



## Bridging Resource Gaps for Successful Investment Performance Implementations

### *When clients and vendors share responsibility in system implementations, what is at risk of being overlooked?*

The delineation of duties between clients and vendors can be ambiguous. Resourcing gaps arise when one party assumes that the other party is responsible for a task. These gaps become apparent only after project teams and stakeholders have experienced confusion, missed deadlines, or cost overruns. As implementation projects grow in complexity, the magnitude of these impacts escalates.

Those accountable for system implementations want to provide stakeholders and senior leadership teams with a robust plan that anticipates and mitigates risks. Recognizing and addressing common resource gaps early in the project lifecycle is crucial for reducing risk and ensuring smooth, successful execution.

This paper addresses resource gaps that are common in investment performance system “performance” implementations. Such implementations are unique because performance teams consume large amounts of data from many diverse input sources, then feed performance results to a wide range of consumer profiles. The sheer number of client pathways inherent in performance implementations increases the risk profile of these transformations, making it more important to proactively and adequately address resourcing needs.

### **COMMON RESOURCE GAP #1:**

#### **Vendors Implement the System; Clients Manage the Program and Organizational Change**

Vendors come prepared with a project manager and project plans, focusing primarily on the platform’s installation and configuration. However, the client is responsible for integrating vendor milestones and timelines into broader, program-level plans. Since performance systems interact with upstream client data sources and downstream distribution workflows, the client must have internal project and program managers who can oversee non-vendor tasks and milestones.

The client is solely responsible for organizational change management. Clients often underestimate the value of internal “public relations” to keep the project on schedule and ensure that micro decisions are in line with guiding principles outlined at the outset. Additionally, a champion for change embedded in the project team will maintain staff morale during inevitable challenges and periods of discouragement.

A designated individual or team on the client side must be assigned the responsibility of communicating program-level updates upwards and outwards. The bigger the change profile, the more stakeholders are impacted and the more critical the communication machine becomes in ensuring project success. (continued)

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## **COMMON RESOURCE GAP #2:**

### **Vendors Cannot Fully Resolve Upstream Data Issues**

Client data is rarely fit for purpose when migrating to a new performance system. The vendor lacks access to and understanding of client data sources, so data preparation falls squarely on the client. Some new systems offer flexibility, but vendors have specific requirements for how clients must provide data. While vendors can often implement workarounds and behind-the-scenes data transformations to address issues. Vendor implemented workarounds have hidden business logic hidden in code that clients may not have access to. It is advisable to avoid these as much as possible to prevent future system instability.

An orchestrated data review and cleanup before implementation will prevent last-minute surprises and help avoid wasting the vendor's time and resources (which translates into additional costs for the client).

## **COMMON RESOURCE GAP #3:**

### **Fitting the New Application into the Client's Ecosystem**

Vendors are familiar only with their own environment and are not privy to a client's overall architecture and business and technology processes. Clients are responsible for designing and building their ecosystem around the new platform. This task often presents a challenge for the client, as it necessitates a comprehensive understanding of the connections and interactions within their systems.

Even small boutique firms implementing a single front-to-back platform must account for the inevitable impacts to employees and external consumers. For larger firms with best-of-breed solutions for front office, accounting, performance, and client reporting, creating seamless data flows and workflows between systems becomes increasingly complex and requires additional client resources. Failing to incorporate upstream and downstream data and workflow considerations into the program-level plans could leave the client in a position where the new platform is configured but unable to go live.

## **COMMON RESOURCE GAP #4:**

### **Testing the New System at Scale**

Once users configure the new platform, they begin the User Acceptance Testing (UAT) phase. The vendor facilitates some on-platform testing, but generally on a small scale. The client is responsible for testing how the system's outputs will integrate into their environment on a large scale. The vendor will not have the tools for this.

The client must prepare to tackle UAT with a systematic approach that can handle millions, if not billions, of data points. Traditional spreadsheets are unsuitable for massive testing efforts. Leveraging modern tools and data visualization capabilities is essential. Consider adopting specialized software that can manage high-volume data testing and provide real-time insights, helping to identify issues before they become major problems. This responsibility falls squarely on the client.

## **COMMON RESOURCE GAP #5:**

### **Training Operations Staff and Impacted Stakeholders**

Vendors provide training as part of the implementation, but it is often limited to a pre-defined number of users and primarily focuses on the direct functionality of the software or solution. This is inadequate because it often fails to consider how the system fits into the client's overall operating model, and it may not address the wider stakeholder audience.

To ensure successful adoption, the client must provide more expansive training to the teams that will interact with the system. Any new system will take time for operations staff to become accustomed to, so recurring and interactive training is essential. Additionally, training should be supported by through written procedures to reinforce learning and provide a basis for standard operating procedures. While a critical function, not in a vendor's remit.

Staff outside the directly impacted department, such as client-facing teams, may also be secondary users of the new performance platform or the resulting reports or outputs. Stakeholder procedures will also change and therefore successful transformation initiatives identify stakeholders in training plans and quickly respond to ad hoc training needs as the opportunities arise.

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### HOW MERADIA CAN HELP

These are a few of the most common resource gaps that Meradia experiences in our many years leading, participating in and rescuing investment performance transformations. Expectations between the client and vendor can be disconnected at every phase of the project. This is not to say that vendors drop the ball, but rather that constrained scope, limited access, and a lack of insight into the client's overall plan can create inevitable blind spots.

Our consultants bridge resource gaps and play an important role in operations transformations initiatives. The right consultants are fully dedicated to the project, free from competing responsibilities, and versatile enough to fill a variety of gaps. Effective program management is best done by individuals with extensive experience, as they can identify challenges, anticipate issues, and avoid missteps.

At Meradia, we leverage our experience, dedicated resources, and proprietary tools to minimize surprises and keep projects on track. Meradia ensures that every aspect of your implementation aligns with your broader business goals, and we work closely with your team to guarantee a seamless transition. Don't let resource gaps derail your implementation.



**Josh Gerwick, CFA, CIPM**, brings over a decade of operational and performance experience to Meradia's client engagements. An expert in process and workflow improvement, Josh has automated repetitive tasks and reduced operational risk in trade support, settlements, corporate actions, reconciliations, security pricing, and static data maintenance for several global asset managers. In addition, Josh has experience managing large data sets while implementing data quality controls and arranging data to suit client needs. Josh holds a deep understanding of performance reporting challenges.