

// ENHANCE YOUR FINANCIAL REPORTING AND PLANNING PROCESSES

Move Away from Spreadsheets
and Trust Your Data Again



THE CHALLENGE

No one will dispute the transformative impact spreadsheets have had in the business world. They broke down hierarchies, sped up “what if” scenarios, and provided finance professionals opportunities to think more creatively.

Today, however, the speed provided by spreadsheets is no longer a competitive differentiator. In fact, they can significantly slow down the growth of your small- to medium-sized business (SMB), because they are (still) created by people. And people make mistakes. Transposition errors, copying and pasting mistakes, and incorrect formulas all negatively impact business. First, executives lose trust in the data, which impacts decision making. Second, many companies face PR nightmares and lose thousands to millions of dollars due to faulty spreadsheets.

However many SMBs still run their planning, forecasting, and budgeting activities on spreadsheets for two reasons. They are deceptively easy, and most people are comfortable working with them.

THE SOLUTION

ORACLE ENTERPRISE PLANNING AND BUDGETING CLOUD SERVICE (EPBCS) IS “PLANNING MADE EASY.”

There have been many improvements to spreadsheets since they first debuted in the late 1970’s.¹ But a spreadsheet cannot be all things to all functions. It calculates percentages and totals of compiled research data well. It can be a strong project management and organizational tool. But as a company grows, it is not the best for budgeting, planning, and forecasting. Because of its manual nature, it is vulnerable to errors and doesn't scale well.

No matter your company’s size, growth requires more advanced tools, such as Oracle EPBCS (part of Oracle Enterprise Performance Management [EPM] Cloud). It preserves everything that is familiar with spreadsheets without the stress of gathering, consolidating, checking, re-checking, and tweaking hundreds of cells, rows, columns, and worksheets. With Oracle EPBCS, you work with a familiar spreadsheet interface, but one that offers a direct window into a company’s financial data. No additional data extraction and transformation are necessary. Planning, budgeting, and forecasting will never be so easy—or accurate.

¹ Jacob Goldstein, “How the Electronic Spreadsheet Revolutionized Business,” NPR, February 27, 2012, npr.org.

A TALE OF A COLLAPSED COMPANY

Researchers from Delft University of Technology and North Carolina State University analyzed 15,770 spreadsheets and 717,102 emails from former Enron employees. The results found that an over-reliance on spreadsheets did contribute significantly to the company's demise.

ERROR TYPES	ENRON	COMPARED TO AVG. COMPANY
Number of spreadsheets with formulas	9,120	365% ↑
Number of worksheets	79,983	374% ↑
Maximum number of worksheets in one spreadsheet	175	65% ↑
Number of non-empty cells	97,636,511	1089% ↑
Average number of non-empty cells per spreadsheet	6,191	235% ↑
Number of formulas	20,277,835	2677% ↑
Number of unique formulas	913,472	1302% ↑

LET'S LOOK AT THE ERRORS:

2,205 spreadsheets contained as least one error. This equals **24%** of all spreadsheets with formulas and **14%** of all spreadsheets.

1,662,340 erroneous formulas were contained in these spreadsheets with **585.5** on average.

755 files contained over **a hundred** errors each.

83,273 was the **maximum** number of errors found **in one file**.

A WORD ON VERSION CONTROL:

At Enron, employees shared spreadsheets via email, sometimes at a rate of **100 per day**. Approximately **6.2% of all emails contained spreadsheets as an attachment**, which contributed to the high error rates. With no version control, employees never trusted they had access to the latest version of a spreadsheet.

3.5% of emails mentioned spreadsheets with no attachment.

These vague references caused more errors since it was not entirely clear what data was being highlighted.



The Enron case has given us a unique opportunity to look inside the workings of a major organization and see first-hand how widespread poor spreadsheet practice really is... What's truly shocking is that there seemed to be a culture of total acceptance that mistakes were simply part of working with spreadsheets.

Felienne Hermans, Delft University of Technology

KNOW WHEN IT IS TIME TO DITCH SPREADSHEETS

Many high-growth companies do not realize that they have outgrown their spreadsheets until it is too late. Here are four spreadsheet “red flags” that indicate it is time to move on.

NO SINGLE SOURCE OF TRUTH. As seen with Enron, spreadsheets are often passed around to many different people/groups. Over time, different versions appear which may (or may not) match the ‘official’ version. This makes modeling difficult and unreliable.

SLOW, LABOR-INTENSIVE, PAINFUL PROCESS. Without a single source of truth, it will take substantial man-hours to track down and consolidate all needed data.

NO MODELING CAPABILITIES. Spreadsheets cannot support an infinite number of calculations and macros. This can leave your growing company without reliable models and projections to produce accurate budgets and forecasts.

DIFFICULTY DRILLING DOWN. Spreadsheets are not able to support those decision makers who need to dig deep and find the data they need to understand all facets of the company’s health. When managers cannot drill down, decision making is stymied.

BENEFITS OF ORACLE EPBCS:

As a high-growth company, you need to plan for success. You are way beyond just “rolling up your sleeves and getting it done.” Company performance depends on being able to predict the best possible outcomes. But relying on manual, disconnected, non-secure spreadsheets makes planning, forecasting, and budgeting error-prone, lengthy, and labor-intensive.

Oracle Enterprise Planning and Budgeting Cloud Service provides a flexible planning and budgeting

solution that goes beyond standard financial metrics and scales as your company grows. With an easy-to-use, any-device interface, it supports your finance team’s focus on providing value.

Key business benefits include:

> Pre-built, highly configurable, best-practice planning frameworks that support finance, workforce, and capital asset planning solutions, tailored to the company’s specific requirements

>> Strategic modeling capabilities to create long-range, financial forecast models for changing business needs

>> Intuitive business wizards that support evolving planning processes

>> Powerful analytics, dashboards, “what if,” and predictive capabilities that can drill down and provide unparalleled insight

GET GOING, GET BETTER,
GET AHEAD

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