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# Success Factors for ETRM System Implementation

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Abstract:

There is no “Silver Bullet” to ETRM system implementation success. Each software solution has strengths and weaknesses, and success is highly dependent on tight project execution and the extensibility of the system to scale with the trading environment. Project execution areas critical to successful delivery and deployment are discussed in this paper.

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### Confirm Expectations Early

One of the most important steps in ensuring project success is to confirm the business objectives set during the system selection cycle early in the delivery cycle and then resolve any identified gaps. Business goals may have changed or the team's understanding of the possibilities may have changed between the time the system was selected and purchased, and the time that project implementation begins. Business unit management, the implementation team, the system provider, and the implementation consultants need to be on the same page. A foundation of common expectations is core to maintaining good relationships among all parties involved in the implementation.

Identified gaps between the initial scope and desired functionality may arise and can often be resolved with pragmatic solutions using various ETRM software extension technologies to scale the product functionality to exactly match new business requirements.

### Project Team Composition and Communication Are Vital



ETRM system implementation projects are inherently complex and the composition of the project team is vital. The team must have the correct balance of skills and personnel. If someone isn't meeting expectations and needs to be carried by the rest of the team, this typically will lead to resentment, inefficiency, and an unpleasant work environment. Equally important is to watch for any single points of dependency on a specific team member, which can contribute to project risk. If team dynamics are not working well, then the project will not succeed.

Communications are vital and all parties should be encouraged to communicate openly and frequently. Status meetings should be held regularly at the frequency the current stage of the project demands. Frank and honest discussions should be encouraged by all team members.

### Work On Teamwork

Everyone on the ETRM implementation team wants the same end goal – a successful deployment that results in the achievement of the company's business objectives. The energy or trading company, the 3rd party system integrator and the ETRM software provider all have a vested interest in success, and it makes absolutely no sense to have an "us and them" culture develop during project implementation. A problem with the operating company, the solution provider, or the 3rd party integrator is everyone's problem – and everyone should work as a team to resolve it.

### Engage the Business Unit As Soon As Possible

The business unit must support and engage in the implementation process. Without adequate business unit involvement and understanding, it is nearly impossible to implement and deliver an ETRM system to match expectations and achieve the desired business objectives.

By encouraging the business unit staff to use the ETRM system early in the implementation process there is a better business understanding of how the work flow will function with the new system, and future requirements can be discussed in more depth with system considerations in mind.

## Keep It Simple

Avoid over complicating an ETRM implementation by considering the simplest resolution to any given scenario. Teams can often be tempted to meet business requirements by implementing complex workflows or configuring customized functionality on a one-off basis, when the same result could be achieved with a simpler approach. The time and cost of each option should be weighed against the return on investment for the company. Making an effort to keep things simple helps the implementation project stay on track and brings greater value to the trading organization.

## Apply Agile Methods



Implementations that are incremental, smaller, and acutely focused on specific business objectives tend to result in more successful projects that deliver value more quickly. In contrast to traditional implementation methods, an agile deployment approach offers greater flexibility, minimal business disruption, and a close alignment of business benefits with costs.

In an agile deployment, the technology to achieve the objectives is deployed as a series of incremental projects where each project focuses on a distinct objective. This focus minimizes the number of specific business processes involved in achieving each business objective. It also minimizes the number of technology changes required and the number of personnel affected. Employing agile methods helps implementation teams achieve targeted and measurable milestones throughout the project.

## Avoid Scope Expansion

The success of a project strongly depends on staying within the project scope. Often as a project is underway, there is a tendency for teams to want to add functionality. While small changes may seem simple at the time, they tend to take the team off task, delay the project timeline, and can be more complex than expected. Implementation teams should make every effort to stay within the established project scope and encourage the business unit to do the same. The most important thing is to achieve the first set of stated business objectives as quickly as possible.

## Include Testing and Quality Assurance

Employing an effective quality assurance process at the onset of an ETRM system implementation will greatly impact the overall success of the project. Implementation teams should continuously engage in testing to ensure that the configuration and work processes meet previously agreed upon specifications and that functionality is performing without defect. The quality assurance process should include detailed documentation of test cases, which can be used in the future with software extensions or upgrades.

## Focus Your Single System of Record

One great benefit of an integrated ETRM system is that it serves as a single system of record and acts as the main repository for all trading information and data.

Because ETRM systems are flexible databases, we have seen cases where companies have wanted to store peripheral data in the system – data not needed by the ETRM system.

We advise teams to always push back on any suggestions that additional data be stored in the ETRM system, such as additional price indices or currency data that will only degrade performance and add overhead to valuation, settlement or other system processes.

## Get the Most from Software Support

By providing the highest degree of detail when requesting ETRM support from the system provider, teams are more likely to achieve rapid and effective resolution. When teams equip support personnel with as much data, documentation, and analysis as possible, you improve the likelihood of a successful resolution of the issue and limit impact to the team's productivity. This helps keep project schedules on track.

## Prepare for Infrastructure and Performance Changes

Training your business team is the single most important thing you can do to maximize the value of your ETRM system for the business.

Energy trading and risk management systems can place high demands on hardware and storage. Teams should carefully plan for these changes to limit the impact on system performance. As process and data volumes grow, systems can slow unless performance is monitored and steps are taken to mitigate any degradation in performance. Seasoned ETRM consultants and the software vendors provide advice, tuning tips, and analysis tools to identify performance issues and allow teams to make the necessary adjustments to maintain best performance.

## Maximize the Value of Your ETRM Platform with Training

Training your business team is the single most important thing you can do to maximize the value of your ETRM system for the business. Users who are well-trained, understand the software's potential, and comfortable using the functionality are simply going to be more productive users. To ensure user proficiency, the ultimate end users should be involved at the beginning of the implementation project. This collaboration between the end user and the deployment team will accelerate users' knowledge of the software so that immediately following deployment, they can fully utilize the solution.

## About the Author

Robert Parker is a Director at Opportune. He has over 14 years of trading system implementation and IT architecture lifecycle management. As the project lead for a gas, power and carbon Allegro v8 client he led the solution deployment, inclusive of 27 real-time extensions, to success. He has also built an in-house trading system for a global oil company, managed an IT infrastructure merger between two global companies and also provided project recovery expertise resulting in successful go live of failing projects.

## About Opportune

Opportune LLP is an independent consultancy focused on the energy industry. We are led by seasoned professionals with senior executive experience in major energy and consulting firms. Using our extensive knowledge of all sectors of the energy industry, we work with clients to provide comprehensive solutions to their operational and financial challenges. Across energy segments, our practice areas include corporate finance, complex financial reporting, process and technology, strategy and organization, dispute resolution, enterprise risk, tax and outsourcing.

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Allegro is a global leader in energy trading & risk management solutions for power and gas utilities, refiners, producers, traders, and commodity consumers. With more than 27 years of deep industry expertise, Allegro's enterprise platform drives profitability and efficiency across front, middle, and back offices, while managing the complex logistics associated with physical commodities. Allegro provides customers with agile solutions to manage risk across gas, power, coal, crude, petroleum, emissions, and other commodity markets, allowing decision makers to hedge and execute with confidence. Headquartered in Dallas, Texas, Allegro has offices in Calgary, Houston, London, Singapore and Zurich, along with a global network of partners.

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