

Trent's Comments

January – February 2012

Germantown, Tennessee

Taking Charge of Your Technology

The first month of a new year is nearly gone as I write this. I wanted to start the year off by encouraging you to look carefully at planning for your technology needs. Too often, decisions about upgrades, new systems, and support efforts are made haphazardly. Following are some suggestions designed to put you in control of your technology decisions, and perhaps help you prioritize your investments. As always, your comments, criticisms, and experiences are welcomed.

Vendor Contracts

I continue to do a lot of work in this area, as banks often have contracts with terms and conditions that they don't fully understand, in part because they haven't carefully read what they are signing. The contracts that you have in place now are important, because they dictate what you can and can't do in terms of buying new products from third parties, or discontinuing the use of certain products, and they commit you to fees and penalties for changes and early termination that can be significant. Make sure you know exactly what you've committed to, especially with your larger contracts, such as core accounting and item processing, so that your decisions are in line with those contractual relationships. Finally, don't forget that when new contracts are considered (whether for an add-on product, or a complete renewal or new relationship) that you must carefully review those, and consider the terms and conditions so that you improve your position relative to your older contracts.

Contingency Planning

Contingency planning is a rare item these days: a regulatory requirement that is also a prudent business practice. You have to be sure, through analysis and testing, that you have plans and methods in place for business continuation. All contingency planning has a three pronged focus:

- 1) Prevention – taking steps to greatly reduce the possibility of an occurrence. This is easier for things you control (installing redundant power supplies and hard drives in your network servers) than things you don't control (weather).
- 2) Minimization – planning and testing will contribute to a lessening of the impact of any occurrence
- 3) Restoration – again, the planning and testing you've done will enhance your ability to respond and begin to restore operations.

In the context of technology planning, be sure that contingency and DR are integrated into all of your efforts.

Infrastructure

The best technology support “image” is that of a pyramid. At the base are key components that keep your operation working: quality electrical and data wiring, durable network systems, and effective core processing. Once this solid base is in place, adding newer technologies, including customer-facing ones, is easier, because you are confident that the infrastructure will support them. Be sure that your technology team understands the importance of properly supporting internal and external customers, and that everyone is focused on building the right support infrastructure.

Supporting Internal Customers

Supporting multiple locations, whether branches or discrete banks, brings a variety of challenges. From an operations and technology perspective, however, the key is to provide a consistent customer experience across all locations. This means the ability of the teller, loan, and deposit platform systems to serve customers from any location. It further means that line speeds and server horsepower, two key components of the speed with which applications load and run on your employee's computers, must be up to par across all locations. In addition to purchasing systems and data communications capacity that appear to be what you need, the walking around test is necessary. That is, get out into the branches and watch your employees as they use their systems . . . are screens slow to load and change, making it hard for employees to serve customers in a timely fashion? If not, it's time to begin addressing why, by looking at communications lines, network capabilities, and other components of adequate access times.

Customer Facing Technologies

“Successful first use” This mantra, relative to new products you deploy to your customers, is the overriding guide. Education and proper product selection contribute to this, as do ensuring that the proper infrastructure is in place to support such technologies. Most of the new things you'd like to roll out, including mobile banking, remote deposit capture, and advanced Internet banking capabilities are in fact, better products for your customers, and don't take as much “selling” as they do “explaining” Thus, step one is to make sure your employees are knowledgeable and enthusiastic about these products. Then, engage with your customers in ways that allow you to demonstrate the features and benefits, while addressing and overcoming objections before they become an issue. Lunch and learn type sessions are often helpful in these efforts.

Hopefully these five points will get you thinking about your own planning efforts. I stand ready to help you in developing or updating your plan, as well as implementing and executing on new projects. Please call if I can be of service in any way.

Upcoming Speaking Engagements

February 2012

- 8 : Iowa Bankers Association, Annual Bank Management Conference, Des Moines
- 13: Kansas Bankers Association, Technology Conference, Wichita

March 2012

- 29: Virginia Bankers Association Directors' Conference

April 2012

- 4 and 5: Virginia Bankers Association Directors' Conference
- 23-27 Graduate School of Banking, University of Wisconsin-Madison, Technology Management School <https://www.gsb.org/it.htm>,

Another Option for Accessing My Expertise and Insights

As long time readers know, my intent is to keep this newsletter short, and simple. No pictures or banner ads, just an update on my projects and speaking, plus one or two short articles with information you can use. I'm beginning to move some newsletter information to my blog, www.bankinginsights.blogspot.com and I will also commit to new articles once or twice a month, especially when hot topics come up. You can subscribe to the blog in order to receive updates, and I encourage you to do so. I've already put up a couple of interesting articles.

That's it for this issue - please call, email (or tweet or FB) if I can help you with these or other matters.

Trent's Comments is published six times each year and provides insight into strategic topics facing financial institution executives. Please feel free to share this with your staff and colleagues. Should you not wish to receive this newsletter, simply send me an email and I will remove you from future mailings.

Trent Fleming
trent@trentfleming.com
www.trentfleming.com
<http://www.facebook.com/TheTechnologyAdvisor>
www.twitter.com/techadvisor
901-896-4007