

PAMPAL WORKSHOP

Breakout Session Strategies for Designing and Managing Successful IT Solutions

April 4, 2006

The design, procurement and implementation of a financial system which impacts many individuals, organizations and functions is a complex, lengthy and demanding project. In the Plenary Session on **Strengthening Budget Execution** you heard many success stories and problems related to Financial Management Information Systems (FMIS).

Common problems result in failed system projects. It is not unusual for millions of dollars to be wasted on financial systems. Projects can be months or years behind schedule. Systems are often implemented which do not work well and cannot meet the financial information needs of the users.

These common problems occur in all countries including Western countries: no real champion or push by the government; lack of support by key stakeholders, such as IT departments and major ministries; no dedicated staff to the project internally within the government; Terms of References are poorly written resulting in the hire of unqualified consultants and systems which do not meet the needs of the government; no management or oversight of the consultants; the design phase only focuses on function and ignores the larger policy, procedural and organizational issues; the design focuses on the needs of the ministries of finance and ignore the financial information needs of the ministries; the implementation plan is too ambitious and calls for implementing too many functions too quickly; software vendor proposals are taken at face value and vendors are not asked to prove their responses.

There are many critical success factors which help to overcome the common problems encountered in all stages of FMIS projects. There are several defined stages to FMIS projects: project organization, design, procurement, implementation and post-implementation. All of these stages have a unique focus and must be carefully planned and executed to ensure success.

- *Project organization* will run throughout the project. This stage defines how the project will be managed both internally within the organization and externally through the use of consultants; it identifies the project champion and the key stakeholders and the strategies for developing a broad base of input into the project and consensus.
- The *design phase* serves as a basis for the procurement and implementation stages. In this stage, the overall strategy for the system functionality, technical support and system roll-out to users is planned and estimated costs and timelines are developed. Additionally, it is during this stage that gaps between the current system and the new system are identified and recommendations to prepare for a new FMIS are identified. The following areas must be considered during this phase: the technical infrastructure; financial laws, policies and procedures including the budget and accounting classification system; skills of users; skills of IT support staff.
- In the *procurement stage*, the detailed functional and technical requirements are developed, the tender document and the evaluation criteria for both the system and the consultant implementation support is developed, the tender document for the technical infrastructure is developed and contracts are awarded.

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- The *implementation phase* includes preparing the system and the technical infrastructure for use by the government. New financial laws, policies and procedures must be written. The budget and classification structures and codes are restructured. Training must be conducted for all users and technical support staff.
- *Post implementation* entails the resolving of problems resulting from implementation. Both the technical and user staff is learning how to maintain and operate the system and a support structure for identifying and resolving must be established. Software and hardware vendors as well as external consultants must be actively engaged for a period of 6 to 12 months to provide assistance for problems that cannot be resolved internally.

Success factors in each one of these stages include the ones listed below. Are there others? What do you consider the most important of these and what actions can be taken within the government to ensure the success factors are achieved?

SUCCESS FACTORS	ACTIONS TO ENSURE SUCCESS
Project Organization	
<ul style="list-style-type: none"> • Sponsor who strongly supports the project and can resolve problems and issues between organizations 	
<ul style="list-style-type: none"> • Dedicated project team, including functional and technical experts, who can take ownership of the project and tightly manage the project 	
<ul style="list-style-type: none"> • Well defined goals and objectives for a new FMIS to keep focus as the project proceeds 	
<ul style="list-style-type: none"> • Steering Committee with defined responsibilities to make policy decisions and manage the overall process 	
<ul style="list-style-type: none"> • Working Group with defined responsibilities to provide cross-functional and cross-organizational insight 	
<ul style="list-style-type: none"> • All individuals involved in the project have a clear understanding of the operations of an FMIS and how to manage FMIS projects 	
<ul style="list-style-type: none"> • Broad base of support and consensus among stakeholders 	
<ul style="list-style-type: none"> • Project plan includes realistic timelines and responsibilities of both consultants and project team members 	
Design	
<ul style="list-style-type: none"> • Design report is comprehensive and includes: current assessment, 10 year design and implementation strategies and includes functions, technical infrastructure, capacity building and on-going maintenance both in IT 	

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SUCCESS FACTORS	ACTIONS TO ENSURE SUCCESS
and user departments	
<ul style="list-style-type: none"> • Only qualified consultants assist in the development of the report 	
<ul style="list-style-type: none"> • Well defined timelines and strategies for building consensus around the design and report approval 	
<ul style="list-style-type: none"> • Implementation strategy includes the slow phasing of FMIS components 	
Procurement	
<ul style="list-style-type: none"> • The software selected is for governments and meets the requirements 	
<ul style="list-style-type: none"> • Hardware purchased meets the technical specifications required by the software 	
<ul style="list-style-type: none"> • Only qualified consultants assist in the implementation 	
Implementation	
<ul style="list-style-type: none"> • System knowledge is transferred from the implementation partners to IT staff 	
<ul style="list-style-type: none"> • The software delivered is the software promised 	
<ul style="list-style-type: none"> • Critical decisions are made in a timely fashion 	
<ul style="list-style-type: none"> • All financial policies and procedures, including restructured budget and accounting classification structure are in-place and all staff is trained before the system goes live 	
Post Implementation	
<ul style="list-style-type: none"> • Support for both users and IT staff is available and operational 	
<ul style="list-style-type: none"> • Budgetary commitments are planned and approved for systems maintenance and equipment replacement 	