ClusterSeven

Case Study

Dresdner Kleinwort

Dresdner Kleinwort increases spreadsheet control and boosts best practices with ClusterSeven technology

Dresdner Kleinwort, the investment bank of Dresdner Bank AG, is typical of large banks, which have a vast number of autonomous spreadsheets supporting a range of business-critical functions. In 2005, Dresdner Kleinwort turned to ClusterSeven to help manage its spreadsheets, initially in the product control and finance departments, in order to reduce the operational risk inherent in running a large number of business-critical spreadsheets.

The implementation of ClusterSeven's technology allowed Dresdner Kleinwort to control changes over its spreadsheet applications and track all changes made at a cell level. In doing so, it reduced the time spent trying to manage and maintain these applications without locking them down or reducing their effectiveness.

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>
> *Stephen Ashton,*
> *Head of IT Business Management*
> *Dresdner Kleinwort*

The challenge

"Spreadsheets are a part of everyday business. Financial institutions the world over rely on them to develop complex financial models, organize financial reporting, analyze data, and present results. According to Forrester Research, 55% of financial reporting is done via Microsoft Excel.

Within an increasingly regulated environment, combined with the spreadsheets' spiraling complexity, major institutions are continually looking for ways to improve their control processes and implement best practices.

"The flexibility, adaptability and sophistication of spreadsheets make them a convenient tool for handling significant amounts of data," says Stephen Ashton, head of IT business management at Dresdner Kleinwort. "They are user-built, user-defined and user-tested and can also evolve quickly, so don't have the same limitations as many applications - which can be either a benefit or a risk."

The core functionality inherent in most applications, such as general ledgers, front-end systems and operational systems, often does not include the required reporting processes and does not allow for certain analyses to be run from them directly. As a result, it is common for spreadsheets to organically evolve around any particular application within a bank to allow users to carry out these tasks, be they reporting, controlling or processing information.

Ashton explains: "The main area of difficulty with spreadsheets is the change control process. Having built them and gone through a rigorous testing process, they are left exposed to errors, and, over time, they can eventually corrupt. By implementing a systematic tool, you are no longer reliant on the users to put manual controls in place to flag up these errors."

In addition, Dresdner Kleinwort needed a system that could help it meet ongoing regulatory and compliance mandates, such as Sarbanes-Oxley (SOX). The legislation requires spreadsheets and other end-user computing applications to have adequate controls in place to encompass change control, access rights, basic documentation of spreadsheets including user manuals and version control.

The solution

The bank first considered ClusterSeven in mid-2005 and decided to conduct an initial pilot project to assess the technology. To do this, the bank selected a sample of spreadsheets from its product control division, which forms part of the overall finance process. In particular, the chosen spreadsheets are used to create traders' P&Ls and carry out various product control operations to support the daily functioning of the trading desks.

"This area houses some of the bank's most complex and sophisticated spreadsheets and its most experienced 'spreadsheet jockeys', so we knew we would give the system a thorough workout," says Ashton. Throughout September and October 2005, the bank ran a series of test scenarios through the system with successful results. Alongside this project, Dresdner Kleinwort evaluated other solutions, but selected ClusterSeven. Ashton adds: "Crucially, its technology lets us manage our spreadsheets like any other business application."

Dresdner Kleinwort expanded the scope of its partnership with ClusterSeven to encompass further business-critical spreadsheets.

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It initially prioritized some 120 spreadsheets within the product control and financial reporting areas, with a view to migrating the first batch of 20 by the end of 2005.

Ashton says: "This first phase was very short and intense, with limited time to implement the system and roll it out to the users' desktops. Despite this, ClusterSeven and our project team were able to hit our deadline, having successfully configured the technology to identify those areas to be watched, analyzed and audited."

In the first quarter of 2006, the bank spent time embedding these initial spreadsheets and further understanding how the users were interacting with them in a more controlled manner. It also began to roll out ClusterSeven's technology across the rest of the identified spreadsheets.

By the end of May, the bank had successfully completed the implementation of the ClusterSeven-configured spreadsheets, encompassing users across the product control and statutory and regulatory reporting areas in London.

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ClusterSeven benefits

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

For more information about ClusterSeven, please visit www.clusterseven.com