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The Benefits of Outsourced Account Processing
Key Points to Consider as You Build a Case for Outsourcing

Before moving to outsourced account processing, you need a clear and accurate view of what the change would mean for your staff, organization and customers. As you sort through questions, consider the experiences of financial institutions already operating in an outsourced environment.

The following statements are based on common views about outsourced account processing. The response to each statement is based on the reality that many financial institutions with hosted solutions experience.

Statement: In-house processing is less expensive.

Reality: A number of factors contribute to the total cost of outsourcing.

Some people assume that outsourcing costs more, but to get a complete picture of the costs and benefits, factors such as staff productivity, hardware and software costs, disaster recovery costs and compliance costs must be factored in. Organizations that rely on outsourcing may save on reporting and processing time and costs, facility costs, and there may be potential tax savings.

Opportunity cost is another consideration. Outsourcing can help a financial institution redirect staff members to increased revenue generating activities. Strategic initiatives that an organization has never had the bandwidth to pursue are suddenly real possibilities. For example, cross-training staff to move into a universal banker role can lead to stronger customer relationships and higher cross-sales.
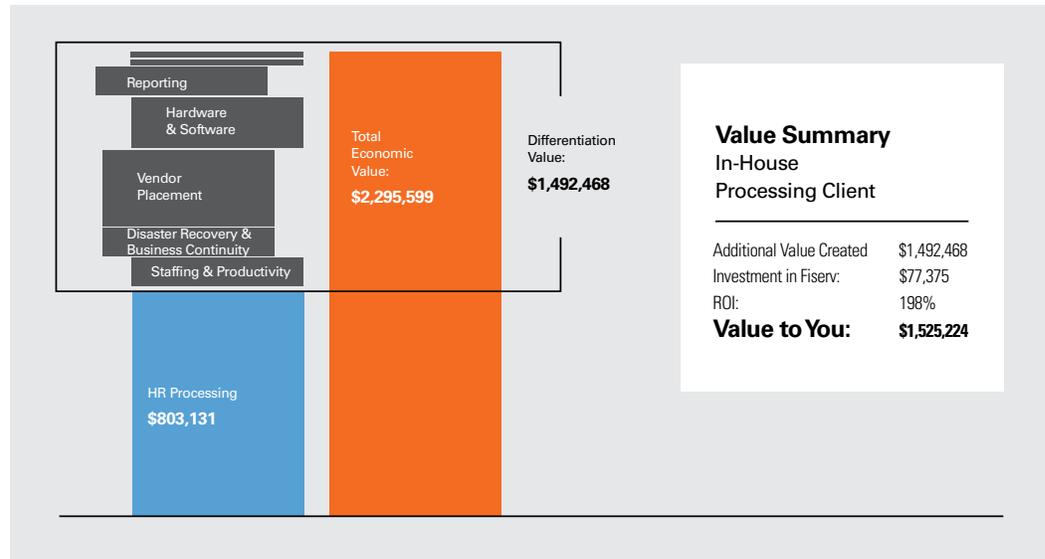
If a bank were to monitor its return on assets or efficiency ratio, would the organization show better performance if the same staff had more time and higher productivity—even if processing costs were equal? Often, the answer is yes.

To help you get an overview of the full financial impact of outsourcing, Fiserv strategy experts can work with you to build a custom business case based on your data. You'll receive a detailed summary, which includes an estimate for return on investment based on the current cost of your in-house processing environment and the added value you can expect from moving to outsourcing.

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"In our first year of outsourcing, we experienced about $1.3 million in savings. The majority of that was through technology reduction"

Adrienne Chee
VP, Division Manager, IT and Deposit Operations
Central Pacific Bank

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Outsourcing With Fiserv

Reporting

Hardware
& Software

Vendor
Placement

Disaster Recovery &
Business Continuity

Staffing & Productivity

Total
Economic
Value:
$2,295,599

Differentiation
Value:
$1,492,468

HR Processing
$803,131

Value Summary
In-House
Processing Client

Additional Value Created	$1,492,468
Investment in Fiserv:	$77,375
ROI:	198%
Value to You:	**$1,525,224**

In this example summary, the financial institution is currently paying $803,131 annually to operate its account processing solution in an in-house environment. The bank could create $1.5 million in additional value from migrating to outsourcing.

"We will realize soft cost savings in the form of increased efficiencies and effectiveness, which are just as important."

Craig Boivin
SVP, Chief Technology Officer
Highland Bank

Statement: Outsourced organizations lose the flexibility to be innovative.

Reality: Most financial institutions become far more competitive after the move to outsourcing by rolling out multiple new product offerings.

Many years ago, outsourced financial institutions had less flexibility than their in-house processing peers. However, as financial institutions of all sizes continue to migrate to a secure, centralized outsourcing environment, data centers have adapted to become highly flexible. Today, data centers serve clients with a wide range of needs for processing times, third-party integration, special processing requests and much more.

In fact, most outsourced financial institutions actually gain a stronger competitive edge by offloading in-house workloads, focusing their attention on competitive product offerings and responding quickly to new market opportunities.

"Prior to migration, we were implementing one or two new programs a year. Since we've outsourced, our average is about eight new products a year. We simply could not have done that if we stayed in-house."

Stosha Flowers
VP, Information Technology
Carrollton Bank

Statement: We'll lose control of our system when we outsource.

Reality: Outsourced financial institutions maintain control of the things they need to manage, while passing routine functions to a qualified team.

Outsourcing can provide freedom from routine daily functions that don't affect the financial institution's bottom line. Many of these tasks are considered tedious, such as applying software updates and creating 1099 statements.

In reality, daily deposit and lending functions are not impacted by the relocation of the hardware and equipment to a data center. Most tellers and customer-facing personnel do not notice any difference in the software they use after moving to outsourcing. In fact, the availability of more reliable and higher-speed communications has allowed outsourcing and cloud computing to become almost universal across most industries.

Back-Office Tasks	In-House	Outsourced
Daily core system and application server checklist	Client	Fiserv
Core system management and patch testing	Client	Fiserv
Release upgrades (nights and weekends)	Client	Fiserv
Nightly processing for all Fiserv applications	Client	Fiserv
Nightly report processing and file downloads	Client	Fiserv
Test database population	Client	Fiserv
Testing, training, and implementations	Client/Fiserv	Client/Fiserv
Delivery of data extracts to third parties	Client	Fiserv
Disaster recovery and continuity testing	Client	Client/Fiserv
Data security and 24/7/365 system monitoring	Client	Fiserv
Change management	Client/Fiserv	Client/Fiserv

With outsourcing, the workload for back-office tasks is shifted to Fiserv staff. However, financial institutions have the option to maintain control of many key functions. Here are just a few examples.

Fiserv is driving innovation in Payments, Processing Services, Risk & Compliance, Customer & Channel Management and Insights & Optimization. Our solutions help clients deliver financial services at the speed of life to enhance the way people live and work today. Visit fiserv.com to learn more.

"The response time with the service center is amazingly quicker than with the server we had in our back room. We've enhanced our service, because customers see their accounts in real time – whether they're on the phone, online, with a teller or at the ATM."

Terry Ross
President and CEO
Community Bank

Finding Answers

In the move to outsourcing, it's common to have a number of questions. The outsourcing experts at Fiserv can to help you find answers and put you in touch with outsourced organizations with valuable insight to share. Many of these financial institutions say outsourcing proved to be a game-changer for them. Contact us to learn more about what outsourcing could mean for you.

Connect With Us

For more information about outsourced account processing, call 800-872-7882, email getsolutions@fiserv.com or visit www.fiserv.com.

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