

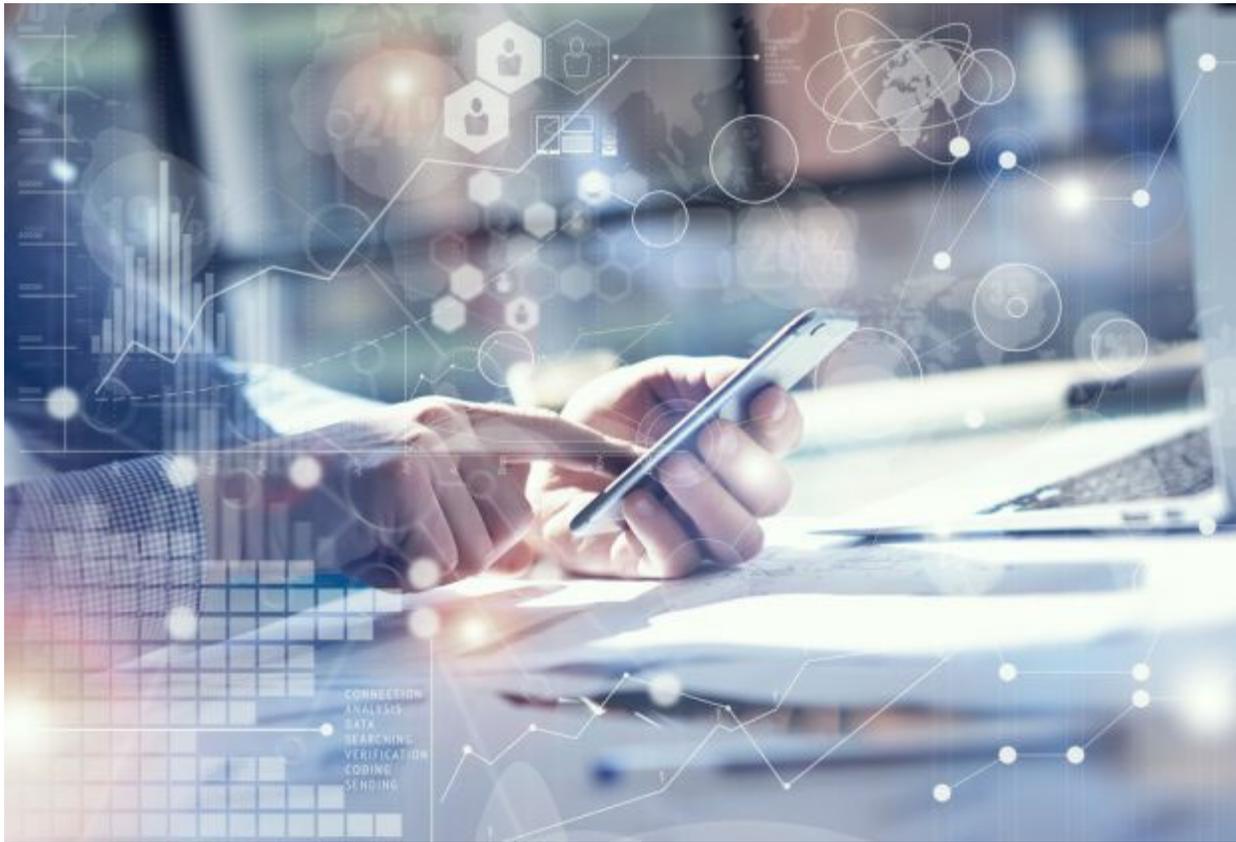
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Partners FCU Achieves Agility During Digital Transformation Journey

The CU serving Disney employees sets three big initiative goals: Change the culture, move twice as fast and free up capital.

By Roy Urrico | October 25, 2019



Digital banking solutions.

The task of keeping pace with exponential technological development has never been more demanding for credit unions, especially as it relates to the convergence of digital banking, member experience and competitive challenges.

About 19 months ago, in an effort to keep up with shifting technology, the \$1.8 billion, Burbank, Calif.-based Partners Federal Credit Union – which serves more than 173,000 Walt Disney Company cast members, employees and their families – embarked on a digital transformation journey (<https://www.cutimes.com/2018/04/06/partners-fcu-embarks-on-digital-transformation-journey/>).

Its “Digital 2x” initiative focused on stepping up services and capabilities because its leaders believed Partners’ pace of delivering new products and features was not meeting members’ needs. “The digital transformation journey was based on us not moving fast enough, and feedback from our members, staff and other stakeholders,” Partners President/CEO John Janclaes explained. “We knew we needed to reboot the credit union inside out.”

Partners set its sights on three big initiative goals: Change the culture, move twice as fast and free up capital.

The plan centered on competing with big bank rivals, such as Bank of America, Wells Fargo and Chase, in terms of mobile delivery and digital technology; and meeting the expectations of members, many of them tech-savvy users from Disney’s some 300 companies. “Those parts of our field of membership may have [set] a higher bar for us,” Janclaes admitted.

Partners strategically chose partners to help with completely overhauling its technologies, processes, systems and services. The organization brought in the Boston Consulting Group and Austin, Texas-based digital banking firm Kony to quickly move ahead with its digital overhaul. Partners set an aggressive goal to accelerate the rollout of its enhancements from once every six months. “Eventually, the goal is every month we’re deploying new significant features to members to keep up with the competition,” Janclaes said.

“It got to a point where they just wanted to push themselves internally to be able to innovate faster and come up with new features and capabilities in digital faster for their members. It’s about an entire culture shift for the management team and by virtue of that, the rest of the organization,” Jeffery Kendall, EVP of North America sales and distribution for Temenos (which

completed its acquisition of Kony in September) (<https://www.cutimes.com/2019/08/29/temenos-to-acquire-kony-in-559-million-deal/>), observed.

The perspective of Kony, which actually began its relationship with Partners about five years ago, was, “Let’s go explore this together and help figure out what it takes for an organization to get ready internally to really keep pace with digital these days.” Temenos Infinity (formerly Kony DBX) – a portfolio of customizable, omnichannel applications that allows the credit union to integrate apps into existing platforms, drive internal goals and satisfy member preferences – provides the digital backbone for the credit union.

To complete its Digital 2x initiative, Janclaes recalled the credit union first needed to change its culture and methodology to empower development teams to stimulate change in all areas, including finance, risk management, audit training and shared services. Partners moved from a waterfall model methodology, in which a development team moves to the next development or testing phase only after completing the preceding step successfully; to an agile methodology, in which multiple development and testing undertakings can run concurrently.

The Partners initiative has now moved beyond the pilot phase. “That journey just continues, but we’ve made the transformation from being a top down waterfall development-type shop to being an agile shop. We’re always learning and perfecting and getting better,” Janclaes stated.

Janclaes admitted it previously took the credit union about a year to introduce a significant new product or feature, like an onboarding platform. “Usually it was over schedule, over budget. Even when we did deliver something, it was too slow.”

The Partners development teams aim for not only quicker but more positive results. For example, the credit union recently unveiled a new mobile banking platform. The SaaS-based mobile platform from Kony came in on schedule and budget, and included the features the credit union hoped to put out.

Janclaes noted the prior mobile app stagnated at a 2.1 Apple Store rating. The regenerated platform rates around 4.3. "Every time we check in it's a little bit higher, and we're having members tell us they're comparing it to their Chase app when they look at its layout and navigation."

"We have some capabilities others don't that allow us to achieve this," Kendall said. "What Kony brought to the table that nobody else did was the ability to build on top of a low-code platform; we have since inception been building custom applications that allow [credit unions] to make anything they want possible."

Kendall also pointed out Kony's development platform accelerates product cycles and increases agility. "You get the best of the ability to control your own user experience and roadmap, and the features and functions you want in your product, in your app, for your customers," Kendall said. "But you do not have the expense [you would] if you were trying to build it from scratch."

Partners has also saved over some 1,400 hours a year by moving to an automated testing framework from manual testing. Janclaes pointed out Kony showed Partners how to use some continuous testing tools, which reduced what took three days for automated testing to a couple of hours.

The new Partners culture also requires a fresh approach to human resources. "We have to create totally new training and recruiting techniques in order to get ahead of it," Janclaes mentioned. He added for some folks

this can be exhausting and is not something they want to do. “But if you love this business and you’re really facing it with a group of people who are likeminded, it’s actually energizing.”

Janclaes also admitted coordinating what are now six agile teams that generate many more products and services at a faster pace can cause problems. “Think about all the shared services surrounding and supporting that, like your risk management teams and HR teams for training. They’re having to adapt and learn how to work and support their shared services in an agile way.”

Faster development impacts the frontline too. “I mean, every 90 days, here comes a new, significant product or feature set that they need to learn and come up to speed on. Everybody needs to keep up with the support and implementation and then keep it up and going,” Janclaes said. “We’ve changed from what most credit unions do. We spent the last 12 months with our board understanding a safe and sound number to bring capital down. If we find a good investment to deploy at any one time, it’s not subject to an annual cycle. We created a portfolio of 52 opportunities and scored them. And so now it’s as fast as we can deploy.”

He added, “It’s important for credit unions to come to terms with it; if you’re going to start deploying faster technology, then look at your financial systems. Are they a good compliment to this idea of working faster? We’ve done that.”

Partners strives to continue improving. Its mobile banking app generates feedback through Medallia, a customer experience management company. “Our team reviews [evaluations] every day looking for opportunities to say, maybe members have a good point, and there’s something we need to address or fix to try to turn those right around,” Janclaes said.

Within the next month or so, Partners plans to create new value through Kony Tenemos Infinity Engage, a personalized messaging application that securely integrates with a credit union's identity management system and provides a compliant, browser-based portal for agents. In the first quarter of next year, the credit union will put a new online banking system into place. "So there'll be parity from mobile to our online experience," Janclaes said. "We're not afraid to invest or try new things, but if it doesn't work, we're onto the next. So it sounds like a heavy load, but if you're more successful and things are getting easier, it gets kind of exciting."