

Sourcing Innovation

- [Back to Main Page](#)






- **Quicksearch**

Include comments

Search

July 2007						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

- **Syndicate This Blog**

-  [Entries Atom 1.0](#)
-  [Comments Atom 1.0](#)
-  [Entries RSS 2.0](#)
-  [Comments RSS 2.0](#)
-  [Podcasts RSS 2.0](#)

- **About Sourcing Innovation**

- [About](#)
- [Comment Rules](#)
- [Editorial Disclaimer](#)
- [\(Client\) Disclosures](#)

- **Monthly Archives**

- [July 2007 \(37\)](#)
- [June 2007 \(34\)](#)
- [May 2007 \(43\)](#)
- [April 2007 \(39\)](#)
- [March 2007 \(39\)](#)
- [February 2007 \(29\)](#)
- [January 2007 \(38\)](#)
- [December 2006 \(31\)](#)
- [November 2006 \(36\)](#)
- [October 2006 \(35\)](#)
- [September 2006 \(32\)](#)
- [August 2006 \(30\)](#)
- [July 2006 \(29\)](#)
- [June 2006 \(22\)](#)

• Category Archives

- [About \(9\)](#)
- [Advertisement \(11\)](#)
- [Auctions \(2\)](#)
- [Best Practices \(86\)](#)
- [China \(7\)](#)
- [contract management \(7\)](#)
- [Corporate \(14\)](#)
- [Decision Optimization \(26\)](#)
- [Event \(18\)](#)
- [Finance \(6\)](#)
- [Global Trade \(7\)](#)
- [Green \(11\)](#)
- [Guest Author \(13\)](#)
- [humour \(42\)](#)
- [India \(1\)](#)
- [Interview \(1\)](#)
- [JLP \(6\)](#)
- [Lean \(6\)](#)
- [Manufacturing \(1\)](#)
- [Marketplaces \(5\)](#)
- [Miscellaneous \(295\)](#)
- [Open Source \(9\)](#)
- [Outsourcing \(18\)](#)
- [Problem Solving \(14\)](#)
- [Procurement Innovation \(47\)](#)
- [Product Management \(13\)](#)
- [rants \(17\)](#)
- [RFX \(2\)](#)
- [Risk Management \(41\)](#)
- [SaaS \(14\)](#)
- [Serious \(7\)](#)
- [Services \(26\)](#)
- [Sourcing Innovation \(57\)](#)
- [Spend Analysis \(18\)](#)
- [Supplier Management \(23\)](#)
- [Supply Chain \(96\)](#)
- [sustainability \(7\)](#)
- [Talent \(28\)](#)
- [Technology \(100\)](#)
- [Top Three \(12\)](#)
- [X-Mas \(12\)](#)

• Recent Entries

1. [Recent Site Maintenance](#)
Thursday, July 26, 2007
2. [India has Problems Too](#)
Thursday, July 26, 2007
3. [Site Maintenance, Again](#)
Wednesday, July 25, 2007
4. [The U.S. Bureau of Labor Stastics is Wrong. Dead Wrong!](#)
Wednesday, July 25, 2007
5. [The Coupa Sunflower Starts to Blossom](#)

Wednesday, July 25, 2007

6. [Two Great New Optimization Resources](#)
Tuesday, July 24, 2007
7. [Avoiding Risk Management Pitfalls](#)
Tuesday, July 24, 2007
8. [Who Wants to Brief The Doctor?](#)
Monday, July 23, 2007
9. [Managerial Delusions](#)
Monday, July 23, 2007
10. [JLP Responsible Sourcing Part VI: Freedom of Association and Employee Representation](#)
Sunday, July 22, 2007

• Recent Comments

1. Ron Holland on [The Cost of Capitalism](#)
7/26/2007
2. Michael Lamoureux on [The Arrival of Aravo?](#)
7/26/2007
3. Ben Boul on [The Arrival of Aravo?](#)
7/26/2007
4. Michael Lamoureux on [Two Great New Optimization Resources](#)
7/26/2007
5. Greg on [Two Great New Optimization Resources](#)
7/26/2007
6. Charles Dominick, SPSM on [The U.S. Bureau of Labor Stastics is Wrong. Dead Wrong!](#)
7/26/2007
7. Dave Inglis on [The U.S. Bureau of Labor Stastics is Wrong. Dead Wrong!](#)
7/26/2007
8. Michael Lamoureux on [Nextance: Next Generation Contract Management](#)
7/24/2007
9. Michael Lamoureux on [The Cost of Capitalism](#)
7/23/2007
10. Dave Inglis on [The Cost of Capitalism](#)
7/23/2007

• Subscribe To Blog/Entry

Blog Entry

Subscribe

• Blogs

- [Spend Matters](#)
- [eSourcing Forum](#)
- [Supply Excellence](#)
- [Procurement Central](#)
- [Purchasing Certification](#)
- [CombineNotes](#)
- [European Leaders Network](#)
- [@ Supply Chain Management](#)
- [Product Global](#)

- [Strategic Sourcing | Europe](#)
- [Evolving Excellence](#)
- [SupplyChainer](#)
- [SCM Pulse](#)

• Websites




[Sourcing Innovation](#)



Sourcing Innovation: Save Billions the Easy Way

Save Billions the Easy Way

Posted by Michael Lamoureux at [6/12/2007 8:00 AM](#) and is filed under [Technology](#), [Miscellaneous](#), [Sourcing Innovation](#) 

Not that long ago, [Oregon State University](#) released a [press release](#) stating that its computer scientists have created a *new, much simpler approach to fixing errors in spreadsheets, a system that is easy to use and might help businesses around the world reduce mistakes and save billions of dollars.*

According to the article in the United States it has been estimated that 11 million people create about 100 million spreadsheets a year, which in turn might be managed by up to 60 million users ... but they are notoriously prone to errors. And that most users of spreadsheets are overconfident, they believe that the data is correct but that it has been observed that up to 90 percent of the spreadsheets being used have non-trivial errors in them. In fact, one auditor has said he never inspected a single spreadsheet during his entire career that was completely accurate.

Thus, the new approach to fixing errors, which allows a non-specialist to identify and fix a problem by selecting a fix from a short list of change suggestions, is expected to be quite beneficial. The system, which attempts to try and identify the ways that humans commonly make mistakes and then suggest what the correct approach might have been, can suggest several programming mistakes that might have created the error when an error is found and allow the user to sort through them and identify the root cause. The system is currently performing rather well. In 80% of the cases, the fix is in the top five suggestions and in 72% of the cases, the fix is among the first two suggestions. The GoalDebug System (short for "Goal Directed Debugging of Spreadsheets") gives end users the chance to explore, apply refine, and reject suggested changes, a systematic approach that allows people with comparatively little training in programming and spreadsheet development to identify and repair errors.

However, as far as I'm concerned, this is not good news. All I see is tens of thousands of man hours and millions of dollars of research funding wasted on a patch solution that doesn't address the real, underlying problem - spreadsheets are bad!

As far as I'm concerned, the answer is the development of appropriate financial applications that contain the calculations and report creation abilities end users need and negate the need for them to develop these huge complicated spreadsheets. Then there wouldn't be errors to track down in the first place.

Fortunately, for your procurement department, there is an answer - and the answer is e-Sourcing complete with spend analysis and decision optimization. That's the easy way to save billions.

What did you think of this blog article?

- Liked
- Disliked
- No Opinion

[Vote & See Results](#)

Trackbacks

[Trackback specific URL for this entry](#)

- Trackbacks are closed for this entry.

Comments

Display comments as (Linear | [Threaded](#))

- [6/11/2007 11:10 AM Dick Locke](#) wrote:
You criticize spreadsheets. I agree completely, even though I distribute one in my seminars. I'd love to see a combined freight optimizer, landed cost comparer and risk analyzer combined in a commercial application aimed at source selection.

Anybody know of such a tool? I'd be happy to donate my spreadsheet to a company who wants to develop one.

Among the issues that would overtax a spreadsheet-based tool (and I haven't tried to include) are:

-multiple source-multiple destination total landed cost and decision optimizer

-currency risk analysis on an assembled product that contains parts from multiple countries/currencies

-integration of the currency risk analysis module with history-based estimates of the probability of an exchange rate change that would make a supplier selection suboptimal

I do think the probability of errors is only slightly higher in the early days of a spreadsheet than in the early days of a commercial application. It's often the fear of errors and lack of connectivity of a spreadsheet that limits its value. A spreadsheet is a good way to develop the algorithms needed to do a full blown commercial application.

[Reply to this](#)

- [6/12/2007 9:41 AM Paul Martyn](#) wrote:
Dick,

You are welcome to reach out to me and I will walk you through an online demonstration of a tool, I believe, meets your outlined 'need'.

You can reach me on the numbers provided at http://www.combinenet.com/site/contact_us/

Forgive me for not publishing my contact information in blog comments.

Paul Martyn

[Reply to this](#)

- [6/12/2007 10:25 AM Eric Strovink](#) wrote:

The Doc waxes somewhat too enthusiastically about getting rid of spreadsheets. The good news about Excel is that there are lots of competent users out there, and, as Dick points out, there are few better ways to try out an analysis.

The Doc suggested a while back that one should use a transactional analysis tool to do some initial exploration of the data. That exploration then makes optimization model choices more obvious, saving tons of time. And Excel is definitely a very useful part of that process. Here's the link:

<http://blog.sourcinginnovation.com/2007/03/27/analytics-vs-optimization.aspx>

[Reply to this](#)

1. [6/12/2007 11:12 AM Michael Lamoureux](#) wrote:

I guess I was not clear. I am recommending we get rid of spreadsheets as an in-depth analysis and reporting tool, as it is simply too error prone for such tasks. It is a great user interface for quickly accessing and populating large amounts of data, particularly numerical, as a grid is simple to work with, but it is not a great tool for sophisticated analysis or reporting.

[Reply to this](#)

- [6/12/2007 9:34 PM Eric Strovink](#) wrote:

Michael,

I think you were quite clear, I just don't agree with you entirely. Much of what folks try to do with Excel (such as optimization) shouldn't be done, admittedly; but Excel is actually a fantastic reporting tool for many purposes, especially if models can be populated with complex data and iterated from an OLAP store.

Perhaps you don't think of such models as "sophisticated," but I have seen some remarkable efforts.

[Reply to this](#)

- [6/12/2007 9:42 PM Michael Lamoureux](#) wrote:

Eric:

Despite the fact that Excel 2007 apparently cannot even redo a simple sum on spreadsheet update?

Anyway, I have no problem using Excel for reporting, since that's a UI-use ... but I would do all the heavy lifting in another tool. 😊

[Reply to this](#)

Leave a comment

98355

Enter the above security code (required)

Name (required)

Email (will not be published) (required)

<input type="text"/>	Website
<input type="text"/>	

Your comment is 0 characters **limited to 3000 characters**.

- Subscribe to this entry
- Subscribe to this blog
- Remember me

<input type="button" value="Submit Comment"/>	<input type="button" value="Cancel"/>	<input type="button" value="Check Spelling"/>
---	---------------------------------------	---

Copyright 2007. All rights reserved.