HANDLING SYSTEM SELECTION & IMPLEMENTATION

Performance Measurement Forum

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Ten Tips for a Successful Performance System Search: #1

- Determine What It Is That Is “Broken”
  - “Broken” is a catch-all phrase for anything that needs to be better, and may include things that are very objective and clear, for example:
    - Incorrect calculations
    - The analytics needed are not provided
    - The system isn’t fast enough to generate reports within the required window
  - It could also include things that are very subjective, such as:
    - Reports generated are confusing and/or unattractive
    - The attribution analysis does not fit our decision process and/or explain our value added
    - The firm’s maintained data records are inadequate

Ten Tips for a Successful Performance System Search: #2

- Define Clear Objectives
  - The purpose of the project objective list is twofold:
    - It allows project team members to communicate with those outside the team about what will be achieved in plain and simple language
    - It serves as a basis for the Request for Proposal (RFP) that will serve as a tool for the details of the system search
  - To make the project objectives complete, it is important that the project team examine the firm’s current capabilities and processes and think about those in three broad categories:
    - Required (must-have) functionality
    - Ideal (nice-to-have) functionality
    - Not required functionality

Ten Tips for a Successful Performance System Search: #3

- Know Your Data and Current Systems
  - Systems used to calculate performance are part of a firm's family of systems devoted to supporting investment management and client servicing
  - Firm may be choosing a system that provides portfolio accounting, return measurement, GIPS composite maintenance, attribution analysis and risk, or, alternatively, the firm may be choosing a system to provide a subset of those functionalities
  - The performance system will, regardless of its scope, be expected to receive data from and pass data to the other systems the firm is utilizing
  - The project team must devote time to considering how the chosen system will fit into the firm's family of systems, and how those systems will share data.

Ten Tips for a Successful Performance System Search: #4

- Get the RFP Right
  - Purpose of the functional questions in the request for proposal (RFP) should be to flesh out the detailed required functionality of the firm, and to inquire as to vendor capabilities
  - A good approach for building the RFP is to take the list of project objectives from Tip #2 and drill down to the necessary level of granularity to determine if the vendor can satisfy the firm's needs in each broad area

Ten Tips for a Successful Performance System Search: #5

- Use the Demo Process Efficiently
  - Many project teams create a demo script that is executed with each of the vendors, intending to examine their responses to a common question set.
  - This approach is redundant – a common set of questions was used for the RFP. Alternatively and ideally, the project team should develop a demo script that includes some commonality across vendors, but is also tailored for each vendor.

Ten Tips for a Successful Performance System Search: #5

- Use the Demo Process Efficiently (cont.)
  - I would suggest a structure along the following lines:
    - Common script section: highlight key elements of functionality that must be present, or the implementation would be considered a failure
    - Uncommon/tailored script section for the given vendor: focus on questions raised by the RFP responses; areas where the vendor's response to functionality information questions was unclear or incomplete, as well as responses that were favorable and/or unique to the vendor

Ten Tips for a Successful Performance System Search: #6

- Test the system
  - Testing the system could occur once the firm has made its vendor selection, or the firm may do a smaller pilot project to give the system a "test drive"

  - In either case, it is important that the firm have a suitable approach to testing the system to determine if its needs will be met.

  - The two main goals of testing are:
    - Determining that the software works
    - Determining that the software does not work

Ten Tips for a Successful Performance System Search: #7

- Identify the Weaknesses and Functionality Losses and Develop a Game Plan
  - Once the firm has identified any functionality that may be lost in a potential switchover to the new system, the firm needs to have a means of determining whether the lost functionality is critical, nice to have, or not needed
  - A strategy will likely be required to address the lost functionality, especially if it is critical, or if internal users have become accustomed to it. The project team should be proactive in heading off criticism of their implementation project, and one important way to do that is to have a plan in place to address lost functionality, to make internal users and/or firm management feel at ease

Ten Tips for a Successful Performance System Search: #8

- Identify Necessary Training
    - Implementing a new system is a sensitive time for those involved –fear of the unknown and of something that is new
    - Internal users may feel their intellectual turf and jobs are threatened by the new technology. This group can be a key ally in communicating the success of your project throughout the company
    - Best way to enable users is to make sure the project includes adequate training on both the new system and how procedures will change once the new system is in place.
    - Focusing on “day in the life” activities and concrete improvements will help allay fears.

Ten Tips for a Successful Performance System Search: #9

- Continuously Revisit the Project Objectives and Refocus
  - Periodically revisit their project objectives to assess whether adequate progress is being made.
  - Few firms are able to accomplish all of their original goals without distractions - it is common to forget about features that the firm wants to take advantage of or objectives that were planned.
  - Ideally the implementation project should be phased to allow the firm to make gradual progress toward accomplishing all of the intended objectives

Ten Tips for a Successful Performance System Search: #10

- Share Your Successes
  - It is important that your project has visibility within the firm, especially as successes are achieved.
  - In the absence of communication, people will often fill the void with negative and/or false information, which can hinder or obstruct your project.
  - Sharing the project team's successes can enhance the profile of your project, energize your team members and give management
  -

    confidence that the money and time devoted to your project are well spent.
  - Communicating successes can also help keep project naysayers at bay.

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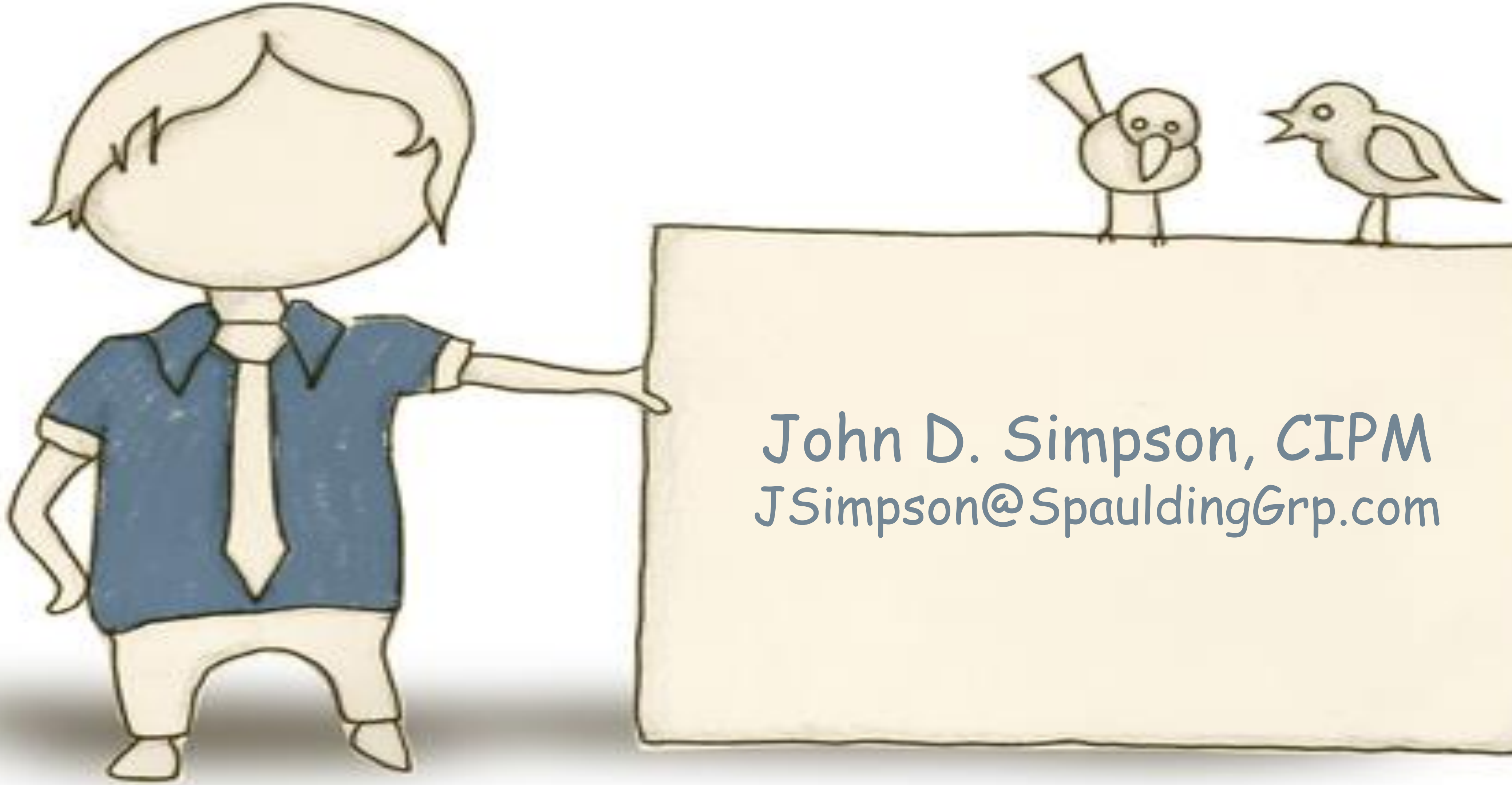
Discussion Topics

- How many of you are…
  - In the process of doing a search or implementation?
  - Plan to in the next three years?
  - Finished in the last three years?
- Has the pandemic changed plans related to searches? Or changed methods?
- Who is on your search team?
  - What departments/roles?
  - Use of consultants?
  - Who runs the team?
- Data conversion experiences?

Discussion Topics (2)

- Do you use an RFI?
  - Developed internally or acquired externally?
- Do you do a pilot project?
- What has been the biggest surprise?
- What decision would you do differently, if you could go back?
- What decision do you feel best about in the process?

Questions?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