

Implementing Growth Strategies with the Help of Core Systems

At CU*Answers, we do our best to offer all of the 'keeping up with the Joneses' competitive products. But to help CUs in providing competitive products, including niche products that are different from competitors, we do so with pricing models and approaches that recognize that these offerings are probably not on the path to earnings or even growth in the early stages of implementation. A lot of these products are long term approaches for marketing "alliances" with members versus real, direct, bottom line approaches. And the investment in these niche products will not be paid back very quickly to the credit union's bottom line.

Too many of today's trendy approaches are simply doing old things in new ways instead of doing new things and creating new value to the bottom line. The result is over servicing and duplication of costs to the CU's detriment. And products and services of this type almost always need to be offered for free to the member in the short-term for the CU to be successful long-term.

CU*Answers is at its best when we are helping CUs attain these services by providing them for free via CUSO group investment, or price reductions for older services, or finding ways to include these services in our existing price packages without increase. We do our best to never find a quick return for the CUSO at the CU's expense for these "we have to offer this" expansions of CU services when the CU is not earning on its implementation. We have a rich history of matching the marketplace for features, while making sure that products CUs offer do no harm to their bottom lines.

That said, CUs have to be good at calling out that many services that CU members expect are more sizzle than steak, more marketing expense than real value exchanges with members.

In terms of helping our CUs make lending central to their mission, like most core players we work hard to identify the "shifting key success factors" in being a successful lending organization within each unique CU. Lending is certainly based on a production line approach, and the constraints at any given time on the output should always be quickly identified and remedied. The process is in constant flux and constantly needing adjustment.

Upfront, we focus CUs on having as many sources for fielding loan opportunities as possible – we pledge to work with the CU to accept a loan application from any channel, vendor, or retail outlet that connects them with borrowers needing loans. We expand the reach of the CU to borrowers wanting solutions via their own outlets, indirect outlets, and online outlets and expand that network every year. From there we push to streamline the approval process with as many solutions as possible – approving the application and passing a "ready to book" loan to our servicing platform, or collecting the data in a "ready to look" application for native processes underwriting the opportunity. Multiple automated scoring processes are available and are workflowed via standard configuration options.

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A CREDIT UNION SERVICE ORGANIZATION

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Randy Karnes has been involved in the credit union industry since 1985, and joined CU*Answers (then WESCO) as CEO in 1994. Karnes is known for having an infectious vision and drive for bringing credit unions together to explore the power of collaboration in entirely new ways. His enthusiasm for imagining and building new credit union business models has been helping to change the way many credit unions approach serving members now and in the future. Karnes' unique vision as a business designer and collaborative entrepreneur set CU*Answers on a path for becoming one of the leading CUSOs nationwide. CU*Answers is a 100% credit union-owned cooperative CUSO with the goal of reinvigorating the spirit of the credit union industry through a collaborative approach to designing and providing core data processing, digital solutions, and managed services.

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The final step is building a service model with all of the processing schemes required to build attractive offerings for members. Service options are built in independent building block segments like Legos in a set ready to assemble for past, present, and future loan products offered. We blend native processes appended via third party processes, and an ever changing list of contributors to CU success. Natively we can go from ask to book to service for years without any appending fees for services, or we can help CUs add third party paid for services into the mix as well. We believe the trick is to keep a solid focus on the throughput or the necessary flow of applications to the factory, and that the factory can retro-fit new products very easily and at a low cost.

To summarize, we build lending machines and factory lines that are easily seen by the CU architects, tracked by the analysts, and evolved by the strategies of aggressive lending plans. And we look for CU partners that see lending as ever changing over the ideas that yesterday's rigid approaches are all you'll ever need.

Modules, or the expectation of needing a module, are not something we see as a positive to anyone's growth strategies. Deploying modules in pursuit of a growth strategy implies connecting different systems in an imperfect handoff of unlike systems. Our system is designed to coordinate and natively blend lending services with the expectation of the next move or feature to be used in closing the deal with the borrower and keeping that borrower happy over the life of their loan.

We do our best to break down modules into feature sets and small steps that can be completed natively by our system or in a near native style when third parties join in on the solution. For example, e-signatures are native to our system via eDOC, so image needs can be workflowed into the lending process over being a handoff style should we not know the vendor. Or we can work with foreign LOS providers to use their credit report processing or interact to use our native database solution and use credit data collected throughout the member life with the CU.

Today the idea of plug and play modules is recognized as a process that leaks efficiencies and can ruin bottom line effectiveness. While we will do it with many, many vendors, when we want to truly assist CUs in pursuing their growth strategies we do our best to go beyond modulation to higher expectations for integration and planning to link the steps needed to be a success.

Now if you were expecting the usual suspect response... "Front end data mining and loan campaigning, automated decision processing, integrated form processing including e-closings, multiple indirect network integrations, collateral modeling interfaces, layered collection processing, variable and non-variable servicing schemes, risk based pricing approaches, credit report to application mapping, etc. We do it all." But to really assist a CU's growth strategies you must go further than connecting stuff, you have to coordinate the symphony beyond the tech.



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