

Mitsubishi UFJ Securities International Reduces Spreadsheet Risk and Improves Compliance with ClusterSeven Technology

Mitsubishi UFJ Securities International (MUSI) is the European hub of the global securities and investment banking business of Mitsubishi UFJ Securities and is part of the Mitsubishi UFJ Financial Group, one of the world's largest financial institutions. In common with most other financial organizations, MUSI relies on spreadsheets as an integral part of its critical-business processes.

Experiencing rapid expansion, MUSI needed to improve spreadsheet control to assure the safe growth and support of the business. With ClusterSeven technology it implemented an efficient, repeatable process to manage spreadsheets, reduce operational risk and gain practical feedback on potential risk.

Situation

"Spreadsheets have been an integral part of business processes for two decades," says Gartner in a recent analyst report. "Although there have been a number of well-documented multimillion-dollar losses related to spreadsheet manipulation and accidents, only recently have user-developed applications been seen as an area that requires higher levels of control."

Forward-thinking organizations such as MUSI recognize the importance of spreadsheet control and are always looking for ways to implement best practice. Don Simpson, managing director of operations and technology, MUSI, says, "Spreadsheets are ubiquitous. They're increasingly a vital part of our fabric and just as important as some of our big ticket, large systems. We just wanted to manage spreadsheets. Not stop their usage, but facilitate it in a controlled manner."

Client



Mitsubishi UFJ Securities



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Compliance is a major driver for addressing spreadsheet management. "Regulators are very powerful these days. The requirements set by the Financial Services Authority (FSA), together with Sarbanes Oxley (SOX), were a strong source of motivation," explains Simpson.

Internally, MUSI undertook analysis to uncover the extent of its problem, "We scanned network servers to find out how many spreadsheets we had. It amounted to thousands across the company. We then focused on the critical ones. It's surprising how many critical-business processes rely on, or are controlled by, a spreadsheet at some point," says Simpson.

In order to successfully manage its spreadsheet environment, MUSI required a demonstrable control framework to support the trading of complex products. In addition, better risk management policies were necessary to comply with best practice as required by the FSA. Having identified and measured the scale of the challenge it faced in taming its spreadsheets, MUSI contacted Microsoft for assistance and was directed to ClusterSeven.

Solution

The deployment of the ClusterSeven technology was a smooth process. After 20 days of consultation to identify the critical spreadsheets, it took just five weeks and a team of two to implement the solution. MUSI went live with ClusterSeven software in July 2006. The organization currently holds a license for managing up to 200MB of operational Excel spreadsheets.

ClusterSeven's software logs all changes at cell level, creating an online picture of spreadsheet evolution. It applies a layer of integrity rules, highlighting errors relevant to a specific user. It can then build the collected data into a 'movie version' of the spreadsheet. This creates a validated information source that can be used elsewhere in an enterprise.

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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As the primary risk mitigation environment in a trading business, product control was the first concern and formed the initial area of focus for the spreadsheet management project. Simpson says: "We now have our spreadsheets in an environment where they can be monitored and managed. We can audit the changes, control, and check that the things that should be altered are altered. Everyone focuses on things that shouldn't change, but you also have to look carefully at the things that need to be changing."

By improving the product control process, productivity increases. There are also significant repercussive benefits. With the technology in place, a user knows that when disparate spreadsheets are consolidated they will be effectively managed. This promotes the independent consolidation of spreadsheets. Knowing that the system will highlight general spreadsheet malpractice, users are more conscious of error. ClusterSeven acts as a catalyst for spreadsheet best practice.

The system helps meet SOX requirements by ensuring spreadsheets have adequate controls in place to encompass change control, access rights and basic documentation including user manuals and version control. Implementing ClusterSeven has also strengthened MUSI's relationship with the FSA. "Post transformation, we discussed with the FSA the benefits of ClusterSeven spreadsheet management in the area of product control. Their reaction was extremely positive. They're very receptive to the steps that we've taken," says Simpson.

MUSI now has an efficient, repeatable process for spreadsheet management. The team is working its way through the organization and is in broader discussions about the implementation of the technology in other parts of the business and international locations, including Japan.



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Simpson concludes, "With ClusterSeven technology, there has been a reduction in risk factors and we see fewer problems and delays. The rationalization and control of spreadsheets shortens the time of long processing chains such as risk and profit and loss calculations for very complex derivative products. We're beginning to see the long term benefits in total cost of ownership. The focus is less on waste and more on getting things right first time."

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.

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