

## **Core Banking Systems Conversion: Are you ready?**

Converting from an existing core banking platform to a new system is a major undertaking requiring significant planning, budget, resources and time. Implementing a new core banking system typically takes between 12-18 months and impacts – often dramatically -- the entire enterprise. Allocating sufficient time to the implementation planning effort is important both to minimize risk and achieve a successful conversion. This article provides hands-on lessons to help jumpstart you when planning for a successful core system conversion.

### **Planning the Big Picture**

While planning involves attention to detail, there are certain aspects of planning at the big picture level that are critical to get right. Three particular areas that fall into this category are:

- Setting high-level project objectives
- Strategically undertaking project resourcing
- Rethinking business processes

Prior to undertaking a large core banking systems conversion effort – and the word large may be redundant as all core systems conversion projects are large -- it is critical that an organization determine the key objectives for switching from one core banking system to another. At a high level, companies typically seek to improve business processes, minimize costs, enhance flexibility and/or maximize productivity. A core banking systems conversion provides the perfect opportunity to implement key changes that act on one or more of these key levers to maximize the organization's effectiveness. However, those goals and objectives need to be established and prioritized up front. Failing to do so will increase the risk of spending large amounts of time and money on areas that are not important to the organization as a whole. Identifying and communicating the key objectives should be considered an early and essential component of the conversion project.

After the initial objectives of the conversion have been identified, it is important to begin identifying and allocating the right resources to the project. Incorporating the right people upfront will increase the likelihood of a smoother, more successful conversion. Whether intended or not, a core banking project typically impacts an organization from end-to-end and leaves few areas unchanged. The sooner critical resources are involved with the planning effort, the earlier key challenges will be discovered. Uncovering the challenges early enables an organization to plan for and address these challenges.

Besides identifying challenges, the right people – be it employees, the vendor and/or impartial third parties -- can also help to identify conversion opportunities. While there are many reasons for implementing a new system, an organization should be very cautious about attempting to implement a new system that performs exactly like their old system. Recreating the existing system will place many potential benefits of the conversion effort at risk. So, it is important to incorporate resources on the conversion team that are capable of thinking about the desired end results and different business processes that might lead to those results. Selecting the right conversion team mitigates the risk of implementing a costly new system full of workarounds that make it perform exactly like the system that is already in place. As many of us have learned, the definition of insanity is doing the same things over and over and expecting different results. It's much better to use the conversion project to both maintain your sanity and achieve your goals.

### **Planning the Details**

As an organization embarks on a core banking conversion project, it needs to address a series of key detail-oriented questions prior to the start of the implementation effort. Below are some questions to consider related to resources, timeframe, and budget that may be of assistance in planning your conversion project.

### Resources

- What are the key skills required to implement the project? Based on these skills, does the organization need additional assistance to fill in or assist with potential gaps in skill or knowledge?
- Are the right people representing each key business area?
- Which business and technology resources need to be on the project full time? Which resources can serve as part-time subject matter experts?
- Will key resources be able to allocate a sufficient amount of time to this project within the target timeframe? Will backfill resources be available to do the day jobs of the project team personnel? If not, what are the implications for the conversion timetable or resourcing?
- When the new system is in place, will a different set of skills be required to operate and maintain the system? If so, are the resources that are in place capable of supporting the new system?
- Will a PMO be responsible for coordinating the overall program? What are the key roles that must be fulfilled? Does the organization have the right resources to fill these roles?

### Timeframe

- Based on the complexity of the organization, what is a reasonable target go-live date that would enable the organization to accomplish its key objectives?
- If the date is considered aggressive, what types of changes need to be made to meet the go-live date?
- What contingencies are in place to keep the project on schedule?
- How many mock conversions should be performed prior to the go-live date?

### Budget

- When the new system is in place, will any of the old systems be required to be operational for any period of time? If so, which systems will require this, how long will they need to be up, and what is the estimated cost?
- Do any early termination fees need to be considered?
- What types of changes need to be made to the technology infrastructure?
- How much new hardware will be required?
- What is the appropriate level of contingency that should be included?

Planning the implementation of a core banking systems conversion project is a major undertaking. This article only begins to scratch the surface of all that is involved in the planning effort. Nonetheless, it is our hope that the information helps you begin to move down the path to minimizing project risks and achieving a successful conversion.

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