

THE NINE
CIRCLES OF
EXCEL HELL



*Why Corporate Performance
Management Belongs
in the Cloud*



INTRODUCTION

DANTE MUST HAVE SEEN EXCEL COMING.

When Dante wrote about the Nine Circles of Hell he surely must have had Excel in mind.

It's not that Excel isn't a great spreadsheet program – it is. But, let's face it, if you're trying to do complex, collaborative planning, forecasting and budgeting, it's atrocious.

A volatile economy demands a smarter approach to Corporate Performance Management (CPM), and more and more finance professionals are discovering that Excel just doesn't let you go there.

Trying to force it to do so is like trying to use a bicycle to change a light bulb. It's probably possible but it's just not the right tool for the job.

This eBook is about freeing you from whatever circles of Excel Hell you're currently experiencing and discovering something much, much better: CPM in the cloud. It's based on our experience of helping over 1,200 companies of all sizes escape the chaos of infinitely interlocking spreadsheets, cascading scenarios, formula clash and unseen errors.

We hope it inspires you to make your own bid for freedom.

The RedEnvelope Calamity



Shares of e-tailer RedEnvelope Inc. fell 25% in 2005 when it drastically reduced its quarterly outlook after finding an error in one cell of a spreadsheet. RedEnvelope's CFO resigned the same day.



INTRODUCTION

THE EXCEL PENALTY

Around the world, CFOs and business managers use Excel to handle the annual planning cycle, manage budget allocation, forecast income and expenditures, and produce reports. But using spreadsheets for forecasting, budgeting, planning and reporting creates all kinds of issues:

You waste weeks every year manually consolidating a mass of individual spreadsheets

You can't easily model potential future scenarios or answer "*what if...?*" questions

Measuring actual spend against plan is a major chore

Your talented finance staff spend too much time on low-level, non-value-add activity

You may never catch the errors that plague your plans, forecasts and budgets

The bottom line: you're spending huge amounts of time, energy and resources fighting against a tool that simply wasn't designed to do what you do for a living.

CPM in the Cloud: The Smart Alternative to Excel

If you're still using Excel for CPM, it's probably not because you think it's the best tool for the job. It's more likely because the only alternative was selling your firstborn to pay for Oracle, SAP or another 'big CPM' vendor. If you pushed Excel hard enough, you could forestall that day for another few months.

But now there is an alternative, and thousands of companies and non-profit organizations have already made the switch.

It's called CPM in the cloud, and – as you might have guessed – it's an accessible, affordable, cloud-based version of the kind of CPM apps you might have thought were out of your reach.

To really understand the benefits of CPM in the cloud, it helps to start with a quick tour of the pain caused by using Excel as a CPM tool.



THE **NINE** CIRCLES OF EXCEL HELL

Excel is one of the world's greatest desktop tools. If you, personally, want to analyze a load of numbers or do some complex modeling on a static dataset, it's hard to beat. But running a company involves collaborative, multi-department processes like planning, budgeting, forecasting, and reporting. And that's where the power of Excel falls short.

We call these limitations the Nine Circles of Excel Hell. Those of us at Adaptive Planning who are former finance professionals (and that's quite a lot of us) have been caught up in its infernal machinations more times than we care to remember. We'll bet you have too.

Excel is great for...

Personal plans and what-if analyses

Rough-and-ready reports

Checking the integrity of raw data

Analyzing static datasets



Excel is bad for...

Collaborative planning and reporting

Management information

Managing financial processes

Multi-dimensional performance analysis



CIRCLE # 1

OOPS.

Excel is fragile. In a shared ecosystem of spreadsheets, it's all too easy for people to delete rows and cells and break formulas and links. Excel just isn't made for sharing, and accidental deletions are behind some of the worst Excel-related disasters (see page 14)





CIRCLE # 2

CRUSH.

Excel is a huge pain to consolidate. How many finance professionals relish the prospect of spending weeks consolidating 50+ departmental plans into a single master plan? And as for trying to produce a rolling forecast with anything like the frequency the business needs, well...





CIRCLE #3

BRAIN DRAIN.

Excel wastes so much time. Your team didn't spend years earning accountancy degrees and MBAs and honing their strategic analytical skills to spend half their professional lives collecting and consolidating spreadsheets. It's soul-destroying (and business-inhibiting).



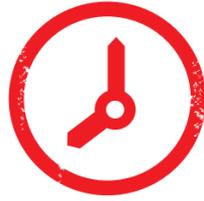


CIRCLE #4

FINGER IN THE AIR.

Excel is no good for real-time data. It can only ever provide a historical snapshot of the numbers at a single point in time. Result: you're always chasing after "*the latest number*" for anyone who needs to know the current position against the plan, budget or forecast.





CIRCLE #5

IMPORT DUTIES.

It's hard to get data into Excel. If you spend hours laboriously exporting operational data from your GL, Payroll, Purchasing or other systems and manually configuring it in Excel, you'll know there has to be an easier way.





CIRCLE #6

GROUP GROPE.

Excel is many things but it's not a management information system. It may be serviceable for analytics, as long as they're just for you. But if you want senior executives and departmental managers to have management dashboards and run their own reports (*e.g., to compare actual performance with forecast performance, or to run "what if" analyses*), Excel is not your friend.





CIRCLE #7

FLATLAND.

Excel is so two-dimensional. If you want to model something like profitability by product line, then Excel is great. But if you want everyone to be able to model something like the impact of a 5% pay raise to a single department - and understand how it will impact every department as well as the P&L, Cash Flow and Balance Sheet - you're in for a world of hurt. The more dimensions your data has, the less you want to wrestle with it in Excel.





CIRCLE # 8

WHODUNIT.

When you have a lot of people updating an Excel spreadsheet, it becomes impossible tell where changes have been made, who made them, and when. The audit trail goes cold fast – and that's not good for governance, efficiency or investigating the source of mistakes and inaccuracies.





CIRCLE #9

GLOBAL CHALLENGE.

Excel is frustrating enough when you're only dealing in one currency and one fiscal regime. If you have to take into account multiple currencies, exchange rate fluctuations and the vagaries of national and international taxation, your consolidation, forecasting, budgeting, and reporting activities enter a whole new dimension of complexity. One for which Excel is eminently unsuited.



TOP THREE SPREADSHEET DISASTERS*

#1 – West Baraboo, WI

The municipality of West Baraboo found it would have to pay about \$400,000 more interest on a borrowing plan than it had originally thought. “Operator error” resulted in a spreadsheet underestimating the total cost of the 10-year bond. “When we re-looked at the numbers we discovered a cell was not across the line being added correctly,” said West Baraboo’s financial adviser. “So it understated the impact.”

2 – 2012 Olympic Synchronized Swimming

A spreadsheet error by the London Organizing Committee (Locog) for the 2012 Olympic Games led to four synchronized swimming events being massively oversold. An employee accidentally keyed in ‘20,000’ rather than 10,000 available tickets. Locog spent the Christmas period contacting disappointed ticket holders to offer alternatives.

#3 - AstraZeneca

AstraZeneca had to reiterate its 2011 and mid-term financial forecasts after accidentally releasing confidential information to analysts. “Confidential company information was inadvertently embedded in a spreadsheet template sent to the sell-side analyst community that follows the company,” it said in a statement.

Sources: [West Baraboo News Republic](#), [Wall Street Journal MarketWatch](#), [Daily Telegraph](#), [GAO](#), [Reuters](#) (all via [EuSpRiG](#))

* The Schadenfreude-inclined can read plenty more spreadsheet horror stories [here](#).

Each of these issues on its own would make life difficult for finance professionals and budget holders. Together, they create an entire web of frustration that turns a supposedly strategic set of activities into a mass of wasted time, inaccuracies and sub-standard results.

That’s why more and more companies are abandoning Excel and moving to a cloud-based solution for corporate performance management. In the next section, we look at what CPM in the cloud can do that Excel can’t.



ESCAPE TO THE CLOUD

With CPM in the cloud, you can escape the nine circles of Excel Hell and make your next planning cycle fast, accurate and utterly pain-free. You could think of CPM in the cloud as having seven silver linings:

1. Consolidate data automatically. Really.

Picture this: all line-of-business heads enter their budget, planning and forecast data into the same system, and it consolidates it automatically. You instantly cut out the weeks of work you spend manually consolidating hundreds of different spreadsheets.



When the economy took a downturn, our sales volume was negatively affected. Being able to revise the budget in two weeks versus eight weeks, a **75% reduction**, enabled us to quickly have visibility into the business and adjust our plans accordingly.



Edith Friedmann Weiss, CFO,
Arkal Filtration Systems



2. Streamline analytics and reporting.

When your CPM is in the cloud, you use intuitive dashboards and configurable reporting to monitor the data and run the reports you need. Better still, you always know you're seeing the latest version of the data.



In a challenging operating environment, the ability to have real-time visibility into our results, analyze what the numbers mean, and make adjustments to manage cash flow, inventory and staffing at a store level has been a tremendous advantage.



Tom Shaw, CFO,
Papyrus





CONTINUED

ESCAPE TO THE CLOUD

3. Integrate CPM with your other systems.

The best cloud-based CPM solutions have pre-built connectors to the most popular General Ledger and Payroll systems, whether they're on-premise or in the cloud. Built-in APIs should let you automatically pull data from almost any other system of your choice, on a daily, weekly or monthly basis – so it's always as up to date as you need it to be.

4. Share with everyone.

The beauty of a cloud-based system is that everyone can access and update it from anywhere at any time. No more sending out spreadsheets for budget-holders to fill in, waiting for them all to come back and then consolidating them into a single master forecast.



The coolest thing is your entire budget and forecast process is in one place, and is web-based. Do you want to spend your time in the budget process with complexity, or do you want the simplest and coolest tool I have ever seen?



*Kim Belanger, Controller,
Communications Data Group*



5. Make scenario modeling and what-if analysis really easy.

What-if" analysis is almost impossible to do well in Excel. With a CPM package, it's easy to enter assumptions and run what-if analyses, even for complex multi-dimensional questions like: *"What's the impact on revenue, profit, and cash of increasing the sales team by 10, 20, or 50% over the next year?"*





CONTINUED

ESCAPE TO THE CLOUD



We can now run multiple what-if scenarios for various payroll options. It's very easy to calculate the impact of various scenarios on the fly, and it's easier to determine the impact of decisions three years out.



*David Romisch, Manager,
Financial Analysis,
Blue Cross Blue Shield
of Kansas City*



6. Defend against breakage.

With secure algorithms performing all the necessary calculations on your data, there's no risk of users accidentally (or deliberately) breaking links or deleting vital formulas. Can't happen.



"By giving users access to the application, we're empowering them to see how their business unit, department or the overall company is performing, without the risk of broken formulas or inaccurate data."



*Danielle Murcray, CFO,
Drobo*



7. Do it without going broke.

With no server hardware, infrastructure software licenses or IT support implementation costs, CPM in the cloud can cost as much as 77% less than on-premise CPM software. You can get up and running quickly and easily, with no need to get IT involved. Plus you get to take advantage of software updates as soon as they're available, without waiting for your organization to schedule resources for a software upgrade project.





BETTER FOR YOU, BETTER FOR YOUR BUSINESS

CPM in the cloud isn't just a boon for finance pros fed up with Excel's idiosyncrasies. It delivers positive, rapid and long-lasting benefits to the business, too:

Better Decisions: When everyone with budgetary responsibility can track performance in real time, forecast as often as needed, and crank out precise "what-if" analyses, the business is in a much better position to hit its targets and slam-dunk the competition.



"In the past, we were budgeting only on an annual basis with little insight into the seasonality of the business. Now, our budget owners have really embraced the monthly budget process and see it as a better way forward."



Byron Kanaley, CFO,
American Massage
Therapy Association



Better Management:

With less time spent on manual consolidation, troubleshooting, reporting and data loading, finance staff can concentrate on analyzing performance data, reforecasting frequently, and making the right decisions to take the business forward.



"Now, when I update a plan, it forms the foundation of my next five-year strategic model. I don't have to retype a bunch of information to make sure my starting point is accurate."



Bryan Rogers,
VP Finance, Unitrin Insurance





CONTINUED

BETTER FOR YOU, BETTER FOR YOUR BUSINESS

Tighter Control: Spreadsheets roaming free in the wild invite cowboy behavior. Locking best practices into your cloud CPM system keeps everyone doing the right things: conforming to policy, entering data consistently and using the same in-built processes for consolidation, currency conversion, modeling, forecasting, and planning

IT Cost Savings: Cloud-based systems are far cheaper than on-premise software because there's no need to invest in hardware, licenses, internal support or systems integrators to get the system up and running.

So if anyone accuses you of investing in cloud CPM because it's the latest shiny gadget, read them this list. These are pretty exceptional business benefits.



"[It] compared very favorably against alternatives, such as Microsoft Forecaster, and was web-based, so we didn't need to involve IT or buy extra servers."



Paul Vitale,
Senior Director of Finance,
American Red Cross of Greater
New York





THE COURAGE TO MAKE THE LEAP

As a finance executive, you'll already be aware of the benefits of CPM, and you probably also feel in your gut that affordable, cloud-based solutions are the way to go.

But change is never easy and inertia is a tough force to overcome.

You may worry that the implementation will take a long time, not work as planned, cost a lot of money or require a lot of effort on your part. And with any proposed switch away from existing processes there's also an element of risk to consider:

will the new system do everything I need it to do?

These are real concerns, and you're right to be wary. But the good news is that switching to CPM in the cloud is actually a pretty quick and straightforward project. Here are just a few reasons why:

- 1. The software is already installed in the cloud, so there's no lengthy implementation process**
- 2. It's easy to configure it to match your organizational structure and ways of working**

3. You can import data automatically from your GL, Payroll and other enterprise apps

4. Cloud-based CPM apps are easy and intuitive to use, usually featuring (ironically enough) an Excel-like interface

5. It's designed to be set up and managed by you, with little or no input from IT

With thousands of businesses already moving their planning, budgeting and forecasting capabilities to the cloud, there's every reason to investigate what it can do for your organization.

The next step is the easiest of all: find out more about CPM in the cloud and talk to some people who have already made the leap.



"Adaptive Planning was one of the most successful roll-outs of software ever experienced at The NPD Group. After three months of using Adaptive Planning, the finance team received a standing ovation at the annual corporate meeting."



*Wendy Baum, EVP Finance,
the NPD Group*





YOU HAVE NOTHING TO LOSE BUT YOUR INTENSE HEADACHES.

Companies of all sizes, in all industries, are benefiting from CPM in the cloud today.

As the market leader in cloud-based CPM, we're proud to have enabled over 1,200 companies and non-profit organizations to escape Excel Hell and start a new, ultra-effective life in the cloud.

One day, you'll take the leap too. Maybe not today. Maybe not tomorrow. But soon. And you're going to love it.

Here's a couple of quotes to tip you over the edge:



"I genuinely don't know how we managed before we used Adaptive Planning. I am happy to tell anyone still using Excel spreadsheets about this solution that will save them time and make the planning process much more focused."



*Simon Nichol, Finance Director,
The Greenfield Group*



"Adaptive Planning has saved me a heap of work compared to what I used to have to do with the spreadsheet model. Now I use the application on a more proactive basis, updating the forecast as the year goes on, and having key information at our fingertips."



*Graham Eyles, Financial Controller,
Crittall Windows*



ABOUT ADAPTIVE PLANNING

About Adaptive Planning

Adaptive Planning is the worldwide leader in cloud CPM solutions for companies and nonprofits of all sizes, with 1,200 customers worldwide.

We're financial people ourselves, so we know what our customers are up against every day.

We love our jobs because we help our customers to do their jobs better and faster, with less hassle and risk.

To find out more, take a look at the resources below,
visit: www.adaptiveplanning.com
or – what the hell –
call us on 1-800-303-6346.

See Adaptive Planning in Action

The best way to start your journey to CPM in the cloud is to watch it in action. Our online demo will give you a great overview, and you can also see specific scenarios for industries including Financial Services, Healthcare, Manufacturing, and Not for Profit.

If you still bear the scars from your last big planning cycle, consider this your first step towards recovery.

Further Resources

Hurwitz Group White Paper:
[*The TCO Advantages of SaaS-Based Budgeting, Forecasting & Reporting*](#)

[*Shortcomings of Spreadsheets:*](#)
An excellent summary in Wikipedia

[*The European Spreadsheet Risk Interest Group:*](#)
For the latest news and best practices in managing spreadsheet risk, and more horror stories like the ones we've included in this book

“Our process with Adaptive Planning is 100% better than it was with Excel.”

—
Paolo Castro, FP&A,
Embraer Aircraft

