



Driving More Efficiency From Core Systems

Core systems have always been the success or failure point for efficiency in a CU. There are numerous ancillary systems that drive productivity and increase efficiency but if the core is not doing its part then those other systems will become both expensive and potentially increase inefficiencies. When a CU is reviewing a core system, some areas that they will want to consider include:

* **Back Office Processing** - Posting files is a critical function for the CU but how those files are posted and the level of effort required by the staff to process both the incoming and outgoing information can have a direct impact on the staff efficiency. It is not uncommon to be discussing a "normal day" with a CU employee of a CU that uses an inefficient core and have them mention that it takes hours to handle these responsibilities. This robs the CU and its members of this staff member doing other things that add greater value to the CU. By having a highly efficient back office system in a core, it allows the system to automate the posting of those files and the staff to just deal with the exceptions. Yes these files are critical but it is important to have them moving around without manual effort!

* **Member Service** - It is equally important that the core system offers a number of different channels for members to take advantage of self-service. This includes, Home Banking, Mobile, Remote Signature (everyone is busy and saving a trip to the branch is nice for members), Audio, and e-Documents such as e-notices and e-statements. The more channels available to a member to do this on their own the more efficient the staff can be working with the members that cannot solve their issues on their own. In addition, the work flow of information inside the core must be highly centralized and easy for staff to customize so that employees are not "jumping around" the system and digging through paper files to find information, but instead have an intuitive workflow to offer the highest level of service.

* **Delivery Model** - In the past CUs have had to choose if they wanted to be "in-house" or in a "service bureau/online" environment. This was often because the vendor chose the model that worked best for its business and went to market with that model. Unfortunately the issue this creates is that it limits the CU to the model the vendor prefers and not the one that may suit the CU. Of course the vendor was selected because of the model it offered, but if the needs of the CU change over time, a vendor should be able to offer the delivery model that suits the CU as it changes. This is a clear path to efficiency so that the CU can function at its best level depending on its current and future needs.

* **Data** - A CU no longer can just maintain files on a member and offer the best service. They must be able to see all sides of the member relationship, products being used by the member and potential products that might be a better fit. Additionally the CU must be able to have a holistic view of the members' finances both inside and outside the CU so the staff can suggest products they offer to replace competitive financial products the member is using or could be using.

It is rare that a CU does not want to continue to improve; almost every CU wants to find and offer the best product offering to its members. The challenge comes in going through the process of change to be able to offer those solutions. Once a CU is open to change, it is the responsibility of the core provider to offer those solutions in both a useable and affordable model so that CUs can leverage those products. Once the CU is open to change a number of goals must occur to achieve a more efficient and flexible core system:

* **Identify the Key Wins** - Even if a CU is on an old legacy system and wants to replace everything, it must identify the key areas it wants to improve first. This avoids trying to "swallow the whole elephant at one time" but instead to target the areas that will both have the greatest impact first to gain wider support in the organization for change.

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* Data, Data and more Data - Getting good data out of the old system is very important and making sure it is clean is equally important. This is not always easy with legacy systems but is worth the effort to lay the ground work with the new system being installed. Unfortunately some cores do not make this process easy or inexpensive when a CU decides to leave a system, but the extra expense or time can make all the difference in leveraging the new system to its fullest potential.

* Attitude determines Altitude - This is an old saying that could not be truer when it comes to making the most of a new core system. The leadership team in the CU sets the tone for the conversion and how excited the staff will be in embracing change. A new system can have every new feature and the cleanest data coming in, but if no one is championing the change inside the CU it is going to be a difficult conversion and efficiencies will take a lot longer to reach.

* Train and then Train some more - Getting comfortable on the new system will take time, there is no way around it and even more true if a CU has been on the previous system for a long time. The better the training provided by the new core provider and the more the CU team practices, the quicker the staff will become efficient and see the power and flexibility of the new core.

As far as the delivery model used, when looking at the differences between a service bureau solution and an in-house implementation from a cost perspective by the sheer numbers alone, it is not uncommon to find that around year 6 or 7 the CU will find being on an in-house system will cost less money, but the answer is not as simple as that point alone. The CU must also look at staffing, IT due diligence requirements, meeting compliance standards, disaster recovery models and other related areas that an in-house system may require more of the CU than a service bureau solution. However, line charges, expected member growth and other variable costs must be considered on the service bureau side. Sharetec is a data processor that offers both models and provides a path for a CU to switch models when one model better suits the CU. A number of factors besides cost are considered in this discussion including culture, future growth strategies and staffing that the vendor should work with the CU to help them identify that the "right" delivery model is being utilized.

Sharetec continues to work closely with our customers and also listen to the market to identify solutions that provide the highest return on investment while also increasing productivity for the CU.

Looking at the features in different areas of the system:

- * Income Solutions
 - ~ Tiered Courtesy Pay
 - ~ eServices Enrollment
 - ~ Ultimate Checking
 - ~ Relational Marketing (both online and inside CU)
- * Member Service
 - ~ Mobile Banking
 - ~ Remote Deposit
 - ~ Remote Signature Capture
- * Back Office
 - ~ Automated Month End
 - ~ Automated Posting (i.e. ACH, Share Draft, OFAC, etc.)
- * Services
 - ~ Off-site backup



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