

INTELLECTUAL CAPITAL

Insights & Opinions from Financial Services Industry Thought Leaders

Interview with **Mike Atkins**

CEO
Open Technology Solutions, LLC



“Organizations must first decide if they really want to collaborate, as opposed to just talking about it”

What’s your backstory?

I came from a large family, with seven siblings. I consider myself a Kansas kid, but grew up in a lot of places, including California, Alabama, and France. My dad was in the military, and then a warden at a prison in Leavenworth. As the son of a warden, you occasionally earn a visit to the prison to see what happens when you screw up.

In high school, I had a passion for cars, and wanted to attend the General Motors Institute of Technology to become an automotive engineer. But my chemistry teacher, who was an influence in my life, convinced me to consider chemical engineering at the University of Kansas. After one semester and a tour of a chemical plant, I realized Chemical Engineering wasn’t a good fit, and switched my major to Petroleum Engineering, which was a highly sought-after degree at that time. I had summer internships with Exxon and Amoco, and went to work for Amoco in Wyoming, which was challenging and fun. I absolutely loved it.

Why the career path shift from engineering to financial services?

In 1986, the price of oil dropped from \$35 to \$12 a barrel in about six months, and the industry

contracted. With a college degree no one wanted, after more than three years with Amoco, and the price the oil at \$12, I found myself without a job. So, I packed up my truck with everything I owned, drove back to the University of Kansas, and earned an MBA degree. That led to a position with Deloitte Consulting, where I spent a decade working with organizations in various industries, on a variety of engagements, including a project for a small insurance company in Wisconsin, where I developed an interest in technology.

That project led to similar assignments in other industries, including finance, and I began to focus my career at Deloitte in technology work. I left Deloitte in 1997 to start my own consulting firm, working exclusively with credit unions on the Y2K issue. Over time, I assisted on a variety of technology planning and facilitation engagements.

That led to an opportunity in 2001 to join Bellco Credit Union in Denver as its CIO. Bellco had just converted its core systems and wanted to create an open environment that required an entirely different set of skills, and a different set of surrounding tools to make it work.

How did that position lead to the creation of Open Technology Solutions?

At Bellco, we had built this very strong asset in technology, and we began to explore how else it might be applied, including building an organization that could support the technology needs for other credit unions. Around the same time, Bethpage Federal Credit Union was interested in how we were using the tool, which led to a conversation about creating a CUSO together. We agreed to create Open Technology Solutions, which began operations in 2003 as a joint venture between Bellco and Bethpage.

How is OTS different from other CUSOs?

There were credit unions that created CUSOs to provide technology services to other credit unions, but many of those were owned by one credit union, and they served other credit unions as customers. Our CUSO model is very different, because it is equally and jointly owned by the partners, and we serve them in a collaborative manner. The partners decide together how they want to be served by the CUSO.

When we created OTS, large credit unions partnering in that manner was not a common practice. What we were doing was a new concept, and we needed to build collaboration models for how to work together, and how two credit unions could make decisions supported by a CUSO to provide technology services.

How has OTS grown since its founding?

Over a period of several years, we added a few more partners. Ultimately one partner merged and left the consortium, and we currently support three: Bellco in Denver, Bethpage in New York and SECU in Maryland. We've explored other credit unions joining the CUSO, but the extensive collaboration model we use is more than many organizations are willing to commit to.

In 2012, the three partners explored an opportunity to consolidate a number of their back-office functions, including contact center, collections, loan origination, loan servicing for both consumer loans and mortgage loans, and deposit operations – to provide greater scale than operating those functions individually.

Rather than building scale and value by adding credit unions to the technology CUSO, the consortium created additional scale and value by consolidating other business functions into an operational CUSO, called S3 Shared Services Solutions, based in Baltimore. S3 now serves as the back-office operation center for all three partners.

Today, we're a consortium of five companies. Three large credit unions that have combined assets of around \$22 billion, and two CUSOs that are essentially shared service operations: one shared service for technology, one shared service for back-office operations.

Why is collaboration difficult for so many credit unions?

If you're a large credit union, you're accustomed to making all decisions your way. In our consortium, we've learned that if we don't stay aligned, the value proposition for these CUSOs doesn't exist. We all run the same systems, the same core, the same consumer lending, the same mortgage lending, the same collections, the same digital banking platforms. That adds value because we can scale. We're not having to support a variety of disparate systems to do the same thing.

If we bring scale, then operating expenses drop, which allows credit unions to generate more net income to invest in their growth. The challenge with collaboration is that credit unions want to do it their way. In our model, the consortium decides how to do certain things. People say, "I don't want to give up control." In fact, you're involved in the process to decide what's going to be done together.

Do you see collaboration business models evolving in the next three to five years?

We've encountered challenges we never thought we would and found ways to solve them. We've worked hard to get people to buy into the model and to feel they're not giving something up in a collaborative model.

Organizations must first decide if they really want to collaborate, instead of just talking about it.

There's a growing number of opportunities to collaborate today with other credit unions, with other financial institutions and with fintechs. Over the next 3 to 5 years, a growing number of credit unions will realize they can't achieve the scale they need to survive without collaboration. Three credit unions collaborating with a CUSO will not bring the scale of a Bank of America; however, it can create an environment where we can do more than we otherwise would have.

In what ways has the digital revolution changed the community banking business model?

The digital revolution has increased dramatically what would be defined as table stakes. At one time, you had to have "online banking," and that's how members accessed their accounts remotely. You need to do much more than that now. For example, members need to be able to pay another person easily in real time. They need to be able to open an account using whatever device they use. To attract new members, credit unions need all of those digital capabilities, which sounds easy until you consider the technical requirements, safeguards and increased costs that are involved.

Our members' service-related expectations aren't being set by financial institutions; they're being set by every app downloaded on their devices. Amazon and others are setting the expectations in the consumer's mind for how they need to be served. Amazon knows what you looked at three minutes ago or last week, and what you ordered two years ago, and they're

constantly using that information. Consumers get used to being served that way, and that's the expectation we're trying to match through our digital channels now, which can be challenging.

What are the most significant market opportunities for credit unions today?

Credit unions must create experiences that really attract members. They also need to remove friction from the member experience. Whether that's digitally, in the branch, or through the contact center, they have to be really easy to do business with.

Every credit union needs to be looking for opportunities to grow their lending portfolios, whether that involves internal growth, or growing them through partnerships with other organizations. We're lending institutions, and at the end of the day, that's how we make money. Many institutions are flush with assets or cash right now. But they need to generate loans, to put that money to work.

How much of a lasting impact will growth of the remote workforce have?

I have heard people say, "There's no possible way we can operate remotely." Well, on March 13th of last year, we went from operating 100% on-site to operating 100% remotely. And we accomplished that in a week. We didn't have a choice.

We're trying to get back to a more normal mode, but I don't know that work will ever return to what was

considered normal pre-pandemic. There are benefits to that. For example, it opens up the labor market far beyond wherever your office is located. I can hire talent anywhere in the world if I choose to.

The challenge is in maintaining your company's culture with a workforce that may be remote. We're just scratching the surface of some of the issues we'll need to address with a remote workforce.

What are your sources of personal inspiration or words you live by?

I had a finance professor in my MBA program who offered two words of advice. He said: "Results matter." It's not about how hard you worked or how much work you did, it's about results.

Based on that philosophy, we've tried to build our organization based on measurable results. At the end of the day, we reward our people based on our results. It's very straightforward. That keeps me going. It's measurable. We can argue about which results matter, we can argue about whether we are measuring the right things. But we have a scorecard, we're going to set targets, and we're going to measure ourselves against those targets. It changes your mindset when you start to recognize that all of the other stuff can just be background noise.

Any insights into your personal life?

We've been blessed with three great children, who are becoming three great adults. One college graduate, one a junior in college, and one in high school. We've got three dogs that keep us pretty busy. We lead an active lifestyle, whether it's walking, running, cycling or skiing.

I've been a youth coach for hockey, football, basketball, baseball, going back to before we had kids. Coaching kids has kept me young. I also enjoy teaching, mostly from the standpoint of watching kids discover the answer. I think teaching could have been an alternative career path for me.

What's behind your interest in the World Ocean School?

I serve on the board of World Ocean School, which provides experiential education for mostly disadvantaged kids. We take these kids who wouldn't otherwise get a chance to be on a boat, or to be on the ocean, and they put them out at sea on a 95-year-old, 135-foot-long wooden schooner. It's a fantastic learning experience, where they learn math, they learn science, they learn marine biology, and they learn it through doing it. It's true experiential learning, and the cool thing is you watch kids get on that boat and they're not sure of themselves. But by the time they get off, their self-confidence is through the roof. I serve on the World Ocean School Board, because the mission really resonates with me. I hope to continue to do it.

Have you found any way to fulfill your interest in cars?

I plan to find time over the coming years to re-discover my passion for cars. There's something about restoring or modifying an old car that interests me. I've rebuilt a few engines and tinkered around with modifying cars when I was younger, but I think I'd enjoy doing more. I'm sure I'll make a lot of mistakes, but it will keep me busy, and I'll have a blast.

Mike Atkins has served the credit union community for twenty-nine years in various roles. After 11 years as a technology and business consultant, he joined Bellco Credit Union as CIO in 2001, and two years later worked with Bellco CU and Bethpage FCU to create Open Technology Solutions, LLC (OTS), a technology credit union service organization (CUSO). In addition to his service in the credit union community, Atkins worked four years as a petroleum engineer with Exxon and Amoco, and also served a variety of financial services and other clients as a senior manager with Deloitte Consulting.

In addition to leading OTS as CEO, he has served on many industries leadership bodies, including Credit Union Financial Exchange (CUFX) Steering Committee, Alkami Client Advisory Board, National Credit Union Information Sharing and Analysis Organization, and the Federal Reserve Bank 10th District Payments Advisory Group, the CUNA Technology Council Executive Committee, and the National Association of Credit Union Service Organizations (NACUSO).

Atkins earned his Bachelor of Science in Petroleum Engineering and his Master of Business Administration (Finance), and in his spare time enjoys outdoor activities and coaching youth hockey.