

On-time treasury: how long will the spreadsheet reign?



The arsenal of data tools available to modern treasurers is both expansive and transformative. Yet the reign of the spreadsheet continues. For insight-hungry treasurers, the solution is not being tethered to a single tool but rather in the strategic orchestration of these tools where and when they are most effective.

The spreadsheet has long been the workhorse of finance and treasury departments. It offers unrivaled flexibility and accessibility and has been entrusted with the full gamut of tasks, from sporadic analysis to critical functions like cash flow forecasting and risk modeling.

In spite of its limitations, the spreadsheet is also keeping pace with the increasing speed and volume of data facing businesses. One enabler is artificial intelligence (AI), which is helping to address some of the scalability limitations of spreadsheets through the automation of data input and cleansing processes.

Many of the tech-savvy have preached the inevitable end of the spreadsheet given the overwhelming growth of new visualization and data analysis solutions. Nevertheless, spreadsheets continue to be used for tasks well suited to machine learning, such as reconciliation. This highlights the often slow process of digital adoption for treasuries, which is centered on platform stability and risk management principles.

A pervasive tool follows pervasive skills

In this context, the fundamental thing spreadsheets have going for them is their ubiquity of use. A pervasive tool follows pervasive skills, and spreadsheeting has become a fundamental business skill of nearly every businessperson. The ability to obtain enough talent or build the right skills to drive pervasive adoption of more sophisticated tools is a hindrance to the growing plethora of dashboarding and data engineering systems.

For an on-time treasury focused on meeting a need when it is needed, the use of spreadsheets, or any tool, needs to be strategic. The opportunities for enhanced use of data are growing, and this requires new ways of thinking about data and strategic awareness of the tools on offer. The opportunity isn't about disintermediating these tools, but understanding the nuance of treasury processes and applying the full range of tools to achieve higher levels of process efficiency.

Key takeaways

- The opportunity for enhanced use of data requires new ways of thinking about data. Rather than being tied to a single tool, treasurers need to apply the full range of available tools to achieve higher levels of process efficiency.
- Spreadsheets have long been a finance workhorse because of their flexibility and pervasive use. AI and data integration will ensure their value remains, but they are suited to one-off analysis on non-complex data sets with a clear data source.
- Many of the challenges of data are common across all tools and include key person risk and the availability of specialized skills.
- The real trend for treasuries is to achieve the right level of data engineering to enable the full range of tools and balance the security and structure of core systems with the flexibility demanded by a growing business.
- Well-structured data and the use of newer visualization tools reduce the reliance on spreadsheets, improving process and data risk management, and Bank of America's low-implementation data insight tools offer the opportunity to accelerate data maturity.

How spreadsheets become integral

Spreadsheets become problematic when they become integral through the path of least resistance. As businesses evolve, information systems often do not evolve at the same pace. This creates a timing gap between the building needs of the business and the hurdle of costs and effort for core system enhancement.

Once hooked on this path of least resistance, spreadsheets take over

The cost of system transformation is high. It takes months to implement a forecasting module in a Treasury Management System (TMS), with significant process reengineering and dedicated technology and data resources. Faced with a few singular tasks or analyses, the approach is often to just get things done. There is no consequence or business case for using a spreadsheet for these singular tasks.

With this simplicity and flexibility, one single scenario, report or process over time adds up to a large proportion of effort and processing running on spreadsheets. Gradualization in the use of spreadsheets leads to the business case for change growing in complexity and drifting further into the future. Once hooked on this path of least resistance, spreadsheets take over, consuming resources and limiting the use of existing and potential TMS system capabilities.

Why change something that isn't broken

To be clear, some of the best run cash flow forecasts use spreadsheets. They combine multiple tools, including the TMS, and then output the results to a spreadsheet because of the ease of distribution and use among senior stakeholders.

Nevertheless, spreadsheets bring risks that need to be well understood and managed. As spreadsheets grow in complexity, they inevitably include a level of coding, yet all the rules of software development and documentation go out the window, leading to reliance on a single person who is able to understand and maintain the process.

A lack of version control and audit trails are issues that make spreadsheets unsuited to core treasury processes. Data security is also becoming paramount, and newer tools structure and simplify the processes of securing data and restricting access to particular users and user groups.

The more thought and investment in core data infrastructure, the clearer the application of individual tools will be

Choosing the right solution for a process requires recognizing a fundamental trade-off that goes beyond any single tool. There will always be a balance between the standardization and security of a system and the flexibility of data processes required by a business. Each organization needs to build the infrastructure and tools to support the flexibility required by the business. The more thought and investment in core data infrastructure, the clearer the application of individual tools will be and the more likely the right balance will be found.



It's all about the data

The debate over the effectiveness of visualization or analysis tools should not distract from the real trend, which is the business ownership and integration of data. Structured, integrated and well-documented data reduces reliance on spreadsheets and opens up opportunities for the right advanced analytics, AI or visualization tools.

All of these more advanced tools require sound data engineering and clean data to obtain meaningful outputs. Each of these tools requires a set of specialized skills. Therefore, key person risk remains a challenge regardless of the tool. The hurdle of investment in data engineering and finding the right balance between standardization and flexibility is also tool-agnostic.

While the use of spreadsheets in critical business processes or repetitive daily tasks should be limited, they have a sound application for one-off analysis on non-complex data sets with a clear data source. As spreadsheets continue to integrate with cloud-based systems, application programming interfaces and artificial intelligence, their value will remain.

When it comes to graphical reporting simplicity, the competition is strong. When combined with more structured data sets, visualization tools reduce the incentive for “just one more spreadsheet.” With lower development costs and faster learning curves, they close the capability and flexibility gap between core systems and one-off scenarios.

To accelerate the pace of data maturity and empower our clients, Bank of America is investing in a flexible data infrastructure that supports tools with little to no implementation hurdles. Our CashPro® forecasting solution requires almost no implementation and provides rich transactional data that empowers treasury decision-making. Our insight dashboard solutions cover end-to-end treasury processes, from cash reporting and working capital to risk management and fraud prevention, that drive efficiency and tangible process improvements.

The reign of the spreadsheet is certainly not over, and long may the “export to Excel” button remain. However, complacency is not warranted. The role and scope of data are growing, and treasurers need the right tools at the right time.

This series of articles and podcasts will highlight the key misconceptions and opportunities of on-time treasury. We trust you will find this frank approach refreshing. Speak to a Bank of America representative to understand our practical approach to on-time treasury, led by our treasury advisory group.



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