MicroSave Briefing Note # 44

What CEOs Need To Know About Software Implementation
Dayo Forster[1]

Once the right software system is chosen, it has to be put into place properly. Inadequate planning often leads to project delays and unmet expectations. Even if the best system is selected, implementing it the wrong way can lead to disillusionment and loss of morale among staff. Worse, it may lead to the project being completely abandoned.

"Briefing Note # 43 What CEOs Need to Know About Software Selection" discusses some of the lessons *MicroSave*'s Action Research Partners (ARPs) have learnt when selecting software from the wide range now available commercially. This Briefing Note distils some of the lessons (good and bad) gleaned while implementing the selected software solution.

Project Management Skills
Planning is key to successful implementation. Several institutions – Teba Bank, Tanzania Postal Bank (TPB), Equity Bank, and Commercial Microfinance (CMF) – all designed project implementation plans, which they pursued aggressively. A plan with time lines that nobody attempts to stick to dents morale and generate an acceptance of under-performance. Although a plan can never be perfect, the process of planning encourages active management of the common risks that so often sabotage implementation projects. There are a range of key elements that require attention to detail, such as data migration, expectation management, software testing, process manuals, training and disaster planning. It is also important to have the right people to manage the implementation project. Equity and CMF's projects were successful because they had staff with deep knowledge of the software. In contrast, implementation at an ARP with limited internal capacity was slow and expensive, because they relied on vendor support.

Sponsorship
Any major IT project has to involve top management and the board from the very beginning. It is important that the board be willing and able to make quick decisions on purchasing and other key expenditure items required for implementation. Equity Bank's board are fully committed to the changeover to a new banking software as they see this as crucial to their institution's growth and expansion plans. Other ARPs have found it harder to make significant changes because country-level and international managers had different ideas about how the institution could change in response to new challenges in customer needs and expectations.

Rollout Process
It is recommended to have a staggered rollout process, working with the 'easiest' branches first in order to iron out teething problems. The first few implementations always take longest and it is best to allow them time to settle before moving on.

CMF had one of the fastest rollout processes reported by the ARP institutions, computerising their city branches first, significantly improving the ease with which technicians, trainers and management could attend to any issues that arose. It took them a month to stabilise the software in the city branches, after which they rolled out to the remaining branches. They were able to stabilise the system in each rural branch within two days.

Communications and Connectivity
Having fallback methods for transaction processing when the network infrastructure fails is crucial, as is having the best possible physical backbone to enable inter-branch transactions to take place. Unsurprisingly, customers distrust institutions that claim that "our systems are down; we cannot process withdrawals … but we can accept deposits". Pride Tanzania have found themselves hampered by the lack of affordable solutions to connect their branches. Costs remain prohibitive and some of the most interesting developments include an innovative debit card software that provides real time processing using the data stream of the mobile telephone networks.

Hidden Costs
Implementation costs can be significant. Often overlooked are costs related to refitting secure rooms for computer servers, installing air conditioning or the provision of backup power. Training costs may include not only the costs of hiring a trainer, but also costs involved in modifying training materials so that they more closely resemble what users

will see and do. This may mean developing a realistic set of sample transactions on a training database, as well as the production and printing of training materials. Depending on the size of the organisation, it may also be important to design and set up a training classroom. When one ARP re-estimated the cost of implementation, it doubled from the original estimate of $1.5 million to a more realistic $3 million. Kenya Post Office Savings Bank (KPOSB) found that the physical location of their vendor meant increased costs for air travel and local accommodation. They also found they needed to purchase additional software tools, as well as upgrade their server.

Scope Creep
Changing project requirements once the implementation process is underway often leads to prolonged delays and staff demoralisation. One ARP's debit card project was delayed as the development team tried to respond to new and exciting customer clusters identified by the business development team. When the project continually failed to meet deadlines, managers eventually rationalised the project scope and started to make significant progress.

Vendor Relationships
Typically vendors over-promise and clients expect too much while paying too little. To avoid conflicts in the vendor relationship, TPB and Centenary Bank have found it useful to include in their contracts a list of explicit penalty clauses that may be invoked if the vendor does not meet performance targets. By making these demands explicit, it becomes easier for the vendor to price their service and for the client to know what it is paying for. For example, in their performance contract, TPB have specified a daily amount that is payable for the supplier for every essential piece of hardware that remains non-operational after a pre-agreed period.

Training Staff
Training has to be practical, demonstrating how real-life transactions are made, with a functional focus – so that users learn the parts of the software that are highly relevant to their work, without getting overloaded with other aspects that are not. The best time to train staff is just before they need to use the software. By the time trained U-Trust staff had to used the system live, they had forgotten everything they had been taught. Equity Bank used a cascading training of trainers methodology. The software vendor trained a core team of hand-picked individuals. Within each branch, individuals who demonstrate enthusiasm become software champions. Individual motivation is important in their training methodology, and Equity has found it an invaluable way of entrenching learning within the organisation.

When Things Go Wrong
During implementation, there is often a period when new issues arise faster than old ones can be solved. Several institutions reported a "let's go back to the old system" stage during implementation when the software seems full of bugs, branches cannot communicate with the head office, reports have unverifiable information, or management has realised that their trained staff cannot use a mouse. At this point, it is worth revisiting key issues within the implementation plan and designing corrective action. U-Trust found their plan going awry soon after they embarked on their IT implementation strategy. The main reason was delays in purchasing equipment and software because funds expected from a donor had not arrived. Senior management decided to restructure their plan, negotiate new terms with the vendor and find out ways of using the institution's own resources in order to kick-start the stalled project.

Reporting for Management
It is quite easy to produce lists of transactions from the system that do not correspond to what users need to do their work. The best way to check whether reports being produced are useful is to find out how staff get the information they need, and how long it takes them to do this. If key managers still have to get data from various sources and recombine it in order to produce valuable information, this suggests the reports are not good enough and will need further development.

Getting Information
Many IT managers do not have an active peer network and find it hard to get hold of information. It takes time to find dependable sources on the Internet, or to locate peers who will willingly respond to queries. Participation in regional fora and online communities can help. Internally, institutions may need to think about ways of recording their experiences (on issues as varied as reliable suppliers, background research papers or software glitches) and making it more easily accessible to new staff as old ones leave. Users may also need information as they become familiar with the system. Teba Bank developed a helpdesk and call centre to provide user assistance.