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Financial Reporting & Analysis: Dynamically Leveraging Microsoft® Excel Via Spreadsheet-Based Applications

A Tactical Solution for an Age Old Challenge

White Paper

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April 2005

The Challenge

Since the inception of Enterprise Resource Planning (ERP) applications, back-office business end-users have tried a plethora of corporate strategies to ensure accurate, timely, real-time access to financial information. Some of the methods practiced have included downloading, extracting, cutting/pasting, importing/exporting and even manually re-keying static data into spreadsheets. When all of these methods had failed to yield the results in reporting that CFO's and CEO's demand, firms turned to Enterprise Business Intelligence (BI) tools to achieve accurate and dynamic financial analysis. This methodology in particular has fallen short in its efforts to realize the specific financial reporting requirements now placed on corporations. Our Triple "C" Analysis illustrates the failure in the Complexity of solutions, Costs, and Completion of deployment. (Please see page 9, *Why Business Intelligence Tools Don't Service Targeted Financial Reporting Needs*) In an age where accuracy, real-time access, corporate governance and financial transparency are paramount, the challenges facing IT and Financial Departments all across the globe speak volumes as to why the industry needs tools that are built and pre-configured to address exactly what accountants and business users alike have been asking for.

Executives have to make critical business decisions everyday, and they want to make them with full confidence in their financial reporting and analysis procedures. The difference in business between success and failure isn't much and if your CFO's financial reports are not accurate or truly real-time, this could spell the difference between making the right decision for the future of business versus the wrong one. The question has never been, does the financial data exist? Of course it does, the question is how do you access this information in a timely fashion that ensures accuracy, flexibility, and timeliness, all within the confines of a familiar user environment. This is the challenge that faces corporations all over the world.

The Outlook

There continues to be a major focus on the importance of financial information in companies. You hear about organizations building large data stores/warehouses to capture information so they can have better access for quicker decisions. The issue is that there wasn't a capability to make financial information available on a real-time basis to one of the world's most widely-used business applications, Microsoft® Excel.

A recent META Group Survey shows that through the year 2006, firms will be focusing on improving compliance sustainability and will turn to Business Performance Management (BPM) solutions to meet Sarbanes-Oxley requirements.

META Group has observed more firms looking for tools that offer a compliment to a chosen BI/BPM and/or ERP strategy and provide specific functionality for the finance department. Many firms can not wait for a BI or data warehouse consolidation to run before they can perform their analysis. With the need for better alerts and notifications (particularly in a compliance spreadsheet dashboard setting or virtual close), firms are looking for analytical solutions that can be implemented quickly and often tie directly to production databases. META Group's research has shown that there is a significant increase in the demand for software vendors who offer financial solutions that can provide more real-time analysis, dynamic safe and secure passage for financial data into Excel that tie directly to general ledger instances.

The Outlook (continued)

According to a recent META Group survey on BPM it was found that 67% of firms rely on Microsoft® Excel as the primary vehicle for financial consolidations. There are approximately 83,000,000 copies of Microsoft® Office on desktops around the globe and Excel has become a defacto standard in the back office corporate environment. The financial software user phenom of the 21st Century is without a doubt Microsoft® Excel. Financial users like to operate in environments that are familiar and comfortable to them. Excel is the ultimate in the presentation of corporate data and provides for an environment that is user-friendly to the business-user. Software vendors all over the world have faced a stiff challenge to invent proprietary applications whose mission is to ensure accuracy, security and timeliness when reporting and analyzing corporate data. Enterprise data warehousing and business intelligence tools could only take the financial reporting and analysis process so far before the data reported on was called into question for its integrity or lack thereof.

Training and implementation for these tools became cumbersome and costly. Day-to-day intervention by IT departments and the user dependency levels on IT staff have become overwhelming for many organizations. Your company's financial data is sitting in various files, but presently it is onerous, costly, and difficult to get that data into Excel. This difficulty causes CFO's, controller's, managers and analysts to lose productivity, many times at a very high cost. The Sarbanes-Oxley Act of 2002 has forced many companies, both public and private, to report earnings in more transparent fashion than ever before. Microsoft's® Excel application, because of its familiarity and ease-of-use and integration to other desktop applications, has been the natural choice to build Profit & Loss Statements, Departmental reports, Cash Flow Statements, Balance Sheets and the like. In the software world, vendors all across the globe have been quite innovative at figuring out efficient ways to input data into various ERP applications. In spite of this, these same vendors haven't built efficient methodologies to do the reverse, which is to get the data out of the system in a format that is conducive to C-level decision makers getting the data how they need it, when they need it.

The Tactical Solution: Spreadsheet Server and Financial Analytics for ERP

Global Software, Inc. (www.glbsoft.com), Raleigh, NC has been at the forefront of the Financial Value Chain (FVC) by leveraging the Excel environment to populate spreadsheets dynamically. Global has addressed this issue by affording the business end-user the opportunity to leverage all of his/her knowledge of Excel with the full confidence that your financial information can be dynamically refreshed within your spreadsheet.

Spreadsheet Server is preconfigured for the following general ledgers:

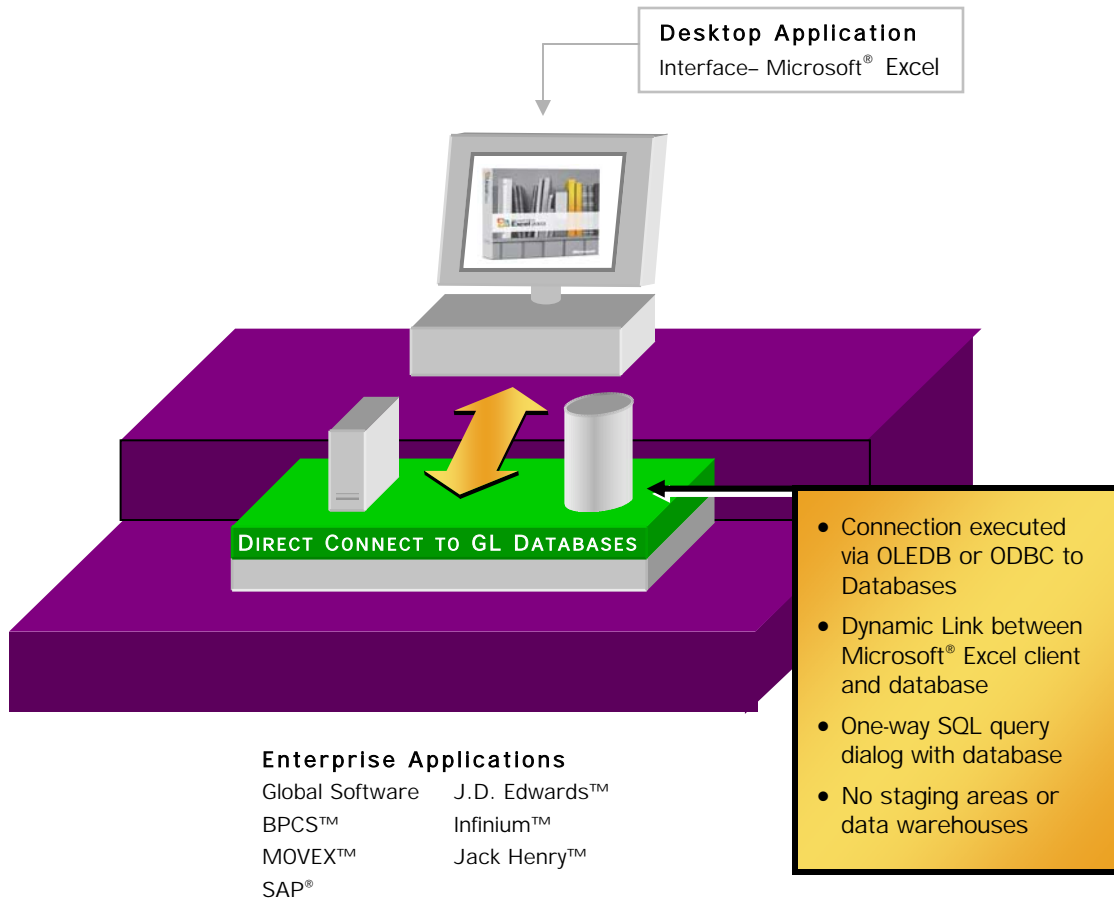
Global Software	BPCS™	Infinium™	Jack Henry™
J.D. Edwards™	MOVEX™	SAP®	

Spreadsheet Server is a powerful Excel add-in which brings real-time data from your general ledger directly into Excel spreadsheets, with complete drill-down to all details. The user has complete control and ultimate flexibility to design their real-time reports using only Excel features and functions. Summary balances and all levels of detail can be retrieved and manipulated within Excel.

With Spreadsheet Server you can:

- Eliminate the need for IT or super-users to create/change financial reports
- Combine reporting, account inquiry, and journal inquiry into one application
- Publish executive-quality reports from your current spreadsheet software
- Perform corporate consolidations with instant access to real-time data
- Leverage spreadsheet skills and write reports within minutes
- Increase efficiency and timeliness of your budgeting process
- Eliminate downloading or re-keying/exporting of spreadsheet data
- Eliminate staging areas and data warehousing
- Reduce the number of days to close your books

Spreadsheet Server Architecture



Views of Spreadsheet Server

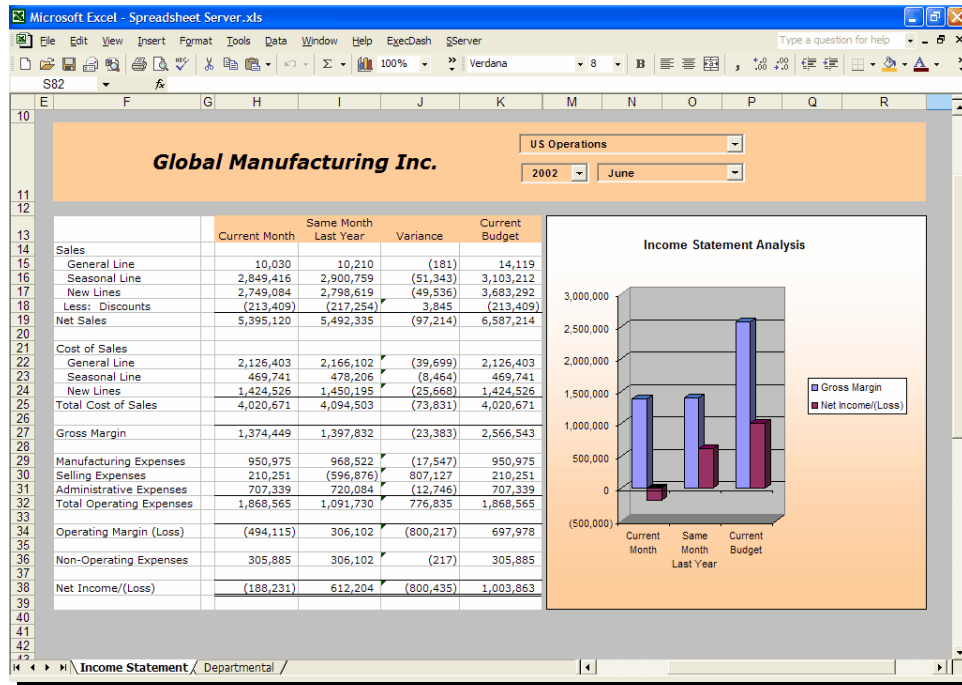


Figure A: Provides a graphical presentation of financial information.

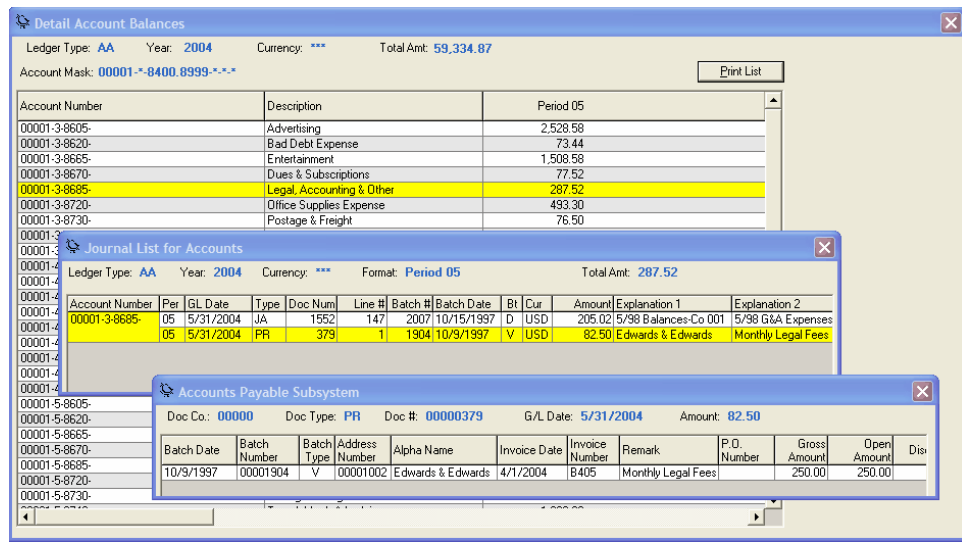


Figure B: Example of Drill-down from Excel spreadsheet to subsystem.

Why Business Intelligence Tools Don't Service Targeted Financial Reporting Needs

THE TRIPLE "C" ANALYSIS

Complexity of Solutions

- Difficulty in configuring efficient drill-down process
- No interactive use of the data (read-only)
- Requires intense configuration of data cubes/data marts
- IT is challenged with keeping data integrity

Costs

- Expensive configurations of data warehouses
- Costly implementation and services

Completion of Deployment

- Length of time required to create or update reports. This often requires an IT super-user or consultant
- Time to production deployment is weeks or months not hours or days

To overcome these issues, users resort to running reports and queries and then manually re-keying the data into Excel spreadsheets. These spreadsheets are then used as the basis for other reports and charts. Downloading, copying/pasting, or importing into spreadsheets are also common processes used in the financial reporting arena.

As a consequence to these lengthy and cumbersome procedures, the data becomes static and in some cases inaccurate. In many instances, the process has to repeat itself many times in the course of a reporting period.

Eliminate this bottleneck and give your users, whether it is your CFO or your staff accountant, a tool that leverages the power and strength of the Excel spreadsheet.

Conclusion

Your organization's ability to dynamically realize its financial information in a familiar format like Excel is paramount in terms of providing CFOs an instant and accurate picture of a company's financial anatomy. Spreadsheet Server achieves a long-sought goal of an instant corporate financial "X-ray", easily organizing and revealing the corporation's entire financial life real-time in Excel. This application is the perfect fit for all business end-users of Microsoft® Excel.

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