

INTERVIEW TRANSCRIPT

Interview on behalf of Qwest

Jon Wainwright

Isabella Bank

President and CEO

Last updated: 2010 Jun 08



Product(s): iQ: Private Port, Long-Distance, Q-Control
Industry: Finance

1. Business need

"Hi, I'm Vern Houin, Network Manager for Isabella Bank.

My name's Jon Wainwright; I'm IT Director for Isabella Bank. Isabella Bank is a commercial bank in the state of Michigan. We're in central Michigan; approximately 1.1 billion in assets with 27 locations and our company is a subsidiary called FGIS and we do all the IT functions for Isabella Bank.

Vern Houin:

Isabella Bank was in a state of expanding and preparing to embrace some of the new technologies, wanted to be able to get away from the fairly risky frame relay network that we currently had and also be able to expand into voice over IP and quality of service and some of those things that the new technologies were able to bring us, and we looked for a solution for that as well as the long distance, which was now coming up for renewal. We wanted to get a more contiguous solution so that we didn't have 70 phone bills coming in every month, you know, from different companies; try to bring that together in a comprehensive electronic solution for this and it seemed like a good time to make that move."

2. Evaluation & selection

Jon Wainwright:

"The process started several years ago in trying to determine what the course for communication should be for Isabella Bank Corporation. Some of the criteria that we looked at and some of the processes were various; the first thing we actually had determined almost three years ago now that MPLS was a solution that we desired. We'd taken frame relay about as far as we could go with it and we were a little concerned about its limitations and MPLS had been presented to us and we felt that that was synonymous with what the growth patterns of the bank were going to be.

We basically viewed four vendors at the time; went through the RFP process with four vendors: Verizon, Qwest, AT&T, and a hybrid solution with two local companies called Trivalent and US Signal. And after receiving RFPs from them--or as part of the RFP process--some of the criteria that we asked for was basically a sound financial company; we wanted a public company because we were concerned about the strength or longevity of privately held companies, so we were looking for a public company. We were looking for a very reliable company--somebody that has been around and somebody that was going to be around. And we wanted somebody that had a reasonable amount of experience with the concept of MPLS, so that was important to us. We also were looking for a company that could provide MPLS bank references--actual banks that were using MPLS. And in addition to that, pricing came in kind of at the end, but it wasn't a huge concern for us. And the last thing that was very important, and I probably should have used it at the first, but the biggest thing was to be able to offer us a face-to-face direct account management, sales, and engineering team. That was very important to us."

3. Why Qwest?

Vern: Houin:

"We chose Qwest because they gave us a chance to consolidate our electronic billing into one--the Q-Solution that

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they provided. It gives us a chance then to actually consolidate all of those long distance bills, so they became our solution for all the long distance, cleaned up a lot of those problems that we were having. And also we felt like they were going to give us the service and support long term that we were looking for, and it's very important to us, you know, in Michigan, in a small community, to have that local contact and that presence--so we feel like they're here for us for the long term.

We felt like they designed us a solution which would fit our business at that time and would enable us then to get the right fit after they left. So it was important to us to have a business partner in all aspects, and also they brought some experience and some tools to the table which were very valuable in the way of addressing those needs and we were very impressed with the approach, hands-on, and having a business partner.

Jon Wainwright:

One of the things that we felt was very important was that actually Qwest was not the lowest bidder, and it was more important for us to have a solution with a face-to-face account team and a face-to-face sales and engineering team than it was to pay cheap bucks and have nothing to support that. So it was more important for us to pay a few extra dollars and have an account relationship that we really could be comfortable with."

4. The implementation/installation

Vern Houin:

"We were a little apprehensive about how this was going to be designed and implemented; it was something new for Isabella Bank to be on this what seemed like cutting edge technology and for us to go through the process with the designers. The design was laid out and with a few bumps along the way--we are in mid-Michigan, we are not in one of the main centers, so we have many opportunities for small phone companies and glitches as we lay between two LATA on the system. Also, we were in the process of integrating voice over IP at the same time, which sort of added an extra twist to it. So yes, there were bumps along the way; yes, there were problems--but the team stayed with us, the engineers, the designers, and we adjusted as we went along and these--it turned out pretty well. We're very satisfied with the implementation. We were especially pleased with the collaboration that we got through the portal that they set up for sharing files and resources. So it's--we're pleased."

5. Overview of solution

Vern Houin:

"Some of our services and products that we use from Qwest are iQ Port at 22 locations--we're very happy with that solution. That supports our voice over IP solution across all of those branches and all those buildings and we're very satisfied with that. Also, we use them for our long distance solution and we've been rolling it out to all the branches as we go and they are our solution for long distance."

6. Customer service

Vern Houin:

"The customer service has been excellent. There was a lot of trepidation on our part because there's a lot that we're putting on their shoulders. We had a lot of faith with them up front about their performance and their existing rollout of all the strategies and everything was going well--but you know, when you're trusting the whole institution in this network, it's very important. But we have had excellent, excellent service; we've had problems. I mean, there are issues that always come up. There are thunderstorms that go through Michigan just like they do

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anywhere else and as they come through, we've found that the MPLS network has been durable and their staff has been responsive, especially our account administrator; she's been very good. She's always following through and making sure that we're being taken care of. We've always had a philosophy at Isabella Bank that we want to deal face to face--we're a community bank; we want to have that same relationship with the people we work with, and so they've been able to bring that to us and we've never had to exercise the SLA. We know we have one, but fortunately we've never had to go back and say, you know, 'You're not taking care of us' because they always have and we've got a lot of faith in them.

Jon Wainwright:

And if I could add, Vern, the biggest part of Qwest for us is the relationship. We see them totally and completely as a business partner, and sometimes that can get lost in the word 'vendor', but we don't view it that way; we view it as a business partner. And one of my favorite phrases, and I tell our rep this all the time: You take care of us, we'll take care of you.

Following up on Vern's comments on customer service, from my position as IT Director, Qwest is a little unique for us. Again, here in Michigan Qwest isn't a local exchange carrier, so a lot of the issues that we have--service issues that we have--are dealing with the local exchange carrier. Now that is complimentary to Qwest because, again, there could be issues with them. There could be service issues--but there isn't, and that's a good thing."

7. Experience with Qwest Control®

Jon Wainwright:

"Qwest's portal, Q-Control, is--we see much superior to some of the other offerings that we've seen in that in the sense that Qwest's actually has lockouts or safety protocols or security measures where we don't have to be concerned about--let's say we give accounting certain rights to go in and deal with bills and review bills and pay bills and that kind of stuff, but we don't have to worry about them shutting a circuit off on us, where with other portals a lot of times it's very difficult, if not impossible, to segregate those things apart."

8. Non-financial benefits

Vern Houin:

"We've been able to realize many of the benefits that we were expecting to find, you know, in this highly upgraded network. There were a lot of changes that we went through with the voice over IP as well as changing the whole entire network and all of the things that that implies, but we've had great benefit and we've been able to depend on the network. We don't have the outages that we had; the MPLS has also given us a chance to do the QoS that we've been able to implement for the voice over IP system has made the phone systems much more stable, and it's also given us the economies of using voice over IP on an internal network, and we've also been able to leverage a lot of the Internet availability to our clients internal and external to the bank; because the network is the backbone of what we're doing, we need to be able to count on that. And so aside from that, we've been able to consolidate those long distance bills into the Q-Control and with Q-Control, it also gives us the granularity that we can actually go in and give different roles to different people within that product, and that has been able to make it so that we can handle electronic billing more efficiently, and so we're very satisfied with that.

Jon Wainwright:

The Q-Control solution actually does have kind of a non-quantitative benefit to it in the sense that it allows our growth and evolution of the network to mirror what's happening at the bank. In other words, we have a lot of capacity that we may have been able to keep up with in frame relay, but we weren't convinced that we would be able

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to ultimately. With our current solution, again, right now we're way ahead of where the bank is as far as what their actual communication needs are, so they can grow exponentially at this point and the facilities, the network, the throughput is there waiting for them."

9. Measurable benefits*

Jon Wainwright:

"A few of the things that we see as quantifiable: With the Qwest solution on long distance, we actually were able to achieve a lower per-minute rate than we had with our previous supplier, so we feel that's a quantitative factor that we can hang our hats on. The other thing that we see is with the Qwest solution, on our help desk we track a lot of the types of activity that come through the help desk. We get approximately 500 calls a month at our help desk and less than two percent of those are phone system or voice over IP-related, so we're looking at approximately 10 or less calls a month in an organization that has in excess of 350 people. So it's--as far as a phone system is concerned, it takes care of itself.

And lastly, we have had frame relay contracts and some of those are starting to come due that we were not originally able to actually convert to the Qwest solution, but as those are coming due, we're moving them over now and in some cases we're able to do that at a two-thirds savings. I mean, we're literally looking at rates a third the size that we had them with our prior vendor. So the bucks are on the table--they're there."

*These results are unique to this entity and should not be considered an indication of the amount of savings or improvements, if any, that may be realized by any other entity subscribing to comparable services.

10. Areas for improvement

Vern Houin:

"We've had very good luck with the SLA that we had set up with Qwest and they've met the SLA admirably; we've not had any issues with that. I think that there's always an opportunity when you have a business relationship such as ours to make sure that you ensure communication between the organizations and add value through training, add value through understanding systems and processes so that you can constantly tweak them, but as far as changes, I have no complaints. As always, you know, customer service, customer service. You know, we're a small bank and we like talking to people, so just keep up the good work with that."

11. Future plans

Jon Wainwright:

"Going forward, we see Qwest as our business partner in a couple of different areas. Right now, we're in the process of setting up and negotiating Qwest's conference bridge solution with--as you can imagine, 27-28 locations around five or six counties, travel is a nasty thing to have to deal with and lost production time is even a nastier situation to have to deal with, and anytime we can connect these people remotely in any form, it's money in the bank--pun intended. So we're in the process of setting that up. The other thing is with the Michigan economy right now, we've pulled back a little bit on our business model, but with things beginning to improve, we'll be back in the acquisition mode, growth mode, expansion mode, and as we add additional locations going forward, again, Qwest will be our vendor of choice, our partner of choice, and we look forward to doing that as we go forward."

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12. Recommendations and advice

Jon Wainwright:

"As far as recommendations go, I think we would like to give a compliment and a challenge to Qwest. The compliment is that Qwest is addressing what we see ourselves as the middle market. Some of the other vendors out there are turning their back on the middle market; they don't feel that resources committed there can be profitable, and right now we see Qwest as filling that need. We're very happy to have them as our business partner; we're very happy to have them feel that it's important to be able to look us in the eye and understand what our needs and desires are, and we would challenge Qwest to continually assess their business model and hopefully be able to continue to do business one-on-one with the middle market such as ourselves.

Vern Houin:

If there's any recommendation that I would make, it is to proceed cautiously through the process; make sure you find someone that you can trust and work with. There are many different vendors out there, many different personalities; find somebody that you can work with, that you trust, that will take you through the whole process, not just drop something on your doorstep and leave. And we were able to work through the process with somebody that we trusted and it worked well for us. I'm not sure that that would happen if you're not in an organization where you can get that kind of communication and that trust."