

"To a certain extent, RSM is an extension of our staff, which is exactly what we were looking for. Instead of hiring a new IT person on staff, we have access to all of RSM's resources who we can bounce ideas off of or have help with different projects and services."

– Steve Bohn, Washington State Bank President and CEO

CASE STUDY: RSM'S FIT AS A SERVICE ENHANCES BANK'S IT POSTURE AND CUSTOMER FOCUS

Overview

Washington State Bank is a community bank founded in 1932 and located in Washington, Iowa. The bank currently has over \$300 million in assets and nearly 50 employees. Washington State Bank was a one-branch institution from its inception until 2015, when the bank expanded to three locations following an acquisition and the establishment of a de novo branch.

Background

After the institution added two locations in a relatively short amount of time, leadership began to realize that they needed additional IT resources. The bank has one internal IT employee, information systems officer Jeff Vetter, and sought to deploy his talents for initiatives that were more strategic and provided more value to the bank. Therefore, the bank considered two options for supplemental technology support: hiring additional staff in-house or partnering with a comprehensive technology services provider focused on financial institutions.

Project

Washington State Bank chose to implement RSM's financial institution technology services platform, FIT as a Service, as it was looking for an all-inclusive technology, support and compliance solution for a set monthly fee. As the bank evaluated its options in the marketplace, the decision was based on familiarity with RSM's financial institution experience and technical resources through previous engagements. RSM's local and national resources were also a key factor in the bank's decision.

"If we have an issue, and someone needs to be on-site, RSM can be at any of our locations within an hour," said Vetter. "Some of our other options did not have that local presence."

In addition, it is becoming more difficult for financial institutions to attract and retain qualified IT personnel. The FIT as a Service platform helps to address those challenges, providing consistent service delivery and a reliable technology environment.

"It is hard to find people for any position, but especially for highly skilled and technical positions," said Steve Bohn, Washington State Bank president and CEO. "We tend to think about disaster recovery in terms of external disasters, but there can also be internal disasters. With RSM, we are now in a situation where if a position were suddenly vacant, it is not as much of a crisis as it would have been a year ago."

Migrating to the cloud

Initially, the RSM team stepped in and moved Washington State Bank's IT infrastructure to the cloud to increase access and efficiency while reducing reliance on in-house servers and equipment. The transition was smooth, with users not even noticing the change.

"Transitioning over to the data center and migrating our servers were very painless for our users," commented Vetter. "A majority of the time, I did not even communicate to our users or staff that we were moving our servers. We have had no complaints or service issues, and that speaks to how well RSM migrated our assets and set everything up for us."

Strengthening vendor management, security and disaster recovery

As a part of the FIT as a Service solution, RSM implemented key vendor management processes to help Washington State Bank keep up with regulatory demands. The RSM team reviews vendor relationships, identifying and managing any issues before they can affect bank operations.

"The vendor management has been a big help," said Vetter. "RSM doing our vendor reviews has not only saved us time, but they are now performed more in-depth than we did in the past. Doing the overall review in much more detail has been a big plus with the FIT as a Service platform."

RSM also strengthened Washington State Bank's disaster recovery and business continuity efforts, helping the bank limit potential disruptions in a disaster scenario. RSM implemented a comprehensive plan, controls and processes, as well as performed tabletop exercises that were more extensive than the bank had done in the past. The bank's environment was moved off-site and backed up to a second data center, so employees did not have to worry about the technical side of business continuity.

"RSM's disaster recovery capabilities were a big part of our decision," commented Vetter. "We have done some testing, and we feel like we are in a much better spot than we were before we migrated to the service."

RSM can often provide a higher level of security for data than many institutions can on their own, with more border security, encryption, logging and monitoring. For example, Washington State Bank's servers were moved to a Tier III data center, with more extensive infrastructure and physical security.

"The phishing attempts are never going to go away; every time you put in a new patch or a firewall, they are going to try to find a way to penetrate it," said Bohn. "There is no perfect way to protect yourself, but we all agree that we are in a better place today because our security is being handled off-site by a professional firm."

Washington State Bank recently had a Federal Reserve exam, and regulators requested to walk through the RSM data center. After touring the facility, the regulators were very complimentary of the data center, the controls and all of the services RSM is providing to the bank through the FIT as a Service platform.

"They commented that the change that we made was a good decision," said Bohn. "Because of evolving IT requirements, having a relationship with a provider with extensive banking experience was a good change."

Increasing flexibility at a predictable cost

In addition, RSM and Washington State Bank included future projects into the FIT as a Service program, enabling the creation of new functionality at no extra cost. For instance, RSM is currently implementing a new, more modern and efficient wireless infrastructure for the bank. With FIT as a Service's set monthly fee for comprehensive technology, support and compliance services, the bank's IT expenses are more consistent, instead of the uncertain spending peaks and valleys of the past.

The predictable monthly costs are a key benefit for Washington State Bank. With future IT support costs already established and accounted for, the bank has more flexibility to make business decisions and plan for future growth.

"The price certainty was important to us; there were no surprises," said Bohn. "One of the reasons we liked RSM was that there is a reasonable chance that we could make another acquisition. With this type of service, it is a lot less work to integrate somebody else, and we know what the cost is going to be upfront. Some other providers would penalize us for success if we grow and use more server space, but RSM's model was a good fit and option for us."

RSM handles day-to-day technology demands for Washington State Bank, freeing Vetter up to perform more important, strategic initiatives for the institution. He can manage the overall process, while RSM is hands-on with IT.

"It has freed up my time to do more important things here at the bank," said Vetter. "RSM has taken on the day-to-day responsibilities, and they are very proficient at it because they do that for a number of banks. It allows me to spend more time at the bank and help the bank overall."

"I think it goes both directions," said Bohn. "Not only is he free to do more strategic planning or help with new ideas or solutions to problems, but he can also interface with customers and train them on new technology. It is more strategic and efficient, and a good use of his time."

RSM's FIT as a Service program not only provides Washington State Bank with measurable benefits, but also with peace of mind. Before choosing RSM, Vetter presented a seven-year cost comparison between hiring RSM and keeping technology support and services in house. The exercise considered costs to refresh hardware, monthly costs for firewall monitoring and management, as well as the costs of additional staff.

"We evaluated the additional staffing costs and the long-term costs of keeping things in house, but we also considered the value of services RSM could provide that we could not do before," said Vetter. "I am not sure who we could have hired or how long it would have taken to find someone who would have fit with the bank. You also run the risk of someone being here for a year and then leaving."

"When we looked at the numbers of going with RSM, we saw that we would get half those costs back in saved hardware expenses, and the other half would be made up over a period of time in soft costs," said Bohn. "That includes not having to hire people, but it doesn't include intangibles like being able to sleep at night."

Outcomes

RSM's FIT as a Service program has helped to address all of Washington State Bank's technology pain points. With RSM's technology and financial institution experience, the team understands and shares technology trends, and it can address emerging regulatory issues before they create additional challenges.

Key benefits of RSM's relationship with Washington State Bank include the following:

- Transitioning data and servers to the cloud without any service interruptions
- Implementing enhanced vendor management processes
- Establishing more extensive disaster recovery and business continuity processes
- Creating a consistent, predictable monthly expense for IT support
- Enabling internal IT resources to focus on more strategic bank processes
- Creating a solution to the bank's specific business needs, instead of forcing them into a one-size-fits-all box of services

+1800 274 3978
rsmus.com

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM US LLP, its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. Internal Revenue Service rules require us to inform you that this communication may be deemed a solicitation to provide tax services. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed.

RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

RSM, the RSM logo and the *power of being understood* are registered trademarks of RSM International Association.