

Considering Contract Renewal?

Bay Winds FCU stayed with its debit card processor, but reduced its costs, by hiring help with the RFP and contract negotiation.

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When Jim Cullen called on Bay Winds Federal Credit Union early last year, he found out the \$107 million CU had already provided notice to its debit card processor that it did not want to automatically renew.

“We were looking for a way to reduce technology costs,” says David Leusink, CEO of the Charlevoix, Mich.-based CU. “When Jim (CEO of Discovering Money in Networks) explained the savings that [DMi Networks](#) had provided for other credit unions, it seemed like the right strategy for us.” (DMi Networks had helped other CUs find savings in data processing, image/item processing, voice and data networks, Internet banking, credit reporting and utilities.)

“Our vendor processed our debit cards for the past 10 years,” Leusink says. Under the guidance of DMi Networks, “we did a request for proposal in January 2009 and did not change vendors. However, we did reduce our monthly expenses by over 50 percent.”

DMi Networks helped the CU draft the RFP, qualify the responses and meet with the finalists—applying its knowledge of a dozen service providers as well as best practice models and pricing in the industry.

“Let's face it, we look at these contracts every five to 10 years and Jim Cullen does it every day,” Leusink adds. “I would have never thought of asking for a signing bonus to stay with the same firm. We are satisfied with the service and elated with our current pricing. We used the cost savings to integrate real-time authorizations and postings, do fraud analysis and increase our level of service. DMi Networks sent out requests for proposals to all providers in the review groups to gather information about the contracts, outlining the changes being requested and explaining the target rates they were seeking on behalf of Bay Winds FCU.”

When institutions implement a contract review themselves, they typically ask the vendor what he or she might do to help reduce their service costs, Cullen says. “But when we work with the vendors, we give them specific targets that we expect to be met in order for them to keep the contract.”

“When all was said and done,” Leusink concluded, “we experienced a substantial savings after we paid for Jim’s service. As an added bonus, we continued a relationship with the same vendor that we had since 1999, offering world-class service using the latest technology.”

“We were very pleased with the outcome of this process,” Leusink said. “DMi did most of the legwork and negotiating – saving our staff countless hours – and we reaped the benefits of lower costs, improved service plus bonus money that we didn’t expect.”

Since 2008, DMi Networks and John M. Floyd & Associates have teamed to offer financial institutions their [ContractOPTIMIZER®](#) service designed to optimize contracts and agreements for processing and technology services.

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