

Beyond The Spreadsheet

Spreadsheets are used extensively in almost all businesses. However they have their drawbacks.

Chloe Harlick, General Manager at Assetware Technology explains.

OH THE spreadsheet! That familiar grid filled with numbers and formulae, so easy to create and expand, so difficult to change, and so impossible to verify. And yet we love to use them. Why?

Part of the answer lies in their familiarity. Spreadsheets have been around since the earliest days of computing (anyone out there remember Visicalc? Lotus 123?). Spreadsheets are 'bundled in' to standard business software, which is often pre-installed on PCs.

When something is easily available, it is likely to be used and spreadsheets are indeed used extensively in almost all businesses. They are used for the whole range of financial applications – sales and purchase ledger, budgeting, expense accounting, asset management and many others.

There are some major advantages to spreadsheet sys-



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tems. Spreadsheets are quick to set up and easy to modify. Simple calculations are easily defined, and spreadsheets are extremely flexible, both for computation and presentation. They are also very good for 'thinking processes' - to analyse last month's sales figures, or do 'what if' projec-

tions.

But there are also many disadvantages to spreadsheet systems. Spreadsheets quickly become complex and difficult to verify. Often undocumented, they are error-prone and hard to change reliably. There is no built-in reporting – even standard statutory re-

ports must be built from scratch. Spreadsheet systems also make it very difficult to track and control changes or to produce a clear audit trail.

In our area of expertise, fixed asset management, we frequently come across companies using spreadsheets to calculate depreciation, record the purchase and disposal of assets and other related functions. And yet spreadsheets are simply incapable of doing many of the tasks needed for effective asset management. This costs the enterprise dearly in time, lack of control and lost opportunities for cost savings.

A couple of examples will make this clear. In many companies, individual assets (e.g. desks, chairs, filing cabinets, computers, printers, scanners) are grouped into asset categories (e.g. office furniture, IT equipment), which may be-

long to a number of departments, which are part of one or several cost or profit centres. In addition, the organisation may consist of a number of companies, and/or may be located across several sites.

It is virtually impossible to model the complexity of this kind of structure on any spreadsheet system, no matter how carefully designed and linked.

The problem goes further than this. Not only is the situation complex, but it is also dynamic. Changes occur at all levels, from the simple acquisition or disposal of single assets, to the transfer of assets or groups of assets across departments or cost centres, to the restructuring of some or all of the company. Attempts to re-

flect these changes on a spreadsheet system are almost inevitably doomed to failure.

Space does not allow for further examples, but there are many. It is not surprising then, that the fixed assets figure, which often represents a very substantial proportion of total assets on the balance sheet, is for many companies a Pandora's box which they have no means of opening.

Spreadsheets are not a good tool for effective asset management. This is confirmed by many of our clients, who report significant cost and time savings as a result of replacing their spreadsheets with a specialist asset management system. Is it time for you to start looking beyond the spreadsheet?

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