



**VITEX**<sup>®</sup>

STRATEGIC MANAGEMENT CONSULTANTS

*A Partnership For Success*



# The Alliance Newsletter

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## The President's Corner



**All-4-1 & 1-4-All!**

I am excited and pleased to announce Mitch Hurd as Director of The Vitex Alliance. Mitch brings many years of experience in managing client relationships and in growing lines of business into solid pillars within an organization. Most importantly, he will be charged with fulfilling our member client's needs and acting as a single proactive business point of contact for you.

Over the last few weeks Mitch has successfully rolled out a number of initiatives to further benefit our member clients. The most exciting part of these changes is that they have been client driven. The improvements are directly related to and a result of your input. We are focused on a "continual improvement" methodology and delivery. The feedback to the Alliance has been overwhelmingly positive and we are excited to share this with you too. That being said, you should be hearing from Mitch soon, if you haven't heard from him already. If you would like to learn a little more about Mitch and the Alliance, please see the article below, check out our

## Meeting Customer Expectations Now Involves Technology

More than a few years ago, country singer Randy Travis had a huge hit that struck a responsive chord in a lot of anti-technology hearts that made up the American populace. His third verse hit us bankers pretty hard:

*"I'm going back to a better class of loser  
This up-town living's really got me down  
I need friends who don't pay their bills on home computers  
And who buy their coffee beans already ground  
You think it's disgraceful that they drink three-dollar wine  
But a better class of loser suits me fine"*

Okay, I don't get overly concerned about the coffee beans or the cheap wine, but I do know what he was talking about when he sang about paying bills on home computers. I think about this verse often enough when I personally am "confronted" by technology. I'm old enough to understand the sentiment, but smart enough to know it missed the mark by a long, long way. I also depend heavily on bank technology both as a bank customer and a practicing consultant. I, and millions of others are "hooked" on bill payment systems and we're ready for more!

Think about Randy's words while pondering these interesting trends at the same time:

- Bankers have traditionally obtained huge deposit dollars from "senior" customers – retirees and elderly, particularly the risk-averse, less sophisticated investors
- Consumer-wise for chattels, cards and mortgages "Baby Boomers" have been the major source of bank borrowers (and don't forget the businesses they own, either)
- Baby Boomers are now becoming "seniors" but with a different set of financial values and needs
- Home computers were invented by Baby Boomers
- Generations X and Y (the Baby Boom "echo" and the folks who invented the I-Pod among other things) are now consuming even more technology than Baby Boomers
- Randy Travis, born in 1959, is a Baby Boomer

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## WHERE TO SEE US

*American Bankers Association  
2007 Annual Convention  
October 7 - 9, 2007  
Booth #216  
Manchester Grand Hyatt  
San Diego, CA*

*America's Community Bankers  
2007 Annual Convention &  
Market Expo  
November 8 - 10, 2007  
Booth #100  
The Venetian Hotel  
Las Vegas, NV*

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Given all this, I'm suspicious that Randy pays his bills on his home computer, or at least his agent's bookkeeper does. I'd also be willing to make a hefty bet that Randy would have a very hard time finding friends who don't pay their bills electronically these days. The world changed in spite of popular music and three dollar wine now goes for about five bucks plus at Sam's Club.



Humor aside, what all this means is that aging Baby Boomers (including me) aren't likely to consume financial services like the seniors of the last two decades. Our expectations might still include some risk-aversion investment-wise, but we'll demand both credit and access to it electronically – something our parents abhorred. We'll be open to a lot more hi-tech delivery, too (in spite of song lyrics). Paying our bills on home computers is the easy part. Knowing what's next is hard.

The money will still be out there for banks to accumulate and loan in the consumer economy, but “getting it” in banker's terms will require increasing technology commitments. Right now, what we call Internet Banking and its bill payment components are almost a mature service on customer PC's, but bank service delivery via other technology is troublesome. For instance, cell phone or PDA delivery isn't yet widespread and is suffering growing pains. The trouble is, those pesky Generation X and Y'ers will fix it and we'll need to be ready.

Here are four still-emerging areas of technology that will ultimately open new doors for financial service delivery in some way or another. Keep an eye on them!

**Satellite:** Now dominated by television and somewhat restricted to download only, this technology is also capable of two-way communication, super-fast, with the proper investment in equipment.

**Cellular/Wireless:** Now matured as a delivery mode for the telecom business, this type of service is spreading via broader bandwidth to increase speed and better/bigger infrastructure to add needed reliability.

**Cable:** Not dead by a long shot and with plenty of bandwidth and speed, almost all cable providers are looking to add services. Homes and businesses in cities of any size at all are connected or connectable.

**Power Lines:** Surprise! With millions of miles of wire strung everywhere there's communications and delivery potential to compete with all of the above. The current communications technology is crude and is now causing interference and lawsuits. If they get it fixed your power company will join the fray.

As for me, I'm going to contact Randy Travis' agent and suggest a remake that's bound to be a big hit. It'll go something like: “I'm on-line with a better class of loser . . .”



## The Vitex Alliance

For those of you I haven't met, I'm Mitch Hurd, Director of The Vitex Alliance. I will serve as the Alliance's proactive single point of contact for your bank's team. My responsibility is managing and growing the overall relationship between the Alliance and your bank.

I will:

1. Proactively provide timely information to your team.
2. Provide resources, answers to questions, and be responsive to serving your needs.
3. Communicate via the phone, email, newsletter, and/or webcast.
4. Provide periodic Alliance E-Bulletins containing information and/or ideas.

To refresh your memory, membership in The Vitex Alliance entitles your bank access to The Alliance Toolkit and web-based technology management tools, as well as a combination of phone and email consulting services.



The Alliance Toolkit is a centralized, interactive repository of information and systems to assist your bank in managing technology and vendors to support its strategic business objectives. The Alliance Toolkit is under constant review by the Vitex team and Alliance member banks. As a result, you will see enhancements and new tools added on a regular basis. As an Alliance member, your bank will receive full access to these tools as they are released.

The Alliance Toolkit includes:

**Technology Planning System:** Assists your bank in managing its technology projects and budgets. As a by-product, you will have a document to satisfy the required regulatory requirements.

**Vendor Management System:** Designed around a process that will help your bank manage vendors and contracts and to comply with the new regulatory requirements.

**Business Continuity Planning (BCP) System:** Helps your bank with the business impact analysis, risk assessment, and contingency planning required in today's complex environment.

Everyone has been enjoying the Alliance Toolkit and how helpful it has been with required regulatory examinations, as well as managing the day-to-day operations at the bank. Recently, there have been several incidents where the reminder notification feature of the Vendor Management tool has been instrumental in helping several Alliance member banks prevent automatic renewals of contracts.

If you need more information regarding your Alliance membership or The

Alliance Toolkit, contact me at 704-663-5858 ext. 137 or [mhurd@vitex.com](mailto:mhurd@vitex.com).



*By Mitch Hurd, Director Vitex Alliance*

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