Transforming the Business Through Large-scale Product Implementation

There are multiple facets to the success of an extensive IT product implementation. We present a sequence, governance framework and key considerations for managing such a program.

Executive Summary

The decision to embark on a large-scale IT product implementation project has the potential to transform the way an organization operates. Such a project impacts not only the IT systems, but also business processes, team structures and the organization’s competitiveness in its industry. It provides the leadership with a rare opportunity to take a step back and challenge the “It’s always been done this way” mind-set.

It is all too easy for management to view such an initiative as merely an IT implementation and miss out on the opportunity to transform the broader business processes. A clear definition of the business vision can help prevent this.

In addition to developing a clear business case, establishing a governance structure early on is crucial for ensuring that the project fulfills its envisioned potential. A governance group provides strategic and tactical supervision, and ensures that the program stays on track.

The lifecycle of a product implementation can be divided into three distinct stages.

- **Initiation:** The foundational stage of the project, this prepares the ground for implementation. It is recommended that during this stage firms finalize a governance structure for the initiative, identify the desired operational changes, choose the product and draw up actionable plans to kick-start the implementation.

- **Implementation:** After the groundwork is complete and a product is identified, the final set of future business workflows and the corresponding level of product customization are agreed upon. New software is released and workflows and/or data are migrated.

- **Post-implementation:** The value of the product implementation is enhanced and sustained by instituting governing frameworks for incorporating user feedback and overseeing future changes.

A comprehensive change management plan, which encompasses the project from inception to closure, must be instituted to ease the transition. There is a natural tendency for the focus to shift away from change management activities as the program gathers momentum. Governance teams can help to keep an eye on the bigger picture - the overall organizational objective - to help avoid this misstep and ensure a seamless transformation.
Phases of a Product Implementation Project

A product implementation can be viewed as a series of phases (see Figure 1). An effective change management program would run parallel to the implementation, preparing the organization to react favorably to the impending transition.

Initiation

There are several considerations to be taken into account during the early stages of a product implementation (see Figure 2). Decisions around product suitability and adherence to business processes are the result of a detailed evaluation and selection exercise involving stakeholders from business, operations and technology.

Establishing a governance structure: Comprising stakeholders from all affected business divisions as well as vendors, the governing committee provides direction plus operational and tactical oversight throughout the project lifecycle (see Figure 3).

- Strategic governance: The strategic governance group, comprising senior leaders from business, operations and technology as well as vendor partner(s), is responsible for deciding the direction and providing strategic oversight. This group is responsible for providing the funding/resource commitment for the program and monitors the program's progress in terms of the strategic objectives.

Key Questions During Initiation Phase

- Have the major pain points and bottlenecks been identified and will the product implementation address them?
- Is the product choice driven by the organization’s unique set of needs and challenges?
- Have the process areas that will be impacted been identified?
- Is there a culture of accountability within the governance group and has leadership invested in the broader goals of the project?
- Will an upgrade to existing infrastructure be necessary to support the product? If yes, has this upgrade been factored in the cost-benefit analysis?
- Will a change to the existing organization structure and hierarchies be necessitated?
Levels of Governance

- **Program governance:** The program governance group supervises programs in line with business priorities and technology goals. This group, comprising program managers, is responsible for the resolution of any issues that may crop up, risk management, ensuring vendor accountability and managing project dependencies.

- **Operational governance:** The operational governance group is an initiative-level task force, involving stakeholders from each project. It ensures that all projects are on track and provides early visibility to the program management committee in the event of any delays or risks.

The key consideration while forming the governing body is to ensure due representation from the affected stakeholders while keeping the members to a minimum because the speed of decision making slows as the size of this group increases.

**Drawing up a business process transformation plan:** Product implementation and the accompanying workflow automation present an opportunity to introduce operational efficiency and controls, and reevaluate business processes that are not completely aligned with the strategic objectives. An intensive analysis of the existing state of affected processes and planning the desired future state are first steps toward gaining the best value from such a transformation.

- **Analyze to identify improvement opportunities:** At the outset, the process owners and business leaders can begin identifying the processes that will be reviewed as part of the project. The point is to understand the real purpose of business processes and not the as-is implementation. The final scope should be broad enough to extract maximum benefit out of the impending implementation, while staying focused on the drivers behind the decision to embark on the project.

- **Design blueprint for future state:** A plan outlining the to-be processes and highlighting the potential benefits in terms of reduced turnaround time, risk, cost, etc. can be developed as an output of the process analysis. At this point, it would be a good idea to make note of viable alternatives to recommended future processes that can be evaluated at a later stage for feasibility.

Taking an objective view of the existing processes is vital to weed out inefficiencies. Firms may find it beneficial to engage an independent partner who can critically assess the current state and present an unbiased point of view on process enhancements.

- **Developing requirements:** A detailed set of business requirements may be finalized while bearing in mind planned changes in business processes, nonfunctional considerations (scalability, performance, etc.) and industry trends.

- **Functional requirements:** Functional requirements must cover the business features desired from the product. These can be a combination of the ideas uncovered during the early stages of the project conceptualization, requirements determined during the business process transformation phase, industry trends and the perceived direction of the project.

- **Nonfunctional requirements:** Considerations related to product capacity, scalability, architecture, integration capabilities with existing systems and infrastructure requirements should be kept in mind while drafting nonfunctional requirements. We recommend that cost-conscious firms adhere closely to specifications that are true to their anticipated business and infrastructure growth instead of seeking expensive “industry-leading” features that might go unused.

Requirements may be prioritized based on criticality and their “fit” with business goals. Firms will do well to avoid leaning toward a product choice.
While making a product decision, it is essential to keep in mind the future costs and constraints that accompany product customization.

Product selection: The product selection decision has many facets, including but not limited to the functionality offered, pricing, vendor capabilities and support, ease of customization and infrastructure requirements. An exhaustive set of prioritized requirements serves as a valuable input toward arriving at this decision (see Figure 4).

- Determine considerations: The considerations for product selection might include the set of functional and nonfunctional requirements, vendors’ support models and frequency of product updates, pricing models and vendors’ capabilities and experience.
- Develop a scoring model: A scoring model that assigns weights to all requirements and qualitative considerations helps to objectively rank vendor responses. Requirements that are nonnegotiable “must haves” need to be assigned high scores. The model should be flexible enough to allow for assigning partial scores where a feature is not available out of the box but can be developed by customizing the product.
- Publish RFPs and finalize selection: Based on the finalized considerations and preliminary information regarding potential vendors, a set of vendors can be identified and invited to submit proposals. Vendor proposals should be evaluated for their fit with the initial consideration set, as well as the level of customization that would be needed to implement the “must-have” requirements.

While making a product decision, it is essential to keep in mind the future costs and constraints that accompany product customization. Ongoing support for the customized modules as well as compatibility with future releases of the product must be factored in before making a decision.

Develop implementation plan: Developing strategies to plan for critical pieces of the implementation is crucial. The project teams must understand the “big picture” and put in a concerted effort toward meeting dependencies.

- System integration plan: The system integration plan should address aspects such as synchronization of multiple projects, interface development for existing and new systems and testing coordination. Multiple system integration options may be available to the firm, and firms should exercise care in making the right selection (see Figure 5).
  - In-house system integration: If the firm has a strong in-house capability to manage the system integration, this would be an ideal solution. However, taking on this role in addition to driving the overall program puts a significant strain on the firm’s resources.
  - Independent system integration partner: An independent partner with relevant inte-

Requirements and Considerations for Product Selection

![Diagram of Requirements and Considerations for Product Selection]

Figure 4
Gratation experience and domain knowledge and without product prejudice is the next best solution as the independent partner’s focus will be on an optimal solution. The program structure could be designed to make the integration partner fully accountable to the firm’s program management team, which in turn could coordinate with all the internal and external entities.

**Product vendor:** If a product vendor were to also independently manage the system integration, it may cause a conflict of interest. For example, the vendor may choose to customize the product for a requirement that can easily be built into the firm’s existing system. Also, managing related internal projects of the firm could be a challenge for the product vendor.

- **Migration plan:** A product implementation requires detailed and careful migration planning. This may require new development, enhancements to existing systems, parallel runs of new and existing systems as well as new “throwaway” developments. Planning ahead to develop a fully integrated program implementation vision that highlights dependencies between various projects is essential to minimize the “throwaway” effort and smoothen the “go-live” experience.

- **Test strategy:** A detailed product testing strategy covering comprehensive integration testing and user acceptance testing needs to be developed for a successful implementation. The firm needs to optimally divide the testing effort between testing out-of-the-box features and testing customizations and integration points.

Key stakeholders and all vendor partners should sign off on each of these plans to ensure accountability. Early investments in planning prevent unpleasant surprises (and costs) in later stages of the program.

**Implementation**

The implementation stage comprises a set of initiatives across the firm. Planning for these initiatives before diving deep into “activity mode” is a key determinant of success. Almost all firms have a set of defined processes for executing large programs. These processes need to be customized for the product implementation to ensure efficient implementation.

**Gap analysis:** Once the product choice has been made, it is necessary to review the original business transformation plan and the prioritized requirement set. As all requirements that were initially envisioned may not be an ideal fit given the customization, alternatives might need to be used. A gap analysis serves to identify those features from the initial set of requirements that are available out of the box, and those for which customization is needed owing to product constraints.

**System Integration Options**

![System Integration Options Diagram]

Figure 5
**Business process reengineering:** Revisiting and evaluating alternative process workflows for requirements that are not supported by the product or need a high level of customization serves to finalize the initial business process transformation plan. A set of requirements results from this exercise that defines the required product customization and custom development outside the product. All “nice to have” requirements that need high levels of customization may be considered for exclusion based on time and cost constraints. It is important here to bear in mind the long-term maintenance costs of over-customization.

**Product customization and related software development:** After the business processes are finalized, implementation can commence. Proof of concepts may be planned for testing critical integration touch points in order to mitigate risks during the later stages. Product customization should be carried out such that future upgrades will support the customized pieces. To ensure maintainability, the product vendor should be required to follow strong software configuration management procedures. The firm’s standard SDLC methodology should be followed for custom development around the product.

**Releases:** Product implementation requires an extended parallel run of the existing platform and the new platform. The parallel run may last for many weeks, and it is important to be prepared for these parallel operations. Also, regular, high-quality checks must be performed to ensure that the system performance is in line with expectations. The migration sequence can have a significant impact on the “sunk costs,” based on the level of throwaway development required. Hence, the sequence in which the modules will be released into production should be carefully considered. Product releases for intermediate testing or other purposes should be accompanied by detailed release notes. Transformed workflows to support the technological changes need to be rolled out in conjunction with the product launch, in keeping with the business transformation plan.

**Post-implementation**
Successful implementation is not the end of the journey for the firm’s leadership. It is equally important to ensure that the end users are satisfied with the solution, and also that any future requirements do not erode the value created by the project.

**Incorporating user feedback:** Once the product implementation and the accompanying operational changes are complete, the firm should put in place a continuous feedback mechanism so that all the affected users can provide feedback on the product and the changed workflow (see Figure 6).

- **Evaluate feedback:** The feedback received should undergo meticulous evaluation; it is important to avoid continuous cycles of minor changes. Suggestions considered fit for implementation can be taken up in a subsequent release cycle.
- **Roll out changes:** Following the evaluation, the changes chosen for incorporation can be implemented in a series of planned releases. The flow of communication should be kept up during these changes to ensure that the users feel involved in the fine-tuning process and respond positively to the adjustments.

Valuing end-user feedback creates ownership and buy-in. End users are much more receptive to changes and ignore minor disruptions when they feel a sense of ownership.

**Ongoing governance:** Retaining a governance team that oversees future enhancements,

**Feedback Flow**

![Feedback Flow Diagram](image)

*Figure 6*
inclusion of additional workflows and integration of new systems can help to avoid the common pitfalls of over-customization or the platform becoming obsolete sooner than the expected time. Business goals and the marketplace evolve continuously, and hence process changes should keep pace to stay aligned with the business objectives.

- **Process governance:** New workflows being considered for inclusion should be scrutinized for efficiencies as well as relevance to the business objectives. Existing workflows that are being modified should stay true to the fundamental principles of the original transformation initiative.

- **Technology governance:** In order to protect the value of the implementation over a longer period, the technology ecosystem surrounding the product should be safeguarded from bottlenecks that could impact performance, maintainability and the potential scale of the overall platform.

Ideally, the governing body should comprise leaders who are aware of the guiding principles of the original implementation and who continue to be invested in the program.

**Change Management**

In addition to successful operational and technical implementation, organizational change management plays a critical role in the success of large programs. A new product implementation ripples beyond the application, technology and infrastructure changes (see Figure 7).

Preparing the organization for the transformation is an important investment in the success of the initiative.

**Communication:** Timely communication to the entire organization mitigates uncertainty and anxiety over the upcoming changes and impending shifts in the organizational hierarchy. A plan should be chalked out to formally reach out to all stakeholders, creating awareness and individual ownership for the new product implementation.

**Influencing user behavior:** User acceptance of changed workflows can be accelerated by leadership initiatives such as championing of the new processes and systems, and by behavioral changes. Encouraging users to approach leadership with new ideas to achieve business goals can also help achieve buy-in.

**User training:** Adequate user training can go a long way in alleviating the inevitable unease surrounding the new platform. The training plan should ensure that by the time the product is installed and new systems go live all users must be familiar with the product navigation, workflows and exception resolution processes. Contract negotiation with the product vendor should include early and regular demonstrations of the product for the intended users and commitment on formal classroom training for all users.

Managing Organizational Change Accompanying a Large IT Product

![Figure 7](image-url)
Change management is all too easy to set aside. Leaders’ efforts toward ensuring a smooth transition often lose steam as other activities place greater demands on their schedules. It is important to view change management as an overarching theme in all stages of the project. A comprehensive organizational change management program identifies and aligns all the impacted components of the organization, and improves the predictability of results by anticipating and mitigating people and organizational issues.

Conclusion
A product implementation is an often overlooked opportunity for firms to take a step back and critically observe business operations. While a product can deliver certain immediate benefits out of the box (e.g., automation, speed of execution, etc.), looking beyond technology to harness value can greatly magnify the benefits of a large-scale product implementation program.

Shrugging off the legacy of long-standing processes to seek a fresh perspective on realigning people, processes and technology with business goals can be challenging. However, seizing the opportunity of translating a technology project into a broader set of initiatives helps an organization make the best of its investments and increases the probability of the program’s success in the long term.

About the Authors
Aashish Chandorkar is a Director with Cognizant Business Consulting and leads the Technology Consulting Practice. Aashish can be reached at Aashish.Chandorkar@cognizant.com.

Dheeraj Toshniwal is a Senior Manager with Cognizant Business Consulting and leads the Wealth Management Consulting Practice for APAC. He has experience leading business and IT transformation engagements with global banking and wealth management firms. Dheeraj can be reached at Dheeraj.Toshniwal@cognizant.com.

Siddhi Chanchani is a Senior Consultant in the Banking and Financial Services Practice within Cognizant Business Consulting. Siddhi can be reached at Siddhi.Chanchani@cognizant.com.