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## SPREADSHEET RISK

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Spreadsheets are ubiquitous in the modern corporate world. Largely owing to the computing power available on the desktop and the ease-of-use of spreadsheet applications such as Microsoft Excel, almost all business functions now involve spreadsheets at some stage.

Spreadsheets therefore have a significant business impact in key areas, including:-

- Deal Evaluation, M&A and Flotations
- Performance Monitoring, Business Simulation, Budgeting and Forecasting
- Statutory and Management Financial Reporting

Key business and strategic decisions are influenced by the output from spreadsheets.

Greater analytical power on the desktop has increased the depth and sophistication of business analysis, but it has also introduced a new risk – spreadsheet risk. Spreadsheet errors can adversely impact strategy, M&A decisions and, ultimately, affect shareholder value.

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## WHY WORRY?

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Spreadsheet risk is often forgotten as responsibility with it is often split between IT and business. IT departments often see spreadsheets as a business tool whereas business heads usually see spreadsheets as something that IT should support.

This is no longer sustainable. Recent legislation including:-

- Sarbanes-Oxley Act
- MiFID
- Basel II Capital Accord

makes it necessary for most public companies and financial service firms to at least consider that they should do about spreadsheet risk.

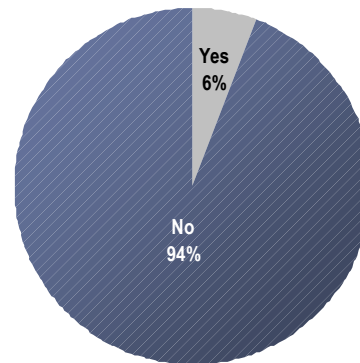
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## REAL LIFE SPREADSHEET RISK

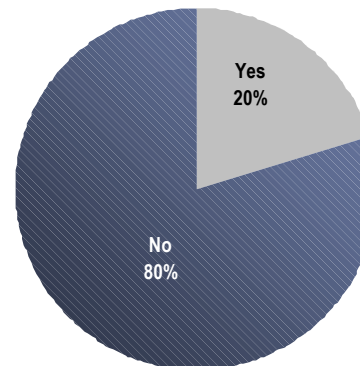
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Without specialist expertise, however, it is difficult to know what to do about spreadsheet risk. Moreover, our surveys indicate that most companies have very little idea of their spreadsheet risk exposure.

**Do you know how many spreadsheets you have in your organisation?**



**Do you have any internal measure of spreadsheet risk?**



Even when spreadsheet risk has been identified, it can be difficult to know what measures may work in practise and how to implement them in a commercial environment

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## MANAGING SPREADSHEET RISK

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We are an independent consulting firm specialising in spreadsheet risk management (SRM™). As we do not sell spreadsheet risk systems ourselves, we can be entirely objective in our recommendations.

Furthermore, we have a great deal of practical experience in building financial models for Fortune 500 Companies. We know what works in real life and practise what we preach.

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## SRM™ METHODOLOGY

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We have developed a Spreadsheet Risk Management methodology to help you locate, quantify and then manage your spreadsheet risk in the most cost-efficient way possible.

This methodology has three stages:-

### LOCATE THE SPREADSHEET RISK

We have proprietary tools which allow us to rapidly inventory your spreadsheets.

### QUANTIFY THE RISK

We can help you quantify your spreadsheet risk using a combination of our proprietary scanner, interviews with key staff and a streamlined questionnaire. Similar to Value at Risk (VaR), the result is a single number which measures your spreadsheet risk.

### TAKE STEPS TO MITIGATE THE RISK

Having located and quantified your risk, we will then use our vast range of experience to help you choose appropriate risk management solutions.

Following this simple three-stage process helps target your investment in spreadsheet risk management and ensure that it is cost effective.

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## THE JAMES GILL GROUP

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The JAMES GILL GROUP provides analytical services to investment banks, investment funds, corporate finance houses and pharmaceutical companies.

Whatever the arena, we depend on our core analytical and research skills. Spreadsheets and the ability to build reliable spreadsheet models form a key part of these skills.

Recent client engagements have included:-

### FINANCIAL MODELLING FOR NOMURA PLC

We wrote bespoke financial models which were audited by Ernst & Young and now form the basis of Nomura's CMBS business.

### VALUATION OF US FRANCHISE AGREEMENT

We helped a management team justify the value of a US speciality chemicals franchise in EMEA.

### €3BN REAL ESTATE ACQUISITIONS AND IPO

In 2007, we provided a London-based investment fund by providing a consolidated model of its acquisitions under IFRS as a precursor to an IPO.

### RESEARCH FOR A US BIOTECH COMPANY

We provided highly specialised custom research for a San Francisco based biotech company looking to raise second round venture capital.

### FORTUNE 100 PHARMACEUTICAL COMPANY

We assisted a major pharmaceutical company to extract and analyse data from healthcare systems across Europe with a view to future strategy.

In the past twelve months we have been involved in supporting transactions worth over \$5bn

We are happy to discuss possible projects at no cost to the customer. Please call, fax or send us an e-mail.

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— SPREADSHEET RISK MANAGEMENT —