

# 4 Steps To Establish a Successful Proof of Concept Scope



The most effective system implementations start by establishing a proof of concept (POC) to validate a vendor's ability to support your requirements and highlight areas where custom solution design may be required. A key component of a successful POC is a clearly defined scope that identifies the types of scenarios, number of portfolios, goals and criteria for completion. Yet we see time and time again firms overlook this element. Here are four key steps to establish a thoughtful POC scope that will allow your implementation to go off without a hitch.

Comprehensive planning of the POC scope will ensure critical requirements are tested, the POC is completed in a timely fashion and both you and your vendor have a clear understanding of the operational needs and the system's capabilities to meet them.

## 1. IDENTIFY TASK SCENARIOS

When determining the types of scenarios, they should be broad enough to cover both critical requirements and standard operations. An effective POC represents "day in the life" tasks for people, processes and technology such as data imports, quality controls, daily operational activities and information delivery. Always source scenarios from team members responsible for every aspect of those particular tasks.

Keep in mind that a review of the vendor's RFP responses may identify vague answers to critical functionality. As such, be sure to tailor scenarios to test these requirements. The combination of daily operations and specific critical functionality in your scenarios will provide the guide for defining the remaining scope components.

## 2. SELECT REPRESENTATIVE PORTFOLIOS

Once the scenarios have been identified, select representative portfolios and keep the number to an amount that is manageable for the POC participants. If there are scenarios without matching portfolios, now is the time to define the portfolio attributes to create a sample set.

## 3. ESTABLISH PROJECT GOALS

At this point, you are ready to define success. Answer the question "what does success look like?" Is it a like-for-like match to your current operations? Do the outputs need to match? Are you testing functionality and ensuring the product works as expected, but not attempting to reconcile? The answers to these questions must be documented and agreed upon by the stakeholders including the vendors. The level of complexity and duration of the POC will depend upon the definition of success.

## 4. DEFINE ANY CONSTRAINTS

Finally, define the amount of time available to execute the POC. There may be contractual limitations that set the allotted duration of the POC. There will be resource constraints. The duration will assist in determining the amount of historical data that will be used for the POC. At this stage, it's important to not overwhelm the team with volumes of historical data, particularly if the POC is short. A set duration will ensure a clear focus.

Once you have accumulated this information, present the scope to all stakeholders, including internal business units, vendors and sponsors and ensure these parties come to an agreement before proceeding to the execution phase.

A well-defined scope is a valuable starting point that will guide all parties throughout the POC. As President Dwight D. Eisenhower once said, "Plans are worthless, but planning is everything."

## HOW MERADIA CAN HELP

For over 20 years, Meradia has worked with a wide variety of financial services firms on implementation projects. We've seen what works and what doesn't. Our expert consultants can review your POC scope and identify any potential issues from the get-go, so your project progresses as seamlessly as possible.

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### About Meradia

Founded in 1997, Meradia provides strategic advisory and implementation services to the investment management industry. Our team of experts has a global reputation for excellence leading and executing transformational and operational initiatives across the entire investment process. We align front, middle and back-office organizations and technical platforms with our clients' business direction and vision.

