



Successful Technology Selection and Conversion

AN OVERVIEW FOR CREDIT UNIONS OF THE KEY STEPS
AND MISSTEPS ALONG THE WAY TO NEW TECHNOLOGY

INTRODUCTION

Inclusiv has embarked upon an ambitious program of helping community development credit unions (CDCUs) optimize technology to build and grow their business. In a world of constant change and innovation, it is critical that credit unions keep pace with advances and invest in technology to build and grow their business.

While the pace of change is fast, planning for lasting and sustainable change should not be rushed. Decisions about how the credit union will review, test and select new technology and new technology partners must be carefully considered. No single technology decision is more significant than selecting or changing core data processors. The core data processing system is the foundation of all credit union functions, departments and new technological tools.

Through our experience in working with technology partners to develop a state of the art core data processing system for CDCUs, we have learned a lot about the essential steps - and potential missteps - a credit

union takes when selecting and onboarding onto a new core system. We are pleased to be able to share these learnings with our members.

This guide will help you understand the conversion process and plan for a successful outcome from system selection through onboarding. Each stage is critical and requires sufficient time and support to ensure an effective and successful conversion process. Timelines will vary, but general guidelines have been provided to help you with your planning.

Throughout each stage of the Conversion process there will be areas in which we note the vital importance of staff engagement and training. While each credit union must identify a project manager to lead the effort, it is important to remember that converting to a new core processing system is a full-team endeavor. Inclusiv is available and ready to help you and your team in achieving a successful conversion.

"Core system conversions don't have to be feared. But they do have to be properly resourced and planned for. There is a technical side, which consists of executing on crazy project management work plans. And there is an artistic side, consisting of setting expectations and strengthening the culture before, during, and after the conversion. The two sides interact, of course! Managed well, they will deliver not only better technology for your credit union, but also a more capable and resilient team."

Jack Lawson, CEO, Clearwater FCU

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STAGE 1: CORE SYSTEMS EXPLORATION & REVIEW

15 - 18 months prior to conversion

A: Determining whether a new system is right for your credit union

There are many reasons why a CDCU's management and Board may seek a new core technology provider. Principal among them are:

- the existing system or provider does not support products targeted to the needs of their members
- the CU has outgrown the ability for the system to support their work (either organically or through mergers)
- the existing system is old and in need of updates that are not prioritized
- cost for new features and functions is disproportionately high
- data reporting and analytics needs are not supported on the system

Regardless of the reason why a CDCU is considering converting to a new system, the road ahead requires careful planning and enough time and resources to make sure that you choose the right system and that the process of conversion is as smooth and painless as possible.

Credit union Boards and management should

review this guide carefully to make sure the timing is right for you. Each conversion is inherently risky – because of its impact on the credit union's members, and the credit union's financial health and its reputation. As such, a decision to undertake a core system conversion should be taken at the highest level, after detailed due diligence and thoughtful deliberations.

B: Choosing the right system: Requests for expression of interest

Inclusiv offers information and guidance to its members about core data processing systems through its Annual Conference, trainings and webinars. The best approach is to begin asking other CDCUs that are either similar or slightly larger in size about their own experiences with their systems. Meetings and phone calls with vendors that serve similar niche institutions and who demonstrate a desire to help you build your business are also important in the early, exploratory stages. However, it is critical that the credit union remain in control of the process and make sure your questions and needs are addressed.

Providers will eagerly offer to do demos of their system and will tailor the presentation to what they've learned about your credit union. These demos are helpful in getting a basic understanding of the functionality of various core products.

Some technology providers will conduct their own due diligence process, which may include conversations with credit union personnel and visual observations of the credit union's existing processes.

On a parallel track, the credit union will want to develop its own Request for Proposals (RFP) to share with a variety of core data processing system providers. RFPs will provide detailed information about each vendor's system and will address the essential operational needs and processes for each key area of a credit union operations. The RFP should include a list of key functions to be supported by the system, and ask the vendor to address how its product supports the credit union's stated needs.

At the same time, the credit union will need to document key information from its existing provider(s) and carefully review its current contract. Knowing your current contract's terms, termination dates and de-conversion costs, will allow the credit union to create a realistic timeline and determine the costs for any conversion initiative, including the possible early termination of the existing agreement.

C: Preliminary assessment of how a system fits with existing and future operational needs

The completed responses to the RFP should be shared with credit union leadership who will review RFP for completeness in response for the most essential operational functions, while drawing high-level comparison with existing system strengths and deficiencies.

The credit union will form an internal team to review responses to the RFP in each of the areas of operations and request detailed responses from bidders on the capacity of the system to support identified functions and needs.

Credit unions shall request additional information as needed. If the credit union expresses continued interest in a provider's product, it should request an initial pricing sheet along with additional responses to the RFP.

The credit union can request that the pricing sheet include both system costs as well as the cost of conversion, identifying anticipated customization and/or new interfaces that will be required to support essential activity included in the RFP. Providers should be asked to identify major gaps that can't be easily bridged between the new system and current operations.

At the conclusion of this stage, the credit union shall have selected a system that it intends to move forward with. This is not a binding decision at this stage but rather a decision to prioritize moving forward with a single provider. It is not unexpected that the choice of provider may change as credit union management proceeds with additional review and negotiation.

Questions? Contact us at info@inclusiv.org.

STAGE 2: SERIOUS CONSIDERATION & OUTREACH STEPS

12 - 15 months prior to conversion

A. Existing core processor and 3rd party discussions

If the credit union has made an initial decision to proceed with a provider, it must begin to engage the existing processor, and the associated ancillary third party service providers, in preliminary discussions about the potential conversion.



Specifically, the management team should:

- Review existing contract with their current provider and outline the process for termination, de-conversion and transition assistance – both in terms of cost and timing of transition services.
- Request cost for data files (approximately three files) that will be needed for the pre-conversion testing. This will be in addition to the set of live files that will be required for the actual switch-over from the legacy system on the conversion date.
- Explore costs associated with continuation of the service(s) from the legacy processor(s) should the credit union require service during the transition period past the termination date. If this cost includes a significant premium over the existing contractual rates, the credit union needs to take that into consideration while negotiating the contract with its new provider and budget accordingly for the duration of the conversion.
- Gather all third party contracts for review on contract term and costs to terminate if not supported on the proposed new core platform. Management shall develop a spreadsheet documenting costs and timelines associated with third party vendors.

B: Peer credit union review

At this point, the credit union should arrange to speak with and preferably visit one or more credit unions of similar profile that are running their preferred core system. The review should go beyond the standard reference calls with one or two credit unions recommended by the vendor. Independent reference checks are preferable and a site

visit to see first-hand how other credit unions are using the proposed solution is much more valuable. This will also build a relationship with other fellow credit unions that will likely lead to additional consultations and an exchange of ideas during the conversion and beyond.

Key steps are:

- Core system provider shall provide a list of credit unions for reference checks and site visits. Visits are generally selected based upon asset size and services offered. Credit unions should choose to independently reach out to other credit unions operating on the preferred system. Preference should be given to visiting credit unions that had converted from the same system the credit union is currently running. Credit unions that converted recently and have similar ancillary systems, including credit/debit cards, online/mobile banking, and remote deposit capture should be used as references.
- Detailed notes from all discussions and visits should be maintained for future reference during the conversion process and afterward. If the credit union will be the first to go through this particular type of conversion, extra vigilance is warranted.
- Specific items identified in the site visit can be added for additional questions from the provider as part of the proposal.

Credit unions should arrange to speak with and visit one or more credit unions running the core system they are considering for purchase.



C. Vendor selection and vendor risk review

If and when the credit union is satisfied with the proposal from the bidding core provider, it shall make a formal decision and inform the provider. If you are working with a consultant

or technical assistance provider, the credit union should make sure that the provider is included in the final decision.

Key steps are:

- At this time, the parties - the credit union and core provider - will make a commitment to negotiate in good faith toward a contract that reflects the needs of the credit union and how the new system either currently supports those needs or includes itemized pricing for customization.
- The credit union may request support and assistance from Inclusiv in reviewing and negotiating the contract, but the credit union is under no obligation to do so. Inclusiv shall offer assistance to its members to the best of its abilities, but all decisions are made by the credit union in its determination of its own best interests. If the credit union chooses to engage the assistance of Inclusiv, all parties shall work towards creating a timeline and plan for a successful conversion.
[1]
- The credit union will conduct a Vendor Review and Vendor Risk Assessment that will meet the FFIEC Standards for review of Technology Service Providers (TSPs). This shall include financial review, review of Service Organization Controls (SOC) Reports, any required data security audit, and independent third-party penetration test reports and reference checks.
- The Vendor Risk Assessment may identify issues that need to be mitigated. For example, if there is a less than satisfactory track record in certain key product or service areas, or there are certain control weaknesses, the credit union needs to have compensating controls on their end or include contractual provisions for these weaknesses to be addressed in a timely manner.

[1] The role of Inclusiv in the vendor selection process will be limited to assisting member credit unions in the RFP process, if used, and in helping to develop a framework for the quantitative and qualitative ranking of vendors involved in the bidding process. Inclusiv will not have any role in the decision to choose a particular provider.

D. Role of Inclusiv

As noted above, credit unions that are members of Inclusiv may request consultation and support throughout the conversion process. All decisions on the appropriateness of the provider, and system and contract terms and provisions are entirely the credit union's decision. Throughout the selection process, Inclusiv may provide additional insight from knowledge gained working with other member credit unions running on similar systems.

Inclusiv's insights may include system strengths and weaknesses, and best practices and operational changes associated with the proposed core system.

Regardless of whether it plays a formal or informal role, Inclusiv has the goal and responsibility to its members' success and will not unduly influence the outcome of the selection process in any direction other than the best interests of the credit union.

Questions? Contact us at info@inclusiv.org

STAGE 3: GAP ANALYSIS

10 -12 months prior to conversion

A. Gap analysis rationale



A gap analysis is the identification of the business processes that the credit union needs, but that the core platform is unable to support. While the vendor may have their own assessment tool that it uses to develop the pricing proposal, it is critical for the credit union to conduct its own gap analysis.

The goal of the gap analysis is to highlight and identify gaps between the needs of the credit union and the system under consideration. It is unlikely that any core operating system will perfectly support all of the functions and operational needs of the credit union; the gap analysis helps to identify misalignment between the way the institution and systems work.

The credit union leadership will be able to decide how to manage these gaps through the conversion process. The gaps, once identified, need to be included in all discussions about the scope of the contract and conversion, including the work plan, timeline and pricing – *prior to the contract being finalized.*

The gap analysis will:

- Allow the individual credit union to make an informed decision about the core conversion initiative early in the process and negotiate the best contract at a time when the credit union is best positioned to negotiate – particularly regarding costs for customization and third-party interfaces.
- Enable the credit union to visualize how the new system will work in its own environment and identify gaps, and operational changes that may be required.
- Engage each department to assess how the system will support and potentially improve current processes; as well as identify and document gaps that will need to be addressed during the conversion process.

B. Process for conducting gap analysis

- In moving through the system exploration phase, the credit union shall designate a project lead who will gather information on different systems and software providers to move the institution through the decision-making process.
- The information gathered through the RFP will be supplemented by the needs assessment provided to the credit union by the core provider during this “deeper dive” phase. Credit unions can expect a more comprehensive analysis, updated pricing, contract and statement of work and realistic project plan from the core provider at this point.
- Generally the provider creates a profile of the credit union to include in their proposal that includes the modules the credit unions uses and intends to use along with interfaces with third-party solutions. The credit union should review the proposal to ensure that there is a complete list of customizations needed by the credit union, in order to convert and operate at the credit union's current level of operations. At this point, the provider should deliver a more in-depth demonstration of the system to the credit union with the goal of documenting how the new system will support the products and services and back office functions required by the credit union.
- The in-depth demonstration mentioned above will focus on the specific requirements of the credit union. All department leaders at the credit union should participate in the demonstration of the system to evaluate and document how the system will support their department functions and operations. This engagement gets the team excited about the product and gives the team an opportunity to learn how the system will affect and (hopefully) improve current processes. Questions about the system should be documented and compiled by each department to be answered during the demonstration or through follow-up communication with the provider.
- Functions that do not appear to be supported should be documented and logged in one comprehensive gap document that the credit union maintains. This comprehensive document should be reviewed by credit union leadership to re-engage the vendor on details of which functions are currently supported and not supported by the system.
- The credit union leadership shall begin to make decisions about which functions that are not currently supported by the system will merit a custom build (for which preliminary pricing should be sought) or which functions will be subject to sunset prior to or upon conversion.
- It will be virtually impossible not to have gaps identified during the gap analysis. It is not a reflection of the quality or capabilities of the new system, just a result of each system being

Process for conducting gap analysis cont.

internal process or procedures that the credit union has been using and the new core system requires adoption new and unique. However, it is important that each gap be categorized (High, Moderate or Low) and mitigation strategy identified and agreed upon by all parties. If the gap is in then of new procedures, it will be preferable that the credit union re-engineers its internal procedures to match the new system and take advantage of the functionalities of the new system, rather than trying to change the new system to make it look like the old one. On the other hand, if the gap is in the product offering and member-facing applications and functionalities, it is more likely that the credit union management will have to consider requesting the new core processor to make custom changes to the system to continue offering the same product/services to its members.

- Credit union leadership shall finalize the gap analysis with the vendor. The final gap document shall include all functions identified as not supported on the system, an estimate of pricing for custom builds, and a determination by the credit union leadership as to whether the function will be supported with a custom build or discontinued. It is recommended that this document receive sign-off from department heads, the project lead, and the CEO or ultimate decision-maker for the credit union. [We recognize that for many small CDCUs this may all be one person.]
- This final comprehensive gap analysis shall be shared with all parties involved at the credit union, the core vendor's conversion team, leadership and Inclusiv (if serving in an advisory role).
- While a detailed gap analysis may not be necessary for very small institutions that only offer a limited range of services, it is advisable for the key parties at the credit union to review each aspect of the system in the more comprehensive demonstration, write down their questions and identify how their current functions may need to change or be further supported by the system. We recommend that small CDCUs pay particular attention to the accounting module(s) and ensure they are comfortable with day-end and month-end closing procedures as well as key reports expected by their auditors.

Questions? Contact us at info@inclusiv.org

C. Gap analysis informs project plans, conversion timeline, and statement of work

Once the full list of gaps is compiled, the two parties shall be better equipped to negotiate the final agreement. Issues raised in the gap analysis will need to be resolved through

customization or operational reorganization at the credit union. The next step will be to move from gap analysis to Statement of Work and project plan.

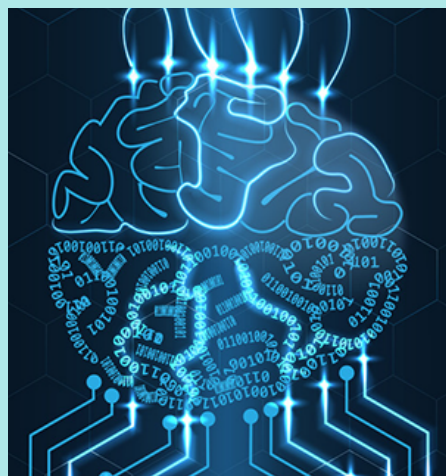
- The project plan shall cover all key steps and activities anticipated upon contract execution to successful onboarding onto the system. Tasks should be specific with clearly defined roles and responsibilities. All credit union departments should be included in the project plan and specific timelines should be developed to ensure that each department is allowing adequate time for staff members to be trained on the system.
- Functions and features not supported on the system that the credit union intends to maintain will be listed as customizations and shall be incorporated into the Statement of Work which would include the project plan and timeline of the conversion. The Statement of Work (SOW) defines project-specific activities, deliverables and timelines for a vendor providing services to a client.
- At this juncture, the credit union should begin discussions of de-conversion with the legacy provider, and gather information on the process and format for the de-conversion files and the ability to test in parallel using data files. The new core provider should be included in this process.
- The credit union shall create a more detailed budget for the conversion that will include an itemization of the de-conversion costs payable to the legacy vendor (including the cost of additional data files), the costs identified by core provider (including existing modules and custom-builds), as well as travel and expense costs for conversion personnel to train, onboard and adequately support the credit union through conversion.

D. Finalizing the Statement of Work

At this point, the credit union should have the following:

- A profile of the credit union – in terms of the modules they currently use or plan to use in the future, interfaces they need for their third-parties, and whatever customization is needed, as gaps are identified.
- Exhibit page of the contract that outlines modules, integrations and all anticipated costs associated with customization.[2]
- Thorough Scope of Work with project plan and timelines that identify what needs to happen and the person(s) responsible.
- A more accurate and detailed budget with the estimates of all costs associated with the conversion, modules and custom-build identified, along with estimated support costs for the conversion team including travel expenditures for onsite training, assistance and support. Be sure to also include all the anticipated deconversion costs and expectations.

The conversion budget should include fees payable to ancillary third-parties providing services to the credit union that may be affected by the conversion, as well as internal costs anticipated for member communications and possible overtime incurred by key staff through the conversion process.



[2] Some of the details of the gap analysis may be carried out following the signing of the contract; however, it is critical that key elements (in terms of function and cost) are identified prior to signing.

STAGE 4: CONTRACT REVIEW & SIGNING

8 - 10 months prior to conversion

A. Contract review

Completing the due diligence and gap analysis upfront – *before signing the contract* – is critical to ensure that the Scope of Work and cost of the conversion are clear to all. A realistic project plan and detailed budget ensure that the credit union is prepared both operationally and financially for the conversion.



- The credit union should review and negotiate the contract both in terms of the business needs as well as legal protection. It is strongly recommended that an attorney conduct the legal review while the management of the credit union review the business aspects of the transaction.
- Legal review should include key contract terms such as contract length, conversion and de-conversion costs, and the anticipated liabilities of each party.
- Using an attorney with expertise in technology contracts is ideal.
- For the operational review, the credit union should pay particular attention to ensure all aspects of the system requirements from the proposal are clearly laid out in the final contract document.
- The agreement should clearly articulate the expectations of conversion and post-conversion support including the amount of time and personnel dedicated to the process as well as how support is delivered whether electronically, via phone, or on-site. It is essential that the contract clearly spells out the obligations of each party – to provide the appropriate levels of resources to make the conversion a success.
- The contract shall outline when the project plan will be finalized (“within 30 days” for example), and when key persons involved in the conversion will be identified along with the timeline and milestones.

Contract review cont.

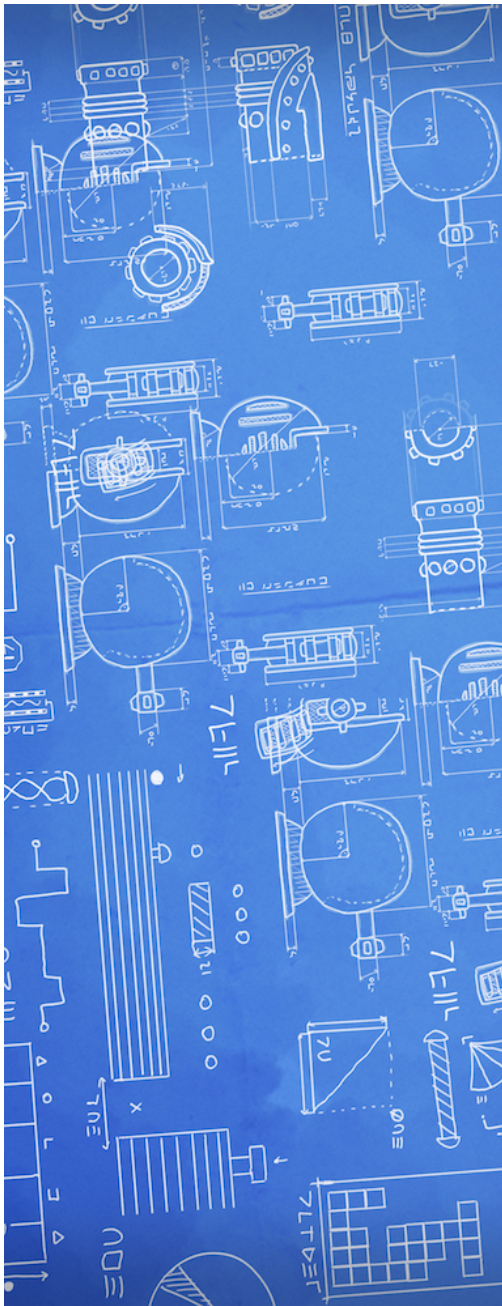
- Other items that should be in the contract include description and scope of the service, service level agreements, SOW for the conversion and any customization to mitigate major gaps identified during the gap analysis, and all the costs to be borne by the credit union. It is a best practice to have the rates for professional services delivered by the new core provider included in the contract.
- The contract should be explicit about the commitment by the core provider to ensure that the software remain compliant with all regulatory changes, maintain strong data security programs, and a commitment to timely resolution of issues based on priorities identified by the credit union.
- The contract should include a provision for a User Acceptance Testing, including one or more mock conversions and Parallel Testing (if appropriate). prior to the conversion date. See Stage 6.
- The contract should elaborate the process with which the new provider will address challenges in the pre-conversion phase. For example, if the User Acceptance Testing identifies serious issues that the core provider cannot address in a reasonable time frame (including re-testing), how will the issue be handled. The contract should ensure that the conversion date be adjusted without any financial consequence to the credit union.

Questions? Contact us at info@inclusiv.org

STAGE 5: CULTURAL CHANGE MANAGEMENT

0 - 6 months prior to conversion

A. Cultural change and planning



After the contract signing the credit union should begin preparing the early stages of the plan for the conversion process. Inclusiv may be able to provide guidance using industry best practices and lessons learned at other member credit unions. However, this process will need to be driven by the credit union management.

The key goals of this stage are to ensure:

- Credit union staff is excited about the new system and sees the benefit of the new core system on their work and the members' well-being.
- Staff realizes their operational processes may need to change, and begin to prepare for the change.
- Staff is reassured that their concerns are being addressed.

"Adopting new technology in a credit union is a complex undertaking. You need to be prepared to ask the right questions and ensure that the new system supports your business. When embarking on a core conversion you need a blueprint on what steps to take to select, negotiate, test and learn the new system."

*Cheryl Fatnassi, CEO
Opportunities Credit Union*

B. Cultural change management steps

- Provide an overview to all staff of the project and timeline to ensure everyone understands the scope of the conversion process.
- Consider staff overtime and/or activities that encourage team-building in recognition for the additional work and effort that is required to test and review the new system.
- Town-hall style meetings for employees hosted by the credit union management are recommended. While the core provider may not be able to participate in these meetings, credit union leadership should seek collateral and screenshots to demonstrate the new system and get staff members excited about new capabilities.
- Consider engaging teams in each department to become system ambassadors. Ambassadors can sign up for early training on the system and become points of contact for other team members throughout the conversion process.

C. Planning Member Communications

During the pre-conversion stage, employees should be encouraged to think about how the new system will impact the credit union's members. A conscious effort needs to be made to ensure that all areas of potential impact on the membership have been identified and documented. (Much of this impact should have been identified during the Gap Analysis phase.) It is important that the credit union plan for appropriate member communications in advance of cutting over to the new system.

Questions? Contact us at info@inclusiv.org

STAGE 6: CONVERSION PLANNING & PLAN IMPLEMENTATION

6 - 9 months prior to conversion

A. Managing with the project plan

The conversion process must have an overall project plan and a detailed project plan, a checklist, along with a method to track issues and time for user acceptance and testing.

- The comprehensive project plan becomes the primary tool for implementing a successful conversion. It is critical that both sides work from the same plan, which is maintained and updated regularly. This plan provides both the credit union and the core provider with a roadmap and ensures full transparency and visibility to monitor the project.
- The project plan covers the negotiated Statement of Work and will include changes, and the associated costs, as agreed upon by the credit union and core provider before changing the Scope of Work.
- Both the credit union and core provider shall assign project team members to work on the conversion team. There should be a Project Manager representing each party. In addition, senior level project sponsors should be identified for both sides. Senior level sponsors monitor the progress of the project, allocate appropriate resources, and are the leaders that issues are escalated to when the need arises.
- The core provider will identify and assign personnel dedicated to the conversion. Credit unions should do the same so that institutional expertise is developed for future technology projects.
- All third-parties, including but not limited to the legacy provider(s), should be included in the scope of the project and asked to assign appropriate points of contact for the success of the project.
- It is also important to have proper governance surrounding the SOW so that any cost associated with change in scope ("scope creep") is managed at the appropriate levels of the CU and the core provider. This is especially important if the CU is liable for month-to-month premium charges from its legacy provider(s). The Project Plan should include all the tasks associated with the conversion – including the tasks assigned to core conversion team, the tasks assigned to the credit union, any third party including the legacy core processor and any ancillary service providers. There should be a clear definition of the roles and responsibilities

for everyone in the project teams. A step-by-step checklist that shows the critical deliverables, due dates, and their percent complete should be embedded in the plan. How checklist items relate to the project at large and where the critical paths and critical processes that, if not completed, could impact or hold-up the entire project should be noted on the plan.

- Each task should have a proposed start and end date. Identify any dependencies so that tasks in the critical path are identified and highlighted. Critical path tasks also require the absolute latest date that the task can be completed with the understanding that any slippage past that date would put the project at risk.
- The project plan should be a living document with key updates shared with all the members of the project teams from both the credit union and core provider. The plan should allow for project managers to input completion percentages for each task and provide an updated visual representation of the project status – on time, behind schedule or ahead of schedule. This will help identify and highlight any slippage that could potentially put the project at risk.
- All meaningful discussions must be documented, including regularly scheduled meetings. Minutes should be maintained and distributed. This should include identification of the upcoming tasks to ensure that all of the responsible parties are aware of the project's status. Team members' e-mail chains should not be used to memorialize discussions and decisions made.
- Escalation issues and their path to the C-suite sponsors of all parties should be clearly identified so that any conditions that risks the success of the project are well understood and addressed in a timely manner.

B. Member communications at implementation

- Concurrent with the system implementation, the credit union should initiate a series of communication to its members that might be affected by the conversion. This would include changes to any member-facing applications such as online banking, mobile banking, remote deposit capture, changes to statement format and delivery schedule, etc. The credit union should send out information about the pending changes across multiple channels (email, post, statement inserts, etc., highlighting and accentuating the positives (such as new features), any step(s) the members may have to take to maintain service, and the timeline for all such activities and changes.
- Personalized messages should be accompanied by general announcements in the branch lobbies and on the web site. Initial communications should be sent two to three months prior to

the go-live date, followed by reminder notices on a regular basis. Communication sent out too soon are likely to be ignored and thus will not be very effective. Two to three months is an optimal period to start the process.

- A more focused communication should be made to the members two to three weeks before the go-live date followed by another reminder the week of the conversion.
- It is a good practice for the credit union to have additional resources in the branch and call center to address members' questions and complaints for several days following the go-live date.

C. System implementation and training

- At this stage the legacy provider produces sample deconversion data files for the new core provider. At the same time, all the third-parties and ancillary service providers are contacted and included in the project plan and ongoing conversations.
- The core provider develops or updates the data mapping and data conversion tools. The converted data is presented to the credit union for review and feedback.
- The credit union and core provider conversion teams identify data issues in the legacy system that should be cleaned up prior to conversion. Verify the second and any subsequent data dumps prior to mock conversions and user acceptance testing.
- The core provider uses the newly converted data to provide user training. This activity runs concurrently with other system implementation including but not limited to customization, development, and certification of third-party interfaces, definition of user access profiles and controls, installation of any hardware, software and/or telecommunication links.
- The conversion team should work with the credit union to ensure that the necessary hardware, software, network infrastructure is in place to establish access and connectivity.
- The credit union should be working on their internal procedures and customer communications, while working with conversion teams on training and other activities as called for in the project plan.
- It is expected that key personnel from the credit union, especially the senior managers and decision-makers, will be available to provide leadership and make business decisions during the conversion process.

Questions? Contact us at info@inclusiv.org

D. Issues Log

An issues log is established to track and monitor challenges or obstacles that arise during the conversion process. The log can be as simple as an Excel Spreadsheet. It is very important that both parties agree that the Issues Log truly reflects everything that can prevent a successful conversion. Steps to managing the issues log include:

- The issues log should also have assigned priorities. They are:
 1. Code Red – a definite show stopper that will prevent the credit union from converting unless resolved.
 2. High – will result in serious problems in implementation and therefore must be resolved with urgency.
 3. Medium – needs a workaround and a timely resolution post-conversion.
 4. Low – to be resolved when practicable with individual team members accountable for resolution.
- Clearly a credit union with one or more Code Red issues cannot proceed without resolution. Multiple High priority issues shall also cause the credit union and the core provider to consider whether and how the issues will be resolved before the conversion process should move forward. Most issues should fall into a Medium or Low category that are being worked on during the process of conversion, but will not need to slow or pause the process completely.
- Issues that require custom code or that are not currently supported must be clearly identified by the core provider with a defined implementation date. Depending on the severity of such issues, workarounds need to be identified, agreed upon, and tested prior to conversion.
- If any additional unanticipated custom code is called for and the core provider is able to incorporate the new coding prior to the go-live date, a discussion should take place with between the credit union and core provider. The discussion should focus on whether the custom code should become part of the standard offering. In any event, the issues log should clearly document the final resolution as agreed upon by all the parties.
- At the end of the conversion, this issues log should be rolled into the post-conversion issues and support log that the credit union and the core provider should continue to track and maintain as the system is adopted by management, staff and members. Please note that this issue log will also likely continue to have issues added as operations go live and members are using the system.

E. User Acceptance and Testing (UAT)

User Acceptance and Testing is a critical step and will ensure that all the employees have been properly trained in the new system; and that all the systems and functions are working properly.

- The conversion team project management methodology should include a rigorous phase of User Acceptance Testing incorporated into the project plan. A successful UAT needs to be completed and documented before going live. The UAT is the critical step to ensure the users have been properly trained and that the new system is ready to go live.
- The provider shall provide some sample testing scripts to the credit unions so that the individual credit unions and their employees, many of whom have never been through a system conversion, get an understanding of what this is all about. That can also be provided within the scope of the training itself. Another possible source of assistance may be other credit unions that have recently converted to the system and they can provide valuable assistance with test scripts.
- Credit union management should be able to track user training of the staff and be able to sign off when completed. Individual department managers at the credit unions should be required to sign-off on the UAT. The time allotted to the UAT must be sufficient to ensure that all the individual areas within the credit union can complete their individual test scripts and that all issues identified during the testing may be remedied (at least the ones marked Code Red or High), and re-tested. It is desirable to have the UAT span an end-of-month or even better, an end-of-quarter, so as to be able to simulate and exercise any special processing that would normally take place during these days.
- The testing phase should include a Mock conversion and (if appropriate) a Parallel Testing period. Ideally the credit union would need to retry real operations the new system test environment (after the mock conversion), comparing the result with the result in the old system. It may not be likely the old core vendor will provide production files for processing, ACH and share draft files or other files to be loaded on daily basis, therefore a complete parallel testing may not be fully possible. As most credit unions are not coming from in-house system, the old system provider may not provide adequate support. An accurate comparison and reconciliation of results of old vs new system can be tricky and require very skilled credit union users.

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- If a parallel test is not feasible, the CU can still accomplish thorough system testing in design for UAT and training. The most critical phases, such as: dividends, ACH postings, debit card postings, can be simulated and checked during the testing process. The key takeaway here is that the CU and new core provider shall plan thorough UAT testing and training with adequate time before conversion to ensure that additional issues can be flagged and addressed.
- The core provider conversion team will have the test environment set up throughout the testing phase, with the credit union's own data and perform the necessary file imports/exports. The scope of the parallel testing will vary greatly - depending on the scope and complexity of the CU and the conversion. There are very good reasons for undertaking such an exercise including the validation of the system itself and the training. Hence, as the final part of the UAT, this step should be considered by the CU management.
- Critical issues identified during the testing should be logged in the issues log and assigned appropriate priority based on how critical it is and any mitigating factors (such as a temporary workaround), that may lower its impact. The conversion team will dedicate programming resources to the credit union during the conversion and key days post-conversion to ensure issues, particularly emergency issues, are quickly resolved.
- In addition to the regular project meetings, a steering committee should be established with the senior managers from all the parties involved so that major decisions and escalations can be made quickly should the project team need guidance and resources. Individual managers must be required to sign-off on the successful conclusion of their respective testing processes.

At the completion of Stage 6, a successful credit union will have a trained staff prepared to manage the conversion at the go-live date.

STAGE 7: POST-CONVERSION SUPPORT

1 - 2 months after the conversion

A. Logging and tracking systems issues



Credit union management and the conversion steering committee must be communicating regularly to core provider through conversion and post-conversion. Once the system goes live, credit unions should expect there will be numerous issues that were not anticipated or planned for that will arise. Communication of each issue must have the same methodical process of documentation in the post-conversion phase as in the lead-up to conversion. Each core provider will have their own tool for logging in issues. However, the credit union shall make sure that it has at least one person charged with reviewing the issues and assigning priority to make sure urgent issues affecting members are addressed first.

- Communication is essential throughout the post-conversion process. Discrepancy can occur between the core provider and the credit union if not properly communicated and tracked by both. Regular conference calls can be used to track issues from the log. These calls can also be used to determine whether the reported issues are accurately classified as a software issue, a product support issue or enhancement request.
- The handover from the provider's conversion and implementation team to their support team must be handled with full communication among all parties. The handover should include instructions on how the credit union should communicate requests for support and other requests, how to monitor issues in the log, and how to escalate critical items.

B. Handling issues post-conversion

- It is to be expected that the low priority issues identified in the pre-conversion process get pushed to after conversion. The issue log must include all pre-conversion issues not finalized along with new issues arising during and post-conversion.
- It is encouraged that senior management and department heads have access to the full log of issues and are not operating from partial information.
- The provider shall communicate a clear process for how customizations and new features requested by the credit union are reviewed and prioritized for inclusion in new releases or are rejected and not planned for implementation. There should be a finite timeframe for this determination, with the timeline communicated to the credit union. If there is agreement that a new feature or custom code will be implemented, a target release date should also be communicated to the credit union. If the provider decides not to make any software changes, the rationale for doing so and suggestions for alternate approaches shall be shared with the credit union within the agreed upon time-frame. Any billable cost for customization should be discussed with the credit union and documented.
- In the post-conversion phase, the credit union should be actively getting involved with a community of credit union users. This helps credit unions by providing a reliable resource in addition to the provider for information about the system. This user community can determine when system fixes can be escalated to multiple users for an overall system enhancement. Plan on attending user conferences, webinars and events and find ways to provide collective input in the system moving forward.

C. Post-implementation review and lessons learned

The credit union and core provider should hold regular debrief sessions to track what went well and where challenges continue to exist. These debrief sessions should be recorded or documented to create a log or history for future staff and credit union leaders, as well as to share with other credit unions seeking references about the system. This knowledge sharing provides an opportunity to improve the process management at the credit union and for the provider, as well as an opportunity to share lessons with the field.

ABOUT US

At Inclusiv, we believe that financial inclusion is a fundamental right. We dedicate ourselves to closing the gaps and removing barriers to financial opportunities for people living in distressed and underserved communities through investments in and technology solutions for member credit unions, building financial capability, and programs promoting financial inclusion.

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