



Reporting

Spent a Fortune on Your ERP and Your Users Still Live in Spreadsheets?

by Paul Yarwood

Heard often from executives, this is one of the most common business complaints:

"I've spent all this money on an ERP system, and a bunch more on Business Intelligence, and I still don't get the information I need."

Why is it so difficult to obtain the reports you need, when you need them? Why are so many businesses still relying upon a humble spreadsheet to make important decisions? This is in spite of an inordinate amount of money being spent on sophisticated systems that under deliver.

Without raising your blood pressure further, take a look at why this might be the case. How can you fail to be impressed with some of the reporting software available today? The products look phenomenal, have great functionality, and promise a utopian vision of how decision-making could be implemented. However, if you can strip-away the glossy veneer, you'll see that a successful information strategy is based on just a few sound and simple principles; surprisingly, they have little to do with software and a lot to do with common sense.

In the case of ERP systems, like JD Edwards and Oracle E-Business Suite, these principles can be summarized as follows:

- Report directly from your ERP system. It's your single source of truth.
- Avoid using spreadsheets. It's like eating fast food: It provides instant gratification, but it's bad for you in the long run.
- Recognize that different reporting requirements need different approaches. You can't play a round of golf with just a seven iron¹.
- Make sure the end-user loves the software. Otherwise, they'll hate you for buying it.

¹ Well, actually you can, it's just not going to be pretty.

- Ensure your reports have “ERP smarts.” It just avoids you having to reinvent the reporting wheel.

Think about it: The information locked inside your ERP is a huge asset, if it can be leveraged in the right way. Here’s how:

Direct or Duplicate?

An important milestone that shapes an ERP reporting strategy comes when a decision is made to either establish a reporting framework that works directly with the ERP data or to extract the data into other systems in order to report. The direct approach is a better choice. Your ERP is your data warehouse. Extracting the data into separate systems creates different “silos” of information that require management.

Your IT team invests time to ensure the ERP system is secure, integral and complete. Duplicating data just means you now have to expend resources to extract the data and manipulate it into different formats to suit the other systems. This starts a constant battle over the integrity of the information that can so easily become out-of-date and out-of-sync. Basically, you pay a very high price for moving the data out of your ERP – just to have better reporting and introduce multiple points of failure in your information strategy.

Today, the following argument isn’t true: It’s necessary to move the data because the reporting options available over ERP systems are not good enough. Working directly with the ERP, more often than not, results in the least number of moving parts and is the simplest solution. Simple solutions stand a better chance of delivering what the business actually needs. In today’s business environment, simple is the new smart.

Avoiding Spreadsheets

When information systems let end-users down, they take matters into their own hands. By empowering themselves with spreadsheets and offline databases, they are able to use their skills to get the job done. Even the most ardent spreadsheet fan will concede that the situation is far from ideal.

Spreadsheets may seem to be an adequate standalone tool – extremely flexible and easy to manipulate. Unfortunately, that’s also their biggest weakness. Take the month-end close process for example: It’s too easy to adjust figures and introduce errors into the large, complex spreadsheets that senior executives are using to sign-off on the accounts. More than likely, these spreadsheets are forming the basis of management decision-making. These unsecure environments make it too easy to produce multiple versions of the same report. Later, version control and “auditability” become nearly impossible. The result is report proliferation. With everyone having their own particular version of the truth, it only compounds the reporting problem. Isn’t it just easier to go back to the ERP and sort out the reporting there?

Different Strokes for Different Folks

A strategy of focusing primarily on the reporting requirements of the economic buyer has served software vendors' financial interests well. However, operational reporting is just as important. Creating the correct operational reporting strategy goes a long way to serving the long-term interests of the executive.

The demands of operational reporting are very different from executive reporting. For example, the need for real-time information in an operational environment is vital; whereas executive reporting might demand more snapshot-based information. Even the manner in which the information is consumed may be very different. For instance, the business operations may need a more ad-hoc inquiry capability rather than executive-style dashboards. Operations are also interested in different capabilities. In some cases, they might require reporting systems that have built-in data integrity management and account reconciliation capabilities.

Many vendors don't exactly go out of their way to explain the subtle nuances that make sales reporting very different from financial reporting. Consequently, many organizations have been delighted with their software selection for sales reporting – only to be frustrated in producing their financial reports. A good reporting solution needs to capture these subtleties. If not, frustrations will ensue.

Love the End User

Someone once said, "Everything in life is simple; it's just people who make it complicated."

The immutable fact is that people build software systems, and many software applications are overly complex. It doesn't matter how sophisticated a reporting tool might be: If it's so complicated that only IT can use it, then the adoption rate will be poor and reporting problems will follow.

Reporting tools that are truly designed for end-users are the only way to achieve a distributed reporting strategy and to have true collaboration over the same information. Having to wait for IT to build a report is just a lose-lose proposition. IT is always under pressure and come to resent the end-users' requests. Subsequently, the end-users become frustrated. After waiting, they resort to offline solutions that are difficult for IT to support. We're back to our spreadsheet problem, again.

Some vendors are now wise to this problem and masquerade what is fundamentally a technical tool as an end-user solution. If you need to know fields, files and the underlying structure of your ERP system to perform reporting, then chances are it's not an end-user tool. End-user reporting software should be intuitive enough to be easily "switched on" – with little or no training assistance – to be productive.

ERP Smarts

An ERP reporting solution should be in tune with the ERP and should already possess a high degree of ERP-specific business logic. If it doesn't, the people creating the report have to apply it themselves. This makes reporting experiences vary from "impossible to build" to merely "cumbersome and prone to error."

Can you leverage the existing ERP chart of account hierarchy and augment it on the fly to produce the



income statement you need? Or, can you automatically calculate aging categories to produce a real-time aged debt report for the business?

There are hundreds of similar examples. As always, the devil is in the details; a reporting solution without these built-in “ERP smarts,” means you’re either coping without them or having to try to build them on your own.

Avoid reinventing the reporting wheel and risking further frustration because another reporting solution just failed.

For a more detailed analysis of how to ensure that a budgeting automation solution meets all these different budgeting requirements, review the InsightSoftware.com Reporting Buyer’s Kit: www.InsightSoftware.com.