TECHNOLOGY

How to Navigate a Core-System Conversion

Odds are your CU eventually will have to go through one

Along with death and taxes, you can add core-system conversions to your list of dreaded life events. At some point, your IT folks will have made all the patches they can, and they'll need a new system so your credit union can deliver the level of service members deserve.

For GTE Federal Credit Union, Tampa, Fla., the credit union had gone as far as it could—25 years on the same system, according to John Thompson, senior vice president of IT. The $2.2-billion credit union's vendor was switching to a new platform and it was time to evaluate whether to stick with them or explore new possibilities. . .

GTE Federal considered five vendors including its current one at the time. . . The credit union hired Next Step, Orlando,Fla., a firm that specializes in system evaluations and conversions, to manage the conversion on-site . . .

Hands-On Expertise

For larger credit unions, engaging a firm like Next Step can save credit unions from what Next Step's CEO Peter Jeye calls "difficult clean-up phases and embarrassing budget overruns."

"The best ingredient for success," says Jeye, "is identifying and resolving risks to conversion during the selection phase while the credit union has the time and leverage." Next Step manages eight to 10 conversions a year, and its credit union clients have an average of $1.4 billion in assets.

Jeye says the leading vendors currently are Symitar (a subsidiary of Jack Henry & Associates), Open Solutions, Fidelity National Information Services, Harland Financial Solutions, and Fiserv.

He counsels that credit unions should consider these six factors when shopping for a new system vendor:

1. Robust functionality in the areas that truly affect credit union member service and sales.
2. A track record of successful conversions.
3. A history of above-average client care.
4. Staying ahead of the architecture curve.
5. Attractive pricing.
6. A technology roadmap that delivers in advance of the need.

Jeye also recommends credit unions ask these questions when preparing for a core-system conversion or evaluating vendors.

- Do all core-system modules and ancillary systems share member information, history, and business intelligence, including to and from external accounts such as credit cards?
- What are our unique requirements? Have we identified functionality gaps? What specific requirements does each potential vendor meet?
- What are the advantages of one vendor's architecture over another?
- Have we spent enough time with the vendor's senior management and key clients to feel that it's a good partnership? Do we truly know them? Do they have a "be ready to act gladly" attitude and willingness to work through challenges?

Jeye adds some cautionary advice on pricing. "Vendors bundle their system components differently and have a mixture of approaches to charging for professional services, especially conversion assistance. It's important to spend the time to create an apples-to-apples comparison to avoid surprises later. Be sure to include all components (ancillary systems and third-party products) and that you understand how the vendor's pricing changes as your credit union grows in assets and members. A vendor's pricing model should make the cost of growth economical, not expensive."

Excerpted from an article by: ELIZABETH THOMPSON