



Evaluating Your Technology Vendor Contracts

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Today's Presentation

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Introductions



Janine Wright, Director

Ms. Wright has more than 20 years of financial institution experience and specializes in reviewing and evaluating vendor technology contracts to ensure alignment with critical business objectives, service and performance expectations, and equitable pricing. She also conducts assessments for pre-post conversion, digital services, and debit and credit card services.



John Moeller, Principal

Mr. Moeller is a sought-after speaker and thought leader on Financial Institution IT Regulatory Compliance, Managed Services, IT strategy, and Cybersecurity. Having spent over three decades as an IT and Cybersecurity consultant, he brings a wealth of knowledge and time-tested strategies to help Financial Institutions solve today's IT and Cybersecurity challenges.



Learning Objectives

- Identify considerations to keep in mind while evaluating your contracts
- Understand the recommended timeline for achieving the best results
- Recognize the importance of evaluating specific contract provisions





Evaluation Considerations

Contract evaluation can help your financial institution meet your requirements and provide a solid foundation for a long-lasting relationship.

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Polling Question

Have you recently signed a new technology contract for any of these services? Select all that apply.

- Core processing
- Digital services (e.g., mobile banking)
- Debit or credit cards
- IT managed services
- Telecommunications
- None of the above



Business Considerations

Managing internal
and third-party risk

Keeping technology
secure and compliant

Increasing system
knowledge,
utilization, and
process improvement

Staying relevant
inside and outside
the industry

Balancing revenue
needs with increasing
operational costs

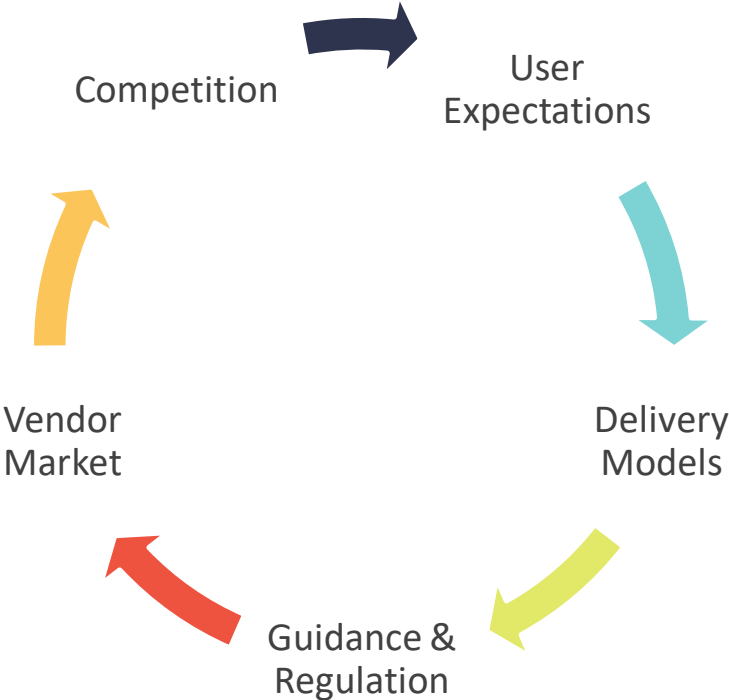
Limiting exposure

Increasing
accountability

Achieving strategic
initiatives



Market Considerations



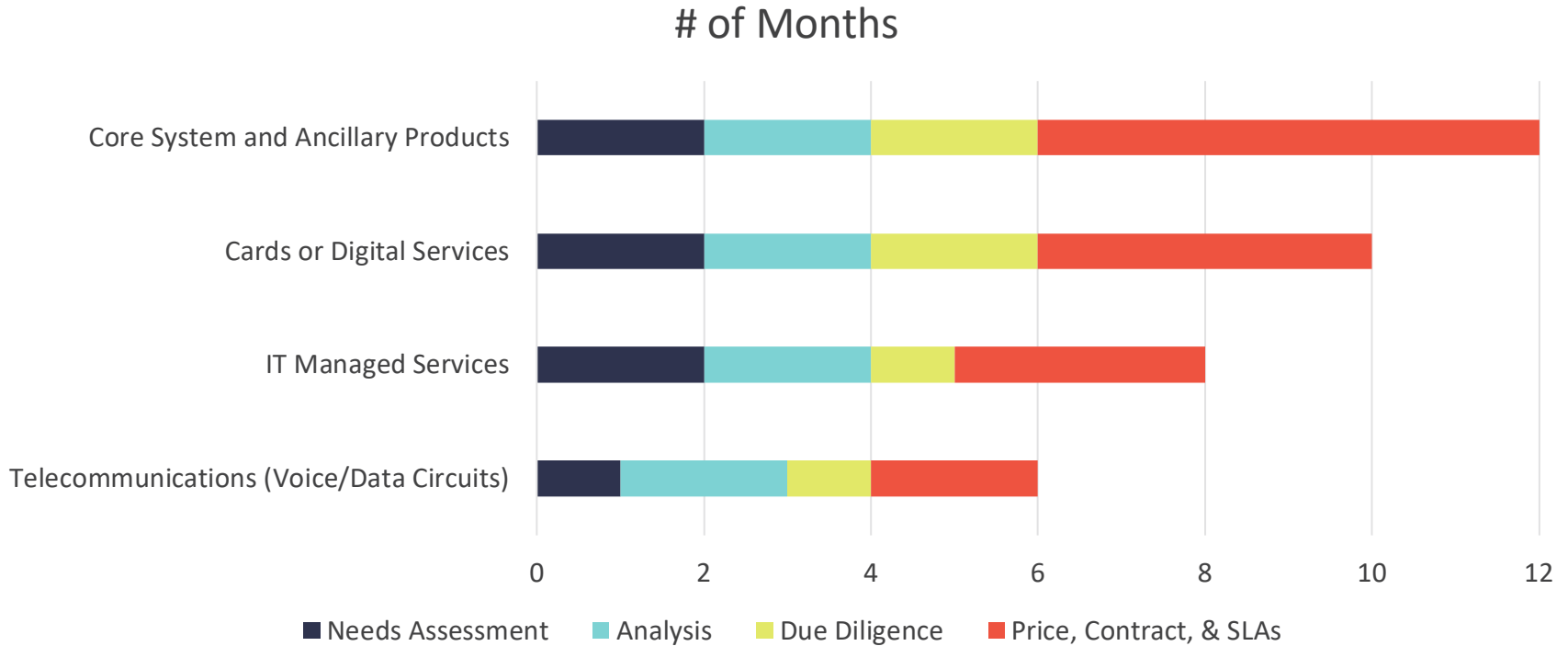
Polling Question

Are you planning to enhance your current digital channels or invest in new digital technologies?

- Yes
- No
- Unsure



Timing Considerations



Note: Timelines above do not include time for implementation or conversion to a new system.



Financial Considerations

205

Average new core system contracts signed per year



25%

Average increase in technology spending



24%

On average what FIs pay above fair market value



50+

Core systems in the U.S.



95%

Looking to improve or deploy new technologies in the next 12 months



5-10

Core system contract term length in years



2

2nd highest non-interest expense



12-43%

Savings recognized through proper contract negotiation



Polling Question

What is the length in years of your current contracts for these services?

Core processing

- 5 years
- 6 years
- 7 years
- 8 years
- 10 years
- None of the above

Digital services

- 5 years
- 6 years
- 7 years
- 8 years
- 10 years
- None of the above

IT managed services

- 3 years
- 5 years
- None of the above





Price and Contract Considerations

Proper planning and negotiation can help your financial institution secure a comprehensive contract with acceptable terms and conditions at a fair price.

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Pricing Methods

Fixed

Unit

Tiered

Bundled



Price Provisions to Evaluate



Termination & deconversion



Regulation & compliance



Growth



Professional services



Training



Extended term



Enhancements / replacements



Third / fourth party



New products / services



Polling Question

Do you anticipate switching your vendor or system for any of these services when your current contract expires?

- Core processing
- Digital services (e.g., mobile banking)
- Debit or credit cards
- IT managed services
- Telecommunications
- None of the above



Contract Basics

Contract clearly defines the rights and responsibilities of both parties

Contract contains adequate and measurable service level agreements

Contracts with affiliates clearly reflect an arms-length relationship and costs are favorable to the institution

Contract contains the most appropriate pricing method for the institution

Contract does not contain provisions that may adversely affect the institution

Contract is reviewed by legal counsel



Contract Provisions to Evaluate



Ownership &
license



Duration &
termination



Dispute
resolution



Indemnification



Limitation of
liability



Business
resumption



Subcontracting &
assignment



Regulatory
compliance



Exclusivity





Questions

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We're Here For You



Find additional resources and learn about upcoming events at CLAconnect.com.



Position your institution to secure a comprehensive contract with acceptable terms and conditions at a fair price.

[Learn More](#)



Thank you!

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