

Axxsys Consulting: Guide to System Selection

Approaching a system selection process with a robust, structured methodology is paramount for any firm reviewing their Target Operating Model and key for achieving strategic objectives.

Many firms make the mistake of not applying the right priority/skillsets and approach to this important process.

This White Paper outlines what companies can do to establish a sound system selection process.

Why System Selection is important

The investment in a new technology is one of the biggest decisions a firm can make, and one you live with during Analysis, Implementation and Operation for a long time.

It is critical to make a technology choice that will meet the demands of your end users with the right balance of appropriate functionality, refined user experience, ease of integration to existing technology and as important as a lot of the technical or business requirements, the right partnership with a Vendor that will see your firm's growth and your strategic objectives as important as their own.

Applying a structured methodology to this process and concluding on an aligned platform with business buy-in will enhance efficiency, productivity, lead to streamlined automated processing gains and if the right analysis is done up front, regarding initial costs and long term, a stronger Total Cost of Ownership (TCO) model than would otherwise be realised.

The correct technology choice will align to efficiencies and redeployment of staff to less utilised areas of the business when manual workflows become automated, also addressing operational risk.

The emphasis on a structured methodology for System Selection is as important to you as it is for Axxsys™ to help you achieve the right result.

Successful System Selection considerations

Are the Target State Operating Model and Technology landscape defined before you start the process? What do you as a business want as the Strategic Goals for any new technology platform and how do you measure them during Implementation?

Is the choice of system aligned to existing business or are you thinking of new markets/opportunities that the platform must support? Will the platform grow with your firm? Is the consideration of Total Cost of Ownership clear over the lifetime of the platform?

What is the track record of the Vendor? Has the vendor valid Client sites it can share with you, as to the success of the implementation and meeting requirements that may be similar to your businesses current state and future state goals.

Have you considered the product, not only in the functionality it provides to service the immediate business area it is being implemented in, but both upstream and downstream interfacing and ease of integration with systems that may not change?

What type of implementation suits your firm? Will the system be installed on-site with the associated support of Infrastructure, Development and Application Support staff or would a Hosted or Managed Service be a better fit for your firm?

Is configurability to the organisation a key aspect to the system (appreciating it is also an expensive decision) or is a standardised more rigid, but consistent platform choice with ease of upgrade and low cost maintenance as a priority?



It is important for the success of any System Selection, that these and other questions are answered from the outset.

They will form the foundation of the System Selection Methodology and thus act as the guiding principles in the company's dealing with providers and vendors during the process.

Your firm will need to ensure that the requirements of the system are understood before you embark on the System Selection. Many aspects of these requirements would be captured in a Request for Information (RFI) for which Axxsys Consulting have a proven template and process to work with providers and vendors.

The Vendor Relationship

Your partnership with the chosen Vendor and their understanding of your firm's vision and goals is as important to all the requirements leading to a platform choice.

Will the chosen Vendor offer the long-term ability for implementation and ongoing support? Will the Vendor work well with your existing technology team or if you choose a Hosted/Managed Service approach, will they integrate well at a people/cultural level and enhance processes rather than hinder?

At Axxsys Consulting, we specialise in building relationships with Vendors to understand their culture, their people and their products. One of our core principles is to not partner with any one Vendor, allowing us to be independent and agnostic when it comes to understanding Client requirements and the most appropriate solution.

Axxsys System Selection Methodology

We have developed our own System Selection Methodology and applied it successfully at many firms. It is clear, structured and adaptable to each of our client's individual business areas and their own project methodologies/disciplines.

Analysis of the core requirements of our Clients and the individual needs of each function within the areas that are going through change is performed at a high level. Within all areas of the Investment Lifecycle we have knowledge of the business processes that are required from Research through to Fund Accounting, so through the use of our Axxelerators (our own bespoke business and technology toolset) we provide formats and templates to capture this information.

Our knowledge of the market place and potential vendors that suit the requirements is also provided if our Clients are not yet sure of the shortlist. Axxsys also stay ahead of the curve on some of the newer disruptive technologies, that may be an option at the right time and we explore the possible adoption of these with our Clients.

The formation of the RFI after all the requirements are understood is performed and Axxsys then manage the entire process to provide a structure and quantitative scoring (weighting) where the top drivers (any number) are determined and discussed with the Partner/Vendor and the Client.

Axxsys apply a benchmark to these scores, to show where other similar organisations are operating and how through the system choice if made, the firm can meet their own objectives and relate to their competition.

Through structured governance with the Client, we help determine a structured proof of concept at the RfP stage with at least 2 Vendors and manage that process from scope, requirements and execution, with pre-determined understood and agreed expected results. We work closely with key business leaders and Subject Matter Experts to ensure that either a series of workshops or a structured proof of concept is an efficient and effective process. We also support this process with a detailed Total Cost of Ownership, that will be required for the overall final decision making.

During this process, Axxsys work closely with the Vendor to assist the Client to understand more about how the long-term relationship is going to work as well as determine commercials working with the client's Vendor management team.

Finally, bringing all this information together into a detailed summary of the process an Executive Summary for Steering Group or ExCo/Board consumption being the core deliverable, unifying the steps taken in the process to provide the Client with all the information they need to decide on the future platform.

System Selection Criteria

The typical engagement we have with our Clients focuses on between 5-10 core drivers for us to Benchmark and Quantify. In Figure 1 on the next page, we show the way we display the results of the System Selection at an executive level, very clearly drawing a comparison to each of the different platforms and vendors that are in scope.

Functionality, Instrument Coverage, Flexibility being probably some of the highest weighted components to evaluate, showing that a product can meet the requirements at the base level.

Ease of Integration, Strategic Fit, Impact on Vendor, Product Development easing the integration journey, the complexity of the interfacing to existing legacy systems and the future roadmap of the Product from the Vendor to ensure it aligns with the goals of your firm.

Cost is a major topic in its own right, but looking at the procurement cost, the implementation costs and the ongoing cost of maintenance.

Evaluation Criteria Category

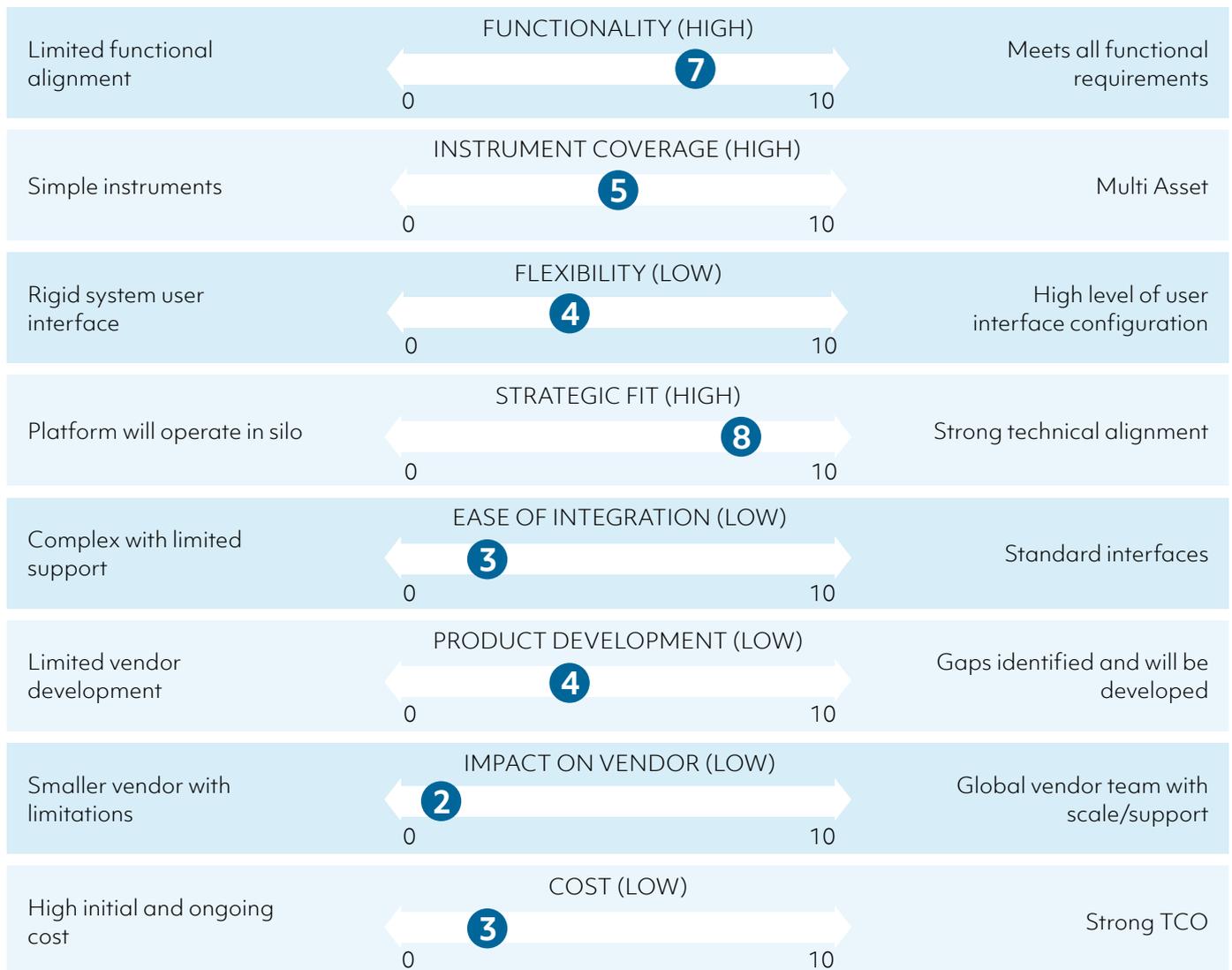


Figure 1

Conclusion

System Selection Processes and Methodologies, if performed wrong, could seriously affect the plans of your firm. With a robust System Selection process, you know that you will get a technology suited for your needs and requirements of Vendors is key for your firm's future growth. Utilising existing resources within a PMO group or Vendor Management covers the basics of this process, but the knowledge Axxsys has in its day to day Consulting engagements and the time to derive a template process that can be bespoke for your individual needs, allows you to focus on the end choice of a platform that will grow with you.

Why Axxsys

Through each step of the System Selection process, Axxsys Consulting will be there for you as a Client, adhering to the following key attributes:

- Our **delivery focused** approach, working with you to establish a system that is optimising business, based on your requirements with tangible results.
- We have worked on projects covering every aspect in investment management and our consultants are experienced in dealing with financial institutions and vendors. Our **experience** means there are few problems we have yet to encounter, and by leveraging our joint knowledge we are able to overcome any obstacle.
- We are completely **independent** of software vendors, which allows us to remain politically neutral and 100% client focused. Our priority is project completion on time and on budget.
- The scale and extent of our business, covering over 50 Clients globally, has enabled Axxsys Consulting to build an extensive industry and functional **knowledge** base which allows us to make rapid progress through the various stages of a project, and gives us an unprecedented advantage to bring targeted geographic, functional, technical and industry knowledge to each Client. Our consultants have a combination of experience from the Vendor and the Client side.
- Our consultants understand what Clients expect in terms of service and commitment. We view every Client interaction as part of an on-going **relationship**, one which we continually aim to maintain and foster.

About Axxsys Consultancy

Established in 2003, Axxsys Consulting (axxsysconsulting.com) is a specialist IT consultancy to financial institutions, and a strength in Investment Management.

We provide Advisory and Strategic consultancy as well as a focus on both Business and Technology integration programmes and projects.

We have a dedicated pool of 40 specialist consultants working on Client assignments worldwide. As a group, we have worked with over 50 organisations, on both business and technology consultancy engagements, including some of the largest buy-side and Hedge Funds in the world.

Through our independence, and decision not to partner with any one Vendor, we are perfectly suited for any System Selection work, as providing this agnostic approach, and one of our core principles, we always focus on the Client's needs rather than any software provider. We provide this same principle and discipline across all Axxsys Practices and Services.

If you would like to discuss any aspect of this white paper or for more information about Axxsys, please contact us at info@axxsysconsulting.com or +44 (0) 20 7526 4900.



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