



# New Age Financial Spreading Automation Platform For Commercial Banks





# Financial Spreading – Challenges and Solution

Financial spreading refers to the collection of data from financial statements for various analyses. It is increasingly becoming a significant challenge for many banks, as their spreading functions are largely manual. In today's fast-paced banking environment, manual data extraction is a major impediment, as it is time-consuming and error-prone.

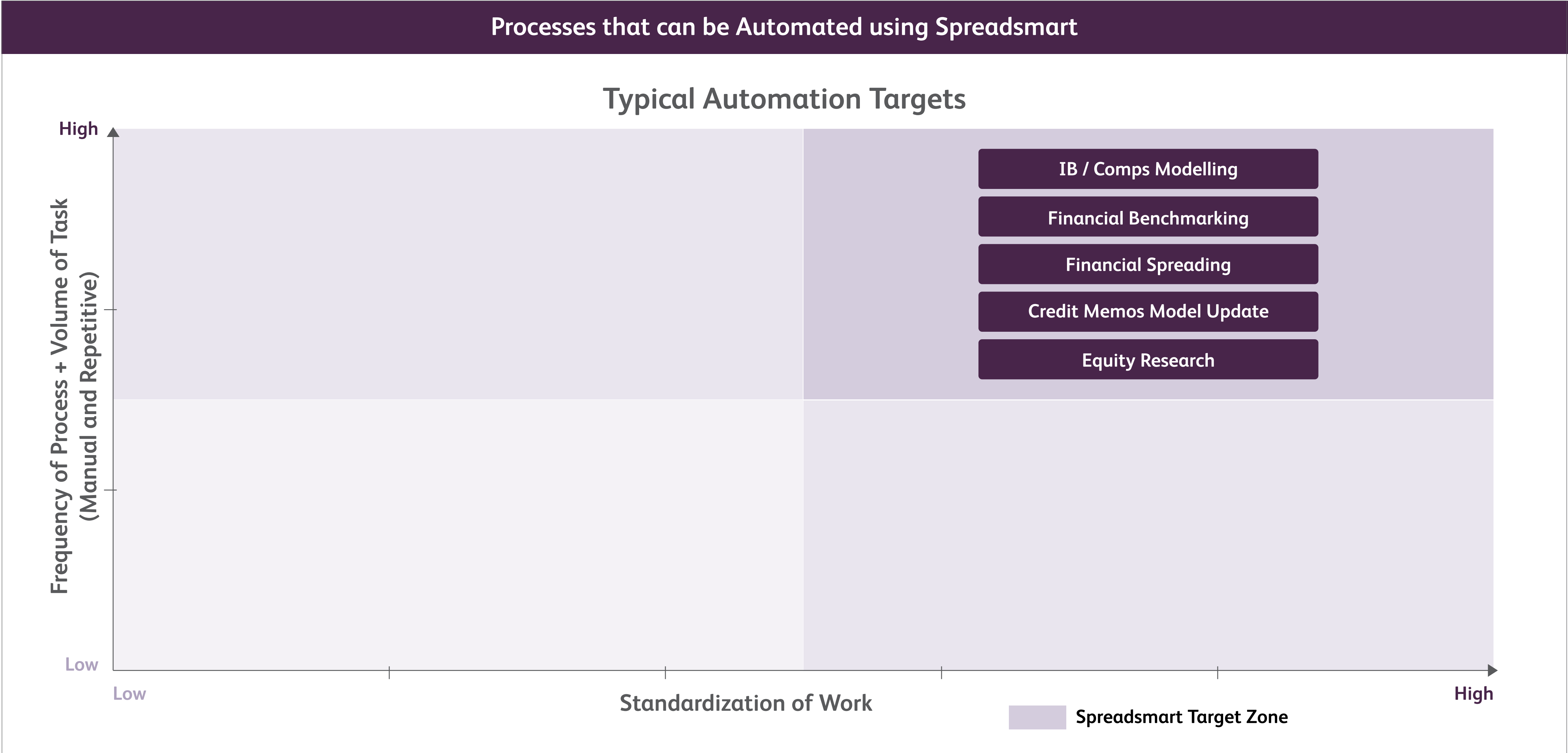
Banks and financial institutions are facing an uphill task of efficiently managing their ever-growing bundles of financial data in multiple and complex formats. In most banks, underwriters, investment bankers, and research analysts regularly update their financial models with the latest financials either manually or with little automation. In such scenarios, an inefficient data extraction process is a critical source of operational inefficiency and there is a dire need to address this issue.

Automating the process of financial spreading can significantly improve process efficiency, accuracy, and cost savings. It allows analysts to undertake a timely review of credits, reduce the time taken to update a model, and decrease the time to publish earnings reviews.

As the benefits of automation can be enormous, several financial institutions are trying to find an automation platform that suits their needs. In this article, we will talk about our patented spreading platform, Spreadsmart. This platform is powered by our mind+machine™ approach, which improves productivity gains without compromising on quality. Our unique approach offers significantly higher benefits from those products that purely rely on the machine-only approach.



# Use Cases for Spreadsmart



# Use Cases for Spreadsmart

**Spreadsmart finds high applicability in processes that have the following characteristics:**

1. Operate with a high volume of financial data
2. Repeatedly extract data for the same set of companies
3. Extract data with little human interference / judgment
4. Generate a standardized output

Banking and Financial Services is the most data-intensive sector and is required to undertake financial spreading activities on a regular basis. Here are the most frequent use cases found in this sector.



## Financial Spreading

A large commercial bank may process 100,000 or more spreads in a year. Usually, the team engaged in this process consists of more than a hundred analysts, who focus only on financial spreading.



## Equity Research Model Updates

A sell-side division of a large bank usually tracks 2,000 to 4,000 stocks per year, on an average. It takes 4–5 days to create a financial model for a new stock and takes 2–3 hours to update each existing company model after every quarterly earnings release.



## Benchmarking

It is vital for every bank and professional services firm to benchmark a large number of companies on financial and operational parameters. Therefore, they are required to collect large-scale financial data from company filings. It takes a few hours to a few days to complete this exercise depending on the number of companies and parameters.



## Investment Banking Equity Comps Models

Most large banks cover 3,000 to 4,000 companies, whose comps are updated at least once every quarter and absorb a significant amount of analyst capacity.



## Credit Memo Model Update

Banks and lending institutions may be required to update data for 1,000 to 2,000 customers on a quarterly and annual basis depending on the size and scale of operations.

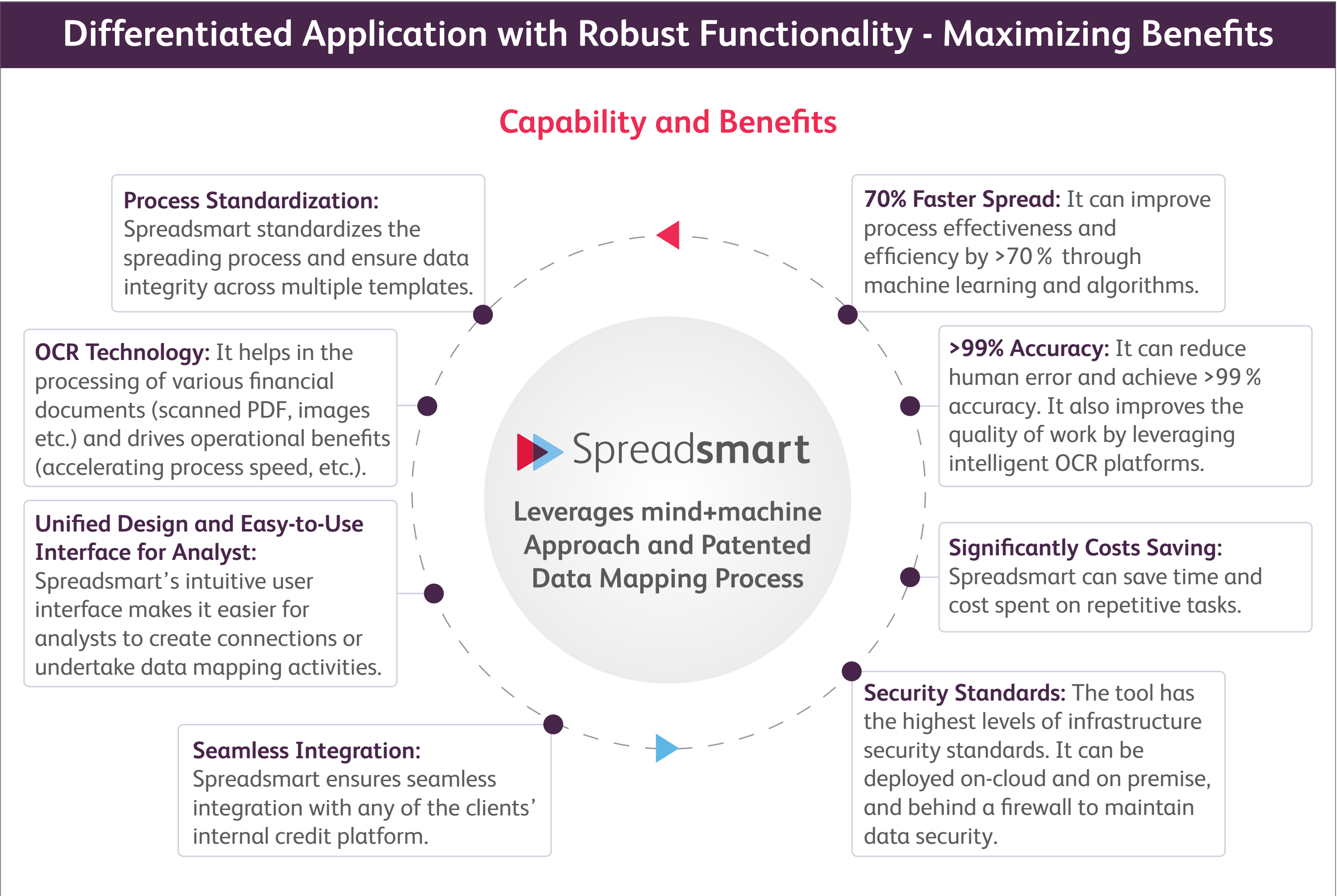


# How Can Spreadsmart Help?

Spreadsmart leverages its mind+machine™ technology to deliver a high level of accuracy in financial spreading.

With better controls and standardization ability than highly manual and repetitive data entry processes, Spreadsmart significantly reduces the scope of any human error. The application is best used where the volume of data is large, and speed and accuracy are the main sought-after benefits.

By implementing Spreadsmart analysts can improve efficiency of the spreading process and concentrate on more value-added tasks. Banks can use the savings derived from implementation of Spreadsmart for cost optimization, better workforce utilization and in-depth analysis. In addition, Spreadsmart is easy to deploy and has lower IT implementation and maintenance costs. The implementation of the application does not require a huge IT makeover or a full organizational overhaul.



A person with dark hair, seen from the side, is sitting at a desk and looking at a large computer monitor. The monitor displays a software interface with various charts and data. On the desk, there is a black mug, a pen holder with a pen, and some papers. The background is slightly blurred, showing an office environment.

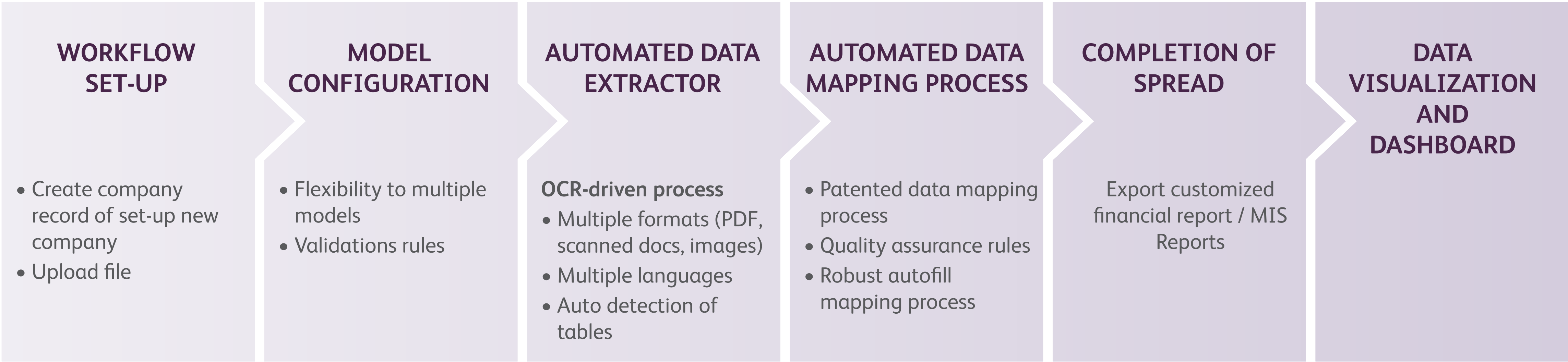
# Technical Architecture Designed to Achieve High Accuracy

Spreadsmart's mind+machine™ approach efficiently automates the financial spreading process. The tool is based on a patented data mapping process and has the ability to identify new line items by comparing them with the older statement. It can manage spreadsheets by capturing a digital image of a data statement by applying an OCR process to the digital image. Following are the key technical attributes of the application:

- 1. Workflow component:** Assists users in managing stages of the workflow process and enables them to perform work allocation activities for a new or an existing company
- 2. OCR technology component:** Supports a wide range of formats including PDF and low-quality images; also supports multiple languages, auto table detection, and format-specific nuances
- 3. Patented data mapping process:** Offers unmatched accuracy in identifying financial line items using a mind+machine™ approach, unlike other tools that are only AI-based and fully automated
- 4. API-based structure:** Ensures seamless integration with any of the clients' internal credit platform
- 5. Flexible architecture:** Supports cloud as well as on-premise deployment

# Patented Financial Spreading Application

## Based on A Unique mind+machine™ Approach





# Case Study

## Client

One of the top global financial institutions, with a network spanning multiple geographies and serving millions of customers.

## Problem Description

The client was facing challenges in effectively managing the data spreading process. Some of the major challenges for the client were as follows:

- Semi-automated financial spreading processes, resulting in errors
- Inefficient repetitive processes and duplication of efforts, resulting in inefficient consumption of productive hours
- Under-utilization of valuable resources, leading to a high cost of operations
- Lack of standardized process and methodology

## Key Requirements

- The major requirements to deal with this problem were as follows:
- Improvement in quality of the spreads
- Faster turnaround of spreads and lower spreading complexity
- Reduction in time spent on repetitive tasks

## Evalueserve Approach

We applied Spreadsmart to deal with this challenge and observed the following impact on the client’s financial spreading process:

- Conducted a pilot across multiple geographies for multiple languages to determine whether the tool met the key spreading requirements of the underwriters as part of Phase I
- Closely monitored the defined SLAs and success parameters
- Successfully completed six weeks of the pilot phase
- Oversaw the steady-state with deployment and roll-out of the tool to users across geographies as part of Phase II

## Quantifiable Measures and Success Reported

|                                     |          |
|-------------------------------------|----------|
| No of Users                         | 90+      |
| No of Spreads per Annum             | 200,000+ |
| Impact                              | Impact   |
| Time Saving due to Speed of Process | 70 %     |
| Accuracy of Work and Data           | 99 %     |
| Success Factors                     |          |
| Less Time Spent on Repetitive Tasks | Yes      |
| Fewer Errors in Work                | Yes      |
| Reduced Workload Peaks              | Yes      |
| Higher Degree of Standardization    | Yes      |



## Conclusion

Over the years, the volumes of financial data have increased substantially and are expected to continue to grow rapidly in the near future. Most banks and financial institutions rely heavily on strategic data-driven insights to manage their businesses but are facing stiff challenges to effectively manage the increasing volumes of data. At this crucial time, Spreadsmart allows companies to efficiently manage data and cost by leveraging the mind+machine™ approach. With the capability to create significant value in a financial spreading process, Spreadsmart is proving to be an excellent fit for banks and financial institutions.

The automation features of Spreadsmart demonstrates its potential role in the fast-evolving demand for data management processes across industries. Going forward, Evalueserve will continue to push its technology boundaries to keep its new-age spreading platform ahead of the curve.



### About the Authors

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Over the last 15 years, he has helped several large and midsize banks set up their teams at Evalueserve.



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## Get in touch

Evalueserve has comprehensive offerings for commercial banks. Please reach out to us at [commercialbankingsupport@evalueserve.com](mailto:commercialbankingsupport@evalueserve.com) to know more about Spreadsmart and our other commercial banking offerings.

# EVALUESERVE

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