reports they need, how and when they need them.



Features That Make Spreadsheets Indispensable

- Finance professionals are highly experienced and very comfortable working with spreadsheets
- They're flexible and easy to use
- They provide real-time answers/results
- They can be configured to the unique requirements of the user
- They're accessible to any user as part of the ubiquitous Microsoft Office suite
- They support the download and analysis of data from core systems



Did You Know?

More than 90% of spreadsheets contain serious errors...yet more than 90% of users believe theirs are error-free. This kind of complacency can be very costly to a company¹.

The Very Real Risks of Using Excel

As much as we value Excel, using it to store volumes of data from an ERP system introduces a significant level of risk. In fact, every time data is taken from the core system into Excel it becomes a potential liability. But this is exactly how Excel is being used, due to limitations inherent in native ERP reporting environments.

So, despite the ease of use for the people using Excel, it creates an audit risk. That risk can be costly to both your balance sheet and your reputation. That's why many auditors, when they see Excel spreadsheets being used to capture and analyze data, will recommend you find a more effective way of managing spreadsheets and/or the process that is associated with them.

The counterbalance here is that by removing a core tool, such as Excel from a Finance department, an organization has to go through significant change management and training. All of this needs to be done while the company continues to run 'business-as-usual.' Downtime or missed deadlines as teams are retrained is not an option. So can organizations achieve the best of both worlds?

Research Says...

These documented cases of spreadsheet errors and their consequences demonstrate the extent and nature of spreadsheet risks and the problems they cause^{2,3}:

- Fidelity Magellan Fund overestimates dividend by \$2.6 billion due to error transcribing into spreadsheet, causing promised dividend distribution not to take place
- A \$6 billion trading loss at JP Morgan was partially attributed to errors from incorrectly copying and pasting data into a flawed Excel spreadsheet model
- \$11 million severance error at Kodak resulted from a faulty spreadsheet
- "Monstrous spreadsheets" caused the town of Framingham, Mass., to underestimate its budget by \$1.5 million, leaving it reliant on state aid
- A spreadsheet typo resulted in the University of Toledo having \$2.4 million less in its budget than estimated

loss
delay
RISK
Uncertainty

error
reputation
doubt



Dangerous Drawbacks

The biggest drawback of using Excel with an enterprise-level ERP system like Oracle E-Business Suite or SAP is that storing data in a spreadsheet—using Excel to hold information—is by definition flawed. Each time a user opens that spreadsheet he or she accesses potentially outdated information, not necessarily the latest versions that use the correct figures.

The Nature of Spreadsheet Errors

- Spreadsheet errors are rare on a per-cell basis, but in large programs at least one incorrect bottom line value is very likely to be present
- Errors are extremely difficult to detect and correct
- Spreadsheet developers and corporations are highly overconfident in the accuracy of their spreadsheets⁴

There are other serious—and common—risks that must be addressed:



Multiple users. When more than one person is able to modify a static spreadsheet, each introduces the possibility of error due to overriding, entry mistakes, inaccurate calculations, etc.



Multiple versions. Do you know which spreadsheet version is correct, or who is working on the latest? The correct numbers are in your ERP, but are they reflected in the spreadsheets?



Calculation errors. Calculations require some degree of technical expertise by the people using the spreadsheet to manipulate the data. Are you certain the calculations within a spreadsheet are correct?



Complex cross-referencing. Multiple spreadsheets that reference one another lead to a network of interdependent spreadsheets that only an author understands. A break in the chain can be difficult to diagnose and fix without standardized models and templates.



Master data references. Data can quickly become out of date, as master data changes over time. Often, users work with data from the master data repository and publish changes back to it when they are done, so any fixed reference can undo an otherwise sound report.



Do These Risks Mean You Must Give Up Excel?

Some people think the way to mitigate the inherent risks of Excel spreadsheets is to hire a spreadsheet accountant. That's a costly scenario and generally means only that the accountant is measuring the magnitude of your problem, not fixing it. You're still left with gaps, like data that's a day old or more when it arrives to the spreadsheet.

Another option is to invest in third-party software that runs off a proprietary database. While these applications invariably promise to remove "outdated spreadsheets" from your environment, they will require a significant investment of both money and time for the license, implementation and training. Change management and ongoing training will also be costs required for new users. There is no better way to manipulate data than using a spreadsheet, and this is why all of these third-party applications feature an "Export to Excel" button. Regardless

Eliminate Excel? Certainly not.

But you need a solution that helps ensure the veracity and integrity of your spreadsheets.

of whatever "shiny, new" functionality the third-party application claims to have, users will simply revert back to and export the data into Excel so they can start working efficiently again. As soon as they do that, they incur all of the previously referenced issues. Using one of these applications means that you have simply switched your data to another environment, introduced yet another application into your IT ecosystem, eaten into your annual budget, put your users through training and change management programs—and ended up back exactly where you started with data in static spreadsheets. Worse still, you create a "sub-system" of spreadsheets where users default back to desktop based Excel without any organizational control.

Neither of these approaches fixes the primary problem you must deal with when using Excel: the "broken link" between ERP data and the spreadsheet itself.

Regardless of whatever "shiny, new" functionality the third-party application claims to have, users will simply revert back to and export the data into Excel so they can start working efficiently again.

insightsoftware: The Best of Both Worlds

There's a better, more effective way for users reporting out of Oracle E-Business Suite or SAP: insightsoftware.

insightsoftware offers Excel-based reporting solutions with secure access to all live SAP or Oracle data, giving you the best of both worlds: the ability to use Excel without the risks associated with its use.

insightsoftware fixes the broken link with a secure, integrated connection to your ERP and helps ensure accuracy of your reporting and analysis:

- **You're working with a single version of the truth.**
Data is automatically refreshed so everyone with access is seeing and working on the live data that is complete with drill down capabilities without ever leaving Excel.
- **You're always working with current data.**
Any new master data in the depository, like a customer ID or product SKU, is added to the reports as a matter of course every time you refresh the data/log, giving your business the ability to make more agile decisions with real-time information.
- **Those not authorized cannot access spreadsheets.**
The solution relies completely on the ERP User-ID and associated Authorization Profiles to read ERP tables, so there is no need to recreate the authorization concept.
- **Prebuilt templates reduce calculation errors.**
You can refresh your prebuilt templates with current ERP data on request, without recreating spreadsheet calculations manually each time you need the latest data. Templates can also be locked down and stored centrally, giving greater organizational control and reducing risk.
- **Hide complex underlying data models:**
Users can leverage their existing skillsets for self-service reporting; the solution masks ERP complexity with a friendly Excel interface and easy-to-use wizards.



What's The Catch?

There is no catch. insightsoftware is as effective in eliminating errors and mitigating risks as it sounds, and it's a solution your IT team will embrace for its ease of implementation:

- **Setup is quick and easy.** insightsoftware requires little configuration on the part of your IT team, freeing them up to spend time on more productive work.
- **It's user-friendly and intuitive.** Because users are familiar with Excel, they require little if any change management in order to accept and begin using it.
- **insightsoftware is cost-effective.** There is minimal cost associated with implementing the solution when compared to a BI project, while the risk avoidance it promises is significant.
- **No capital investment is required.** Excel4apps requires no data warehouse or additional hardware investment.
- **Rollout is fast, and there's little training required.** In a just a few days your team can be up and running, realizing all the benefits of insightsoftware!

Conclusion

Spreadsheets are here to stay and that's a good thing: they are simple to use, flexible, and valuable throughout the workplace. Because of that, controls are critical and one of the best ways to ensure consistency and accuracy is by implementing insightsoftware. As an interface with SAP, Oracle, Microsoft Dynamics, MRI, Sage and SysPros to only mention a few, insightsoftware gives users all the features and functionality of Excel without the very real risks associated with multiple versions and users, calculation errors, inconsistent master data references and complex cross-referencing.

Is insightsoftware Right for You? Ask Yourself...

- How confident are you that errors don't exist in your company's spreadsheets?
- How do you currently assess the ever-present risks involved with using spreadsheets?
- Do you know where, throughout your business, spreadsheets are being used and by whom?
- What controls do you have in place today?

Do you know how well they're working?

- Are users adequately trained in the use (and misuse) of spreadsheets?
- Do you have protocols in place for collaborating aimed at reducing the chances of error?
- How much time has your organization lost fixing spreadsheet errors or reconciling versions?
- Are you willing to risk the costs related to an audit?

Contact Us Today

Learn how insightsoftware can help optimize your reporting and analysis:

[insightsoftware.com/contact](https://www.insightsoftware.com/contact)



About the Authors



Simon Parkes
SAP Solution Specialist

Simon has been working in the SAP eco-system for the past 20 years; he worked for SAP for 9 years and with SAP Partners for the remainder. His focus has always been SAP ERP Financials in one guise or another. The roles over the years have changed from being a project-focused Trainer at the outset to Functional Lead Consultant and Senior Presales Consultant for SAP more lately. As the Finance Training Team Lead Simon guided new functional consultants through FI-CO Certification. Simon currently works for Excel4apps as a SAP Solution Specialist where he engages with customers who are looking to extend and improve the capability of their existing ERP implementations.



Malcolm Hewlett
Oracle Territory Manager

Malcolm Hewlett is a Chartered Management Accountant and a Chartered Company Secretary. He has more than 20 years of experience in software sales, projects and business development, including the last 10 years working with Oracle. As Oracle Territory Manager for Excel4apps, Malcolm anticipates helping European customers streamline reporting and budgeting processes from their ERP and HCM systems. Malcolm is an advocate of technology solutions that increase business efficiency and release value and thrives on working with customers looking for real-time visibility and 'conversation' with their data, and who want to level workload pressures, remove business pain points and mitigate challenges.

insightsoftware turns financial and operational data into better business outcomes that drive growth and ROI. Through turnkey reporting and performance management solutions, insightsoftware provides real time access to data-driven insights in an efficient, cost-effective, and secure manner via integration with 130+ ERP systems and Microsoft Excel. Learn more at www.insightsoftware.com.



References

1. "Talking Technology – Spreadsheet Solutions", ACCA, 11th Aug 2015
2. "EuSpRIG Horror Stories," EuSpRIG, European Spreadsheets Risks Interest Groups
3. "How The London Whale Debacle Is Partly the Result Of An Error Using Excel," Business Insider, 2013
4. Ray Panko, Spreadsheet Risk Management, 2015, pp 79-93