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AN ELECTRONIC REPORT FROM THE CUNA TECHNOLOGY COUNCIL

Membership Growth Continues

Mike Pytlik, CTC Chair, Communications Family Credit Union, Saginaw, MI, mikep@commfamily.org

Recent membership numbers for all six CUNA Councils were released and the Technology Council continues to do very well in both new memberships and renewals. The Technology Council suffered some membership setbacks due to the heavy drain from Y2K, but we've managed to turn the corner in recruitment and retention.

We have some fairly significant initiatives going on right now with cross-council development. You will soon see a brand-new, updated website for the Technology Council. It will have easier navigation and search modes, with a fresh look. As we approach 2001, look for all white papers and newsletters to be web-based only. With our new web initiatives, executive committee member John Bock and his com-

mittee will continually update and refresh the site making it the one source to which you look for relevant information and resources. The website will be completed before year-end.

Also in the works for all Councils is a brand new image. Look for materials to be in the marketplace very soon. All I can say is "if the shoe fits, share it".

This time of year also brings renewal notices to all members. Watch for the first one to appear in your mail around November 10. Please complete the renewal portion and return it to Council Administration as soon as possible. You can also renew your membership online at www.cunatechnologycouncil.org. I want to thank you for your continued support of the Technology Council and hope to see you as a renewed member in 2001. ♦

Next CTC Summit Already Shaping Up

The Conference Committee, co-chaired by Alan Darbe (MI) and Annette Zimmerman (UT) is busy identifying topics and speakers for next year's CTC Summit. The Summit, which takes place August 15 - 18, 2001 at the

Wyndham Palace Resort and Spa in Lake Buena Vista, Florida, is one you won't want to miss. Be sure to include the Summit in next year's budget and make plans now to attend. ♦

CTC Web Site Updated

Until our new website is unveiled before year-end, we wanted to make sure you know about some enhancements to the existing site. You can now go directly to our site at www.cunatechnologycouncil.org and select "Member's Only". Once there, you can use the membership directory, read past issues of newsletters and take a look at white papers. The membership directory can be used to search for other CTC members by name, area of expertise, credit union asset size and other variables. It's a great way to network with other CTC professionals. Please bookmark this site and refer to it often ♦





Voice Over IP—some benefits

Kerry Parry, IS Managers, Mountain America Credit Union, Salt Lake City, UT.

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Have you been a victim of the “acronym soup” presentation? Have you been caught in a group of your IT staff while they spew configuration elements or information rates for their latest endeavor? We have all, at some point, experienced an overwhelming sense of confusion when dealing with the new and ever-changing realm of technology. Hopefully, I can begin to shed a small flicker of light on one of the hottest technology topics in the industry.

Voice over IP, also referred to as Voice over Packet, is based on a simple concept. In its most literal description, this technology refers to the ability to send voice traffic over a network already utilized and configured to carry data transmissions. The consolidation of separate voice and data networks offers significant cost savings and enhanced-service opportunities.

To illustrate the benefits of this technology, it is first important to understand the difference between traditional telephony and packet-based telephony, or VoIP. Traditional voice (circuit switching) telephony uses a dedicated path for the duration of a call. The line is monopolized until a call is terminated, even in periods of silence during the conversation. Although this guarantees a reliable transmission of voice, it results in very inefficient use of bandwidth, generally a full 64K.

Compare this to a packet-switched environment, where bandwidth is allocated to various end-points based on their transmission activity. Voice packets are compressed to a smaller bit rate, ideally 8 to 9K and converted from analog to digital signals. Typically, a router in your LAN/WAN handles all compression, signaling and call routing. Such equipment not only minimizes bandwidth usage by compression, but also eliminates packets containing silence. Using the IP protocol, these packets can travel to various endpoints using different routes. An IP network establishes virtual paths to all endpoints and uses the least congested path for transmission.

This technology has proven to be very effective and reliable in a toll-bypass scenario. A toll bypass environment allows calls to be placed through an organization’s WAN to

other IP end-points while eliminating long distance charges. Mountain America Credit Union has reduced their overall long distance charges by over 15%, saving more than \$25,000 year-to-date. And toll bypass is just the “tip of the iceberg”. New VoIP applications are emerging constantly. An end-to-end IP solution within an organization is considered “next phase” but companies are adopting these applications quickly. Legacy PBX’s are incorporating IP standards into their platforms, and next generation phone systems have been introduced to bring the convergence of voice and data full circle. In the future, an IP address will be assigned to a specific phone and that device can travel anywhere on your organizations WAN and be recognized, and fully functional with the same pre-assigned extension. Can you imagine the time and money saved by eliminating administration of simple moves, adds, and changes within your phone system environment?

Prior to deploying VoIP in your network, you will want to take several things into consideration. The most important of which is latency across your network, or overall delay. When congestion occurs, and delay of voice transmission exceeds 150ms, your end-user will get the impression they are speaking over a one-way radio. “Thank you for calling, may I help you...over.” This leads me to the next item of consideration, end-user support. Regardless of the technology you are deploying, its success relies on the acceptance of your end-users. If change is needed for deployment, be certain that sufficient training and overall understanding of benefits are given to your employees. Finally, develop a plan for implementation, while VoIP applications are emerging constantly, only bite off what you can chew. Choking is unnecessary.

Nearly all decisions facing credit union management today are based on member convenience, enhanced services and overall cost reduction. It is in this forward-thinking approach that one truly sees the benefit of Voice over Packet technologies. Not only will your organization save money by eliminating a portion of your toll charges, but also with the evolution of this technology, you will be able to enhance member services and reduce transaction costs. In the future look for web-enabled call centers that connect an online-member to a live call center agent by the simple click of a button. ♦

Why Engage in E-Commerce?

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Why Engage in E-Commerce? Earlier this year, we found that Clark County Schools ECU had a range of different answers to this question. We began writing a strategic e-commerce plan in an attempt to capture the various threads of ideas and weave them into a cohesive, comprehensive and progressive plan. The following is a small excerpt from the strategic portion of our e-commerce plan that explains how we have answered this question.

First, please note that CCSECU has been engaged in the early stages of e-commerce ever since it began providing members a means to conduct remote account transactions. That means there's little choice with respect to whether or not we continue offering this service delivery channel. Our marketing department has collected data demonstrating that e-members are heavy checking, consumer loan, home equity and Visa loan users. As a rule, they also have higher incomes, maintain higher loan and certificate balances than other members.

Although relatively few members use our current electronic delivery channels as their primary means of contact relative to the overall membership, we expect that number to increase rapidly. In alignment with this thinking, CUNA's 2000/2001 Credit Union Environmental Scan reports that an estimated 6.6 million Americans bank online today, and an estimated 24.2 million people will conduct financial transactions online by the year 2002. Similarly, a recent report prepared by STAR Systems indicates that 65% of consumers surveyed expect to conduct their financial transactions on-line five years from now. Other forecasts by the Garnet Group and CUNA suggest similar growth in on-line activity. Information presented at the recent Symitar User's Group meeting suggests that 75% of consumers will be accessing their accounts using wireless devices within five years.

Additional research recently conducted by Cyber Dialogue indicates that the number of U.S. adults using credit cards to make purchases online has more than doubled from 1998 to 1999. By the third quarter of 1999, 19.2 million adults used their credit cards to

make online purchases as compared to 9.3 million in 1998 and only 4.9 million in 1997. These findings indicate that consumers are fast becoming comfortable making purchases online. Plainly put, if we don't provide these types of services to our members, existing competitors and new electronic financial service providers will.

Our internal data indicates that most of our current e-members are under the age of 54; therefore, these essentially are our future members. Many have grown up with electronic delivery as a matter of course. They won't be dazzled because we offer such services, but will become disillusioned if we don't. There are indications that the new breed of Internet consumer does not value the traditional service provided by established financial firms. For example, today's younger

consumers are better informed, more self-sufficient and want to take an active role in their investment and insurance decisions. In essence, we are trying to service a new generation of members in a way in which they want to receive services. In addition, electronic services are a less costly way to provide customized service, 24 hours a day, 7 days a week. An average online transaction costs one cent as compared to an average cost of

\$1.07 for teller transactions.

In the face of such overwhelming evidence, it was clearly appropriate that CCSECU engage in e-commerce. There was, in fact, no evidence making any case to the contrary.

CCSECU's experience with the direct costs associated with bringing an electronic service such as Internet bill payer to market illustrates that each e-commerce service, when evaluated as a stand-alone product, may not be considered a cost-effective service. When the e-member is evaluated in terms of the full range of services they use we can identify and quantify the financial advantages associated with servicing members through electronic channels. Although many of our e-products will not be profitable in a traditional revenue minus expenses financial model, a formidable e-commerce presence enables us to develop deeper, stronger relationships with profitable members, which in turn contributes to a positive bottom line.

(Our E-commerce plan was prepared with the great assistance of consultant Dawn Prochovnic. She may be contacted at dawn_prochovnic@hotmail.com). ♦



WYSIWYG?

John Bock, Community Credit Union, Plano, TX

Does everyone remember WYSIWYG? It stands for What You See Is What You Get. This was the classic acronym describing the change in the way the user works with the computer. It gave rise to Windows and the graphical interface, a phrase far less interesting than WYSIWYG.

WYSIWYG also speaks to the attitude, all too prevalent among credit unions, in which members are given a choice of only the standard products available. (What we offer is what you get ... WWOIWYG.) Credit unions tend to focus on operational efficiency and what other institutions were offering. As much as it describes how we provide service to our members, it also too often describes how IT provides service to its customers. In our rush to build standard processes, everything is possible as long as it's our way. (WWOIWYG). Customer requirements are molded into existing products and services and that's like stuffing triangular pegs into hexagonal holes. It's time for a change.

We need to move from WYSIWYG (or WWOIWYG) to WYWIWYG - What You Want Is What You Get. This goes beyond the traditional eCommerce plan, shifting focus from process-centric to customer/member-centric products and services. WYWIWYG (Let's call it "willywig") is at the heart of this change, and the customer/member is at the center of the equation. Customer relationship management (CRM) and one-to-one management are both examples of customer/member-centric approaches that pinpoint meeting "wants." Still, it's not the product that you use, it's the way you approach it that makes the difference. Having a million dollar CRM system is not going to change you from WYSIWYG to WYWIWYG. It takes a commitment from the organization, and developing that can take a long time.

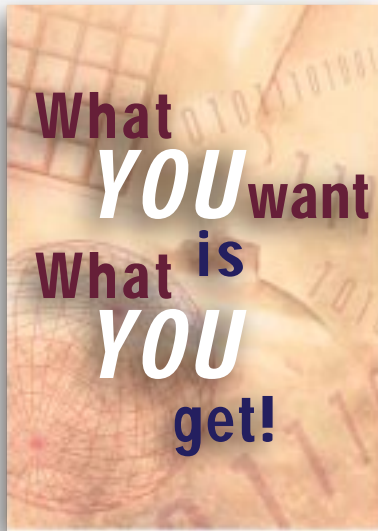
Moving to a customer/member-centric "plat-

form" will be different for every credit union and you will have to chart your own, individual course. What may help is explaining some of the things that Community Credit Union has done to move us toward the member-centric approach. There may be applications that fit your credit union here as well.

One of our most recent changes has been to implement a web portal. We've rebuilt our web site from the ground up, offering it as a trusted source for everything from shopping to online brokerage. Does everyone "want" shopping or insurance? Certainly not, but the site is constructed in a manner, using tabs and sub-tabs, that makes finding what they do want much easier than ever before.

Another initiative that helps further member centricity is channel equality. CCU seeks to provide a full range of products, services, and customization across all of our channels, including the Internet, the call center, and of course the branches. We've mapped out a specific strategy to get us to our target. Ultimately, we'll be able to provide what the member wants, where he wants it, and when he wants it. It's a laudable goal, but it's essential if we're to continue meeting our members' needs and wants.

There's also another aspect of WYWIWYG that you should consider. Just as we develop strategies to move our organizations from the WYSIWYG to WYWIWYG, we need to make sure that we move our IT organizations as well. IT must provide customer-centric service to our internal customers. It's not easy, but it needs to be done. The first step is to find out what they want. I do walkabouts. Once every few months I personally visit each branch and each major division within the credit union. I talk about what we've done, what IT has coming down the pike, and most importantly what we can do better to meet their needs and wants. It helps in planning, it helps in managing, and it helps us focus on their wants not our needs. And that's WYWIWYG at work. ♦





Credit Unions' Wireless Opportunity

Provided by SensCom, Inc.

We've all probably heard the statistics. Right now there are three times as many wireless phone and PDA (Personal Digital Assistant) users than there are PCs connected to the Internet. By mid-2001, all digital cellular/PCS phones shipped in the world will be Internet enabled. By 2003 there will be more people accessing the Web wirelessly than via PC and by 2004 more than one-third of all Americans will have wireless Internet access.

The implication is clear. Global wireless commerce is set to soar...to \$200 billion per year by 2004, with Americans alone generating almost \$14 billion in transactions.

For credit unions these trends suggest an opportunity not to be missed. It's not a question of whether to offer wireless financial services to members, but when and how.

Credit union members are always on the lookout for products and services that save time and increase mobility. They've taken to online financial services with enthusiasm as most of the nation's top banks and credit unions have offered account access from laptops and PCs.

The logic for moving to wireless banking services is intuitive, both for members and financial institutions. For credit union members already enjoying remote access to their finances over the wired Internet, the arrival of wireless access will be an extension of an already valuable service. Credit unions that position themselves early and well in the wireless arena will increase their likelihood of capturing additional members, by giving a sense of constant accessibility via their wireless device.

If the answer to when is "as soon as possible," the answer to how is "as easily and affordably as possible." For credit unions that want to offer their members wireless access to financial information, the application service provider (ASP) approach provides both ease and affordability.

Wireless ASPs can develop, host, manage,

and maintain wireless Internet gateway services for their clients. They can provide for secure delivery of banking information between a credit union and a member's wireless device, enabling users to check account balances, review account history, transfer funds, and pay bills. Implementation costs for wireless financial services through an ASP can be similar to those of rolling out a new marketing campaign for any new financial service.

SensCom, Inc., established itself as a leader in wireless Internet solutions in April 2000 by enabling California's USE Credit Union to be the first financial institution in the United States to offer wireless Internet banking on wireless phones to all of its members. In July, technology-focused First Tech Credit Union also signed on with SensCom to offer "Hand-Held Banking" service to its members.

On October 9, Oregon's U-Lane-O Credit Union announced a partnership with SensCom to provide wireless access to its members. As Sirkka Deines, U-Lane-O's vice president of development, pointed out, "in today's time-constrained society, new technologies such as wireless banking provide members with anytime, anywhere access to their personal financial information."

With wireless banking, credit unions have the ability to attract new members, increase membership loyalty and open a new customer communication channel. Credit unions also can take advantage of co-op promotional opportunities, and assist branding efforts with value-added services.

The anywhere, anytime presence of wireless devices means that the credit union is never out of reach. And therein may lie the ultimate return on investment for credit unions that move quickly into this arena: wireless access strengthens the bond already enjoyed between credit unions and their members.

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CUNA Technology Council Connected is a web-based newsletter published four times per year. Send news and CTC information to: Mike Pytlík, manager of technology, Communications Family CU, Saginaw, MI, e-mail: mikep@commfamily.org, phone: 517-249-8221, fax: 517-791-0281. For Council membership and administrative information, contact Cheryl Sorenson, manager - council administration, e-mail: csorenson@cuna.com, phone: 800-356-9655, ext. 4393, fax: 608-231-4061.



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