The Napkin Guys: Financial System Transformation

Bryan Bechtoldt: Hey, good morning, buddy. How are you?

Tim Hanson: Good, how are you? Good to see ya.

Bryan: Good to see you.

Tim: It's been a little while since we've done these.

Bryan: It's been a little while, yeah. So I got to tell you, I got one for you today if that's okay?

Tim: Oh, that'd be great.

Bryan: So, you know, economy's a little bit kind of going and you see, you know, a lot of organizations, a lot of manufacturers that are, you know, sort of thinking about kind of how they change the way their organization works from a financial perspective. I know you've been working a lot, and thinking a lot, about the notion of financial transformation, and how to do that in sort of a sustainable way so that the investments made are things that yield, you know, long-term results for clients.

Tim: Well there's at least two or three drivers, right? So first, the buzzword today would be Digital Transformation, but we use the term Financial System Transformation because most people ultimately have some core system at their heart that helps them run their business. Manufacturers are trying to evolve their customer bases into new products, so you see people like Oracle or Microsoft pushing to evolve into their cloud strategy product, for one. And then, Bryan, as you mentioned, the economy is just so strong that people have new requirements. So really, what we tell people is try to take, you know, at least a three-step approach. Because what most organizations actually do is they start to try to replace systems they have using the requirements that were in place when they put those systems in. So the first thing we often tell organizations is step back and re-assess that situation. That means, look at your vital business objectives, your critical success factors, and then redefine what are current requirements that will drive the business toward those objectives. Logical? So, assess the situation first.

Bryan: Yep.

Tim: Second is really, people need to define their future state. And so, in today's world, organizations have a choice - do we have a cloud strategy? Where does functionality fit within how architecture matters and when we look at how we put a system strategy in place, do we have a really defined integration strategy between different components of a system? Have we thought about a formal data strategy that starts to define - do we own our data? What's the quality of our data? How can we access that data? Those types of things. So, second point, I would say, is define your future state. And then really, most organizations kind of leap into that process.

Bryan: Yeah.

Tim: And haven't yet to find, how will we evaluate providers when they start to demonstrate their product to us? So it's not clearly defined what we call their "selection criteria". Selection criteria obviously includes your functional requirements.

Bryan: Right.

Tim: But then it includes choices like, you know, where does architecture fit? How important is the cloud in the solution? How important is integration capabilities? How about the service provider? Obviously price fits in there. So really just stepping back and defining a formal selection methodology for selecting a new system. And those three points, I think, help organizations walk through a transformation.

Bryan: Yeah, that makes sense. So what you don't want to do is just rebuild what's there because your business has likely changed from when you first put your system in.

Tim: I think that's the primary point.

Bryan: That's the primary point. And then secondarily, you want to think about, you know, am I taking advantage of, you know, some of the things that have moved? Can I have a modern architecture around the environment?

Tim: I like the term because modern architecture also helps us equate to a word you used earlier on which is, is it sustainable? So when we build, you know, an appropriate strategy for implementing systems with integration, we end up with a sustainable model as well.

Bryan: And then I think the third point you said was really creating purposeful selection criteria.

Tim: That's right.

Bryan: And making sure that, you know, when you're evaluating providers, you're evaluating, you know, based on your need rather than your like of the provider or something like that.

Tim: Yeah, I think most organizations will have multiple people involved and you end up with this subjective decision if you've not stepped back and made the methodology defined at least.

Bryan: Okay, very good. Well that's awesome! That makes a lot of sense. So, I got our points and I think we're in a good place and I certainly know how to be more effective in this conversation.

Tim: Cool.

Bryan: Cheers, buddy.