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DELTA COMMUNITY CREDIT UNION: IT TRANSFORMATION DRIVES CREDIT UNION REINVENTION

WINNER OF CELENT MODEL BANK 2021 AWARD FOR
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CASE STUDY AT A GLANCE

FINANCIAL INSTITUTION	Delta Community Credit Union (Delta Community)
INITIATIVE	IT Transformation Drives Credit Union Reinvention
SYNOPSIS	In 2015, Delta Community began a comprehensive, multiyear IT architecture and core banking system transformation in response to needs for greater system availability and member satisfaction. This “people, process, and technology” transformation initiative impacted the entire organization and enabled Delta Community to thrive throughout the 2020 pandemic.
TIMELINES	<ul style="list-style-type: none"> • Mid-2015: Launch of multiyear IT transformation plan and migration to a new online banking system • 2016: IT reorganization, staff upgrade, and process management structuring • 2016–2017: Build of new call center “Member Service Platform” CRM application • 2017–2019: Completed relocation to two modern, geographically diverse data centers • 2017–2020: Initiated and completed the build of a new “Product Origination Platform” • 2020: Launched new video-based collaboration and conferencing system for internal and external use
KEY BENEFITS	<ul style="list-style-type: none"> • Created a new company culture of preparedness and rapid response that enabled Delta Community to rapidly adapt to the pandemic and achieve 4% member growth in 2020 • 13-point increase in net promoter score from 63 in late 2015 to 76 in 2020 • First place among 118 peers for member satisfaction
KEY VENDORS	Jack Henry/Symitar, Microsoft, NCR, Flexential

Community-based financial institutions sometimes lack the size, scale, IT budget, and expertise to stay up-to-date on technology. Underinvestment in IT can negatively

impact operations, member experience, and credit union performance. In the long run it can force the firm to fail or sell out to a more efficient competitor.

This Model Bank report uncovers how Delta Community undertook a multiyear technology and operations transformation project in recognition that fundamental technology improvements to modernize and improve system availability could drive improved member satisfaction and overall success.

Completion of this project prior to the 2020 COVID-19 pandemic enabled Delta Community to not only survive, but rather thrive through the economic and financial challenges related to the pandemic. This comprehensive transformation provides numerous insights for community-based financial institutions faced with strategic tradeoffs and decisions on short-term planning and budgeting decisions versus long-term survival.

CELENT PERSPECTIVE

- This was a unique, comprehensive transformation of both technology and operations for a community-based financial institution. Delta Community also created a new culture focused on agility, preparedness, and teamwork that enabled it to rapidly adapt to the COVID-19 pandemic.
- Other financial institutions can learn the importance of:
 - Fully utilizing the core banking system and other existing technology they have in place before customizing systems or acquiring new ones
 - Applying system configuration, not customization, to systems
 - Consolidating duplicate IT systems that have overlapping functionality
 - Regularly updating business continuity/disaster recovery plans and systems
- We found it particularly innovative and challenging that Delta Community made the long-term decision and capital investment to replace both their member-facing call center operations and back-office data center with industry-leading, tier-three colocation data centers. Although they could have made improvements to existing facilities, they made a decade-long investment in modern new facilities.
- Delta Community quickly adapted to work from home (WFH) requirements for its member-facing, home office, and IT project employees by implementing Microsoft Teams to continue collaborating virtually with high security.
- Delta Community achieved outstanding business benefits throughout 2020:
 - IT transformation improved business continuity and member satisfaction
 - Realized 4% member growth in 2020
 - Achieved a 13-point increase in net promoter score to 76 in 2020

DETAILED DESCRIPTION

Introduction

Delta Community Credit Union (Delta Community) is a state-chartered, community-based credit union headquartered in Atlanta, Georgia. It was founded in 1940 as an employer credit union for Delta Air Lines, which converted it to community credit union status in 2005. Its field of membership includes anyone living or working in 14 counties in the Atlanta metro area and employees of more than 150 businesses. Delta Community is now Georgia's largest credit union and the twenty-fifth largest credit union in the United States. It has over \$7.8 billion in total assets and more than 430,000 members, 64 ATMs, 26 metro Atlanta branches, and three out-of-state branches. Table 1 provides an overview of Delta Community.

Table 1: Delta Community Credit Union Snapshot

Delta Community Credit Union	
YEAR FOUNDED	1940
REVENUE / ASSETS	\$290M / \$7.8B
GEOGRAPHICAL PRESENCE	Headquartered in Atlanta, Georgia (US) 26 branches in metro Atlanta, plus branches in metro Cincinnati; metro Dallas/Ft. Worth; Salt Lake City; and over 5,000 service centers (shared branches) nationwide.
EMPLOYEES	1,165
OTHER KEY METRICS	64 ATMs Over 430,000 credit union members
RELEVANT TECHNOLOGIES AND VENDORS	Jack Henry: Episys core system from Symitar Microsoft: Teams, SCCM for desktop software NCR: ATMs, digital banking Flexential: Data center colocation provider

Source: Delta Community Credit Union

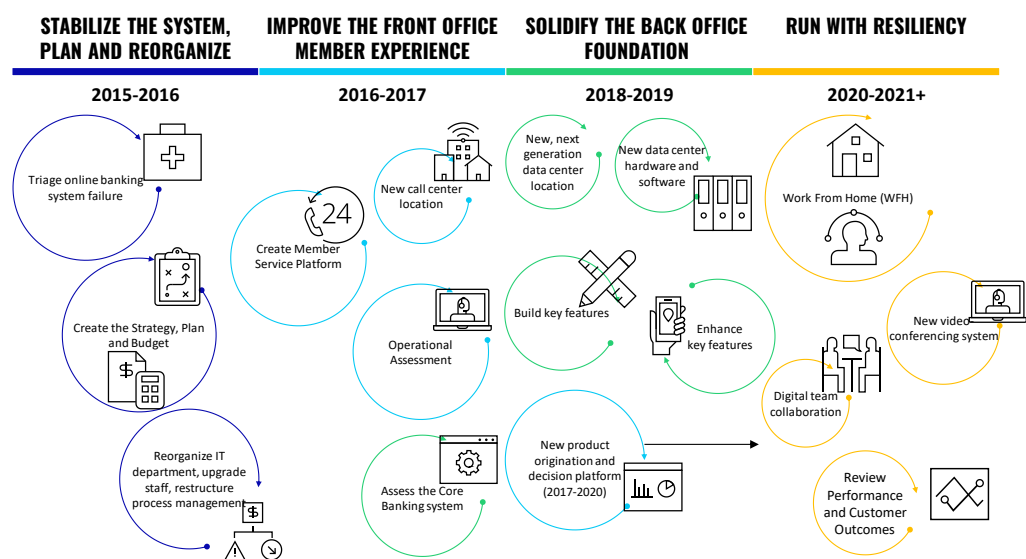
Community-based financial institutions sometimes lack IT budget and expertise to stay up-to-date on technology. This hurts their operations, member experience, and firm performance. Recognizing that fundamental technology improvements to modernize the system and improve availability could enhance member satisfaction and increase overall success, in 2015 Delta Community began a comprehensive, multiyear IT architecture and core banking system transformation. This transformation was also driven by a system outage and the arrival of a new CIO. They then embarked upon a multiyear people, process, and technology initiative that transformed the entire organization and enabled Delta Community to thrive during the next business continuity/disaster recovery event: the 2020 COVID-19 pandemic.

Opportunity

Tim Mitchell, Senior Vice President and Chief Information Officer at Delta Community Credit Union, was the project’s executive sponsor. Tim had worked at Delta Air Lines for 26 years and had been on Delta Community’s supervisory committee for a decade. The Delta Community IT department was relatively small with limited budgets that led to some maintenance and oversight issues. Tim was hired in 2015 to be a long-term change agent, but two weeks after his arrival the new online banking system experienced repeated and significant outages. Tim set about to triage the online system failures and accelerated plans to assess the entire IT operation.

Figure 1 summarizes the key strategies and projects that Delta Community implemented.

Figure 1: Key Strategies, Timeline, Projects, and Milestones



Source: Celent, Delta Community Credit Union

Solution

Stabilize the System, Plan, and Reorganize (2015–2016)

Delta Community's IT transformation story is a very unique one that can provide a roadmap for other community-based financial institutions with similar issues. Delta Community's first priority was to stabilize their new online banking system. After this was completed, the first year focused on strategy and reorganization. Their second priority was to create an IT organization structure, formalize project governance, and hire new IT expertise where needed. This included designating a formal owner of the core banking system (CBS) that would own the product, strategy, maintenance, and ongoing success of the CBS.

Third, they created an IT Transformation Plan that examined every system and began systematically implementing transformation efforts in a prioritized fashion across all the different functional areas. As this planning led to new IT projects, they also created a new, formalized product development process to improve project delivery.

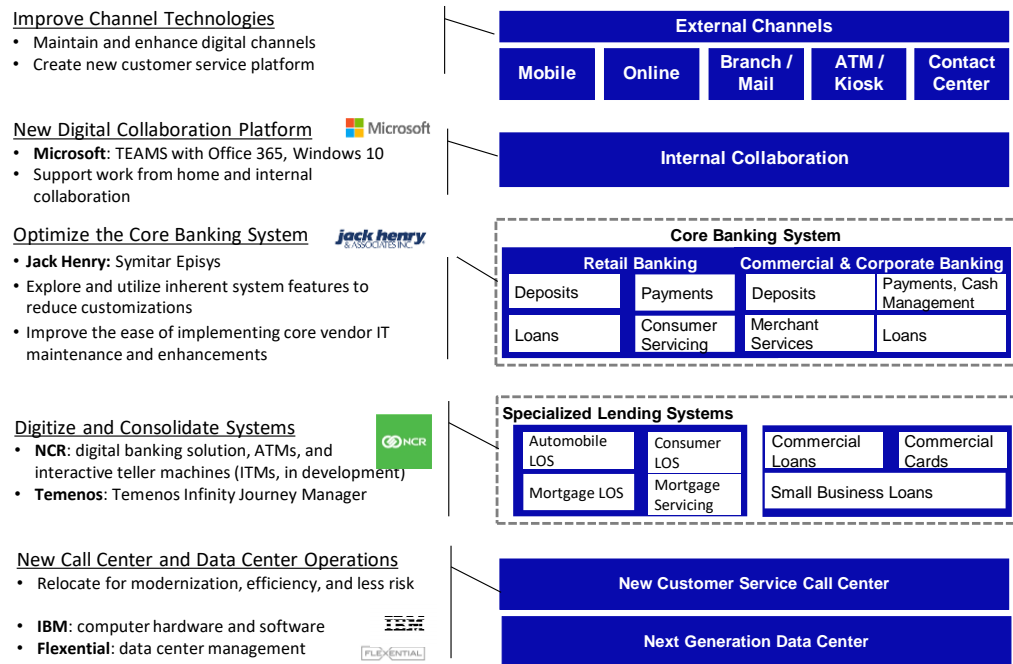
Improve the Front Office Member Experience (2016–2017)

Delta Community next focused on systems and operations that would improve member experience. Their call center agents previously had to log into specialized systems in addition to the Symitar Episys core banking system. Up to 20 systems might be involved, and agents had a limited single sign-on. Within 18–24 months, Delta Community created a centralized relationship management system called the Member Service Platform, which consolidated much of the agents' activities and provided an enhanced single sign-on. With the Member Service Platform, agents are now able to accomplish over 50% of common tasks in one system.

Delta Community also created a modern call center facility. This included a new building, servers, telecommunications, and office equipment. It implemented Avaya phone technology to improve call routing, interactive voice response, and to support member self-service.

Figure 2 depicts major front, middle, and back office technology and operations improvements.

Figure 2: Transforming Front, Middle, and Back Office Technology and Operations



Source: Celent

Core Banking System Review. Delta Community also conducted a review of its core banking system, Symitar Episys from Jack Henry. Symitar Episys (which was acquired by Jack Henry in 2000) was installed in 1990. Delta Community wanted to know what its current capabilities were, how it could meet the credit union’s current and future needs, and if they needed a different core system. Over the years, Delta Community had made business decisions that required some processes to be customized in Episys to function correctly. These customized processes provided a short-term solution; however, combined with the lack of structured change management and oversight, they made performing system maintenance unnecessarily time consuming.

Delta Community concluded that they should continue with Episys, a core system used by approximately 40% of all US credit unions with total assets of \$1 billion or greater. They partnered with Jack Henry’s SymAdvisor team to examine things that they could improve to optimize the system’s functionality. For example, Episys has built-in functionality that only requires configuration (not customization), such as for member fee management and monthly statement generation. It also has other functionality that Delta Community could activate and utilize. The SymAdvisor team performed multiple assessments for Delta Community, and the two firms continued

to partner together throughout the transformation process to assess capabilities for new products and services as well as streamlining existing processes.

Vendor Consolidation. As Delta Community reviewed their entire IT portfolio, they decided to consolidate vendors and systems. For example, they had overlapping point solutions for each line of business. They consolidated IT spending, saved money on licensing and support, and built strong partnerships with strategic vendors, including:

- Jack Henry Symitar for core banking technology, roadmap, and IT assessments
- IBM for P950 core hardware platforms and Nimble for enterprise storage
- Microsoft for Windows 10 operating systems, Office, Teams, and System Center Configuration Manager (SCCM)
- NCR for ATMs and digital banking
- CFM middleware integration technology for cash automation integration with Symitar Episys, to move away from antiquated cash dispense machines to cash recyclers, disparate daily reconciliation processes, and for teller system integration

By consolidating with key partners in specific areas, Delta Community expanded the relationship focus from price and service to include long-term partnership and the IT roadmap for the future.

Solidify the Back Office Foundation (2017–2019)

In addition to providing Delta Community with its core banking and other system technologies, Jack Henry's SymAdvisor consulting team performs IT and operational assessments for its members. In 2016, Jack Henry conducted a two-week operational assessment for Delta Community. These assessments, by senior consultants known as SymAdvisors, are often performed periodically and when there is an IT leadership change. This assessment offered best practices and health checks on computer hardware, software, and processes, and provided numerous change recommendations to support Delta Community's IT Transformation Plan during the project.

Facilities and Platform Upgrades. Traditionally, Delta Community operated and managed its own onsite data centers. However, the IT team assessed the existing facilities from an operational, networking, maintenance, risk, and business continuity perspective and found them unsuitable for future growth. To fix these issues, the decision was made that instead of modifying the existing facility it would be optimal to sunset the existing data center facilities and move to a newer, modern colocation facility.

Run With Resiliency (2020–2021+)

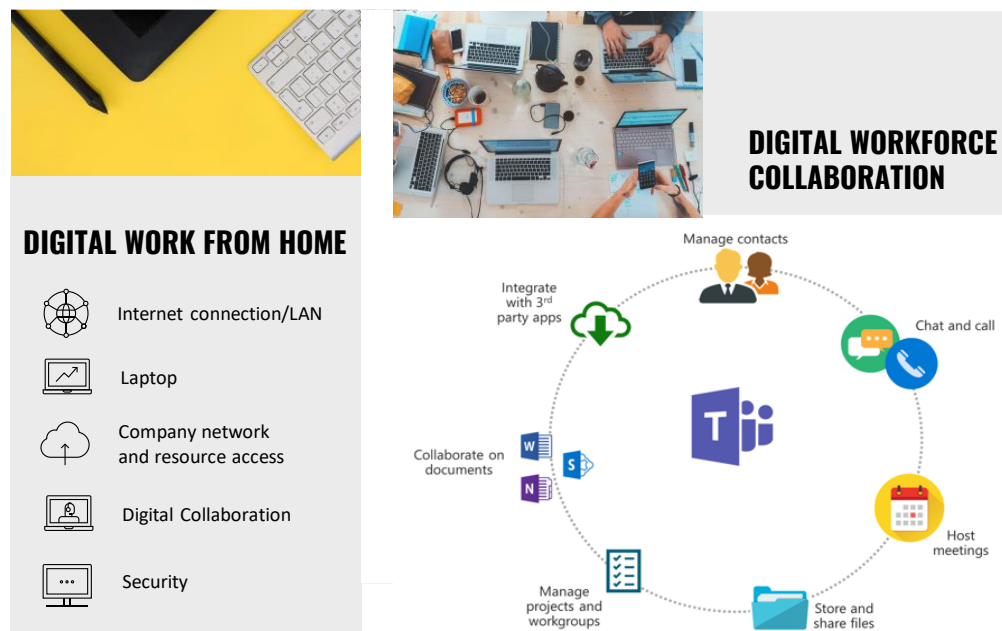
When the pandemic hit, Delta Community was ready to adapt and transform for the dramatically new operating environment and technology requirements. This

capability was in stark contrast to when the online banking system experienced repeated significant outages shortly after Tim Mitchell's arrival. Delta Community had come full circle in terms of its ability to be resilient regardless of the situation.

Member service levels were maintained even as member inquiries increased and employees shifted to working from home. Delta Community quickly enhanced its strong technology platform by adding digital, flexible, and secured work collaboration software. Microsoft Teams was being tested in IT with plans to implement later in 2020. Microsoft Teams is a group collaboration platform that can be used to help internal and external work groups and members work together remotely or centrally. It integrates Microsoft Office with chat, videoconferencing, content storage, project management, and third party applications to increase work efficiency and teamwork.

Within two weeks of initiating work from home policies Delta Community expanded its use from two people to all 1,165 employees in March 2020. Figure 3 depicts their work from home strategy and use of Microsoft TEAMS. It is used externally for videoconferencing with certain security restrictions, and internally for work project collaboration.

Figure 3: Secure, Digital, Flexible Internal Work Collaboration on Microsoft Teams



Source: Celent, Microsoft

Delta Community also addressed the new information security requirements presented by the new Microsoft Teams technology deployed in the Microsoft Cloud. The Delta Community IT team worked with the firm's enterprise risk office and chief information security officer (CISO). They enhanced security policies, procedures, and monitoring, and were confident in Microsoft Cloud security.

Results, Lessons Learned, and Future Plans

This Delta Community Credit Union strategic technology initiative demonstrates the value of long-term planning, executing in phases, and addressing potential business continuity and disaster recovery issues. Above all, it demonstrates the value of having a “member-first” credit union perspective—which takes a long view to budgeting for return on investment versus a short-term focus on quarterly earnings.

Figure 4 summarizes the qualitative goals and quantitative results that Delta Community Credit Union achieved with the IT Transformation Plan and its 2020 performance in response to the COVID-19 pandemic.

Figure 4: Key Metrics

Category	Qualitative Objectives	Qualitative and Quantitative Results
Customer Experience	Improve credit union member sales and service experience	<ul style="list-style-type: none"> • 2020 Net Promoter Score of 76 (up from 63 when the project began). • 2020 Member Growth of 4%. This has been a huge success because numerous financial institutions experienced negative growth. • Delta Community tied for first place in Member Satisfaction in a survey of 118 credit unions conducted by Raddon. • High employee engagement and satisfaction evidenced by Delta Community’s designation as a Best Place to Work in Atlanta for a sixth straight year.
Company and Technology	Develop best-in-class credit union operations and technology	<ul style="list-style-type: none"> • Invested strategically to deliver sustainable results. • Create administrative back-office and front-end infrastructure/applications, which deepened relationships with existing members and attract new ones. • Develop employees and help them grow professionally, which ultimately helps Delta Community attract and retain a high-performing workforce. • IT department was nominated for and won Delta Community Credit Union’s 2016 “ACE” Award for Excellence as determined by fellow employees.
Community	Enhance its community presence to solidify its value not only to current membership but also to the broader community to sustain growth	<ul style="list-style-type: none"> • This transformation program reinforced Delta Community’s reputation for thought leadership, not only among our members and other consumers, but also among peers in the financial services industry. • Delta Community CIO Tim Mitchell is the board chair for the Atlanta Better Business Bureau and a member of the Delta Community Speakers Bureau. • Delta Community is a trusted resource for news and trade magazines.

Source: Delta Community Credit Union

Lessons Learned

Delta Community learned the value of creating an IT organization geared for success by planning, implementing, and preparing to pivot when market conditions change. They brought in new talent, full-time or on a consulting basis, to augment the existing staff and enhance both the business and technology cultures to create an environment of trust and teamwork.

At its October 2020 board of directors planning session, Delta Community’s leadership team members reviewed their pandemic response and determined that it was not an accident. All the prior IT investments—world-class technology that was future-proofed to support network capacity, branch, and Internet traffic, and data volume moving at peak capacity—positioned Delta Community to pivot quickly and successfully.

“We knew that the work we completed with our IT Transformation would pay dividends, but 2020 really showed the power and possibilities. The pandemic significantly impacted our business, but in no way derailed our ability to fulfill the financial needs of our members,” said Delta Community CIO Tim Mitchell. “We knew we had positioned ourselves on a trajectory for continued success, but we were able to further leverage the foundations of a strong and nimble team, modern/adaptable technology, and strong vendor relationships to not only successfully manage through this incredible challenge, but to thrive as well.”

Future Plans

Delta Community will continue to mature along the Capability Maturity Model Integration scale (CMMI, a process-level improvement training and appraisal program administered by the CMMI Institute). This focuses on operational enhancements and enterprise-level architecture best practices.

Delta Community plans to implement the new Symitar core banking system Enterprise Database (“SEDB”) during the next 24 months to more fully leverage Jack Henry’s latest technology roadmap. They may also enhance their use of Microsoft TEAMS internally, and potentially for member service or advisory product sales for selected use cases in retail, business, or wealth banking.

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