



# Time and Cost Saving Analysis

Adept Financial Performance Management Solutions – Spreadsheet Elimination

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## **Background – Finance Departments – A Net Business Contributor**

Today's business climate demands that every part of an organisation contributes to the top and bottom line. This applies to departments that were considered "overhead" in the pre-digital transformation era.

Finance has traditionally been an overhead; However, digital economy demands that data is used to drive new business models and improve companies' bottom lines. Managed correctly, the modern finance department can become a net contributor to the business.

In assessing how the finance department contributes to the business, we consider these key areas:

- Hard cost savings – reducing the cost of financial operations contributes to improved bottom line
- Faster, more accurate management accounts – enables more responsive business decision-making
- Make more data available faster – enables data-driven insights and opens new business models

## **Financial Performance Management Systems For The Modern Era**

The role of financial systems has also moved beyond operations. Modern solutions use deep analytics, AI and prediction to turn finance functions from overhead to net contributor.

When looking at financial systems, companies now need to look beyond "keeping the books in order". They need to implement tools that drive the business to new heights.

Adept has been at the cutting edge of financial systems for more than nine years. Working in partnership with IBM, the firm has built next-generation solutions that have been helping customers keep ahead of the transformation curve. Adept Enterprise Solutions is about making the finance department more productive and more valuable to the organisation as a whole.

## Adept - Solutions Overview

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Adept's integrated financial and operational planning management solutions are built on core technologies that enable sophisticated management and manipulation of your financial data. Through a long-standing partnership with IBM, Adept has integrated technologies like TM1 planning analytics and Cognos into their rounded solution offerings.

Adept allows companies to move beyond the constraints of spreadsheets and siloed systems to automate the planning process and drive faster, more accurate results. The power of Adept's solution lies in unifying separate data sources into a single data repository – empowering the finance department to build sophisticated multidimensional models and deliver more accurate results more quickly.

Adept has four major aims when they empower finance departments:

- Bring data accuracy to a higher level
- Significantly accelerate business and finance decisions
- Increase organisation agility
- Improve cross-function collaboration in the finance department and beyond

## Spreadsheet Time Wastage

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Spreadsheets are widely used by finance departments. Staff understand how to use them and favour deploying spreadsheets for individual tasks. Whilst fit for isolated tasks, managing spreadsheets across the entire finance department workflow can be problematic because:

- They are error-prone, leading to data inaccuracy
- There is no reliable in-built version control capability
- They hit significant limitations when handling complex computations
- They slow down and can even break if data sources get too large
- Broken links and macros can be common and time-consuming to resolve
- The more complex the workbook, the more checks that are required to ensure it is error-free
- There is a lack of audit trail
- They end up as an inherently manual process that relies heavily on staff remembering to follow process

Spreadsheet management can consume a surprising number of working hours of a finance administrator each week. For teams working with spreadsheets, the workload can include:

- Manually reviewing if all required spreadsheets have been updated and submitted
- Reviewing if the data in a spreadsheet is the most current data available
- Checking spreadsheets for accuracy and errors
- Consolidating data from siloed spreadsheets
- Pulling data from spreadsheets to support the creation of management accounts
- Loading data from spreadsheets into other financial systems for monthly, quarterly and annual closings

The number of hours and money spent on working with spreadsheets in even small organisations can be surprising. Using an analysis of Adept’s customer case studies, we have built an estimated “average” of hours spent by a finance clerk on spreadsheet-related tasks on an annual basis.

	Annual hours	Cost
Reviewing Manual Submission of Spreadsheets for Consolidation	50	RM1,000
Reviewing Spreadsheets for Accuracy and Errors	50	RM1,000
Consolidating Spreadsheets	100	RM2,000
Pulling Data for Reporting and Closing Activities	150	RM3,000
Reviewing Data Currency (is it the most current info)	50	RM1,000
Loading and Consolidating Data into Other Financial Systems	50	RM1,000
<b>TOTAL</b>	<b>450</b>	<b>RM9,000</b>

The above is a conservative estimate using a baseline accounts administrator salary of RM25,000 per annum to calculate the cost to the business.

Whilst the numbers can be debated, the underlying issue cannot. Systems that revolve around spreadsheets can steal large amounts of “low-level” admin hours from staff that could be far better deployed. In a finance team of just ten people, it is more than feasible that over 4000 hours could be lost annually to spreadsheet administration-related tasks.

## It’s Not Just About the Lost Hours and Wasted Money

Spreadsheets are an amazing productivity tool, but for complex digital businesses, they have become limited in what they can deliver. The more that processes and insights rely on spreadsheets, the bigger the obstacle they become to digital economy-based operations.

Replacing siloed spreadsheets with connected and pre-consolidated data sources brings a host of business

- Less time spent on statutory reports and books closing
- Less time spent on preparing management accounts
- Less chance of errors working their way into financials
- Faster creation of customised business reports and dashboards
- Immediate currency of information across all ledgers, systems and workbooks
- Collaboration between individuals and departments
- New and deeper insights into areas of the business that were previously impossible to analyse
- Data becomes available to test new business models, markets and prices including providing executives with accurate “what if” scenarios
- Self-service data, dashboards and reports for staff at all levels of the organisation

## Managing Down Wasted Spreadsheet Hours and Costs with Adept Financial Performance Management

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It should be pointed out that spreadsheet optimisation is only one small area where Adept is able to optimise financial systems. However, for the purposes of illustration, spreadsheets are something that almost every company can associate with. We assessed how Adept is using tools such as IBM TM1 planning analytics, combined with the solution provider's customisation and integration skills, has been able to manage down the burden associated with spreadsheets.

We considered the following key areas, in assessing how Adept tackles each of these issues.

- 1) **User Resistance & Retraining** – Despite the inherent problems associated with spreadsheets, they are still a vital tool when used for the correct purpose. More importantly, almost every member of any finance team is highly skilled in spreadsheet usage. Retraining on different systems to replicate the necessary functions that spread sheets serve is cost and time prohibitive; it would also badly affect staff morale.

The Adept approach to eliminating reliance on traditional spreadsheets uses TM1, which allows the spread sheet to remain the common interface at the front end while being directly plugged into the powerful engine on the back end. The net impact is that staff working practices don't change and no retraining is required.

- 2) **Wider Integration Issues** – Consolidating spreadsheets being used to manage financial systems requires a complete and thorough understanding of the entire financial reporting process. Consolidation and integration bring benefits like data in spreadsheets being pulled directly from other systems and likewise, updates made in spreadsheets potentially updating ledgers.

Adept's expertise is in 360-degree financial performance management solution. The experience and integrations skills that the consulting firm has accumulated over the years mean that in assessing how best to consolidate and automate the use of spreadsheet functions, it implicitly understands the broader integration implications.

3) **Functional Database Model** – The functional database model was developed specifically for applications like analytics in financial planning. Unlike other database models, it leverages the core features of Excel but makes it multi-dimensional. The easiest way to visualise this is to think of a spreadsheet in three dimensions, x, y and z instead of x and y alone. With a traditional spreadsheet, if you want to use data for a new or different calculation, it needs to be duplicated into a new work book. In a functional database, the same data can be shared and repurposed. Also, whilst the data is accessed via spreadsheet, it is actually stored in situ within the existing database application where it originates. The spreadsheet becomes a window to this data rather than a repository in its own right.

Adept's functional database of choice is IBM's TM1. With deep skill and many years of hands-on experience of this technology, Adept is able to utilise the full power of the technology. This can have a massive impact in numerous areas. Real-world examples of time-saving benefits that Adept customers have had while using this technology include:

- Reducing month-end closing efforts to hours from days
- Reducing data loading times from many hours to minutes and sometimes seconds
- Automatic audit trails on all activities and transactions
- Eliminating inadvertent usage of non-current data

4) **Linking to General Ledger** – Spreadsheet usage leads to multi-step processes when it comes to closing out balance sheet, P&L, cash flow and management reports. For instance, the data needs to be pulled together, checked that it is error-free and accurate and uploaded into appropriate systems. As work books get larger over time, they get slower. Moreover, macros or links between workbooks can sometimes “break”, leading to more time problem-solving.

Adept is able to integrate your spreadsheets straight into your general ledger and ensure the data in these spreadsheets is accurate and current. This means financial reports are available at any time in real-time. As the work is completed, updates are made; the checking, consolidation and loading processes can be all but eliminated.

5) **From Reporting to Insight** – Manual spreadsheets managed in silos do not allow for data-driven insight. They provide for point-in-time functional reports and dashboards but do not provide the level of insight to predict, forecast, and ask what-if scenarios.

Adept's approach ends up with consolidating all of your data into a powerful central repository for analytics. With the time saved on administrative tasks, finance can move to adding value by building models for budgets, forecasts and even new market analysis.

## Conclusion

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Adept's business is based on driving efficiency for finance departments. In a world where there is consensus that companies need to be looking at automation, data analytics, machine learning and digital business models, it is surprising that the majority of finance departments are still overly using spreadsheets.

The technology exists to harness spreadsheet skills while bringing them into the new age.

The figures speak for themselves; in terms of wasted spreadsheet-related admin hours.

The starting point is to do the analysis for yourself and understand whether spreadsheets are actually an obstacle to the progress of your own financial operations.