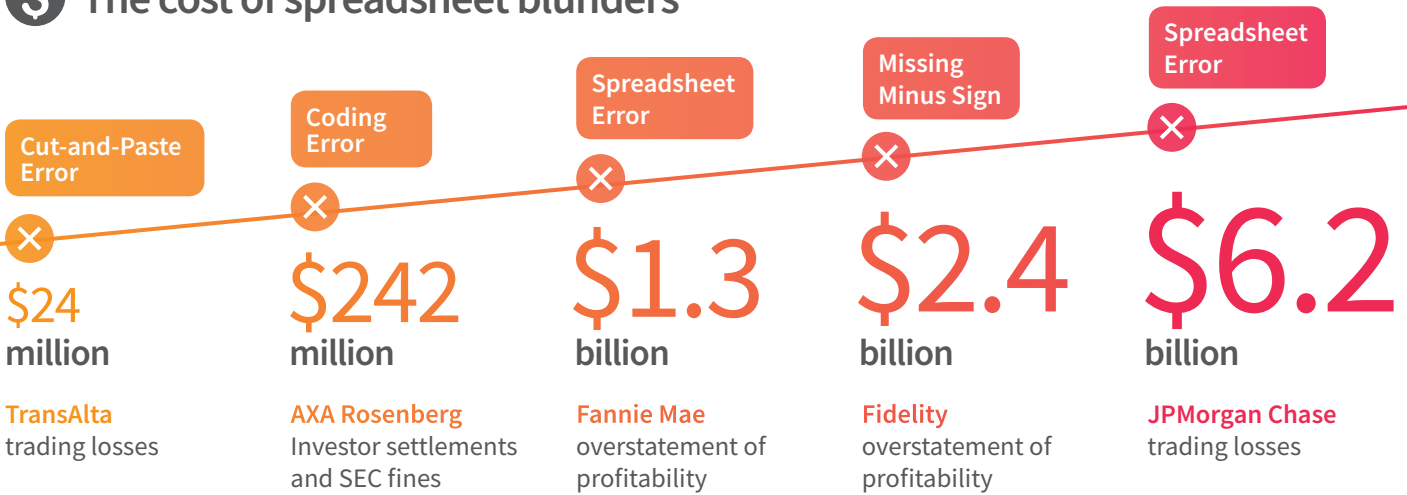


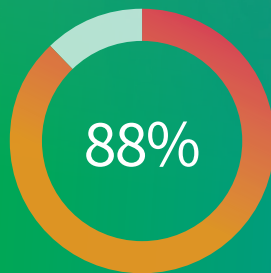
Risky business: what private capital firms need to know about using spreadsheets for portfolio monitoring

Spreadsheets help private capital firms and investors track investments and make key decisions. But how reliable are they? Here's what you need to know about the risks.

💰 The cost of spreadsheet blunders



Nearly 3 in 4 private capital firms use spreadsheets to collect and analyze portfolio company data, but...



of spreadsheets contain errors



of spreadsheet models have material defects



of spreadsheet formulas contain developer errors

⚠️ Spreadsheet errors can appear in...



Investor Reports



Valuation Models



Regulatory Filings

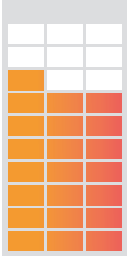


The result

Private capital firms may impact their credibility in front of investors and regulators.

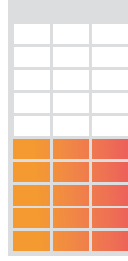
! Watch out for these top 3 risks

76%



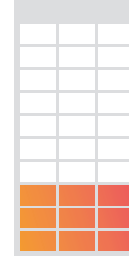
of spreadsheets contain **inaccurate data** (miskeyed or overstated)

49%



of spreadsheets contain **errors inherited from other spreadsheets**

33%



of spreadsheets contain **model errors**, including structural errors and errors of omission

Top 3 ways to reduce errors

Use validation tools.

Create an automated system that generates data exception reports to minimize risks of invalid data entering the system.



Track data back to the source.

Link cell data to source documentation so that figures can be confirmed and contextualized easily.



Build in automated approvals.

Create business rules that ensure data is reviewed and approved by the right people before it can be accepted by the system.



3 more reporting best practices for private capital

 **Automate**
only 1 in 4

private capital firms are benefiting from proprietary or third-party solutions that automate portfolio company data collection and analysis.

 **Share more**
3 out of 4

investors want reports on both portfolio and fund investment activity.

 **Go digital**
9 out of 10

investors want to receive financial data from private capital firms in digital format.

Data Sources:

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Grenville J. Croll | <http://arxiv.org/pdf/0908.4420.pdf>

David Chadwick | <http://arxiv.org/pdf/0712.2594v1.pdf>

Raymond Panko | <http://arxiv.org/pdf/0712.0109v1.pdf>

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AMERICAS
+1 212 849 3800

EMEA
+44 20 7665 9800

APAC
+852 3742 1013