

DSDM and The Euro

The Euro – a business change, not just an IT change

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1 Approach to 2003 White Paper Revision

The original White Paper on DSDM and EMU (Economic and Monetary Union) was produced in 1998 – some time before the majority of European countries converted to the Euro. In 2003, for most of Europe, the Euro and Euro conversion is history. However it is felt that the original White Paper has historical significance and contains information that may be of use, if and when other countries decide to join, as part of a second or third wave. Therefore the White Paper has, for the most part, simply been updated to ensure it complies with version 4.1 of DSDM.

However, we also now have access to organisations that went through Euro conversion in 2000/2001, some of whom applied DSDM to manage the change. As part of the 2003 revision, a summary of these experiences have been added, see section 11.

Special mention goes to Hugh Ivory, of Best Outcomes, for providing the base information for the 2003 revisions.

2 Introduction

Economic and Monetary Union (EMU) will have significant impact on organisations throughout Europe whether or not they are located in a country, which opts into the union. This paper presents a way that IS/IT departments can be more pro-active in helping the business they support and bring real value to their whole organisation.

DSDM's origins are in the solution of IS/IT Rapid Application Development. However it is being used more and more in areas where there is little or no IT content. This paper proposes an approach to using DSDM at a higher level than has previously been published – in the area of strategic business planning and programme management for EMU. A variant of DSDM is presented which enables an IT department to bring the useful concepts contained in DSDM to the highest levels of an organisation. There are necessarily some changes to the details of the process and product set but the framework remains the same.

While most large international companies hope to benefit from the euro, many small and medium-sized companies fear that the euro will bring increased costs, few benefits and perhaps even endanger their enterprise. However, there are many positive aspects to EMU, companies of all sizes welcome the opportunity to compete on equal terms. In particular, niche businesses will be able to operate over a much larger market.

Important business decisions need to be made with the introduction of EMU. Some companies will go bust as a direct result of EMU. Others will have unexpected gains. Decisions made now will enable any organisation to maximise the benefits and minimise the problems.

This paper provides a process, which will help in making and implementing the major strategic decisions, which come with EMU. A euro project has a strict deadline given by the EMU schedule. DSDM facilitates meeting this deadline by timeboxing. The move to EMU involves all areas of an organisation and will therefore interfere with many running projects. Programme management is required to determine the right priorities. DSDM provides a mechanism for setting priorities.

Related material is contained in the white papers on large projects, process prototyping and changing business processes.

2.1 Aim

The aim of this paper is to highlight the issues that are inherent in EMU and to provide a high-level business process based on DSDM, which can be used to address those issues.

2.2 Audience

The audience for this White Paper is primarily IS/IT management. The sections which are purely about EMU and not about DSDM are intended for any interested business or IT manager in an organisation.

The IS/IT reader is expected to be familiar with the DSDM process as documented in the DSDM manual and to have moderate awareness of the implications of EMU.

Note: The intended readership of this paper is IS/IT, but EMU is a business issue. Therefore it is advised to involve all management in the process and not only IS/IT. IS/IT management must pass ownership of the introduction of the euro to business management. Conflict about the ownership of the euro project has led to severe time delays in many organisations as they prepare for EMU.

2.3 Contributors

The original White Paper was put together by a Task Group reporting to the Technical Work Group. Many of the ideas in the paper are the result of a Full Members meeting held in London in July 1998, where a knowledgeable presentation by Bridget Veitch of FI GROUP was very informative and helped the meeting to consider the issues for organisations from a very sound basis. The following people made active contributions and comments.

Jennifer Stapleton	Independent Consultant (Task Group chair)
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Ian Stokes	Metanaction, France
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The White Paper was updated to conform to DSDM v4.1 by

Barbara Roberts	Independent Consultant
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The detailed information on taking an organisation through conversion to the euro was provided by

Hugh Ivory	Best Outcomes
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3 Overview of EMU

3.1 Definitions

Euroland is the group of European countries in the Economic and Monetary Union (EMU).

An *economic* union is an area in which there are no barriers to trade, payments or the movement of capital or labour. A *monetary* union is an area in which there are locked exchange rates or a single currency and in which monetary policy is managed centrally. In Euroland, the euro will be the single currency and the monetary policy will be managed by the European Central Bank.

EMU has no precedents of either scale or kind.

3.2 Official timetable

1992	The Maastricht Treaty was signed.
1997	The European Council adopted key regulations.
1998	Participating states (known as IN countries) were chosen and the European Central Bank established.
1999	1 January, the euro becomes a (wholesale) currency and conversion rates for IN countries are fixed irrevocably. Single monetary policy starts. The euro can be used for non-cash transactions.
2002	1 January, euro notes and coins are introduced. The period of dual currency starts. There is no compulsion on state organisations, companies and individuals to use the euro.
2002	30 June, national currencies of IN countries cease to be legal tender. The euro is now the only currency for all financial transactions in Euroland.

3.3 Myths of EMU

EMU is just another IT issue affecting only financial applications

EMU is predominantly a business issue. A business strategy to markets, products and customers must be considered. This will drive changes to business operations in terms of business structure, business processes, human resources, accounting, tax and legal regulations. These will all have an impact on IT but only as a result of the business strategy.

The euro is just another currency

The euro will not be just another currency. There will be a transition period when transactions will be conducted legally in the local currency or euros.

Multi-currency systems in general are implemented with a single base currency. To operate both in euros and the current (national) base currency during the transition period a database conversion is required. Introduction of a second base currency in systems

already implemented is not a standard option in most systems and requires a significant amount of work

Our country is staying out so it won't affect us

The sheer size of Euroland means that even in those European countries, which initially opt out of EMU, organisations can be forced to price goods in euros, invoice in euros and accept payments in euros.

My systems are already multi-currency so no additional work is needed

Special conversion and rounding conventions will apply to the euro, and to currency conversions between IN countries, e.g. converting French Francs to Deutschmarks will have to be done via the euro. Most systems will need to be adapted to cope with this.

4 Issues to be resolved

The following issues were identified at the July 1998 Full Members Meeting. They do not represent a comprehensive list of all the issues associated with EMU, but should be used as a checklist and thought-provoker when designing and implementing solutions for EMU.

4.1 General Issues

- The scale of the EMU challenge is itself an issue; it may affect large areas of business, associated processes and systems, data, both historical and current and people within the organisation. The planning of such a change programme will require significant skill and high levels of communication. See section 4 for the potential scale of the impact in business terms.
- The detailed requirements for handling euros are still evolving and finalising. For instance, the timing of UK entry and the stages/milestones associated with that are, at the time of publication, unknown.
- Supporting and interfacing systems may not be available when required for an organisation to test its new/revised processes.
- The projects for handling Y2K and EMU will overlap in many companies and will require co-ordination across programmes. This also raises the issue of shortfall of resource to action both these programmes.

4.2 IT issues

- The rules for conversions are strictly defined, and must be implemented accurately and completely. Care must be taken with reconciliation of totals. Testing and checking of testing must be very precise.
- Testing should take place across different date stages, i.e. before 1/1/99, between 1/1/99 and 1/1/2002, between 1/1/2002 and 1/6/2002 and post 1/6/2002.
- The majority of current applications do not have any indication of the currency they are using within the data stored, within the transaction being processed or on the screens and reports. With the introduction of the euro (and dual currencies), this is likely to need to be changed.
- Changes to EDI to handle the euro need to be co-ordinated and tightly release-managed to ensure compatibility between companies. This relates to the business impact re determining what an organisation's customers and suppliers are planning for EMU.
- Data warehouses containing high volumes of historic data pose a challenge in terms of how will they be 'combined' after the introduction of the euro, and how trend analysis etc. will be achieved across different currencies.
- It may be necessary to have multiple versions of the same software in production at the same time, especially for multi-national organisations.

- A decision needs to be made as to when/if to introduce keyboards and printers with Euro symbol or to use 'eur'.
- ERP and other package systems need to be taken into account when planning the EMU programme; when will modified versions of these applications be available, and what approach is the supplier taking to changing them for EMU? E-commerce applications are likely to be significantly effected, with customers from IN countries wishing to trade in euros from 1/1/99.

5 Business Impacts Of EMU

The objective of Economic and Monetary Union is to complete a Single Market ideal in Europe. Business opportunities and threats arise from EMU with the accessibility of new markets for both new and existing products and services. EMU opens the doors to predatory activities and consolidation of players across Europe and introduces price transparency.

Senior management in the organisation need to gather information, both internal and external, on the euro in order to achieve a high level of understanding of the main issues and opportunities presented by EMU. They need to assess the potential impact that EMU will have on their business. This includes assessment of the position of all important suppliers, customers and competitors.

EMU encompasses a major change, not just the introduction of the euro currency and can impact at three levels:

- tactical (changes to handle euros and comply with legislation)
- strategic (changes related to products, markets and organisation)
- consequential (fundamental changes in business organisations resulting from EMU, for example, mergers/acquisitions).

This section contains a checklist of some of the ways in which EMU may affect a business. These are grouped into logical areas and the sequence does not imply priority.

5.1 Company Strategy

- Will the overall strategy be offensive or defensive?
- Is the company planning to centralise functions or processes as a result of EMU?
- Will there be any changes in the company's strategy for cross-border investment, and what will be the impact of these?
- Should the company be considering a merger or partnership?

5.2 Governance

- Will company stock be quoted in euros? When, and what impact will this have on reporting of financial data?
- Have company statutes been modified to permit conversion of nominal value of shares into euros?
- Have the decisions been made on the conversion of equity?
- Will the company shares be issued at nominal values or revalued?

5.3 Products and Marketing

- What is the impact of price transparency?

- Is there a need to change and rationalise pricing lists across Europe?
- Is there a need to change product sizes and packaging to re-establish preferential euro prices?
- What is the impact on the manufacturing of any changes in product line, e.g. new machinery?
- How and when will transfer to euro pricing be achieved? When will the company review its costs and prices?
- Are there any products that will become obsolete, and what is the plan for their withdrawal?
- Is there a need for new product literature?
- Is there a need for new stationery, especially to incorporate dual pricing and the dual currency period?
- Are there plans for new euro-products, and what is the lead time on their production and marketing, and impact on IT systems
- Will there be a business decision to use more e-commerce, smart cards, mondex, etc.?
- What are the dual pricing requirements?
- When will the dividends be paid in euros?
- How will the dividend be calculated?
- When will company accounts be reported in euros?
- When will subsidiaries submit accounts in euros, and how will these be incorporated?
- How and when will non-monetary assets be revalued?
- Has the impact on all contracts been assessed, including existing contracts, which run beyond January 1st 1999?

5.4 Customers and Suppliers

- Will the price transparency cause a change in choice of suppliers?
- Will the single currency market result in changes to the distribution channels?
- What are the plans for communication and training of customers and suppliers on changes to systems?
- Will the use of the euro require negotiation of terms with suppliers or customers, e.g. on method of payment, period required for payment, process for handling non-payment? Will suppliers insist on dealing in euros?
- When do suppliers or customers require euro functionality to be available?
- How will lower transaction costs affect your competitors?
- As the customer, should you persuade your supplier to price in local currency?

- Where does this company sit in the supply chain? Should it review its distribution network?
- Is it possible that the euro will be used as a business currency, sooner rather than later?
- Will there be a corporate decision to offer euro-priced items to customers, even for countries that are OUT?

5.5 People

- What are the plans for communication and training of staff on changes to systems and business processes?
- When will staff salaries be paid in euros? Will there be a period when staff can be optionally paid in euros?
- Will the company's resourcing strategy be changed to include employment of staff from Euroland, and what impact will this have?
- Will pension funds need to be held in euros?
- Will extra staff be required?

5.6 Finance and Accounting

- What is the impact on Treasury operations?
- What is the impact on foreign exchange operations, requirements, size of team, amount of profits and hedging activities? Is there an exchange rate risk to your company and, if so, how will you manage it?
- Will the loss of foreign exchange dealing mean a reduction in profits, and what compensatory strategy and actions are to be put in place?
- What is the company strategy in the light of the expected lower interest rates, lower prices and higher costs?
- Will the euro be treated as an extra currency or a base/reference currency in the transition and dual currency periods
- What is the impact on financing, and use of capital markets?
- What is the impact on pension funds investment criteria, range of investments and calculation of pensions
- What is the company policy towards the use and acceptance of euros if the country is OUT? Is this restricted to wholesale usage, or extended to notes and coins? Does this include staff, customers, suppliers or only some?
- Are there cheaper ways of raising capital in the euro environment?
- What will be the cost of gaining advice and making changes for EMU?
- Does the company need multi-currency accounting packages?

5.7 Banking

- What euro services can the Banks offer, when will they be available and at what cost?
- Do these services come with Service level Agreements (or equivalent)? Are they provided when required? Are there any costly time delays? Who is responsible for any consequential loss?
- Are there any limits to the volumes of transactions that the Banks can handle in the required time frames?
- What is the opinion of the company's financial auditors and internal inspection departments on the Banks' services?
- Will there be the opportunity to rationalise the number of bank accounts held across Europe?

5.8 Information Technology

- Does the company need to change its software and/or hardware?
- Does the company need to convert existing data to euros? If so, when and how much?
- Is there a need to run euro and sterling applications at the same time?
- How will historic data be retrieved and processed, e.g. archives?
- Electronic Data Interchange (EDI) - will the company revise their current system or even introduce EDI for the first time for EMU?
- What impact will the suppliers', customers' and Banks' services have on the company's IT systems?

6 The DSDM process for EMU

6.1 Introduction

This chapter provides a variation on the standard DSDM process and lifts it up to a process for an organisational change programme, in the following way:

- The Feasibility Study is used to consider the impact of EMU on the organisation and to decide what managerial decisions could be taken to optimise the positive effects and minimise the potentially adverse effects. Use sections 3 and 4 to decide what areas will be affected by EMU that are of most importance to the organisation. These can guide thinking through strategic analysis tools such as SWOT analysis and in deciding the critical success factors.
- The Business Study builds the outline business response to the opportunities and risks of EMU and prioritises the activities needed to implement that strategy at the highest levels of the business. Use section 3 as a helpful checklist when considering the finer detail of the impact of EMU. The same analytical tools as those used in the Feasibility Study will be useful at this more detailed level.
- The Functional Model Iteration and the Design and Build Iteration take an area within the overall business strategy, then prototype and design the new business processes required for that part of the strategy to be put in place. IT projects or programmes may spin off from this in the Design and Build Iteration to provide the required support for the new business processes.
- Implementation puts the new business processes in place together with any required IT support.

The rest of this chapter takes each phase of the DSDM process and looks at how it can be used in the move to EMU.

6.2 Feasibility Study

Objectives

To establish the implications (both good and bad) of EMU for the organisation

To decide whether the strategy will be offensive or defensive

To decide the timing for changes, e.g. will full conversion be in 1999 or 2002?

To consider possible ways of dealing with the implications of EMU, at 3 levels:

- tactical (changes to handle euros and comply with legislation)
- strategic (changes related to products, markets and organisation)
- consequential (fundamental changes in business organisations resulting from EMU, for example, mergers/acquisitions).

To build a timetable for tackling any proposed business and IT changes

Roles

Senior management, workshop facilitator

Preconditions

Agreement that EMU is an issue for the organisation to consider across many of its functions

Products

Outline EMU Strategy

Outline Plan containing the major milestones

6.3 Business Study

Objectives

To scope the business processes to be changed to respond to the opportunities and risks of EMU

To outline the future business development in terms of high-level business changes needed and the impact on management structures and IT systems at a high level

To identify the business areas which will be affected by new/changed processes

To prioritise the changes to the business by business area

To provide an order for the necessary changes to be implemented

Roles

Senior business managers, middle-level business managers, business analysts, IT director (or equivalent), workshop facilitator

Preconditions

Agreement of the Outline EMU Strategy

Understanding of current business processes

Products

Business Impact Report: A report on the business areas which will be affected by the new or changed business processes that are proposed, including a risk and benefit analysis. This may include a high-level business process model showing the changes needed.

Prioritised Business Change List: The business changes which are necessary and the priorities that management have placed on these changes using the MoSCoW rules.

Outline Business Change Plan: A high-level plan for the programme of business changes based on the priorities in the Prioritised Business Change List and the timescales for the full introduction of EMU.

6.4 Functional Model Iteration

Objectives

To prototype the new/changed business processes

Roles

Business area managers at all levels, business analysts, process specialists, IT managers from the supporting areas

Preconditions

Agreement of the products from the Business Study

Commitment by senior management to provide staff and/or time for developing business process prototypes

Products

Business Process Prototypes - which should be first produced as paper models of the business process and then enacted (see the white paper on business process prototyping). These should include documented objectives of the business processes.

IT Systems List: an inventory of existing systems which are affected by the new/changed business process and, if necessary, a list of new systems that will be needed to support new processes.

Implementation Plan: a plan for placing the new business processes in operation, including aspects such as the communication strategy (for both internal and external to suppliers and customers if necessary), training and IT system implementation.

6.5 Design and Build Iteration**Objectives**

To design the new business processes in detail

To initiate the IT system projects which will support the new/changed business processes, and to initiate the planning and design of the training and support material needed for successful implementation.

Roles

Business area managers at all levels, business analysts, process specialists, IT managers from the supporting areas

Preconditions

Agreement of business process change and identification of its associated IT system support

Agreement of any findings and changes of scope

Products

Business Process Designs

IT programme/project plans

6.6 Implementation**Objectives**

To place the new business processes and, if appropriate, their associated IT systems in the business environment

To train the users of the new business process

To determine the next set of business changes to be addressed

Roles

All staff affected by the new business process, trainers, IT staff to implement and support the new systems, senior management to identify what needs to be done next

Preconditions

Agreement and acceptance of the new business process/IT systems by all interested parties, e.g. senior user management and IT support

Training time available for users

Business process design and IT system development complete for a business area

Products

Trained Business Population

Delivered Business System

Business Review Document

7 Applying the DSDM principles to EMU

Active user involvement is imperative

EMU is first and foremost a business-centred problem for any organisation. Therefore it is not something which can be tackled by IS departments unilaterally like Y2K. Indeed the word user is wrong in the context of EMU. Business decisions have to be made at all levels in the organisation starting at the top. The DSDM EMU process is largely about helping the process of making and implementing business decisions.

When IT projects are kicked off users will be a necessary part of the project team.

DSDM teams must be empowered to make decisions

In an EMU programme or project, everyone's ideas are worthy of consideration since this is new territory for many organisations. To make the changes that many organisations face with EMU, the more detailed decisions must be delegated as much as possible to task groups and empowered teams. No one person or group of people can possibly understand all the implications of the move to EMU so empowered teams become essential. It is far better that *upward* reporting mechanisms should be put in place, rather than waiting for *downward* decisions to drive the activities of a task group or team.

The focus is on frequent delivery of products

This principle ensures that the programme of business process and IT system change will be visible and checkable. Frequent delivery of products means that the organisation will be able to understand and keep up with the changes to business and IT systems, as the business-change programme leaders learn more about what has to be done and what can be done.

Fitness for business purpose is the essential criterion for acceptance of deliverables

The focus at all times must be on thinking ahead to what the business needs and where the business advantage lies. This principle when coupled with the previous one means that there will movement towards successful business change is as rapid and as visible as possible. It may be necessary to deliver short-term tactical solutions to be followed by longer-term more ambitious strategic changes. The Prioritised Business Change List will clarify when this is happening.

Iterative and incremental development is necessary to converge on an accurate business solution

The scale of the impact of EMU on an organisation means that the changes that it brings cannot be handled by any one organisation in a big bang. They will have to be tackled in small, controllable chunks. There needs to be phased implementation of all the business and IT system changes required to address a given business issue or opportunity to ensure that the changes can be implemented as soon as possible and embedded into the organisation's overall function. Moreover, phased implementation is needed to address all the potential changes identified. This will enable management to focus their attention on something manageable and understandable.

In smaller organisations, it may be possible to develop all the business and IT changes incrementally but to deliver them at one time. In other words, incremental development does not necessarily incremental delivery.

All changes during development are reversible

A flexible business and IT architecture is necessary to cope with the changes as they are introduced and implemented over the period that the organisation addresses the problems and opportunities presented by EMU.

Requirements are baselined at a high level

The first steps in the DSDM EMU process are to agree a corporate strategy for EMU. This provides the initial baseline. From this strategy, requirements will feed down into a programme of change projects. Each of these change projects needs to have a controlled scope (i.e. a high-level baseline of requirements) together with flexibility as to how it will actually tackle what it has to produce.

Testing is integrated throughout the lifecycle

The new business processes need to be prototyped and tested before they are formally introduced into the organisation.

The supporting IT systems will need to be tested incrementally and iteratively to ensure that they do indeed provide the correct functionality – not just in the area of correct financial calculations. In calculations the functionality may not be immediately visible so there may be less user involvement in this area, but when the organisation is introducing new business processes, there will be a real need for user-centred testing throughout.

Wherever possible, the testing practices, procedures and testware which have been introduced with solving the Y2K problem should be re-used.

EMU offers extra testing challenges including:

- testing quality of data to be migrated
- testing proposed business processes
- testing training material, courses and environments.

A collaborative and co-operative approach between all stakeholders is essential

This principle is as true as ever. In order to gain advantage from EMU or merely to survive, an organisation cannot afford to be held up in its programme by personal and business agendas which are contrary to the common good.

8 DSDM Techniques

8.1 *Facilitated workshops*

Facilitated workshops will provide the best method for gaining consensus about what needs to be done at all stages in the DSDM EMU process.

- In the Feasibility Study phase, the senior management should use workshops to consider the implications of EMU and to define their overall strategy including what major milestones need to be achieved and when. These workshops should not only focus on the internal organisation but also on the strategy to be used in relation to customers and suppliers.
- In the Business Study, workshops should be used to consider in more detail the cross-organisational risks and benefits and to plan the order and priorities of business system and IT system changes. It may be of benefit to involve major customers and suppliers in some of these workshops.
- In the Functional Model Iteration, workshops should be focused on one of the business changes being addressed. They should prototype new/changed business processes, consider in more detail the impact on the particular business area(s) under development and plan how the new processes will be introduced
- In the Design and Build Iteration, workshops can be used to initiate IT programmes or projects which are needed to support the new/changed business processes. Such initiation workshops will tackle the lower level priorities and timescales relevant to the programme or project being initiated.
- In the Implementation phase, workshops should be run to see what lessons have been learnt in the introduction of a new business process and to decided on the approach and priorities for the next phase of work.

Practically all these workshops should consider the impact on three important elements: people, organisational units and systems

8.2 *Timeboxing*

An overall timebox is already provided by the calendar for introducing EMU.

The milestones laid down by senior management will put lower level timeboxes within the overall timebox. As usual with DSDM, these lower level timeboxes should be broken down into timeboxes of two to six weeks at the programme level. This will keep the programme moving forward at the required speed.

A timebox at the programme level does not equate to projects within the programme. These can be of any length. The programme timebox may have as its deliverable an initiated project.

All IT projects and programmes which are initiated by the programme should have delivery dates which are realistic. These may or may not be DSDM projects so

timeboxing may or may not be possible. See the White Paper on managing mixed DSDM and waterfall projects for guidance in this area.

8.3 MoSCoW prioritisation

Using MoSCoW prioritisation will help the organisation cope with the restrictions of the timescales to introduce EMU-related business changes. Changes which are of a lower priority can be left until towards the end of the programme or even until after the date for the full implementation of EMU.

The euro has an impact on all financial data within an organisation. Preparing and testing systems requires significant business resources from several departments. The EMU programme can mean that important non-EMU projects are cancelled because of problems overloading the business with involvement in IS/IT projects. The euro thus causes delays in other business-related projects. MoSCoW prioritisation of the whole portfolio will assist in deciding where the real priorities lie.

Projects initiated by the business change programme should also use MoSCoW prioritisation to ensure delivery in the timescales required.

As IT projects are initiated, the whole IT project portfolio can be prioritised using the MoSCoW rules to ensure that all projects are initiated in the order most suitable to the business needs. This prioritisation must be done collaboratively with the business units affected.

8.4 Prototyping

In order to help trigger/clarify business direction on EMU, it may be beneficial to prototype scenarios and business processes.

At a lower level, within the Functional Model stage prototypes can be used to make decisions on standard design approach, e.g. will the euro and the pound be shown on the same screen? Will we have 2 separate screens and the ability to toggle between them? What colours or other means should be used to avoid confusion?

9 DSDM Roles

9.1 *Steering committee members*

Since this DSDM process is all about programme management rather than project management, the focus of attention is on the programme steering group or committee. (All projects which are initiated by the programme will be staffed as usual according to the method or lifecycle employed.)

The programme steering committee should contain the following roles:

- **Executive Sponsor:** whoever takes on this role should be from the highest level of the organisation possible. The impact of the euro is so widespread in any organisation that there has to be leadership which can span authoritatively all the areas affected. See section 9.2 for details of the Executive Sponsor role.
- **Visionary:** there will probably be several Visionaries within a programme. This will be necessary given the level of involvement with the ongoing decision-making that is contained within the responsibilities of the Visionary role. For this reason, it is recommended that a “Super Visionary” role is created to co-ordinate the ideas and activities of the Visionary. The “Super Visionary” may well be the same person as the Executive Sponsor. See section 9.3 for details of the Visionary role.
- **Programme Manager:** not a DSDM role but one that is essential to the planning, monitoring and control of the whole EMU business process and IT system change programme.
- **Process experts:** this group consists of senior/middle business managers, senior business analysts, process modellers, etc. The group should understand the current business processes in sufficient detail to assess the impact of EMU and have the necessary skills and vision to determine and model the new processes required. Many of this group may not be part of the programme steering committee itself but should report directly to one member of the committee, probably a holder of a Visionary role. The skills and knowledge of senior business analysts and process modellers should be readily available to all the steering committee members during all decision-making, so the group should have key representatives on the committee.
- **Senior IT/IS Manager:** this role is essentially that of the Technical Co-ordinator lifted up to the programme level. The role is necessary in order to agree prioritisation of IT/IS projects initiated both inside and outside the EMU programme and to provide an assessment of the impact, costs, technical feasibility, etc. relating to the IT component of any proposed new/changed business processes. This person is ultimately responsible to the steering committee for all IT/IS projects initiated by the programme.

9.2 *Executive Sponsor Responsibilities*

This is a high-level executive role. The Executive Sponsor is the EMU Champion. The role has the ultimate responsibility for the change programme across the business. The Executive Sponsor must hold a sufficiently high position in the organisation to be able to

resolve business issues (e.g. to force open closed doors) and make financial decisions. This role has a crucial responsibility to ensure and enable fast progress throughout the programme, cutting through the bureaucracy and politics that may impede development. Specific responsibilities are:

- Chairing the EMU Steering Committee;
- Ensuring the decision-making process for programme issues is effective and rapid;
- Responding to escalated issues;
- Ensuring that funds and other resources are made available as needed;
- Commitment and availability throughout the programme.

9.3 Visionary Responsibilities

The Visionary is a senior business role probably representing one major business function, e.g. sales. The Visionary for a business area should remain involved throughout the change programme to ensure all the business objectives for their own area are being met and that changes in other areas are not detrimental to their own area. Specific responsibilities are:

- Attending the EMU Steering Committee meetings;
- Promoting the translation of the vision for EMU in their own area of the business into working practice;
- Taking a wider view of the end-to-end business process across all areas affected by the changes required;
- Contributing to key requirements sessions at the programme level;
- Contributing to key high-level process design sessions at the programme level;
- Contributing to key process review sessions at the programme level;
- Resolving conflicts across the business areas owned by the Visionary;
- Ensuring business resources are available as needed in projects in the Visionary's business area(s);
- Monitoring progress in projects initiated by the programme for the Visionary's business area(s);
- Commitment and availability throughout the EMU change programme.

10 Glossary of EMU Terms

Term	Explanation
approximation	The handling of situation where a currency unit appears to have no value on conversion to euros, e.g. 1 dubri = 0.00075 euro when rounded = 0.00.
bilateral rates	The exchange rates between two participating currencies, announced in May 1998.
continuity of contracts	An article has been passed to ensure that contracts made between members of the EMU will remain legally binding even when they refer to a national currency and the contract extends in time to when the national currency is no longer legal tender.
convergence criteria	Requirements established by the Treaty of Maastricht for all Member states who wish to participate in Economic and Monetary Union.
conversion rates	<p>On 1.1.99 the exchange rates of participating currencies will be irrevocably fixed by the European Central Bank. This will be the conversion rate.</p> <p>The conversion rate will include six significant figures and will be defined at all times in terms of one euro and in one direction only.</p> <p>The conversion rate between the euro and the ECU will be one to one.</p>
dual currency	The period when notes and coins are in circulation for both the original national currency and the euro. For first wave from 1.1.2002 to 30.6.2002.
dual display of prices	The legal requirement to show prices in both national currency and euro. To be confirmed, but it is likely to be permissible to simply display conversion charts.
ecu	The logical currency traded wholesale since 1979 based on a basket of currencies. It will not exist after 1.1.99.
EMU	Economic and Monetary Union. Officially determined by the Maastricht Treaty in 1992, EMU designated the zone of countries within the European Union who share the same monetary policy and currency - the euro. i.e. determines the organisation and structure not the currency.
ERM 2	The structure which will link the currencies of non-participating Member States to the euro. Membership will be voluntary. The aim of the ERM 2 is to support countries who seek future EMU membership through regulation of the foreign exchange environment.
euro	The new currency of members of the EMU. It will consist of 100 cents.

Symbols:



ISO standard abbreviation EUR

European Central Bank	The new central bank established May 1998, successor to the European Monetary Institute. Responsible for setting of economic policies across EMU that will ensure economic stability (including interest rates).
house currency	The currency in which a company's ledgers and books are held.
"No compulsion, no prohibition"	A principle established by the European Council. A phrase used to describe the approach to the euro in the period from 1.1.99 up until the notes and coins are available. There is no legal compulsion to use euros in this period and equally nothing to prevent their use.
notes and coins	<p>There will be seven euro notes and eight euro coins.</p> <p>Notes will be worth 5, 10, 20, 50, 100, 200 and 500 euros.</p> <p>Coins will be worth 0.01, 0.02, 0.05, 0.10, 0.20, 0.50, 1 and 2 euros.</p> <p>One side of the coin will be left open for a national symbol.</p> <p>The use of all notes and coins will be possible throughout the entire EMU.</p>
price transparency	Describes the situation where it is easy to directly compare prices of products/services across EMU countries since they will all be quoted in euros.
reference currency	Many industries operate in a single reference currency. For instance, the US dollar is the standard used by the oil and chemical industries. Adoption of the euro as an international reference currency is a possibility.
rounding	Rounding to the euro will only occur after currency conversion and will be to two decimal places. Results ranging from 1 to 4 at the next decimal after the smallest unit not in use will be rounded down; results ranging from 5 to 9 at the next decimal after the smallest unit not in use will be rounded up.
TARGET	Pan-European settlement system.
thresholds and triggers	Numerical and monetary levels that act as decision points, e.g. a standard insurance premium for up to £30,000 cover or discount break points.
transaction currency	The currency in which a company does business with its suppliers and customers. There may be more than one. They need not be the same as the house currency.
transition period	The period during which both denominated national and euro currencies legally exist but when the notes and coins are not available.

triangulation

For first wave this is from 1.1.99.

Conversions between national currencies of EMU members must all go via the euro using conversion rates to six significant figures.

Euro unit may be rounded to not less than three decimal places during calculation.

11 DSDM and the Euro – The Reality

11.1 Background

The following section outlines some experiences from a Retail Financial Services Company which managed Euro Conversion using DSDM as a guide.

11.2 Introduction

One of the main features of the Euro Conversion Program across all of the countries involved in ‘Wave 1’ was that the change was guided centrally from the European Union. In Ireland, where this case study was based, there was a government led ‘Euro Changeover Board’, which directed the change throughout the country. Individual Industry groups in turn took their lead from this central group, and in the Financial Services industry, the change was treated as ‘non-competitive’. This was crucial, as organisations could come to industry-wide agreements on operational matters, and internal decisions were not taken in isolation.

11.3 Managing the Conversion – The People

For a Financial Services (or indeed any) organisation, the task of conversion will have significant implications across the entire business. For this reason, it is essential that the change is sponsored at a high level within the organisation, with the Executive (Project) Sponsor ideally being someone of Executive Director level.

In the project under review, the Executive Sponsor was supported by a Euro Project Office team, with responsibility for Policy, Project Planning and Communications. The Primary Business and Information Technology Program Manager(s) were responsible for resourcing and controlling the efforts of this office.

In order to ensure that all of the right people were involved in (and exposed to) the Change Program, a ‘Euro Champion’ (‘Ambassador User’) was appointed from within each business and support unit. Since the change had significant impact on IT systems within those business areas, these Euro Champions were supported by Technical Co-ordinators, responsible for impacts on business systems, and for technical support. (Where there are distributed locations, e.g. Retail Outlets for Banks or Retail Organisations, it’s a good idea to also appoint a contact point within each remote location).

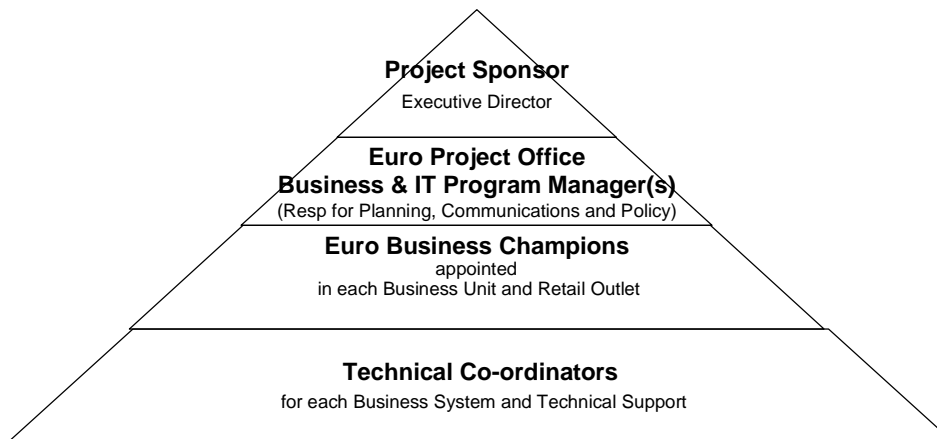


Figure 11.2: DSDM – The Management Team

11.4 Feasibility Study

The major decision to be made here is whether to go for a gold-plated solution or a basic business survival model. It is important to remember that euro conversion is about ensuring that your business will operate under a new currency. It may be tempting (or indeed even practical) to re-engineer some elements of the business on the back of the conversion effort, but this should only be undertaken within an overall understanding of the potential risks involved.

Within the case study organisation, the following principles were established:

- This would be treated as a ‘Business Survival’ Project
- Conversion of all data would take place ‘end-of-year 2001’. All software conversions would be implemented well in advance of this, and set to take effect from conversion date.
- At no time would there be ‘dual currency’ systems. All internal systems would remain as single currency systems (Irish Pounds to end 2001, euro following conversion). Transaction systems (Branch, ATM and Internet) would be responsible for translation of transactions to the appropriate currency.
- All transaction history would be retained in the legacy currency (Irish Pounds)
- Other historical information (e.g. MIS or in-flight applications) would be converted from legacy currency to euro
- The agreed industry code of best practice would be adhered to

At this stage, the project and business risks were also identified. Some of the major risks worth noting here are:

- Fixed deadline
 - If managed in true DSDM fashion, this can be an asset. It forces people to be pragmatic, and makes implementation of MoSCoWs a little easier. Managed otherwise, it can be a real risk.
- Other on-going projects
 - Business never stands still, and other business projects will likely be running alongside this one. Euro changeover impacts all business processes and systems. Good configuration and change management is essential to mitigate this risk.
- Data conversion
 - Converting large quantities of data is logistically challenging. Timings should be simulated early (even at Feasibility Stage), to guide decisions. Multiple 'rehearsal' conversions will also provide assurances to mitigate this risk.
- Auditing Conversion
 - It is important to ensure that the conversion has worked properly. Internal and External Auditors should be involved in design of conversion process and reports.
- Data pollution
 - This is about always knowing the correct currency of a monetary value. Polluted data can be introduced to a Financial Services company from many sources (transaction files, invoices, loan application forms, call centre operators).
- Corporate reputation and visibility
 - Euro Conversion is high profile, particularly for Financial Services Organisations. At the time of the case study, the media spotlight was intense across Europe.
- Availability of Cash and Security
 - For Retail Organisations, the logistics of managing cash availability for the conversion period must be actively managed.

11.5 Business Study

The objectives of this stage were to understand the implications for each business area.

Fixed deadlines mean that this needed to occur quickly and effectively. Over a six-week period, Facilitated Workshops were carried out across the entire business. The majority of these were business workshops, with a small number being IT specific.

Each workshop comprised a preparation session, a facilitated workshop and a consolidation session. The format used was 'Business Process Walkthrough', driving out requirements, understanding impacts and identifying outstanding issues and risks.

The workshop attendees comprised representatives from IT, business areas, customer service centres, branches, helpdesk, training and marketing.

The Business Study resulted in a series of Project Workstreams being kicked-off to address the individual areas of IT Change, Business Change, Training, Communications and Awareness, and 'Distribution Channels' (managing the change in the Branch Network, Call Centre and Internet) .

11.6 Functional Model Iteration

For each of the workstreams, the business impacts were converted to workplans. In some areas, iterative prototyping of screens and processes were used to refine the requirements.

It was also agreed to implement common working practises for the Design and Build Stage, such as the use of a common conversion routine and a standard approach to reporting for audit purposes.

A policy decision was made to avoid any major software migrations at conversion time, and this would impact the approach to Design and Build.

11.7 Design and Build Iteration

This was an extremely complex stage, cutting across business processes, systems and technology platforms. A 'Keep it Simple' approach was adopted, and some common standards and guidelines were produced, for example:

- conversion standards for software and data
- standards for audit reporting
- standards for converting existing business reports and screens
- approaches to spreadsheet and MIS conversions.

Throughout this stage, continuous business involvement was maintained for prototyping and workshops, particularly when it was necessary to agree policy changes. A Requirements Database was held in Lotus Notes to allow wider access, the test team and Help Desk were involved in prototyping sessions and in many of the major decisions.

In terms of testing for currency conversion, the following are areas which require special consideration:

- Concentrate on all interfaces (where internal systems meet external providers)
- Test value boundaries (rate bands / tiers, minimum and maximum amounts etc)

- Simulate key dates at changeover, particularly for payments systems

There are many challenges to be faced when testing a change of this nature, and these include:

- Data preparation (production data was copied)
- Changing host and server dates to simulate changeover timeframes
- Management and co-ordination of testing

For these reasons, it is advisable to appoint a dedicated Test Manager.

11.8 Implementation

In September 2001, 3 months before Changeover, a series of Wake-Up workshops were held, to remind Business and Support Units what would be required of them over the changeover period.

A full implementation plan was drawn up for the Final Quarter, and a 'Situations Team' was put in place from early December 2001

The EPO reviewed progress regularly, and as time progressed the plans became more granular. For the Changeover Weekend, plans were detailed hour by hour, the resource requirements having been identified early in the previous quarter. Conversion and Testing plans were prepared in advance, and two retail outlets were opened-up to assist with testing.

11.9 Specific Issues to Consider

Since this was a high-risk project, early planning was essential. It was also crucial to get industry co-operation, and to start discussions with suppliers as early as possible.

Since this programme crossed the whole organisation and beyond, a central programme team was created to co-ordinate activity.

Communication and awareness was important, and communications to staff needed to start early, and be consistent. This helped ensure staff commitment and buy-in, which was vital for success.

Where feasible, a change freeze was put in place, to avoid additional complications.

11.10 Learning Points

The fixed end date helps people to be pragmatic, and MoSCoW prioritisation helps to formalise what is important. This is a true DSDM project – the end date CANNOT move.

Where training has been planned, use the training dates as the end date.

Don't try for the perfect solution. Aim to get the job done to an acceptable level – apply the 80/20 rule.

Conversion to Euro must be seen as a business driven change. It is not just an IT project.

The whole process requires strong sponsorship to drive it through. Consider setting up a Euro Programme Board to co-ordinate the change. As this change will affect everybody in the organisation, get people involved, and keep them informed of progress on a regular basis.