

Skip the spreadsheet

Drive productivity and quality with EPM

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Running a successful business starts with effective planning and control. These planning functions are otherwise known as performance management, and the data that is generated during these critical steps is among the most important and sensitive in an organization. A miscalculation or an oversight could sow the seeds of a future disaster for a department, line of business, or the entire enterprise.

Now is the time to progress

Despite the high stakes, many businesses still rely on disparate, outdated tools for planning and performance management, usually Microsoft® Excel, which must be manually reconciled by the finance department at the end of every reporting period or planning cycle.

A costly lesson in miscalculation

Consider Conviviality, one of the UK's largest drinks wholesalers, which recently adjusted its earnings before interest, taxes, depreciation, and amortization (or EBITDA) forecast to 20% lower than the £70m market expectation due to "a material error in the financial forecasts." The error, [Conviviality later admitted](#), was "a spreadsheet arithmetic error." Upon reporting the materiality of this spreadsheet error, 60% of Conviviality's share value was wiped out overnight, and within a few short weeks, Conviviality plunged into administration.

The pitfalls of spreadsheets

At first glance, spreadsheets seem like an ideal choice for planning and performance management. They are easy to use and easily distributed. Plus, nearly everyone has a copy of Excel or its equivalent on their desktop. But online spreadsheets are particularly vulnerable to human error, as they rely on manual data entry and manipulation. If any part of the data is entered or calculated incorrectly, it may throw off the entire plan.

Further, using spreadsheet software to generate and maintain critical planning data is expensive in terms of resources and risk. Email handoffs and manual reconciliations are incredibly time-consuming (and error-prone). In addition, linked Excel files, especially those used during the financial planning and analysis (or FP&A) process, can contain multiple links. The added complexity of file linkage makes distribution not only difficult to manage, but also difficult to execute.

The evolving role of finance

The CFO is on high alert as they now reimagine their roles in an era of digital business transformation, increased regulatory transparency, and expectations that finance should help in response to increasing volumes of data and greater stakeholder scrutiny. We are at a crossroads where the CFO can seize upon the opportunity to define technology's place within the office of finance, mitigating risk through broader engagement across the enterprise in business-critical processes—and increasing transparency and audit capabilities throughout the record to report process.

A better way forward with EPM

Enterprise performance management (EPM) systems allow organizations to streamline their planning and performance management processes and keep sensitive data secure. In addition to improving efficiency, the core aim of the technology is to reduce the potential for human error. EPM solutions give finance a unique opportunity to drive quality enhancements across the business as well. EPM systems, like most enterprise applications, contain audit trails, security, and data input logs that can be used to verify the data loaded into it. Whether the data is loaded manually or automated, it is in a self-contained system. Additionally, systematized reporting tools are highly preferred (and in some cases required) to spreadsheets by regulators that require security features for audit and compliance.

When it comes to keeping financial information accurate and secure, the stakes could not be higher. One misstep can plunge an entire organization into disarray. So, it is vital to find the right products and processes to ensure safe and precise calculation and storage—and finance leaders should anticipate that this responsibility will fall to them more and more in the future.

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