FSN Executive Briefing

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"How can CFOs turn spreadsheets from a budgeting tool into a budgeting application?"

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Spreadsheets are very popular

More than three decades after their introduction, the popularity of spreadsheets shows no sign of abating. Spreadsheets are the *de facto* 'workhorse' of the finance function and have ridden out every successive advance in technology. They can be found on laptops, viewed on smartphones and now shared in the cloud. Such is the pervasiveness of spreadsheets that there probably is not an organisation or finance professional in the world that does not rely on them – and with good cause. Spreadsheets are truly liberating. They allow business users to quickly develop solutions out of the gaze of the IT department, to pave over the cracks in existing processes or to create applications where no readily available solutions can be purchased off the shelf.

But as most finance professionals know, the very factors that have been responsible for the spreadsheet's success are also responsible for its downfall. Putting it in a 'nutshell', spreadsheets are personal productivity tools - they were never designed to single-handedly support entire processes. Yet, despite this limitation they have defied every prediction of their impending demise, outsmarted the multi-billion dollar business intelligence industry and have steadfastly remained the mainstay of template-driven budgeting applications in businesses of all almost every size and hue. The obvious questions is why?

The answer lies partially in advances in Microsoft Excel functionality, its suitability as a ready-to-hand data collection tool and the availability of advanced Excel add-ins which together with specialised vendors and tool sets can transform manually intensive spreadsheet-bound budgeting applications into an automated, robust and dependable process.

Advances in spreadsheet functionality have sustained their popularity

Microsoft Inc.'s continuing investment in Microsoft Excel functionality has been critical to sustaining Excel's popularity as a budgeting engine and financial reporting tool despite continuing advances in the capabilities of competing business intelligence and dash-boarding tools. Take for instance the launch of Microsoft Excel 2010, a seminal moment for

the spreadsheet allowing worksheets to be more easily shared, as well as including some of the most significant additional features seen in any version since Office 97, for example, 'PowerPivot', 'Conditional Formatting', 'Slicers' and 'Sparklines'.

Spreadsheets are still the favoured tool for budget data capture

Spreadsheets templates are also a very popular method for capturing budget data. They are widely understood, universally and cheaply available and can be developed relatively quickly and easily to meet exact requirements with very little in the way of specialist IT skills. With the diligent use of graphics and other native features in Microsoft Excel it is possible to develop a very acceptable data entry form, using colour coding and cell protection to delineate information that must not be changed, from cell ranges where data entry is expected. Different worksheets can emulate the different sections of the budget pack and superficially at least, the spreadsheet template looks like a good solution for data capture. So where does the spreadsheet fall down?

Spreadsheets are not good at everything

While the spreadsheet is a superb calculation engine, spreadsheet templates are technically inelegant and inefficient from a process point of view. For example;

- The difficulty of populating and agreeing prior year data which may need to be mapped manually from local operational systems to the template

- The unwieldy process of adding last minute accounting and row changes to every template

- Inserting complex macros and formulae to roll-over data from one year to another or to manage specialised budgeting requirements

- The difficulty of creating and checking validation logic and totals

- The distribution of large files to and fro by email between the group and its reporting units - replicating and renaming templates for each budget holder

Finally, there is the difficulty of consolidating spreadsheets across the enterprise and providing flexibility in reporting.

But what if manually intensive spreadsheet budgeting processes could be compensated by additional functionality and process support? Is it possible to bolster process capability without impairing its ease of use and its pre-eminence as a free form calculation and reporting engine?

External software can be transformational for the spreadsheet budgeting process

It's a familiar problem to [Global Software Inc.](#) which has developed enabling technology which automates and supports spreadsheet-based budgeting at key stages of the process, namely; Excel add-in functionality to assist the rapid creation of a robust budget model; functionality that assists with the propagation, distribution and collection of budget

templates; a database back-end which acts as a consolidation engine and finally, a repository for budget data, analysis and reporting.

Creating a budget model

Global Software Inc.'s 'Enterprise Budgeting' package provides specialist add-in functionality which assists the creation and population of an Excel budget model by providing 'spreading' capability and allocation tables that would be difficult to recreate in an Excel workbook. It also helps establish secure areas of the model, so that they cannot be overwritten, while also allowing for user-definable rows and different templates for different reporting entities. Templates for data collection are automatically generated and distributed by email for each budget holder or entity as appropriate.

Populating with comparatives

Global Software Inc.'s 'Spreadsheet Server' provides pre-built 'connectors' which understand the underlying data structures of ERP systems (e.g. SAP, Oracle, JD Edwards, Infor, Sage) so that end users can intuitively navigate the information held in their finance systems and retrieve it in a spreadsheet without recourse to complex lookups and macros. By leveraging these connectors a budget holder can import prior year actuals and/or budgets from and underlying ERP and populate it completely and accurately in each budget holder's data entry template without having to contend with the complexities of ETL tools or underlying data structures.

Centralised data store

Enterprise Budgeting utilises a relational database (usually SQL Server) which acts as a central repository for all of the current and prior years' data. Provided budget holders have sufficient user permissions they can resubmit their budget templates and update the central store. Alternatively, at the budget administrator's discretion, the update of the central data model can be controlled entirely at the centre.

Reporting and analysis

The availability of a relational database creates a secure environment from which to launch multidimensional views of the data, overcoming one of the major limitations of the two dimensional spreadsheet. Data can be 'rolled-up' in a variety of ways to suit operational reporting needs and adjusted centrally where necessary.

So who stands to benefit?

Experience shows that spreadsheet-based budgeting becomes unmanageable and unwieldy above about 20 worksheets – even less in some circumstances. Model building, template distribution, collection, consolidation and reporting simply become too cumbersome – and that's a major drawback in an increasingly volatile and uncertain global economy.

By deploying 'Enterprise Budgeting', an organization can leverage the native benefits of a spreadsheet yet assert more control over the process, accelerate budget timescales and improve process visibility. The idea of complementing Excel with robust process support and

data management capabilities is an attractive way of extending the life and usefulness of a spreadsheet budgeting process, especially in the light of expensive and complex alternatives, such as the large performance management suits from the global mega-vendors.

So 'Enterprise Budgeting' is suited to any organizations that want to instil better discipline and productivity in a spreadsheet enabled budget process without throwing away years of investment in a budget cycle that continues to meet their essential needs.

About Global Software:

Founded in 1973, with worldwide corporate headquarters in the Research Triangle region of North Carolina, USA and EMEA Headquarters in London, UK. Global Software, Inc., is the No.1 provider of Microsoft® Excel-based automation solutions in support of leading ERP platforms from vendors including SAP, Oracle®, JD Edwards®, PeopleSoft®, Lawson®, Sage® and Infor™.

Global's Spreadsheet Automation tools, comprised of the flagship Spreadsheet Server, Powered by the QueryExchange™, and Enterprise Budgeting are the fulcrum of Global's applications suite. Global's products are used in 50 countries, by over 5,000 customers and 175,000+ users worldwide who are supported by Global's 24/7/365 services and support infrastructure. In addition, Global's worldwide partner channel is comprised of over 120 member companies. For more information, visit, glbsoft.com