

AFTech Letter

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AFT Spring Meeting: Timely and Relevant

No other organization in financial services consistently puts on the kinds of timely and relevant conferences that the Association for Financial Technology prepares semiannually. AFT's 2008 Spring Meeting and Workshops - held this year at the Catamaran Resort & Spa in picture-perfect San Diego, Calif. - was no different.

More than 90 attendees, including 16 first timers were on hand to share their opinions and concerns about today's hot topics in financial technology industry.

The Spring Meeting was crammed with information and ideas. It began with a stirring keynote address from a Marine fighter pilot and concluded with a revealing presentation from a creative thinker from IBM.

"I think this is the year we are going to see a decline in IT spending," suggested AFT president Kathleen Roberge of Perimeter Internetworking. Kathleen also explained how "we're entering what is being labeled 'the post-Internet era,' a free virtual world, and this is going to present a tremendous opportunity for many of our clients." She also described how this virtual world is coming to banks, and how vendors are going to have to address this. "Back in the real world banks are evaluating global payment systems and looking at how mobile devices help avoid a trip to the bank," she added.

AFT's potent agenda, as usual, addressed these relevant topics as well as the growing importance of wealth management. In addition, there were presentations



The Monday Evening Special Event sponsored by Fidelity National Information Services featured a tour of Marine Corps Air Station - Miramar followed by a reception and dinner hosted by Marine F-18 Hornet fighter pilots at the base Officer's Club.

compensating sales staff, recruiting top talent; effective sales presentations, sales negotiations, dealing with difficult people; and panel discussions on emerging payments, and mobile payment opportunities. AFT's signature sessions, the freewheeling interactive dialogues, also tackled a number of critical issues brought to the table by the assembled attendees.

As if the conference program was not enough, AFT featured a spectacular event at the Marine Corps Air Station Miramar, a location featured in the 1986 film *Top Gun*.

Upcoming AFT Events

2008 Annual Meeting
September 7-9, 2008

Charleston Place
Charleston, SC

2008 Spring Meeting & Workshops
March 15-17, 2009

Barton Creek Resort & Spa
Austin, Texas



KEYNOTE ADDRESS— MICHAEL KENNY

Fighter Pilot Steers Audience with Flawless Execution Model

Michael Kenny, corporate wingman for Afterburners - a team of real fighter pilots from across the globe that helps companies improve execution and team building - delivered the inspiring keynote address at the 2008 AFT Spring Meeting.

Interspersed with rare cockpit footage and other multimedia sights and sounds, Kenny described how mission preparation could help in the business world as well. It all centers on a concept called the Flawless Execution Model. "Individual execution is one thing, organizational execution is everything," explained Kenny.

That plan involves four steps:

- **Plan** - closely defining action steps
- **Brief** - clearly defining roles and expectations
- **Execute** - overcoming task saturation
- **Debrief** - "very few organizations have a process in place for looking backwards at successes and failures."

Getting through these steps requires overcoming task saturation, which said Kenny is "the silent killer of productivity." Identifying high saturation is not done easily, Kenny suggested. "It's up to the peers and subordinates to identify high saturation. Because "in

SALES & MARKETING

Compensating Your Top Sales Talent

Who knew a presentation on compensating top sales talent could be this much fun. David Cichelli, Sr. Vice-President with the Alexander Group, entertained and educated at the 2008 Spring Meeting.

Continuing where he left off at the AFT 2007 Spring Meeting, Cichelli provided an overview of why sales organization use compensation programs in the first place. "People respond to measurement," he explained. However, there are dangers involved. "Sales forces are like soccer teams...they are constantly in motion," he said. Success can also lead to obsolescence.

Cichelli described two categories of sales jobs: income producers and sales representatives. The income producers create the value in a sales relationship and pretty much own the account. As a result, the percentage of revenue is unlimited. With sales representatives, the company creates the value and owns the account while earnings are managed to target pay and excellence.



Lt. Col. Michael Kenny, USMCR, a Corporate Wingman for Afterburners, scored high marks for his passionate presentation on Flawless Execution. Comments such as "Very thought-provoking" and "Great take-aways" were common.

this high-speed world we live in we never get everything done."

He explained how fighter pilots overcome task saturation by utilizing checklists, which provide critical guidance in an emergency and reinforce the normal daily procedures; crosschecks, employed to keep individuals focused during information overload; and checking their six — utilizing mutual support to assure that a wingman is always watching out for the others.

In the end, when it comes to team success, no matter what the endeavor "it is not who's right...it's about what's right," explain Kenny.

There was also discussion of the types of variable compensation plans, such as gain sharing, add-on, capped, uncapped, and straight commission. Target commission rates include flat commissions, ramped commission, residential (trailing credits), pools, overrides and asset management (2/20 plan).

Target pay, he suggested should include pre-established commission, and that the expected volume is known because it is the same for all



Meeting attendees simply could not get enough of David Cichelli's presentation on Compensating Top Sales Talent. Session comments included "Can't say enough good things about this one! Could have spent half a day or longer with him", "Outstanding presentation. Well worth the cost" and "This was the highlight of the meeting" pretty well sums it up.



territories. He suggests that the target pay commission be based on percent of production, such as revenue or profit, or dollars per unit. For target pay bonuses the target earnings are pre-established, and the expected volume is known but differs by territory. The pay should be a percent of target pay for percent of goal achievement.

INDUSTRY NEWS

Innovation in Banking Means Looking Beyond the Real World

The last presentation of an information-filled 2008 AFT Spring Meeting left attendees thinking about the banking world's future. Stuart Bilick, a banking segment executive with IBM, spotlighted how innovation in banking will require some creative thinking for vendors and financial institutions to stay relevant.

Judicious customers, growing competition, and decelerating performance are pushing banks toward innovation. This wake-up call is coming from four key trends, said Bilick:

- **Focus on growth** - Declining performance is prompting efforts to spur growth and restore confidence in future returns. "Revenue is still the biggest objective."



IBM's Stuart Bilick was the perfect ending to a perfect conference with his highly-rated presentation on Innovation in Banking. "This was by far the best banking technology session I have ever attended," one attendee reported. "I would rate this better than excellent if I could," "Fascinating information" and "Really hit the mark," said others.

Cichelli also discussed payout limits as well as formulas for calculating commission rates. He pointed out that formula types should consider that "sales forces have to change based on the way customers want to buy."

- **Stand out in the market** - Competition, consolidation, commoditization and more discerning clients are making differentiation essential
- **Call for Change** - Bank CEOs recognize the need for fundamental change and the potential benefits of innovation
- **Rethink the business model** - Developing innovation business models is the clearest path to sustainable gains

Ongoing consolidation and competition from smart players, such as ING Direct, are forcing financial institutions to rethink their differentiation strategies, pointed out Bilick. "There is less people, there is less differentiation...disintermediation is starting to rear its ugly head again."

One of the areas of change that is happening the fastest is over the Web. "A proliferation of open standards has enabled innovation and greater efficiency of social experience in what is now known as Web. 2.0. Whereas Web 1.0 was about connecting computers and making technology more efficient for computers, Web 2.0 is about connecting people, and making technology efficient for people.

With that, the banking landscape is changing as well and there is a convergence of social networking with services such as peer-to-peer lending. Reaching bank clients may require tapping into these social networks that including blogs, and virtual communities such as Facebook, MySpace.com, Second Life, and YouTube.

RECRUITING

Finding and Keeping Top Talent

David Bratton, President of Bratton Consulting, offered a primer at the 2008 AFT Spring Meeting on attracting candidates and keeping them once they are onboard.

"The marketplace assumes everyone is a good

person," explains Bratton, but a recruitment strategy should also consider:

- One plan does not fit all when attracting talent
- One strategy is not enough, make it a mix of strategies



- It might take some tinkering - get feedback from staff on strategy

Where do you look for good talent? The plan should incorporate internal candidates, employee referrals, print ads, Internet recruiting, third-party recruiters, schools and international recruiting.

Once you find your candidates, “you have to reel them in,” says Bratton. Some challenges include finding good people, qualifying candidates, potential relocation, and compensation. He suggests letting your values show, and bringing in a cross-generation of talent. Also use diversity to your advantage, cast a wide net in hiring, vary the

PANEL DISCUSSION

Emerging Payments

David Foss, General Manager of ProfitStars; Terry Lyons, Vice President Director of Correspondent Banking at First Third Processing Solutions; Jim Pitts, President of Linx Payment Systems; Kelli Schultz, President of iPay Technologies; George Throckmorton, Senior Director payment solutions at NACHA-The Electronic Payments Association; and Richard Smith, President of I_Tech engaged in a animated discussion of new trends in payments.

- David Foss highlighted the growth of remote deposits, “next year we will see tremendous growth.” However, there are challenges. Among them are underwriting, image quality and the choice of hosted or in-house. “The biggest opportunity is with microbusinesses.” One of the keys in the future “is more significant functionality through a single gateway” for credit, debit and other payments.
- “Can anybody remember when banks replaced one payment method with another?” asked Lyons, adding “Never. We’ve added but we’ve never eliminated.” Which brings us to a huge hurdle, “the biggest challenge banks have is talking about revenue...capital is king for a financial institution...they want to make sure they get a good ROI for their investors and investments.”
- Pitts provided an overview of the payment trends such as the number of contactless banks cards (in 2010 it will be 188 million), and the market for low-value payments (under \$5), which is estimated to be \$1.3 trillion according to TowerGroup. He also detailed how there are 240 mobile subscribers in the U.S. and that 70 percent of them prefer mobile

reward system, and welcome prodigal employees back.

In the end keeping employees is as important as finding them. “People like to work for good companies,” points out Bratton. In a winning organization people want to know they are part of a winning team, so companies should create, and sustain a compelling vision of the future. That will help make it part of employees’ social fabric. One of the most important elements in keeping talent, explained Bratton was recognition, appreciation and providing feedback, “Very few managers give honest feedback, people want honest feedback.”



The Emerging Payments panel members included (pictured above left to right): David Foss, ProfitStars; Kelli Schultz, iPay Technologies; Terry Lyons, Fifth Third Bank; and Moderator Jim Pitts, Linx Payment Systems. George Throckmorton (not pictured), NACHA, also participated in the timely and informative session.

- payment service offered by banks or credit unions.
- Schultz explained that “one of the challenges we have is growing consumer awareness.” One of the ways people can be engaged is through text messaging. “A lot more people use text messaging than use browsers on cell phones.” Awareness is a major issue when it comes to receiving payments. “The small business does not even know how to converse with us.”
- “At the end of the day the payment is probably going to go through ACH,” said Throckmorton. NACHA is doing its part by offering different products such as Secure Vault Payments, a pilot program that allows private and secure payments for purchases and bill payments, to be initiated through financial institutions’ online banking platforms.



PANEL DISCUSSION

Mobile Banking Opportunities

Brandon McGee, Vice President/Senior Product Manager of Huntington Bank, Drew Sievers, CEO/Co-founder of mFoundry, Lisa Stanton, CEO, Monitise Americas, provided insight into mobile banking prospects.

- “Security is going to be the first questions bankers ask,” specified McGee, “however, there is a commercial or business aspect in mobile. As a supplier, the big opportunity is that as trusted advisor... You need to be able to offer financial institutions a true channel option.” For banks, “there also is an opportunity to turn mobile into a payment device...and ultimately a



Mobile Banking Opportunities panelists included (pictured above left to right) Drew Sievers, mFoundry; Brandon McGee, Huntington Bank; Lisa Stanton, Monitise America. Session comments included "Good session", "Hot topic" and "Very timely".

revenue generator.”

- “It is much more of a compelling argument as cost-save vehicle,” expressed Sievers. He detailed expedited bill payment and the higher conversion rates as examples. He also alluded to the failed push toward mobile banking in the early 21st-century. “Devices are more powerful today...the networks are more powerful...back then phones were being used [only] as phones.” However, there are significant hurdles left, says Sievers, “There is a challenge in the U.S....mobile operators control the security.”
- Stanton observes, “We do see a lot of financial institutions get into different methods of offering mobile. By the end of 2008...credit card, debit card issuers will be considered laggards in the business.” She pointed out that 10 percent of customers enrolled are new to banking. That is why banks view this as another channel. However, there are reseller opportunities. “The only way to get reach is to partner with others in the space. “I think we are closer than people think,” she added.

SALES & MARKETING

Maximizing Results Through Effective Presentations

People mentally process 750 words per minutes while verbally they normally process 150 words per minutes. Trying to gather in the elusive “600” was one of the focal points of a very effective presentation by Sharon Q. Ellis, President of SQE Communications Group.

Understanding your audience is a big part of part of the process, explained Ellis. There are four different audience traits: emotional, physical, mental, and social characteristics. In each case, “we have to be very cognizant of an audience's elusive 600,” suggested Ellis.

In addition to the WPM factor, the presenter must also overcome the WIIFT (“what's in it for them”) factor. An answer lies in what Ellis describes are “Working the 3 C’s”:

CUSTOMER SERVICE

Dealing with Difficult People

“Does it seem to you like the world is increasingly filled with difficult people, ready to pounce on you at a moment's notice, and they're always in your office,

- **Conversation** - get to know your audience and let them get to know you; “talk” with your audience; use a conversational tone and wording; and unplug with your audience
- **Connections** - “This is where you bring up the WIIFT.” To do so, you should convey your understanding of your audience's needs/wants; connect feature to benefit to value; highlights the WIIFT; and flex to where your audience wants to go
- **Choreograph** - you are the choreographers

It is also important to understand that people remember 10 percent of what they read; 20 percent of what they hear; 50 percent of what they hear and see; 70 percent of what they say; and 90 percent of what they say when they do it.

on your phone, or in your face” asked John Thomas, Manager at Jack Henry & Associates at the 2008 AFT Spring Meeting.



Understanding difficult people equates to understanding yourself, said Thomas. You are potentially a difficult person if:

- People don't come to you and bring up issues directly
- People never or rarely disagree with you
- People get defensive when they talk to you

Beyond that is understanding people's behavior:

- Passive - You're OK, I'm not OK
- Passive/aggressive - I'm not OK, you're not OK
- Aggressive - I'm OK, you're not OK
- Assertive - I'm OK, you're OK

Then there are the different types of difficult people and best ways to respond:

- **Screamers** - Don't respond in kind...lower your voice and let them vent
- **The bully** - Stand up for yourself...don't try to fight them...make your point assertively
- **The griper** - let them know you have heard their concern...ask directly, "What is it you want?"
- **The silent type** - Ask open ended questions and if you still get no response, tell them your plans
- **Know it all** - Have all the facts before you talk...raise problems and be ready to follow through.
- **The staller** - listen...find out what the real reason for the delay is...help them and ask them for help
- **The "Just say NO"** - Don't argue...suggest what won't work before they do!

SALES & MARKETING

Sales Negotiations

Darren Cecil, President of Sandler Sales Institute, focused on what it takes to close more sales at the 2008 AFT Spring Meeting.

What puts companies in the red?

1. Overcoming stalls and objections
2. Difficulties actually closing the sales
3. Failing to qualify prospects
4. Hearing too many "think it overs"
5. Discomfort asking questions ("too much telling")
Generating too many bids and proposals that don't turn into sales
6. Unable to build prospect trust and rapport

7. Need an effective prospecting system

8. Beat up on price

9. Other.

"Cash is king," exclaimed Cecil. He also asked how committed are your salespeople to what is successful.

The traditional sales system consists of qualifying, presenting, closing, handling objections and chasing. The Sandler System involves bonding and rapport, ground rules, pain, money, decision, presentation and the post-sell. "Give people a chance to back out while they are still in front of you...it presents buyers remorse," said Cecil.

"Sales is a game and the winner goes to the bank," suggested Cecil.

CUSTOMER SERVICE

Transitioning to the Role of Trusted Advisor

Karn Griffen, Vice President of client services at Compshare, began his presentation, Empowering Technology Through Performance, at the 2008 AFT Spring Meeting by asking "Would you like a client that: acted on your recommendations, involved you on more advance, strategic issues, paid your bills without question, and referred you to others."

To become a trusted advisor, suggested Griffen, companies need to achieve certain levels of client performance.

- In client services level 1, accuracy is the primary need of the client. This translates to items such as

whether the company delivers on time, performs the jobs accurately, completes the assignments, correctly bills, and delivers everything expected.

- For level 2 availability is the secondary need. This involves offering local resources, answering the phone promptly, and providing a single point of contact and answers immediately.
- Partnership is level 3 of client services. At this level, the client feels it is part of their industry, they are being heard, their overall needs are being met, and that they are on the same team with their provider.
- Level 4 is where you become a trusted advisor. At





the stage the pinnacle of service is advice, the clients feel the closest bond to organizations that have helped them learn, most teaching occurs between one employee and one client, and requires listening and teaching talents. “If you do it

successfully it is impossible to steal,” says Griffen. The basic skills required to become a trusted advisor is building rapport, earning trust-giving advice effectively, and building the relationship.

INTERACTIVE SESSIONS

Neutral Turf Brings Out the Best of Attendees

A hallmark of any AFT conference is the interactive sessions. These are where the term “coopertition” - cooperation among the competition for the betterment of the financial technology industry - was first coined. That tradition lives on! Kurt Guenther, SVP, Director of Sales at IPS Sendero, Marco Bernaconi, Assistant Vice President at COCC and Richard Smith, President of I_Tech, were the moderators for concurrent interactive sessions, one for sales and marketing, and one for customer service.

Among the topics opened for discussion were motivation of sales team, creative ideas to get around budget freezes, the time and attention provided to the bottom 10 percent of the sales force, selling multiple products, handling the disconnect between sales and development, creating urgency in the staff, call recording and enterprise architecture.

Here is a sampling of comments overheard at these sessions:

Creating Urgency in the Customer Service Staff

- Measure response time in automated ways
- It is the words they choose to use
- People that sit side-by-side with bankers have an appreciation
- We've had a problem with programmers who did not have an understanding of banks

Negative Press versus Motivating Sales Reps

- Look at the entire sales team and do a yearly assessment
- Some people are just not trainable
- See how you can motivate people

Call Recording - Eliminating He Said/She Said Scenarios

- Do an evaluation of employees for coaching

Motivating Salespeople Selling Multiple Products

- Separate sales group to maximize effectiveness
- They reside in a sales organization - train them on product

Survey Monkey Proves Popular With AFT Spring Meeting Attendees

Using Survey Monkey, the on-line meeting evaluation tool, was overwhelmingly embraced by Association for Financial Technology 2008 Spring Meeting attendees, reports AFT Executive Director Jim Bannister.

"In the past, we were fortunate to get a 35% response to the printed meeting evaluation forms. It was like pulling teeth. We introduced Survey Monkey at the San Diego conference and received responses from nearly 70% of our attendees. We have never before had this kind of response. One of the most popular features of Survey Monkey is affording our meeting

attendees the opportunity to complete the conference evaluation at an on-site kiosk, on a personal laptop in their hotel room or after they return home. Of course, we will continue making improvements and adding more features in the future", says Bannister.

