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AN ELECTRONIC REPORT FROM THE CUNA TECHNOLOGY COUNCIL

NEWS FROM THE 7TH ANNUAL SUMMIT

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CU's face the CRM challenge

Credit unions' differences from banks create both advantages and disadvantages as they begin to explore customer relationship management (CRM), says Lisa Loftis, vice president of Intelligent Solutions Inc., Boulder, Colo. Loftis spoke at the Seventh Annual CUNA Technology Council Summit in Seattle, August 7-10.

Their smaller size gives credit unions the ability to change quickly in comparison to banks, but it also limits their budgets for CRM endeavors, she says. Also, the membership relationship gives credit unions a good base of characteristics to work from when moving forward with CRM. However, the relationship also creates more integration points, a complicating factor in CRM technology.

CRM is an enterprise-wide process, not just a technology, Loftis says. She cites a definition of CRM from the book *Building the Customer-Centric Enterprise*, which she co-authored with Claudia Imhoff and Jonathan Geiger: aligning business strategy, organization structure and culture, and customer information and technology so all customer interactions can be managed to the satisfaction of the customer and to the benefit and profit of the organization.

Loftis says CRM has existed in banks for about 15 years, and that advances in related technology and marketing of those products have fueled much of the interest in it in

recent years. Previous CRM solutions were too expensive for credit unions. New solutions are scaled to the credit union market in terms of size and cost.

High-profile CRM failures have occurred because organizations that bought CRM technology underestimated what it would take to get various parts of the organization to work together, she says, citing a 2001 study by Meta Group. ♦

For more information on Building the Customer-Centric Enterprise, type in "customer-centric" in the search feature at www.amazon.com

For information on Intelligent Solutions Inc, link to: www.intelsols.com



Rich media can reduce costs and increase revenue

Credit unions can use rich media—video accessed on the desktop via and enhanced by browser technology—to reduce costs and increase revenue, says Janinne Brunyee, manager for RealNetworks Inc., Seattle, and a keynote speaker for the CUNA Technology Council Summit.

RealNetworks claims more than 80% market share in the online media player environment. The company markets both consumer and enterprise solutions. Many home computer users are familiar with RealPlayer, which displays a media window with a video screen to access news clips, for example. It is included in many off-the-shelf computer packages.

Rich media uses include public relations, marketing, employee communications, training, and information technology, Brunyee says. Enterprise solutions limit employee access to work-focused materials.

Among the ways this technology can reduce costs are trimming travel, reducing distribution

of training materials, and providing technical support at the desktop. Brunyee says rich media can increase credit union revenues by accelerating time to market for new products, increasing sales force effectiveness, and developing new revenue channels.

Deploying rich media in credit unions involves three basic steps, says Brunyee:

- Creating compelling content that achieves business goals;
- Delivering a unified infrastructure for zero-failure delivery; and
- Placing a productivity-focused media player on every desktop.

Of these steps, content is a key consideration, she says. Credit unions must consider the size and location of their audience, the nature of the content, where the content will come from, and the rich media readiness of the network. ♦

Where there's smoke, there's fire

Usually someone's hair is "on fire" — meaning a technology security crisis has erupted—when security experts get the call for help, says Zot O'Connor, CEO of White Knight Hackers, Lake Oswego, Ore. The firm provides computer forensic software and security services.

Crisis take many forms—a system that's gone down, evidence that someone's broken into the system, or a laptop containing critical information has been stolen.

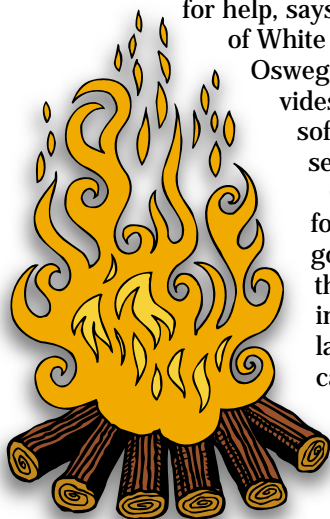
Yet often there's evidence of a problem (such as

employee misconduct) before the crisis occurs, O'Connor says. But because of some misconceptions—such as management thinking the credit union is "fireproof" because it has a firewall—this evidence is ignored.

Having written security policies in place and personnel policies that include conducting thorough background checks on all employees, including temporaries, help the credit union prevent problems, O'Connor says.

Yet sometimes what looks like a security breach is just a simple mistake. "Security problems happen from either malice or stupidity. There's more stupidity than malice in the world. Ever locked your keys in the car?" O'Connor asks.

Similarly, the wrong task at the wrong time on the network can falsely resemble a problem. "We're all stupid now and then," he adds. ♦



Robert Williamson wins 2002 scholarship



Robert Williamson, technology officer for IBEW & United Workers Credit Union, Portland, Oregon won the 2002 Dan Riley Memorial Scholarship.

The CUNA Technology Council awards this scholarship based on technological expertise and financial need. The scholarship covers the cost

of attending CUNA Technology Council's annual summit.

Dan Riley, who died while attending the first technology summit, was an employee of Universal I Credit Union, Dayton, Ohio, one of the scholarship's underwriters. Other scholarship supporters include the Ohio Credit Union League and the CUNA Technology Council. ♦

For more information on Serving Members Around the Globe, call the Filene Research Institute at (608) 231-8550 or visit on-line at www.filene.org.

And the winners of the Best Practices 2002 Awards are..

- Priscilla Johnson, vice president of information systems, Detroit Edison Credit Union, received the award for technology implementation. The credit union implemented browser technology to provide an organization-wide intranet for credit union staff and directors.
- Tim Ungacta, e-commerce applications developer II, Ent FCU, Colorado Springs, Colorado, received the award for Web solutions. The credit union's e-commerce staff customized auto auction software to meet collections department and member needs.
- Darrel Murff, senior technology officer, Texans Credit Union, Richardson, Texas, received the award for delivery systems. The credit union implemented a member relationship management system to provide front-line staff with a 360-degree view of the member's relationship with the credit union. ♦

Coverage of Technology Council Summit news is provided with the permission of CUNA's Credit Union Executive Center:
<http://cucenter.cuna.org>

Technology Council listserv discusses e-commerce

The CUNA Technology Council listserv has been particularly active in recent weeks. One of the more interesting queries on the site focuses on e-commerce policies. As members use more and more online services, the need to codify these policies becomes more urgent. Regulators may also ask credit unions to produce an e-commerce policy as part of their regular examinations.

Other issues addressed recently on the Technology Council listserv include:

Technology staff size: As budget time looms, council members have asked and responded to questions regarding the size of IS department staffs.

Using eServices: Members provide information regarding the use and profitability of members using online credit union services. Focus of the discussion is on home banking and electronic bill presentment and payment.

Back up and membership info: One member asks for information on how long others keep old statements, reports and share draft images, and how long credit unions make this information available to members and staff. The credit union is trying to establish guidelines on how long it should retain records and how long to make them available to members.

Bill payment fees: One credit union is in the process of rolling out its bill payer service. Its market research indicates that most institutions in the area are charging for the service. The marketing department would like to offer the product for free but the operations officer prefers a fee. ♦

To join the listserv and offer your comments or ask technology colleagues for their advice on key issues, go to the Listserv section of the Technology Council home page:
www.cunatechnologycouncil.org.

User-intuitive technology creates excellent service

White paper summary

Members & Technology: Increasing Usage Without Sacrificing Service

by Darla Dernovsek

When credit unions design user-intuitive technology channels, they can make “self-service” synonymous with “excellent service.”

Technology leaders profiled in the new CUNA Technology Council White Paper, *Members & Technology: Increasing Usage Without Sacrificing Service* aim to create self-service channels that are user-intuitive. In other words, the technology service is designed to anticipate the needs and behavior of the typical credit union user.

The design of user-intuitive technology relies on collecting feedback from potential users. Member surveys, focus groups, and beta tests gather information that can be used to refine the technology. When the technology channel is ready for introduction, credit unions switch their focus to emphasize education through demonstrations, marketing materials, and asking employees to provide information to members.

So far, most credit unions appear to accept member preference for a “blended” approach. These credit unions expect that members will regularly use both face-to-face and self-service

technology channels to interact with the credit union.

But a few credit unions are trying to usher members away from branch transactions by emphasizing self-service technology. Pennsylvania State Employees Credit Union, for example, has grown from \$6 million in assets in 1976 to \$1.9 billion in assets in 2002 with just two branches. The credit union relies on ATMs, the Internet and other channels to meet members’ needs. The credit union tries to remove barriers by eliminating the fees sometimes charged for using self-service technology.

President/CEO Greg Smith says Pennsylvania State ECU’s success shows that members will embrace self-service technology when it is properly designed and supported by the credit union’s policies and practices.

“There’s nothing wrong with trying to design something to eliminate that member call as long as we get the job done,” Smith says. “We believe that members don’t mind doing things for themselves as long as it’s clear, straightforward and easy to do.” ♦

This article is excerpted from the Technology Council White Paper, Members & Technology: Increasing Usage without Sacrificing Service, by Darla Dernovsek.



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