

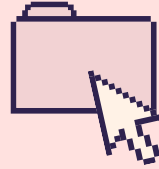


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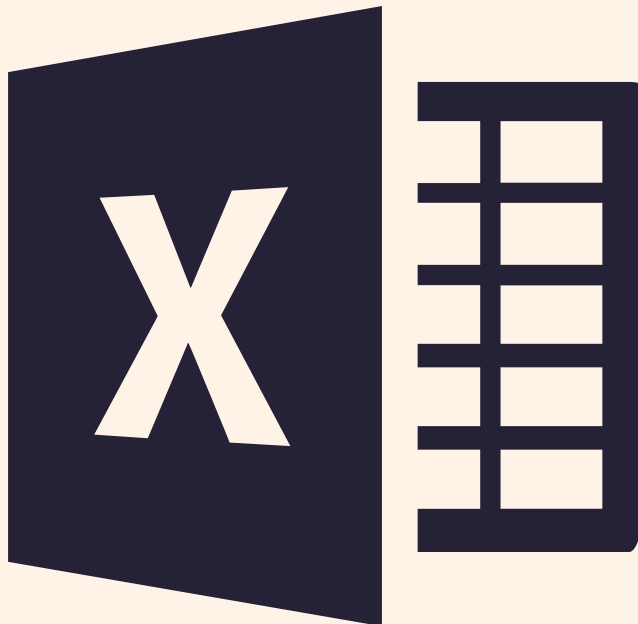
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Excel Disasters!

5 spreadsheet mistakes that
cost businesses billions



SKY **STEM**
Crystal Clear Close





Dear Excel user,



Microsoft Excel has been a vital tool for businesses since its inception in 1985. In fact, 81% of companies make use of the software. As useful as the program is, it is still a manual tool with room for human error. Even with careful review, mistakes can still slip through the cracks.

Let's take a look at some of the greatest Excel disasters in modern history and see what we can learn from them.



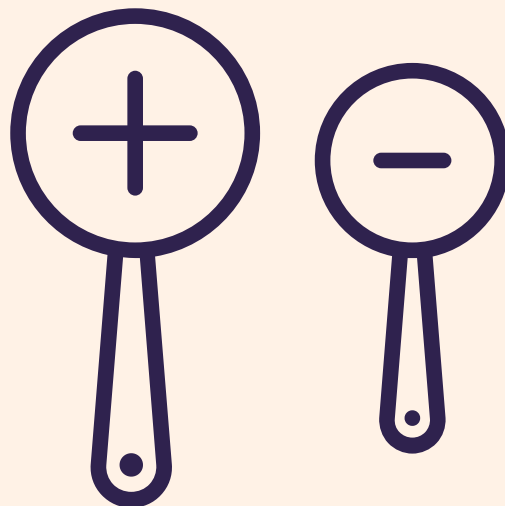
DISASTER #1

FIDELITY'S MINUS SIGN ERROR

Could you imagine if one small mistake at work resulted in the loss of billions of dollars? One accountant at Fidelity accidentally omitted a minus sign while transcribing the Magellan Fund's financials. This caused the loss to be calculated as a gain, throwing the dividend estimates off by \$2.6 billion.

When year-end distributions rolled around, the world's largest index fund underdelivered on anticipated share value. As you can probably guess, shareholders were not pleased.

After this incident, Fidelity implemented more rigorous QA by adding additional verification of spreadsheets.



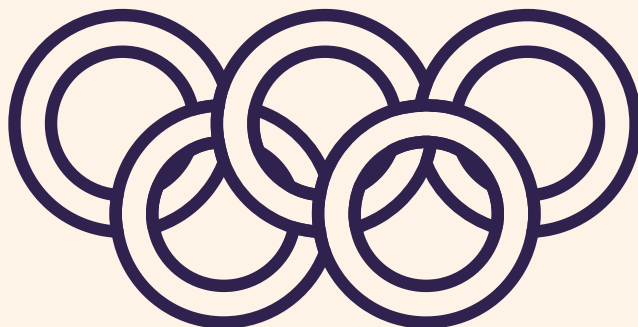


DISASTER #2

THE LONDON OLYMPICS OVERSELLS TICKETS

Sometimes embarrassment isn't the only consequence of a typo. In 2012, a London Olympics employee noted 20,000 available tickets in a spreadsheet when the actual number was 10,000. An estimated loss of £500,000 followed.

While it's easy to make a mistake with a complex formula, this incident is a great reminder that sometimes the simplest mistakes can be the most deadly. So, what happened to those extra fans without seats? Luckily for the spectators they were offered upgrades to the final event—on the company dime.





DISASTER #3

MI5 VIOLATES CELL PHONE PRIVACY

As the public becomes increasingly uncomfortable with government surveillance tactics, it's important to tread lightly. In 2011, the British domestic intelligence agency MI5 accidentally bugged 134 of the wrong phones. Talk about an invasion of privacy!

A spreadsheet formatting error was the culprit for this blunder, messing up the last 3 digits of the target phone numbers. This cautionary tale illustrates that money isn't the only thing to be lost for an organization. Trust is the most valuable currency in the world.



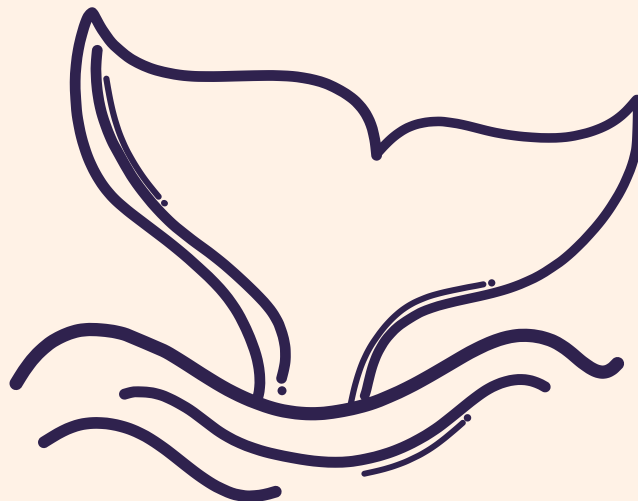


DISASTER #4

JP MORGAN CHASE'S LONDON WHALE INCIDENT

Pressure from above in the workplace creates conditions ripe for mistakes made from cutting corners or stress. Under a tight deadline, a worker made a copy and paste mistake in a new Value at Risk model. The sum (instead of the average) was picked up, causing losses to the tune of \$6 billion.

Let this be a lesson to management to ensure their direct reports receive ample support and to employees to take breaks before exhaustion leads to administrative errors.





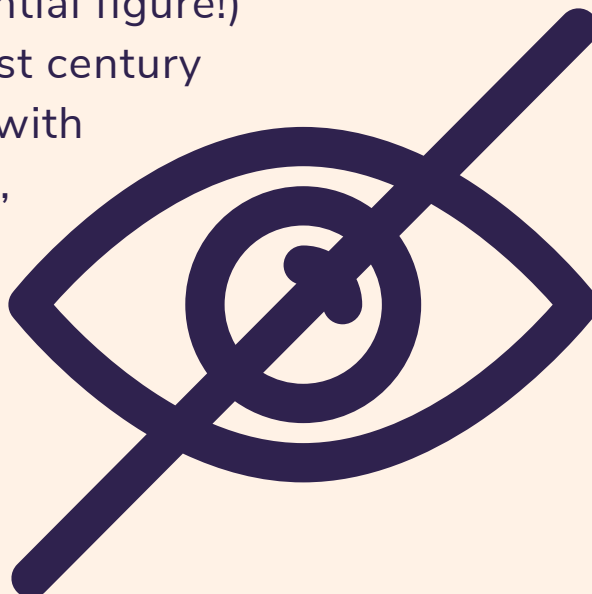
DISASTER #5

BARCLAY'S HIDDEN CELLS

Humans are forgetful creatures. When using the filter function in Excel, it's all too easy to walk away and come back to your spreadsheet without turning it off. A Barclays employee did just that when they hid cells containing information about rejected contracts instead of deleting them.

When the cells became visible, the bank ended up having to purchase 179 more contracts than intended, costing an undisclosed amount (though it can be assumed a substantial figure!)

Newton's words get a 21st century makeover when working with software: for every action, there is an equal and opposite reaction.





Don't get bogged down with spreadsheets

Nobody likes surprises when it comes to financial reporting. Despite the available technology, many companies still rely on manual Excel processes for their month-end close. SkyStem's ART is an affordable enterprise solution that eliminates up to 90% of manual month-end work while decreasing risk and error.

ART works to:

- Automate key internal controls to strengthen corporate governance
- Eliminate work that is highly repetitive, error prone and purely administrative in nature
- Present CFOs and controllers with dashboards, reports and real-time updates on status, variances and other exceptions

See a demo today and discover how ART can help you win back your time and streamline your close!

For more insight:

