

CONCEPT DOCUMENT



TEAM MEMBERS

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THE OPPORTUNITY

The number of credit unions across Canada and the United States continues to decline. U.S. credit unions once peaked at 23,866 in 1969 and, as of June 2012, the number is down to 7,104. As for Canadian credit unions outside of Quebec, the number has declined from 681 in 2001 to 424 by 2011. Although the number of credit unions is declining, membership and assets are growing; however, credit unions account for just 8% of financial institution assets. The question is sustainability for credit unions and collaboration is the answer.

Most people would agree that collaboration is good. It allows organizations to find new revenue streams, reduce expenses through economies of scale, increase efficiencies and gain access to credit union best practices. Despite the obvious benefits, however, people find it difficult to collaborate with others. This disconnect can be attributed to a number of key barriers, the most fundamental being the recurring difficulty in finding the right collaborative partner or 'match.' Collaboration is usually somewhat of a crapshoot; current methods of finding potential collaborative partnerships include randomly trying to meet new peers at conferences, spending many hours on social media platforms or networking with people we already know.

THE SOLUTION

If credit union leaders had an efficient way of connecting with their best 'matches', collaboration would happen more often and be more effective.

CUnited connects credit union leaders seeking collaboration opportunities. Whether you are looking to share best practices or find fellow credit union leaders to build out the 'next big thing,' CUnited can help you find relevant potential collaborator matches. Unlike existing collaboration platforms, such as forums, blogs, or social media sites, CUnited uses an intelligent algorithm to match participants based on personal expertise, common interests and willingness to collaborate. It allows for users to factor in other personal preferences into their searches, such as geographic location and asset size of their ideal matches. CUnited's smart collaboration engine presents a list of potential collaborators and users are able to explore their potential matches by viewing their profiles and isolating their common interests. When users are ready, they can connect with their matches through CUnited's messaging platform and kick-start the newly founded partnership with an introduction.

CUnited: Match. Connect. Collaborate.

TARGET MARKET

Our target market consists of 300,000+ credit union employees comprising of:

- 240,000 credit union employees in the US
- 28,000 credit union employees within Credit Union Central of Canada
- 45,000 employees within Canadian Desjardins credit unions
- Approximately 78,000 credit union leaders

We expect that, with an appropriate level of marketing, approximately 1 per cent of this target market would sign up on the website within the first year.

USER BENEFITS

CUnited is a tool for credit union employees with the end goal of providing value to credit union members; however, this section addresses the benefits of the individual users, which include:

- Finding collaboration matches using an intelligent algorithm based on personal preference
- Greatly expanding the social collaboration network to interested members across the US and Canada
- Easy to use application and accessibility from virtually anywhere using an internet enabled device
- Ability to search for collaboration partners and learn more about their background
- Utilizing the message center to let the application make the first connection and communication
- Finding solutions to problems or challenges with other likeminded credit union people
- Expanding spheres of influence
- Receiving ‘intellectual oxygen’ and the opportunity to think and experiment outside the box

CREDIT UNION BENEFITS

According to Callahan’s Peer to Peer Software, credit union performance is positively correlated with collaboration. The table below outlines the performance of credit unions over a five year time period with a multi-owned CUSO, compared to credit unions without such a relationship:

	With Multi-Owned CUSO	Without Multi-Owned CUSO
Asset Growth	7.04%	4.50%
Loan Growth	9.51%	6.35%
Member Growth	2.82%	0.82%

There are numerous success stories of credit unions collaborating, a few of which are outlined below:

- TwinStar and SELCO credit unions jointly renegotiated network and communications systems, resulting in savings of over \$135,000 per year for Twin Star.
- CU Alliance in Oregon and CU Roots in California are two examples of credit unions coming together to negotiate lower medical premium rates for employees. Through this arrangement with CU Alliance, TwinStar Credit Union was able to save over \$375,000 in premiums.
- Credit unions partnered to form the Open Technologies Solutions CUSO to bring increased value to their members through economies of scale
- To reduce expenses, Billings Federal Credit Union partnered with another credit union to share an IT assistant. Billings estimates saving \$26,000 per in salary and benefits expenses.

PILOT RESULTS

After the CUnited website was created, a group of current i3 members and credit union executives were asked to register, use the site and provide their feedback. Out of the 24 people who initially registered, 22 completed the survey.

The pilot group participation provided a wide coverage from a geographical and demographic perspective:

Smallest participating asset size credit union – \$9,630,670

Largest participating asset size credit union – \$16,347,073,200

Smallest participating membership size credit union – 2,890 members

Largest participating membership size credit union – 529,111 members

According to survey responses, the general usability of the site was very positive: CUnited scored high on ease of registration, visual appeal and intuitive navigation. Looking at the responses relating to the main purpose of the website, CUnited continued to score high; however, there were some areas for improvement in future versions of the application.

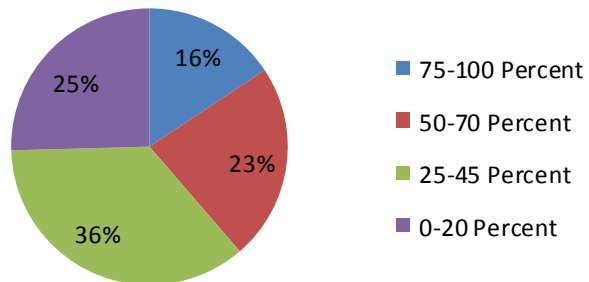
The following key findings outline how many users gave each area a top rating of 4 or 5 on a scale from 1-5:

- 58.9% of users thought CUnited matched them to a well-suited collaboration partner
- 64.7% of users thought their suggested match’s interests aligned very well with theirs
- 58.8% of users said they very clearly pointed to a suggested area of collaboration with their matches
- 76.5% of users said at the final stage, they were comfortable reaching out to their matches
- Additionally, while using the application, the 24 members exchanged 31 collaboration messages

As the diagram below shows, the pilot resulted in 287 total matches, of which 45 (or 16%) resulted in a match quotient of 75 percent or higher. Using the algorithm’s match quotient as an indicator of success, CUnited saw the following distribution.

Total Matches by Match Quotient Range:

Match Quotient Range	Match Count
75-100 Percent	45
50-70 Percent	66
25-45 Percent	103
0-20 Percent	73
Total	287



OPERATIONAL AND OTHER CONSIDERATIONS

In future phases of this project, the target market may expand to include employees and affiliates of credit unions such as CUSOs, associations, leagues, vendors and other organizations and companies providing services to credit unions.

Additional options for expanding the CUnited platform include:

- Collaboration groups for multiple participants
- Paid preferred membership with access to additional resources and tools
- Credit union vendor and partner advertising
- Collaboration contract advice
- Credit union resource exchange
- Credit union to credit union collaboration in additional person to person

FINANCIAL PRO-FORMA/ROI

At present, CUnited is a free service to users. The hosting cost of CUnited under the current model will grow with the amount of bandwidth and database storage consumed.

Price matrix based on usage scenario

Scenario	Minimal	Realistic	Ideal
Membership base	Less than 100 users	100 to 1000 users	More than 10,000 users
SQL Server Storage	1GB – \$9.99	5 GB - \$25.98	100GB - \$175.83
Bandwidth outbound per month	<5GB – Free	50GB - \$5.64	1TB - \$119.40
SSL Certificate per year	Approx. \$200		
Domain name per year	Approx... \$60		
Total Cost per month	\$9.99	\$31.62	\$295.23

RESOURCES

To keep CUnited running, there are system requirements which will need to be maintained beyond an internet connection:

- Windows Azure Webhosting
- Microsoft .Net Framework
- C# development language and MVC application pattern
- SQL Server 2008 R2 database
- Visual Studio Web Edition
- Access to quarterly Call Report and top 100 Canadian CUs list

GETTING STARTED

1. Surf to <http://cunited.azurewebsites.net/>
2. Create your profile
3. Learn about your matches
4. Connect!

Contact us if you are interested in learning more at innovation@filene.org