Can your institution conduct a seamless IT system conversion?

by Pamela Champagne, CapPlus Senior Banker

Mention "system conversion" to financial institutions, and most will immediately delegate it to the IT manager. Thus begins an unsuccessful project, not because of the IT manager's skills but because the executive team is failing to recognize that it is the true owners of a new system.

Over the years, Cap Plus has observed many unsatisfactory outcomes after a system conversion, such as:

- Selecting the wrong system
- Poorly implemented system preventing the institution from offering even core products like loans
- Staff without skills to use and support the new system

Most of these problems can be avoided through strong project management and applying the System Development Lifecycle process. This approach almost always results in better decisions and better outcomes because it is a well-articulated, planned and controlled process where executives function as the project sponsors, involved in all key decisions.

Common Pitfalls

In addition to delegating full responsibility to the IT manager, other common pitfalls include:

- **Relying too heavily on vendors to guide the process.** A vendor's role should only be a small - but critical - part of the overall process. Financial institutions must understand the nature and extent of a system conversion and its impact on every aspect of their business: clients, products, workflows, reporting, and documents.
- **Underestimating the costs and time required.** Both are often more than expected! Ask your team when planning: why is there never time to address issues during system conversions when they arise, but always time, money and resources to fix issues later, at greater cost?

Project Management

What do we mean by "project management" in this context? A project management approach to system conversions:

- Includes all stakeholders
- Provides an organizational structure for the project, from identifying a top level project sponsor to forming a project team
- Defines roles and responsibilities for all involved
- Examines risks and ways to mitigate them
- Clarifies expectations and criteria for success
- Sets forth the methods for completing the project, including monitoring activities

The project management process organizes activities into key stages including *Initiate, Plan, Execute, Monitor, Control* and *Close*. This same process can be applied to other complex cross-functional projects within the organization, not just system conversions.

System Development Life Cycle

In contrast, the System Development Life Cycle is designed specifically for system conversions and fits within the general project management approach. It comprises seven discrete stages, all with defined inputs, outputs, risks, and prerequisites. These steps (shown in italics) interface with the project management approach as follows:

- *Define, Justify, Formulate RFP* (the project management planning phase)
- *Procure, Implement* (project management's execute phase)
- *Test* (project management's monitor phase) and *Rollout* (project management's control and close)

Preparing for Your Next IT Conversion

CapPlus' webinar "Managing a Successful IT Conversion at your Institution" and IT Conversion Toolkit examine these two key best practice strategies which have a demonstrated track record. The Toolkit is a detailed guide through project management steps and the System Development Life Cycle tasks, from the trigger for a major system upgrade through to rollout and institutionalizing lessons learned. It also contains tested and proven tools and templates.

Contact CapPlus today at info@capplus.org to learn how to better manage your next system conversion.

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