

# Incisive Empowers the Largest U.S. Car Financing Company to Gain Greater Control Over Spreadsheet Risk



## Function

Model Risk Management

## Industry

Financial Services

## The Challenge

The bank's Validation team needed a way to increase the depth of spreadsheet review to support an updated Spreadsheet Risk and Validation program.

## Incisive Benefits

- Enabled the roll out of a thorough risk commensurate validation review for the bank's high-risk spreadsheets, mitigating the threat of reputational and financial risk associated with inaccurate data.
- Provided a higher level of confidence that critical spreadsheet data is consistent and accurate.
- Empowered the Validation team to do their job more efficiently.

## The Company

This bank holding company includes the largest car financing company in the U.S., serving 18K+ dealers and more than 4 million customers. It offers home loans, along with a full suite of banking products including savings, money-market, checking, certificates of deposit (CDs) and individual retirement accounts (IRAs). It also offers securities-brokerage and investment-advisory services and capital for equity sponsors and middle-market companies.

The Validation team within this large bank holding company's Risk Management Group had a plan to validate 420 large spreadsheets within the year. After presenting the annual plan to the Risk Committee the team was challenged on the depth of review that could be performed in the validation of such a large plan. The team was then asked to rightsize the annual validation plan and to apply a risk commensurate validation approach, to improve the level of challenge on these critical spreadsheets.

The mission was clear, define what constitutes a qualified analytical tool (i.e. critical use spreadsheet), to determine appropriate risk ranking, and identify technology that will increase the depth of spreadsheet review. The head of the Validation team set a self-imposed requirement to roll out the updated Spreadsheet Risk and Validation program in just 6 months. Given this tight timeline, speed to market and ease of deployment were prime considerations in the technology selection.

## How Incisive Helps

After a technology review, the large bank holding company selected Incisive Software's spreadsheet management solution to improve output reliability. Incisive Xcellerator™ works seamlessly within Excel to detect and highlight errors and risks. The software utilizes a patented overlay technology which generates a color heat map that displays and notes errors and potential risk for further examination.

According to the bank's Head of Qualified Analytical Tools Validation, "What set Xcellerator apart from the other systems is its interactive capabilities. The software does so much more than detect errors. Xcellerator provides an easy way to drill down into cells to see why formulas are not calculating correctly or working as expected. You simply click on a particular finding and the system takes you to the cell where the finding was generated. There is no guess work, no digging around. Although we sought this level of depth, we didn't know it actually existed until we found Incisive."

Simultaneously, with the technology review, the Validation team set forth to define qualified analytical tools (aka critical use spreadsheets). The list focused on high-risk spreadsheets used for external reporting, such as 10-K, 10-Q and 8-K reports, the FR Y-9 series of reports, etc. These spreadsheets were deemed higher risk because of the reputational risk and financial risk (i.e. fines) that could result from inaccurate reporting. A plan was then put in place to ensure a risk commensurate validation review, which included running all critical use spreadsheets through Xcellerator.

Xcellerator is now an integral part of the bank's validation process. All critical spreadsheets are regularly reviewed for potential risk and errors using Xcellerator, including all design and calculation reviews.

The bank's Head of Qualified Analytical Tools Validation explains, "There is no way that a manual report can catch things at the same level as Xcellerator. And, even when something is caught using Excel Insights, it is hard to follow through to figure out where the errors are, whether they are legitimate errors or false positives, because these tools are not interactive like Xcellerator."

The company's aspirational goal is to extend access to Xcellerator bank-wide to include all spreadsheet users, as well as to bring all spreadsheets into a controlled environment so they are managed in real-time. To do so, the bank plans to add Incisive Concourse™ to its spreadsheet risk management arsenal. Concourse provides a comprehensive view of all spreadsheets regardless of where they reside within an organization. Users can continue to work as they always have using SharePoint, OneDrive, IBM ECM, etc. Meanwhile, changes are tracked providing greater transparency and governance over spreadsheets.

The addition of Concourse will allow the bank to achieve the desired state of being able to manage risk every time a spreadsheet is executed, in addition to validating them, annually, or whatever the frequency.

## The Result: Confidence in Data

Using a combination of enhanced controls testing and the use of Incisive solutions, the bank has a much more thorough spreadsheet validation program. The comprehensive reporting capabilities within Xcellerator enables the team to measure the complexity of the spreadsheet, which is one of the inputs into the risk ranking. The risk ranking in turn determines the depth and frequency of review, and in this way Xcellerator also contributes to the consistency of risk ranking across the critical use spreadsheet population. Xcellerator is used extensively for all design and calculation reviews providing a level of depth and comprehensiveness that was previously unachievable. As a result of all actions, the team has been able to accomplish a sustainable, risk commensurate validation program without impacting the team size.

Prior to deploying Incisive's solution, the Validation team was unable to apply the right level of challenge to spreadsheets. They couldn't say with confidence if they were looking at things that matter, nor were they confident in the tools they were using to address risk. Since deploying Xcellerator, the Validation team has a level of confidence they never imagined possible. With the modern, automated approach to spreadsheet risk, the Validation team has the power to anticipate and reduce risk exposure, no matter what is thrown their way.

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— The bank's Head of Qualified Analytical Tools Validation

### ABOUT INCISIVE

Based in San Jose, California, Incisive provides award-winning and innovative spreadsheet risk analysis and management solutions. Our enterprise offerings provide visibility and control to all business areas that use or interact with spreadsheets. Incisive products have been recognized for accurately and reliably highlighting risks to give users confidence in their spreadsheet information. For more information about Incisive and the company's solutions, visit [www.incisive.com](http://www.incisive.com).



**incisive™**

**Incisive Software Corporation**

300 Santana Row, Suite 200

San Jose, CA 95128

408.660.3090 | [info@incisive.com](mailto:info@incisive.com)

