



Bankers As Buyers

*A collection of research, observations and articles about
what technology, solutions and services bankers will buy in 2006
and the changing financial industry landscape*

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Welcome to the 2006 edition of *Bankers As Buyers*. It offers research, observations and predictions from some of the most knowledgeable consultants and professionals currently involved in the financial industry. This year's survey has been greatly enhanced by information provided by or originally published by:

Celent Communications
Cornerstone Advisors
Computer Based Solutions, Inc.
Dove Consulting
Financial Insights
Forrester Research
Gartner, Inc.
IDC
Independent Community Bankers of America (ICBA)
Reynolds, Bone & Griesbeck PLC
TowerGroup, Inc.
Wolters Kluwer Financial Services (formerly Bankers Systems)

It is our pleasure to provide you with this 2006 edition of *Bankers As Buyers*. While the material is copyright protected, you have my blessing to share this document with your business associates, clients, prospects and friends within the industry.

Sincerely,

A handwritten signature in cursive script that reads "Scott Mills".

Scott Mills, APR
President
William Mills Agency

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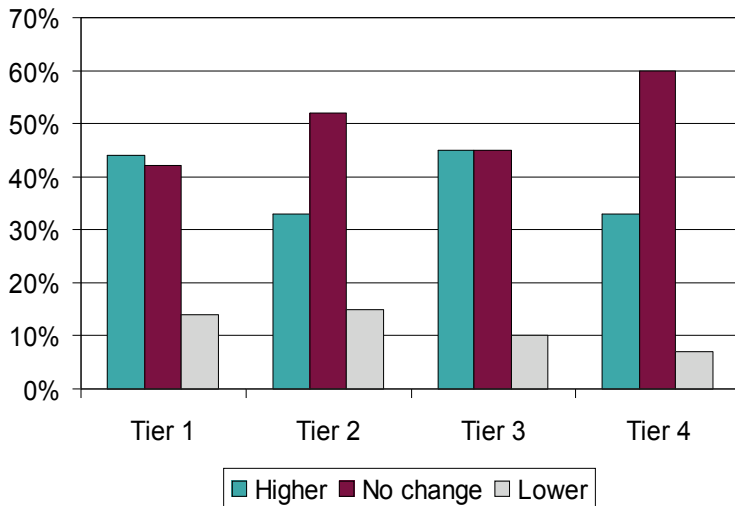
Show Me What's Comin' In Bank Technology
By Art Gillis, Computer Based Solutions, Inc.

I. Spending Outlook

Bank technology spending will continue at a moderate pace in 2006, growing in the mid-single digits, according to technology analysts.

They expect to see spending concentrated among large financial institutions, investing in compliance (including fraud prevention/security), cost reduction, defending current revenue sources and building new revenue.

Future IT Spending vs. Current Budget

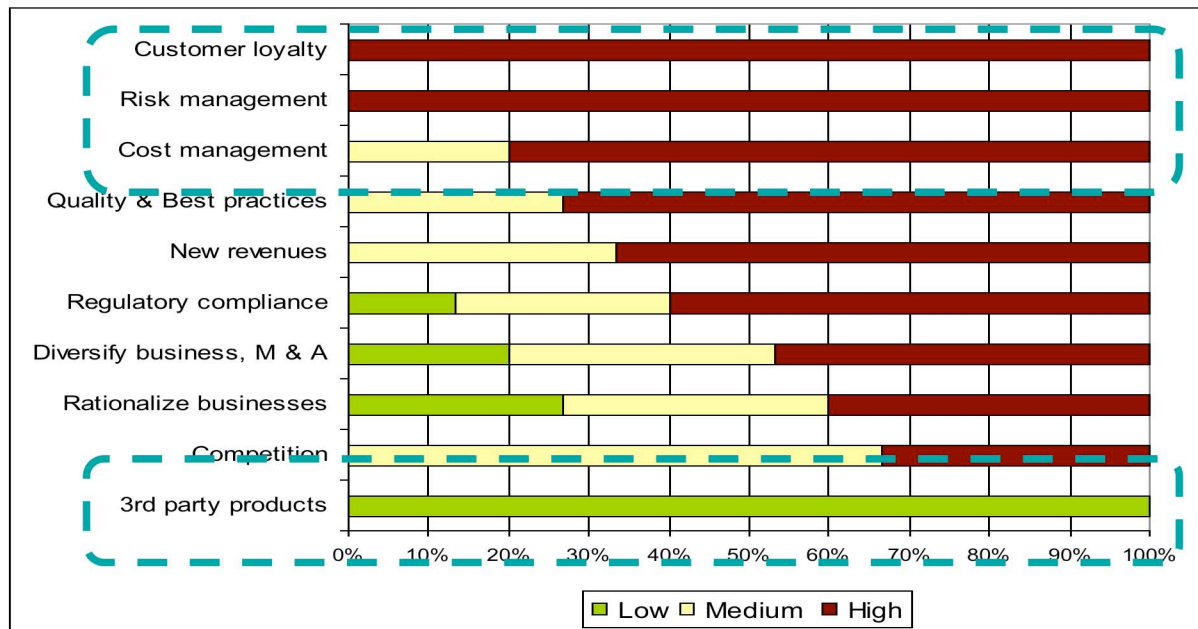


Source: Financial Insights

Legend: Tier 1 = > \$10 billion in assets 39%
 Tier 2 = \$1 - \$10 billion in assets 12%
 Tier 3 = \$100 million - \$1 billion in assets 25%
 Tier 4 = < \$100 million in assets 24%

“There will be a few major drivers of bank IT spending in 2006,” said Jeanne Capachin, Financial Insights, Needham, Mass., citing infrastructure, cost reduction and organic growth as the major areas where banks will invest their technology dollars. While those investments will center around improving the business, state and federal regulations, including a late 2005 edit from the Federal Financial Institutions Examination Council, will cut into the discretionary IT spending.

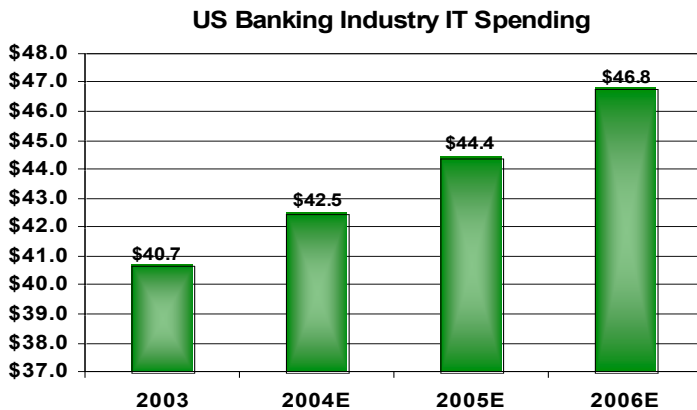
Drivers for Change at Banks



Source: Financial Insights

Analyst firm Gartner, Inc., Stamford, Conn., agrees. In research published in late 2005, Gartner financial analysts said, beginning in 2006, banks must address operational risk management issues, integrate their retail delivery channels, consider service-oriented architectures to enhance their agility and retain their most-profitable customers via strategic loyalty programs.

“Banks will be spending in IT and infrastructure so that they can respond to customers more quickly,” Capachin added. “There’s a perception that banking has never been as efficient as other industries. The nation’s largest financial institutions grew largely through mergers and acquisitions over the last several years, often involving different hardware and software, often requiring rekeying of data to move information from one system to another. So a large portion of that spending will be dedicated to middleware and other technologies that will help disparate systems of these banks communicate more effectively with one another.” In a 2005 Financial Insights survey, CEOs cited improved revenues, compliance, then customer service as the top concerns driving IT spending.



Source: IDC

While the mergers and acquisitions mean that larger financial institutions need to boost some IT spending to resolve technology conflicts, it also means fewer total financial institutions, Financial Insights points out. Therefore, the research firm predicts that overall IT spending by financial institutions will shrink from a growth rate of 4.8 percent in 2004 and 4.6 percent in 2005 to only 4 percent in 2006. The numbers of banks, thrifts and credit unions are all shrinking. Only specialty finance firms are expected to grow, but the overall number will remain small.

Financial Insights predicts the number of financial institutions will continue to decline through the year 2010. At the same time, tier 1 financial institutions will expand their share of technology spending from 68.7 percent of the total financial services market in 2005 to 72.1 percent in 2010. By then, the company believes overall IT spending will slow to just over 3.2 percent.

IDC offers a slightly more robust projection, with spending to grow from an estimated \$44.4 billion in 2005 to an estimated \$46.8 billion in 2006, a growth rate of 5.4 percent. *(Note: IDC estimates include foreign-owned banks and capital market activities of large financial institutions.)*

Banks that have been very comfortable with their revenue streams in the last several years haven't invested in their back office, Capachin added. While this is a difficult habit to change, some back office systems are becoming so antiquated and inefficient that they have to be upgraded. Large banks with more efficient back office systems can provide products and services more effectively, so they can undercut competition without giving up profits. Back-office changes tend to be a multi-year process, requiring long-term commitments from banks seeking to upgrade their systems.

On the other side of the profitability equation, banks are looking for cost reduction through more efficient and simplified processes that help eliminate

redundant or unnecessary equipment and employees, Capachin said. Another major element of cost reduction is offshoring IT needs, particularly for large financial institutions like ABN AMRO, which is in the midst of a major outsourcing effort.

“The other driver is organic growth,” Capachin says. “Banks are looking to increase their ability to gather deposits because this is a cheap source of funds, so they are investing in technologies that help them know their customers better.”

II. Spending Breakdown

Entering 2006, banks continue to battle the increasing sophistication of hackers, as well as negative publicity from data breaches from financial institutions and credit information companies. Some of the data compromises were not from actual attacks, but from lost computer tapes. Whether the breaches led to actual compromises or not, they increase the pressure on financial institutions to have more comprehensive monitoring of data access.

Actual spending on fraud prevention is still largely driven by legal compliance, along with the requirements of business – namely, improved profits. So, even in making investments in fraud prevention technology, banks are looking for systems that will provide business benefits in addition to data protection.

Integrated monitoring for risk assessment purposes is part of financial institutions’ attempt to integrate the flow of information across different systems for more efficient processing, better pictures of customers and their accounts and better channel integration, as well as fraud prevention.

According to Financial Insights, technology vendors that help financial institutions reduce the complexity and dependency on the tight integrations of legacy systems will be the ones that succeed.

There is a movement to open technology standards that enable home-grown technology systems to integrate with systems purchased or leased (via ASP basis) from third-party providers and business partners (i.e., credit agencies). Open architecture enables banks to launch new products more quickly and provides cost-effective integration among different systems.

A. Fraud Prevention

One of the most important values that banks provide customers is that of a trusted entity, but that value quickly erodes if there is a security breach, even if no fraud was actually committed. Under the terms of California law and other state statutes that mirror it, customers must be notified of a breach, even if no actual theft of data occurs. Such breaches carry not only any financial penalties that regulators may assess, but also generate ongoing negative publicity.

In late December 2005, Dutch financial services group ABN AMRO was fined \$80 million by U.S. authorities for violating U.S. anti-money laundering and sanctions laws. The Federal Reserve, New York State Banking Department and Illinois Department of Financial and Professional Regulation ordered the Amsterdam-based bank to improve its compliance systems and pay a penalty of \$75 million. ABN AMRO volunteered a further \$5 million for the Illinois Bank Examiners Education Foundation.

Earlier in the year, a handful of financial services companies announced security breaches. Ongoing negative publicity about such problems compounds any fines because customers become more reluctant to do business with a firm that's suffered such a breach.

Fraud prevention systems need to keep up with the ever-increasing sophistication of hackers, who are no longer just people creating mischief as was the case a few years ago. Today's hackers work in groups, share information and take advantage of advanced technologies to attack financial institutions and others that have customer information.

Banks are investing in technology systems that help them monitor electronic and physical access to systems as well as hacker attack trends. The latter helps indicate where financial institutions need extra layers of protection. Some security experts are also calling for encryption of customer and bank data, which theoretically would protect it even if security systems were compromised.

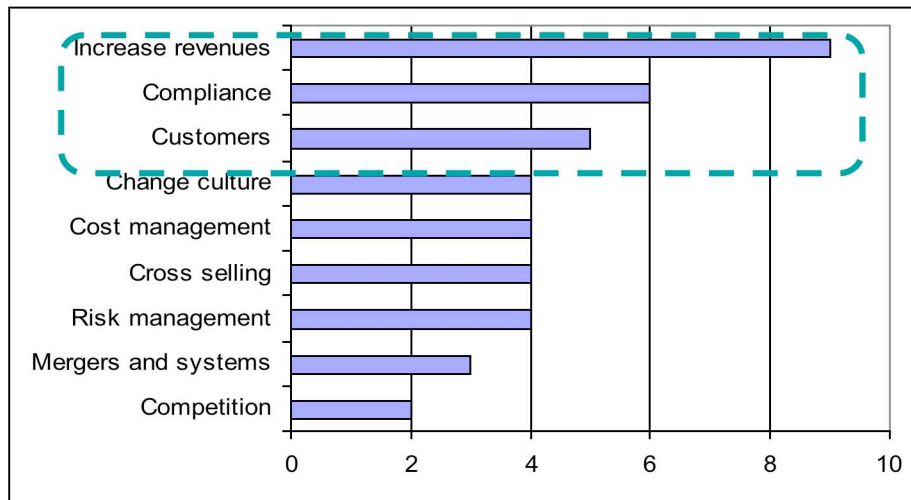
Financial Insights predicts that risk management vendors will grow 15 percent annually for the next few years.

"Identity theft is a difficult hurdle to overcome," said Ariana-Michele Moore, senior analyst for Celent Communications, San Francisco, Calif., who issued a report on identity theft in the third quarter of 2005. "Some power remains in the hands of financial institutions, but much is also beyond their control. Personal information is increasingly easier to come by, and it is impossible to call out (identify who is) a criminal when they hold all of the right information. The best solution will address not only today's identity theft, but will also account for mutations of fraud that will inevitably occur down the road."

B. Regulatory/Compliance Spending

With financial institutions, one of the top targets of phishers, spammers and other hackers, compliance and fraud prevention are becoming intertwined in terms of technology spending. Much of the regulatory spending includes some component of fraud prevention or consumer protection.

CEO Perceptions of Business Requirements Driving IT Priorities



Source: Financial Insights

The Federal Financial Institutions Examination Council issued new guidelines in the fourth quarter of 2005 for online authentication, acknowledging that passwords are insufficient as the sole means of security. The new guidelines do not mandate any specific technology, but require firms to establish formal programs for measuring risk of various online activities and deploy solutions that mitigate these risks. While additional verification can be a part of the risk mitigation strategy, firms should not rely on strong authentication alone, according to Forrester Research.

The influence of regulatory compliance is expected to increase and is predicted to cut into discretionary IT budgets for all types of businesses through 2008, according to Gartner. Compliance spending is currently growing twice as fast as discretionary IT budgets.

Beyond FFIEC's actions, increasingly complex federal and state regulatory and compliance rules are forcing banks to rely on technology to automate as many of the processes as possible. This trend will undoubtedly grow in 2006 as privacy laws continue to evolve. Despite the push from bankers and businesses

alike for comprehensive privacy legislation to help consolidate all of the different state laws, no such law had passed by the end of 2005.

Financial Insights predicts that compliance vendors will enjoy a 13 percent compounded annual growth rate for the next few years.

The number one compliance concern of community banks and credit unions that responded to a survey conducted by Bankers Systems, a part of Wolters Kluwer Financial Services, is meeting the requirements of the Bank Secrecy Act (BSA). Seventy-five percent of the survey's 119 respondents, a majority of which had assets of less than \$1 billion, said BSA compliance was top of mind for 2006.

Many of the other significant compliance issues identified were related to BSA requirements:

- Anti-money laundering requirements (62 percent)
- Data security (50 percent)
- Compliance examinations (50 percent)
- PATRIOT Act compliance (43 percent)
- Customer Identification Program requirements (42 percent)

The survey's findings also revealed that respondents plan to focus their business development efforts primarily in the areas of:

- Commercial lending (52 percent)
- Consumer lending (46 percent)
- Information technology risk management (45 percent)
- Mortgage lending (31 percent)
- Opening a new branch (27 percent)

"The compliance and business challenges identified in this survey are consistent with what we're hearing from our customers on a daily basis," John Bryant, senior vice president of banking for Wolters Kluwer Financial Services, said. "Staying on top of what matters the most to their business helps us design compliance solutions and offer support that is both practical and efficient for them."

Wolters Kluwer Financial Services' large compliance staff reviewed more than 33,000 pieces of legislation at the state and federal levels in 2004, including regulations and case law for all 50 states, the District of Columbia, and the U.S. Government. The company's compliance specialists also answered more than 45,000 phone calls from financial institutions on its compliance support lines.

C. Community Bank Perspective

In a recently released survey of its membership, Independent Community Bankers of America (ICBA) found that those with more than \$100 million in assets were facing these following long-term technology decisions:

Systems security	64%
Keeping technology affordable	62%
Data security	61%
Staying updated on existing technology upgrades	58%
Imaging-related technologies	54%
Regulatory compliance solutions	53%

One of the ways these institutions are trying to keep technology affordable is to outsource it, with nearly half (46 percent) of institutions with more than \$100 million in assets using third-party resources, and nearly the same (45 percent) with less than \$100 million in assets also going the outsourcing route. Even so, 53 percent said they would spend more on technology than in the previous year.

When comparing responses from the most recent survey to a year earlier, some of these banks appear to be catching up to where they want their technology to be. In the recent survey, 58 percent of banks said their technology is on target (compared to 55 percent last year), while 25 percent said they were behind target (compared to 23 percent last year), and one percent said they were far behind (unchanged from the previous year).

Financial Insights' Bill Bradway, group vice president, banking and insurance, said that small banks will need core processor support in order to remain competitive.

Banks that are too small to be self-sufficient in terms of technology will rely on third-party providers, according to Jimmy Sawyers, director of consulting for Reynolds, Bone & Griesbeck PLC, Memphis, Tenn.

D. Customer Service

Though the number of banks is shrinking and financial institutions are trying to encourage customers to use low-cost electronic delivery channels, the number of branches continues to rise. Citigroup said in late 2005 that it planned to open 70 to 100 new branches in 2006 and will also add as many as 200 new consumer-finance branches.

JP Morgan Chase, Washington Mutual and other national and regional financial institutions will also add branches. Additionally, as mergers and acquisitions continue, de novo institutions with smaller branch networks will add locations to serve former customers of the larger combined institutions.

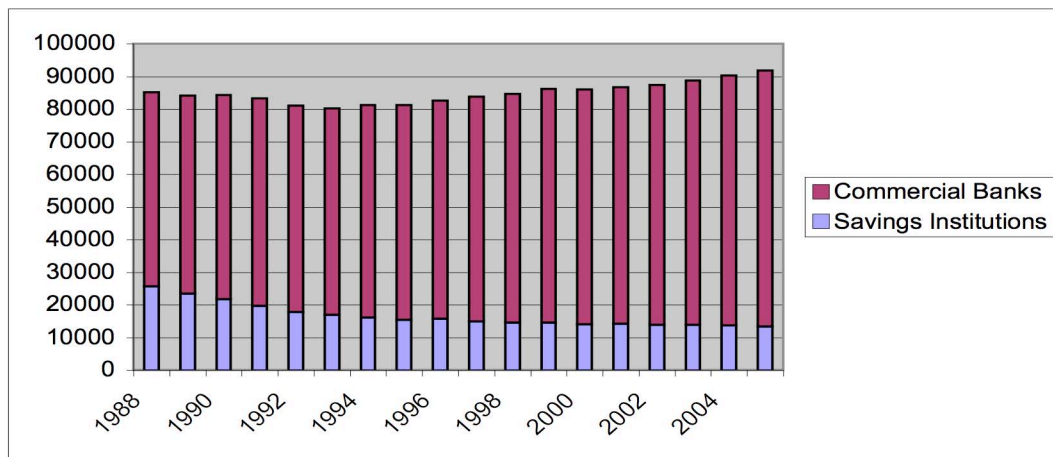
New branches are installing new technologies to improve their efficiency, says Chris Gill, senior manager for Dove Consulting, Boston, Mass., a division of Hitachi Consulting. Gill foresees increasing investment in technologies to enable branches to efficiently serve customers, including cash dispensing machines for tellers and branch image capture devices.

Gartner analyst Graham Taylor added that bank customers and management view the queue length in branches as a key indicator of service levels. New approaches that merge video cameras, radio frequency ID cards and advanced software reduce queuing times.

“Banks are recognizing the need for branches for sales, but they’re doing what they can to minimize the personnel cost,” Gill says. “Today’s branches require fewer people to operate them.”

Though the number of branches is increasing, banks aren’t putting them just anywhere. New operations are located in neighborhoods with large concentrations of high net worth individuals, Gill says.

FDIC Statistics on Branch and Office Counts



Source: FDIC 2005

Banks are augmenting their branches with new ATMs with image capture capabilities and Windows-based features. The move to new ATMs has largely been driven by new security requirements (triple DES) and IBM's end of support of OS/2, the platform on which many older machines were built. Many institutions had replaced a large portion of their ATM networks, but some smaller institutions are still completing their replacement cycle, according to Gill, who estimated that by the end of 2005, as much as half of the nation's ATMs still needed to be replaced.

E. Payment Systems

As the number of checks decline, the cost of processing continues to rise, therefore spending in the payment system arena is expected to focus around electronic bill payment, imaging and other electronic resources.

Forrester Research, Cambridge, Mass., predicts that online bill payment will grow 75 percent by 2010. While non-bank financial institutions had taken much of that market earlier in the decade, banks were recapturing it in 2005. By the end of the decade, 52 percent of households with Internet access will pay their bills online. Forrester reiterated that annual Electronic Bill Payment & Presentment (EBPP) growth rates are eroding and will continue to decline through 2010.

"Smart banks have stepped up their efforts to grow their base of online bill payers by eliminating the monthly fee. Now they understand the impact these customers have on the bottom line," said Forrester principal analyst Catherine Graeber. "These customers buy more products, do more self-service and have higher retention rates. The key question is: *How do the banks sustain the growth?* They have to involve their branches. The most successful firms are getting at least half of their online bill paying customers from initiating a sales conversation and enrollment in their branches."

Forrester sees the growth of electronic bill payment will be concentrated among Generation Y customers, representing a 219 percent growth rate. Growth among Baby Boomers will be only 32 percent as those who haven't already done so will be reluctant to change their ways because, Graber said, "Old habits die hard."

"Online bill payment and presentment is becoming a commodity product," Graber added. "What will differentiate providers in the future is ease of use, the speed of payments and security. Banks haven't done a great job marketing EBPP because they're using a 'one-size-fits' all message. They need to emphasize speed and convenience to young consumers and highlight simplicity and security to boomers and seniors."

According to TowerGroup, banks have traditionally enjoyed a virtual monopoly on payment processing, but not any more. Today non-bank vendors are becoming a pervasive force in the US payments industry. Because they are less encumbered by regulations, legacy systems and traditional infrastructure, non-bank institutions have been able to identify and capitalize on growing and profitable segments of the industry.

The TowerGroup has identified an emerging movement of “payments mega-vendors,” large, non-bank providers of a wide array of payment processing services. Mega-vendors are also moving closer to the core payments servicing functions that banks provide. While banks should take advantage of solutions and services offered by these mega-vendors, banks should ensure that doing so enhances rather than endangers the value of their own businesses and customer relationships.

A TowerGroup report titled, “Non-bank Payments Mega-Vendors: Claiming Share in the Payments Business,” by Breffni McGuire and Elizabeth Robertson, senior analysts in the Global Payments research service at TowerGroup, evaluates the emergence of payments mega-vendors and their impact on the industry.

F. Integration

Providing better integration among systems is the best way to provide quicker customer service and more complete straight through processing, even if complete end-to-end processing isn’t achievable yet. Efficient integration helps control costs, an important factor as banks face thin margins and fierce competition.

“Workflow is in the air. Workflow and imaging systems will be the rage as banks finally get serious about process improvement and squeezing more cost out of the operations,” says Steve Williams, analyst with Cornerstone Advisors, Scottsdale, Ariz. “Expect big capital expenditures on these initiatives over the next 12 months, especially in loan and deposit back offices.”

A survey of bank executives by Financial Insights points to service-oriented architecture (SOA) with real time connectivity, Internet Protocol (IP) connections, alerts, batch processing and message-based processing as the most important factors in providing a flexible framework for better integration.

Gartner added that banks that are moving toward service-oriented architectures for core processing systems are positioning themselves for future speed and agility. SOA’s “code once, use many times” mode is becoming a key requirement for the future.

Gartner sees a SAP-led working group, Industry Value Network for Banks, as helping banks implement SOA's. Broader industry participation will require vendor neutrality as well. However, SAP projections of significant adoption in the first six months of the year are probably unrealistic, according to Gartner. Gartner recommends that technologically aggressive banks strongly consider becoming involved with the industry workgroup, which will enable them to leverage the knowledge created in a bank's own architectural planning and execution.

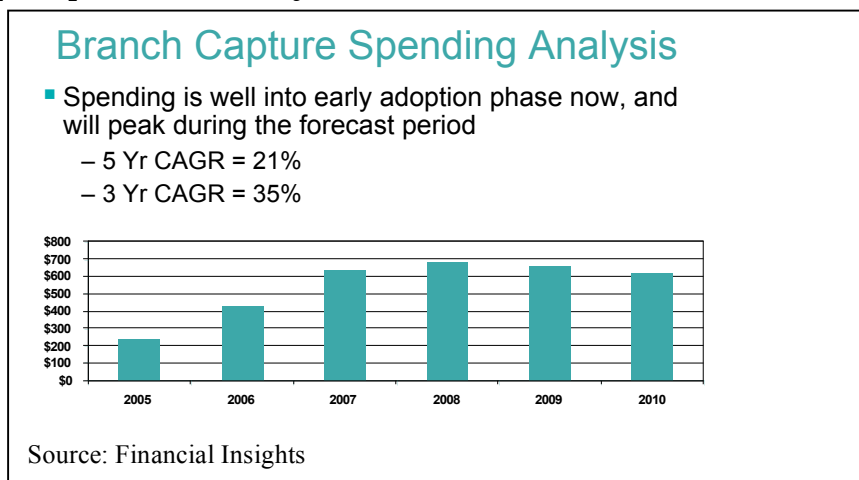
Gartner further recommends that other banks wait for real-world bank implementations so that they can assess the business value before moving forward with such technology.

Integration of systems is also important for comprehensive compliance reporting. However, efficiency doesn't buy Return On Equity (ROE), Financial Insights points out. So banks must learn to generate new revenues and profits.

G. Other Technology Spending

Banks are quickly adding remote capture devices for both large and small corporate clients. This enables banks to take advantage of many of the efficiencies afforded by Check 21 legislation, which went into effect at the end of October of 2004. The law permits the use of check images rather than of physical checks in the clearing process. The images are less costly to handle and transmit than paper checks, and also require much less storage space.

Remote capture is also a boon to customer service, according to Sawyers, whose own firm uses it rather than requiring someone to go to the bank to make deposits on nearly a daily basis. Before image capture, deposits took support personnel away from more valuable activities.



In terms of controlling expenses, expect to see many banks moving more of their communications to Voice over Internet Protocol and away from traditional telephone service, Sawyers predicts. De novo banks are opting for this technology from the outset, while large, established banks are replacing legacy phone systems entirely or partially with VoIP connections. For example, Bank of America is in the midst of a three-year project to add IP connections throughout the organization.

Other areas where Financial Insights expects to see outlay of financial IT dollars in 2006 include selective sourcing, core banking systems and intelligent interaction management.

III. Featured Articles

Banks Remain Strong Despite Declining Number of Institutions



Jeanne Capachin

Research Director

Financial Insights, an IDC company

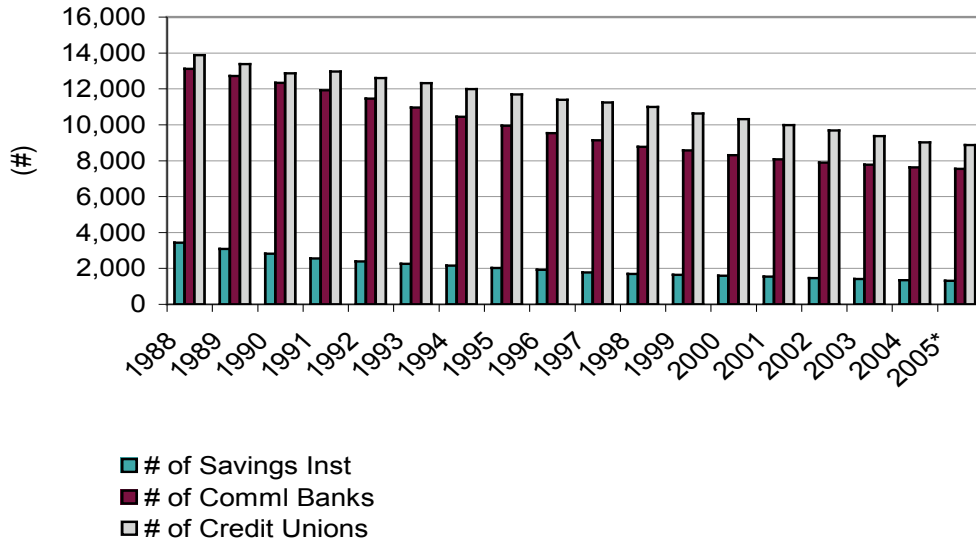
Bank profits continue upward, fueled by loan servicing income, continued loan growth, and strong non-interest income. Even with hurricanes, spikes in energy prices, a surge in bankruptcy filings and a slow but steady increase in credit expense, banks reported record earnings in the third quarter of 2005. Some other observations:

- With strong financial results and a generally positive outlook for the industry, acquisitions at the top end of the market are slowing and will become more rare. However, deals will continue to be made to expand geographic footprints, to expand lines of business, and as less competitive institutions look for an exit strategy.
- Banks are wrestling with their efficiency ratios and seeking ways to use their assets as efficiently as possible. Paradoxically, it is the tier 1 institutions that are most vocal in their goal to improve efficiency, but are also under performing their peers. These are institutions that have overly complex operating environments, extensive branch networks, and a full suite of financial products.
- For U.S. banks, investments in more flexible IT environments, reducing redundancies, and automating processes are some of the key initiatives to reduce expense.
- On the revenue side, these banks are investing in data management to improve deposit growth and cross-sell opportunities with their current customers.
- The U.S. banking industry remains strong, with asset growth continuing, strong loan portfolios and healthy bank balance sheets. Although the number of institutions of all types is declining, the remaining institutions are stronger and growing at a rapid pace. Looking at both industry profitability and return on assets, the U.S. banking industry is

continuing a nearly unbroken trend of improved financial success with each quarter's results. The industry is healthy despite, or likely because of, the trend toward consolidation.

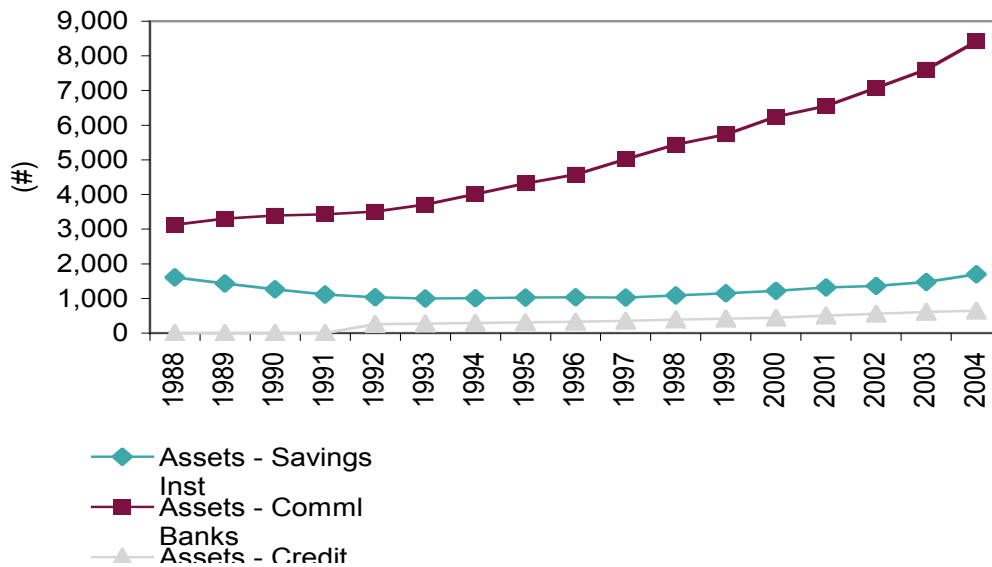
As Figure 1 illustrates, institution counts are decreasing, but throughout the same period, assets are accumulating at an increasing pace with commercial banks. Figure 2 provides the contrasting view of asset growth through the same time period.

FIGURE 1 -- FDIC and NCUA Statistics on Institution Counts



Source: Financial Insights, NCUA, FDIC, 2005

FIGURE 2 -- FDIC and NCUA Statistics on Institution Assets



Source: Financial Insights, NCUA, FDIC, 2005

Looking more deeply at the industry reveals a heterogeneous mix of institutions with a range of sub-segments. Over time, assets have migrated up to the billion dollar plus banks, and these banks are becoming increasingly more dominant in market presence.

The U.S. can now claim three mega-institutions with a trillion dollar plus in assets. In 1993, only 382 banks could claim over \$1 billion in assets (representing three percent of the total number of institutions) and accounted for 71 percent of the total industry assets. These large banks are increasing their dominance over the industry, and their domination of technology spending as well.

According to Financial Insights' estimates, tier 1 banks, with assets greater than \$10 billion, control 68 percent of IT spending. Tier 2 banks, with assets of between \$1 billion and \$10 billion, control 19 percent of the spending.

Tier 1 and tier 2 institutions behave very differently from their smaller brethren. These institutions have typically grown by acquisition, and have at least a regional, if not a national footprint. They may be large monoline institutions such as credit card companies or mortgage lenders, but more typically they are full-service banking institutions with both consumer and corporate banking services.

Their IT environment is complex, with hundreds of applications running in-house from a host of horizontal and financial services vendors. These institutions are also likely to develop applications internally – either because their needs are so specific or because they see competitive advantage in having their own custom-developed application.

Tier 3 and tier 4 banks, and almost all credit unions, approach IT very differently. These institutions have much less complex requirements than the larger banks, and they are more likely to use their relationships with the community as a selling point than they are their IT prowess. These institutions are more retail focused, and they want to achieve parity with the big banks, or as close as possible, with their technology, but they are unwilling to pay a premium to get ahead of the competition. For these banks, good enough really is good enough. The primary provider of technology for tier 3 and tier 4 institutions is their core banking vendors. These vendors act as strategic advisors to their clients and as a de facto extension of the banks' internal IT staff. To sell to these institutions, the path of least resistance is to develop a partnership with one or more core banking providers and gain access through that channel.

The U.S. banking industry remains strong and will continue to invest heavily in technology even as its numbers shrink. Banking is really all about security, trust, and intangibles – and it relies as heavily on technology as any industry

to deliver its products and services. Although banking may be driven by relationships, it is through technology that it can deliver the goods. Financial Insights forecasts continued growth of the industry and strong investment in technology to move toward a more responsive IT environment.

To succeed and prosper in the U.S. banking industry, banks must eat or be eaten. Surviving banks will grow their deposit bases faster than their peers; they will improve their efficiency ratios; and they will acquire weaker institutions when the price is fair and the fit makes sense.

Although there are literally hundreds of technology companies that serve the banking industry, those that top the *American Banker*/Financial Insights FinTech rankings have a few common elements. Vendors that have had the most success are those that build a business around their core banking applications, those that offer industry-specific hardware, and acquisitive companies. Fiserv for example, tops the FinTech 100 rankings for 2005. The company's core banking applications are its most strategic products, and the firm has acquired at least 127 companies in its 20 years of existence. To get to the top of the pack, this company has focused on the industry and built up a stable of products. Other leading vendors that fit this profile include Metavante, Misys, Fidelity Information Services, Metavante, Jack Henry, and Harland Financial Solutions.

Other characteristics of successful vendors include an ability to match vendor strengths and product strengths with market needs. There are always hot issues which receive an undue amount of attention and bank spending – successful vendors make sure they have the right product at the right time to stay on top of the market. Lastly, successful vendors must demonstrate knowledge of the banking industry, and ideally provide U.S. bank references when they call on the banking community.

-- END --

Branch Network Expansion



Chris Gill

Senior Manager

Dove Consulting, a division of Hitachi Consulting

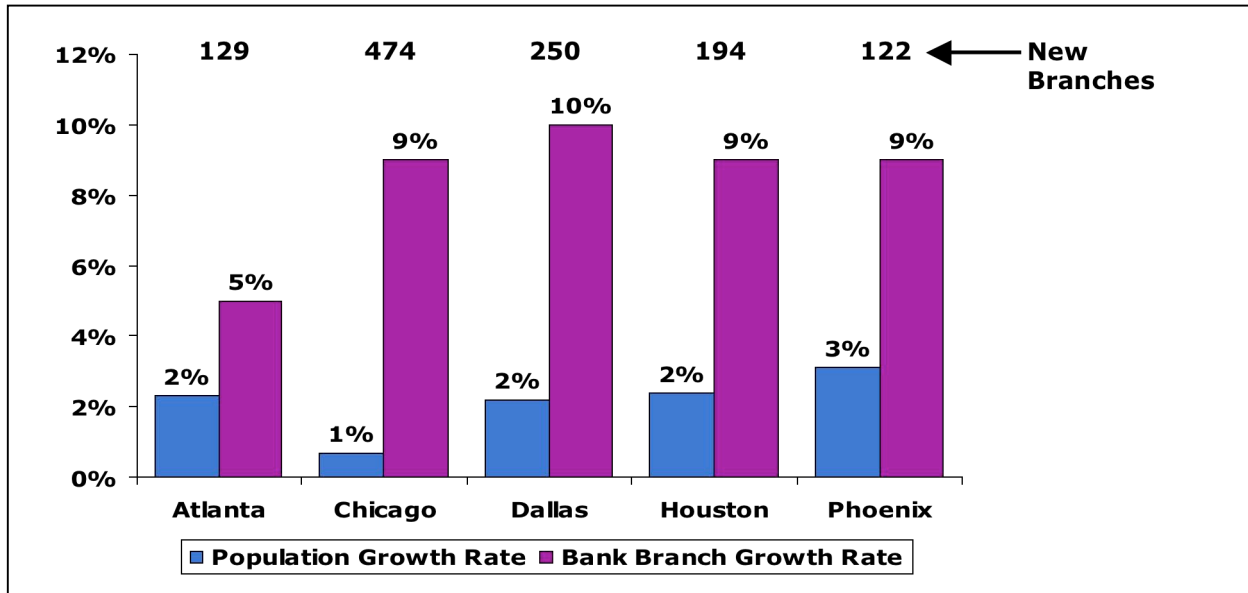
As consumers' demand for convenience has increased over the past decade, banks have made significant investments in their distribution channels—particularly in online and telephone banking. To fund these additional channels, many banks have sought to reduce their expenses by consolidating branch locations and implementing programs to steer customers toward lower-cost channels. The implicit objective of these programs was, in effect, to reduce customer traffic in branch locations.

Today, however, most bankers are recognizing that, despite the increasing popularity of self-service channels, branches continue to play a critical role in new customer acquisition. Branch locations are a key component of an institution's brand image, and the location of a branch facility near one's home or business is a key factor in selecting a bank—even for customers who are primarily self-service oriented and rarely visit a branch. Banks are realizing that customers with a higher degree of branch usage also tend to be among their most profitable customers.

As a result, branch construction across the United States has surged over the past few years. A number of major metropolitan areas have seen a significant increase in branch locations, with branch growth far exceeding household growth.

Annual Growth in Branch Locations in Select Markets

June 2003-June 2005



This growth is likely to continue, with many larger banks implementing aggressive branch expansion programs: Washington Mutual is planning to add 150-200 new branches per year; Bank of America's expansion plan calls for 100 new branches annually; and Commerce Bank plans to add 350-400 branches over the next five years.

To design and manage a multi-channel network that centers around robust sales capabilities, banks need strong distribution analysis and implementation competencies. In this article, we focus on the branch side of distribution, and offer our perspective on how banks can optimize their branch networks and ensure that new branch investments meet their financial objectives.

Distribution Network Planning

Banks need to consider a number of variables when developing strategies for their branch networks. This analysis typically starts with a "bank out" review based on current strategy and distribution assets (location, cost, and capacity). Factors that need to be reviewed include:

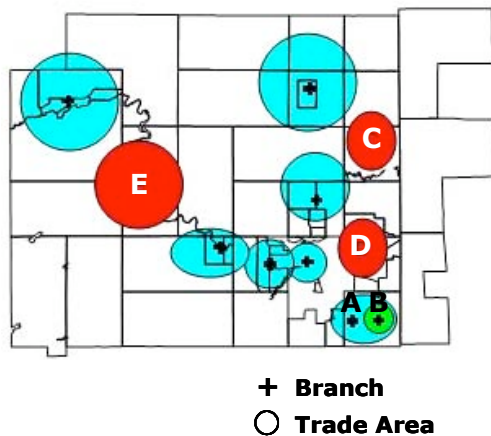
- Corporate strategic direction: What are the institution's strategic priorities, particularly with respect to products, services, and customer segments? Distribution strategies need to be closely aligned with the bank's priorities – such as target market segmentation, product set, etc. – given the long-term impact of branch network decisions.
- Existing branch network: What is the current performance and contribution of each branch in the institution's network? Branch performance needs to be analyzed with respect to the bank's sales

(number of accounts opened per year, account mix, balances, and same store sales growth), customer mix, and household/account retention. Customer transaction activity in each area should be reviewed to determine the extent to which customers frequent multiple branches.

In addition, banks should assess the degree to which a branch's domiciled customers actually use that location to conduct their transactions. In metro areas that have experienced significant suburban growth, customers often conduct their banking activities at newer branches, while their accounts are domiciled at older urban locations. This could lead to inaccurate calculations of branch profitability, which, in turn, could result in incorrect assessments of new branch performance.

Once this foundational analysis has been completed, trade areas for each branch should be defined and mapped for a market area. This analysis identifies potential gaps in a bank's market coverage, as well as opportunities for branch consolidation and relocation. For example, as illustrated in the diagram below, branches A and B have a high degree of trade area overlap and therefore would be candidates for consolidation. In contrast, trade areas C, D and E are not adequately covered by existing branch locations and may represent opportunities for expansion.

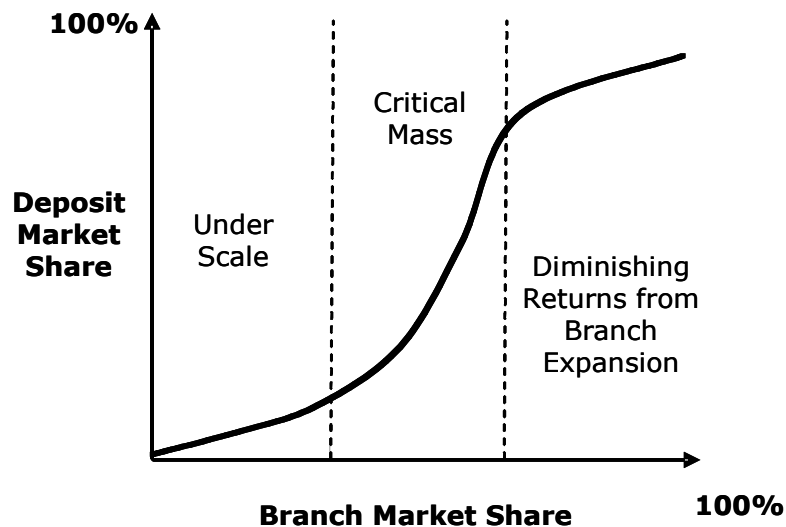
Branch Trade Area Analysis



In conducting this analysis, institutions must adopt a holistic view of their branch networks and assess the interdependence of branch offices, rather than look at the performance of each location in isolation. The combination of a bank's locations in a market impacts the institution's ability to expand its customer base and profitability. Closing a branch can adversely impact revenue at nearby offices while also impeding those locations' ability to meet their future growth potential. Similarly, a new branch office will often impact sales at nearby offices as customers find the new location more convenient.

This so-called network effect is reflected in the S-curve diagram below. If the bank has too few locations in a market, it would be under-scale and each branch would be limited in its sales ability (lacking the density of branch network to draw more prospects into all branches). In contrast, if the bank has too many locations, its deposit base would be spread across too many branches, thereby limiting each branch's profit contribution.

Network Effect of Branch Density on Deposit Market Share



This review needs to be complemented by a “market in” assessment focused on the demand for banking services, which is influenced by the market’s attractiveness, customer and competitor dynamics, and the real estate environment. Critically, in this analysis the bank designs its distribution system around its current (and prospective) customers using their banking behavior, preferences, and profitability to shape its distribution network. Some of the key issues to be addressed in this evaluation include:

- Market analysis: How attractive are the bank’s markets? Key market variables need to be analyzed, including historical and projected household growth as well as current and future demand for various financial products and services (e.g., checking and savings accounts, consumer loans, etc.). The bank’s current household and product penetration in each trade area also needs to be analyzed to assess relative market position.
- Customer analysis: Which customer segments are predominant in each market and how do channel preferences vary between segments? In markets with high concentrations of segments that prefer branch contact, institutions should build larger facilities, given the potential for high branch traffic. Banks also need to consider the profitability of each customer segment when developing branch network strategies. Market areas with a significant number of unprofitable or minimally-profitable

customers may require actions to reduce expense, such as downsizing branches or closing locations and replacing them with off-premise ATMs.

- **Competitive analysis:** What are the competitive dynamics in each market? Would the institution have a competitive advantage or disadvantage by expanding its presence in the market? Most importantly, banks need to evaluate branch density in each market (typically measured in terms of households per branch) and determine whether the area is overbanked or underbanked. Opening a new location in a heavily-banked market could result in sub-optimal returns unless household growth in the area is projected to increase at a rate significantly faster than branch growth.
- **Real estate analysis:** How does real estate availability compare across markets? Institutions need to have an in-depth understanding of real estate developments and site availability in areas targeted for expansion. The institution will need to determine its criteria for new branch sites (e.g., branch size and configuration, location in high traffic retail areas, etc.) in order to effectively assess new opportunities.

By optimizing these variables, the distribution planning team can develop a branch network strategy for each of the bank's major markets with recommendations for new branches, relocations, and closings. This strategy would specify the appropriate number of locations needed in the market to maximize the bank's return on investment and detail projected branch transactions, required branch capacity, new sales and operating expense.

Once all of the individual market strategies have been completed, the bank will have a portfolio of actions that need to be pursued to optimize its branch distribution system. This framework will allow the bank to prioritize new branch opportunities across its footprint, and to allocate available capital accordingly.

Leveraging Branch Potential

Branches play a key role in new account opening and customer acquisition. On average, retail customers purchase a new financial product once every three years and visit a branch lobby about twice per month. It is critical that banks make the most of their service interactions with customers given the infrequency of customer sales activity.

As indicated in several recent studies, the average consumer has a low awareness of the products and services offered by their bank. With ineffective merchandising (posters, brochure racks) and inadequately trained staff who cannot provide a compelling explanation of the bank's product benefits, most banks have done little to increase the consumer's awareness. Even the typical design of bank branches impedes consumer awareness, prominently featuring the teller transaction area while hiding sales personnel behind cubicle panels or office doors.

Banks need to think more like retailers of financial services and adopt merchandising and design practices implemented by leading organizations such as Home Depot and Best Buy. New branch designs should showcase ways in which the bank can meet the customer's needs and promote the full range of the bank's products and services.

Moreover, new branch designs should create more inviting places for customers to interact with bank staff. For example, several institutions, most notably Umpqua Bank in Oregon, have designed new branches with Investment Centers, where customers can meet with investment specialists, and Internet Cafés, which allow branch associates to demonstrate the bank's Internet capabilities. These designs provide an environment in which branch staff can deliver a more memorable branch experience, which in turn creates a higher level of sales activity and greater customer loyalty.

Operational and Implementation Considerations

Based on our experience, superior management and implementation skills are critical to ensuring the success of branch expansion and optimization programs.

- Management of new branch locations: Management focus on, and attention to, new branches is critical in the first 12 months of operation to ensure that new locations meet their first year's financial goals. Best practices related to sales and marketing should be identified and implemented by all new branches, while activities such as hiring and training need to be consistent across all new locations.
- Measurement of results: Banks need to develop a thorough post-implementation process to review the performance of new branches, including sales results, customer mix and profitability. Actual performance should be evaluated against goals defined in the business case for each project. Management should also review the performance of nearby branches to determine the impact of the new location.

In today's increasingly competitive retail banking industry, it is critical that banks develop strategies to optimize their branch networks and maximize the sales effectiveness of branch locations. Institutions with the most successful branch programs will be those that consistently demonstrate superior execution in planning, implementation, and management of new locations.

-- END --

Dove Consulting, a division of Hitachi Consulting, is a Boston-based consulting practice specializing in strategy and organizational effectiveness. The firm's Financial Services Group is a leader in developing retail payments, distribution, and customer acquisition/retention strategies. The group has performed strategy work with seven of the Top 10 U.S. banks, credit unions, and payment networks and processors. For more information on Dove Consulting, visit: www.doveconsulting.com or call 617-482-2100.

Top Trends Impacting Bank Technology for 2006



Jimmy Sawyers

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As we gaze into our crystal ball for 2006, we see an optimistic future for banking technology filled with innovation and improvement at all levels of banking. Managing the incredible regulatory burden remains a challenge, but bankers appear up to the task by applying technology where needed and reviewing old systems for much-needed upgrades and redesigns.

To jump start banks' strategic planning efforts for 2006 and beyond, we offer ten predictions:

Prediction #1 -- Distributed item capture will help banks offer innovative services to customers while improving back office item processing and clearing operations

Much of the hype surrounding Check 21 legislation has focused on image exchange that is being driven by large banks that have the volumes to dictate the pace of innovation. While image exchange slowly gains ground in 2006 as standards are established and more banks get on board, banks of all sizes are realizing the significant impact of remote deposit/merchant capture services. By allowing customers to scan their deposited items in the comfort and convenience of their office, without having to make a trip to the bank, bankers are expanding their geographic footprint while attracting and securing commercial deposits and improving item processing workflows.

Bankers will dissect their image item processing strategies into...

- Remote deposit/merchant capture
- Branch capture and teller capture
- Image cash letters
- Image exchange

...not necessarily in that order. Bankers who wait for the Holy Grail of image exchange will find themselves missing significant opportunities presented by

remote deposit/merchant capture services. Marketing, commercial lending, cash management and IT will have to communicate and get on the same page for banks to succeed. Early movers will enjoy significant competitive advantages as they target law firms, CPA firms, healthcare providers and other organizations that typically have high dollar, non-cash deposits. Bankers fretting over IRD printing or waiting for all the image exchange planets to align perfectly before moving on remote capture services will be the big losers.

Branch capture and teller capture implementations will force bankers to review workflows and network design. Combined with CAR/LAR (Courtesy Amount Recognition/Legal Amount Recognition) image processing, banks will enjoy increased efficiencies and lower processing costs long-term. CAR/LAR read rates will continue to improve, topping 80 percent accuracy on average and allowing bankers to reduce FTE in the item processing area. The need for large, high volume item processing transports will be diminished as item capture volumes are distributed across the enterprise.

Image cash letters and true image exchange slowly become reality as standards are set and new systems are implemented. Don't expect a smooth flow in this arena. The "land grab" for item processing dominance will pit providers against each other and interoperability problems will abound.

Check volumes will decline by at least 20 percent in 2006; however, total transaction volumes per account will continue to increase, driven largely by more electronic transactions. ARC (accounts receivable conversion), POP (point of purchase), direct deposit, ATM and debit card, credit card, and online banking will all impact the rapidly changing payments system.

Prediction #2 -- A bandwidth explosion changes the networking paradigm and increases online activity

Bob Metcalfe, the father of the Ethernet networking protocol, coined what has become known as Metcalfe's Law – "The power of the network increases exponentially by the number of computers connected to it. Therefore, every computer added to the network both uses it as a resource while adding resources in a spiral of increasing value and choice." We have seen Metcalfe's Law applied locally as banks' wide area networks have grown in users with more server-based and web-based applications. Metcalfe's Law will continue to be applied globally as the number of Internet users continues to grow, further interconnecting and flattening our world.

Advances in telecommunications infrastructures now offer bankers reliable choices for more robust networks. Metro Ethernet services now offered in some areas give banks local area network speeds, across their wide area networks, at affordable prices. The old bottlenecks of low-speed, high cost, leased lines will disappear. Voice over IP will allow bankers to get more

bandwidth for their buck and run data and voice over the same channels. VPNs and point-to-point wireless combined with broadband services will help bankers link branches over high-speed connections and enjoy the benefits of high performance, redesigned networks. Bankers will revisit and renegotiate their telecommunications contracts for better deals with significant cost savings.

IP telephony and other formerly bleeding edge applications will come of age with increased reliability and better performance. Voice, data and images will finally converge on reliable networks equipped with adequate bandwidth and sound designs.

The expansion of broadband services to consumers will result in sharp increases in the number of online banking customers. A survey conducted between February and June 2005 by the Pew Internet and American Life Project found that only 35 percent of *dial-up* users bank online. However, that number increases to 59 percent of *broadband* users who bank online, illustrating how broadband influences and increases online activity.

While online banking activity will increase in 2006, online bill pay services will continue to be a tough sell for bankers. In 2004, consumer households paid 11.2 billion bills via the mail, versus only 1.1 billion that were paid online. The direct biller model, where the service provider presents bills directly to the consumer via their web site or e-mail, will continue to be the model of choice as 60 percent of the bills presented electronically in the U.S. now use this model. (Source: Pitney Bowes, July 13, 2005, Bill Presentment & Payment: Electronic vs. Mail.)

Prediction #3 -- Wireless takes hold in the home and in the office

Many technologies find their way into the workplace as users experience the technology first in their homes and become irreversibly hooked. Such is the case with wireless networking. Many consumers have more reliable and secure wireless networks at home than at work. Most CIOs are now getting the message, "Control your bank's wireless strategy or your users will control it for you."

Initial security concerns about wireless are being outweighed by the convenience factor. Users ask, "If I can get wireless in my hotel, at the airport, at Starbucks, and at home, why can't I have wireless at work?"

Driving this trend is the fact that 95 percent of laptop PCs sold in 2005 were equipped with wireless. Combine this with the industry tipping point, which took place in May 2005, as laptops outsold desktops for the first time in history.

Reliable, secure remote access methods such as VPNs are making wireless ready for prime time and much in demand. Once one experiences the untethered pleasure and convenience of accessing broadband Internet access via a laptop equipped with wireless, this genie is out of the bottle and not likely to be restrained.

Prediction #4 -- Business continuity will be the top regulatory hot button

A record hurricane season topped by the tragedy of Hurricane Katrina combined with earthquakes in Pakistan, and the late 2004 tsunami in the Indian Ocean, all have business continuity top of mind with bankers and regulators. Bankers will strive to become more self-sufficient regarding business continuity while building a strong network of partners to provide assurance that all critical applications will function in a disaster. More in-depth, roundtable testing will allow bankers to consider numerous disaster scenarios, minor and major, and map out plans of action.

Business continuity concerns will serve as a catalyst for wireless projects, online data backup, and co-location services. Core processing has long been the focus of disaster recovery plans, and will remain so for 2006, but expect to see bankers carefully review their network disaster recovery plans. The growing number of servers in banks will lead bankers to evaluate server consolidation technology to improve disaster recovery and allow multiple operating systems to function on one platform.

More sophisticated asset management systems will provide bankers with the tools needed to inventory their hardware and software and better plan for disasters. Regulators will expect bank-wide business continuity plans containing the proper risk assessments, business impact analyses, roundtable and physical testing, plus adequate coverage of all systems and business functions.

Prediction #5 -- Anti-money laundering compliance gets tougher

The USA Patriot Act has become the umbrella legislation and driving force for more stringent Bank Secrecy Act/Anti-Money Laundering (BSA/AML) compliance. In the mid-80's, the BSA was charged primarily with fighting drug trafficking. Today, its main purpose is to detect terrorist financing, and bankers have been enlisted once again to join the front lines of the battle.

Regulators will continue to make examples of non-compliant banks and will get the industry's attention with the simple but strong message-- "get your BSA/AML act together or face dire consequences." Independent testing of BSA/AML compliance programs will become an annual exercise. New technology and sophisticated systems will be needed to comply with the growing burden of BSA/AML compliance.

Prediction #6 -- Bankers will be expected to prevent and detect fraud across all business lines and transaction channels

More sophisticated criminals using advanced technology will drive the demand for more sophisticated fraud detection systems. Banks will be expected to detect unusual transactions across all channels (e.g., ATM, ACH, checks, credit cards, wire transfer, online banking, bill pay). Accordingly, bankers will demand more dynamic, universal fraud detection systems that use statistical modeling, neural networks, and artificial intelligence. Expect core processors to open their systems and offer integrated modules to address the need for fraud detection.

To succeed in making systems more open and functional, providers will design such systems using a service-oriented architecture (SOA). Combined with the Microsoft.NET platform and XML-based web services, products will be integrated with third-party solutions to produce more open systems. The most common implementation of SOA will continue to be SOAP (Simple Object Access Protocol), which is used to allow programs running on different operating systems to communicate using http and XML (eXtensible Markup Language) to exchange information.

These technologies will allow bankers to gain a more comprehensive view of the enterprise while fighting fraud.

Prediction #7 -- The federal government continues to do what it does best -- grow and spend while increasing the banking industry's compliance burden

The cost of compliance has bankers reeling. A survey by Financial Executives International found costs to comply with Section 404 of the Sarbanes-Oxley Act (SOX), which requires management to establish sound internal controls and assess the effectiveness of such controls, were 63 percent higher than expected. Another survey of Fortune 1000 firms found these companies spent an average of \$7.8 million on SOX compliance in 2004.

A survey by the ICBA from December 1, 2004 to February 25, 2005 showed the average cost of 404 compliance for publicly-traded community banks to average just over \$202,000.

A May 2005 article by the *ABA Banking Journal* estimated that compliance costs for legal, audit, Section 404 consulting, and administrative activities may exceed \$500,000 annually for a community bank. The same month, a more dire outlook was published by *US Banker* which stated the cost of compliance for publicly-traded community banks could reach as high as \$2 million.

The SOX experience will motivate bankers to strongly voice their opposition to further burdensome regulations in an already heavily-regulated and controlled industry. Cries of “we’re your local community bank, not Enron” will finally be heard by overzealous legislators who were looking for a broad-reaching, quick-fix, law when SOX was enacted. In March 2005, the ICBA urged the SEC and the PCAOB to loosen SOX restrictions specifically related to Section 404 by exempting community banks with total assets less than \$1 billion. Expect smaller, publicly-traded community banks to go private to avoid the SOX burden.

Banks of all sizes will continue to struggle with Gramm-Leach-Bliley Act compliance, which continues to expand and be the blunt instrument of choice for IT examiners. What was acceptable in 2005 may not fly in 2006 as regulators expect more GLBA documentation and better organized compliance efforts. More stringent IT examinations and better-trained, more knowledgeable examiners will force bankers to step up IT compliance efforts.

Prediction #8 -- Network and Internet security remains a critical issue

Bankers will continue to address new network security threats by adding new measures designed to mitigate risk. Expect 24/7 monitoring of bank networks by Managed Security Services Providers (MSSPs) to become commonplace.

Many bankers find they have better spyware and adware protection at home than at the bank. Expect banks to implement enterprise-wide spyware protection to thwart this growing threat. Many antivirus providers will add spyware protection as an added feature of their current offerings.

Banks that have relied on limited scope IT audits and “phoned-in” network security reviews will discover that a more comprehensive approach is required. Full-scope IT audits and in-depth, on-site, Network Vulnerability Assessments will be expected by regulators as IT risk management becomes more complex. These reviews will shine a bright light on banks’ security needs resulting in more secure institutions and more efficiently managed information security programs.

IT risk management documentation will be key as regulators rely on external audit firms’ reports and bankers’ risk assessments to determine the extent of their examinations. Banks without adequate external reviews and proper documentation will face regulatory enforcement.

As regulators push for multi-factor authentication, expect some pushback from bankers who realize that issuing security tokens (e.g., devices that display a new password every 60 seconds) to all Internet banking customers may not be practical or cost-justifiable. Expect more point-and-click password entry and methods such as Bank of America’s SiteKey, which displays an image and

message pre-selected by the user. These efforts will reduce the risk of keyloggers obtaining user IDs and passwords from unsuspecting online banking customers.

Most banks have very strong online banking security. The weak link will continue to be the customer PC. Customer education efforts will be stepped up by banks as online banking customers learn about the importance of spyware and adware protection on home PCs. Fighting phishing and pharming on the customer homefront through increased protection and awareness will be the key to preventing ID theft. Within the next two years, almost every bank in the world will experience a phishing or pharming attack. How much damage the attack yields will be a direct function of customer education, customer PC security, and the bank's consideration of this disaster scenario in its business continuity planning and security awareness training.

Prediction #9 -- The winning Customer Relationship Management program is discovered

Bank customers don't want relationships with their bank. Bankers will finally get the message – “customers just aren't that into you.” Customers want convenience, trust and responsive, accurate service. Customers don't want more sales pitches ala the annoying “do you want fries with that” fast food pitch. After years of failed Customer Relationship Management (CRM) efforts, bankers will finally realize the CRM winning formula has been there all along. Customer reward programs, long commonplace for airlines, hotels and casinos, will finally catch on in banks as bankers get the systems necessary to track customer loyalty in a meaningful, yet simple way. Instead of fighting the losing battle of customer calculus to see just how small a share of the customer wallet the bank actually has, bankers will get wise and simply encourage customers to bring more of their business to the bank through programs that award points based on certain transaction behavior, size of financial relationship or some combination of the two.

Bankers will issue the equivalent of silver, gold and platinum cards to incent customers to climb the rewards ladder and reap the benefits. When *customers* are allowed to define the “relationship,” customer loyalty and customer profitability will follow.

Prediction #10 -- Data becomes more mobile driving demand for better encryption

As laptops outsell desktops and converged devices like smartphones become more popular, data will become more mobile and more difficult to secure. As more corporate and customer information resides on bank employees' BlackBerrys, Treos, and other handheld devices, bankers will ask: “How do we secure such data and mitigate our risk?”

As data becomes more mobile, bankers will implement better encryption methods to secure data transmissions and data residing on servers and backup media. Encrypting backups will become standard as new legislation requiring customer notification of security breaches forces bankers to disclose incidents such as stolen PCs or lost backup tapes.

Demand for secure email methods will also be strong as bankers realize the dangers of transmitting confidential information and file attachments via unsecure email.

Summary

Clearly, the bar has been raised in all areas of banking technology. 2006 will be an exciting year of innovation and progress as bankers plan strategically to implement new technologies made possible by increased availability of affordable bandwidth, better IT risk management, distributed item capture, more electronic payments, and a more mobile, tech-savvy workforce and customer base. Banks in a reactionary mode will suffer greatly as customer expectations exceed the banks' ability to deliver. However, those banks with strong, visionary, engaged management and sound, strategic planning will succeed in this extremely competitive environment.

-- END --

Show Me What's Comin' In Bank Technology



Art Gillis

President

Computer Based Solutions, Inc.

It's not about good news or bad news for 2006. It's all about different news. And what a welcomed change that will be! For this analyst, forecasting a predictable industry had become too easy, very boring, and usually contrary to what the trade journals, fed by "in-depth research reports," were reporting.

Here's one example of the contrary part. CRM is supposed to be the top-priority tech project (*American Banker* 11/9/05). That sounds like the first resolution on every New Years list, "Lose 15 pounds." Good idea, but it ain't gonna happen.

Here's another one. Large banks (125 of them) will replace their legacy core systems because they're over forty years old. Uhuh. But I should warn you, it gets muddy there, and my vision is not always sharp.

For banks

- Work performed under the heading of safety -- compliance, data security, check fraud protection, Internet-related protection, exception reporting and financial integrity
- The reselling of Internet banking, this time, performed by bank legal departments
- More Check 21 work to increase the value and benefits derived from check image exchange
- Continued systematic increase in electronic bills and payments
- Treasury services and cash management -- the rebirth of what has always been a good application
- A moderate number of core system replacements at small and medium FIs (about 4% of 17,700)
- Best-sourcing -- you do these jobs and we'll do the rest
- CIOs to Department Heads: You get the money, we'll do the work
- Budget Directors -- India's low wages won't last forever. Which way to East Timor?

- At 878 FIs -- To the IT staffs of the acquirers: H.R. has adopted their own definition of 24/7.
- To the IT staffs of the acquirees: See ya.
- OK, so you want a plug for CRM? It'll be on the list forever because it's a philosophy, not an implementation.

For tech companies

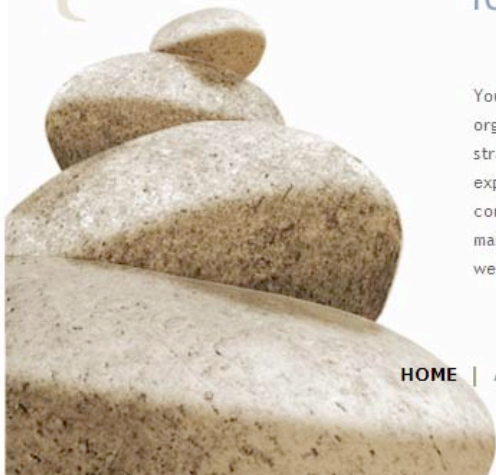
- The reinvention of Fiserv
- The proliferation of Fidelity Information Services
- The year Metavante finally goes public, without the IPO fees, as learned from the newcomer
- Open Solutions will get the shock of its short life when it realizes how valuable the architecture of its core system is compared to the mainframe monster it is acquiring from BISYS
- Jack Henry & Associates discovers the sport of leapfrog, as performed by newcomers
- OJT ends at Harland Financial Solutions after several small acquisitions. Now it's time for the big one, and funding won't be the problem; finding will.
- Five Internet banking companies will come up with a plan to please Wall Street as they attend a seminar on Riverside Avenue to learn, from a newcomer, how to put together a consortium
- The theme at annual sales kickoffs -- The party's over and your new titles are "miners." There's 7% organic growth in them thar hills. Go git it!
- The pool of like-companies for acquisitions is drying up, so acquirers will look at "unlike" prospects, and that means potential danger. Shopping at Wal-Mart means you might bring home a lettuce instead of the endive your spouse really wanted.
- Success will be earned by the quality of the sales organization in this "me too" society of products, support, implementation and customer care. My 36 tools, replaced by a slick salesman.
- Anything in Asia

Forget Happy, I wish you all an Exciting New Year -- Art Gillis

--END --

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