

ClusterSeven Enables European Credit Management to Manage its Spreadsheets and Reduce Operational Risk

European Credit Management was founded in 1999 and employs over 90 people globally. It is a fast growing, award-winning independent investment management company that specializes exclusively in European fixed income. European Credit Management is based in central London and regulated by the Financial Services Authority. It has approximately €12.5 billion (U.S.\$16 billion) in total assets under management.

European Credit Management works with a diverse client base including insurance companies, pension funds, asset management companies, commercial bank treasury departments, central banks, private banks and corporates. The company employs an analytical, research-based approach to investment. It prides itself on providing the highest quality reporting, control and transparency across its portfolio and risk management systems. It uses software from Infosys and SunGard alongside proprietary technology systems to support internal processes such as monitoring interest-rate risk and trading transactions. Spreadsheets are used throughout the company to cross-check central systems and as a quick and efficient reporting tool. They are also used as a testing ground to model and adapt European Credit Management's products and services to the requirements of its clients.

As part of its commitment to best practice, European Credit Management has implemented ClusterSeven's software to monitor, analyze and audit its integral spreadsheets. The company was keen to access and use spreadsheet data faster, enabling its teams to make quicker decisions.

Client



When ClusterSeven approached us, it was the first time we had seen such a product. We immediately realized its value to us as a company.



George Flynn, Business Analyst of Product Control, European Credit Management

ClusterSeven Inc

140 Broadway, New York
NY 10005 USA

T +1 212.858.7790
F +1 212.858.7750

ClusterSeven

10 Throgmorton Avenue
London EC2N 2DL UK

T +44 20 7148 6270
F +44 20 7377 9124

@clusterseven
clusterseven.com

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Challenges

Spreadsheets are used to verify activity carried out on central systems, allowing users to cross-check all transactions. European Credit Management was keen to make this process of interrogation quicker. George Flynn, Business Analyst of Product Control at European Credit Management, explains how spreadsheets support the valuation of a client's investment. "Valuations are conducted on our main technology system, but it is a lot easier to see how something is calculated in a spreadsheet. Any discrepancies can be interrogated more easily via the spreadsheet, so we use that as the first line of defense. If a system is not operating in accordance with the appropriate spreadsheets, then we investigate the underlying issues."

The company also values spreadsheets as a superior way of reporting information in terms of delivery, flexibility and presentation. As such, its use of spreadsheets is increasing as the business grows. Spreadsheets are collated in "umbrellas", or groups, linked to specific processes. One group of spreadsheets, for example, looks at all swaps or transactions with clients. European Credit Management currently has around 28 groups, each with its own "family tree" of interconnected spreadsheets.

Not all spreadsheets within the company need to be monitored, however, and European Credit Management was keen to identify quickly which should and should not be watched closely. "We only want to monitor those spreadsheets we consider to be integral to the business, the ones in constant use and have an important function," Flynn says. "We would not monitor spreadsheets that are used once a year for a quick calculation, for example."

ClusterSeven's technology enables businesses to manage their End User Computing (EUC) applications (i.e. spreadsheets and MS Access® databases) for compliance and reduced operational risk by:

- Locating business critical files
- Applying risk assessment criteria
- Applying appropriate security to these files
- Maintaining a continuous audit check on files
- Notifying anomalous activity via alerts and exception reports
- Delivering enhanced productivity and new business insight
- Accelerating EUC replacement projects

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Solution

The ClusterSeven team worked with European Credit Management's product control department to identify those spreadsheets that should be monitored and to implement its software. Product Control is responsible for generating valuations and reports and for day-to-day accounting checks and processes.

The initial installation of ClusterSeven's technology was achieved in less than a day with local environmental issues such as security and network issues addressed in brief subsequent visits. It sits on a stand-alone Microsoft® SQL Server™ and passively tracks and monitors spreadsheet activity to provide a complete audit trail without disrupting business. Users engage ClusterSeven on business-critical spreadsheets through a workbook add-in.

"With ClusterSeven, we have an extra layer of checking," says Flynn. "If there are any discrepancies, we can spot them immediately and correct them as they happen. We have set up alerts to notify us of specified changes to spreadsheets at a cellular level. If a value goes above or below a certain level or someone deletes something they should not, an e-mail or an instant message is sent to the designated administrator. Within minutes of a spreadsheet being saved, ClusterSeven will tell you if something needs closer inspection."

Historical spreadsheet information and activity can now be captured by European Credit Management to explain why changes have occurred and analyze trends.

"When ClusterSeven approached us, it was the first time we had seen such a product. We immediately realized its value to us as a company," says Flynn. "If someone looks at a spreadsheet and is unsure what has led to certain changes being made, they can easily drill down to see all the interconnecting spreadsheets and identify who has done what."



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Results

ClusterSeven enables the valuable business intelligence generated by spreadsheets to be consolidated and manipulated fast. Data can be compressed, stored and reassembled for use in different ways, which means European Credit Management can make informed business decisions more quickly. For example, ClusterSeven's development team has created a report that monitors European Credit Management's operations spreadsheets. Legally, the company is required to confirm in hard copy whenever a transaction is made. The new report provides a quick way to identify what stage a transaction has reached and whether that confirmation has been received.

Future

European Credit Management is keen to maintain its exacting standards for checking spreadsheet activity, and Flynn is anxious the company should not become complacent. "We do not want people to think they do not have to worry because we have ClusterSeven software," he says. "Everyone sees it in the background, but they know they must use it to reinforce rather than replace the checks." European Credit Management would like to increase its use of ClusterSeven as a bespoke reporting tool. It is working with ClusterSeven's team to develop new reports and expand current capabilities. Flynn is keen to establish automatic checks between spreadsheets and company systems, for example.

About ClusterSeven

ClusterSeven has offices in London and New York with distribution partners located globally. Our software is currently used in many countries across five continents, providing enterprise-wide, strategic spreadsheet and data management solutions to financial institutions and Fortune 500 financial reporting divisions.

Get in touch

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