



**Mid-term Evaluation of
IDB-9 Commitments**

**Integrated Business Solution:
Program Optima**

Background Paper



Classification: Public Document
Original Version: English



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ABSTRACT

During 2008 and 2009, the Inter-American Development Bank (IDB, or Bank) assessed and documented shortcomings and constraints in its information technology (IT) capabilities, and in 2008 it created the IT Roadmap project (later Program Optima) to address these issues.

As part of the IDB-9 Report, the Bank committed to the implementation of Program Optima to improve its efficiency in delivering services through IT. The program evolved over time, with its focus changing from information systems to business process reengineering. Also during 2010, the scope of the program was expanded to include areas that were originally left out of the program. Consequently, the budget assigned to the program increased from the original US\$37 million to US\$55.5 million.

Program Optima suffered two major setbacks and changes in direction, the first in early 2009, when irregularities in the contracting of the consulting firm stopped the project for eight months; and the second in late 2010, when concerns were raised by senior Bank Management about the direction of the program. The team was moved to the Office of Strategic Planning and Development Effectiveness and a new Manager was hired, a process that again delayed the work for about eight months. Since the end of 2011 a new Optima team has been in charge of the program.

The Bank has not yet implemented the necessary changes on its internal processes and IT systems to fulfill the requirements set out in the IDB-9 Report. However, the new Optima team has put in place the necessary mechanisms to make this program work, and it is now moving forward at a steady pace.

PREFACE

The Inter-American Development Bank (IDB) is in a period of rapid change, responding to both the economic dynamism of the Region it serves and the increasing competition in the international financial marketplace. Over the past decade, countries in Latin America and the Caribbean have gained greater access to alternative sources of finance and an increasingly ability to generate and share knowledge among themselves. Like other multilateral development banks, IDB is seeking to adapt to this changing international landscape by ensuring that it is responsive to borrowing countries' needs and putting strong emphasis on effectiveness in its use of scarce resources.

In 2010 the IDB's Board of Governors approved the 9th General Capital Increase of the IDB (IDB-9). The IDB-9 Agreement laid out a series of reforms intended to strengthen the strategic focus, development effectiveness, and efficiency of the IDB to help it remain competitive and relevant in the years ahead. As part of that Report, IDB's Office of Evaluation and Oversight (OVE) was charged with conducting a midterm evaluation—to be presented to the Board of Governors in March 2013—to assess IDB's progress in implementing those reforms. The full evaluation is available at www.iadb.org/evaluation.

This paper is one of 22 background papers prepared by OVE as input to the IDB-9 evaluation. It seeks to determine whether one portion of the IDB-9 requirements has been implemented fully and effectively and to offer suggestions to strengthen implementation going forward. The overarching goal of this paper and the entire evaluation is to provide insights to the Governors, the Board, and IDB Management to help make IDB as strong and effective as possible in promoting economic growth and poverty reduction in Latin America and the Caribbean.

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ANNEX A:DETAILED INFORMATION ON OPTIMA

This background paper was prepared by Miguel Soldano. All background papers were thoroughly reviewed and discussed within OVE and shared with IDB Management for comments. The other background papers and full IDB-9 evaluation can be found at www.iadb.org/evaluation.

ABBREVIATIONS AND ACRONYMS

ERP	Enterprise resource planning
EVP	Office of the Executive Vice President
HR	Human Resources
IDB	Inter-American Development Bank
IDB-9	Ninth General Capital Increase
IT	Information Technology
SPD	Office of Strategic Planning and Development Effectiveness
VPF	Vice Presidency for Finance and Administration

I. INTRODUCTION

- 1.1 This paper assesses the extent to which the Inter-American Development Bank (IDB or Bank) has fulfilled its commitment to improve its efficiency in delivering services through information technology, as set out in the IDB-9 Report: “To ensure that the Bank provides effective services, information is essential. With this aim, a comprehensive assessment of information technology (IT) capabilities and adequacy was conducted between 2008 and 2009, leading to the creation of Program Optima. Its centerpiece is the implementation of an Enterprise Resource Planning Solution that provides integrated support to the operational business and corporate processes of the IDB and its clients.”¹
- 1.2 The paper describes the history of Program Optima, which has had three different beginnings, each time under different teams, with different governance structures, and with advisory services from different well-known consulting companies, and then assesses whether the Bank as a whole learned from these experiences and made the necessary adjustments to ensure that the third attempt is successful.
- 1.3 In writing this paper, the team interviewed a range of stakeholders and completed a desk review of relevant documents and presentations to the Board of Executive Directors.

II. PROGRAM OPTIMA BACKGROUND

- 2.1 For a number of years the Bank had several independent and semi-autonomous IT offices that worked with very little coordination and collaboration. This structure did not allow for strategic management, nor did it promote an effective integration of IT systems. Many of the main systems the Bank uses today were developed or implemented during that time. In 2005 the Bank began an effort to centralize all IT functions; although the main offices were consolidated, today some Bank departments still have their own IT offices. To aggravate this situation, the 2007 realignment introduced significant changes to the Bank’s processes without allowing sufficient time and resources to adequately adapt the IT infrastructure.
- 2.2 In response to the structural and process changes resulting from the Bank’s 2007 realignment, Management created a program called IT Roadmap, now known as Program Optima, to address the Bank’s operational systems and processes. Originally this project team was in the IT department under the leadership of VPF. In June 2008 a well-known consulting firm was contracted to (i) assess the current state of business processes and information management; (ii) identify gaps in business needs and capabilities; and (iii) develop recommendations to meet these needs through technology and process change. After the consulting firm’s work on the operational part was completed, it was decided to extend the scope of the program to the corporate areas. This resulted in the “Roadmap for operational and corporate systems in a matrix organization” (GN-2496), which the Board

¹ AB-2764, chapter 4, Agenda for a Better Bank, para. 4.2.

approved in November 2008. A budget of US\$37 million was approved for this program.

- 2.3 The Roadmap document provided a diagnosis of the current operational and corporate systems and a blueprint for streamlining business processes and implementing a new integrated IT platform, using an enterprise resource planning (ERP) solution for both corporate and operational areas. The major problems identified in this report are shown in Box 1.

Box 1. IT Problems Identified in the Roadmap Report

Problem	Example
Poor data quality	The need to go through different systems to get accurate data.
Lack of systems integration	Similar data have to be entered in different systems.
Functionality incorrect or lacking	No system for standard project management for project execution.
Lack of standardization	“Operation subtype” codes are different in OPUS than in LMS.
Lack of IT and process governance	It is very difficult to find operational documents. No clear procedures for uploading documents to IDBDocs.
Lack of knowledge management	Difficult to find lessons learned from Bank projects.
Inconsistent communication and reporting	No collaboration or project management tool to help work in a matrix organization.
Ad hoc resource allocation	No system to determine staff availability to create project teams.

- 2.4 To address these issues and follow the blueprint, a program management team was established at the end of 2008. Because Management realized that the scope of the program went beyond IT, a program manager was designated and the program team was placed under the Vice President of Finance and Administration (VPF), although the consulting firm had recommended that the team should report directly to the Executive Vice President (EVP).
- 2.5 At the beginning of 2009, the contract with the consulting firm had been extended and the team was ready to move forward with the program. However, some irregularities related to the ethical conduct of a Bank staff member with respect to the negotiations with the firm brought the program to a halt for approximately eight months and resulted in the cancellation of the contract. After the incident was cleared, the Bank issued a new request for proposals and, in November 2009, hired a new consultant firm, Deloitte, to continue the study started by their predecessors and to advise the Optima Team on the implementation of the ERP solution.
- 2.6 After about a year of working with Deloitte, the team realized that the original assessment had underestimated the work and time that would be required to implement the ERP solution. In addition, the scope of the program was expanded to include Human Resources (HR)² and an initiative to promote connectivity with

² Under the original blueprint the HR module was not included; HR was already using an ERP from PeopleSoft.

- clients. Thus the team found that the original US\$37 million was insufficient to complete the program. The team prepared a business case (GA-245-9) with a cost-benefit analysis showing potential efficiencies varying between 10% and 15% and rates of return varying from 6% to 20%, and presented this document to the Board of Directors with a request to increase the budget for the program to a total of US\$55.5 million. The Board approved the increment in November 2010 (GA-245-3).
- 2.7 During 2009 and 2010 the Program Optima team produced some of the important analytic work that is necessary for a business transformation:
- Project plan
 - Business case
 - Communications strategy
 - Business requirements and process mapping
 - Fit-gap analysis of main ERP solutions
 - Risk and issue management strategy
 - Total cost of ownership analysis
- 2.8 While carrying out the work on the Program Optima blueprint, the program also funded, in some cases partially, a series of tactical projects to keeping the business running until the complete implementation of the ERP solution—to date, a total of 21 projects for US\$4.75 million (see Table 1). Optima also funded other projects that are not considered tactical—for example, MapAmericas (2011) and the technical cooperation monitoring system (2012).
- 2.9 By the second half of 2010, drawing on the fit-gap analysis prepared by Deloitte, the Optima team had selected SAP³ as the ERP solution for the Bank. Several other multilateral development banks also use SAP, including the World Bank, International Finance Corporation, African Development Bank, and European Bank for Reconstruction and Development. The Bank had also selected IBM as the consultant firm to implement SAP throughout the organization.
- 2.10 At the end of 2010, with a new EVP in office, Program Optima was moved from VPF to the Office of Strategic Planning and Development Effectiveness (SPD). The new leadership was concerned about Program Optima’s limited accomplishments and its direction and budget. Thus it was decided to temporarily suspend the program and to replace the program manager, a process that took over eight months, including a failed attempt to complete a competitive selection process. The contract with IBM was never signed, but the Bank had acquired SAP licenses for about US\$1.8 million.⁴

³ SAP is the world’s leader in ERP solutions, with a market share of 22%.

⁴ The Bank is also paying recurrent maintenance costs of around US\$300,000 a year for this license.

Table 1. Optima Tactical Projects

Appr. year	Project	Budget (US\$ thousands)	Executed (US\$ thousands)	Status	End date
2009	Balanced Scorecard VPP *	250	250	Completed	6/30/2009
2009	TA -Donor Funding Report *	229	229	Completed	4/30/2010
2009	TA VTC Proposal Ranking			Completed	12/21/2009
2009	TA -TC Documentation Generation			Completed	12/31/2009
2009	Budget Consolidation System Project *	132	117	Completed	12/31/2010
2009	Private Sector -Data Collection	230	229	Completed	3/31/2011
2009	Private Sector-e-Sourcing Modification			Completed	12/31/2011
2009	Private Sector-Issue Tracking System			Completed	12/14/2011
2009	Trade Finance Facilitation Program (TFFP) (I & II)	600	612	Completed	3/31/2012
2009	Integration and Enhancement of Operational Systems *	191	191	Completed	2/15/2010
2009	Data Management and Operational Business Intelligence	60	60	Completed	1/31/2010
2009	Overall Architecture for Tactical Projects	50	50	Completed	2/28/2009
2009	e-Disbursements (Production)	230	174	In progress	1/31/2012
2009	Careers@IDB (Recruiting Module)	70	70	Completed	2/15/2010
2010	Career Management Solution Suite (CMMS)	480	380	In progress	9/30/2012
2011	NSG Portfolio Metrics	825	357	In progress	12/17/2012
2011	Careers@IDB –Phase II	202	16	In progress	12/31/2012
2011	RBB Reporting & Budget System Update	201	96	In progress	4/30/2012
2011	Trade Finance Facilitation Program (TFFP) (III)	265	7	In progress	3/4/2013
2011	Operational Dashboard	446	94	In progress	12/31/2012
2011	PMR -SCF	265	7	Not started	TBD

*This table only shows information about budget and execution of the Optima Capital Project these projects executed more than it is actually shown in this table. For a complete analysis refer to Annex A.

2.11 The new leadership also carried out a readiness assessment to understand the status of the program and the steps necessary to restart it. Table 2 summarizes the findings of this assessment.

Table 2. Readiness Assessment Findings

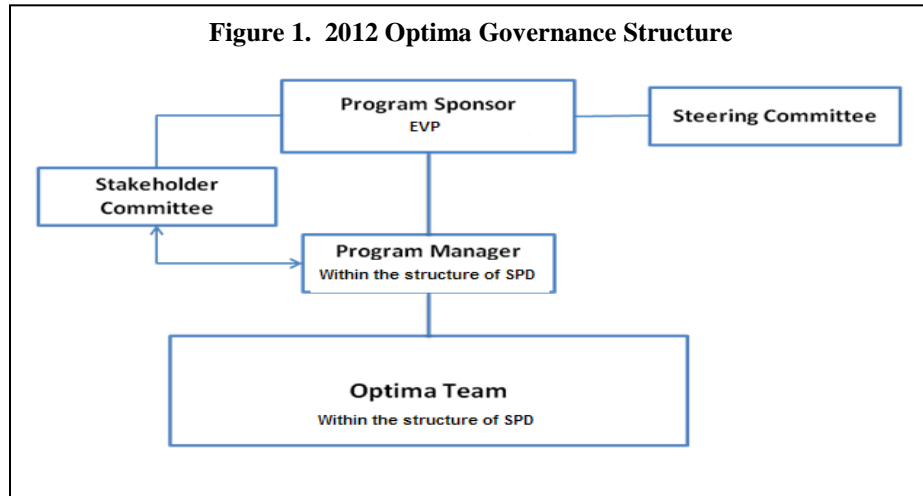
Category	Readiness element	Readiness assessment
Strategy & Vision	Shared vision	Low
	Program identity	Low
	Scope	Medium
	Strategic choices	Low
Finance	Business case	Medium
	Budget	Medium
Governance	Governance	Medium
	Sponsorship	Medium
	Management	Medium
Operations	Risk management	Low
	Change management	Low
	Planning	Low
	Team	Low
	Infrastructure	Medium

III. PROGRAM OPTIMA: CURRENT APPROACH

- 3.1 Toward the end of 2011, following on the findings of the readiness assessment, a new team assumed the responsibility for managing the Optima program. During the first presentation to the Board of Directors in December 2011 (PP-267-2), the new program manager made it clear that this would be a new start with a different focus, though the original diagnostic part of the 2008 original document was still valid. The team set a new focus, making clear that this was not exclusively an IT project, redefining Optima as “A Business Transformation Program to improve productivity for the business, by the business” (PP-145).⁵
- 3.2 To restart the program it was necessary to address the most important issues in the readiness assessment by (i) validating the vision, identity, and scope of the program, (ii) creating a functional governance structure, and (iii) building a team.
- Validating the vision meant that apart from having a strong sponsorship from higher in the organization, it was vital to have the buy-in of Senior Management throughout the Organization. The program needed to have a clear strategy and vision with a well-defined scope, and an effective communication strategy.

⁵ The previous approach, as noted in the IDB-9 Report, was centered on the implementation of an ERP solution.

- An effective governance structure is probably the most important factor in a transformation of the magnitude of Program Optima. Figure 1 shows the current governance structure, with the EVP as the program sponsor. The steering committee is formed by the EVP, the four VPs, the Chief of Staff,⁶ and the Managers of SPD and HR. The stakeholder committee is an ad hoc committee chaired by the EVP and has ITE's manager as a permanent member. The remaining members are assigned depending on the topic to be discussed.



- The Optima team is now fully staffed with 11 staff and several consultants. Getting the right staff for the program is not trivial. The program does not have permanent positions, so these are temporary assignments. There are not many incentives for managers to let top performers work for Optima and receive them back two or three years later, even if they are compensated for the replacement cost. On the staff side there is a high risk as well, especially considering the previous setbacks of the program. The program will need collaboration from different areas at different times in the form of short temporary assignments, which will increase these difficulties. It will be essential for Management to develop the incentives to attract the right people.
- 3.3 In February 2012 the Optima team made a presentation to the Board about the program's governance and work program (GN-2658), presenting a high-level multiyear work program going all the way to 2016 and a somewhat more detailed work program for 2012 (Table 3).

⁶ From the Office of the President.

Table 3. 2012 Work Program

Work Stream	Expected Result	Target Date	Status
Optima Structure	<ol style="list-style-type: none"> 1. Define Mission 2. Approve Governance Structure 3. Develop Work Plans 4. Execute Staffing Plan 5. Set-up Office 	<p>(3Q12) (3Q12) (3Q12) (3Q12)</p>	<p>Mission defined (Complete) Governance Structure approved (Complete) Work Plans drafted (Complete) Staffing Plan in execution (Complete) Phase 1 office build complete (Complete)</p>
Operations	<ol style="list-style-type: none"> 1. Selection of a Solution provider 2. Analysis and report of the Bank's Operations processes and 3. Begin development of the Operations Solution 	<p>(3Q12) (3Q12) (4Q12)</p>	<p>RFP (Request for Proposal) & evaluation (Complete) 3 workshops (Complete) 2 workshops (In progress) Firm everis team at HQ and started review (Complete)</p>
Corporate	<ol style="list-style-type: none"> 1. Selection of a Solution provider 2. Analysis and report of the Bank's Corporate processes and 3. Begin development of the Corporate Solution 	<p>(4Q12) (3Q12) (4Q12)</p>	<p>Started RFP for services and software process. Selection (In progress) 17 workshops (40 processes mapped) (Complete) 1 workshops (in progress) (Resource and Planning Specialists CCB)</p>
Enterprise Framework	<ol style="list-style-type: none"> 1. Kick off Data Governance Program 2. Begin Data Inventory 3. Begin LMS Study 4. Review and Validate Platform 	<p>(2Q12) (3Q12) (3Q12) (3Q12)</p>	<p>Data governance framework endorsed by ITGC. Inventory of functions started. (In progress) Development platform “white paper” for Suite of Operations Solutions completed and endorsed by IT Department</p>
Tactical Projects	<ol style="list-style-type: none"> 1. Complete the following Tactical Projects (4Q12) <ul style="list-style-type: none"> • RBB Budget update • Career Management • PMR SCF • Careers@IDB • Operational Dashboard • NSG Portfolio Metrics • TFFP II & TFFP III 	<p>(4Q12) (2Q13)</p>	<p>RBB Budget update. (Complete) Career Management. (In progress) PMR SCF. (2013) Careers@IDB. (In progress) Operational Dashboard. (2013) NSG Portfolio Metrics. (2013) TFFP II (Complete) TFFP III. (2013)</p>
Change Management	<ol style="list-style-type: none"> 1. Design of an Optima Change Management Plan and Communication Strategy 2. Hire Consultants 3. Begin Implementation 	<p>(4Q12)</p>	<p>Draft proposal in place. Final versions (In process) Consultants hired. Recruitment of a communication specialist (pending) Optima 1st communication sent out on May 21st (Complete) Presentations made to 18 Bank Divisions/Units (Complete)</p>
MapAmericas	<ol style="list-style-type: none"> 1. Launch of MapAmericas External site in 6 	<p>(2Q12) (4Q12)</p>	<p>Champions training and rollout completed in 6 countries. (Complete)</p>

Work Stream	Expected Result	Target Date	Status
	<p>Countries (HA, NI, HO, GY, BO, UR)</p> <p>2. Launch of MapAmericas platform capabilities (Authorized site) in these 6 Countries</p> <p>3. Additional countries to be reviewed based on lessons learned</p>	(4Q12)	Capital project presented to ITGC; Extended scope with administrative budget implications still under discussion with Upper Management. (In progress)

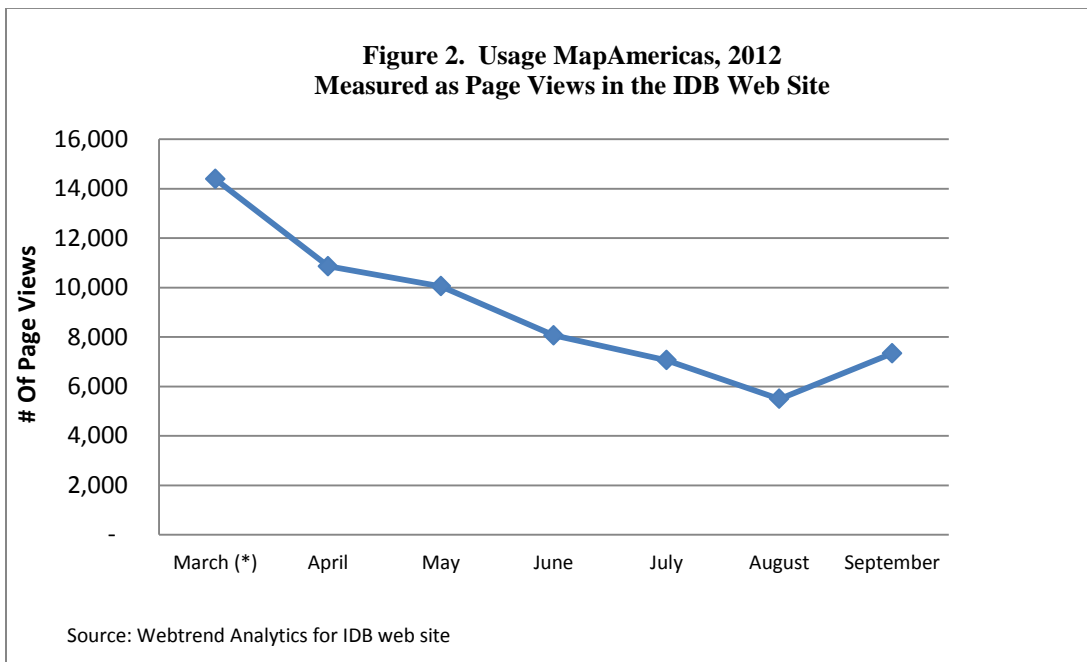
- 3.4 In contrast to the previous approaches, the team identified two different solutions for the corporate and operational areas of the Bank. The idea behind this is that the unique nature of the Bank’s operational processes would require too much customization for a single ERP solution. On the corporate side, human resources, budget, corporate procurement, finance, travel, and knowledge have standard processes that would require less customization. In fact, they are already using a wide variety of commercial solutions, including ERPs: Lawson (accounting system), PeopleSoft (HR system), and SaaS⁷ (Software as a service) in the case of Taleo (HR recruitment system) or CareerPoint. On the operational side, the new Optima team is leaning toward an Enterprise Service Bus⁸ architecture that will allow for more flexibility.
- 3.5 The 2012 work plan for Optima has been mostly on schedule, with the normal delays expected from a program of this magnitude. The review of the operational processes has started, with the October 2012 hiring of the consultant firm Everis, which is already working on site. On the corporate side, the team is reviewing proposals and will be hiring a consultant firm around November 2012. The tactical projects are experiencing delays averaging three months, which is also considered normal. For the technical cooperation monitoring system, a high-level system requirement and conceptual document was produced in February 2012, with no other significant advances.
- 3.6 Today one of the highest-profile areas of Program Optima is MapAmericas. Although MapAmericas is mostly known for data visualization, it is also responsible for connectivity with clients and project monitoring and supervision. The visualization part of MapAmericas was originally envisioned as an IT capital project, “Transforming the Work of the Bank through Visualization,” with a budget of US\$2.9 million and two objectives: (i) to improve the effectiveness of the work of the Bank and the way the Bank interacts with executing agencies and governments; and (ii) to improve the way the Bank shows its results to stakeholders. It would also benefit from the lessons learned on a similar initiative

⁷ Software as a service is part of the nomenclature of cloud computing, allowing the service to be accessed from anywhere there is a connection to the Internet.

⁸ An Enterprise Service Bus is a type of architecture that enables systems integration. It is different from an ERP, which ensures integration by using a single solution across the organization.

funded by the Bank in Haiti (HA-L1051).⁹ This project, incorporated into Program Optima before the appointment of Optima’s new program manager, started in mid-2011. The geovisualization component, showing data for six countries, was put into production to be ready for the Bank’s Annual Meeting in Montevideo in March 2012.

3.7 Since then MapAmericas has not had visible progress. There have been important advances in the Connectivity with Clients¹⁰ area; however, most of the data collection¹¹ part has not been introduced into the Bank’s processes, and it will not be until Program Optima reviews the processes for project monitoring and implements a new software solution. Nine months after launching, the Internet tool is still showing data for the same original six countries (Bolivia, Guyana, Haiti, Honduras, Nicaragua, and Uruguay). Figure 2 shows a decline in the use of MapAmericas since its launch. As this is a noncritical system, there is a relatively small window of opportunity to leverage the momentum gained at launching to show the usefulness of the application.



⁹ Project HA-L1051, New Technologies and Institutional Capacity Building in the Government of Haiti, was approved on July 2010. As of November 2012 this project had disbursed around 20% of the US\$3million approved.

¹⁰ The “Connectivity with Clients” area is vital in improving the efficiency of the Bank’s work with clients. Among other things, it will allow executing agencies to use Bank systems to update project status and check relevant information in a way that is secure for both the agency and the Bank. This small piece of Optima will enable incorporating client processes into the Bank’s own processes, with a high potential for achieving efficiencies.

This data collection refers to the data needed specifically for MapAmericas—geographic coordinates, photographs, and outputs/outcomes at a lower level that are currently registered in the Bank’s systems.

IV. FINDINGS

- 4.1 Program Optima suffered two major setbacks and changes in direction—the first one in early 2009, when irregularities in the contracting of the consulting firm stopped the project for eight months, and the second at the end of 2010, when concerns were raised by senior Bank Management about the direction of the Program. The team was moved to SPD and a new manager was hired, a process that also stopped the work for about eight months. This second setback might have been avoided if Management had followed the original 2008 recommendation that program management “should be formally chartered and sponsored by a senior executive, preferably the Executive Vice President (EVP). Because this transformation will cut across many units and affect business processes as well as IT systems, it is important that stakeholders understand that this critical initiative is being driven from the top.”
- 4.2 Because Optima involves a Bankwide transformation effort, the total cost of the program will be extremely difficult to calculate. Substantial staff effort will be required, not only from the Optima team, but also from all areas of the Bank that will be involved in the process. A large share of the cost of any software is training people to use it—both IT staff, who will have to be retrained to maintain and support totally different systems, and end-users. In addition to the US\$55.5 million assigned to the capital project, many other IT capital projects will be supporting or complementing Optima. Thus it is important that all IT capital projects the Bank approves be aligned with Optima.
- 4.3 The original budget approved for the IT Roadmap of US\$37 million was extended to US\$55.5 million in 2010. As of December 1st 2012 the program has spent over US\$13 million from the capital budget, plus US\$9.2 million from the administrative budget (Table 4) (Annex A). Besides these costs, there are other “collateral” costs. Most of the process mapping and systems requirements for the HR department were funded by other resources. The development and update of several IT systems was stopped or cancelled because of the program. Some of these systems—for example, PeopleSoft and Lawson—are already beyond their life expectancy, and the Bank is being forced to update them or contract special services to keep them running, even knowing that they will be phased out once Optima is implemented. Also, the opportunity costs of continuing to work with the current systems and processes pushes the total cost much higher. The cost of not implementing or delaying Optima is not minor, considering that the cost-benefit analysis of the program showed potential efficiencies of up to 15% (GA-245-9).

Table 4. Program Optima Costs (US\$ Thousands as of Dec. 2012)

	2008	2009	2010	2011	2012	Total
Optima Capital Project *		1,330	3,736	3,761	4,388	13,215
Other Capital Projects financing Optima Tactical Projects **	457	200	95			752
Administrative Budget ***	1,338	1,122	1,658	2,152	2,970	9,240
						23,207

Execution of the US\$55 million approved for Optima capital project

** Expenditures of Optima Tactical projects funded by other IT Capital projects

*** Administrative budget, including salaries and benefits, charged to Optima products

- 4.4 The “connectivity with clients” area, now part of MapAmericas, has potential to increase efficiency not only for the Bank, but also for its counterparts. This can improve the project monitoring and supervision processes by enabling the input of the executing agencies and units into the Bank’s systems. Developing the visualization tool of MapAmericas before implementing Program Optima introduced risks. One problem the system will face is compatibility with the rest of the Optima infrastructure. While Optima is about systems integration, MapAmericas was based on a Customer Relationship Management tool, and it is possible that a major rework will have to be done to integrate the system with Optima’s architecture. As noted earlier, there is some evidence that the tool may be losing momentum. In addition, the fact that data collection and quality control for data entered from outside the Bank have not yet been incorporated into the Bank’s monitoring and evaluation processes places an extra burden on operational staff and clients.
- 4.5 In practice, there is no clear rationale for a project that would otherwise be considered an IT capital project to be considered tactical or placed under Optima. In fact some tactical projects started before the Optima program and were partially funded by different capital projects. All IT capital projects should be supporting Optima by building the necessary IT infrastructure. Projects like the visualization task of MapAmericas draw resources from the program and generate uncertainties among staff with respect to the scope and vision of the program.
- 4.6 The Bank needs to ensure the sustainability of the changes introduced by Program Optima with regard to IT infrastructure and process management. The sustainability of IT infrastructure is being addressed by involving the IT department, which should assume the change management role after the new IT systems enter a steady stage. The need for change management with regard to processes should also be addressed to institutionalize this important function.
- 4.7 The current literature shows a high level of agreement on the key success factors for programs like Optima: (i) communication strategy and stakeholders, (ii) technology and content, (iii) building the team and capabilities, and (iv) project management. The Optima team has addressed these key success factors at different levels.

- The program has assembled a team of staff who are highly regarded and respected in their areas of expertise. Capturing top performers for short-term assignments will be challenging.
- The team hired a project management consultant. During interviews OVE observed the use of leading-edge project management tools to track progress and the use of resources efficiently.
- Regarding technology and content, the program has produced enough analytic work to understand the different technologies and to choose the right one. Also, after several workshops with different stakeholders, the team should have precise documentation of the requirements for the operational and corporate areas.
- Although the team has done some work on the communication strategy and stakeholders, more needs to be done in this area. Bank staff have been exposed to Optima for the last three years, and they are aware of all the back and forth. The much publicized launching of MapAmericas, which is one part of Optima, created more confusion among staff regarding the scope and vision of the program. To get all staff on board, the program needs to send a clear message of what Optima is and what benefits it will bring to the organization

V. CONCLUSIONS

- 5.1 The Bank has not yet implemented the necessary changes on its internal processes and IT systems to fulfill the requirements set out in the IDB-9 Report. Program Optima had major delays and is now moving again, for the third time in four years. These delays forced the Bank beyond the point of no return regarding this program. Most systems, operational and corporate, are now obsolete and unable to properly address the Bank's business needs, generating inefficiencies all across the Bank.
- 5.2 The new Optima team has put in place the necessary mechanisms to make this program work, and it is now moving forward at a good pace. To maintain this momentum it is vital to have the support of all areas of the Bank. More needs to be done in the communication area: there is still confusion among staff about the vision and scope of Program Optima. Industry research shows that transformation initiatives must address organizational change management issues if they are to realize the expected benefits of such investments.

Management Comments



Mid-Term Evaluation of IDB-9 Commitments
Background Paper: Integrated Business Solution “Program Optima”
Management Response

I. INTRODUCTION

- 1.1 Management welcomes OVE’s evaluation of the Bank’s implementation of the Ninth General Capital Increase in Resources (IDB-9) commitment to improve its efficiency in delivering services through Information Technology (IT). The findings and conclusions of the evaluation presented in this background paper will contribute to the ongoing efforts in business process transformation through the Optima Program as well as other Bank initiatives.
- 1.2 Management is pleased to see that many of the detailed comments provided to OVE on an earlier draft of the paper have been incorporated in this final version.

II. OVERALL FINDINGS AND SUGGESTIONS

- 2.1 OVE’s evaluation provides interesting insights into the Optima Program, and some of the challenges the Program has faced. Management agrees with the conclusion that the new Optima team is moving forward at a good pace, and that it is vital to have support from all areas of the Bank. We recognize that more work needs to be done with communication and change management, and simply note that this area is the most challenging for the Bank in general, as highlighted in the recent Employee Engagement Survey. This work is a top priority for the Optima Program in 2013.
- 2.2 The paper presents some reasonable and worthwhile observations, such as, for example, the need for IT projects to support Optima. This is consistent with the business transformation orientation of Optima, and the fact that the Bank must focus scarce resources on priority needs of the Bank. It should be noted that the Bank is already moving in this direction through the more rigorous and structured review and approval of IT capital projects for presentation to the Board for funding.
- 2.3 Management believes that the paper would have benefitted from a more accurate reflection of history and context of the Optima Program. The Program has always been conceived as a business transformation program, and *not* merely an IT program, as indicated in GN-2496.
- 2.4 The paper would have also benefitted greatly from a more precise presentation of the conceptual basis, evolution and progress of MapAmericas. MapAmericas is based on functional connectivity with the client and mainstreaming with the supervision and monitoring process, and not an “add-on” for simple display purposes. It also is an important piece in the Bank’s overall effort to move from a culture of approvals to a culture of results. While some of the concepts from the proposal from our External Relations Department regarding improving how the Bank shows results to stakeholders were incorporated into MapAmericas, the engine behind the visual display was adapted from a project management module designed by Bank staff in HA-L1051 and has always

been based on project supervision. Technology for a secure connection with Executing Agencies has also been built. The expansion of MapAmericas to additional countries is on track with its project plan.

III. LOOKING FORWARD

- 3.1 Management will keep moving forward with the Optima Program at a good pace and secure the support of all areas of the Bank to ensure the successful achievement of the program's objectives.

ANNEX I: FACTUAL CORRECTIONS

- 1.1 Optima originally allocated \$4.5M for “Connectivity with Clients” (MapAmericas) not \$2.9M (¶ 3.6).
- 1.2 There are no compatibility issues with the Optima infrastructure (¶ 4.4), as the design of Optima infrastructure is currently underway and will explicitly look at system integration, bringing together data from WLMS, OPUS, PMR and other tools and providing a channel for executing agencies and team leaders to enter data that can be redirected to other Bank systems. The “rework” this paragraph refers to has more to do with adapting to new data modeling tools that the Bank is in the process of implementing.