

VISHNU GIRI

Partner, PwC BCS LLP PGDM (IIM Bangalore)
BTech (Mechanical Engineering)
Registered Valuer - S&FA and P&M

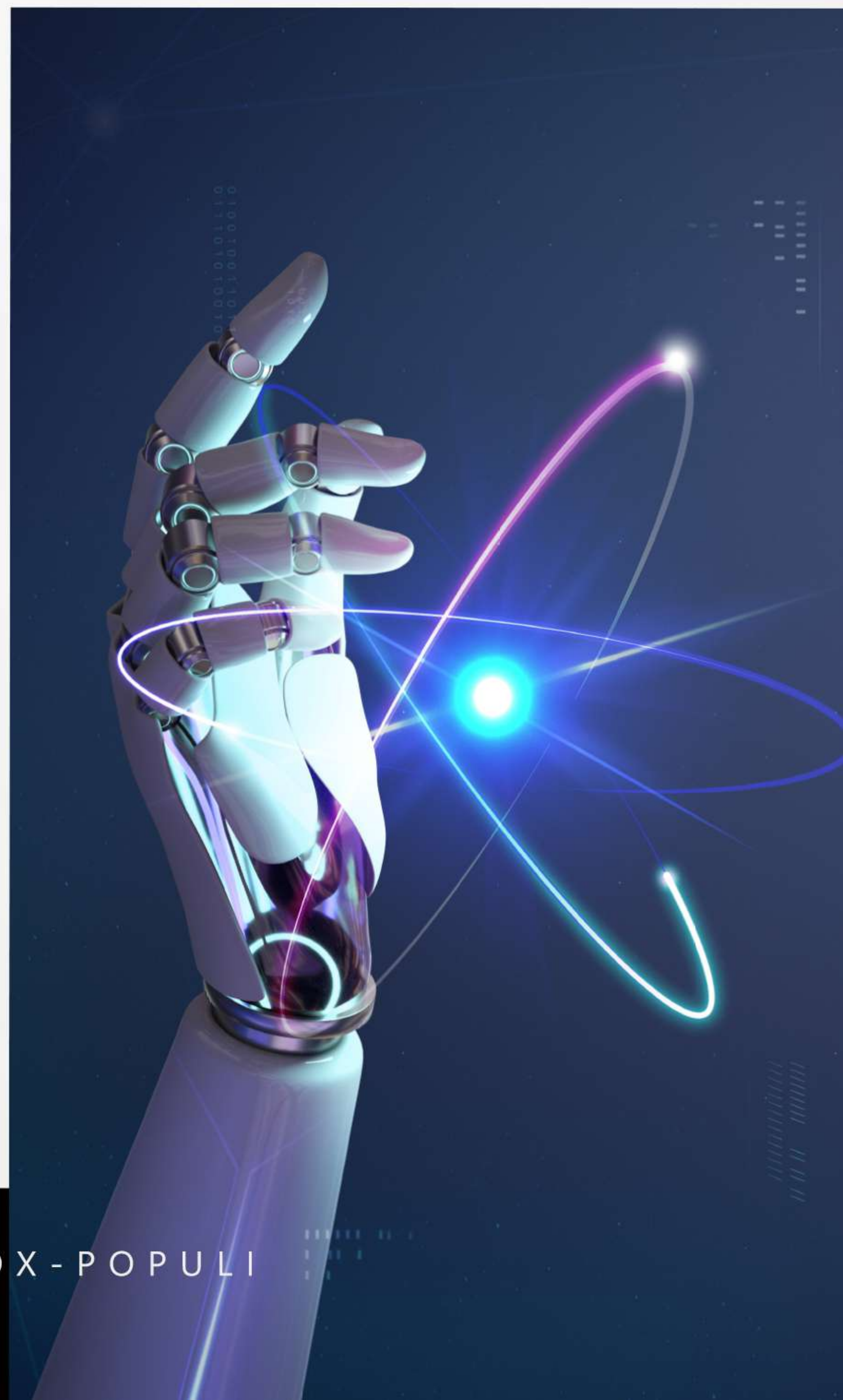


Use of modern tools in Valuation practice – Need of the hour

“Technology” – the buzzword in today’s era. Technology is driving disruption all around us – from commuting to eating to entertainment. Can it disrupt Valuations though? when this question is put to most Valuers, the immediate answer is “No” – why? because valuation is not a pure science, it is both “art and science”; a Valuer’s judgement cannot be substituted by technology. Is this really true? Maybe

to an extent – Technology possibly hasn’t evolved to the extent where it can fully substitute human intelligence – but with rapid progress in Artificial Intelligence, in all probability some day we will get there.

Now, let’s take a step back. Technology evolution is often a continuous process; there would likely be numerous technological advances before AI replaces humans. In many industries we have seen technology making continuous improvements over time. Let’s take the example of mobile phones. The mobile phones which existed 20 years ago are a completely different species when compared to today’s mobiles. But the change did not happen one fine day. Gradual improvements every year have driven significant cumulative change.



Now, let's look at how the use of technology in Valuations has changed over the last 20 years. 20 years back Valuations were being done in MS Excel and reports were being prepared in MS Word and MS Powerpoint. Sounds familiar? – While there have been iterative improvements to MS office suite, there have been no significant changes either to the way Excel is used for Valuation analysis, or Word/ Powerpoint are used for Reporting. did not happen one fine day. Gradual improvements every year have driven significant cumulative change.

So is it time to look completely past the Microsoft Office suite? – no. But there are other tools, including Microsoft tools, which can work along with the traditional Microsoft office suite, and give us an edge. Heard of Microsoft PowerPivot and PowerQuery? – these work in tandem with Excel (as Excel add-ins) and can be used to clean up data and do powerful analysis, when working with thousands or lakhs of rows on Excel. Think of a detailed fixed asset register with data all over the place – significant time can be saved by using these tools instead of relying on traditional excel for clean-up and analysis. Non MS tools like Alteryx also exist as powerful alternatives.

Now, before coming to the reporting aspect, Valuations often use data(market/industry/financial) from databases – tools /templates/ plug-ins can be used to automate the data extractions to a large extent (with permissions from the databases, needless to say!) – the capabilities of such databases/tools have significantly increased over the last 5-10 years.

When it comes to reporting, data visualization tools (like Microsoft Power BI or Tableau) can generate powerful visualizations, much more impactful than Excel/ Powerpoint charts and tables. These tools can either work along with Powerpoint/Word (where the visualizations can be pasted on to the reports) or even as a standalone deliverable, in lieu of a traditional report.

Last but not the least, can Valuation reports be automated? Valuation reports are usually a mix of factual data (including tables and charts) and analysis. Machine learning technologies can help achieve partial automation, to the extent of factual data at the very minimum, and the extent of automation possibilities will only increase over time.

To summarize, there are multiple tools available today, which enable us to do superior analysis while saving efforts and/or prepare more impactful reports. These technologies will only keep getting better over time and it is imperative that we, Valuers, embrace these tools to enhance our

