DESIGNING THE FUTURE OF INTERNET RETAILING
CEO STRATEGIC DEVELOPERS BOOT CAMP SEGMENT A: DESIGNING THE FUTURE OF INTERNET BANKING

WE’LL STUDY THIS THROUGHOUT 2019, ACROSS THE NETWORK

■ What is the group’s vision for internet retailing in 2020-2029?

CU*ANSWERS TEMPLATES FOR ACTION

■ Selling loans via internet channels: What should we build now?
  ■ Design for a 4th LOS engine

■ Internet store shelves
  ■ How do we repeat the success of a fulfillment product like Skip-Pay for other internet-sold services?
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A CU*ANSWERS TEMPLATE

A proposed tactical approach and set of project ideas that support a strategic initiative or direction

A catalyst for collective action
WHAT’S YOUR VISION FOR INTERNET RETAILING IN 2020-2029?

45 MINUTES

- If you proudly declared, “I am an accomplished internet retailer,” what 3 traits would support that confidence?

- If you launched a project inside your CU so that everyone was confident about your internet retailing strategy, what would be your first 3 steps?

- If you hung your hat as an internet retailer on 3 tactical investments, what would they be?

**Definition of retailing**

: the activities involved in the selling of goods to ultimate consumers for personal or household consumption
We’re ready to discuss the rollout plan for our 24/7 revolution

By January 2019 you will need to declare your CU’s intention

Default to 7-day/week processing, or opt out to a “banker’s week”

By no later than March 2019 we will all be living with a new awareness about how our network interacts locally, no matter where the member is or what day of the week it is.
RETAILING IS ALL ABOUT THE SENSE OF “LOCAL”

THE CONSUMER IS ALWAYS LOCAL – CAN YOU MAKE THEM FEEL YOU GET THAT?

What will CU*Answers have to do so that you can feel our empathy for where – and when – you do business?

Local isn’t just geography...it’s a sense that you are at the center of the world
SELLING LOANS VIA INTERNET CHANNELS

WHAT SHOULD WE BUILD NOW?
### Engines for the Future of Loan Origination Systems

**Why We’re Going to Go Crazy with LOS Options for CUs in the Next 5 Years**

<table>
<thead>
<tr>
<th>Engine</th>
<th>Loan Origination System</th>
<th>Plans in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CU*BASE native <strong>soup-to-nuts</strong> LOS solution</td>
<td>Invest, invest, invest – the foundation for all innovation, from start to finish for a loan</td>
</tr>
<tr>
<td>2</td>
<td>CU*BASE integrations for <strong>ready-to-look</strong> LOS solutions</td>
<td>Continue to evolve solutions with our 9 vendors, on the way to xx vendors</td>
</tr>
<tr>
<td>3</td>
<td>CU*BASE integrations for <strong>ready-to-book</strong> LOS solutions</td>
<td>Two new vendors going live in 2018 betas, launch network-wide in 2019</td>
</tr>
<tr>
<td>4</td>
<td>CU*BASE integrations for <strong>internet channel</strong> LOS solutions</td>
<td>Complete internal beta with Forms Generator, launch network-wide in 2019, find the audience that will spur big investment going forward</td>
</tr>
</tbody>
</table>
Randy’s hints at key success factors (what are yours?)

Credit Union KSFs

■ Know the native approach and its value proposition
  ■ Origin and proving ground for all lending capabilities

■ Leverage the manufacturer’s advantage
  ■ Charging here is the CUSO’s option

■ Rely on your creativity for building business processes
  ■ Fast-to-market options based on readily available tools

CUSO KSFs

■ Stay vested in all things lending, build teams that respect how lending drives CU success

■ Avoid cost accounting and stay focused on the package’s ultimate value creation

■ Be the nucleus for innovation, keep costs low by extending and leveraging over significant new investments before CU revenue models mature
S2N – LENDER*VP HINTS

ARE YOU CLUED IN TO THE DEVELOPMENT AGENDA?

■ Release Planning website cuanswers.com/resources/doc/release-planning/
■ Ask us about monitoring our weekly Product Team “factory floor” meetings, Tuesdays at 2:30p
■ Release Summaries cuanswers.com/resources/doc/release-summaries/
■ Client News cuanswers.com
■ Lender*VP webinars via CU*Answers University cuanswers.com/resources/edu/

HINT: Joint Pete at the Learning Café on November 20!
S2N: WHY IT IS IMPORTANT IN THIS INTEGRATED WORLD?

ORIGIN AND PROVING GROUND FOR ALL LENDING CAPABILITIES
Coming: Two choices from CU*BASE in 2019, and a new vision to use anyone’s auto-decision to close a deal
Are we selling tickets to a party the world may never attend?
Randy’s hints at key success factors (what are yours?)

Credit Union KSFs

- Adopt a mindset to use the tool where the member is
  - Location and process convenience over monolithic control
- Selling products is the gateway to relationships
  - Location and process convenience over monolithic business plans
- Balance process specialties with your own SOP
  - Compromise for the opportunity but not on the approval

CUSO KSFs

- Drive throughput as our #1 priority
- Amplify our skills at finding loan opportunities
- Extend our network reach and innovate at the edge

Let’s brainstorm
OUR READY-TO-LOOK VENDOR RELATIONSHIPS

CUs need to make the choice on whether indirect lending is their forte

But the marketplace is becoming less focused on finding you when they need something

store.cuanswers.com
**CU*BASE INTEGRATIONS FOR READY-TO-BOOK LOS SOLUTIONS**

**LET’S BRAINSTORM**

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### Randy’s hints at key success factors (what are yours?)

#### Credit Union KSFs
- Avoid jumping out of the frying pan and into the fire
  - Avoid the long trek towards moving everything to one solution
- Set realistic expectations for the lift and the return on specialty spending
  - Buying over building is a short-term high
- Process capacity is not opportunity – know the difference
  - Be ready to invest to put people to work, not to find time

#### CUSO KSFs
- Open the network to alternative solutions, and learn
- Create opportunities for credit union reorganizations and consolidation
- Expand CUSO opportunities to sell our packages without alienating special relationships held by prospects

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**key success factors**

The combination of important facts that is required in order to accomplish one or more desirable business goals. For example, one of the key success factors in promoting animal food products might be to advertise them in a way that appeals to those consumers who love animals.
OUR READY-TO-BOOK VENDOR RELATIONSHIPS

OPEN THE NETWORK TO ALTERNATIVE SOLUTIONS, AND LEARN

Meet Charlie Dean, our new LOS Coordinator

John Beauchamp
CU*Answers Imaging Solutions

Just make it work
You can’t enhance what you don’t understand

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CU*BASE INTEGRATIONS FOR INTERNET CHANNEL LOS SOLUTIONS

LET’S BRAINSTORM

Randy’s hints at key success factors (what are yours?)

Credit Union KSFs

- Know the difference between a member request without the need for automated underwriting, and a loan origination system that requires it
- Affinity and targeting your audience are more important than the tool
- More is more – build throughput and chances to aggregate small audiences

CUSO KSFs

- Build factories that generate endpoints and multiple channels, not a one-size-fits-all approach
- Avoid complicated models that emulate the employee’s job – build what the member needs for their job
- Focus on zero-cost models to extend our outreach, over professional service models that do not share the risk

key success factors

The combination of important facts that is required in order to accomplish one or more desirable business goals. For example, one of the key success factors in promoting animal food products might be to advertise them in a way that appeals to those consumers who love animals.
WE’RE GOING BACK TO THE DRAWING BOARD

- Weaknesses to address
  - What do we do to with data provided by non-authenticated members?
  - How far should we go in asking for data while still maintaining a pleasant member experience?
  - What does a CU want to handle via a CU-designed form vs. a classic application underwriting process?

- Goals
  - Envision and design from Sept.-Dec. 2018
  - Begin coding new solutions by March 2019
  - Release solutions throughout the year

Make the call: CU*Answers specializes in authenticated services for credit unions

The wildcard: When we open the gates for 3rd-party LOS integrations, who will CUs pick?
UNLIMITED FORMS WHEN AUTOMATED APPLICATIONS ARE NOT NEEDED
FORMS GENERATOR AND THE REQUEST CENTER

- Secure Forms
  - The Process Works!
  - Popular Forms
  - Discover More on the Back

Need form ideas? Check out our gallery.
irc.cuanswers.com/forms-gallery

Newly released on irc.cuanswers.com:
- Membership Eligibility Verification for MAP & MCP
- Developed for the 2012 MAP Project Team
irc.cuanswers.com
INTERNET STORE SHELVES

HOW DO WE REPEAT THE SUCCESS OF SKIP-PAY FOR OTHER INTERNET-SOLD SERVICES?
Randy’s hints at key success factors (what are yours?)

Credit Union KSFs

- Recognize that everything is data, even your value proposition
  - If people can’t see it, it doesn’t exist
- Digitize your value proposition and make it the center of commercial exchanges
  - Members need it, employees need it, your next opportunity needs it

CUSO KSFs

- Heed your own advice – build a template and machine that everyone in the network can emulate and use
- Build new capabilities into CUSO intellectual properties that facilitate exposing members and employees to digitized value propositions on the way to transactions
  - The word “data” does not adequately evoke the type, intent, or value of the content – data isn’t always statistics
CU*ANSWERS INTERNET STORES AS A TEMPLATE

IT’S NOT WHAT YOU EXPECT, IT’S WHAT YOU INSPECT

■ Every third Tuesday we coach/learn together
■ The scorecard exercise forces us to focus on the details of our products
  ■ Think consumer experience, cut the jargon
  ■ From the web to the back office, you improve it all

You’re constantly asking us to improve our retailing, and that will never stop

Internet retailing is where it’s at...invest in the future, don’t just try to fix the past
YOU’LL KNOW US BY OUR ONLINE STORES

A NEW AND LONG-TERM PLAN OF ATTACK TO IMPROVE OUR RETAILING

The approach to service, support, and the intent to do a good job as a vendor to any market has changed forever.

As you encourage and challenge us to be the vendor that best serves the CU marketplace, understand that we’ll respond with an internet retailer’s tone, tactic, and best intentions.
WHAT’S NEXT?

BOOT CAMPS ARE ALL ABOUT ASSIGNMENTS...

Your assignment today is to send me an email on your takeaways from this early conversation.

We’re going to work with 25-40 CUs who will take this to the next tactical level and drive some key projects in our CUSO in 2019-2020.

What would you focus on?

Look for all of the emails to be posted by mid-January 2019.
LET’S TAKE A FEW MINUTES AND ENVISION YOUR EMAIL

...OR MAYBE YOU CAN GET STARTED AT TONIGHT’S NETWORKING SESSION

Here are my suggestions for what to do next on the Internet Retailing project:

- Find 3-5 key development projects the CUSO should take on to improve CU*BASE’s native LOS
- Develop an internet retailing certification program and encourage credit unions to work towards a certified status
- Speed up the MeridianLink experience and work on a price for ready-to-book LOSs that is more disruptive
- Buy an equity position in a ready-to-book LOS from a third party
- When in doubt, triple your investment for direct, free, native online/mobile banking solutions

John Doe, CEO
ABC Credit Union
2018 CEO Strategic Developers Boot Camp