



## CASE STUDY

### JHA OutLink Processing Services™ (JHA OPS)

*“A direct hit from a hurricane helped make outsourced processing a logical option for us. I wish we had returned to outsourcing sooner.”*

Doug Welch  
Vice President  
Escambia County Bank

**Institution:**  
Escambia County Bank

**Location:**  
Flomation, AL

**Assets:**  
\$76,000,000

**Founded:**  
1924

## Escambia County Bank Migrates from In-House to Outsourced Processing



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Outsourcing has long had a valuable role in many banks’ IT strategies. Today, the forces driving banks to consider outsourcing – and the benefits they can gain from a successful provider partnership – are greater than ever.

With outsourcing, banks not only benefit from lower costs, but also gain access to the latest technology and a more sophisticated infrastructure and processing environment. Additionally, in today’s compliance-focused environment, outsourcing shifts much of the compliance burden to the provider, while providing banks and their customers with powerful security, disaster recovery, and business continuity resources.

Disaster recovery was one of several reasons that Escambia County Bank in Flomaton, Ala. chose to move to an outsourced environment. When Hurricane Ivan threatened the bank in 2004, the single-branch bank realized a need for a more reliable business recovery plan. The bank decided to move from an in-house operating environment to the CIF 20/20-based outsourced solution in 2008.

In the following interview, Doug Welch, vice president at Escambia County Bank, shares what motivated the bank’s decision and explains why he believes the migration to outsourcing was a good strategic move.

**Jack Henry Banking: How long did you process your information and transactions in-house?**

**Doug:** We converted from our original outsourced environment to an in-house system in 1990. We then converted to Jack Henry Banking’s CIF 20/20 system in 1996 and made the strategic decision to move to the CIF 20/20-based outsourced solution in 2008.

**JHB: Was your shift in operating philosophies a gradual shift over time or was it driven by a moment in time like the impact on hurricanes on the financial institutions in that area?**

**Doug:** Our move back to an outsourced environment was supported by several important factors. The benefits of outsourcing and the growing number of banks moving to pay-as-you-go processing started a gradual shift in our operating philosophy. We are a single-office community bank located on the Alabama/Florida border, and our area was hit very hard by Hurricane Ivan in 2004. So this direct hit from a hurricane also helped make outsourced processing a logical option for us, especially with only one location.

**JHB: What were the fundamental reasons you changed operating environments?**

**Doug:** The rapid changes in technology made it very difficult and expensive for our bank to maintain up-to-date equipment. Operationally, the ongoing software and hardware updates became too cumbersome and complicated, and in-house systems meant paying in-house software license fees that outsourcing eliminate. From a disaster recovery standpoint, outsourcing will make it significantly easier to recover the bank if a disaster hits our area again. Our decision to outsource just made sense both from operational and financial standpoints. And our move to outsourcing was a unanimous decision by our bank’s upper-level management and board of directors.

**JHB: Did your staff embrace the change immediately?**

**Doug:** Our entire staff fully embraced the change, especially our operations department. Moving to outsourcing means they no longer have to stay and wait on the end-of-day processing to complete and they no longer have to work late to fix processing problems.

**JHB: Is it safe to say your migration to outsourcing was transparent to your customers?**

**Doug:** Yes. Because we continued using Vertex Teller Automation in our outsourced environment, the move was completely transparent to our customers. And our customers actually benefitted from the migration since we no longer have to take the core system and Internet banking down for upgrades.

**JHB: Do you expect pay-as-you-go technology to generate bottom-line benefits?**

**Doug:** Yes, primarily because we do not have the large capital outlays for the new and upgraded equipment. We were buying new servers and other equipment every three to five years. Now, Jack Henry Banking takes care of the equipment upgrades and absorbs the cost.

**JHB: What has been your most pleasant surprise about outsourcing?**

**Doug:** One of the best things about outsourcing is year-end processing. It's great to leave at the normal time and actually enjoy ringing in the New Year while Jack Henry Banking takes care of the year-end processing. It's also nice not working late on PTFs and other software upgrades, and testing our disaster recovery plan is extremely easy in an outsourced environment. The data center staff is very responsive and professional, and I can't think of anything I would change about Jack Henry Banking's outsourced delivery.

**JHB: Would you say your day-to-day work life is easier now?**

**Doug:** Yes, it's definitely better. There's no doubt about it. In fact, I wish we had returned to outsourcing sooner.



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JHA OPS enable our clients to leverage our company's extensive infrastructure and sophisticated processing environment, which eliminates the significant capital expenditures required for in-house installations, the need for resident resources to operate and manage in-house data center operations, and long-term capacity planning. Outsourcing also provides banks with the ability to narrowly focus on their core competencies with seamless access to advancing technology, strict regulatory compliance, and ongoing access to industry, technology, and security experts.

For more information about Jack Henry Banking®, or to schedule a demonstration or talk to an existing user, email [askus@jackhenry.com](mailto:askus@jackhenry.com), call 417-235-6652, or visit [www.jackhenrybanking.com](http://www.jackhenrybanking.com).