

PERSPECTIVES

The Open Architecture Value Proposition

July 2016

When Apple launched the first iPhone in 2007, the company imposed strict protocols on the development of apps. Every app needed to be built to Apple's specifications. Apple's stance was no different than the positions of large traditional financial services organizations like First Data, Visa or MasterCard. Their systems were locked down tight – for reasons of security and control.

And then just a scant six years later, Google came out with a decidedly different philosophy. Google was the first to open its architecture to allow developers to build apps to integrate with the developers' systems. Google reasoned that developers would eventually figure out how to go around the traditional players to give consumers what they wanted. So instead, they opted to open up their systems to enable integration.

That is the model behind Android. Apple quickly learned that it needed to adopt an open source philosophy. After much soul searching and teeth gnashing, Visa, MasterCard, First Data and others have followed suit. The open architecture model



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Denise is responsible for product management, new product development, digital experience and innovation at PSCU. Before returning to PSCU in 2015, Denise spent two years deepening her field knowledge of credit unions as Executive Vice President at PSCU Member-Owner Vantage Credit Union in St. Louis. Prior to her tenure at the credit union, she spent seven years at PSCU where she ultimately operated as the Vice President of Innovation & New Product Development. Denise's career also includes roles as Business Leader at MasterCard, Paymentech and Equifax.

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The Open Architecture Value Proposition

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PSCU's own evolution has been similar to that of the industry. For years, we have ably leveraged First Data's payment products and adapted them, to the extent possible, to meet what our Member-Owner credit unions wanted. But we could only go so far. In recent years, we have migrated from primarily redistributing the products and services provided by our partners to developing our own set of fully formed web, mobile and data applications and providing open access to our services and data via a robust set of APIs.

This approach to open architecture has begun to allow us to develop single 'stacks' of functions that can be reused across many different applications, both credit union- and consumer-facing. This will ultimately enable PSCU to deliver these services more cost effectively, by decommissioning older legacy applications and becoming much more efficient with our resources. Also, developing in this manner fuels dramatic increases in speed and market agility.

In short, open infrastructure is allowing us to be that much more responsive to our credit unions' needs. Many of them cheerfully exclaim, "Now we can get to our data!" Adding more value into the "value added reseller" proposition is a continual goal for PSCU, and open architecture enables us to do more. Our credit unions in turn continue to benefit from our economies of scale in pricing. Further, adopting the open architecture model can yield a more capable and flexible internal architecture than might otherwise be feasible within an organization's budget.

Another more subtle benefit of open architecture is establishing a reputation as an organization that understands and embraces this model, which can help attract talent and create a valuable pipeline of qualified applicants.

Increasingly, credit unions are looking to enter into partnerships with financial services providers who are not only providing a 'best of breed' service, but are also culturally and technically flexible, enabling access to an open architecture of services and data. In the right hands, these disparate services can then be effectively and seamlessly integrated to provide an optimal member experience that is customized to the credit union's specific market.