



A **ReAcct Systems** White Paper

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Best Practices for Implementing Software Upgrades

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Introduction

Ongoing issues with your outdated system has convinced you to upgrade your reinsurance software. You've done your due diligence. Sat with colleagues and heard all of the stories about difficulties in implementation. You realize that there are two basic methodologies in transitioning from your existing solution to state-of-the-art software: All At Once Implementation and Phased Transition Implementation. This ReAcct System Whitepaper will compare the two methodologies, demystify them, and guide you to a successful decision.

Problem Statement

You may have first hand experience or have heard the stories of how the All At Once Implementation methodology literally can become a 'black hole' sucking resources, energy, profit, and morale from a company or of how many implementations that languish for so long they are literally cut off at a determined 'convenient' point, victory declared, leaving a hybrid system that may be far worse than if it had been left totally alone.

Managing these projects can be difficult and their high-profile nature means failure will be a very public experience. But the fact remains: your outdated accounting system must be updated. You seem to be between a rock and a hard place. Yearly reporting does not go smoothly but software upgrades seems to be problematical.

Previous Options

All At Once Implementation

All At Once Implementation requires all business segments be automated before going live. This means that the most poorly documented and most difficult business segment to reconcile must be automated before the entire system is activated.

While all the segments are being automated and linked into a meaningful hierarchy those that have been completed, but not activated, must be kept current with the both the new and existing system(s). This leads to a number of issues:

- 1 If the balances of the old/new modules don't match, which one is correct? Ongoing reconciliations must be performed.
- 2 The duplication of effort in maintaining dual systems leads to delays in implementation as the requirements of daily business must be met.
- 3 Your costs are increasing but no benefits will be derived until the completed update is brought live.
- 4 Your staff works twice as hard seeing nothing but additional work and more complications in their daily tasks. The negative impact to staff morale can become a significant issue, especially if the implementation drags on.
- 5 Perhaps most important of all is the 'confusion factor':
 - a. All At Once Implementation invariably causes resources to be retasked from

other departments or from sources outside your company.

b. Aside from increasing overall costs it is inherently inefficient.

- i Outside personnel, be it from internal or external resources, require an intense training period.
- ii Even after training, the outside staff are not true experts and continue to need assistance from dedicated staff.
- iii These outside resources are rarely, and if out of company, never fully vested in the successful completion of the project.

What is the answer?

Phased Transition Implementation will make implementation of a software upgrade, a rational, easily understood, and cost effective option that will positively impact both the bottom line and employee morale.



The ReAcct Solution

To address these issues, ReAcct Systems Corp developed a unique implementation strategy based upon years of experience called Phased Transition Implementation

Successful software implementation depends on many factors. Most important of all is the availability of accurate data and delegation of adequate resources. Many transitions are never fully implemented because the chosen methodology requires all operations be moved at one time to the new system. You've already read about the inherent problems with this.

Your staff has heard from their colleagues at other firms about difficulties, long hours, double work and are leery of any changes that may rock the boat. Benefits have been explained but doubts exist. ReAcct System's implementation methodology effects positive proactive change, quickly allaying concerns and hesitancy.

Our unique, Phased Implementation System includes a number interlocking components:

1. **Learning:** Since each client is unique, so we first learn precisely how your company does business. A complete understanding of your operations and requirements is completed eliminating possible revisions as the project progresses. ReAcct Systems employs an extensive checklist, along with reinsurance management and staff, that will identify:

- a. All policy issuance and claim systems that will be sources for direct data.
- b. All general ledger and/or data warehouses with which ReAcct will need to interact.
- c. The scope of business to be automated including:
 - i. A list of the books of business to be automated and their start and stop dates.
 - ii. All reinsurance agreements to be included, including facultative.
 - iii. All reinsurance companies and brokers with whom you do business.
- d. The location and form (electronic or manual) of reinsurance contract and participation terms.
- e. The location and form of all transactional data to be converted and/or imported.
- f. Any special processing requirements.

2. **Planning:** A detailed project plan is created based upon the Learning Phase and is presented to the client for finalization. The Plan will list project objectives and a detailed listing of the implementation sequence of how the business is to be automated.



3. Effective Tools: ReAcct System's toolbox is extensive offering many tools that will fit a multiplicity of reinsurance conditions. Adaptability is an essential key to ReAcct System's 100% implementation success rate. ReAcct's tool kit includes:

The Excel Import Tool

- a. ReAcct provides the ability to import data from Excel worksheets to:
 - i. Establish formerly manual reinsurance contract and participant information in the system
 - ii. Provide a means to input and control manual calculated reinsurance transactions:
 - (1) At the ceded level
 - (2) At the participant level
- b. Converts manual data efficiently by uploading:
 - i reinsurance companies
 - ii brokers
 - iii letters of credit and collateral
 - iv countries, states, lines of business, sub-lines, currencies, exchange rates, et al
 - v historical ceded transactions
 - vi starting balances
- d. Greatly improves efficiency and permits a much faster system implementation
- e. Allows companies to utilize non-automated data that is not available for conversion

f. Provides an efficient mechanism to consolidate automated and manually produced data

4. Ongoing Support: Support is a critical part of ReAcct's ongoing relationship with its clients and these services include:

- a. Integration with new and legacy systems.
- b. Custom programming and reports.
- c. Support for data calls and other specialized reporting requirements.
- d. Actuarial support.
- e. Schedule F and P production.
- f. Reinsurance program set up and ongoing operation.
- g. Data migration.
- h. Reconstruction of historical sessions

ReAcct System supports Phased Transition Implementation providing numerous benefits:

Benefit 1: Prioritized business segments are automated quickly and permanently without the need to maintain them on the legacy system. Aside from the immediate business benefits there is the intangible but no less important morale boost: your employees see decisively that this implementation will be quick and efficient with little confusion.

Benefit 2: As each segment is automated, existing staff is repurposed to automate other segments. Automation benefits are realized in a much shorter timeframe. There is neither duplicated effort (i.e.: maintaining legacy files) nor the need for additional staff.

Benefit 3: The detailed Project Plan developed during the discovery phase lays out a precise sequence in which the business is to be automated and the staff is organized to work collaboratively. For instance, while one staff member abstracts reinsurance contracts for one segment, the accountants are verifying system results on another.

Benefit 4: With a phased approach, existing staff - the people most knowledgeable about the business are provided with system tools to let them effectively move to the RSC System without additional help.

Benefit 5: Finally, ReAcct Systems enjoys a 100% success rate in its implementations.

Summary

All At Once Implementation may be appropriate when migrating fully automated data from one system to another. However, we have found that this is not the most common circumstance, and the All At Once method has critical shortcomings that make it an inappropriate method for most implementations.

Phased Transition Implementation methodology simplifies the software upgrade process, demystifying the process, and creates an environment for a 100% success rate.