

# Practical Lessons from 40 System Integrating Projects

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## 1. Project Risk Management for a new field

In developing an information system for a newly entered field of business, a customer cannot really finalize specifications, even if the specifications for the system have been decided and agreed on by both the customer and the system integrator (SI). Despite this agreement, the customer may later make repeated requests of the SI to change the specifications and contract conditions.

To cope with this problem, the Project Manager (PM) of the SI evaluates each new request from a customer. The customer's requests should be evaluated in terms of their relevance to the six key project management points: price, cost, contract terms, specifications, team building and progress/quality. If the customer's request causes a change in the project's base line, such as a deadline, and it makes profitability less likely, this triggers a red card for the project. If the request may or may not adversely affect a plan, but nonetheless requires close attention, a yellow card is set.

This summary describes the results of an analysis of the reports made by PMs of 40 projects for which negotiations with customers began from November 2001, and from which the accepted orders will be between 100 million yen (0.8 million dollars) and 12 billion yen. These reports made by PMs to the director show the degree of difficulty of system integration in a new market area and the lessons learned by PMs, which should form the basis for future actions.

## 2. Risks in developing systems

In a total of 273 reports involving 77 customers, 196 concern new fields. There have been 43 red cards and 71 yellow cards issued in new fields. Reports that demand attention make up 58% of those issued, compared with only 6% at most in an existing customer system (see

Fig).

## 3. Lessons Learned, and best PM responses

- In new fields, problems always arise down the road due to changing specifications and requests for additional service functions.

--- A phased contract should be negotiated with customers, in which the specification decision process and the development process are separated.

- Finalization of the contract should usually be left open for eight months or more.

--- In order to meet the terms of a contract, the PM should get a memo of approval from his director and a memo or a temporary purchase order from the customer so that he can get the necessary resources in his company to begin development without waiting for the formality of a contract.

- During the course of a lengthy project, corporate reorganization and personnel changes on the customer side will be factors that will most likely have to be dealt with.

--- The PM should make an effort to build human bonds of trust with his superiors to ensure political support at the highest executive levels.

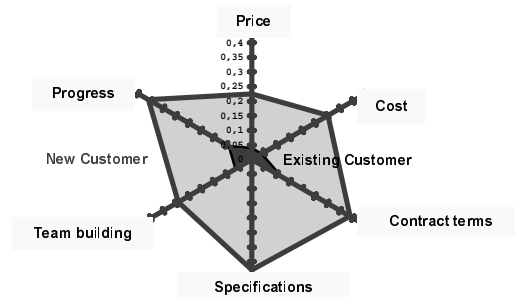


Fig. Difficulty of developing projects in a new field