

CORE SYSTEMS - DEPLOYING NEW FEATURES/FUNCTIONALITY EFFECTIVELY

The competitive landscape for credit unions continues to intensify and evolve. Legislative changes, compressing margins, an increase in non-traditional competitors and increasing demands for new channels and services have intensified long-standing challenges. This has caused many senior leaders to think differently about how they compete.

As a result, many are focusing on launching new products and services, knowing more immediately about their members in order to service them better and to deepen relationships, and diversifying revenue streams to position the credit union for long term success. These strategies may include branch expansion, launching small business services, expanding brokerage, insurance or trust services, and initiating member relationship management strategies. Often times the largest inhibitor to achieving these strategic goals is the underlying legacy core technology, where "bolt-on" layers of newer technologies are attempting to mask the weaknesses of legacy platforms. Unfortunately, these extra "bolt-on" layers are only as good as the weakest link: the legacy core technology platform. Often times legacy platforms limit the types of hardware you can use, the number of products you can have and types of products and services you can offer. Some even have hard-coded numeric value limits, and at the same time require the maintenance of several layers of applications to overcome these proprietary databases shortcomings. The result is that the institution doesn't achieve their goals and often create a costly, inefficient infrastructure that limits their flexibility and ability to meet member demands.

Currently, there is a global shift occurring as the availability of proven and reliable architectures that are open, flexible, real-time and highly normalized at the core level are being adopted by leading institutions. Rather than continue to bolt-on middleware and front-end systems, several are deciding to replace the heart of the problem, the underlying legacy core platform, with newer technology at the core.

Because Open Solutions' core product offering is based on a centralized, highly normalized relational database, our credit union clients can launch new products and services much more quickly. With our relational design there are no layers, no separate systems, and no 'bolted on' inefficient systems blocking innovation. One centralized database translates into not only hardware and software savings, but significant labor savings as well. We have seen some of our credit union clients grow their membership, loans and deposits, while simultaneously reducing their overall IT costs.

This improvement in efficiencies extends to employees throughout the credit union. For example, our Relational Search function offers member-facing personnel a great deal of member information on a single screen: they see all of their deposits, loans, safe deposit boxes, etc. Member service is improved tremendously when employees have a complete understanding of the credit union's relationship with that member. At the management level, senior staff can utilize our real-time reporting features to give them a similar view of each member's profitability.

While there is no shortage of information being stored on traditional legacy host systems, information access has always been the crucial issue. This is not the case in an open relational system such as ours which is designed to give the staff what it needs most -- timely, relevant and filtered information on their members. This automation helps make their jobs easier and ensures that they can provide better service, and make appropriate offers to each member. Our system gives them the tools that they need to make immediate and consistent offers across all channels, including the teller line, call center, Internet, and branch - every member touch point.

Collaboration with our clients plays a large role in our effort to better serve them. Our team constantly strives to improve what we believe is an already highly innovative and functional product. The Open Solutions objective is to continually provide strategic applications built on powerful open technologies and are designed to help our clients address their business goals and membership needs.



Louis Hernandez, Jr. is the chairman of the board and chief executive officer of Open Solutions Inc., a leading provider of fully integrated enterprise core data processing applications, Internet banking, cash management, CRM/business intelligence, financial accounting, imaging, interactive voice response and lending origination solutions for financial institutions. Open Solutions has been named to the Connecticut Technology Council's Fast 50 and the Deloitte & Touche Technology Fast 500. These organizations recognize leading companies in the technology sector for outstanding sales growth.

Mr. Hernandez is a recognized technology executive having been appointed by the Governor of Connecticut to be vice-chair of the Governor's Council on Economic Competitiveness and Technology as a representative of business with expertise in information technology. Mr. Hernandez is also director and past chairman of the Connecticut Technology Council and former vice-chair of the Commission for Educational Technology, where he recently completed a three-year appointment issued by the Governor.