

Advancements in Enterprise Budgeting, Reporting and Dashboard Technology: Which Path Will You Take Out of Spreadsheet Hell?

by Robert Lutt

Summary: More than 80 percent of medium and large enterprises continue to rely heavily on spreadsheets in their budgeting and business performance management processes. What will it take for them to make a change?



Which Path Will You Take Out of Spreadsheet Hell?

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The market data is in. On one hand, research analysts report modest increases in adoption of budgeting packages among the world's largest enterprises. However, the untold story is that the spreadsheet, like a rapidly mutating species, is virulently defending its claim to the desktops of financial analysts worldwide. In fact, in perhaps the greatest mutation of all, the spreadsheet is quietly moving beyond the desktop and onto the server! It is this configuration - spreadsheet as a Web service - that represents a first step in a trend that may ultimately relegate packaged budgeting applications to the fate of the dodo, a flightless bird, a flawed evolutionary experiment ultimately drowned out by more flexible, more adaptable species.

Spreadsheets: The Bad ... and the Good

With the fervor of political spin doctors, vendors of budgeting and performance management software relentlessly deride spreadsheets as the root cause of all budgeting and forecasting evil - islands of data, poor data integrity, cumbersome reporting, slow cycle time on analysis. Spreadsheets are even blamed as a primary source of Sarbanes-Oxley Section 404 compliance violations. The message from these vendors is unequivocal: Eradicate your spreadsheets - now! Replace them with packaged applications or run the risk of undermining your company's competitiveness and even your own personal credibility!

Still, despite the propaganda, financial analysts are clinging to their spreadsheets. How is it that spreadsheets have such amazing staying power?

The answer lies not in what you get when you replace your spreadsheets with a package, but in what you give up. Notwithstanding the vociferous propaganda, the reality is when you consider replacing your spreadsheets with a package you must confront - or ignore at great risk - the following:

1. That spreadsheets are significantly more flexible than packages in modeling diverse financial operations.
2. That spreadsheets are much lower in cost - arguably free, a sunk cost - compared to packaged applications.
3. That spreadsheets give financial analysts self-sufficiency and freedom from the burden of IT bureaucracy.

The bottom line is that there is real risk that a package will not live up to end-users' expectations. Microsoft Excel is so familiar, user friendly and modeling rich that when users finally experience life without spreadsheets, they often refuse

to accept it. In short, buyers worry that by tossing out their spreadsheets they might just be tossing the baby out with the bathwater.

Thus, we have a stalemate – a confrontation between analysts protecting their individual productivity versus the demand for centralized control and standardization by the enterprise. You've probably experienced this phenomenon. Spreadsheet users, who freely admit to limitations, ultimately reject the package as the greater of two evils! This quagmire has lasted 10 years, since the advent of packaged analytic applications. Yet, despite continuous and heavy marketing to eradicate spreadsheets, more than 80 percent of medium and large enterprises continue to rely heavily on spreadsheets in their budgeting and business performance management processes.

And we might just remain deadlocked except that spreadsheet technology is not standing still. It is now moving quickly to address its shortcomings as an enterprise application.

New Breakthroughs in Spreadsheet Technology

Imagine for a moment that Microsoft Excel came fully integrated with an enterprise application server.

End users, instead of rummaging through your desktop and email for the latest budgeting model, imagine that you could click on a Web page and request that your personalized spreadsheet could be built fresh, on demand, and delivered live over the Internet to your desktop? This is an architecture that preserves the benefits of spreadsheets – their familiarity and modeling richness – yet eliminates the data integrity issues, increases confidence and speeds analysis cycles.

Administrators, instead of manually populating and linking spreadsheets and physically delivering them to your users, imagine that you could “automate” your templates – even the most complex ones – so that they were built fresh in real time against corporate data sources. This is an architecture that would preserve the benefits of spreadsheets, yet increase your capacity to manage more complex business rules, many more users and much more data.

Let's take this innovative idea one step further. Now that we've centralized the management and distribution of spreadsheets, let's add premium features, features only found in the most expensive of enterprise packages. Let's include integrated security, workflow and dashboarding capability. What do we have? On one hand, we have a platform that is very friendly to spreadsheets, a platform that makes it possible to securely control and efficiently manage multiuser spreadsheet systems across an entire enterprise. On the other, we have a comprehensive business performance management platform, a platform with all of the enterprise features of the leading business performance management packages; however, unlike them, this new platform is not predicated on the removal of spreadsheets. In fact, this new platform embraces existing spreadsheet systems (complex multiuser spreadsheet processes) and transforms them to enterprise scale analytic applications without loss of modeling flexibility.

Spreadsheet as a Web Service

Quietly, the Office 12 team at Microsoft is acknowledging the anticipated 2006 release of “Excel Services.” Apparently, this is a kind of “headless” Excel that runs independently on a server polling for client requests for corporate spreadsheet data. Presumably, Excel Services can be called by client applications to perform various functions on spreadsheets running on the server. Interestingly, this is not a new concept. However, while a number of vendors are marketing and selling this capability (check out Actuate, SpreadsheetGear and Aspose), Microsoft's entry will certainly legitimize this new spreadsheet technology.

Still, while spreadsheet as a Web service takes a necessary step toward enterprise enabling spreadsheet processes such as

budgeting, forecasting and performance management, it is not sufficient. Financial analysts are not Web developers. They have neither the core competence nor the financial resources to code HTML, Java and C# to bring their complex, highly customized spreadsheet budgeting processes online. As long as solutions require skilled IT programmers to build, maintain and manage, financial analysts will resist the leap and stick with their desktop spreadsheets, the better of two evils.

To create excitement among financial analysts, this technology must take the next step. It must leverage their skills – their spreadsheet skills – and it must be capable of automating their most complex spreadsheet models without requiring technical programming code.

We have begun to visualize this new spreadsheet thing. Let's give it a name and describe it in more detail.

The Spreadsheet Automation Server

Let's call it the spreadsheet automation server. What are some of its key features? What must this new Web platform look like in order to get financial analysts excited enough to take the step into automation of their spreadsheet systems over the Web?

Following are five key features.

- **Modeling Flexibility:** Must preserve the modeling flexibility of Excel, embracing the most complex spreadsheet models, models with multiple tabs, complex formulas including table lookups, statistical and financial functions, complex asymmetrical time series.
- **Rich Personalization and Convenience:** Gone are the days of the static one-size-fits-all spreadsheet. With the spreadsheet automation server, models are built on demand and can be personalized for the specific user. Views can be limited only to line items specific to the user, the time horizon and the specific spreadsheet model being requested.
- **Scalable Enterprise Architecture:** It must be Web-architected in three tiers, either pure Java or pure .NET. All the heavy lifting, the CPU-intensive processing, and the reconstructing and populating of spreadsheet models must happen on the server. The end user on the other hand must experience live spreadsheet models in full-blown desktop Excel, with none of the typical limitations of the Web. These spreadsheet models must be the real thing, without proprietary formulas and database query functions that make offline use impossible.
- **Comprehensive, Unified Solution:** The platform must include a comprehensive business performance management feature set supporting budgeting, forecasting, management reporting, consolidations and dashboards, and this functionality must all be delivered through a single administrative interface and driven off of the same underlying spreadsheet automation engine. In addition, every element of the solution must be subject to multiple levels of security and highly flexible workflow management.
- **Low Total Cost:** Bottom line, this new technology must compel entrenched Excel users to come out into the sunlight and try something new. It must install easily and leverage their spreadsheet skill set. Excel administrators must be able to configure their own solutions independent of costly IT resources and specialized software and Web programmers.



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