VIRGINIA BANKERS ASSOCIATION

Things to Consider as You Ponder a Conversion

By: David W. Saylor | Genesys Technology Group, LLC | **david@genesystg.com**

"It's OK to have your eggs in one basket as long as you control what happens to that basket."

- Elon Musk

VIRGINIA BANKERS ASSOCIATION

Things to Consider as You Ponder a Conversion

By: David W. Saylor | Genesys Technology Group, LLC | **david@genesystg.com**

dis•rupt•or

a company or form of technology that causes radical change in an existing industry or market by means of innovation.

dis•rupt•or

a company or form of technology that causes radical change in an existing industry or market by means of innovation.

NeoBanks

Varo
chime
SoFi
N26
Current
NOVO
MoneyLion
ONJUNO
Cash App
axos BANK
lili

FinTechs

docfox
doxim
KlariVis
FINOSEC
glia
SQN Banking Systems
Creatio
HAWTHORN RIVER COMMUNITY BANKING SOFTWARE
CASHTRANS

NeoBanks & FinTechs

Redefining Banking Technology

70

Number of NeoBanks in US Today

10,775

Number of FinTechs in 2021

Emerging Market

Leverage Cloud Micro-Services
API Driven
Open-Source Front Ends
Rapid Development & Launch
Increases Speed to Market
Real-Time

NeoBanks & FinTechs

Redefining Banking Technology

70

Number of NeoBanks in US Today

10,775

Number of FinTechs in 2021

Emerging Market

Leverage Cloud Micro-Services
API Driven
Open-Source Front Ends
Rapid Development & Launch
Increases Speed to Market
Real-Time

Section VII.C FFIEC IT Examination Handbook

Microservices

"**Microservices** are a set of containers that work together to compose an application. Essentially, each **microservice** is an independent building block used for building an application, including the communications and authentication. Each **microservice** is a mini application loosely coupled[1] to serve a singular function..."

"Each **microservice** typically implements one (rarely more) distinct business process or functionality..."

"**Microservices**-based application architectures provide inherent scalability, agility of deployment, and availability of tools to facilitate error-free configuration and deployment."

NeoBanks & FinTechs

Redefining Banking Technology

70

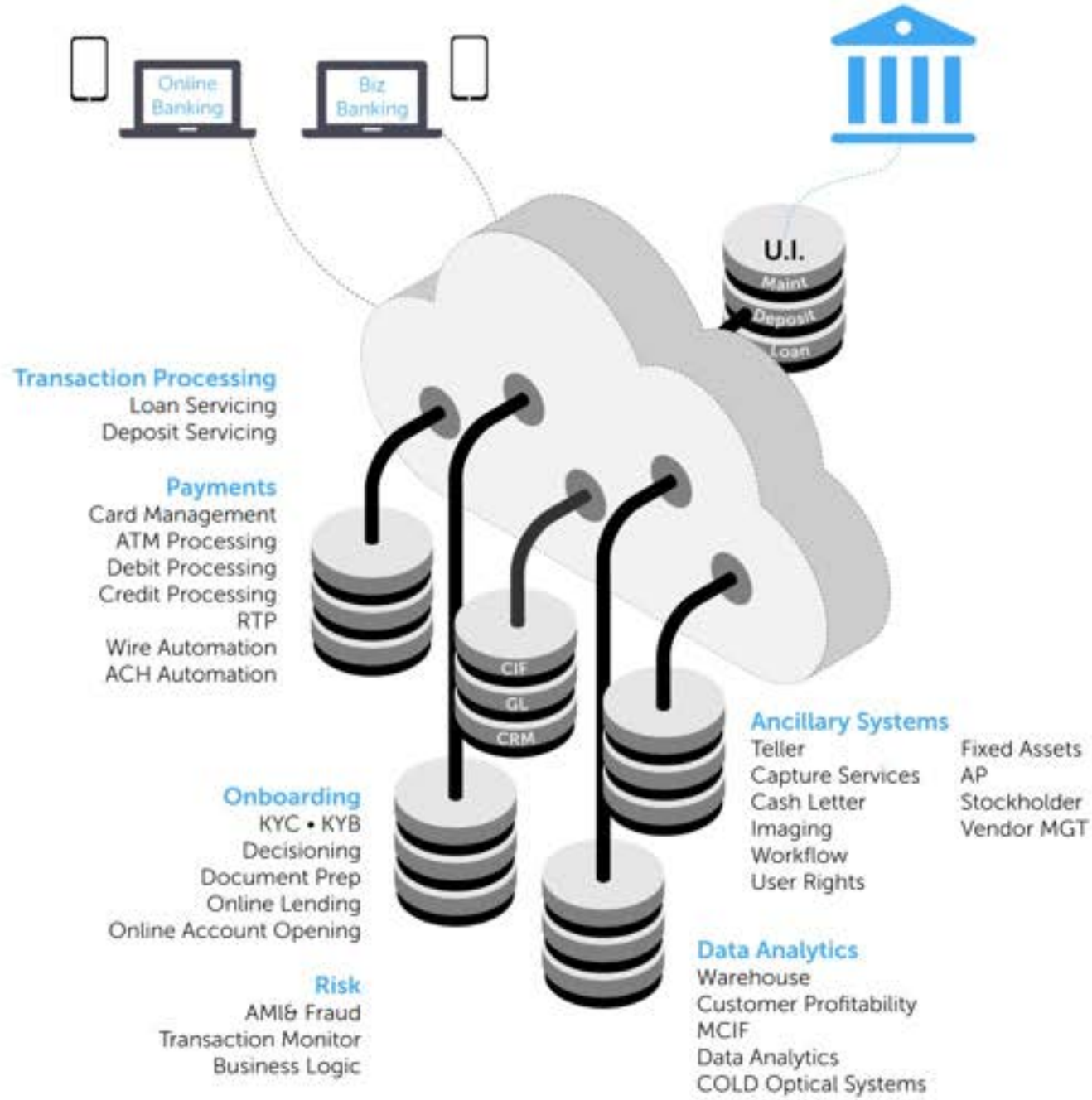
Number of NeoBanks in US Today

10,775

Number of FinTechs in 2021

Emerging Market

Leverage Cloud Micro-Services
API Driven
Open-Source Front Ends
Rapid Development & Launch
Increases Speed to Market
Real-Time

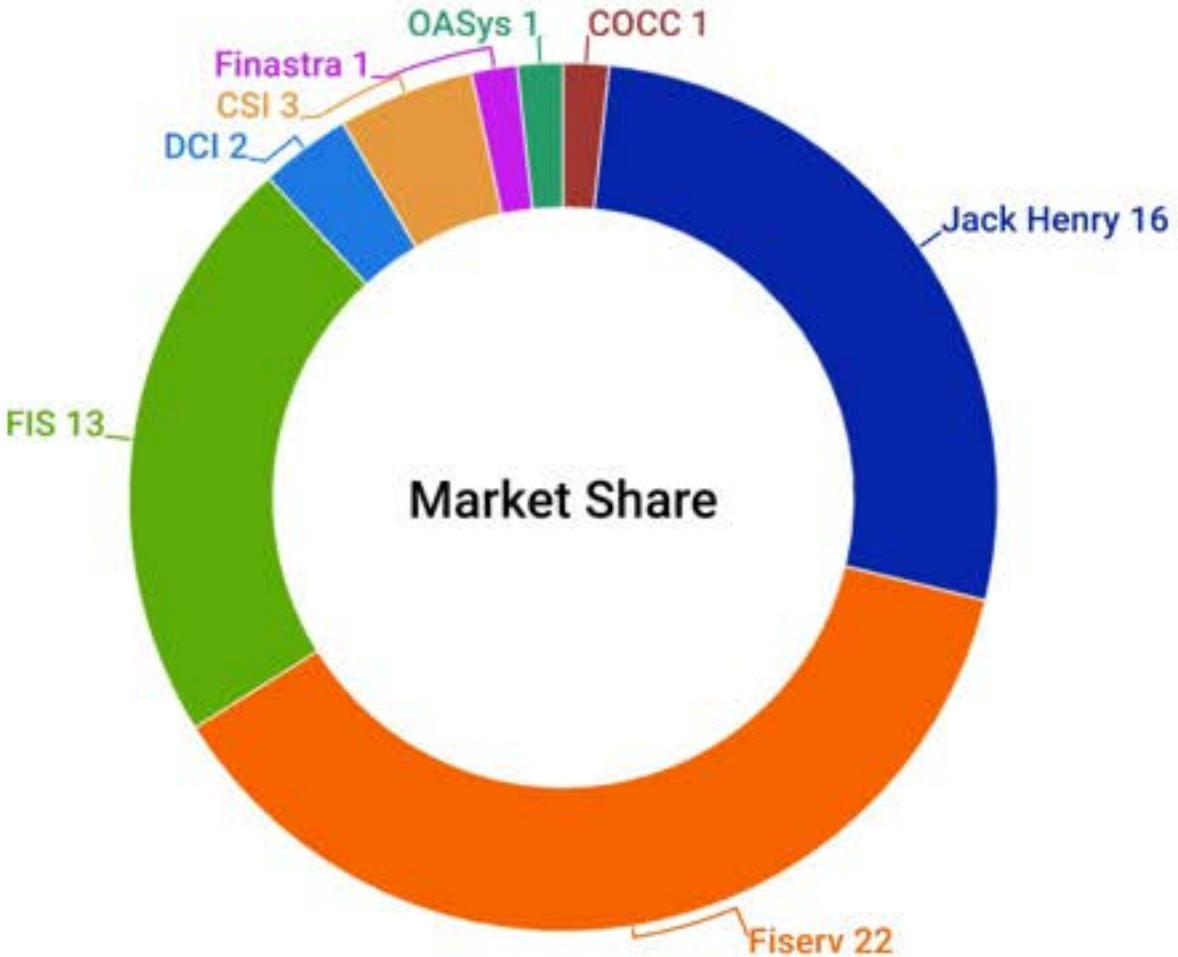


Virginia | Core Footprints

59 Banks Accounted For

51 Banks Use BIG THREE

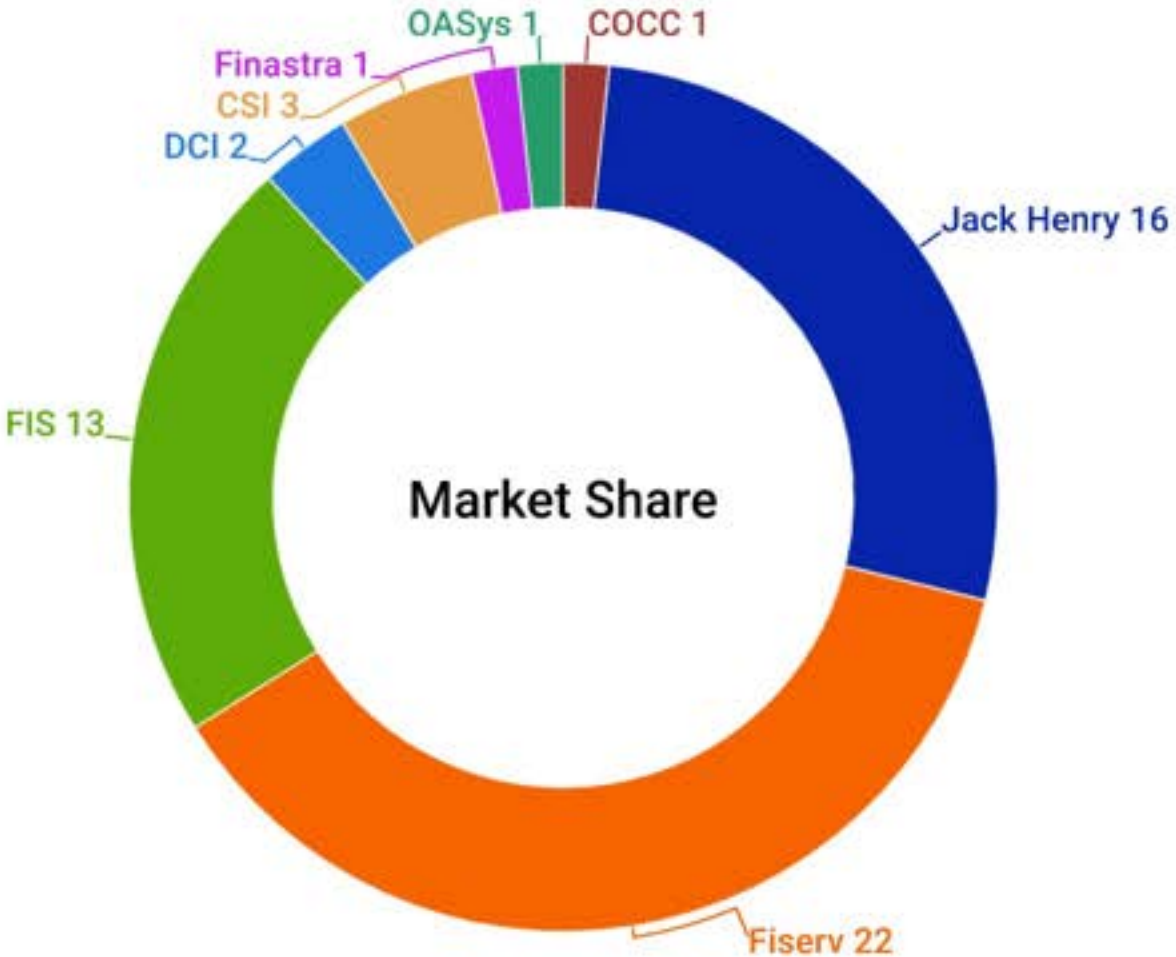
Virginia | Core Footprints



59 Banks Accounted For

51 Banks Use BIG THREE

Virginia | Core Footprints



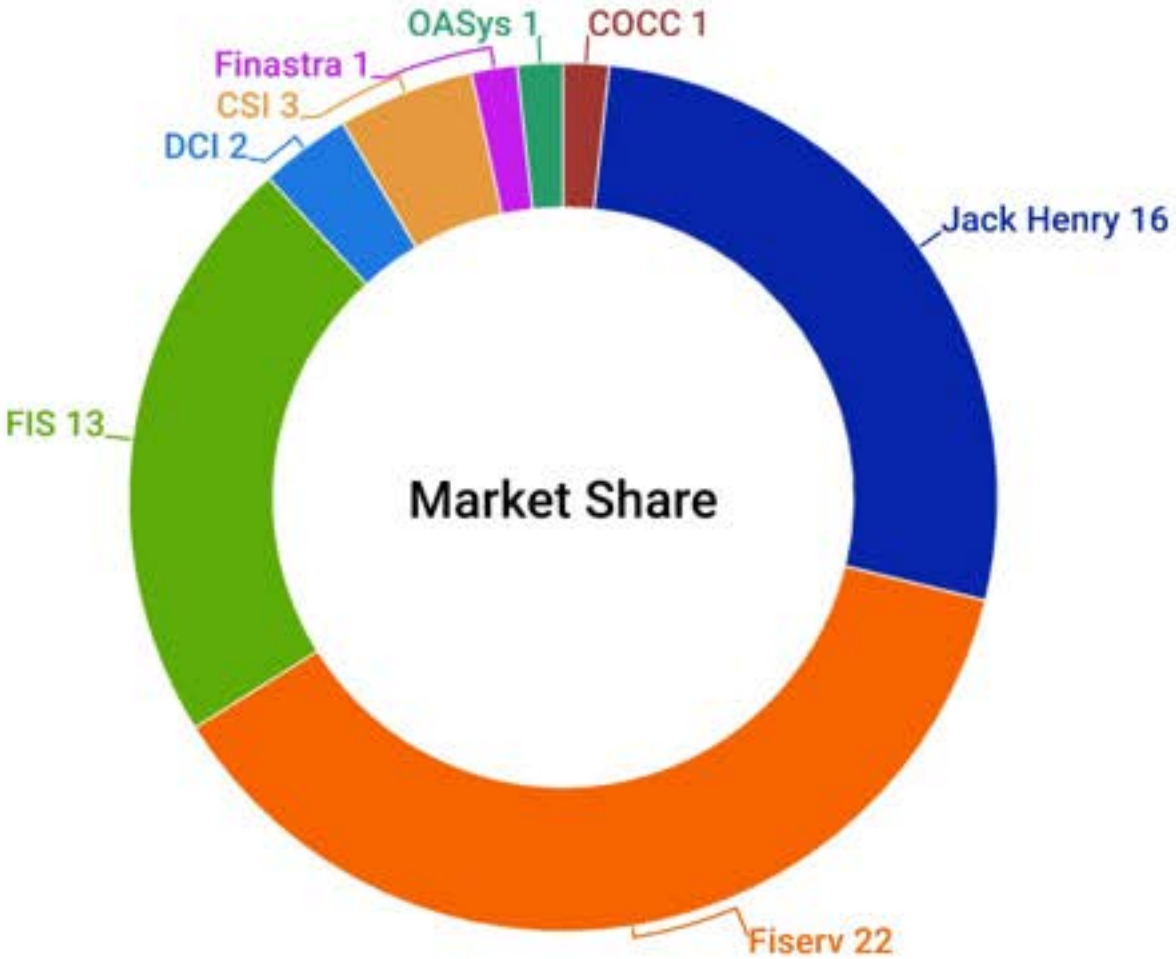
59 Banks Accounted For

51 Banks Use BIG THREE

Observation

85% of banks in Virginia use the BIG THREE

Virginia | Core Footprints



59 Banks Accounted For

51 Banks Use BIG THREE

Observation

85% of banks in Virginia use the BIG THREE

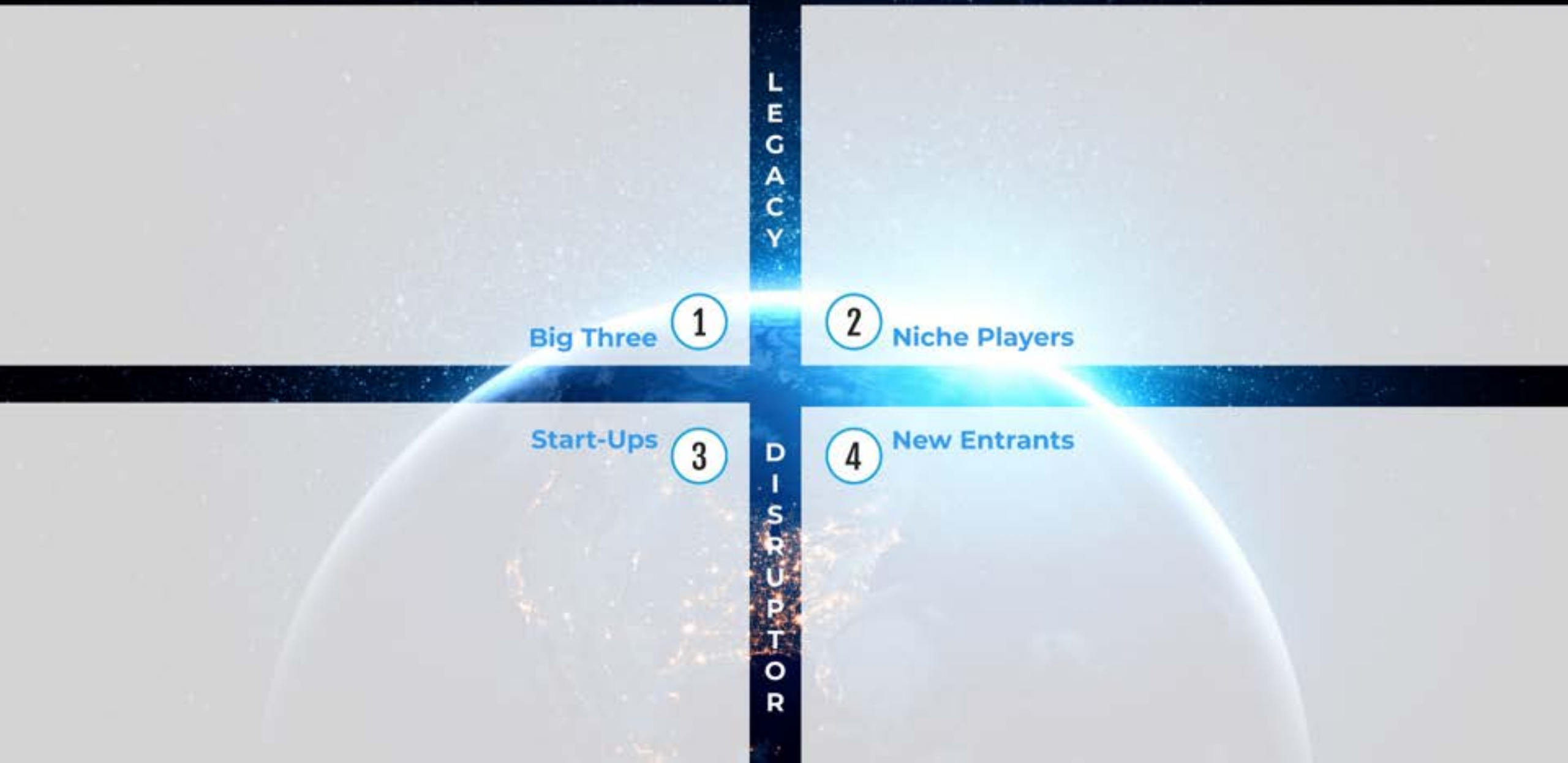
3rd Party Digital

NCR - 4

Q2 - 6

10 banks are working outside of their core for key forward-facing systems.

Core Vendor Landscape



Core Vendor Landscape

Core Vendor Landscape

LEGACY

DISRUPTOR

1 Big Three

jh

fiserv.

FIS

2 Niche Players

SHAZAM

FINASTRA

smiley TECHNOLOGIES

UFS thrive. together.

bma

CSI

DXC TECHNOLOGY

COCC

IBTAPPS

FISC

FPSGOLD

D·C·I DATACENTERING.COM

datapro, inc.

Automated Systems, Inc.

3 Start-Ups

4 New Entrants

Core Vendor Landscape

LEGACY

DISRUPTOR

1 Big Three

jh

fiserv.

FIS

2 Niche Players

SHAZAM

FINASTRA

smiley TECHNOLOGIES

bma

UFS thrive. together.

CSI

DXC TECHNOLOGY

COCC

IBTAPPS

FISC

FPSGOLD

D·C·I DATACENTERING.COM

datapro, inc.

Automated Systems, Inc.

3 Start-Ups

Finxact CORE AS A SERVICE

SAP Fioneer

NYMBUS

MAMBU

neocova

BrightFi

Thought Machine

4 New Entrants

Core Vendor Landscape

LEGACY

DISRUPTOR

1 Big Three

jh

fiserv.

FIS

2 Niche Players

SHAZAM

FINASTRA

smiley TECHNOLOGIES

bma

UFS thrive. together.

CSI

DXC TECHNOLOGY

COCC

IBTAPPS

FPSGOLD

D·C·I DATACENTERING.COM

FISC

datapro, inc.

Automated Systems, Inc.

3 Start-Ups

FinXact

SAP Fioneer

NYMBUS

MAMBU

neocova

BrightFi

Thought Machine

4 New Entrants

Core Vendor Landscape

LEGACY

DISRUPTOR

1 Big Three

jh

fiserv.

FIS

2 Niche Players

SHAZAM

FINASTRA

smiley TECHNOLOGIES

bma

UFS thrive. together.

CSI

DXC TECHNOLOGY

COCC

IBTAPPS

FPSGOLD

D·C·I DATACENTERING.COM

FISC

datapro, inc.

Automated Systems, Inc.

3 Start-Ups

Finxact

SAP Fioneer

NYMBUS

MAMBU

neocova

BrightFi

Thought Machine

4 New Entrants

ORACLE

Infosys

tcs TATA CONSULTANCY SERVICES

intellect live your dream

SoFi

temenos

technisys

Core Vendor Landscape

SAP Fioneer

- SAP spun Fioneer off in Sept 2021
- Micro-services
- Cloud-based
- Vast Bank, in process

TEMENOS

- UK Based
- Micro-services
- Cloud-based
- TS Banking Group announced adoption of T24
- $1B - three-bank holding company

Core Vendor Landscape

Core Vendor Landscape

SoFi

- Bought Galileo (2020)
- Buys Bank Charter (Feb 2022)
- Buys Technisys (March 2022)

technisys

the next banking experience

- Micro-Services provider
- South America
- 50B+ Institutions

Core Vendor Landscape

LEGACY

DISRUPTOR

1 Big Three

jh

fiserv.

FIS

2 Niche Players

SHAZAM

FINASTRA

smiley TECHNOLOGIES

bma

UFS thrive. together.

CSI

DXC TECHNOLOGY

COCC

IBTAPPS

FPSGOLD

D·C·I DATACENTERING.COM

FISC

datapro, inc.

Automated Systems, Inc.

3 Start-Ups

Finxact

SAP Fioneer

NYMBUS

MAMBU

neocova

BrightFi

Thought Machine

4 New Entrants

ORACLE

Infosys

tcs TATA CONSULTANCY SERVICES

intellect live your dream

SoFi

temenos

technisys

Core Vendor Landscape

LEGACY

DISRUPTOR

1 Big Three

jh

fiserv.

FIS

2 Niche Players

SHAZAM

FINASTRA

smiley TECHNOLOGIES

UFS thrive. together.

bma

CSI

DXC TECHNOLOGY

COCC

IBTAPPS

FISC

FPSGOLD

D·C·I DATACENTERING.COM

datapro, inc.

Automated Systems, Inc.

3 Start-Ups

4 New Entrants

Convert or don't...

Initiatives | Objective-Based

renew

revise

replace

Initiatives | Objective-Based

renew

revise

replace

Cost compression
New Products
Contract Tune-Up
"Wait n See"

Initiatives | Objective-Based

renew

Cost compression
New Products
Contract Tune-Up
"Wait n See"

revise

Alleviate Bottlenecks
Customer Experience
FinTech Evaluations
Core Renewal (in tandem)
Assess Integration
Cost of Ownership

replace

Initiatives | Objective-Based

renew

Cost compression
New Products
Contract Tune-Up
"Wait n See"

revise

Alleviate Bottlenecks
Customer Experience
FinTech Evaluations
Core Renewal (in tandem)
Assess Integration
Cost of Ownership

replace

Toxic Relationships
Clean Canvas
Fresh Start
Full Due Diligence
FFIEC

Initiatives | Objective-Based

renew

Cost compression
New Products
Contract Tune-Up
"Wait n See"

revise

Alleviate Bottlenecks
Customer Experience
FinTech Evaluations
Core Renewal (in tandem)
Assess Integration
Cost of Ownership

replace

Toxic Relationships
Clean Canvas
Fresh Start
Full Due Diligence
FFIEC

VIRGINIA BANKERS ASSOCIATION

Things to Consider as You Ponder a Conversion

By: David W. Saylor | Genesys Technology Group, LLC | **david@genesystg.com**

assess & data collection

36

replace

30

revise

24

renew

18

contracts

12

Timing is Everything

Assess | Take a hard look at who you are...

Assess | Take a hard look at who you are...

The Assess phase is a **foundational building block** in preparation for a core evaluation.

Assess | Take a hard look at who you are...

What markets do you serve?

The Assess phase is a **foundational building block** in preparation for a core evaluation.

Assess | Take a hard look at who you are...

What markets do you serve?

Department Interviews

The Assess phase is a **foundational building block** in preparation for a core evaluation.

Assess | Take a hard look at who you are...

What markets do you serve?

Department Interviews

Identify Bottlenecks

The Assess phase is a **foundational building block** in preparation for a core evaluation.

Assess | Take a hard look at who you are...

What markets do you serve?

Department Interviews

Identify Bottlenecks

What's your CX Strategy?

The Assess phase is a **foundational building block** in preparation for a core evaluation.

Assess | Take a hard look at who you are...

What markets do you serve?

Department Interviews

Identify Bottlenecks

What's your CX Strategy?

Determine your Profile

The Assess phase is a **foundational building block** in preparation for a core evaluation.

Data Collection | Landscape View

Data Collection | Landscape View

Engage each **strategic vendor** to obtain all information necessary to understand your **current ecosystem**. Understanding the landscape of all deployed systems and vendor relationships will **pay dividends** as you engage your key vendors in negotiations.

Data Collection | Landscape View

Engage each **strategic vendor** to obtain all information necessary to understand your **current ecosystem**. Understanding the landscape of all deployed systems and vendor relationships will **pay dividends** as you engage your key vendors in negotiations.

Invoices & Contracts

Data Collection | Landscape View

Engage each **strategic vendor** to obtain all information necessary to understand your **current ecosystem**. Understanding the landscape of all deployed systems and vendor relationships will **pay dividends** as you engage your key vendors in negotiations.

Invoices & Contracts

Map Systems

Data Collection | Landscape View

Engage each **strategic vendor** to obtain all information necessary to understand your **current ecosystem**. Understanding the landscape of all deployed systems and vendor relationships will **pay dividends** as you engage your key vendors in negotiations.

Invoices & Contracts

Map Systems

Run Rate Analysis

Data Collection | Landscape View

Engage each **strategic vendor** to obtain all information necessary to understand your **current ecosystem**. Understanding the landscape of all deployed systems and vendor relationships will **pay dividends** as you engage your key vendors in negotiations.

Invoices & Contracts

Map Systems

Run Rate Analysis

Contract Analysis

Data Collection | Landscape View

Engage each **strategic vendor** to obtain all information necessary to understand your **current ecosystem**. Understanding the landscape of all deployed systems and vendor relationships will **pay dividends** as you engage your key vendors in negotiations.

Invoices & Contracts

Map Systems

Run Rate Analysis

Contract Analysis

Deconversion & Settlement

VIRGINIA BANKERS ASSOCIATION

Things to Consider as You Ponder a Conversion

By: David W. Saylor | Genesys Technology Group, LLC | **david@genesystg.com**

Termination Fees

Liquidated Damages
Know your contract.
Estimate conversion date.

Example: 80%
multiplied by months remaining

Termination Fees

Liquidated Damages

Know your contract.
Estimate conversion date.

Example: 80%
multiplied by months remaining

File Cuts & Assistance

2 Tests, 1 Live
Optional Services
ALL Applicable Services

Vendors quote 1 test, 1 live
Cost of extra cut is significant

Termination Fees

Liquidated Damages
Know your contract.
Estimate conversion date.

Example: 80%
multiplied by months remaining

File Cuts & Assistance
2 Tests, 1 Live
Optional Services
ALL Applicable Services

Vendors quote 1 test, 1 live
Cost of extra cut is significant

Legacy Data
7-years of checks
7-years of COLD
All Document Images
eStatements
Signature Cards
Driver's Licenses

Cost to get this data is
significant (outsourced)

Termination Fees

End of Term

End of Term

End of Term

Where?

Where does your end of term land?

When?

What ideally is the right time for the conversion?

End of Term

Where?

Where does your end of term land?

When?

What ideally is the right time for the conversion?

Who?

Who are you moving to and can they accommodate your timeline?

End of Term

Where?

Where does your end of term land?

When?

What ideally is the right time for the conversion?

Who?

Who are you moving to and can they accommodate your timeline?

Who Else?

Are other third-party solutions "at-risk" through this process?

Timing is everything...

Timing is everything...

- Convert early or do you need **extra time** (Holdover)
- Holiday weekend?
- Work with your **Card Brand** to understand **blackout** dates (VISA, MC, Discover)
- Identify your **ideal** conversion date
- **Secure** conversion date(s) with vendor(s) **early** in the evaluation process
- Request **deconversion and settlement** estimate from incumbent vendor(s)

Strategic Iniatives

M&A

For Sale

Niches & Markets

In-House

Outsource
OUTHOUS

change

VIRGINIA BANKERS ASSOCIATION

Things to Consider as You Ponder a Conversion

By: David W. Saylor | Genesys Technology Group, LLC | **david@genesystg.com**

Decisioning Framework | Foundation

Decisioning Framework | Foundation

You have to understand **where you** in order to get **where you are going.** Data collection is the most important step in the process.

Decisioning Framework | Foundation

You have to understand **where you** in order to get **where you are going.** Data collection is the most important step in the process.

Understanding your "cost to own" is crucially important. There are expenses to leave and expenses to convert. Understanding price is more than just your monthly run rate.

Decisioning Framework | Foundation

You have to understand **where you** in order to get **where you are going.** Data collection is the most important step in the process.

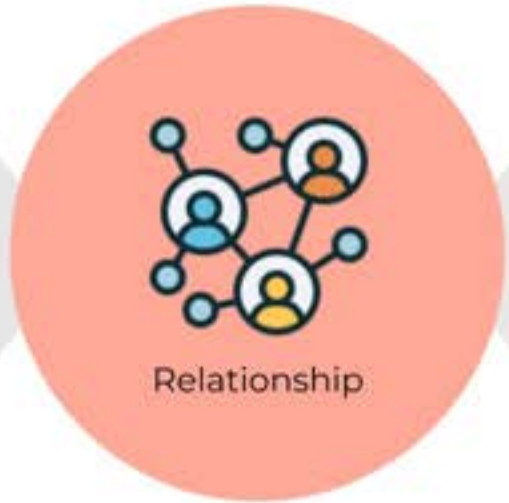
Understanding your "cost to own" is crucially important. There are expenses to leave and expenses to convert. Understanding price is more than just your monthly run rate.

Service quality, culture, and structure is more important than anything else.

Relationship

Them

You



Your Rep
:: Tenure
:: Experience
:: Timing
:: Quota

Vendor
:: Fiscal Year
:: Service
:: Up-time
:: Management

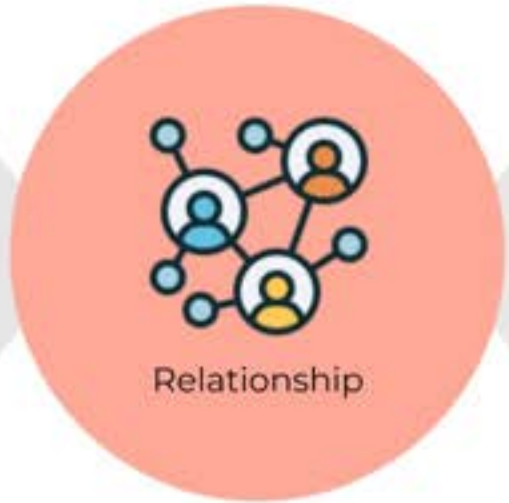
Your Bank
:: Proactive v. Reactive
:: References
:: Beta Bank
:: User Groups
:: Conferences
:: Advisory Board

Valued
:: Be Intentional
:: Invest
:: Dividends
:: Be a customer worth keeping

Relationship

Them

You



Your Rep
:: Tenure
:: Experience
:: Timing
:: Quota

Vendor
:: Fiscal Year
:: Service
:: Up-time
:: Management

Your Bank
:: Proactive v. Reactive
:: References
:: Beta Bank
:: User Groups
:: Conferences
:: Advisory Board

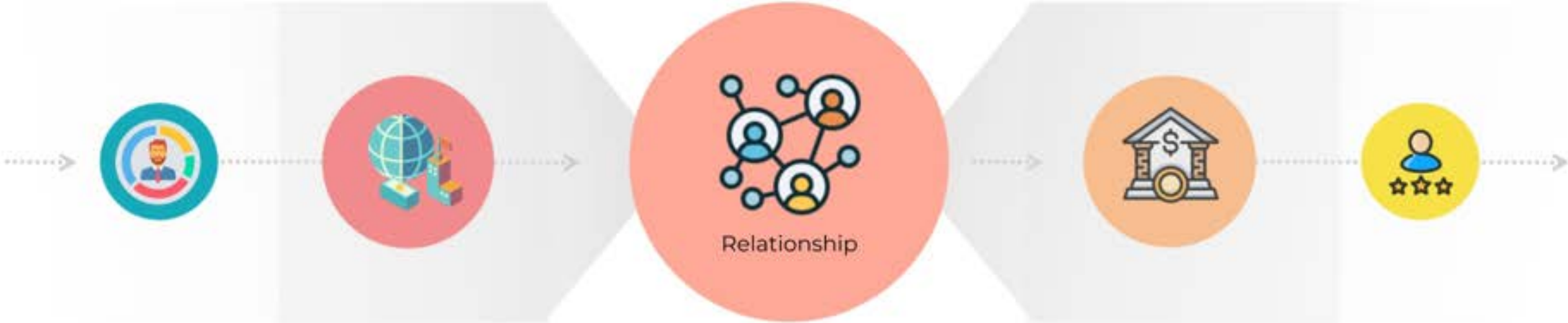
Valued
:: Be Intentional
:: Invest
:: Dividends
:: Be a customer worth keeping

"**Student** of Them"

Relationship

Them

You



Your Rep
:: Tenure
:: Experience
:: Timing
:: Quota

Vendor
:: Fiscal Year
:: Service
:: Up-time
:: Management

Your Bank
:: Proactive v. Reactive
:: References
:: Beta Bank
:: User Groups
:: Conferences
:: Advisory Board

Valued
:: Be Intentional
:: Invest
:: Dividends
:: Be a customer worth keeping

"**Student** of Them"

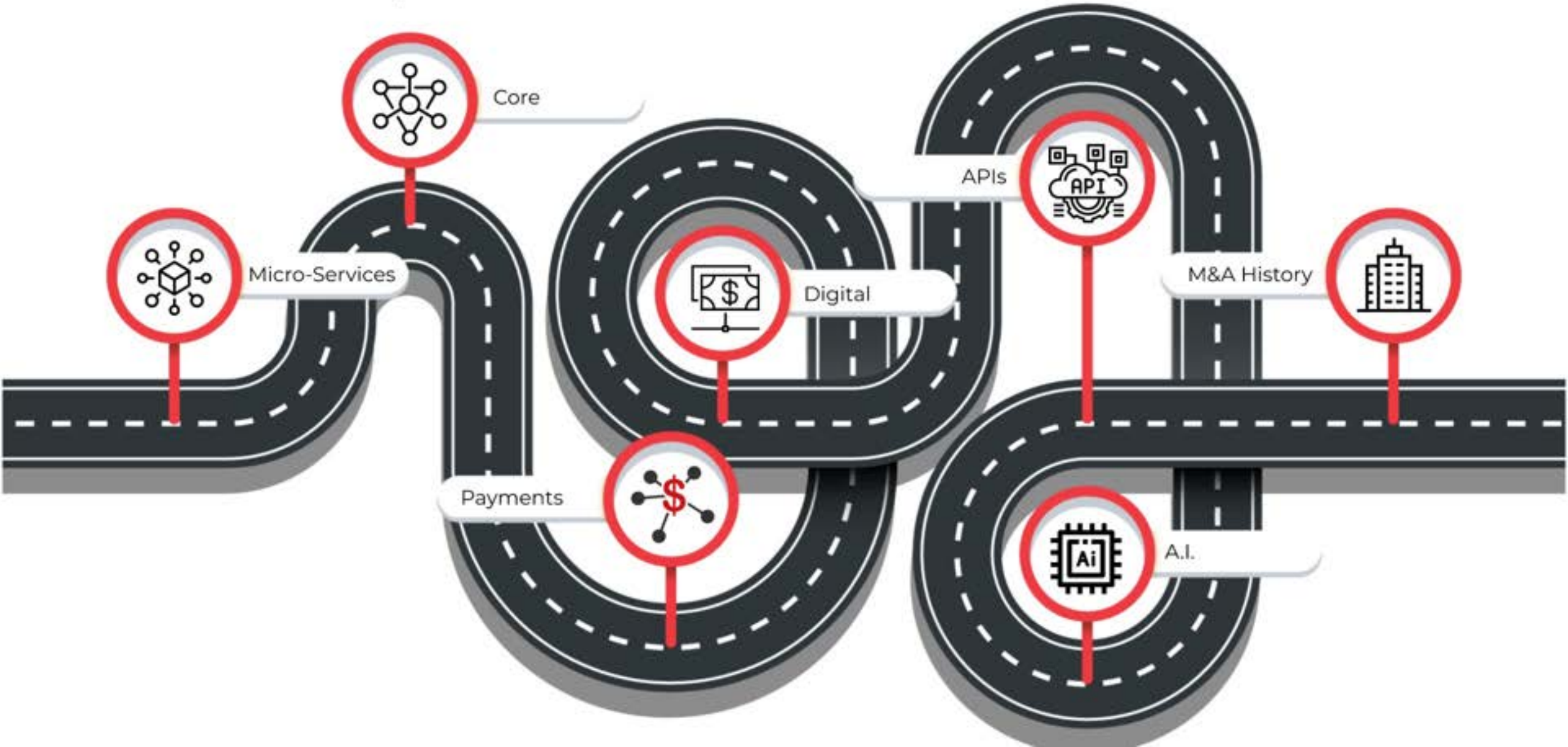
"**Focus** on You"

Open Architecture

Your ability to integrate with third-parties cost effectively and allowing access to all environments should be a **priority**.

Corporate Culture

Roadmaps


Core
Micro-Services
Digital
APIs
API
M&A History
Payments
A.I.
Ai

Decision Trees

Red Flags

Look for signs that the vendor is not right for you.

Consensus is missing

Financials

Lawsuits & Litigation

Rules of Engagement

References

Red Flags

Look for signs that the vendor is not right for you.

Consensus is missing

Financials

Lawsuits & Litigation

Rules of Engagement

References

Note Regarding Sales Teams...

Professionalism, responsiveness, accuracy, and attention to detail matters. If you have to baby sit your saleperson it could be a sign of things to come.

VIRGINIA BANKERS ASSOCIATION

Things to Consider as You Ponder a Conversion

By: David W. Saylor | Genesys Technology Group, LLC | **david@genesystg.com**

Due Diligence Process

Due Diligence Process

Phase 1 :: Discovery

:: Data Collection
:: Engage Incumbent Vendors
:: Establish Timeline
:: Establish Selection Committee
:: Select Vendors
:: ***ABA Core Committee***

Due Diligence Process

Phase 1 :: Discovery

:: Data Collection
:: Engage Incumbent Vendors
:: Establish Timeline
:: Establish Selection Committee
:: Select Vendors
:: ***ABA Core Committee***

Phase 2 :: Market Insight

:: Request for Proposal
:: Full Day Demonstrations
:: Cost of Ownership Analysis
:: Deployment Decisioning
:: Assess/Secure Conversion Date(s)
:: References
:: Elimination(s)

Due Diligence Process

Phase 1 :: Discovery

:: Data Collection
:: Engage Incumbent Vendors
:: Establish Timeline
:: Establish Selection Committee
:: Select Vendors
:: ***ABA Core Committee***

Phase 2 :: Market Insight

:: Request for Proposal
:: Full Day Demonstrations
:: Cost of Ownership Analysis
:: Deployment Decisioning
:: Assess/Secure Conversion Date(s)
:: References
:: Elimination(s)

:: Two Vendors Advance
:: Deep Dive Demonstrations
:: Contract Analysis
:: Conversion References
:: Peer Site Visits
:: Corporate Visits
:: Ancillary Virtual Demos

Phase 3 :: Conversion Due Diligence

:: Solidify Product Mix
:: Interview Account MGT
:: Interview Conversion MGR
:: Finalize Pricing
:: Finalize Contract Terms
:: Audit & Execute Agreement

Due Diligence Process

Phase 1 :: Discovery

:: Data Collection
:: Engage Incumbent Vendors
:: Establish Timeline
:: Establish Selection Committee
:: Select Vendors
:: ***ABA Core Committee***

Phase 2 :: Market Insight

:: Request for Proposal
:: Full Day Demonstrations
:: Cost of Ownership Analysis
:: Deployment Decisioning
:: Assess/Secure Conversion Date(s)
:: References
:: Elimination(s)

:: Two Vendors Advance
:: Deep Dive Demonstrations
:: Contract Analysis
:: Conversion References
:: Peer Site Visits
:: Corporate Visits
:: Ancillary Virtual Demos

:: Solidify Product Mix
:: Interview Account MGT
:: Interview Conversion MGR
:: Finalize Pricing
:: Finalize Contract Terms
:: Audit & Execute Agreement

Phase 3 :: Conversion Due Diligence

Contract Negotiations

Information is a negotiator's greatest weapon.
Victor Kiam
quotefancy

VIRGINIA BANKERS ASSOCIATION

Things to Consider as You Ponder a Conversion

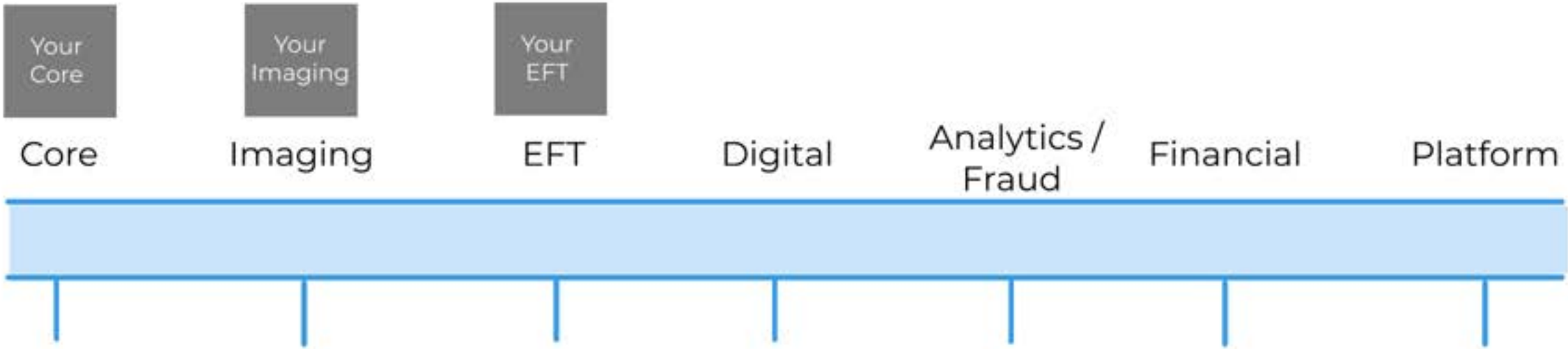
By: David W. Saylor | Genesys Technology Group, LLC | **david@genesystg.com**

Is the grass greener?

Is the grass greener?

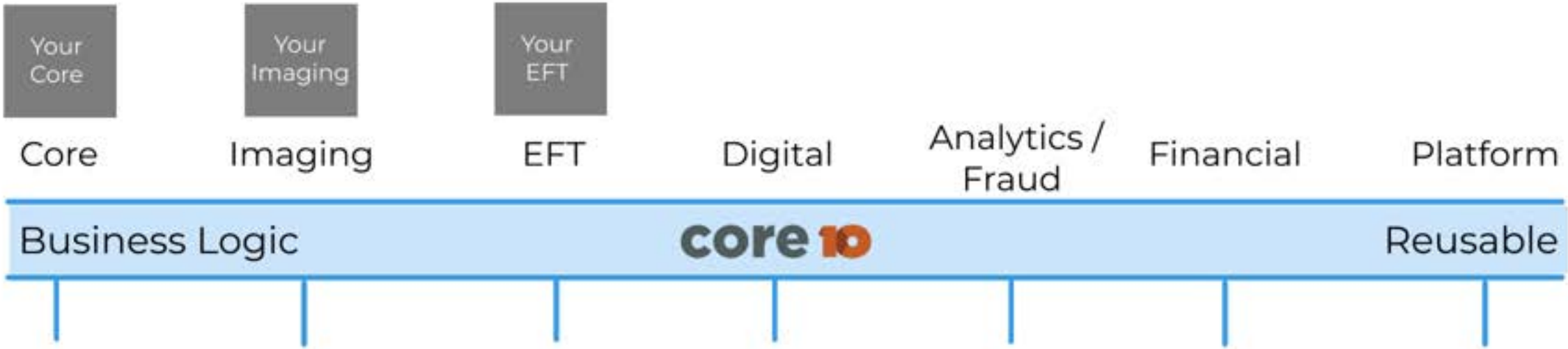
Isolation Ecosystem

Isolate Legacy Systems



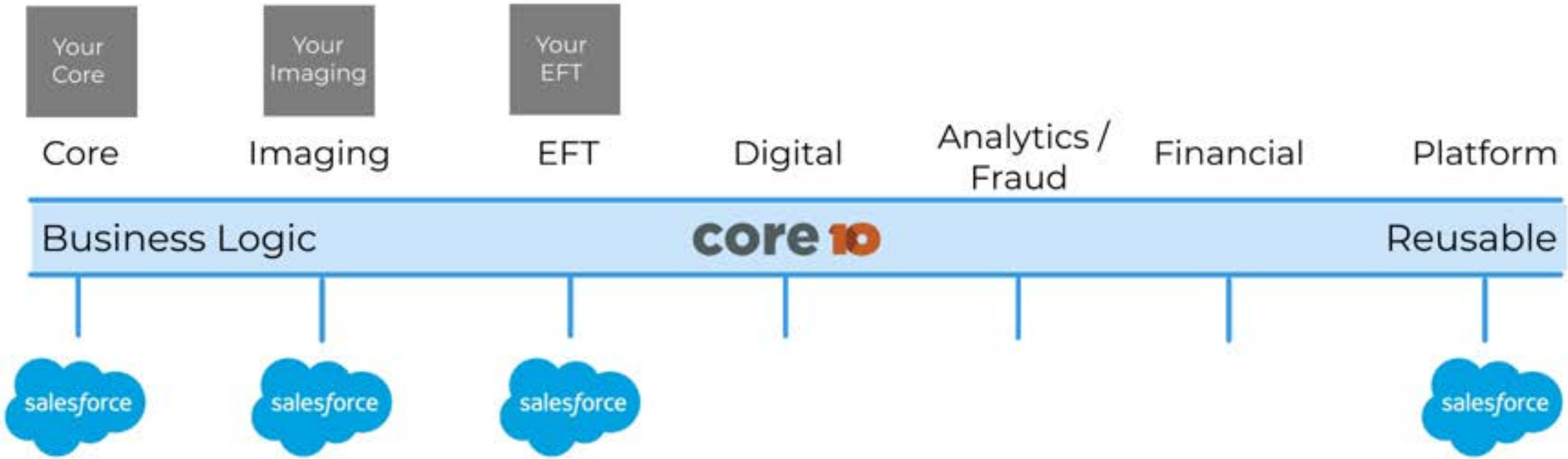
Isolation Ecosystem

Isolate Legacy Systems



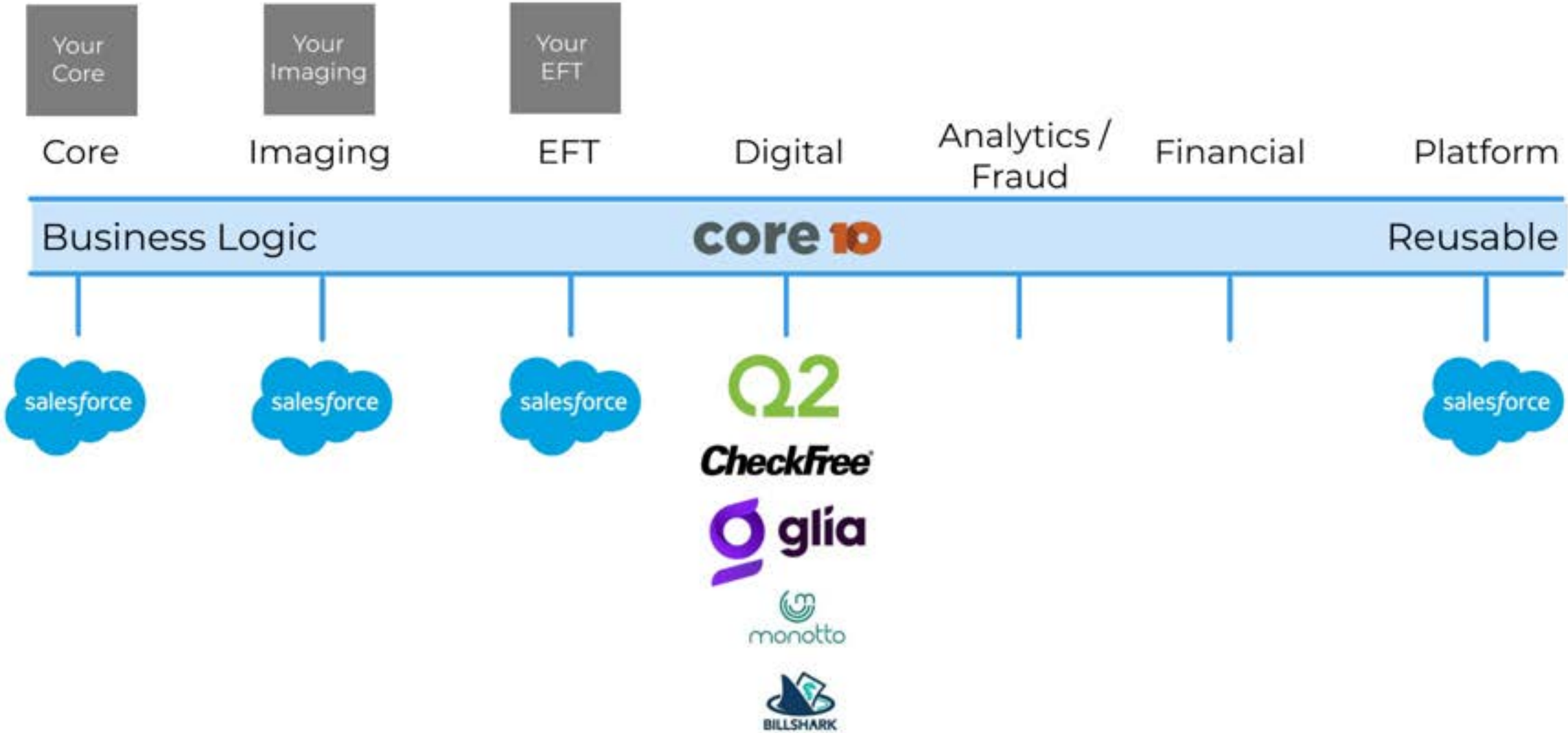
Isolation Ecosystem

Isolate Legacy Systems



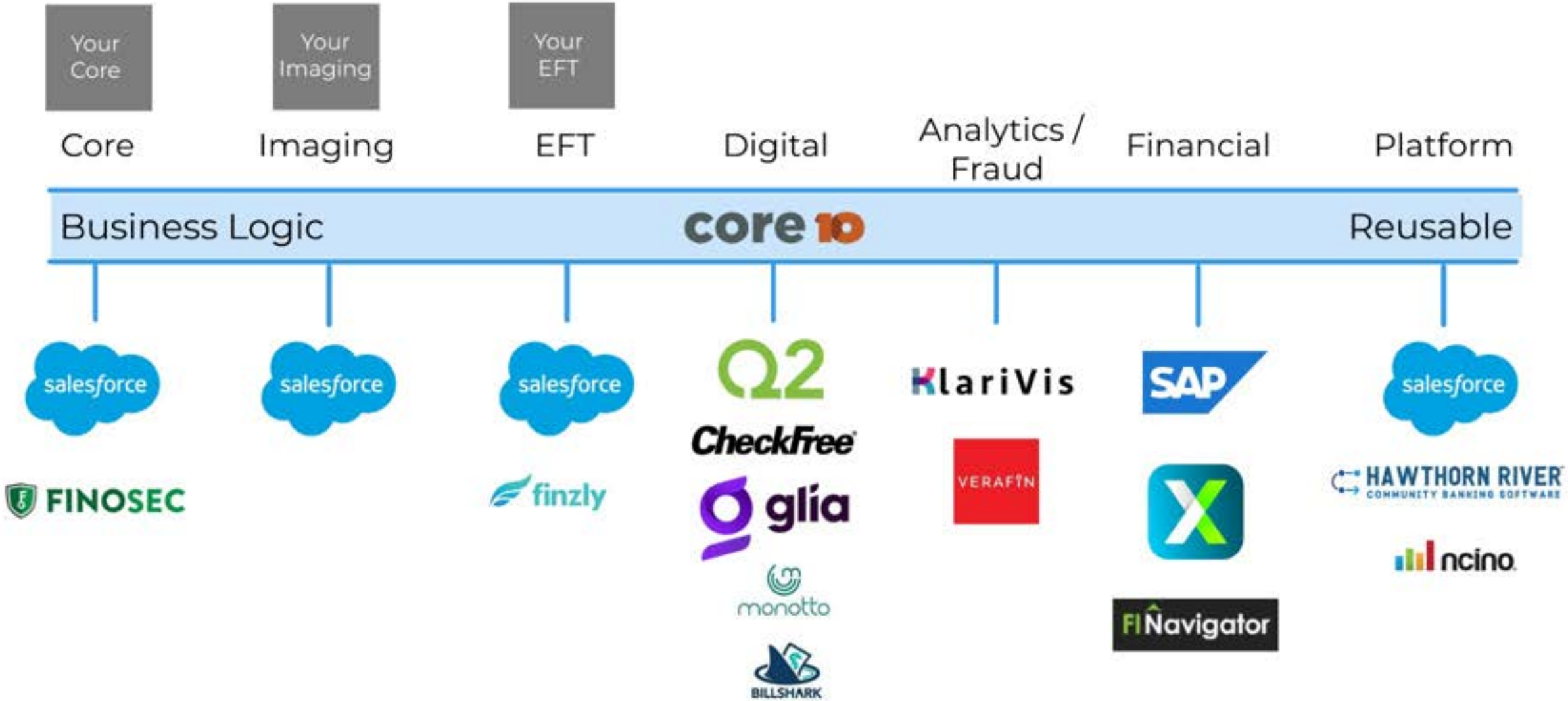
Isolation Ecosystem

Isolate Legacy Systems



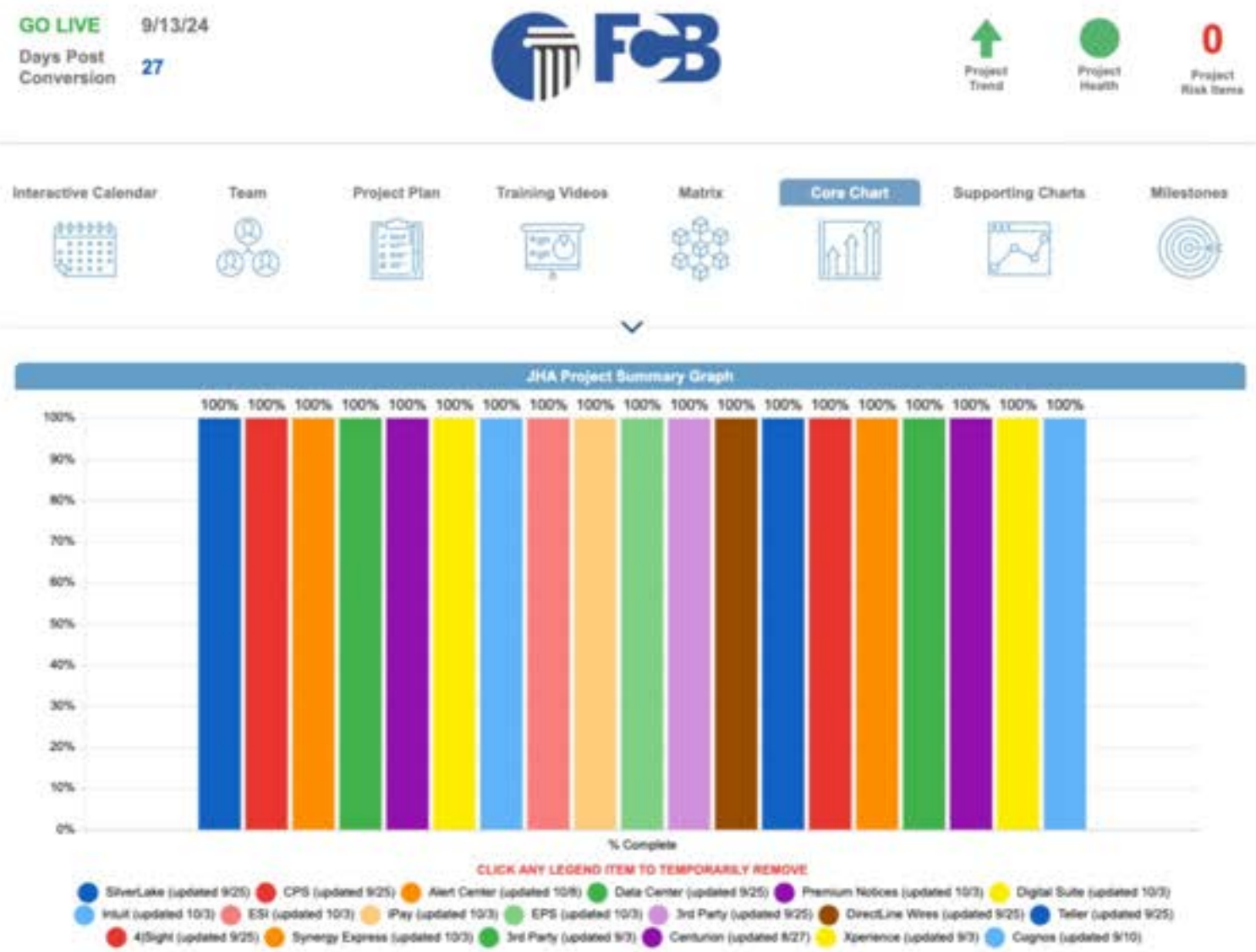
Isolation Ecosystem

Isolate Legacy Systems



Program Management v. Project Management

Program Management v. Project Management



Two Full Time Jobs

Two Full Time Jobs

Unite Your Team
ONCE

It's not rocket science...

it's a process.

Questions?

GENESYS
TECHNOLOGY GROUP

david@genesystg.com

www.genesystg.com

VIRGINIA BANKERS ASSOCIATION

Things to Consider as You Ponder a Conversion

By: David W. Saylor | Genesys Technology Group, LLC | **david@genesystg.com**