

The Great Debate: Excel Versus a Database Application

The discussion of an Excel vs. Database application approach to budgeting is not a new one, but it is one that takes some understanding of what your requirements are in your budgeting process. Over the years, we've gauged that more than 75% of local governments use Excel as the go-to solution for budgeting and forecasting.

What is the Right Tool for You? Let's compare.



Excel	Database Application
Information Is Local To Spreadsheets	
<ul style="list-style-type: none"> • Static version of the data • Versioning is difficult • Understanding what numbers are correct • Accumulation and consolidation of data is manual and difficult 	<ul style="list-style-type: none"> • All data and versions are stored centrally • Data accumulation in real time and automatic aggregation
Information Is Scattered	
<ul style="list-style-type: none"> • Decentralized budget entry • Difficult to get up-to-date Information • Multiple versions of spreadsheets scattered on desktops and file servers 	<ul style="list-style-type: none"> • Centralized budget entry- all information in one location • Information is right at your finger tips • Single data repository provides a single version of the truth
Manual Data Entry Issues	
<ul style="list-style-type: none"> • Linked Spreadsheets that can break • Where does this number come from? • Is it updated? • Maintenance of a multitude of spreadsheets is difficult and error prone 	<ul style="list-style-type: none"> • Brings together financial and non-financial data from a variety of sources • Consistent presentation and aggregations • Unified database removes the need for spreadsheet links
Communication And Collaboration	
<ul style="list-style-type: none"> • Inability to easily share information • Sharing of final reports is generally facilitated by email • Lengthy, inefficient update process when multiple participants are involved • Bringing data together from multiple files and data sources can be difficult 	<ul style="list-style-type: none"> • Data is stored centrally, with the option to email various reports/versions • Multiple users can contribute to the same report/data simultaneously • Step-by-Step process flows to guide users
A Standard Approach	
<ul style="list-style-type: none"> • Unstructured Workflow process of approvals • Loose and unstructured process requiring time to monitor • Unstructured data • Lacks multi-dimensional view • Reports with different formats and layout floating around 	<ul style="list-style-type: none"> • Structured process for approvals • Real time progress monitoring and approvals • Budgets and reports can be locked down • Data aggregation is performed consistently and across multiple dimensions for better insight • Consistent look and feel can be applied easily to all reports • Ability for users to create their own reports via Ad Hoc reporting

Version Control	
<ul style="list-style-type: none"> • A saved spreadsheet represents a version • Version comparisons and analysis involves manual manipulation 	<ul style="list-style-type: none"> • Versioning is possible with a simple drop down selection • In report, drill down functionality to ease root cause analysis • Version comparisons are facilitated with out-of-the-box reports • Unlimited number of versions • Security manages user access to versions
Variance Reporting	
<ul style="list-style-type: none"> • Typically a manual, time consuming process of exporting actual cost from the financial solution, and then formatting and massaging the numbers to facilitate actual vs. budget comparisons • Most departments receive quarterly variance reports 	<ul style="list-style-type: none"> • Through integration, actual costs can be imported at any interval Finance determines- nightly, monthly, quarterly • Departments are empowered to access their variance without reliance on Finance department • Finance has more time to focus on reporting and analysis
Post Budget Approval	
<ul style="list-style-type: none"> • Finance department required to manually key in the approved budget into the financial solution for variance reporting • Post budget amendments usually take place in the financial solution 	<ul style="list-style-type: none"> • Through integration, the approved budget can automatically be pushed into the financial solution, reducing the chance of human error • Post budget amendments can be done in the database and then pushed to the financial solution, if needed
Audit Trail	
<ul style="list-style-type: none"> • Changes to budget modifications (what, when, why) not tracked through the system • Limited to keeping copies of files 	<ul style="list-style-type: none"> • All details can automatically be tracked • Changes in values, time stamp, user, etc • Removes the need for multiple spreadsheet copies
Data Security	
<ul style="list-style-type: none"> • Security is mostly left in the hands of each user • Typically all or nothing 	<ul style="list-style-type: none"> • Role-based security can be aligned to teams or individuals for ease of maintenance • Consistent security model between budget / forecast versions, actuals and reports
Change Management	
<ul style="list-style-type: none"> • People like to stay with something they already know and are comfortable with • The transfer of knowledge is limited when the people retire or move on 	<ul style="list-style-type: none"> • Typically adopted by governments that see the need for better processes in order to increase productivity • Knowledge transfer is facilitated by training a core group of staff who are then able to train others
User Friendly	
<ul style="list-style-type: none"> • Most budget contributors are familiar with Excel • Minimum to no training required • No IT resources required to maintain 	<ul style="list-style-type: none"> • Initial training is required • Extra IT resources may be required to maintain the application
Price	
<ul style="list-style-type: none"> • Included in Microsoft Office package • Number of users is not limited to number of licenses purchased • Upgrades happen when Microsoft upgrades 	<ul style="list-style-type: none"> • Can vary dependent on packages, number of users, and features • Upgrades can cost extra • More frequent upgrades • Upgrades are typically driven by direct customer feedback