

Bank technology consulting that pays for itself.



It doesn't have to be like this.







III PLAYERS

Revenue

- 1. FIS \$9.2 billion
- 2. Fiserv \$5.51 billion
- 3. Finastra \$2.1 billion
- 4. Jack Henry \$1.43 billion
- 5. Shazam Undisclosed
- 6. CSI \$234 million
- 7. DCI \$40 million

Core Footprints

- 1. Fisery 40%
- 2. FIS 20%
- 3. Jack Henry 20%
- 4. CSI 6%
- 5. Finastra 5%
- 6. Shazam
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Audience Poll: Who's Your Core?





CONSOLIDATION v. NEW ENTRANTS

CONSOLIDATION...

FIS
InterCept
Aurum
Metavante

Fiserv PCS OSI

JHA BancTec CSI McCoy M.

NEW ENTRANTS...

START UPs

- 1. NYMBUS (open api)
- 2. Finxact (isolate core)

Vertical

- 1. Shazam
- 2. Temenos (UK)
- 3. VSoft (gone)
 DOWNStream...

InfoSys

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Choose wisely...

Fiserv

Precision

Premier

DNA

Signature

Cleartouch

FIS

BancPac

Bankway

Horizon

IBS

JHA

Core Director

20/20

Silverlake

CSI

Meridian

NuPoint

Finastra

Sparak

Phoenix



ADAPT OR DIE

Post 2008 Survival Stategies

CONSOLIDATION

Core Vendors

- 1. Acquire
- 2. Find new sources of revenue
- 3. Revamp and invest

FINTech

Banks

- 1. Acquire
- 2. Regulatory pressure
- 3. Cut costs and find capital

FINTech





Rising out of the ashes...

1 Technology is more important than ever





Rising out of the ashes...

- 1 Technology is more important than ever
- Banks need a partner, not a vendor





NEW ERA OF BANKING

Rising out of the ashes...

- 1 Technology is more important than ever
- Banks need a partner, not a vendor
- Choices are limited. Must effectively manage and leverage your core relationship











HOW DO YOU MANAGE?

The most important vendor relationship in your bank



Reactive



Proactive







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The most important vendor relationship in your bank



Reactive



Proactive









acting in response to a situation rather than creating or controlling it

Characteristics | Symptoms

Angry
Lack of trust
Taken advantage of
Source of tension among team

Tactically

No one owns the relationship
Engage when there is an issue
Never see your rep
Rep is changed frequently
Overpriced and under deliver

PROACTIVE pro•ac•tive - adjective



creating or controlling a situation by causing something to happen rather than

responding to it after it has happened

Characteristics | Symptoms

Intentional
Mutual respect
Healthy amount of trust
Business relationship

Tactically Leverage

Chain of command familiarity Relationship Owner

- + Reads all communications
- + Clearly defines expectations
- + Delegates | Interaction & Oversight
- + Documents Issues (smartsheet.com)

Performance Reviews

- + Annually
- + Management from both teams
- + Selectively share strategic plan

LEVERAGE

Be PROACTIVE

- Lean into their services
- Leverage operational assessments
- Invest in getting to know management
- Attend and participate in user group(s)
- Attend conferences
- Take the time to be a reference







KEEP IN MIND

It's a relationship

- You can only control you
- Keep it professional
- Things WILL go sideways
- · You cannot plan for or predict everything
- Accountability is healthy
- But, in the end, the relationship is governed by a contract





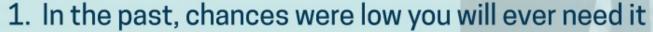






THE CONTRACT

WHEN THINGS GO SOUTH - THIS DOCUMENT COMES OUT

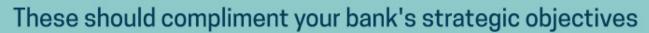


- · Conversion on the rise...
- Merger/Acquisition everyone is for sale
- 2. Provides framework of accountability
- 3. Outlines consequences of early termination
- 4. You must understand your exposure
 - · How pricing affects you long term
 - Terms and conditions vs. strategic initiatives
- 5. Several hundred pages of twists and turns





YOUR CONTRACT RADAR





TERMINATION FEES				
Liquidated Damages	Deconversion Fees	Conversion of Legacy Data	Holdover Premiums	M & A Carve Outs
Term and Renewal Term	Notifications	Governing Law/Arbitration	Changes to Services	Third Party Contracting
Transition Services	Problem Reporting & Cure	Termination for Breach	Fee Increases	Payment
Billing Errors	Limitation of Liability	SLAs	Credit & Incentives	Regulatory Audits & Documentation
Commencement on New Services	Exclusivity	GLBA	Training	Client Obligations



RED FLAGS P

PAY SPECIAL ATTENTION WHEN...

- Multiple schedules, exhibits, addendums (consistency)
- One section refers to another section
- You execute any new service during term of existing contract

DIG DEEPER AND TIE DOWN...

- "At then market rates"
- "Standard" is the kiss of death
- Any ambiguous or open-ended language





YOU NEED A GAME PLAN

A healthy cycle of due diligence and accountability

- · Where are you?
- When is your next renewal?
- What is your game plan



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THINK STRATEGICALLY



Renewal negotiations are the best time to...

- 1. Consolidate vendors and co-term agreements
- 2. Change deployment
- 3. Align your contract with Strategic Initiatives
- 4. Review and revise current language
- 5. Purchase new products and services
- 6. Negotiate "value added" services
 - · Operational Assessments
 - · Conference Attendance
 - Regulatory Documentation



Two years from end of term is the ideal time to form your game plan.







GET ORGANIZED

- 1. ESTABLISH COMMITTEE OVERSIGHT
- 2. TAKE INVENTORY BUILD SYSTEMS DASHBOARD
- 3. IDENTIFY ANY VENDOR/SYSTEMS CONSOLIDATION
 - · Vendor Name
 - · System/Service Provided
 - Effective Date & Term
 - · End of Term
 - · Notification Requirement
 - Average monthy spend
- 4. IDENTIFY NEW PRODUCTS AND SERVICES
 - · Core vendor new services
- 5. IS A FULL CORE EVALUATION ON THE TABLE?



Do you know your vendor strategy?





GAME PLAN

Clearly define your objectives

- · Ideal term & renewal term
- Deployment change or stay in house?
- Terminate services?
- Have contractual revisions ready
- Reduce cost on trending services
 Mobile | Bill Pay | Remote Deposit Capture
- New services
- Tighter integration with third parties





STRATEGIC GOALS

NEGOTIATE SPECIFIC AREAS OF YOUR CONTRACT



Outsourcing	Merger & Acquisition	Branching
 Termination fees Price increases Tiered pricing Volume discounts Discontinued services Training SLAs 	 Termination fees Same vendor scenarios Conversion costs Hourly rates Sample Scope Tie to contract 	1. Sample Scope2. Hourly rate3. Tie to contractAudience Poll: In-House?

BE PERSISTENT . BE SPECIFIC . TIE IT DOWN IN AN AMENDMENT



TRENDING IN COMMUNITY BANK TECHNOLOGY

RENEWAL NEGOTIATIONS IS THE PERFECT TIME TO ACQUIRE NEW TECHNOLOGY

- · API'S integration to third party applications
 - · Isolation of the core
 - · API Marketplace
- · Data Analytics
- Digital Channel Integration and Appearance
- · Digital Payments
- Innovation
 - · Customer Experience
 - · Channel Continuity
 - Process Improvement
 - · Sales and Marketing
- Managed Services
- · Call Center







ENGAGE

- 1. AT LEAST 18 MONTHS FROM END OF TERM
- 2. PROVIDE NON-AUTO RENEWAL NOTIFICATION
- 3. REQUEST RENEWAL PROPOSAL
 - New Paper
 - · Pricing Addendum
- 4. BUILD VALUE AROUND RELATIONSHIP RENEWAL
 - Allow them to establish opportunity cost
 - Outline vendor consolidation opportunities
 - If in-house time to look at outsourcing?
 - Outline changes to existing agreement
 - Provide clear list of new services
 - Allow them to pitch new services not on your radar



AUDIT & REVIEW

- 1. Review all proposals for accuracy
 - Volumes
 - Discounts
 - · Calculations
 - · Products
- 2. Do not accept summaries without detail
- 3. Line their proposal up to your invoice
- 4. Audit every new document
- 5. Be careful of DocuSign
- 6. Review and audit all invoices after renewal







PUTTING IT ALL TOGETHER

REFLECT | MANAGE | LEVERAGE | GOVERN

The industry demands that we adapt.

It's a relationship that can yield dividends Take the opportunity every renewal to level the relationship

THANK YOU

Questions?

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