Critical
from entrepreneur

BY TIM RUBAN, DOUG CASEY AND KEVIN DIONNE

What are the Initial Requirements and Next Steps You Should Take?

Technology
to enterprise

Check-cashing companies across the country represent the full spectrum of business types – from the classic "mom and pop shop" to the full-scale publicly traded corporation, complete with its own office tower. How can we approach the question of critical technology requirements in such a diverse setting? For one thing, no matter what the scale of your organization; whether you have one PC in the back of your store or your own Information Technology Network across multiple locations; there are critical requirements that are absolutely necessary.

For another, since the majority of check-cashing locations are, in fact, part of mid-sized chains, we will focus on the key steps such mid-sized companies should take to build a technology platform that is robust enough and flexible enough to set you on the right path for future growth.

We will suggest fundamental, strategic steps that should serve you in good stead to protect your current technology investment and provide you with a solid foundation for moving forward.

TWO STRATEGIC ANSWERS
The two strategic answers to meeting critical technology requirements and taking your company to the next technological level are business continuity and data warehousing. One will ensure that you won't rue the day you automated, and the second will ensure that you get the maximum "bang for your buck" in leveraging your technology investment.

ANSWER #1 – BUSINESS CONTINUITY
Not Just Your Same Old Disaster Recovery Any More
Many people equate the concept of business continuity with disaster recovery. While the two have similar philosophic underpinnings, they differ in terms of scale and practical use. Disaster recovery planning addresses ways to rebuild after a worst-case scenario, such as a natural disaster that decimates all store locations, servers, and data. Business continuity planning offers a more realistic view of how businesses run on a daily basis. While recent events such as Hurricane Katrina and 9/11 remind us that true disasters do occur, most of us need to concern ourselves with smaller, day-to-day recovery approaches.

Such smaller-scale problems may include the failure of a hard drive in a central file-sharing or POS server, fallen power lines to one or more stores, and other serious but relatively temporary occurrences. Proper business continuity planning follows a straightforward approach that starts with – you guessed it –

planning. Based on careful analysis of your systems, connections, personnel, and functional procedures, you then need to design a plan that addresses failures in the way you do business.

NETWORK SECURITY

Your technology infrastructure – from security to power and network connectivity – remains the first place to start planning against "unfortunate events." Wrongdoers pervade the online world, and as a financial service provider you represent a prime target for hackers and identity thieves. For this reason, you need to plan for the secure, encrypted transfer of business-sensitive data over a virtual private network (VPN) connecting your branches, headquarters, partners, and third-party service providers. Purchase, install, and configure intelligent firewall devices to detect and block unauthorized attempts from outside parties to access the systems that run your business. Theft of financial and customer data could shut you down for days and deliver such a public relations blow that you might never regain the confidence of your customers, so security remains a critical component of business continuity.

POWER SECURITY

Other areas you should consider are backup power sources and network connectivity. As we have seen in recent months, natural disasters do take place, knocking out power for brief or extended periods. Make sure you have uninterruptible power supply (UPS) devices to support all major servers and network hardware so that your business keeps running when the lights go out. Also strongly consider the purchase of a backup generator to provide days of power in the event of a major storm or other disaster.

COMMUNICATION SECURITY

Even on sunny days, disasters can strike. Utility companies digging across the street can accidentally sever your data connection, forcing you to wait hours or days to get your branches or headquarters online again. Don't take the risk of putting all of your network "eggs in one basket." By establishing a backup connection to each physical location in your business enterprise, you can mitigate the risks of

> "THE LOW-TO-MODERATE INCOME CUSTOMER WILL ALWAYS BE THERE BUT THE TYPE OF BUSINESS WE DO WITH THEM, AND HOW WE CONDUCT IT WILL ALWAYS BE EVOLVING. WE WON'T BE ABLE TO SURVIVE AS AN INDUSTRY IF WE DON'T EVOLVE TECHNOLOGICALLY OURSELVES."
>
> JOE COLEMAN,
> RITECHECK CHECK CASHING & FINANCIAL SERVICES

> "THE ABILITY OF CHECK CASHERS TO MOVE BEYOND SIMPLY IMPROVING TRANSACTION TECHNOLOGY AT THE WINDOW AND UTILIZING CUSTOMER DATA TO CREATE NEW AND INNOVATIVE SALES OPPORTUNITIES IS ESSENTIAL FOR FUTURE GROWTH."
>
> STEVE WOLF,
> TREASURER, THE PAY-O-MATIC CORPORATION

having to put transactions and data synchronization on hold in one or more locations. A secondary benefit of maintaining multiple connections comes in the ability to balance data transfer among these lines, reducing wait times to synchronize information into and out of your locations.

DATA SECURITY

With the best protection from outside factors such as hacking and power and network outages, you can still run the risk of losing business–critical data without a proper data backup system. Nightly replication of customer and transaction data to both on-site and off-site servers and tape drives will help ensure that you can be back up and running in the case of a failed hard drive or accidental deletion of business-critical records.

Business continuity planning never ends, as new threats emerge and business processes change. Efficiencies that you may achieve by consolidating services and providers may also pose the risk of placing all of your "eggs in one basket." Efficiency is a beautiful thing that helps you save money and operate more nimbly. Just be sure you have a backup plan to navigate the operational issues – from minor to critical – that come with running any business.

ANSWER #2 – THE DATA WAREHOUSE

A Powerful Organizing Principle

Whether growing your business from entrepreneurial to enterprise, or remodeling your larger company to be more effective, the Data Warehouse concept provides a powerful organizing principle that will positively impact the technology decisions you make. Though it may not be "top of mind" for most business owners when they consider expansion strategies, the enterprise data warehouse can serve as the heart of intelligent growth. It may be said that true systems integration is the Holy Grail of technology management. How many systems do you have that speak their own language and do not talk to each

other? Perhaps you have a wire transfer system, a bill payment system, and a check-cashing teller system, all of which handle data and transactions separately. The data warehouse is probably as close to the grail as we're likely to get.

Much more than a big database, this customized information store takes all customer, transaction, and operational data, filters it into common formats, and ensures that all data gets to where it needs to go. Its deployment means that you can forgo any makeshift data translations you may have had to run among POS, internal servers, and third-party accounts.

Once you have gotten all of your systems to feed this central data warehouse, you can begin to reap the rewards. Among the many benefits of the central data warehouse, real-time account reconciliation is perhaps the most immediately gratifying.

REAL-TIME TRANSACTION RECONCILIATION

With a central, secure store of financial and customer data, you can exchange information with minimal translation time. A robust data warehouse provides the computing muscle to enable real-time rather than batch processing of purchases, exchanges, and returns.

This may seem like a simple order, but again consider the number of parties with whom you have to work. Each of your partners and providers offers a set of products and services, complicated by promotions and proprietary transaction data formats. Multiply these variables by about 20 different providers and you start to appreciate the benefits of real-time transaction reconciliation.

SALES ANALYSIS AND FORECASTING

With all transactional data stored in an open format, the creation of standard and custom reporting becomes a relatively easy task. You will no longer have to "hand-jam" sales projections based on various profit-center extracts. Instead, your data warehouse will provide your organization with access to information on transactions, customers, vendors, and products through time. And each day of information added to the data warehouse provides more intelligence to leverage in the projection of future sales.

You can take advantage of a sales analysis toolset developed specifically for your needs, providing executive and detailed reports on sales by product and service line, customer type, date range, branch, and channel (online or in-store). Because of its open design, the data warehouse also provides access to transactional data through industry-leading analytics tools, such as Brio and Crystal Reports. In this way, the investment in a central data warehouse places control and intelligence at the fingertips of your senior management team.

LEVERAGE YOUR CUSTOMER DATA

The data warehouse enables you to make optimum use of the growing "data mine" of customer information gathered from in-store and online transactions. By gathering all customer data in one accessible place, the data warehouse enables you to:

• Develop cutting-edge technology initiatives or direct response print campaigns

- Act upon your customers' buying patterns and their likely needs in the future
- Design intelligent retention and outreach campaigns that offer real value to your customers
- Drill down to what products or combination of services customers purchase, and when, and where
- Segment your customers into various categories

If you see daily, weekly, or monthly purchasing cycles, then you could offer online or direct mail promotions that speak to likely purchasers, ensuring that when they're ready to buy, they come back to you.

The data warehouse provides better access to all your customer activity data. If you issue membership and identification cards or use your existing POS system to obtain customer data, the data warehouse can provide reports that, based on transaction activity or the frequency of using your services, enable you to provide extra privileges such as giveaways, coupons, or future price incentives to reward those customers who do repeat business with you.

You can use the loyalty system to forge strategic alliances with neighboring businesses. Some Financial Service Centers have created local marketing programs in which other retailers accept and track the cards for various discounts. By merging customer loyalty with convenience, you can consider providing a members-only section on your Web site to allow customers to monitor points and cash in on rewards. And the more they visit and log onto the site, the more data you can collect on them, allowing you to cross-sell and upsell more effectively.

THE OUTLOOK FOR INTELLIGENT GROWTH

This concept also enables you to respond more readily to new technology. By developing a core data warehouse, you can more easily add new technologies by connecting them to your already existing systems backbone. Technological safety and flexibility enable you to take advantage of emerging trends in the consumer financial sector including online and wireless access, investment services, and increased one-to-one marketing through in-depth customer profiling.

By protecting your business continuity and utilizing a flexible concept such as the data warehouse, you equip your business with capability to respond to challenges and exploit opportunities with more speed and intelligence than your competition. You know sooner what's going on and can retool faster to stave off a threat or pursue an opportunity.

We all must deal with evolving technology in one way or another. We hope that by focusing on two strategic considerations – business continuity and data warehousing – we have provided you with useful tools to understand and evaluate your technology decisions. ∎

Tim Ruban is Executive Vice President, Doug Casey is Vice President, Business Development and Kevin Dionee is Vice President, Infrastructural Support Services for Frontex, a firm providing e-business, systems and security design, consulting, and management services to enterprises throughout the consumer finance industry.