

# AMERICAN BANKER<sup>®</sup>

THE FINANCIAL SERVICES DAILY

Thursday, November 6, 2003

## TECHNOLOGY

# BPC of Tenn. Goes Against Web Outsourcing Grain

■ BY STEVE BILLS

By building an in-house online service using a vendor's software, a Tennessee community banking company has challenged the conventional wisdom that small banks must outsource such functions.

BPC Holding Co. of Cookeville had looked at outsourcing its online banking but was dissatisfied with the offerings. "Everybody else was a canned system. We had to fit ourselves to their approach," said David Williamson, its executive vice president.

The \$400 million-asset parent of Bank of Putnam County and Cumberland County Bank also balked at the monthly per-user fees that outsourcers charge. Beacon Software Inc.'s product carries a quarterly maintenance fee, he acknowledged in a telephone interview, but it is much lower than the "exorbitant monthly fees" outsourcers charge.

Early last month BPC became the first customer to use Beacon's Compass Internet Banking Platform. The Atlanta start-up officially took the wraps off the software package Wednesday.

The in-house project got off the ground when BPC executives contacted Brian R. Thiesen, a Beacon co-founder, who had

worked for BPC's investment and insurance units in the 1980s before moving to Atlanta. He and a partner had developed a plan for "Internet banking in a box," Mr. Williamson said. "We agreed to be their beta bank and to help with the design from the bank side."

Mr. Thiesen, the executive vice president of the seven-employee Beacon, said the goal was to provide a simple system that community banks and credit unions could run in-house. "This complements traditional banking. We're not trying to replace traditional banking."

He expressed confidence that the in-house approach would resonate with other community bankers. "The market is quite large. There's still a large percentage of institutions that do not have an Internet banking platform. There's room for everybody."

BPC introduced Internet banking to its customers last month, during Bank of Putnam County's 102d birthday celebration, offering demonstrations to more than 1,400 customers at the two banks' 12 branches. Since then more than 1,000 of BPC's 25,000 household customers have signed up for the service.

"We've not actually marketed it. It's just been word of mouth so far," Mr. Williamson said.

Though he acknowledged that customer interest has been building for a couple of years, he said he was not concerned that BPC is late to market with its online service. "We're still a rural, country bank. What the customer is looking for is a simple, easy system that works for them, so that's where we went with it."

BPC customers may not open bank accounts online, but they can sign up for the Internet service that way, with access becoming available 24 hours later, Mr. Williamson said. "We've got to go through some verification procedures."

Customers can use the Internet service to transfer funds and view transaction histories and check images, but they cannot use it to pay bills or receive statements. "Beacon has designed those [functions], but we're going to roll them out over time to keep interest in the system itself," he said.

BPC also plans to offer online business banking and data downloads to personal finance management programs such as Quicken and Microsoft Money. ■