



# 2023 Business Plan

TAKING OFF ON OUR NEXT  
ADVENTURE

Presented to the CU\*Answers Board  
of Directors

August 2022

CU\*ANSWERS

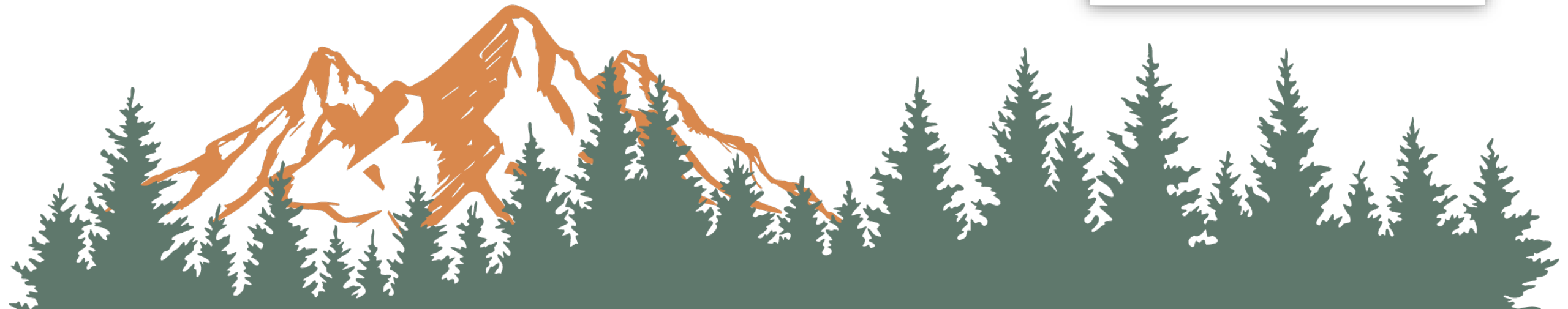
*Our Next  
Adventure*



# Taking Off on Our Next Adventure

It's been a year of firsts – a grand adventure for me personally and professionally

In 2023 we'll embrace the same spirit of adventure



# Our Top Strategies for 2023 Web-based CU\*BASE UI

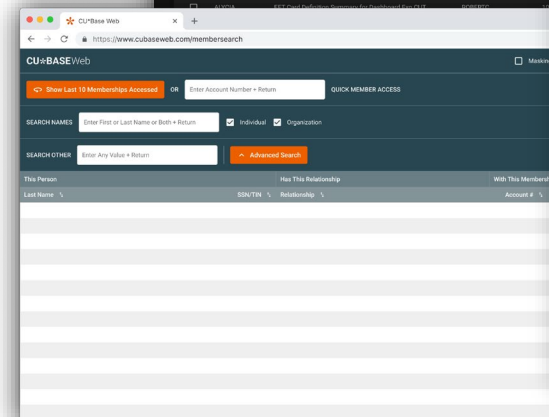
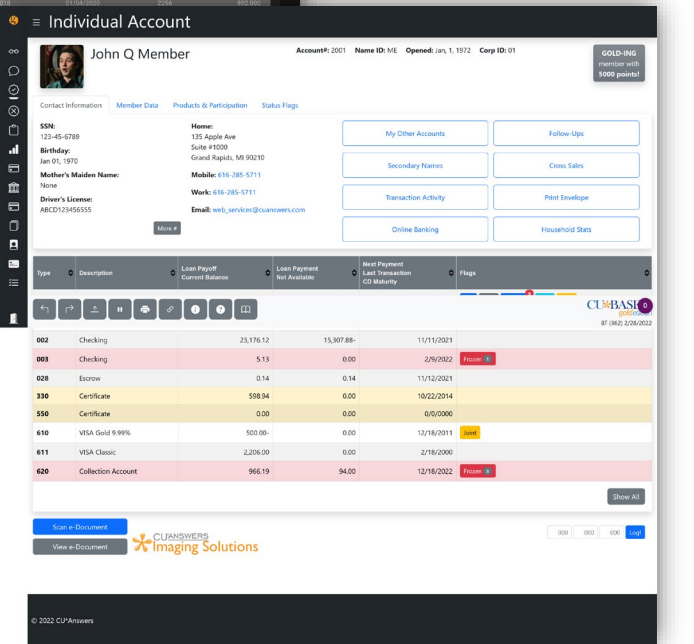
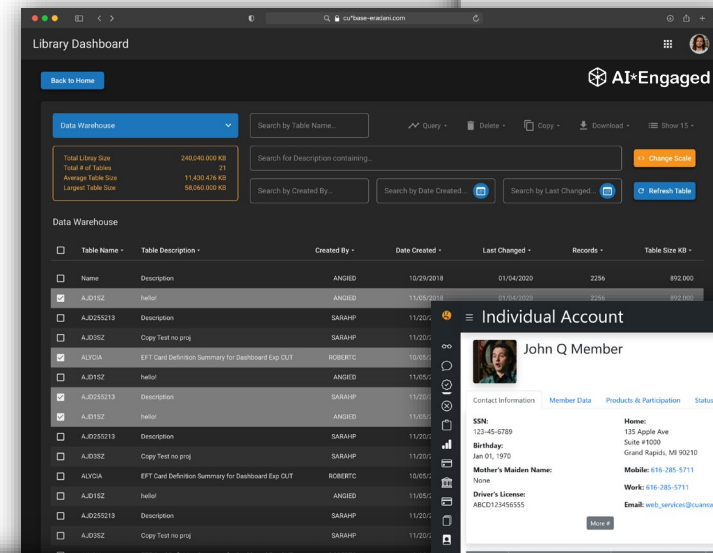
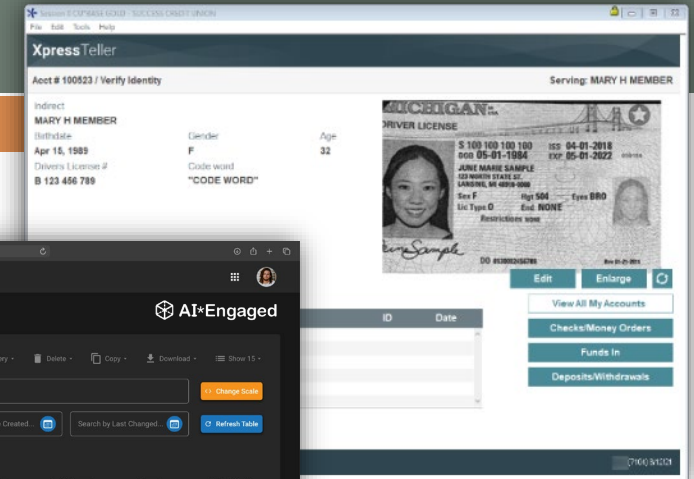
Early inspirations for our new design:

## ⇒ We have a winner!

- ✓ The Rocket MX Web POC has taken us further down the road than ever
- ✓ POC phase 2 to wrap up by Sept 30
- ✓ Actively working now on the UI design style guide

## ⇒ 2-step conversion process

- ✓ Convert all 12,000+ panels to new look
- ✓ Ongoing investment to expand on the possibilities offered by the new tools



# Our Top Strategies for 2023

## Web-based CU\*BASE UI

### ⇒ Implementation

- ✓ Module at a time? Shorter up-front = more disruptive to CUs
- ✓ All at once? Longer up-front = shorter learning curve

### ⇒ Ongoing investment

- ✓ Starting with a straight one-to-one conversion to retain existing functionality and reduce the learning curve
- ✓ While we learn the tools, we'll pick a module (loan queue / application workflow) and reimage it based on what MX Web can do
- ✓ Embracing *evolution* . . . Setting a foundation to build on for years to come



# Our Top Strategies for 2023

## Connecting with our Clients

### ⇒ Sales Team engagements

- ✓ Throughout the relationship, not just at signing

### ⇒ Regional Collaboration Communities

- ✓ Bringing together CUs in geographic regions for regular peer interactions
- ✓ A Sales Team initiative

### ⇒ Introducing *Conversations on...*

- ✓ Reenergizing and expanding on our focus groups
- ✓ Giving CUs regular opportunities for open conversations with each other, and with our subject-matter experts and designers
- ✓ A CMS / Client Services & Education Initiative



# Our Top Strategies for 2023

## Supply Chain / Staffing

### PROJECTS

- ⇒ Longer/less predictable lead times for products and supplies
- ⇒ Getting creative and challenging the status quo
  - ✓ Certifying new printers, finding new resellers, etc.
- ⇒ We're meeting our critical deadlines

### STAFFING

- ⇒ Two years into a new landscape
- ⇒ We're evolving...
  - ✓ Hiring and onboarding processes
  - ✓ Retention planning
  - ✓ Tech resources in Las Vegas
- ⇒ Will invest in team members based on market conditions
  - ✓ Challenging what a traditional work environment is, and using all the techniques available to us

# Managing the Pipeline, Managing Expectations

## AN EVOLVING PIPELINE

### ⇒ Record levels of activity

- ✓ Conversions, mergers, deconversions, EFT migrations, new project rollouts, DHD projects, and our own strategic development

### ⇒ Coordinating a more complex dance:

- ✓ Multiple teams (vendors, us, you)
- ✓ Multiple projects, parallel vs. sequential (dominoes)
- ✓ Long onboarding times, steep learning curves
- ✓ Reviving our network resources (CU\*NW, CU\*S, eDOC)

# Managing the Pipeline, Managing Expectations

## MANAGING CLIENT EXPECTATIONS

⇒ Explaining more, being more transparent, giving more people an insider's peek

- ✓ Communicating when we're hung up on legal
- ✓ Defining project requirements in laymen's terms, getting stakeholder sign-off
- ✓ Communicating timing and status
- ✓ Raising general visibility of DHD projects across the network
- ✓ Engaging more with clients during development – are we hitting the target or getting off track?

⇒ What are we studying?

- ✓ What will play in to our strategies for the coming year
- ✓ What we've studied and agreed to set aside



# Our Top Strategies for 2023

## Investing In Our Teams

- ⇒ New EVP
- ⇒ Expanding the conversion teams
- ⇒ Expanding presence in the Innovation Center
- ⇒ Investing in sales:
  - ✓ Servicer Edition
  - ✓ Regional support
  - ✓ Sales trainee
- ⇒ Strategic building for the future:
  - ✓ Planning for replacing key bodies throughout the organization
  - ✓ Formalizing an internal process for each of the management levels

# Our Top Strategies for 2023

## Facilities Investments

- ⇒ Renovation of new real estate on the 3rd floor at 28th St
- ⇒ Renovation at the Innovation Center
- ⇒ New computer-room HVACs at 28th & 44th St
- ⇒ HVAC at the 28th St headquarters
  - ✓ Lease extension
- ⇒ Audio/video upgrades for 28th St meeting rooms
- ⇒ Network Services lab upgrades
  - ✓ Replace end-of-life equipment, expand capacity to configure equipment
- ⇒ Power refresh projects
  - ✓ Modernizing power distribution and cable management to improve rack management and airflow

# Conclusion

We rarin' to get to work...  
let's make it a great  
2023!

- ⇒ What about PCI compliance?
  - ✓ Short answer: not yet
  - ✓ We (and our network) can get DCI without it
- ⇒ What about DCI and provisioning to wallet?
  - ✓ New vendor will get us there faster, cheaper
- ⇒ What about DOS/DOT defense?
  - ✓ Building on what we learned from Abnormal Activity Monitoring
- ⇒ What's new with mobile?
  - ✓ Train schedule
  - ✓ Mop 3.0 with photo ID verification/uploads
- ⇒ What's next with 1Click Offers?
  - ✓ Add the FUEL model for auto-approvals
- ⇒ What's the competitive landscape?
  - ✓ October Symposium for \$500M-\$1.5B shops

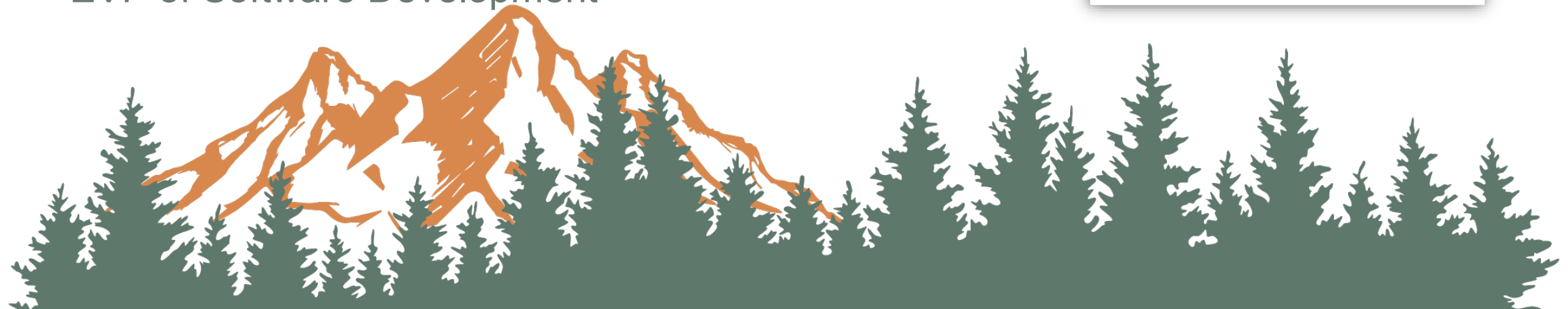
# 2023 Strategic Technology Plan

**Dave Wordhouse**

EVP of Technology

**Brian Maurer**

EVP of Software Development



# Message from the EVPs

⇒ Cybersecurity continues to be top of mind

- ✓ Five new projects in 2023



⇒ New IBM Power 10 hardware has landed with a bang

⇒ Projects to pay attention to:

- ✓ Cybersecurity
- ✓ Phone vendor change?
- ✓ MPLS end-of-life announcement

⇒ Our technology platforms are stable and ready to take on new challenges!

⇒ Creating solutions to serve members in new ways

- ✓ Native functionality built into our products
- ✓ Extended functionality through 3rd party vendors
- ✓ Connecting CU\*BASE to new hardware (ITMs, etc.)



⇒ Completion of the study project on PCI compliance

⇒ New foundation for CU\*BASE GOLD

# 2023 Strategic Technology Plan

## 2023 Spotlight Initiatives

### ⇒ Moving CU\*BASE GOLD to a Web Interface

✓ Building a foundation for our future

### ⇒ Multi-Factor Authentication (MFA)

✓ Responding to security challenges

### ⇒ Plaid

✓ How will MFA play with third-party aggregators?

### ⇒ Push Provisioning and Digital Card Issuance

✓ Let members request a card and starting using it in minutes!

### ⇒ MPLS End of Life

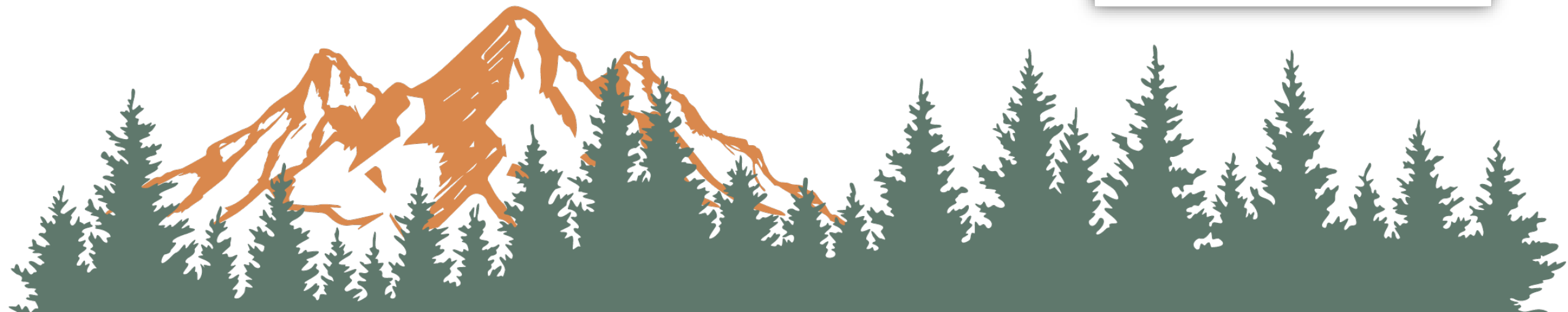
✓ Moving from copper lines to faster (and more cost-effective) VPN connectivity



# 2023 Client Experience Business Initiatives

**Dawn Moore**

EVP of Client Experience



# 2023 Client Experience Business Initiatives

*Goals for these groups:*


- ⇒ Give CUs regular **opportunities for open conversations** with CU\*Answers subject-matter experts and product designers
- ⇒ Give CUs an **insider's view** of the project management and design process
- ⇒ Provide **networking opportunities** for clients
- ⇒ Provide **training on best practices** for using CU\*BASE and related tools
- ⇒ **Identify audiences** for special communications and presentations around current hot topics
- ⇒ **Identify subject-matter experts** that we can reach out to for input on product design

**Conversations on\***


- ✓ Accounting/Back Office
- ✓ Bill Pay/P2P
- ✓ Collections
- ✓ Compliance
- ✓ Cybersecurity
- ✓ Data
- ✓ Deposit Operations
- ✓ Fraud
- ✓ HR
- ✓ Imaging
- ✓ Lending
- ✓ Online Member Experience
- ✓ Plastics
- ✓ Serving Business Members
- ✓ Teller/Member Services
- ✓ Xpress Teller




# 2023 CU\*Answers Management Services Initiatives

- ⇒  **ASTERISK**  
INTELLIGENCE
- ✓ Premium data sets for data not available in production
  - ✓ Storage via a data warehouse, premium dashboards via AI\*Engaged
  - ✓ Data analysis services
  - ✓ Analytics Booth: financial statements & ratios

- ⇒ **AuditLink**
- ✓ Fraud Management
  - ✓ Vendor Management
  - ✓ Preparing for Leadership Change

- ⇒ **BIZ**  **LINK**
- ✓ BizLink Advisory Board and BizLink SME Group
  - ✓ Mobile first/modules for **BizLink 247**
  - ✓ Studying techniques for Intuit QuickBooks connections
  - ✓ Mobile first/modules for PIB MLO

- ⇒  **CU\*ANSWERS**  
**Client Services & Education**
- ✓ Education – Introducing CTE Lite
  - ✓ Client Support – Developing our newest team members

# 2023 CU\*Answers Management Services Initiatives



- ✓ Evaluate CU and vendor-funded projects for potential CU\*Answers investment
- ✓ Ensure timelines are understood and met
- ✓ Ensure project scope is understood
- ✓ Communicate regularly



- ✓ PRV (post-release verification)
- ✓ New Tiered Services strategies
- ✓ Ascensus integration strategies
- ✓ Options for manual mergers
- ✓ Bringing DHD projects to other CUs



- ✓ Teaming with Lender\*VP for 1Click
- ✓ MOP 2.0 e-signatures
- ✓ ITMs
- ✓ Native Receipts in Xpress Teller
- ✓ Request-a-document buttons in CU\*BASE
- ✓ CU\*Spy enhancements



- ✓ Mobile 6.0/Annual Deployments
- ✓ CU Publisher Self-Service
- ✓ Mobile App Ancillary Services
- ✓ MOP 2.0 and 3.0

# 2022 CU\*Answers Management Services Initiatives

⇒ **Lender\*VP**  
CU\*ANSWERS Management Services

- ✓ FUEL Decision Model
- ✓ Third-party Integrations
- ✓ 1Click
- ✓ A New Online LOS

⇒  **CU\*ANSWERS Management Services**

- ✓ Market Development
- ✓ An Eye on Retention– Client Reach
- ✓ An Eye on Collaboration – Regional Collaboration Communities

⇒ **SettleMINT<sup>EFT</sup>**  
CU\*ANSWERS Management Services

- ✓ AP Batch4 continues into 2023
- ✓ Digital Card Issuance
- ✓ 2 new EFT platforms: MAP, COOP Optis
- ✓ 1 new Bill Pay platform: Payrailz
- ✓ Highlighting online CCs
- ✓ Sunsetting iPay legacy mobile
- ✓ Enhancing Instant Issue, new API support

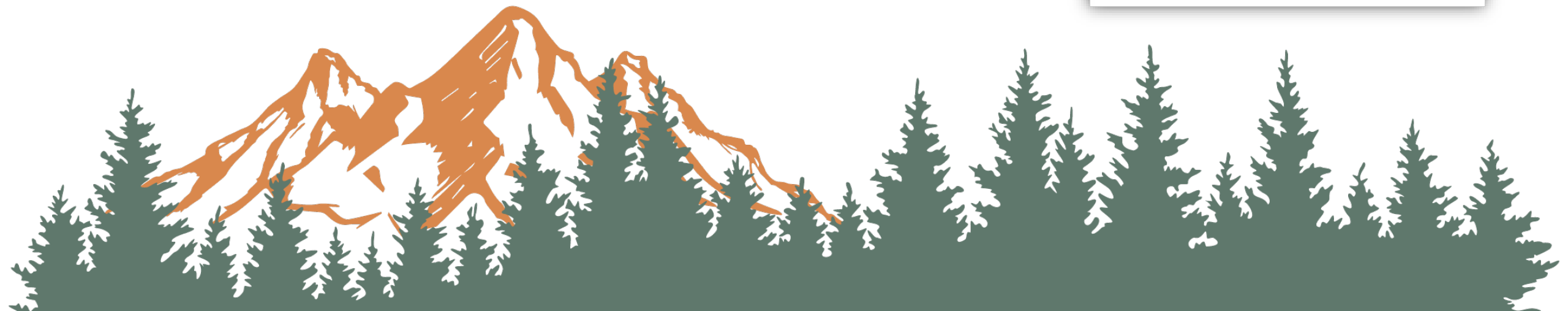
⇒ **Web Services**  
CU\*ANSWERS Management Services

- ✓ Stores
- ✓ Websites
- ✓ Marketing

# 2023 Competitive Landscape Analysis

**Scott Collins**

EVP of National Sales & Marketplace Relationships



# 2023 Competitive Landscape Analysis

## Our Market Position

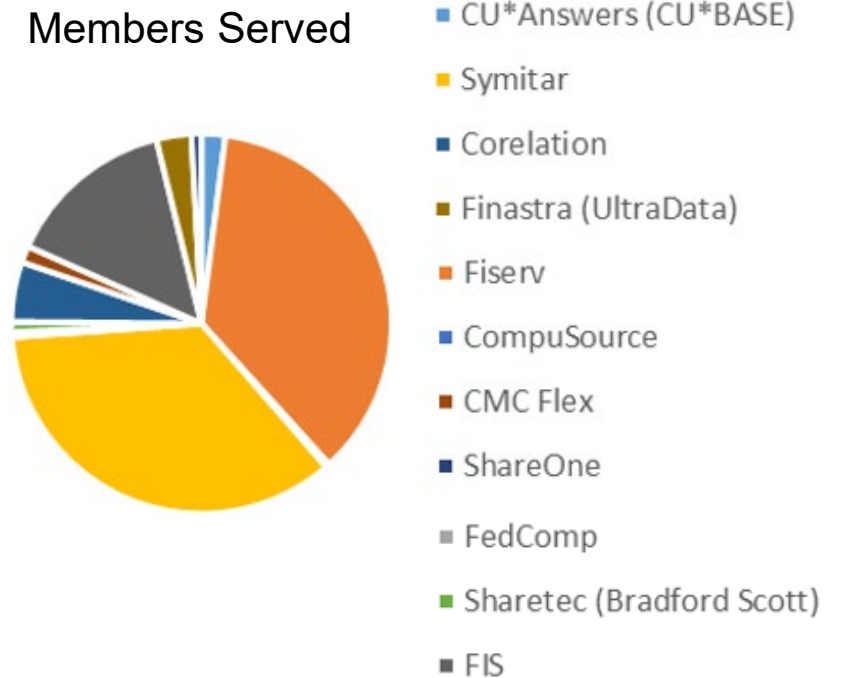
Growth trends for cores with > 200 CUs served

|                           | CREDIT UNIONS SERVED |      |      |      |      | 1 Yr Change | 5 Yr Change |        |
|---------------------------|----------------------|------|------|------|------|-------------|-------------|--------|
|                           | 2017                 | 2018 | 2019 | 2020 | 2021 |             |             |        |
| Fiserv                    | 1860                 | 1775 | 1709 | 1626 | 1510 | -116        | -350        | -18.8% |
| Symitar                   | 630                  | 631  | 625  | 635  | 653  | 18          | 23          | 3.7%   |
| FedComp                   | 619                  | 597  | 558  | 530  | 505  | -25         | -114        | -18.4% |
| CU*Answers (CU*BASE)      | 250                  | 258  | 267  | 272  | 285  | 13          | 35          | 14.0%  |
| CMC Flex                  | 239                  | 236  | 245  | 249  | 253  | 4           | 14          | 5.9%   |
| Sharetec (Bradford Scott) | 251                  | 246  | 234  | 241  | 247  | 6           | -4          | -1.6%  |
| CompuSource               | 283                  | 269  | 262  | 260  | 246  | -14         | -37         | -13.1% |
| FIS                       | 224                  | 211  | 191  | 178  | 165  | -13         | -59         | -26.3% |
| Finastra (UltraData)      | 193                  | 186  | 154  | 147  | 124  | -23         | -69         | -35.8% |
| Corelation - Keystone     | 57                   | 63   | 80   | 94   | 122  | 28          | 65          | 114.0% |
| Share One                 | 98                   | 96   | 87   | 87   | 84   | -3          | -14         | -14.3% |

# 2023 Competitive Landscape Analysis

## Our Market Position

| Credit Unions Under Contract - 2021 Callahan Report |                          |             |                   |           | Last Year | Trend  |
|---|--------------------------|-------------|-------------------|-----------|-----------|--------|
|   | Total Members (Millions) | AVG Members | AVG Assets (\$1M) | % Members |           |        |
| CU*Answers (CU*BASE)                                | 2.38                     | 8,338       | 110.3             | 1.9%      | 2.2%      | -12.4% |
| Fiserv  | 42.77                    | 28,323      | 459.4             | 34.5%     | 40.2%     | -14.2% |
| FedComp   | 0.399                    | 790         | 6.26              | 0.3%      | 0.4%      | -17.1% |
| Symitar   | 41.53                    | 63,595      | 1033.1            | 33.5%     | 38.5%     | -13.2% |
| CompuSource   | 0.493                    | 2,006       | 21.22             | 0.4%      | 0.5%      | -17.5% |
| Sharetec (Bradford Scott)                           | 1.03                     | 4,155       | 45.98             | 0.8%      | 0.9%      | -11.2% |
| Corelation  | 6.02                     | 49,326      | 732               | 4.8%      | 4.4%      | 11.3%  |
| CMC Flex  | 1.67                     | 6,600       | 83.19             | 1.3%      | 1.5%      | -10.6% |
| FIS   | 17.08                    | 103,500     | 1529.4            | 13.8%     | 2.9%      | 378.6% |
| Finastra (UltraData)                                | 3.5                      | 28,211      | 493.2             | 2.8%      | 5.6%      | -49.4% |
| ShareOne  | 1.01                     | 11,995      | 180.2             | 0.8%      | 0.9%      | -12.9% |
| <b>TOTAL (ALL CORES)</b>                            | <b>124.15</b>            |             |                   |           |           |        |



# 2023 Competitive Landscape Analysis

## Our Market Position



### RECENT TRENDS VS. COMPETITORS

- Source: Callahan Peer-to-Peer Database (CUaxis will true-up with 2023 report)
- Reflects significant number of Mergers out for CUA in tiers 1 and 2

| 3/31/2021 |                        | 3/31/2022 | +/-    |
|-----------|------------------------|-----------|--------|
| 5,166     | Total US Credit Unions | 5,007     | -3.1%  |
| 130       | Tier 1 Clients         | 121       | -6.9%  |
| 28        | Tier 2 Clients         | 27        | -3.6%  |
| 15        | Tier 3 Clients         | 15        | 0.0%   |
| 10        | Tier 4 Clients         | 10        | 0.0%   |
| 183       | TOTAL CUA              | 173       | -5.5%  |
| 40        | CU*NW Clients          | 43        | 7.5%   |
| 56        | CU*South Clients       | 60        | 7.1%   |
| 12        | CU Axis Clients        | 13        | 8.3%   |
| 340       | Portico                | 356       | 4.7%   |
| 94        | MDT                    | 97        | 3.2%   |
| 237       | Sharetec               | 243       | 2.5%   |
| 245       | CMC Flex               | 247       | 0.8%   |
| 97        | Corelation             | 124       | 27.8%  |
| 136       | Ultradata              | 112       | -17.6% |

# 2023 Competitive Landscape Analysis





## Top Competitive Challenges

1. CEO Changes
2. Industry Consolidation
3. Competitive Consolidation
4. CEO Changes Within Our cuasterisk.com Network 
5. Resurgence of In-House Appetite
6. Repeat of Recent Events
7. Client Retention
8. Increasing API pressure to go outside the Core Suite
9. New Entries to the Market
10. IBM Sunsetting the iSeries Space
11. Contractual Challenges 



# 2023 Competitive Landscape Analysis

## Top Tool-Related Challenges

1. Does the system integrate with “\_\_\_\_\_” online banking and mobile vendor?
2. Does CU\*BASE have the ability to add and remove fields? 
3. Does the core have ability to integrate with any 3rd parties the credit union is/would like to work with?
4. Fraud Switch Kit 
5. Full Ascensus Integration 
6. Is the system browser-based?
7. Do you offer a real-time P2P service?
8. Does the system include an internal instant messaging tool?
9. Online Account Opening doesn't allow for sub-accounts to be opened simultaneously 
10. Does the teller system include a denomination calculator prior to posting a transaction to assist with cash outages?
11. Dual maintenance in wire transfer process.



[cuasterisk.com](http://cuasterisk.com)

- ⇒ More than ever, we need to rally to support each other's business plans
- ⇒ 2023 will be a critical year to focus on cohesion and collaborative investment as our competitors sow the seeds of doubt
- ⇒ I believe we have the collective teams and mindset to make it one of our biggest and best periods ever

# Investing in our Sales Engine

Protecting our turf with an install base that exceeds 200 credit unions for the first time in our history

- ⇒ Sweat equity and some monetary investments in Regional Collaboration Communities
- ⇒ Realigning the territories covered by our Regional Sales Reps
- ⇒ Doubling down our canvassing activity in Tier 4, specifically in Hawaii, California and by leveraging our LV Innovation Center



- ⇒ Foundation has been laid ... 2023 will focus on learning, driving leads and beginning to earn out on our investments
- ⇒ New sales resource: David Soper
- ⇒ Deepening existing relationships
  - ✓ Mortgage servicing community
  - ✓ CU Outdoors
  - ✓ SmartHealth PayCard
  - ✓ North Coast Business Lending (R2S)
  - ✓ Cambio
- ⇒ Other opportunities
  - ✓ CU Alliance and CU REVL proof-of-concept projects
  - ✓ Scient

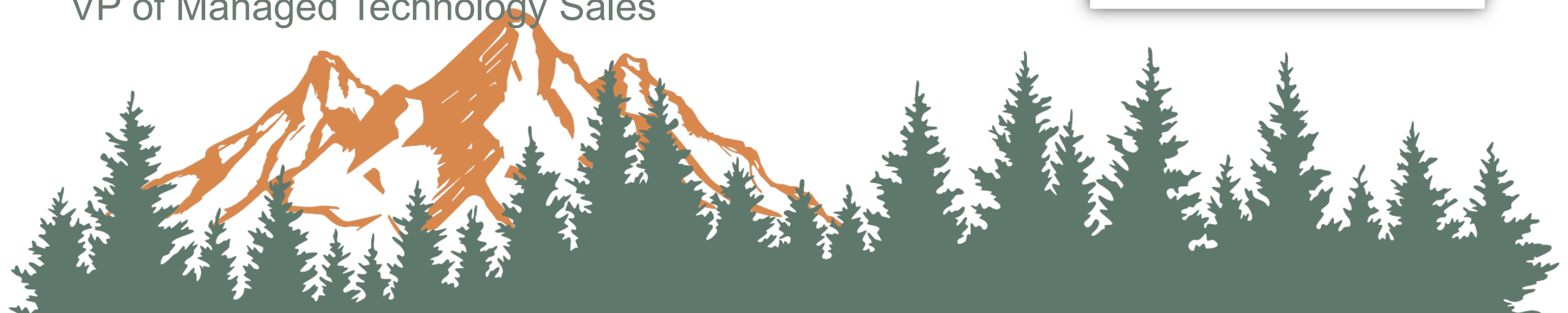
# 2023 CNS Business Initiatives

**Dave Wordhouse**

EVP of Technology

**Matt Sawtell**

VP of Managed Technology Sales



# CU\*Answers Network Services 2023 Business Initiatives

## A Steady March Into the Future

### ⇒ Forecast for 2023: Optimistic!

- ✓ Conservative revenue forecast, but plenty of indicators that 2023 will shape up to be a great year
- ✓ Project pipeline is full, hiring challenges may be easing(?), rising rates can have benefits for CUs

### ⇒ Key takeaways for the 2023 business year:

- ✓ Conservative revenue forecast, due to concern that some headwinds from 2022 may carry into 2023
- ✓ Strengthen presence in the West
- ✓ Pushing across the finish line on the Fortinet project

# 2023 CNS Business Initiatives

Business Development: The team moves forward for clients and owners

## ⇒ Business Development

- ✓ Engage in the West
- ✓ Sell our first CU\*Answers client out west  
*(con't from 2022)*
- ✓ Set stage for west coast boot camp;  
CUSO Tech Users
- ✓ Reboot marketing campaigns, monthly  
webinar
- ✓ Formalize 1 new agreement with a CDP  
or partner *(con't from 2022)*
- ✓ Pricing analysis on hourly labor rate  
*(con't from 2022)*
- ✓ Work to solidify renewals process

## ⇒ Client Engagement

- ✓ Formalize a tiered client engagement  
approach *(con't from 2022)*
- ✓ Investigate starting a CNS Advisory  
Board *(con't from 2022)*

## ⇒ Marketing Plan

- ✓ Carry all marketing initiatives from last  
year forward into 2023
- ✓ Monthly ACIO webinars, monthly call  
campaigns and direct marketing for  
Cybersecurity Assessments, educating  
sales resources

# 2023 CNS Business Initiatives

Partnerships: An update on our 2022 work and goals for the future

CNS partnerships:

## A - Referral Partner

Get paid a commission when you refer a client to CNS

## B - Certified Technology Partner

Build a recurring revenue stream by delivering solutions and ongoing management with CNS

## C - Competitor

Let the client choose

- ⇒ 2022 formalized both CU\*South and CU\*NorthWest in Silo C
  - ✓ 3-year arrangement
- ⇒ Silo A relationship with Vizo continues

## 2023 OBJECTIVES

- ⇒ Complete the Vizo client migrations
- ⇒ Formalize another Silo A relationship with Vizo Risk and Compliance



# 2023 CNS Business Initiatives

## Revenue Forecasting: Headwinds and Tailwinds

### FACTORS IN 2023

- ⇒ Supply chain constraints
- ⇒ Staffing challenges
- ⇒ Full pipeline of committed project work should keep us busy through the next 9 months
  - ✓ > 200 projects, including Fortinet
- ⇒ Over 350 managed client Microsoft 2012 server upgrades
  - ✓ Must be completed by 10/31/23
- ⇒ 8 signed new in-network client onboardings
  - ✓ More likely to close in the coming months
- ⇒ Wrapping up the Cisco router project
- ⇒ An increase in CU\*A's ability to do conversions will drive revenue opportunities

# 2023 CNS Business Initiatives

## Revenue Forecasting: Headwinds and Tailwinds

### FORTINET UPDATE

- ⇒ Project launched in 2022 to replace SonicWALL
  - ✓ Rescinds 12/31/22 EOL
- ⇒ We're about at the halfway mark now
  - ✓ Migrations were challenged by staffing shortages
  - ✓ Fortinet supply chain issues will extend the final wrap-up into 2023
  - ✓ Extending SonicWALL support at a reduced rate
- ⇒ Pushing hard to cross the finish line at a sprint!

# 2023 CNS Business Initiatives

## Revenue Forecasting: Headwinds and Tailwinds

### NEW PRODUCTS AND SERVICES

- ⇒ Fortinet Product and Service Expansion
- ⇒ VulScan Client Vulnerability Management Services
- ⇒ Recommendations for clients on SoCaaS, SIEMaaS and MDR/XDR

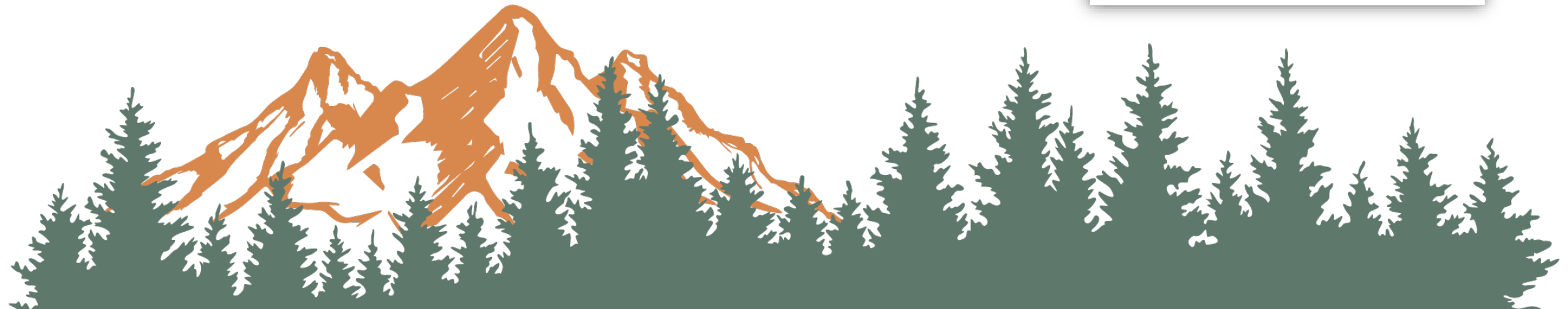
### CYBERSECURITY

- ⇒ Expanding our cybersecurity engagements
- ⇒ Managed hosting and colocation planning
- ⇒ FCC 1972 – modernizing client networks
  - ✓ 2023 Objective – Assist MPLS clients in moving to VPN or fiber/Ethernet MPLS

# 2023 Software Development Top Projects

**Brian Maurer**

EVP of Software Development



# Software Development Leadership Team



**BRIAN MAURER –  
EVP SOFTWARE  
DEVELOPMENT**



**BOB COLBURN –  
AVP CORE  
TECHNOLOGIES**



**LORIE MORSE –  
AVP INTEGRATED  
TECHNOLOGIES**



**BOB ANDERSON –  
AVP WEB  
TECHNOLOGIES**

# 2023 Software Development

## Top Projects

### ⇒ Analytics Team – Josh Peacock, Manager

- ✓ 59018 Enhance Online Banking Optics.
- ✓ 59019 Tiered Services. Validate what features we want.
- ✓ 55601 Phone Optics Teaser and 55602 Phone Optics Premium
- ✓ 56452 Upgrade Powerlines, drop dashboard director, use hi-charts
- ✓ 55600 Card Optics Premium



### ⇒ Applications Team – Bob Misslitz, Manager

- ✓ 55403 Enhancements to ACH Posting Controls
- ✓ 57851 New Feature to Reward Members for Using Plastic Card at Local Retailers
- ✓ 58012 Marketing Club Enhancements
- ✓ 58074 New Option to Pay Escrow Analysis Surplus Funds by Check
- ✓ 58328 Expand National Co-op Shared Branching Holds for Other Check Types
- ✓ 58331 New Wire Transfer Copy Feature



# 2023 Software Development

## Top Projects

### ⇒ Conversions Team – Deb Finkbeiner, Manager

- ✓ Expanding Conversion capacity
- ✓ CU\*Answers conversion projects
- ✓ Deconversions
- ✓ Mergers



### ⇒ Custom Team – Kim Claflin, Manager

- ✓ Multiple Chatbot integrations
- ✓ Multiple WebChat integrations
- ✓ Continued enhancement of ITM functionality
- ✓ Enhancements to LOS processing
- ✓ Continue to expand APIs



# 2023 Software Development

## Top Projects

### ⇒ CSI Team – Barb Perigo, Manager

- ✓ 59206 Adjust design to prevent OBAPI ACH errors from occurring
- ✓ 59210 Fannie Mae 3.2 DU loan app import to support multiple primary applicants
- ✓ Enhance, evolve, and improve functionality and performance of API set
- ✓ Architectural changes required to bring UCI and the Integrations API to Python 3.X compatibility Database Engineering Team





# 2023 Software Development

## Top Projects

### ⇒ Database Engineering Team – Deb DeMann, Manager

- ✓ Set baselines for iSeries production/HA environments
- ✓ 55713 Re-architect NT-Alerts to address IBM full-open recommendations.
- ✓ 56915 Improve the efficiency of the process of gathering and displaying data for dashboards
- ✓ Continued effort on analyzing, identifying, and executing on the performance enhancements necessary to ensure our iSeries is well suited for the future evolution of our business
- ✓ Improve the DB2 connection pooling process
- ✓ iSeries Performance engagements and assessments



# 2023 Software Development

## Top Projects

### ⇒ EFT Team – Sam Seume, Manager

- ✓ New debit & credit platform for MAPS (Visa DPS) slated for implementation in January 2023.
- ✓ 57788 New debit & credit platform for FiServ Optis (Omaha) slated for implementation in June 2023.
- ✓ Projects associated with moving from job posting queues to data queues. The first project will add fields to files and the second project will allow utilization of those fields added from the first project, create tools to research data queues, and the overall implementation of data queue processing. This project will alleviate the opening & closing of files and submitting of numerous jobs that cause a strain on the iSeries.
- ✓ 54021 This is a research project to determine the best approach/plan to add a “platform name.”
- ✓ 58485 & 58388 Digital Issuance with Coop consists of two projects currently in development. Implementation is scheduled for some time in 2023.



# 2023 Software Development

## Top Projects

### ⇒ GOLD Team – Mike Warren, Manager

- ✓ Rocket MX Web PoC – Evaluating the feasibility of migrating to a web UI using the Rocket toolkit.
- ✓ GOLD Migration/New Development – Assuming that the PoC is a success and a deal with Rocket is signed, migrate the existing UI to a web format.
- ✓ API Integration – Following the successful integration of a Trackers API with the Xpress Teller system, we'll be exploring other API integration opportunities with the Integrations team.
- ✓ Workflow Streamlining – Building on strategies we've learned from a number of other projects, we'll be optimizing project workflow. We believe that we can build projects in isolation from each other so the screen work can be moved much closer to actual CU\*BASE project submission and QC than the current bundling of projects in CUBASEBETA timing allows.



# 2023 Software Development

## Top Projects

### ⇒ Imaging Solutions Team – Sari Rahal, Team Lead

- ✓ 56921 Create a design for integrating the process of requesting documents from a member into GOLD.
- ✓ Leverage new architecture used in Native Receipts for other document types.
- ✓ CU\*BASE Packages enhancements.
- ✓ CU\*BASE Forms and statement enhancements.



# 2023 Software Development

## Top Projects

### ⇒ Online Banking Team – Seth Longcore, Manager

- ✓ BizLink 247 development and enhancements
- ✓ Loan Appchanges (member vs. non member)
- ✓ Add MFA to key areas of the OLB environment
- ✓ Payrailz P2P, A2A, and BillPay integrations (59137, 59138 and 59139)



### ⇒ OpsEngine Team – Darrell Stickler, Manager

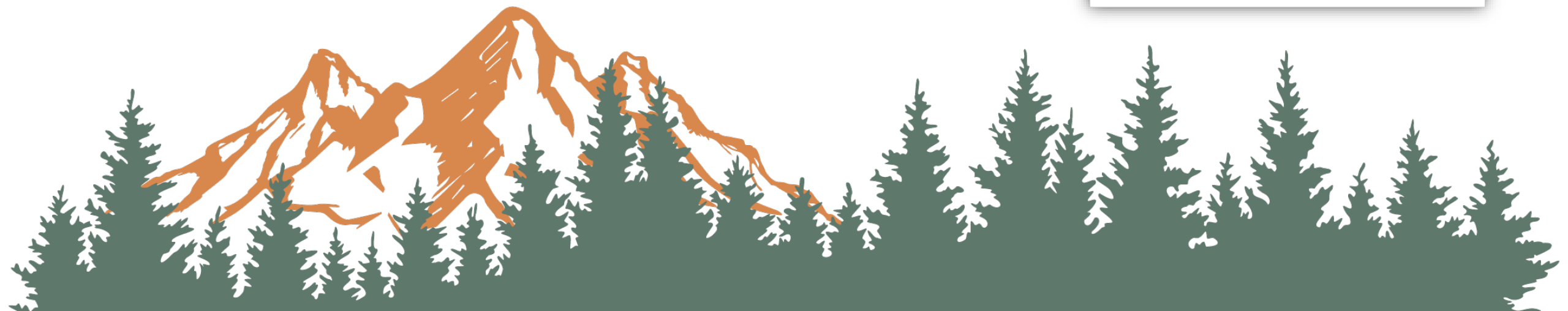
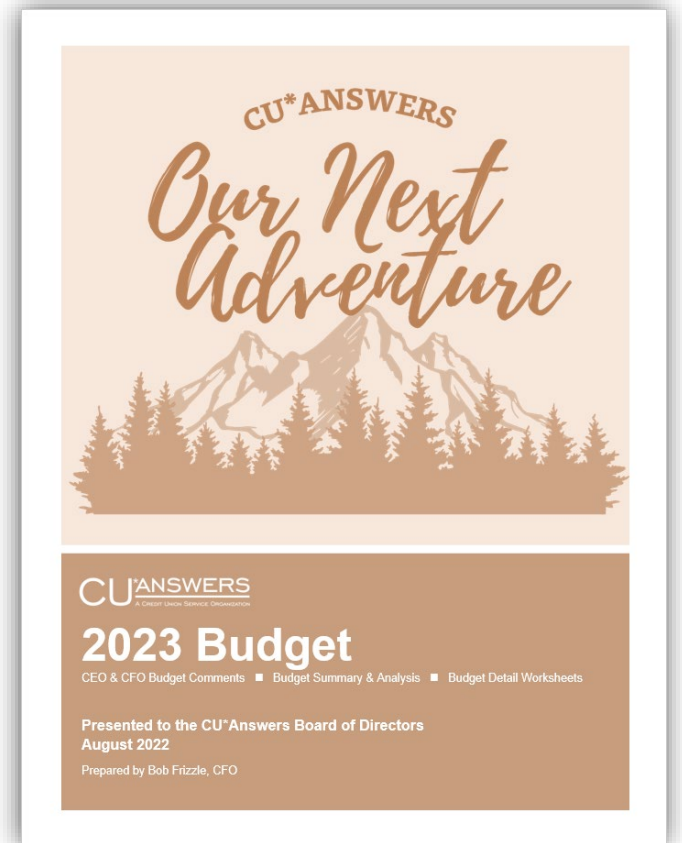
- ✓ Get Self-processors over to PowerTech (Crypto) tape encryption
- ✓ 53673 Rewrite OTB, add ability to be run by Time zone, add vendor configuration and ability to resend files more easily
- ✓ Finish Site-4 tape conversion
- ✓ Research electronic run sheets for Ops being written as native part of Ops\*Engine / CU\*BASE



# 2022 Budget

Bob Frizzle

CFO



# CEO Comments on the 2023 Budget



- ⇒ The theme of investing in people, facilities, and technology should ring out
- ⇒ We're on track for another positive year
  - ✓ No large one-time events (sales of investments, big deconversion dollars, etc.)
  - ✓ Day-to-day business and revenue themes are looking good
- ⇒ I feel good about the numbers the team has put together and are presenting, and look forward to earning your approval

# CFO Comments on the 2023 Budget

- ⇒ FY2022 was projected to be a “return to normal” year
  - ✓ We were cautious in our new sales calendar and project sizes, but projected that expenses and staffing levels would return to normal
- ⇒ Those assumptions were a bit optimistic...but we navigated the challenges and will have a successful FY2022

- ⇒ We repeated some of these assumptions for FY2023 and expect to be much closer to the mark
  - ✓ Built in the supply chain delays
  - ✓ Scaled back hire date projections and team growth sizes
  - ✓ Non-employee expenses projected to grow
  - ✓ Budgeted for renovations, HVAC systems
  - ✓ Patronage dividends consistent with 2022, with room in the bottom line for bonus div



# CFO Comments on the 2023 Budget

## ⇒ Transitioning to a revenue expansion business

- ✓ LOS, SE, MTG, Analytics Booth, etc.
- ✓ But not losing our focus on traditional CU\*BASE sales – conversion calendar is full for 2023!

## ⇒ Will feel the full impact of FY2019-2022 deconversions (\$4.8M+)

- ✓ The full conversion calendar will help, but won't cover cumulative losses and known deconversions/mergers

## ⇒ So there is incentive to sell!

Feed the beast

Feed the need for growth and future investments

# Reset the Bar Related to Owner Returns?

CFO Comments on the  
2023 Budget

- ⇒ Connecting the dots between investments and client losses in 2019-2021
  - ✓ Significant price decreases
  - ✓ Investments in iSeries hardware
  - ✓ Investment in Facilities
  - ✓ Continued expansion of the Tier 4 sales territory
  - ✓ Controlled expansion of current staffing levels
  - ✓ Continued investment in credit unions through sales incentives and concessions

*“While all the proposed investments are appropriate and ultimately to the benefit of our owners and credit union partners, the realization that **they may now impact owner returns** will certainly shine a new light on them.”*

# Breaking Down the Budget

## ⇒ Investment in staffing

- ✓ Impact on FY2023 is **\$484K**

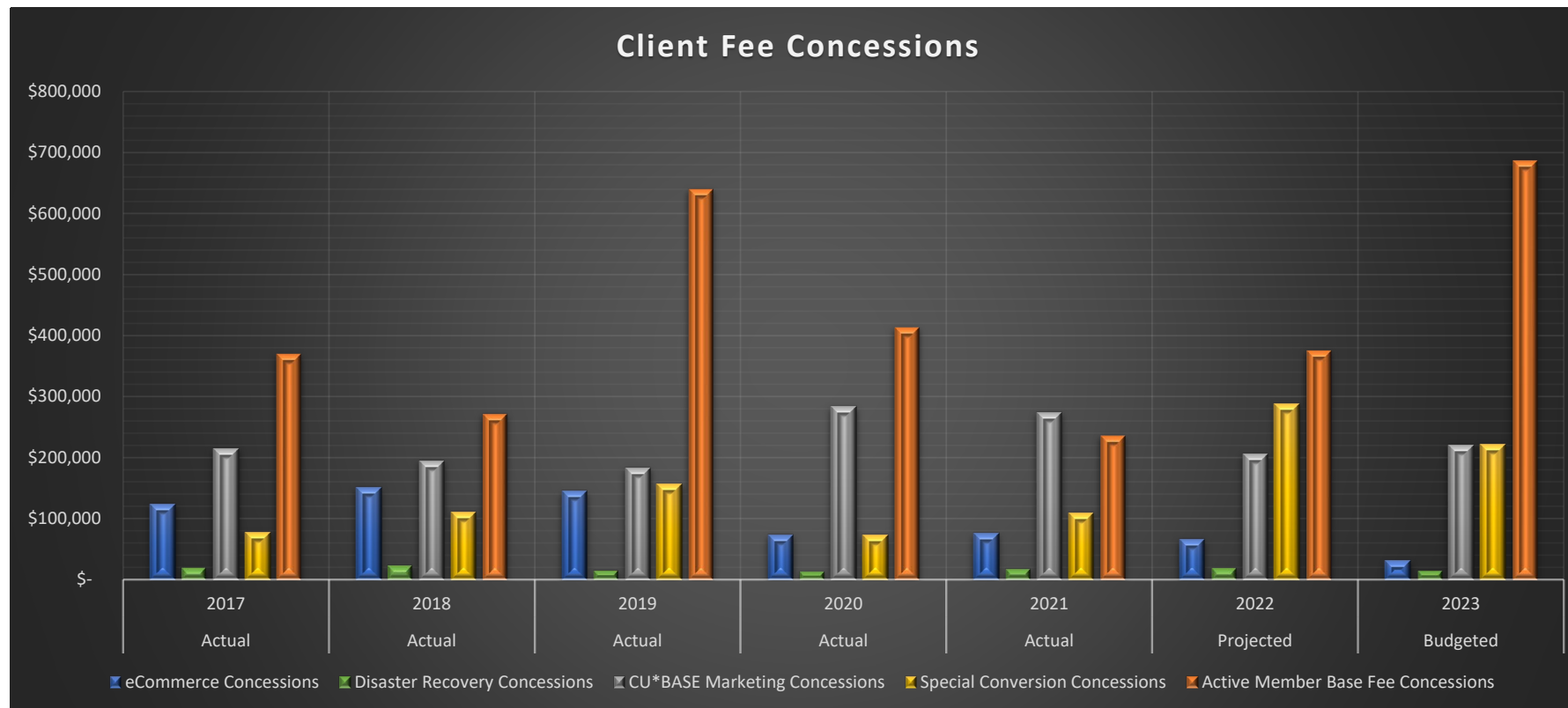
## ⇒ Healthcare and the COVID-19 Effect

- ✓ Budgeted a 10%+ increase in premiums
- ✓ No major changes to the overall structure or staff share of premiums
- ✓ Continue to see higher prescription expenses than our peer group

# Breaking Down the Budget

## ⇒ Sales Incentives/Concessions

✓ Est **\$351K** in waived revenue for new clients in FY2023

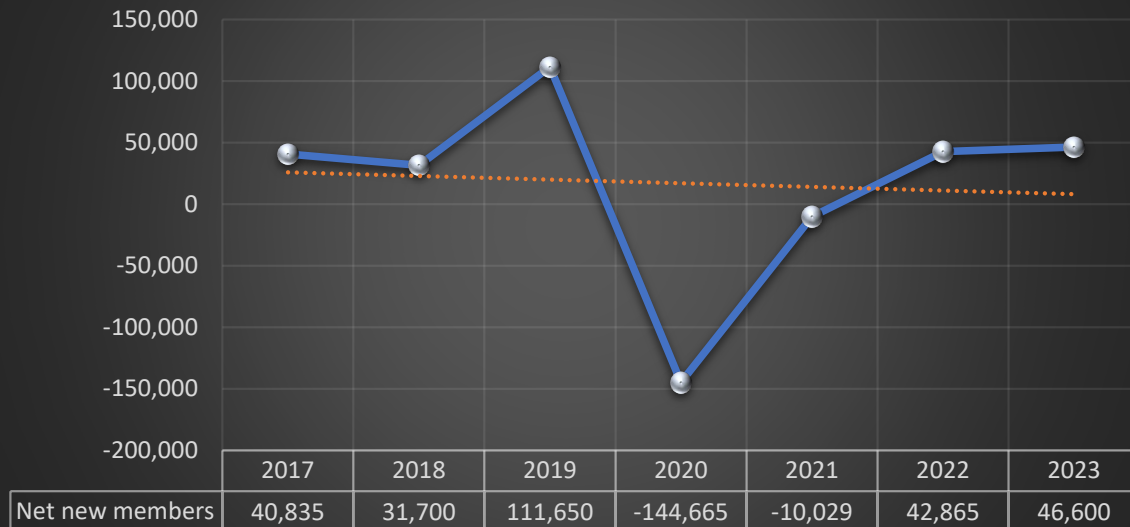


# Breaking Down the Budget

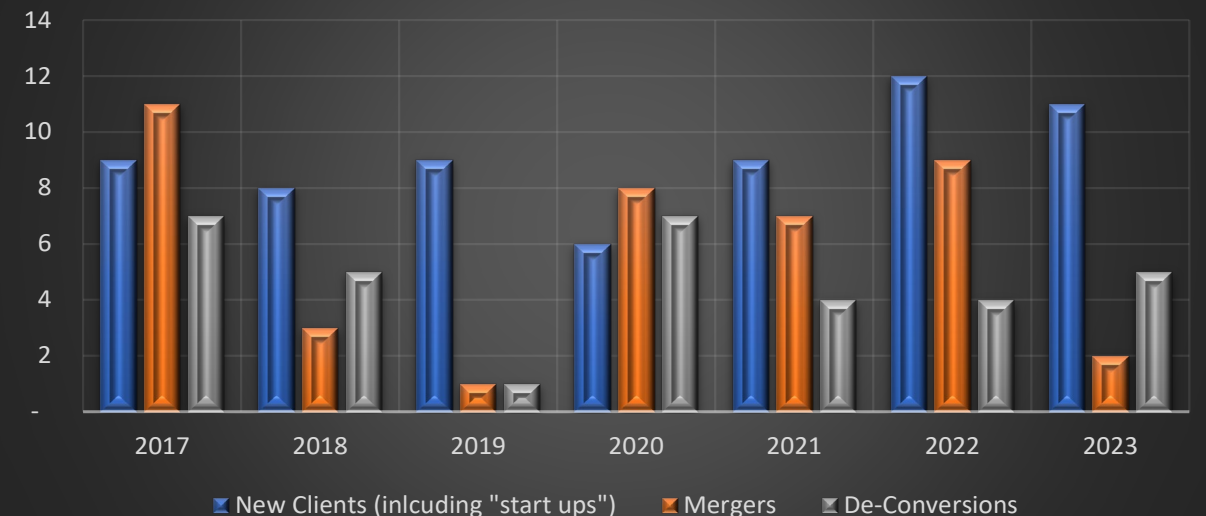
## ⇒ Client Changes

- ✓ 4 deconversions will impact gross revenue in FY2023 by **\$655K**, in FY2024 by **\$1.3M**
- ✓ One-time offsetting revenue will add \$165K in FY2023 (\$235K less than last year)

### New Members



### Clients



# Breaking Down the Budget

## ⇒ Planning to Invest in Tier 4

- ✓ Innovation Center lease extension
- ✓ Renovations to add 8 seats
- ✓ Sales consulting agreement

## ⇒ What else could pack a punch?

- ✓ CU Outdoors
- ✓ COVID-19
- ✓ Buffalo Pacific Sale
- ✓ MAP partnership, performance of certified distributors, client incentives for Sonicwall firewall replacement

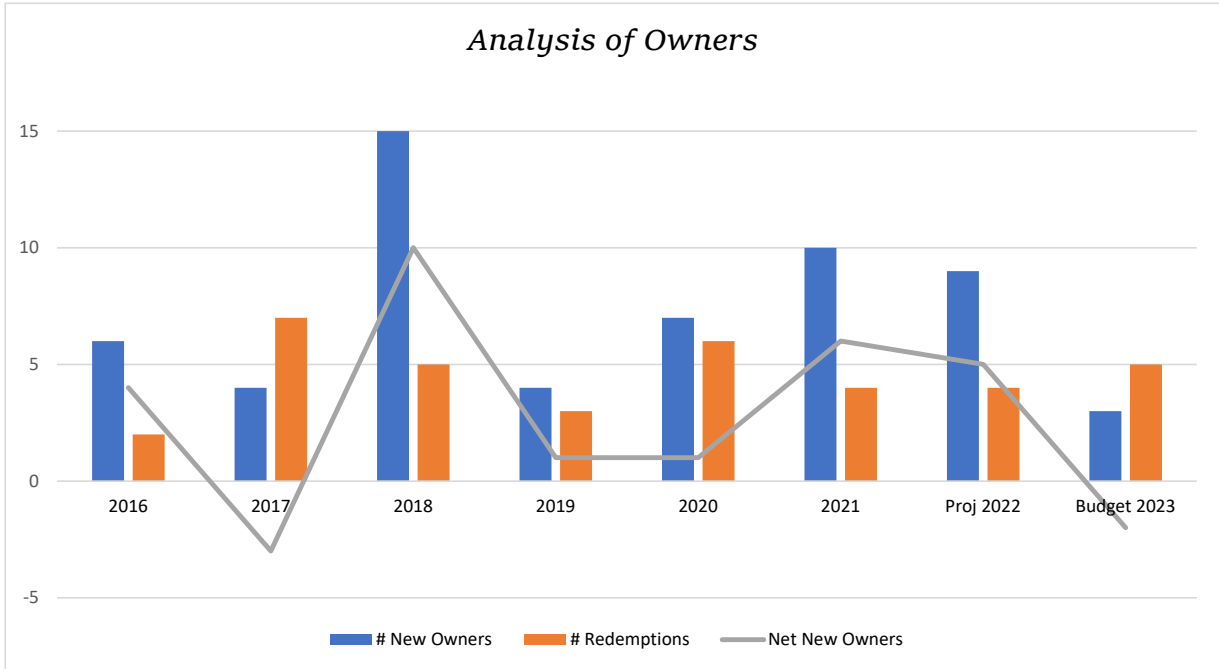
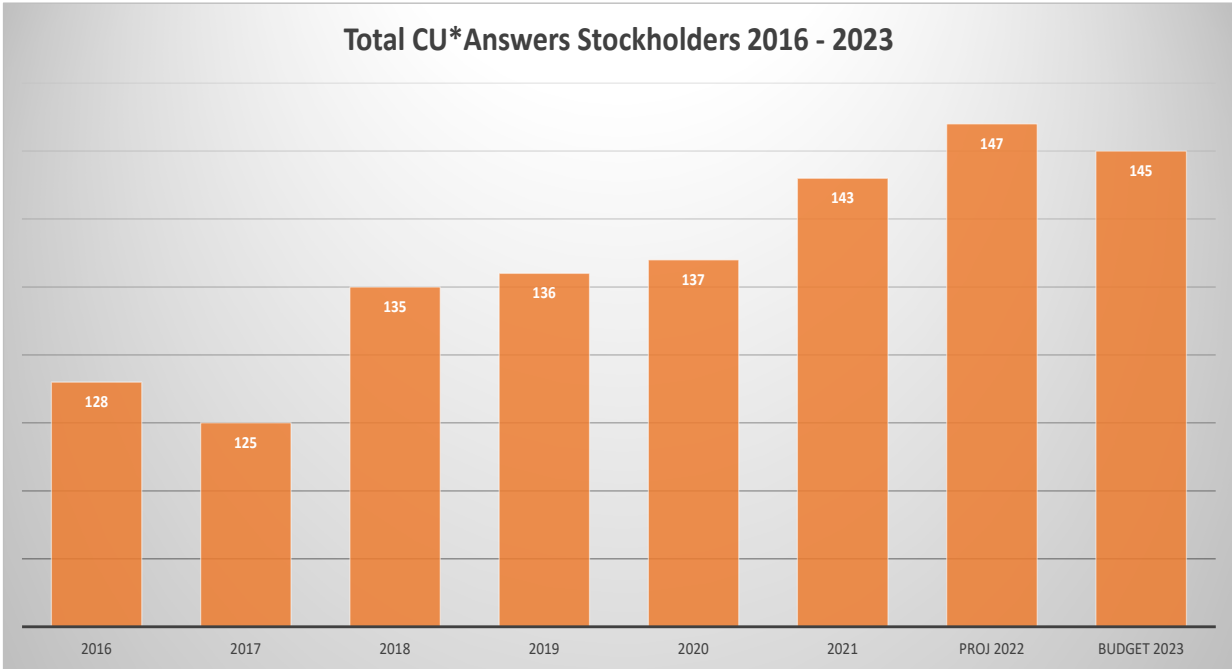
# Board Targets

- ⇒ This is the resulting effect of our projected income for FY2022 on ownership equity and budgeted patronage dividends paid
  - ✓ Bonus patronage dividend (shown only in the annual summary for planning purposes) projected at \$2.5M in 2022

| CU*Answers, Inc.   | Original FY23 Budget |
|--|----------------------|
| Income and Retained Earnings Goals                       |                      |
| 2021 Actual Stockholder's Equity                         | \$ 26,102,158        |
| 2021 Actual Value per Share                              | \$ 912.66            |
| 2021 Stock Purchase Price                                | \$ 360,000           |
| 2021 Stock Dividends                                     | \$ 1,064,168         |
| 2022 Stock Sales (net of redemptions) - net 6 new owners | \$ 2,437,366         |
| 2022 Net Income Before Patronage Dividend and Taxes      | \$ 8,714,840         |
| 2022 Income Taxes  | \$ 530,507           |
| 2022 Stock Dividends                                     | \$ 1,146,510         |
| 2022 Patronage Dividend                                  | \$ 4,250,000         |
| 2022 Bonus Patronage Dividend                            | \$ 2,500,000         |
| 2022 Actual Stockholder's Equity                         | \$ 28,827,347        |
| % Growth   | 10.44%               |
| 2022 Actual Value per Share                              | \$ 980.52            |
| % Growth   | 7.44%                |
| 2022 Stock Purchase Price                                | \$ 397,000           |
| 2023 Stock Sales - net loss of 2 owners                  | \$ 210,478           |
| 2023 Net Income Before Patronage Dividend and Taxes      | \$ 8,170,827         |
| 2023 Income Taxes  | \$ 1,054,999         |
| 2023 Stock Dividends                                     | \$ 1,124,773         |
| 2023 Patronage Dividend                                  | \$ 4,250,000         |
| 2023 Bonus Patronage Dividend                            | \$ -                 |
| 2023 Estimated Stockholder's Equity                      | \$ 30,778,880        |
| % Growth   | 6.8%                 |
| 2023 Estimated Value per Share                           | \$ 1,068.71          |
| % Growth   | 8.99%                |
| 2023 Stock Purchase Price - Estimated                    | \$ 425,000           |

# Board Targets

- ⇒ 4 of 11 new CUs already purchased stock
- ⇒ 5 redemptions in FY23
- ⇒ Estimate **-2** net new owners in FY23





Thank you...and  
let's make it a  
great 2023!

