



May 2009

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Your Service Providers Are Not Immune to the Current Economy – Now is the Time to Check Into the Health of Your Key Vendors

by **Romir Bosu**
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Inevitably these days, whether I am with friends or meeting business partners, the most common question directed to me is, "Your company is closely tied to the banking industry, how are you guys faring in this market?" The short answer would be, very well. Many others, not so well. Now, let me explain.

We're all familiar with the recent ups and downs of the financial services market and diligently keep our ears tuned to industry developments and analyst expectations. Recently at the Pacific Coast Bankers' Bank annual conference held in San Francisco, our clients were relieved to hear optimistic reports that economic turnaround is expected as early as this year. The industry has seen its darkest hour and we can look forward to increasing consumer confidence and upturn after recession.

However, with all eyes turned to the financial sector, who is maintaining a lookout on the providers that service the industry? How are your professional service providers and vendors faring these days? As supporters of your business, their health is just as important as the health of your institution and failures in the support industry can make a huge impact on your own operations.

Let me illustrate. With the turmoil seen in the auto industry, many of the smaller distributors experienced a harder hit than the large auto companies themselves. We witnessed a domino effect where countless vendors went quietly out of business. How is the service industry that caters to our nation's banks and credit unions faring?

As a partner vested in your success, my advice is to check the health of your providers – now is the time more than ever. Here's a brief checklist of areas you can quickly check into with your key vendors and service providers:

- **Reduction in headcount.** Most companies are looking to streamline. Some do it right, but many are streamlining at the cost of service levels. Operational realignment may negatively affect the level of service you receive.
- **Profitability.** If your provider is operating in the red, how long will they be around? If a vendor company dissolves, how will that impact your business? Does your institution rely on critical outsourced services such as network security, hosted email or on-site and remote support? If the doors of those providers closed, what is your contingency plan?
- **Service Offerings.** A proactive company is looking to bring cost saving services to market to help clients weather the storm and become more efficient and financially sound. This is the kind of partner you want on your team. Ask what new cost saving solutions they can help you with. A stale offerings portfolio and *no reaction* to the ebbs and flows of the industry is a *bad reaction*.

The majority of readers of *The Compass* are Compushare clients and I'm pleased to answer the opening question as it relates to Compushare by letting you know that we remain financially sound and operationally strong with an outlook for continued growth.

We exclusively serve the community financial institution market; we have maintained this unique focus for approximately 14 years. We've never diversified or strayed from our strategy, and it has proven successful for both Compushare and our clients. We are

the leader in our field. Certainly in this market, our strategic focus to remain the largest provider of outsourcing and technology management services to community financial institutions may seem high risk. However, we maintain our stringent focus in favor of the high value we are able to offer clients through this very approach.

Let me first say that community banks and credit unions are wonderful clients to serve. I have many business relationships built over the last 14 years that have grown to become close friendships. I thoroughly enjoy meeting with clients and prospects, and my goal is to meet with 100 clients annually allowing me to hear from our clients and stay in touch with how the company is doing, what we are doing well, and how we can better serve.

We met or exceeded each of our aggressive first quarter goals this year with respect to revenue, operating profit, client satisfaction, and employee engagement. These are the primary four drivers of our business. We're finding in the marketplace a newfound vigor for cost cutting and performance management within financial institutions. We are able to meet this challenge head-on and contribute to our clients solutions that make a meaningful impact.

First, we typically save a client anywhere from 30% to 50% on their IT costs. With solutions like hosted email, we are saving clients more than \$50K over three years in their total cost of ownership. With others, we are helping identify additional cost savings through core systems evaluations, or other cost-focused projects in order to provide the meaningful impact our clients now seek: either saving them money, helping them make money, or keeping them in compliance in a cost-effective manner. That meaningful impact is what we seek always, and in the current economic climate, we find enormous opportunity to make that impact.

Second, we typically outperform our competitors in our field. During the last 90 days, we have converted three clients from our closest competitor to the Compushare platform of services. In each case, we are offering better service level agreements and/or a more cost-effective structure.

One of our clients told me last month, "the thought of managing our own IT infrastructure sounds about as crazy as bringing our core processing in-house". To us, this statement is indicative of what's going on across the country within our market. And, I am proud to say that we're positioned to leverage the opportunities that present themselves and help our clients be more effective in these challenging economic times.

We have our share of challenges. Bank mergers are not kind to us, visibility is very tough, and our clients have put all discretionary spending on the back burner. We empathize with industry woes, but view ourselves as part of the solution to making community financial institutions more profitable, more competitive, and more compliant, while building long-term franchise value. We remain committed to our roots: to make a meaningful difference to our financial institution clients. We believe that current economic conditions present continued opportunity to help our clients strengthen the institution through improved IT efficiency and performance.

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Compushare delivers viable and proven solutions exclusively for community financial institutions including areas of technology management, information security, risk management, business continuity and resumption planning, data assurance, and compliant messaging solutions. Learn more about our approach toward **Strategy, Safety, Soundness** and **Support**.

To learn more on how Compushare can assist your institution assess areas for cost reduction through consultative cost management engagements, contact your Client Solutions Executive or education@compushare.com.

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