

The Whitewater Process for Financial Services And The Financial Services Swift Launch Course

*Best practices to help drive new lines of revenue
through quickly rolling out
new customer capabilities with IT.*

- Does your company have difficulty acting quickly to roll out new systems and system enhancements to support new revenue opportunities?
- Does your organization get bogged down getting input from the many stakeholders that need to provide input for new capabilities?
- Does the business find that IT is unresponsive to meeting customer needs, or does IT find that the business doesn't clearly articulate their needs? Is the business/IT collaboration on new capabilities an uncomfortable and time-consuming negotiation?

Executive Overview

A key barrier to creating new customer service offerings is the implementation of new functionality in information technology systems. This is a special challenge to financial services companies because of the number of systems that are often involved, and the many different groups that are required for operations. Freshwater Partners has used its experience working with many financial services companies to adapt its Whitewater Process to help such companies quickly deploy information technology assets to support new and changing customer service offerings. Whitewater is a suite of best practices that allow business personnel and technologists to collaborate and create new system capabilities to support the rapid release of new customer services to the market. Whitewater for Financial Services are practices that incorporate specialized solutions and examples for financial services-specific business issues such as credit risk, fraud, and transaction risk.

This white paper introduces Whitewater for Financial Services, its components and its benefits. It also introduces the *Swift Launch for Financial Services* course, a five-day class for business and technical personnel that instructs them in the up-front practices of Whitewater using examples from financial services projects. These upfront processes have not only provided the highest benefits for Freshwater Financial Services customers, but also represent a logical starting place for improving a company's capabilities of quickly rolling new services to market.

Companies such as JPMorganChase, Central Carolina bank, Thomson Financial and Allmerica Financial have implemented these practices and have seen as much as 1900% return on the investment in their education and coaching programs.

Introduction

Growing your business means deploying new services to your customers in a rapid, targeted manner. Whether your new service is a change to an existing offering, an entirely new capability to market, or is a service that is provided by a partner, it will undoubtedly require enhancements to back-end systems, customer-facing systems, data feeds and potentially processes. Your company's ability to provide the best solution quickly defines your competitive position in the market. Once in the market you need to remain agile with your offering, maintaining the ability to adapt it to changing market conditions and customer needs.

Most financial services companies can dramatically improve their competitive positions by enhancing their service development abilities. The process of creating a new service typically involves lengthy rounds of approvals from the many organizations that are responsible for the success of a financial services firm: credit risk, fraud, operations risk, customer service, IT development, IT operations, statements, customer incentive program groups, and IT operations, just to name a few. These groups provide scattershot input to the process, creating a new capability that addresses group "concerns", but hardly ever results in break-through ideas for customers or the company. This process is also very slow and inefficient. How then can such a diverse set of people work quickly toward the common goal of creating a service that customers will love and will generate profits for the company?

Freshwater Partners has developed a suite of key best practices that enable financial services firms to quickly deploy market winning services while managing the risks that are associated with such new initiatives. These practices have been developed through many engagements

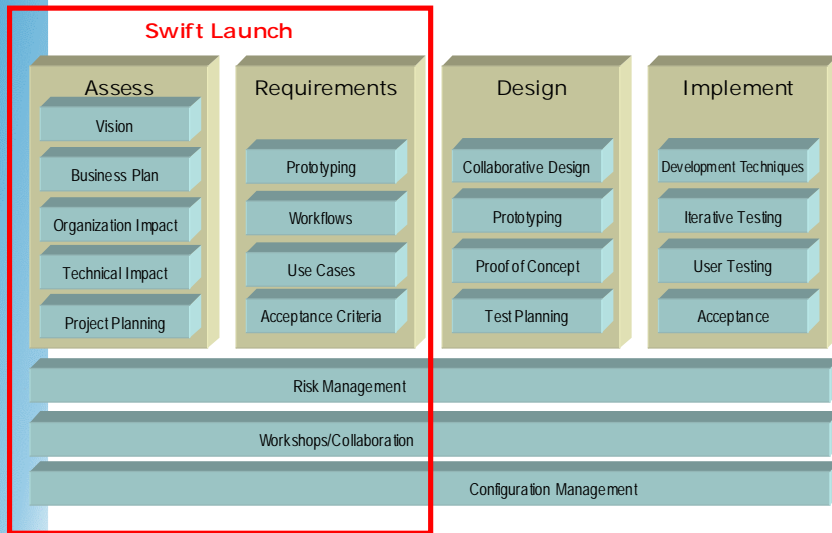
with large and medium sized financial services firms such as JPMorganChase, Central Carolina Bank, Frost Bank, Allmerica Financial, Thomson Financial, Aegon, and The Economical Insurance Group. These companies have experienced decreases in time to market on their projects by as much as 50%. Return on investment has been as dramatic as 1900% in the first year alone. This white paper briefly describes the suite of practices and the Freshwater Partners' approach for helping financial services companies to leverage these techniques.

Accelerating Service Development with the Whitewater Process™

Freshwater Partners has created the Whitewater Process to help companies improve their ability to create and modify information technology systems to support business initiatives. This process has been used in many financial services settings. These experiences have been distilled into the Whitewater Process for Financial Services. The following section describes these processes and how they work together to decrease time to market, reduce project risks and add to a company's bottom line.

There are many best practices for every aspect of the rollout of a new service, each of which can help an implementation team complete their assignment better and faster. A key to leveraging these proven practices is to select a set that work well together and don't unnecessarily burden the team. The diagram below shows the set of best practices that Freshwater Partners has been using in the financial services sector with tremendous success. These practices do not in and of themselves constitute a complete system development method: rather they represent the practices that have been most effective in helping

financial service business and development teams work together to create market winning solutions. The red square shows the set of practices that are covered by the *Swift Launch* course, a subset of the overall practices.



Whitewater Best Practices

Our experience in working with financial services firms has shown us that a key to project success is effectively integrating representatives from the many different parts of a financial services organization to create a cohesive team that can make good decision quickly.

At the base of the process are **Risk Management, Workshops and Collaborative activities, and Configuration Management**. These best practices feed risk management and allow company and project managers to understand where risks exist and how they should be managed. Freshwater Partners maintains a set of risk management activities for project teams that run on daily, weekly, monthly and phase-based schedules. Because misunderstood project risks are the largest contributor to project delays and failures, performing these activities pays **large** dividends.

Workshops provide a unique opportunity for project teams to create a common vision and understand the perspectives of team members throughout the project. Freshwater Partners maintains a specific method for holding workshops that maximizes the value from the time spent by participants and quickly drives

actionable results. Collaborative tools such as discussion web sites, project web sites, and effective use of email also enhance the team's ability to work together.

Configuration Management is essential for organizing the myriad of pieces of a project and preventing team members from wasting many hours on tasks such finding documents, software components, or project schedules. A single, comprehensive configuration management practice increases team productivity and system quality, and facilitates the sharing of

software components and lessons between multiple projects. Configuration Management is also essential to the hand-off process from development to production.

The best practice process begins with an assessment of the project. During the assessment the project teams understands the scope of the project and its impact on the various units of the organization. To define the scope and understand its impact a number of lightweight processes are used at the beginning of a project to get the project team synchronized. These assessment activities occur in parallel and help all members of the organization understand how the project will affect them and others, uncover hidden costs and risks, and create a common understanding among the implementation team.

- o **Visioning:** Is used to help the team understand how the project will satisfy the goals of individual

groups and the organization as a whole. Visioning is primarily accomplished through workshops and prototyping sessions. Depending upon the scope of a project, visioning can be accomplished in as little as a few hours. Multi-million dollar initiatives may require a week or more of workshops, focus groups, vendor collaboration, and prototyping to create a unified vision around which the organization can rally. Visioning typically takes place in parallel with the activities listed below

- A **Business Case** is developed to enable the whole team to understand the scope of the project, how its success will be measured, and how it will add to the bottom line. Business plans can be as short as a page and as long as 100 pages depending upon the scope of the project and average from a few days to a few weeks to complete and review.
- An **Organizational Impact** assessment is conducted to understand how the organization will be effected. Will job functions change? Will processes change? Will more or fewer people be required? Where will training be required? How easily will the organization adapt to the new changes and what be done to smooth transitions?
- A **Technical Impact** assessment is performed to understand the scope of potential IT impacts including network, data, security, servers, and applications.
- **Project Planning** is also performed in conjunction with the above activities. Most importantly, as system features are understood, they are prioritized and a high-

level project plan is created. Large projects are divided into “slices” that can be created independently of each other and flexibly scheduled using available or augmented IT resources. This iterative process of slicing has allowed many systems to go to market in half the time otherwise required, producing earlier value for customers and the company.

Following an **Assessment** the team begins defining the **Requirements** for the system(s). Freshwater Partners uses a lightweight implementation of the *Use Case* approach to define requirements for system. We have found that this approach works well for business and technical stakeholders. Use cases can also be effectively used for distributed systems, Internet systems, client/server system, mainframe systems, and batch data processing.

- **Prototyping** is used to provide visual representations of a system for business and technical people to collaborate. Prototyping in a requirements setting can consist of paper, PowerPoint, web or other media.
- Another key tool for requirements understanding is **Workflow** development. Business and technical personnel work together to diagram existing and new processes to understand how they will change, and how the new system(s) must support those changes.
- A **Use Case** defines each step of a Workflow. A Use Case defines a specific interaction between a user and a system (or a system and another system). Use Cases are very valuable because they provide a format that both business and technical personnel can understand and use. The Use Case documents

- “Business Logic” that developers will implement in the system. Use Cases are also valuable tools for the testing phase of the project.
- Finally **Acceptance Criteria** are developed, serving as a contract between the developers and the users of the system. The Acceptance Criteria defines the criteria by which the system will be deemed to be “complete” and will be the eventual test by which the system is put into production. Defining the Acceptance Criteria early can prevent a variety of problems during the development process.
 - **Design follows Requirements** where the focus is keeping business stakeholders and user involved in the development process. Managing risk is also a high priority during this stage.
 - **Collaborative Design** activities involve the use of a variety of techniques and tools that allow system designers to validate their designs with the users. Collaborative websites are used, including chat boards. Design workshops are effective mechanisms for collaboration. Design collaboration requires careful synchronization of many schedules, but the result is well worth it.
 - **Design Prototyping** is an effective means for users to validate that the end result will meet their needs. Prototypes can be paper-based, web-based or use many other flexible technologies. Creative prototypes can be used to address business workflows, data processes and customer interactions as well as simple screen design.
 - Another key practice in design is building a **Proof of Concept**. This involves brainstorming primary technical risks on the project and building a piece of the system, which demonstrates that specific designs meet the needs of the business. The resulting piece of the system may be tested for security, performance, scalability, or user acceptance. Finding these errors in the design phase prevents large defects from being programmed into the core of the system.
 - Use cases are also used in the design phase for **Test Planning**. Depending upon the type of system many different types of tests may be required to ensure quality. We have found that the key of completing these tests quickly is in the scheduling of the test and the person, who performs them. For example, a performance-testing lab may be able to test a system for scalability and performance much cheaper than an in-house team. Users should be involved in testing during development, but understanding when they should be involved and what types of testing they should perform is key to maintaining their confidence in the system. Test Planning addresses these testing issues and establishes a schedule that helps the development team move quickly and successfully through development and into production.
- Implementation** is the process of building and testing the system. Having established the requirements and the design of the system, implementation should be relatively straightforward. During implementation it is key to facilitate the communication between the

development team and other stakeholders to keep the project on track.

- Freshwater Partners maintains a collection of **Development Techniques** that have proven to be useful in expediting the development of a system. These entail practices such as styles of communication with users to quickly resolve issues as they arise, code reviews, code inspections, pair programming techniques, build practices, iterative development techniques, and test harness development. Each of these techniques either increases the quality of communication between team members, reduces project risk, or both.
- Iterative system builds and **Iterative Testing** are proven, effective tools to keep the development team on schedule and uncover defects early in the development cycle. Techniques can also be used to create and test early versions of the system for user testing, documentation creation, and training development.
- **User Testing** is a key area of testing in the development phase that allows users to buy-in to the new system and begin to “own” it. Having users test an incomplete system requires understanding when the system is complete enough to include users in testing, and careful setting of expectations. When properly conducted, user testing can create a powerful group of user advocates to support the system in production.
- **Acceptance and Acceptance Testing** are the final steps before moving the system to production. If the acceptance criteria have

been properly drafted during the requirements activities, the users have been involved in the creation of the system throughout, and the team has had appropriate focus on the acceptance criteria, the process of acceptance should be a reaffirmation of the hard work that the team has performed.

The *Swift Launch* Course

All of the practices included in the Whitewater Process for Financial Services have demonstrated significant returns in increasing team productivity and the quality of resulting systems. However, adopting all of these processes at once is not practical. We have found that the best place to start is with the upfront assessment and requirements processes, using these techniques to create unified teams of business and technical personnel. To assist companies in adopting these techniques, Freshwater Partners has created a five-day course called *Swift Launch* for business and development personnel.

The *Swift Launch* course can be given to project teams in a just-in-time fashion as the begin projects, or can be broken into shorter segments and given to personnel over longer stretches of time. The course is designed for both business and technical personnel. It is comprised of approximately 40% lecture with the remaining time spent on exercises and a full day project simulation. Examples are taken from financial services and involve situations such as heavy transaction load processing, involvement of fraud and risk groups, transaction processing with financial services vendors, and live data feeds to systems such as portals. Course participants are provided document templates for the exercises that can be used on their projects.

As many companies have different levels of system development sophistication, the course can be customized to meet specific company or projects needs. Freshwater Partners also recommends and regularly provides coaches to work with teams on projects to reinforce the taught practices.

The *Swift Launch* course can be delivered as is or as a customized offering. This delivery model consists of tailoring the course, teaching the course to your team(s), and coaching them through the process:

1. Three days of preparation are used to tailor our materials to your environment. We take into consideration the type(s) of line(s) of business involved: retail, commercial or government services; the size of your operation(s); and the types of systems that you support: transactional, customer services, online, risk, reporting, statements, outsourced, etc.
2. The one-week customized *Swift Launch* course for business and IT teams, combining lecture and hands-on projects. Customers frequently break the course into two or three segments to work around team availability. Best practices taught in the course include:
 - o Structuring a winning team from all stakeholders to get to market quickly
 - o Creating a common vision for a new initiative including prototyping techniques that help the business and IT understand each other
 - o Building a business case for your initiative that can be used by both the business and IT
 - o Understanding organizational and technical impact of the new service.

- o Project planning techniques to keep a distributed/diverse team moving including defining and prioritizing the elements of the initiative in a manner that cost, schedule and risk can be accurately assessed, and planning implementation in pieces to get to market faster and reduce risk
 - o Techniques of prototyping that are useful to create consensus among team members for vision and requirements.
 - o Defining user acceptance and "completeness" for the system to avoid disconnects and unpleasant surprises upon delivery
 - o Defining business requirements in a manner that facilitates collaboration between business and IT using workflows and use cases.
 - o Creating and running simple risk management processes that quickly uncover and resolve business and IT problems
 - o Running workshops and using collaborative techniques to increase the speed and quality of communication and understanding between team members.
3. Project team coaching to help the team adopt and get the most out of the new processes.

Our customers have found these integrated practices to dramatically help them get systems to market faster and more reliably. For more information please call Charles Leinbach at 978-828-4153.

About Freshwater Partners, Inc.

Freshwater Partners is an education and consulting firm that helps companies adopt processes, tools and organization structures to innovate and execute business plans. We maintain a library of best practice processes that allow companies to optimize their business by leveraging emerging practices and information technology. We use a practical approach of assessment, alignment, education, coaching and measurement to guide our customers through improving their capabilities. We employ veteran business managers and technologists who have successfully assisted many companies.

Freshwater Partners and its associate consultants have been active in the biotech, pharmaceutical and healthcare industries for more than a decade assisting companies such as Pharmacia, Invitrogen, Cardinal Health, Aventis, and Cambridge Health Alliance optimize their organizations, processes and tools for the purposes of getting to market faster and adding to the bottom line.

Please visit our web site to learn more about our services at <http://www.freshwaterpartners.com>, email us at info@freshwaterpartners.com, or call us at (978) 409-1136.

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