

Does Your CU Invest?

The Time to Invest in Technology is Now

Credit unions are only deemed successful when they bring value to its members.

By W.B. King

I was speaking with Sabeh Samaha, Samaha Associates' CEO, recently. He is a technology and e-business consulting guru who knows his way around mergers, acquisitions, core systems, business resumption planning, revenue optimizations and negotiating vendor contracts. Since he has his finger on the pulse of the industry, we frequently have exploratory conversations about best practices. The topic this time around was not about how credit unions can increase efficiency by not spending money on technology; rather it was about the opposite: time to invest.

One line he said to me stood out: "Denial leads to failure." Samaha recently joined forces with Shapiro Partners, a CU consulting firm, bringing to our conversation another industry leader, Adam Denbo, a senior managing consultant. Denbo added that many credit unions are holding back on making technology investments not realizing "this is the perfect time to implement best breed technologies."

I keep an open mind, and like Samaha and Denbo, I'm sensitive to the credit union climate and the impact of the recession. Times are still quite rough, a reality everyone seems to realize but there has been market indications of positive forward motion. Vendors also know this is a tough time and in some cases are making concessions, but it won't remain that way forever. "Now is the time to strike," Samaha said.

Speaking with these insiders gives me hope because they are on the front lines from discovery to implementation. It's one thing for me to say the economy is turning the corner or to note



that C-level executives are "talking" about technology investments with greater frequency. It's quite another to hear it from these insiders who are crossing the country working with multiple credit unions creating meaningful change within respective organizations. And as is the case with all consultants, if you don't bring value, you are sent home.

"This is the best time to make technology investments but there is no option other than doing it right and that requires bringing in subject matter experts," Samaha said. "Vendors need credit unions and credit unions need vendors. What we are seeing is that vendors are compromising. So while I understand

why some mid-to-large credit unions are holding back, I think and hope we are on the verge of a turn around.”

Options and Decisions

While I normally focus on larger credit unions, I came across the news that UCF Federal Credit Union, Orlando, Fla., selected CoreSoft in April in an effort to improve efficiency and provide a customized, member-centric approach to its service. This is in line with comments Samaha shared. “This trend is investments in process improvements and operations,” he said. “There are, however, a host of task and procedures that have to be accomplished.”

As a vendor, CoreSoft has good marks. Its service allows financial institutions to replace legacy systems with technology that delivers seamless, real-time, high-volume and high-performance transactions across multiple channels. This is geared at a design concept that could enhance workflow and flexibility. Serving members of the University of Central Florida community UCF FCU, the credit union sought to increase its front and back

our team determined that VSoft’s CoreSoft solution was the best fit for our future. It was a very collaborative effort.”

VSoft’s data center is located in Davenport, Iowa. The vendor offers in-house, outsourced or cloud solution. The latter solution as a general practice has taken flack this year. Maybe it was superstitious bad luck but on Friday May 13, Google and Microsoft both experienced online service failures. This sent a clear reminder that cloud applications while promising and progressive still have issues.

UCF FCU, which celebrates its 40th anniversary this year, will compliment CoreSoft with VSoft’s full suite of remote deposit capture solutions, including mobile capture, as well as item processing and imaging products. Additionally, VSoft’s digital dashboard enables UCF FCU to easily monitor a wide range of parameters, real-time in a dashboard format, said Murthy Veeraghanta, chairman and CEO, VSoft Corp.

“Bank customers have experienced great success with CoreSoft and we anticipate equal benefits for our credit union customers. UCF FCU is a distinguished, well-established credit union dedicated to advancing internal operations and providing the most progressive services to its members,” Veeraghanta said.

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Preparing is Essential

What the recession and its aftermath reminded our industry is that credit unions remain viable because it is a cooperative movement. It’s often prudent to look back before moving forward. Take for instance Gabriel-Alphonse Desjardins, who passed away on Halloween 1920. He was the co-founder of the Caisses Populaires Desjardins (today Desjardins Group), a forerunner of North American credit unions and community banks. He was quoted as saying: “A credit union is not an ordinary financial concern, seeking to enrich its members at the expense of the general public. Neither is it a loan company, seeking to make a profit at the expense of the unfortunate. The credit union is nothing of the kind; it is the expression in the field of economics of a high social ideal.”

This ethos is the fabric running throughout the industry and it is something of which to be proud. The shared mission is enhancing the member experience, which is achieved in part by protecting sensitive data.

According to Virtual IT, a virtual IT company that has been

end efficiencies, said Mike Murray, president of UCF FCU. This was achieved, in part, by building a powerful, centralized relational database.

“Our No. 1 priority is to exceed member expectations, and implementing CoreSoft enables us to drastically improve productivity and add creative, robust products and services that directly benefit our members,” Murray said. “We are committed to meeting the needs of a diverse membership, ranging from technology-savvy college students to professors and alumni that travel worldwide. After an in-depth and thorough assessment,



working with credit unions for more than 10 years, the statistics of effective backup systems is alarming. They state that “Over 30 percent of credit unions backups are not running properly and most of them don’t even know it. Of credit unions that are performing their backups, if required to do a full system restore, 52 percent of them would not be able to do it successfully.”

Assessing your current backup operating system including natural disaster, human error, sabotage, software corruption virus attack and software is essential to maintaining fluid operations.

The Phoenix-based Desert Schools Federal Credit Union, ranked a top 30 U.S. credit union, recently announced that it replaced its former tape backup system with EVault Plug-n-Protect backup and recovery appliances via solution provider 3RP. Desert Schools has 392 servers running VMware, Windows and IBM operating systems, as well as a variety of other financial applications working concurrently. Prior to adopting EVault, the credit union was reliant on tape backup and third-party encryption technologies to cover almost 12TB of confidential financial data.

“To comply with increasing regulatory requirements, ensure business continuity in the event of disaster, and make sure IT teams are as efficient as possible, the EVault solution was our first choice,” said Gary Laieski, CIO, Desert Schools Federal Credit Union. “EVault now eases backup administration, eliminates tape backup rotations, and enables IT personnel to focus

on other areas that impact business performance.”

Laieski said that the rationale for change centered on the concern that the credit union wouldn’t be able to satisfy (or exceed) Recovery Time Objectives (RTO) using tape backup, which placed the credit union at risk to meet compliance requirements set forth by the National Credit Union Association. Additionally, Laieski was seeking a vendor that was capable of bare metal restores and one that was equipped with native encryption capabilities, a process previously outsourced. “EVault Plug-n-Protect appliances offered simple to use and established alternatives to tape backup,” he said.

Custom deployment can include on-premise, cloud-connected and hybrid software and hardware components, as well as various levels of managed services. As is the case with all technologies, pricing is based on the selected platform and ancillary services. ROI for Desert Schools Federal Credit Union is measurable. For example, since implementation, the file system backup, which formerly took 17 hours, now takes roughly 3.5 hours; the core banking application data, which previously took 37 hours to back up, now takes approximately three hours. The reduction in backup times, Laieski said, has freed up the IT department’s time by more than 25 hours per month. “EVault services have significantly lowered costs associated with backups and restores,” he said.

Moving forward, C-level executives tasked with assessing and deploying efficient technologies could benefit from further investigation into the two areas discussed in this space. It could be prudent to discuss options related to existing platforms or the investment in new platforms with consultants like Samaha and Denbo. In the end consultants only make money when they bring value to the credit union. In turn, credit unions are only deemed successful when they bring value to their members.

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