



## SHORETEL'S DISTRIBUTED IP PBX CREATES COUNTYWIDE VOICE SYSTEM FOR BAY FEDERAL CREDIT UNION

### Self-Help Call Management Delivers Advanced Features to Non-Technical Users, Improving Member Services

By mid-2001, Bay Federal's staff and members were unhappy with the phone system they had to use whenever they wanted to let their fingers do the walking to the Santa Cruz, Calif.-based financial institution. There were no direct-inward-dial (DID) numbers, nor could calls made to a branch be transferred directly to the extensions of staff specialists located at other sites. Members were kept waiting as the staff labored to effect the appropriate connection, and calls were sometimes inadvertently dropped or misdirected.

Simply put, the phone system—a collection of antiquated key systems and Centrex service—had become “a barrier to our effort to improve member service,” says Blaine Pack, chief technology officer for Bay Federal Credit Union.

Since outstanding member service is a key element of Bay Federal's brand strategy, Pack embarked on a search for a new phone system—one that would provide a better member interface, facilitate the loan-making and loan collection processes, improve staff productivity, offer streamlined operations and management, and be completely reliable. The right phone system would also complement and leverage the upgrades planned for the credit union's data network and reduce telecommunications costs.

Pack also needed to find a solution that was easy to implement. Bay Federal was embarking on an aggressive expansion schedule that included installing a new LAN and WAN and adding a dedicated call center and a new retail branch, all within eight months. “‘Crazy’ was how my staff categorized the schedule,” recalls Pack. Since other VOIP solutions had proven so expensive and fraught with implementation issues, Pack and his team focused their attention on two contrasting platforms: a traditional PBX from a leading PBX vendor, and a VoIP system from ShoreTel, Inc.

An exhaustive evaluation convinced Bay Federal that ShoreTel offered more while costing less to purchase and own. For example, the PBX vendor's platform required distinct systems for the different sites and separate servers for the different functions. “You just keep adding hardware as you expand, which means more administration overhead and more opportunities for failure,” Pack says.

In contrast, ShoreTel's solution was distributed and integrated so that a single server and management interface could handle voicemail and administration for the entire multi-site system. ShoreTel's flexibility and ease of use and management meant that Bay Federal could be more responsive to credit union members and adapt more quickly to changing market conditions.

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## Improving Services to Members

While “the customer is the boss” is generally an ideal attitude that most companies never come close to achieving, it is quite literally the truth for credit unions.

In fact, a credit union has members, not customers; those members own the credit union, and its staff works for them. Bay Federal needed a phone system that would leave its member-owners happy instead of frustrated.

The ShoreTel system gives Bay Federal’s employees individual numbers that outside callers can dial directly. Members who are trying to reach a specific person no longer get bounced around the system or put on hold, and staff time isn’t tied up with efforts to direct and connect calls. With ShoreTel’s distributed architecture, each line in the credit union is a virtual extension of a single system, and calls can be redirected to an individual in a different branch or the call center as easily as they can be sent to a neighboring desk.

“There is a huge hidden cost savings if callers can get right to the person they need without being transferred all over the place,” Pack says. These efficiencies speed up the process for making loans, and loans are any credit union’s lifeblood.

Member service is also being improved by ShoreTel’s extensive call-logging features. There is a complete record of incoming and outgoing calls that provides a history of the interaction with specific members. By knowing whom a particular member talked to, and when, Bay Federal can achieve a level of member-service continuity that was not possible before. Member complaints have dropped from a constant we-hate-the-phone-system litany to zero.

## Lowering the Total Cost of Ownership for Reliable Voice Communications

The old key systems had long been paid for, but were costing about \$2,100 per month in service charges. Even the smallest change required a truck roll from the vendor’s closest representative, who was located about 50 miles away in Monterey. “He got a nice, scenic drive up the coast, but service was never exactly immediate,” recalls Pack. Each visit cost Bay Federal at least \$100.

This “vendor tyranny,” which was still a factor in the proposed PBX platform, is eliminated by ShoreTel’s intuitive browser-based management interface. Bay Federal’s IT staff can make moves, adds and changes immediately with a few mouse clicks. Even adding an entire new branch is a simple matter: Plug in a ShoreGear switch that communicates as a peer with headquarters and the other branches.

This flexibility lets Pack and his staff react quickly to rapid and ongoing growth at Bay Federal. When new features that make sense for the credit union become available, they can be added to the ShoreTel system via software upgrades. In contrast, key systems and PBXs implement features in hardware, and significant enhancements require a forklift upgrade with all its attendant costs, disruptions, and risks. “I’m getting too old for that sort of thing,” says Pack. “My stress level is a lot lower with the ShoreTel system.”

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The ShoreTel system enables Bay Federal to eliminate expensive Centrex service and also generates significant toll-bypass savings. While all seven of the credit union's locations—six retail branches and one call center—are located in Santa Cruz County, interbranch calls made to and from the more remote locations in Watsonville were racking up \$1,500 a month in toll charges. Today, ShoreTel automatically routes interbranch calls across the credit union's IP data backbone, leveraging the full-mesh T1 network that already connected the seven sites.

In moving to VoIP, Bay Federal was not willing to accept reliability levels lower than the much-touted 99.999 levels offered by traditional voice platforms. "Phones are like breathing," Pack says. "People just expect them to work." Fortunately, ShoreTel's uniquely distributed call-control architecture actually beats the "five-nines" standard for voice communications.

Each ShoreGear switch can process calls in a standalone mode and start using the PSTN if its site is cut off from the IP backbone. Conversely, if a switch were to fail or has to be removed from the network temporarily, its peers at the other sites automatically assume its duties. There is no single point of failure in the ShoreTel system, which results in very high availability.

### **The Smallest Branch Enjoys Big Credit Union Telephony**

Image is important to any financial institution, and Bay Federal's old phone system did not make a good impression on members visiting the branches. Incoming calls were handled in potluck fashion, and heads would pop up above cubicle walls like periscopes as the person who happened to answer a call looked for its intended recipient.

With ShoreTel, all the desks have DID numbers that enable members to dial specific Bay Federal employees directly. And for the calls do need to be redirected, ShoreTel's Call Manager delivers extensive call-control capabilities to even the most non-technical users. Productivity is increased because incoming calls are no longer so disruptive, and branch operations look much more professional to visitors.

The needs of individual employees are further accommodated by ShoreTel's support of a wide variety of analog, digital and IP phone sets. Even within departments, people could pick their preferred phone set. The branch manager and technical staff have cordless phones that enable them to move all over the building without missing a call.

The workgroup capabilities in the ShoreTel Call Manager have an even greater impact on productivity, making it easy for people to "collaborate on the fly," says Pack. "It's really nice that you can set up so many little call groups." This lets Bay Federal leverage experts across the entire system when it is not cost-effective to have one resident in each branch.

In fact, ShoreTel's Call Manager interface is so intuitive that Bay Federal employees can help themselves to advanced features.

"Before, maybe two people in the company knew how to use all the features of the phone system," sums up Pack. "Now everyone can take advantage of the whole system. That's a huge measure of success."

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