



Successful Relationships Build Bottom Line Benefits

by Mike Inman, Executive Vice President and Managing Director, Carreker Corporation

We talk often about the unprecedented changes taking place in the banking industry today. Financial institutions are being challenged to virtually re-invent their back offices, and some aspects of their retail operations, based on new technologies, legislation and customer demand. Regulatory requirements continue to grow in complexity and divert resources. Meanwhile, declining margins in payments are forcing a global focus on reducing expenses and increasing efficiencies, anywhere and everywhere possible.

We may not talk often enough, however, about how these forces impact the relationships between banks and their key technology and consulting providers. Long gone are the days when a few vendors supplied all of a bank's technology needs, and a handshake was tantamount to a signature. In today's environment of increased competition, cost-cutting, intricate SLAs and vendor management programs, trusted relationships have become more difficult to maintain.

However, challenges like these make teamwork between banks and their key providers even more essential, calling us to work smarter and act with greater precision. I believe that extraordinary, synergistic benefits can result when banks and their providers can establish successful partnerships.

Greater Value for the Bank

In the absence of a good relationship between a financial institution and any vendor, there can be an over-emphasis on price instead of value, meaning all of the value-added things a vendor can offer to reduce time to delivery, increase quality, minimize stress, and lower the final cost of implementing a new technology or process. When a true partnership exists, there is a far greater understanding by the provider of what it will take for a particular solution to succeed, given the bank's unique environment, management, processes, and resources.

For example, one of our large bank clients has perfected the use of a value-based method for selecting a vendor or consulting firm. Assuming the price of each competitor's solution is within an acceptable range, the bank makes its final selection based on the relationship. This will ensure a solution that continues to meet bank requirements, including customization, a say in future product development, or in the case of a consulting engagement, recommendations that will receive greater acceptance throughout the organization. In addition, this bank knows that if they hit a snag during implementation, or employees need additional training, they can trust the provider to find a fast solution.

Because Carreker offers a range of solutions to different areas of a bank, our goal is to become an extended resource that behaves much like our clients' own management teams. Several of our clients treat their Carreker Relationships Managers no differently than their own managers – expecting the same level of loyalty and responsiveness, and relying on Carreker to always keep the banks' best interests top-of-mind.

A Greater Understanding of Bank and Executive Priorities

One of our relationship managers says that, after working with a leading bank on several large projects, he's acquired the "tribal knowledge" needed to provide a higher level of service to bank management. Because the bank saw value in developing a strong relationship with Carreker (and other key vendors), the relationship manager now has a personal understanding of the people, processes, and culture of the organization – in addition to the infrastructure, applications and business requirements. This inside knowledge often lets him side-step potential obstacles that can arise in any large, complex organization, when proposing a solution that will affect more than one area of the business. Often, it is a matter of understanding

each business line's strategic plan, the goals and personalities of individuals, and other factors.

Many banks today provide an executive sponsor for key vendors and consultants, to keep activities aligned with bank priorities and facilitate better communications across business lines. Industry experts concur that senior management involvement in vendor relationships offers tangible, bottom-line results.

Consulting firms and technology providers must be able to anticipate how their proposed changes will impact each area of the business including other applications and bank processes. With more than 26 years of experience working in the largest, most complex payments processing, risk management and cash management environments around the world, Carreker offers a unique value proposition for financial institutions. Our clients benefit from our integrated consulting, software and services, which work together to ensure success when introducing a new solution to the enterprise.

Proactive Communications

Early and frequent information sharing with trusted vendors and consultants can reduce redundancy, costs and risk for the bank. When suppliers understand the bank's strategic vision, they are better equipped to relate industry best practices, new solutions and even technologies still in development that may be relevant to the bank's strategy. In working with clients, we strive for proactive, rather than merely reactive, communications, so that we can continually add value to our relationships.

For example, the more Carreker can collaborate with banks during the development and testing of our software solutions, the better the end-product is, and the faster it can be put into production. Similarly, because our consultants may work as an extension of a bank's staff, successful knowledge exchange allows them to create and execute profitable payments strategies in a timely manner.

At many institutions, quarterly scorecards are used to provide regular, constructive feedback to their vendors on a wide range of criteria. Our relationship managers find this information extremely valuable, since it allows

them to continually adjust their activities to better meet the needs of the organization.

Finally, given the serious security and privacy concerns of bank customers, it is critical that banks, their consultants and their technology providers partner on innovative solutions. Increasingly, Carreker is involved in our clients' corporate governance programs, business continuity planning, and data security and privacy initiatives. They rely on us not just to sell a product or give them recommendations, but to share the responsibility for protecting their data and customers.

KeyCorp has been a proactive leader in the banking industry by encouraging teamwork and partnership with its top technology vendors. The bank's annual Technology Vendor Awards program recognizes vendors who have delivered outstanding value to the bank through a detailed scorecard process. Not just a way to motivate and reward its suppliers, the program has helped to significantly improve vendor performance. The bank estimated that vendor scores have improved more than 20 percent since the program's inception. Carreker is a recipient of a KeyCorp Technology Vendor Award.

A recent study found that a vast majority of bank executives want to move away from purely transactional relationships, toward stronger partnerships with their vendors. That's good news for the industry. Great teamwork always achieves better results than going it alone. ■

Mike Inman is Executive Vice President and Managing Director of Carreker Corporation. He is responsible for relationship management, business development and corporate marketing at Carreker Corporation. Since he joined Carreker in 1991, his primary focus has been on providing clients with both consulting services and mission-critical, enabling technology solutions designed to significantly increase revenue and reduce expenses. Mr. Inman is an acknowledged expert in revenue enhancement, non-earning asset reduction, float management, liquidity management, cash operations, payment system design and electrification, treasury management and back-office operations.

For more information visit our web site or contact Mike Inman at 972.371.1466 or minman@carreker.com.