Still using Spreadsheet for treasury management?

We love the spreadsheets! It is a massive boost to personal productivity.
Nothing beats the spreadsheet to quickly sieve through voluminous data to clean, analyse and discern patterns with charts. And often, we see spreadsheet use for printing nicely formatted forms!

Spreadsheet misuse

But we notice all of our clients struggle dealing with spreadsheets to various degrees. The challenges we are all too familiar with: are difficulty locating a correct version, overwriting a final version or errors lurking in formulae. New team members are error prone as they inherit and work with spreadsheets prepared by others. Sharing spreadsheets between members exacerbates these problems by several factors.

Borrowing and investment transactions may not be voluminous in a corporate (non-bank) environment. Still, each transaction is a large-ticket item of value ranging from tens of thousands of dollars to many millions, depending on the size of an organisation. Clients face compliance and audit challenges relying on spreadsheets.

The spreadsheet's flexibility means that security is laissez-faire leading to a "best-effort" basis for accountability. Several clients have found this situation "disturbing" and unprofessional. Some regard this as unacceptable because it degraded data quality, accountability and security.

Spreadsheets' deceptive cost

Many perceive the spreadsheet as "free" because it comes with Office 365. This perception is dangerously erroneous. A recent study showed that maintaining spreadsheets for a medium business for consolidation costs as much as $4.5 million annually. [1]. We think this is further under-stated for the following reasons:

• A more experienced (aka costly) person needs to review spreadsheets for mistakes. To avoid this work, the person often ends up doing the work himself. In

either case, it is an expensive use of scarce resources.
• Spreadsheets, unlike a system, are personal and unstructured, and work cannot be easily (or safely) delegated. Management ends up doing work that is below their pay grade.
• New joiners spend excessive time understanding the nuances to avoid mishaps.
• Some staff spend excessive time formatting to beautify a spreadsheet instead of actual work.

Without intending to, some spreadsheet grows into a "major system" for critical financial processes. But there is usually no systematic backup for it as you would a formal system. It is only a matter of time before the disaster will happen. In fairness, most people are not unaware of such risk. But it is real; a simple search will return many real-life horror stories.

Usage-based pricing to the rescue

The reality is that transaction volumes at some corporate treasury are modest. And keeping a production-grade treasury system smoothly ticking over is a significant undertaking. Developing such a mature system takes time. Over a quarter of a century, in CS Lucas's case, and cost millions of dollars. After that, the technology provider must protect the system with state-of-the-art security to neutralise threats from critical vulnerabilities. Finally, for such a system to remain fit for purpose, it must be enhanced continuously in response to ever-changing best practices and comply with regulatory (accounting) standards.

At CS Lucas, we believe this low usage versus high maintenance cost problem is to charge based on use. In fact, under such arrangement, for those with indeed modest needs, the Essential edition is available at no charge. This arrangement works best for our client and us in the long term.

The spreadsheet has its place – just not for transaction management and integration. Finally, our team has a wealth of experience and tools to get you on-boarded with the proverbial one-click-of-the-button!
Give us a call to find out more.

[1]https://www.linkedin.com/pulse/how-do-you-calculate-cost-spreadsheet-helene-abrams