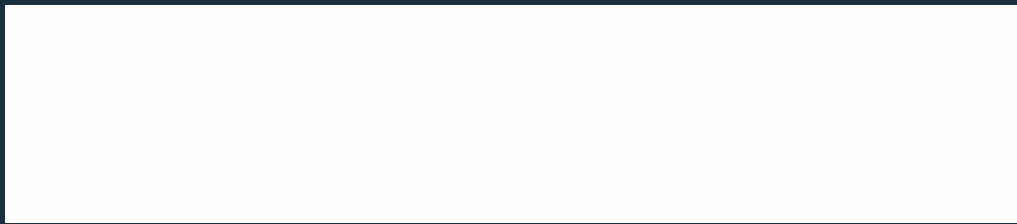
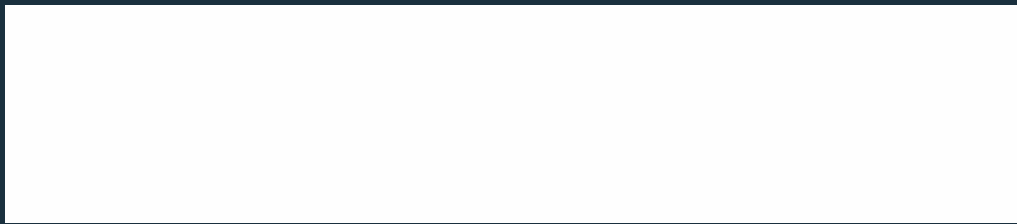


WATSON WHEATLEY



KEY FEATURES OF A SUCCESSFUL SYSTEM IMPLEMENTATION

A paper presenting the views of Tom Wheatley, COO, Watson Wheatley

INTRODUCTION

Any project is likely to have delays but how can these be minimised when implementing a reconciliation solution or any software solution for that matter? Vendors often pride themselves on rapid implementation but if all the other parts of the project aren't also given enough consideration it can make for frustratingly long delays or even a poor outcome. Many of these points are obvious but it is surprising how long a lead time some suppliers have and how much can be missed during the 'fog of implementation'. Here is our brief outline of some of the stages:

PROOF OF CONCEPT

The planning for an optimal system implementation should happen before any vendor contract is even signed. Many providers now offer a proof of concept at the last stage of the sales process. This can be an invaluable insight in what the final outcome will be, how you can work together and potentially any questions that need to be addressed before any implementation. It also tests how responsive the vendor is and the caliber of staff they can provide. A true proof of concept requires commitment on from both vendor and prospect but is certainly worth the effort if only to validate the promises made by the sales team! A clearly defined implementation scope document is vital to ensure a smooth process.

METHOD OF IMPLEMENTATION

Can the vendor implement the system themselves or do they use outside consultants? This is a key question during the implementation phase. How is the knowledge transfer going to take place and is this retained at the vendor, external consultant or in-house? Do the implementation team work on site or remotely? Traditionally consultants and external implementation teams have a habit of arriving on site and burning time. This isn't in the interest of the client and is particularly problematic when implementing a reconciliations system due to the reliance on file delivery from external parties which can take some time to set up. Onsite work may be beneficial in stages but doesn't work well if delays are frequent.

PREPARATION (IT)

By far the biggest problem we find during implementation projects is the lead time on IT resources (especially if a 3rd party provider is involved). This can cause weeks of delays while waiting for databases, hardware and operating systems to be set up even before we can start installation. If the vendor is providing hosting this should significantly reduce any waiting time (providing the vendor is responsive).

If this is not possible or the system is to be hosted locally or by an existing supplier then starting the process well before the planned implementation is essential. Sizing the tech might be very dependent on the overall scope of the recs project but if a proof of concept is undertaken this should give an indication. The vendor should also have some comparable installations to assist with this.

PREPARATION (DATA)

Reconciliation data delivery is key to the process. SFTP/FTP is a popular method of delivery which generally produces reliable data which is consistent and repeatable. The downside to this delivery method is that it can take some weeks to set up depending on the service level from your prime broker/custodian/administrator. Finding a vendor with good links to prime brokers and custodians can be helpful in this area but as one of the main tasks in recs implementation is data aggregation then a flexible and rapid interfacing tool is required.

If data cannot be delivered via an automated method then manual processes may be acceptable in the short term but if the data is able to be provided in exactly the same format then there should be minimal changeover work.

SLEEVES ROLLED UP?

It goes without saying that project management is required in some capacity however with the advent of fast implementations smaller projects can move on so quickly that unless you are meeting daily the project can be complete before you know it!

Having an 'expert user' involved in the project from day 1 also helps the handover process and ensures smooth delivery. The vendor may know their system very well but there is no substitute for providing someone on the client side with equal expertise in the data and processes that are being replaced.

COMPLETION & SIGNOFF

Project completion and sign off can often be a tricky process. The stakeholders in the process are usually extremely busy with their daily tasks and manual reconciliation therefore extracting them to be able to both learn and perhaps parallel run a new system (even if it is labour saving) can be difficult. However validation from the client is key, it solves issues sooner rather than later and enables a project to be closed sooner.

Vendors should also be able to give you enhanced post-live support rather than just routing you to the support desk. The first couple of weeks may see some minor configuration changes but as long as the groundwork has been done these can be kept to a manageable minimum.

Independent in-house documentation should also be kept in case of unexpected personnel change.

VENDOR SUPPORT

What provision is there from the implementation team to hand over the knowledge to their support team? There is little value in high priced consultants implementing a complex solution if the vendor support team have no knowledge of the new client setup, especially if the consulting team move onto other projects. The vendor should also be able to smoothly transition from the implementation process to enhanced initial support and then into standard support and business as usual.

CONCLUSION

Overall these same points apply to many projects but in our knowledge of reconciliation implementations we recommend:

1. Conduct a proof of concept that uses your own data
2. Prepare IT resources as far ahead of time as possible
3. Prepare automated file delivery well before implementation and manually check the data for any gaps
4. Get hands on with the project rather than wait for delivery
5. Make time for sign off and project completion
6. Ensure the vendor has appropriate knowledge transfer to their support team

One final point is to make sure the vendor themselves are ready to work to your timeframe rather than being handed a new project directly from the sales team when they are already overloaded or lacking resources.

COMMENT

My own firm tries to keep as much of the implementation in-house as possible. We have worked on large projects with external consultants but unless this is well managed the scope tends to creep ever outwards, the project takes longer and the client is on the receiving end of conflicting motives. We don't tend to do on-site implementations as it gives clients more flexibility to work around delays due to missing data, it also reduces the overall cost.

References for recent implementations are often very helpful in determining whether a system is a good fit for your firm. Vendors are often keen to point you to their happiest clients but using a contact in your own network that they wouldn't introduce may yield a more realistic result. Failing that it may be useful to question the vendor on what they have learnt from sub optimal installations or examples of what they have found difficult in the past.

Tom Wheatley is COO of reconciliation solution specialist Watson Wheatley which deploys the iRecs system at hedge funds, asset managers, CTMs, P2P lenders and private equity funds. He has 14 years experience working in financial services/software and has recently graduated with an Executive MBA from Oxford University.

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