

Co-opetition

Co

Singular

Sg

Fun

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JACK HENRY & ASSOCIATES, INC.®

Solutions

S1

Core

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Value

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Fun

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Driven

Dy

# Welcome

May 6, 2019

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## Opening Comments, Introductions, and Agenda

Kevin Williams

*Chief Financial Officer and Treasurer*

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# Welcome to Denver for the 2019 Analyst Conference

# Forward-Looking Statement

Statements, remarks or responses to questions concerning future expectations, events, objectives, strategies, trends or results constitute forward-looking statements or deal with expectations about the future. Like any statement about the future, these are subject to a number of factors which could cause actual results to differ materially from those which we anticipate, due to a number of risks and uncertainties; and the company undertakes no obligation to update or revise these statements. For a summary of these risk factors and additional information, please refer to the sections in our 10-K entitled Risk Factors and Forward-Looking Statements.

# Agenda

1:00 – 1:05 p.m.	<b>Welcome</b> Kevin Williams, Chief Financial Officer and Treasurer
1:05 – 1:35 p.m.	<b>State of the Business</b> David Foss, President and Chief Executive Officer
1:35 – 2:00 p.m.	<b>Financial Review</b> Kevin Williams, Chief Financial Officer and Treasurer
2:00 – 2:25 p.m.	<b>Technology Update</b> Mark Forbis, EVP and Chief Technology Officer
2:25 – 2:50 p.m.	<b>Jack Henry Banking®</b> Stacey Zengel, VP of JHA and President of Jack Henry Banking
2:50 – 3:15 p.m.	<b>Symitar®</b> Ted Bilke, VP of JHA and President of Symitar

# Agenda

3:15 – 3:25 p.m.	<b>Break</b>
3:25 – 3:55 p.m.	<b>JHA Payment Solutions™</b> Greg Adelson, VP of JHA and GM of JHA Payment Solutions
3:55 – 4:20 p.m.	<b>ProfitStars®</b> Russ Bernthal, VP of JHA and President of ProfitStars
4:20 – 4:45 p.m.	<b>Consumer and Commercial Solutions</b> Ron Moses, VP of JHA and GM of Consumer and Commercial Solutions
4:45 – 5:15 p.m.	<b>Sales and Marketing Update</b> Steve Tomson, GM of Sales & Marketing
5:15 – 5:30 p.m.	<b>Wrap up and Q&amp;A</b>
6:00 – 8:00 p.m.	<b>Reception and Mini Tech Fair</b>

# Introduction of Associates Representing JHA

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

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

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

# Detailed Product Information



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## State of the Business

David Foss

*President and Chief Executive Officer*

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# Agenda

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- Year at a Glance
- Jack Henry Today
- Strategic Direction
- Sales Performance
- Customer Strategies
- Future Outlook
- Q&A

# Year at a Glance

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- Solid financial performance
  - Record revenue and earnings
  - Fortress balance sheet
- Completed Ensenta integration
- Announced Bolts and Agiletics acquisitions
- New strategic solutions:
  - Expanded Commercial Lending Center Suite
  - Fully launched new card payments platform
  - Delivered Current Expected Credit Loss (CECL) solutions
  - Delivered expanded *jha*Call Center™ services

# Year at a Glance

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- Record client conference attendance – including multiple prospects
- Continued to earn very high customer satisfaction ratings
- Introduced new HR programs:
  - Enhanced “Total Rewards” program funded by TCJA
    - Bonus plan and 401K enhancement
  - Launched formal Diversity & Inclusion programs
- Once again named to Forbes’ “America’s Best Employers” list
- JKHY named to S&P 500

# Jack Henry Today

**6,500+**  
employees

**9,000+**  
clients

**40** offices  
nationwide

**5** core  
processing  
systems

JHA Payment  
Solutions™  
processes more than  
**695+ million**  
monthly transactions  
representing over  
**\$132+ billion**  
per month

**300+**  
products  
and services

**50+**  
acquisitions

**57%** of our core  
clients use the  
outsourced delivery model

**\$1.47 billion**  
in revenue  
fiscal year ended June 30

**jha**

**\$10+ billion**  
market cap

# Strategic Direction

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- Provide core processing systems to financial institutions
- Offer additional technology solutions to these financial institutions
- Focus on digital channels and payments
- Offer stand-alone solutions to banks and credit unions using competing cores
- Work with partners to offer selected solutions to non-financial industry clients
- Emphasize integration and superior customer service
- Focus on developing our people and culture
- Make acquisitions supporting the above strategies
- Pay dividends and execute share repurchases to return value to shareholders

# Pillars of Success at JHA

- 
- 1 employees
  - 2 customers
  - 3 shareholders

# Best Places to Work



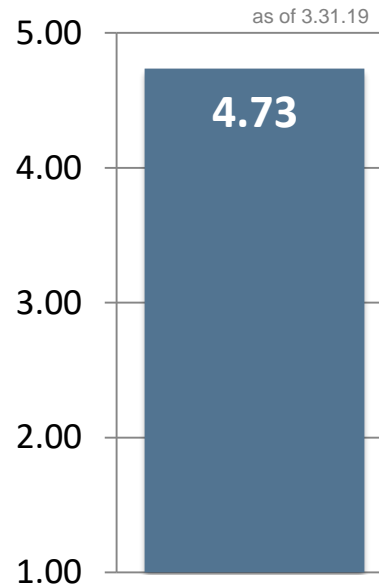


# Daily Customer Satisfaction Surveys

overall rating  
customer service representative

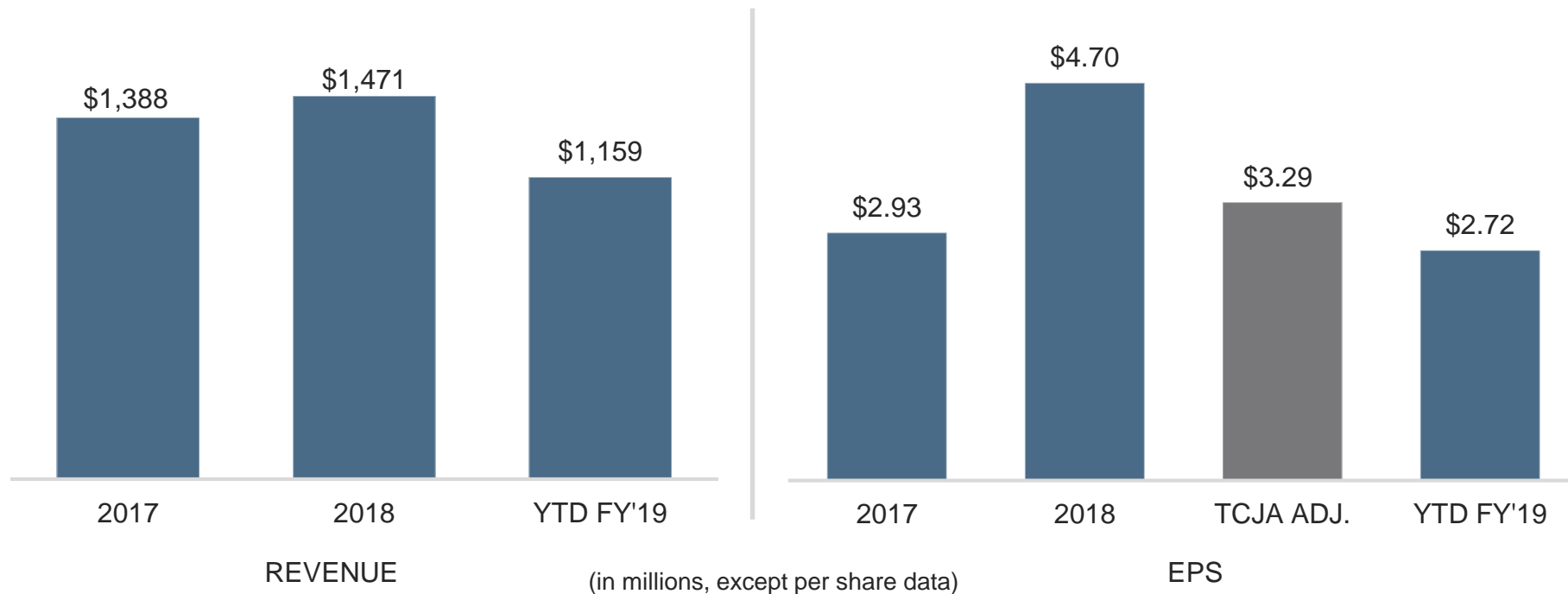
## Rating Scale:

- 1) Unacceptable
- 2) Needs improvement
- 3) Met expectations
- 4) Exceeded expectations
- 5) Far exceeded expectations



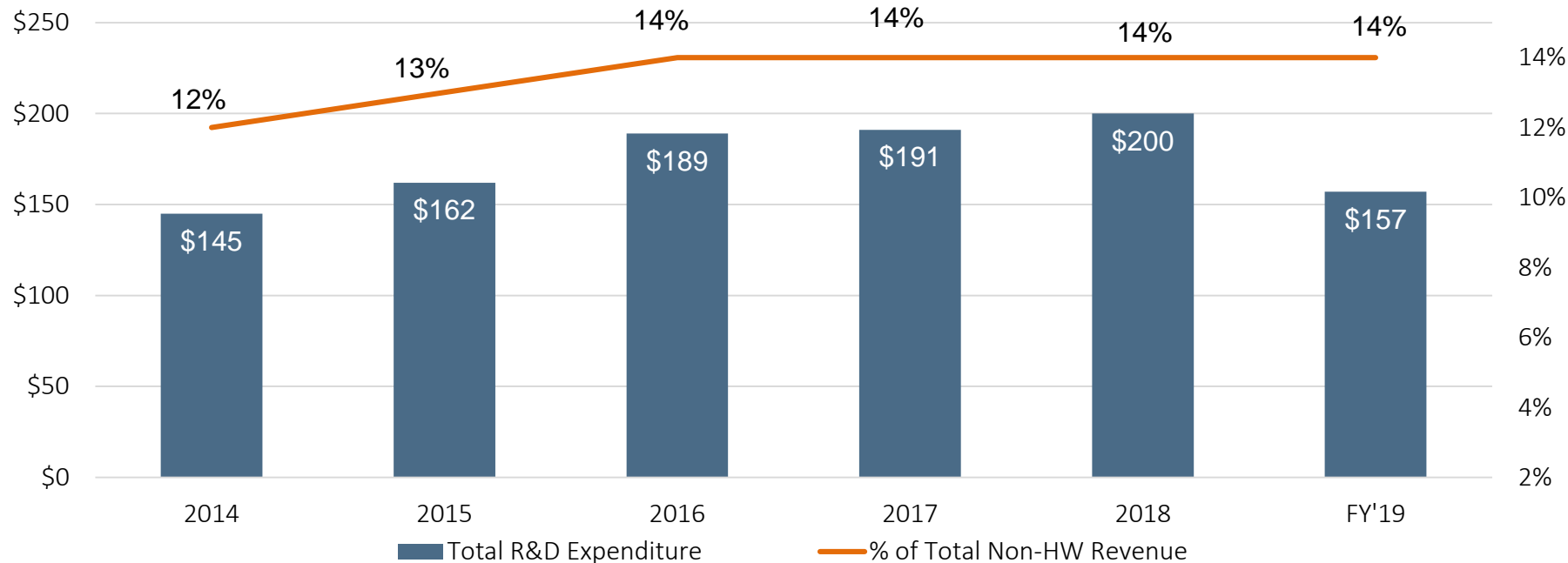
# Revenue and EPS Comparison

Fiscal Year Ended June 30



# Investment in Technology

R&D Expenditure (in millions and as percentage of total Non-HW revenue)



# Key R&D Initiatives

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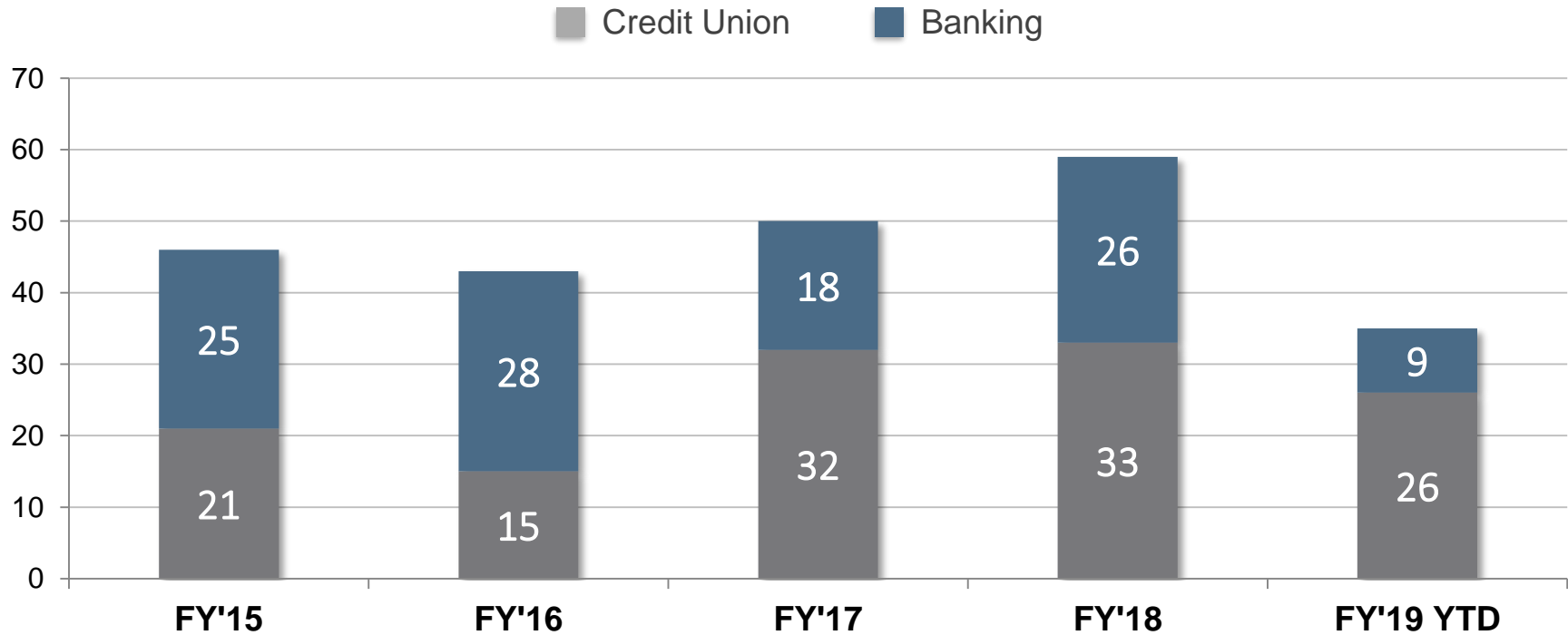
- Digital Solutions – Banno™, JHA OpenAnywhere™, Branch Anywhere™
- Card Processing Platform Migration
- Treasury Management Platform
- JHA Payments Hub – Zelle and The Clearing House
- Open Banking Strategy
- Episys® Technology Migration Program
- Commercial Lending Center Suite™ Integration

# Sales Highlights Year-to-Date

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- Jack Henry Banking®
  - 27 new core account wins – (includes 4 de novos)
  - 9 core migrations from in-house to our hosted offerings
- Symitar®
  - 15 new core account wins – all of which are competitive displacements
  - Virtually all of these sales have been outsourced transactions as opposed to in-house
  - We have contracted with 26 in-house clients migrating to outsourcing this year
- ProfitStars®
  - Added 71 new customers for Jack Henry, more than twice last year's pace
  - For non-core customers we average more than 3 ProfitStars offerings per client

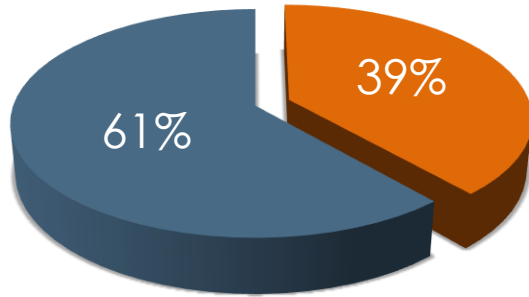
# In-House to Outsourcing Sales



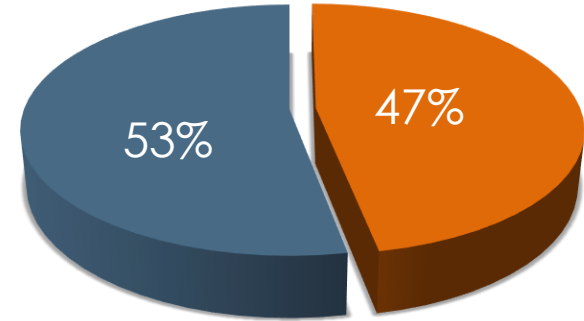
as of 3.31.19

# In-House to Outsourcing

BANKING



CREDIT UNION



■ OUTSOURCING    ■ IN-HOUSE



Increase total revenue



Increase recurring revenue



Multi-year contracts

# CUSTOMER STRATEGIES

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# According to Cornerstone Advisors ...

“CEO optimism for 2019 – which hit a five-year high in 2017 – slips for the second straight year amid concerns about higher interest rates and challenges in deposit gathering.”

“Eighty-seven percent of FIs will increase tech spending in 2019 from 2018, and in about one-fourth of them, spending will rise by more than ten percent.”

“Expanding digital presence is a priority for an increasing number of bank and credit union executives – finally.”

Cornerstone Advisors: What's Going on in Banking 2019; Community-Based FIs' Priorities, FinTech Plans and Future-Readiness

# CEO Plans for Tech Spending

How will your institution's tech spending change in 2019 compared to 2018?

	Banks		Credit Unions	
	2018	2019	2018	2019
Significantly higher (>10% higher)	22%	26%	30%	25%
Somewhat higher (1%–10% higher)	63%	59%	54%	66%
No change	9%	12%	9%	7%
Somewhat lower (1%–10% lower)	4%	2%	6%	2%
Significantly lower (>10% lower)	1%	1%	0%	0%

# A Few Top Customer Growth Priorities

What are your institution's top growth priorities in 2019 compared to 2018?

	Banks		Credit Unions	
	2018	2019	2018	2019
Grow commercial loans	86%	60%	23%	24%
Grow commercial deposits	57%	56%	2%	16%
Grow consumer deposits	39%	46%	45%	64%
Expand digital presence (e.g., online/mobile channels)	18%	37%	30%	49%
Grow consumer loans	4%	5%	66%	40%

# A Few Key Customer Strategies

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- Digital Experience
- Payments
- Commercial Services
- Deposit Gathering
- Open Banking
- Cloud Services

# Digital Experience

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- Customer Challenge:
  - FIs need a comprehensive digital strategy to compete today and in the future. The days of “online banking” and “mobile banking” as two separate experiences are coming to an end.
- **JHA Solution:**
  - Banno™ coupled with JHA OpenAnywhere™ provide a complete digital ecosystem for the FI with both available today.
  - Banno mobile-only clients live: 195
  - Banno Platform™ clients live: 34

# Payments

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- Customer Challenge:
  - The payments landscape continues to evolve. More FIs will look for new or replacement payments providers in response to the importance of credit cards and real-time payments to FI payments strategies.
- **JHA Solution:**
  - We have strengthened our position here by expanding our offerings with our new cards platform, JHA PayCenter™, and Ensenta.
  - Card Processing Clients live: 364

# Commercial Services

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- Customer Challenge:
  - FIs require tools to expand their relationships with larger commercial customers allowing them to pursue loan and deposit growth opportunities.
- **JHA Solution:**
  - Our Commercial Lending Center Suite™, JHA Treasury Management™, and new Agiletics solutions all provide these necessary tools.
  - Commercial Lending Center Suite clients live: 494
  - JHA Treasury Management clients live: 20

# Deposit Gathering

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- Customer Challenge:
  - FIs are challenged today to find sufficient deposits to fund ongoing lending opportunities.
- **JHA Solution:**
  - Our core multi-branding project supports our customers in this area. We are currently supporting many online-only bank brands to assist our clients in garnering deposits from non-traditional sources.
  - Today we support about a dozen banks with this solution but have many more in the pipeline.



# Open Banking

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- Customer Challenge:
  - FIs are trying to determine what “open” means for them and how to leverage the fintech environment to their advantage.
- **JHA Solution:**
  - We support two primary concepts for our clients today:
    1. B2B – connectivity for the FI to integrate their JHA core to a third party chosen by the bank.
    2. C2B – open APIs to connect the FI’s core data to a third party chosen by the consumer.
  - We are actively moving more customers and more products to our private and public cloud environments.

# Cloud Services

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- Customer Challenge:
  - FIs continue to have trouble finding/retaining qualified IT and security talent and look to outsource more of their solutions to JHA cloud offerings.
- **JHA Solution:**
  - In addition to our traditional core outsourcing business, we can host your network, disaster recovery function, call center, and a variety of ancillary products.
  - *jha*Call Center™ clients live: 110
  - Gladiator Hosted Network Solutions™ clients live: 126

# What about AI?

“Coffee-table books are there to generate conversation, and it looks like that’s mostly what’s happening with emerging technologies like AI, machine learning and Robotic Process Automation (RPA). Most of the activity regarding these technologies involves discussions at the board or executive team level.”

Despite feedback from Cornerstone, we are actively involved with projects in all three areas.

Cornerstone Advisors: What’s Going on in Banking 2019; Community-Based FIs’ Priorities, FinTech Plans and Future-Readiness

# Summary

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- We have a highly motivated and engaged workforce.
- We enjoy outstanding customer satisfaction levels – critical in a reference selling business like ours.
- Spending rates are projected by 87% of FIs to be “higher” or “significantly higher” than what we saw in 2018.
- We are well-positioned with new solutions to help address the challenges our clients face every day.

# Future Outlook

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- Continue our dedicated focus on financial services
- Maintain our high levels of customer service and satisfaction
- Deliver highly integrated business solutions
- Leverage advancing technologies to enhance products and services
- Pursue disciplined acquisitions

# QUESTIONS?

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Core  
**Cr**

Value  
**V1**

## Financial Update

Kevin Williams

*Chief Financial Officer and Treasurer*

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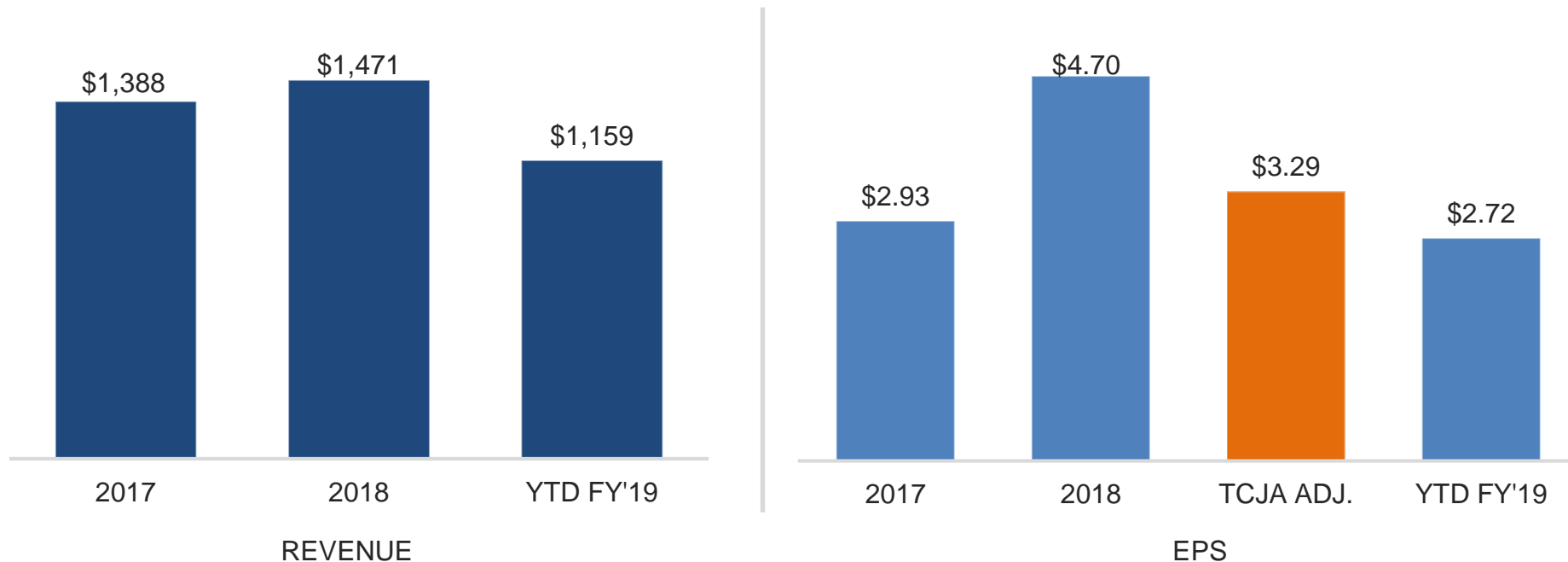
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& ASSOCIATES, INC.®

Driven  
**Dy**

# Revenue and EPS Comparison

(in millions, except per share data)

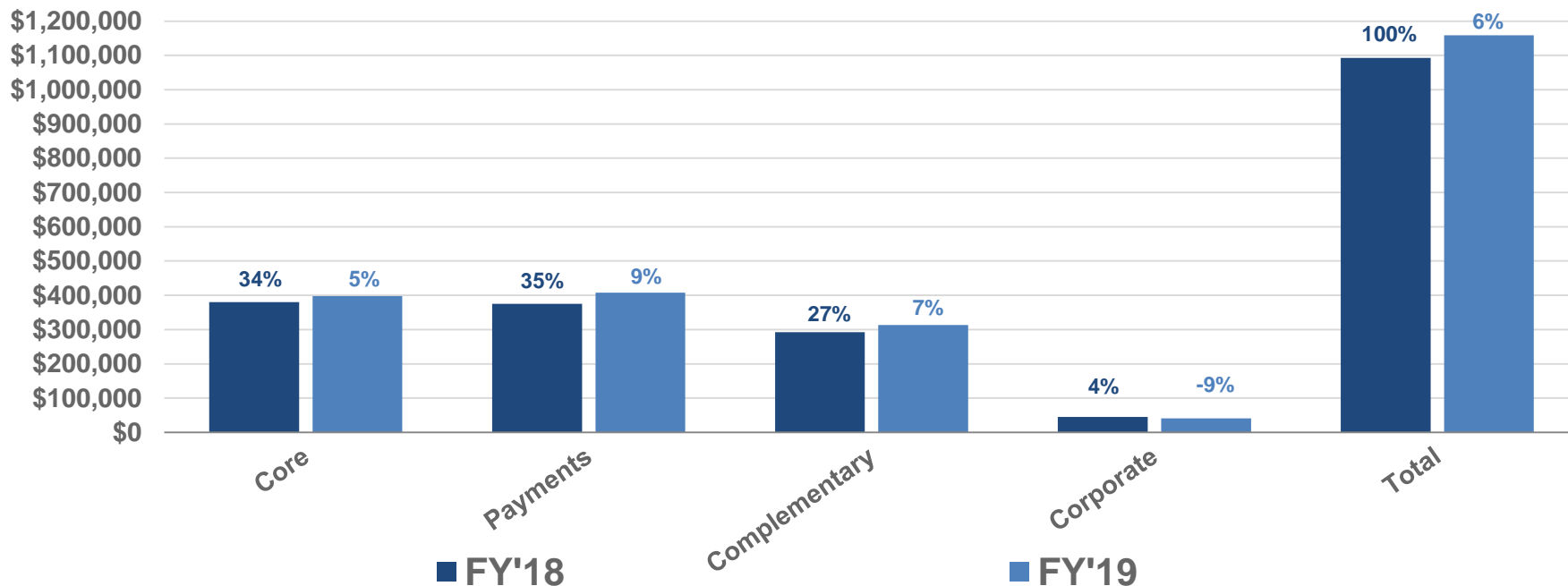
Fiscal Year Ended June 30





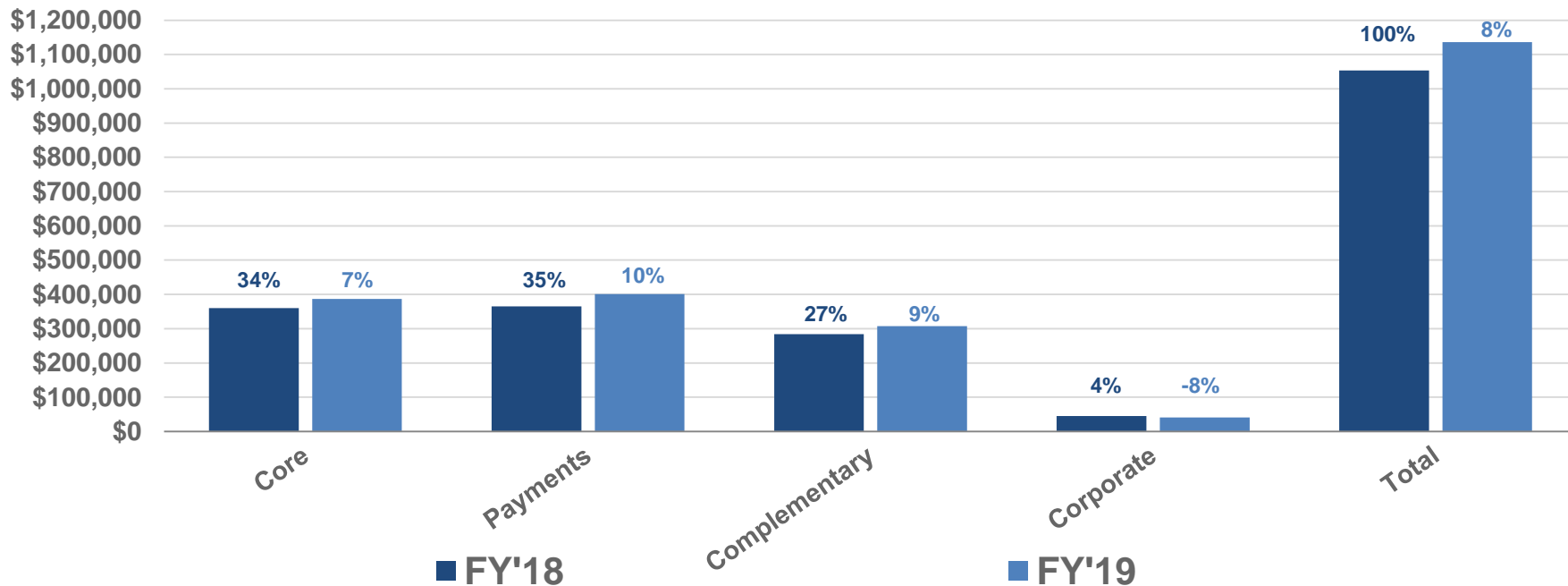
# GAAP Segment Revenue Year to Date

(Percentage of Segment Revenue; Year-over-Year Growth)  
(in thousands)



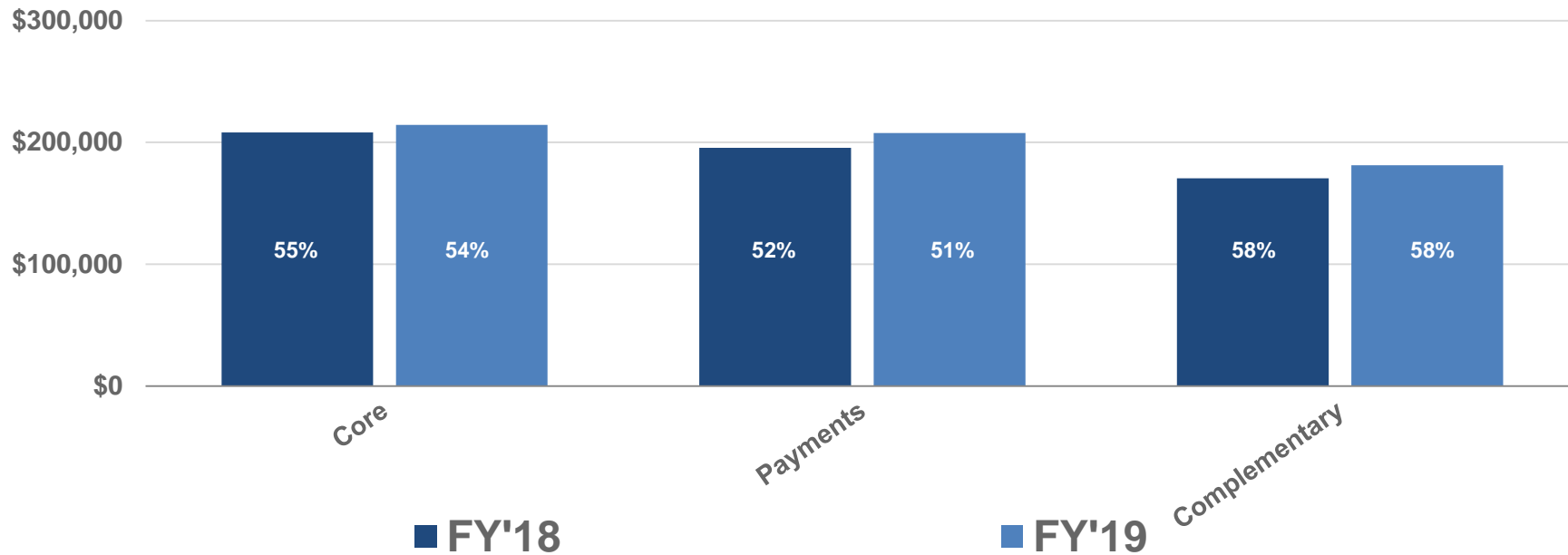
# Non-GAAP Segment Revenue Year to Date

(Percentage of Segment Revenue; Year-over-Year Growth)  
(in thousands)



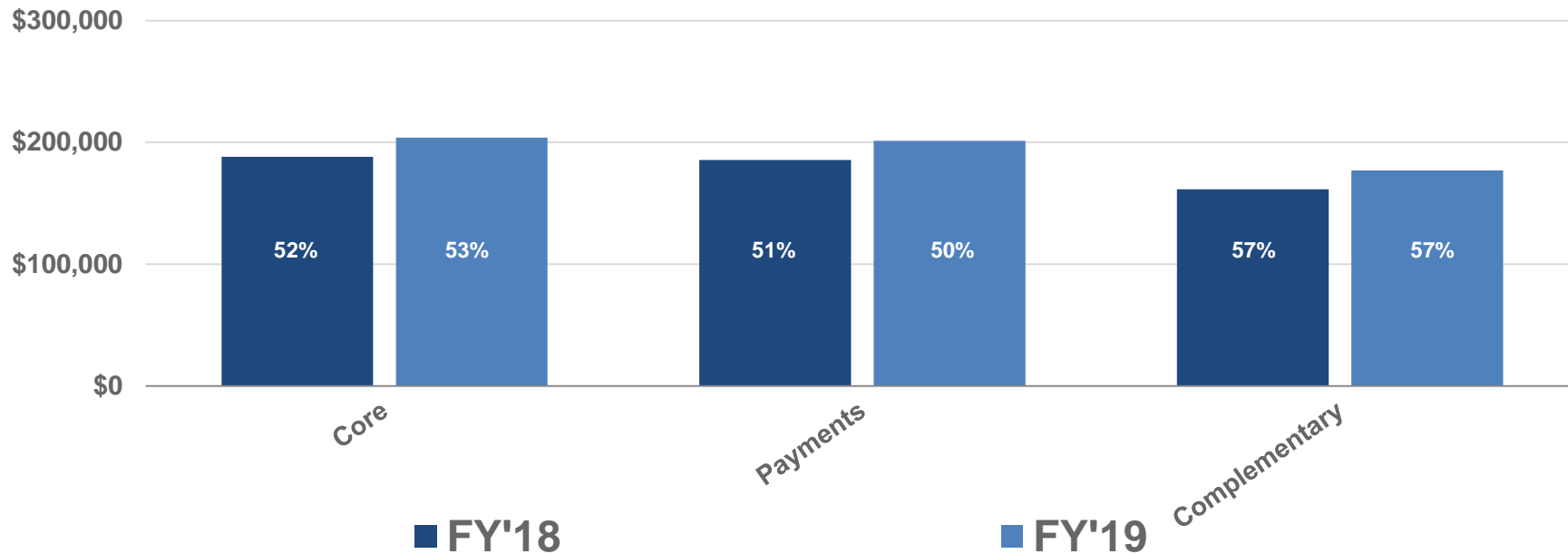
# GAAP Segment Operating Income YTD

(Margin Percentage)  
(in thousands)

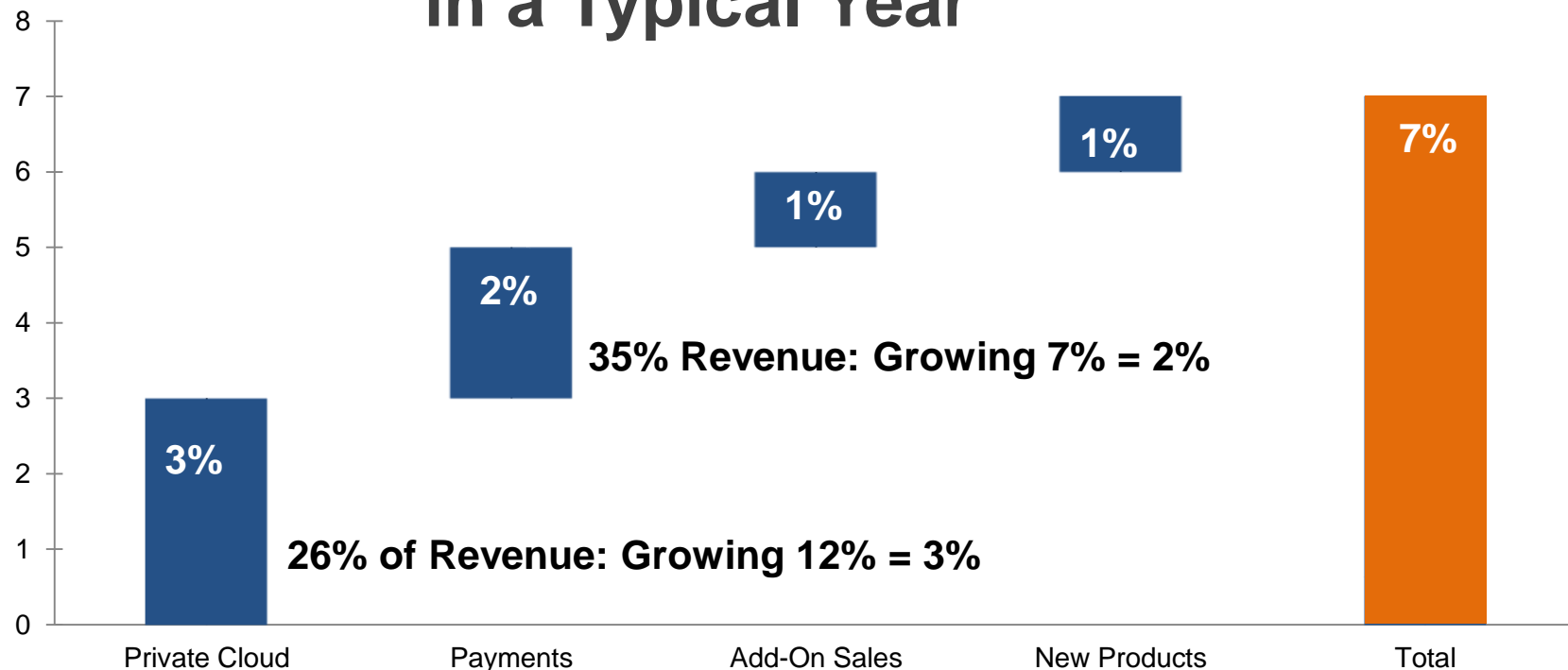


# Non-GAAP Segment Operating Income YTD

(Margin Percentage)  
(in thousands)

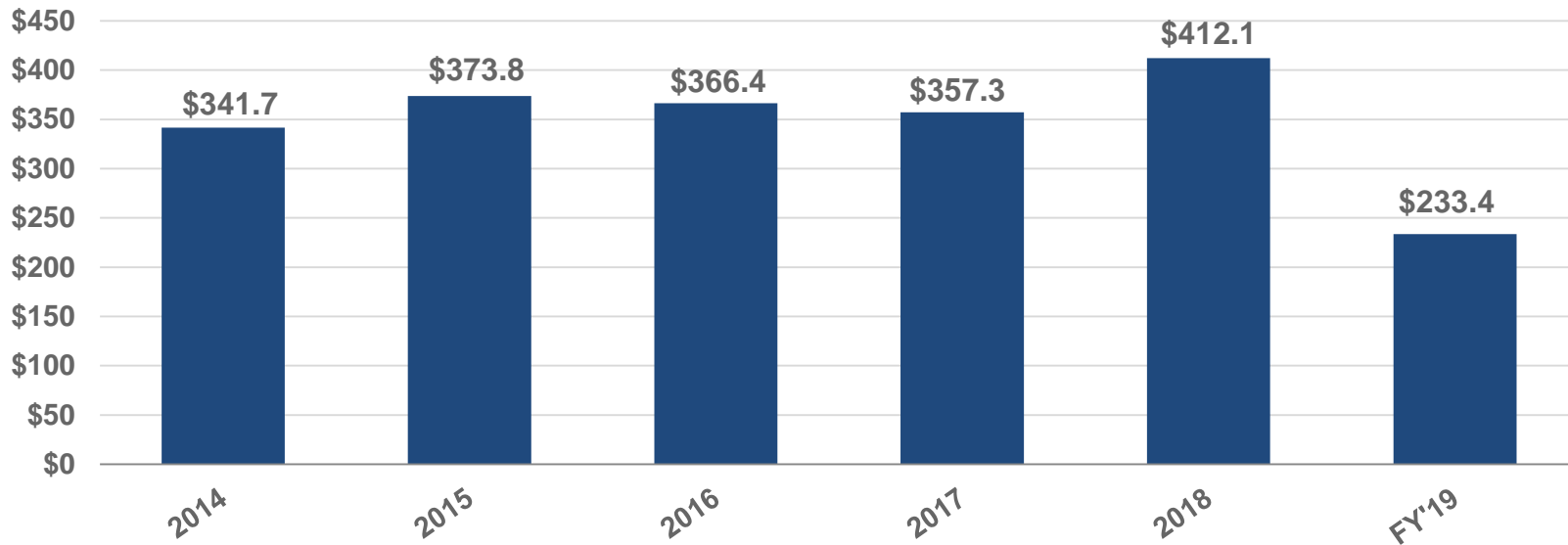


# Projected Revenue Growth Drivers in a Typical Year



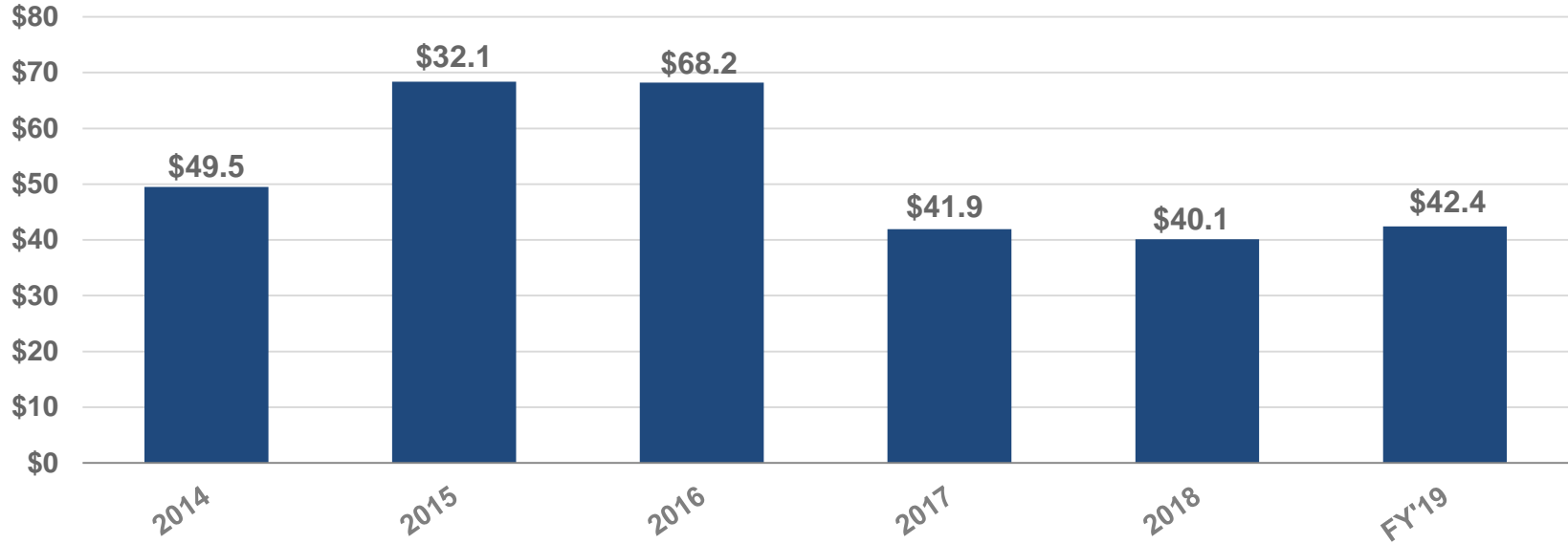
# Operating Cash Flow

(in millions)



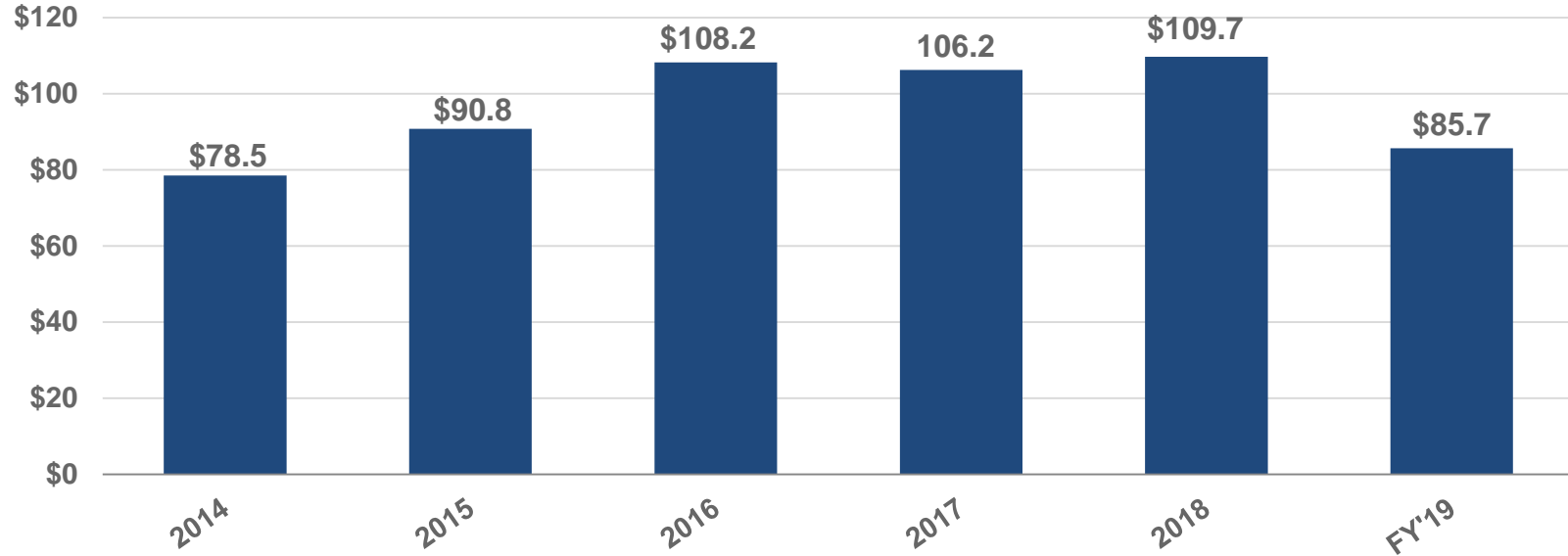
# Capital Expenditures

(in millions)



# Capitalized Software

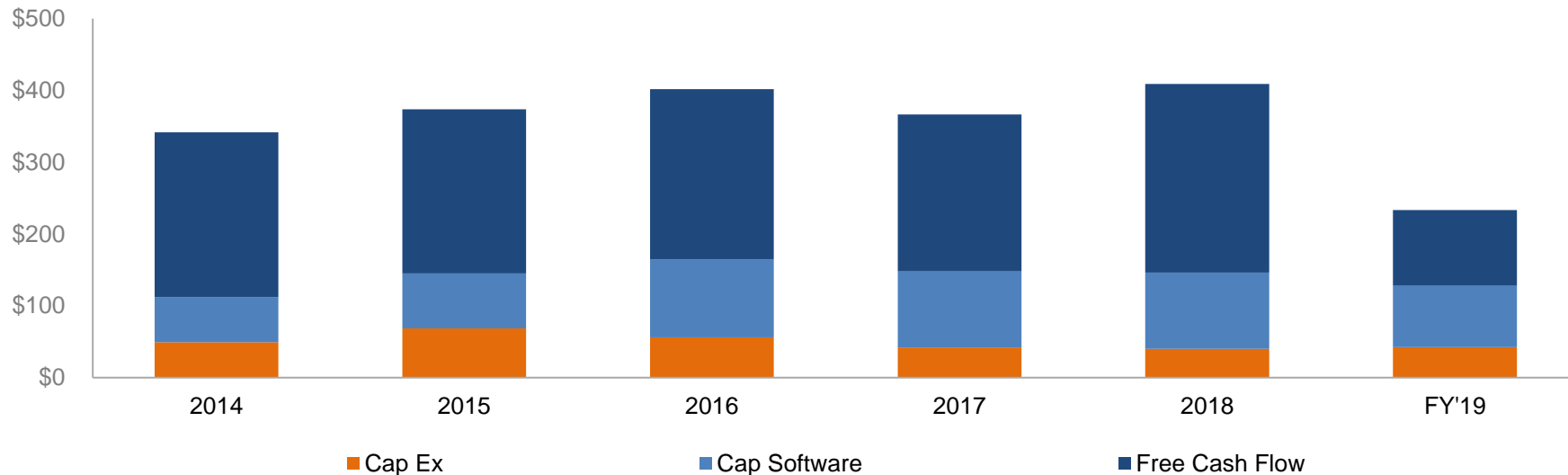
(in millions)





# Operating Cash Flow Components

(\$ in millions)

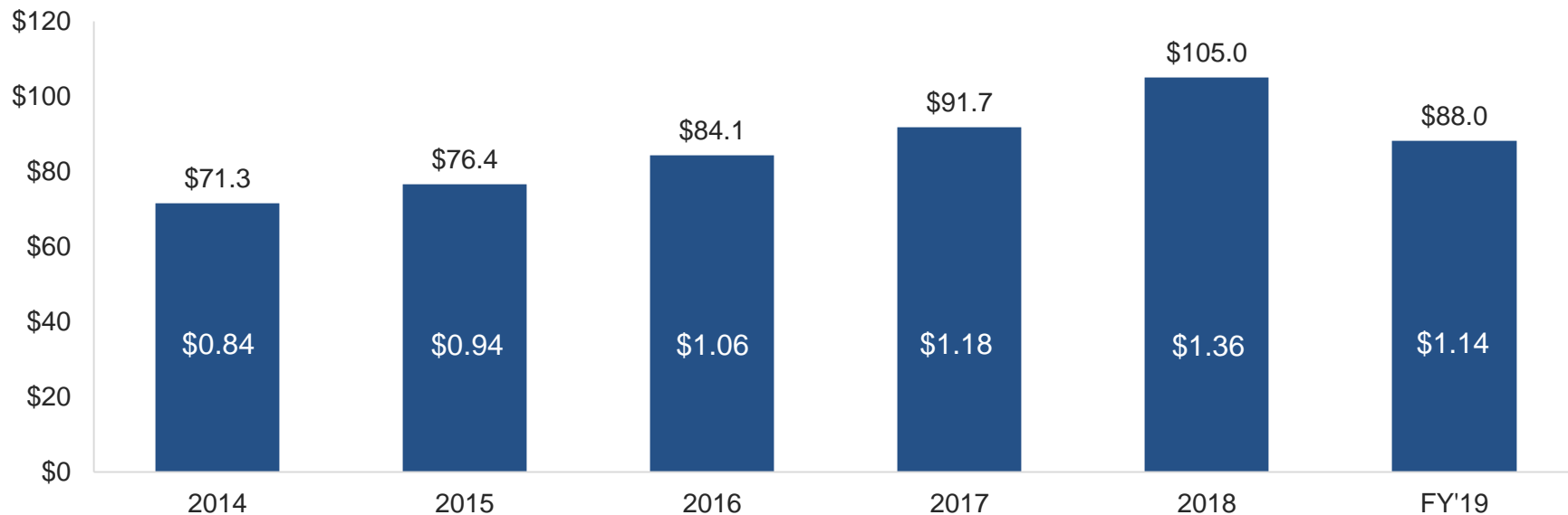


# Returning Value to Shareholders



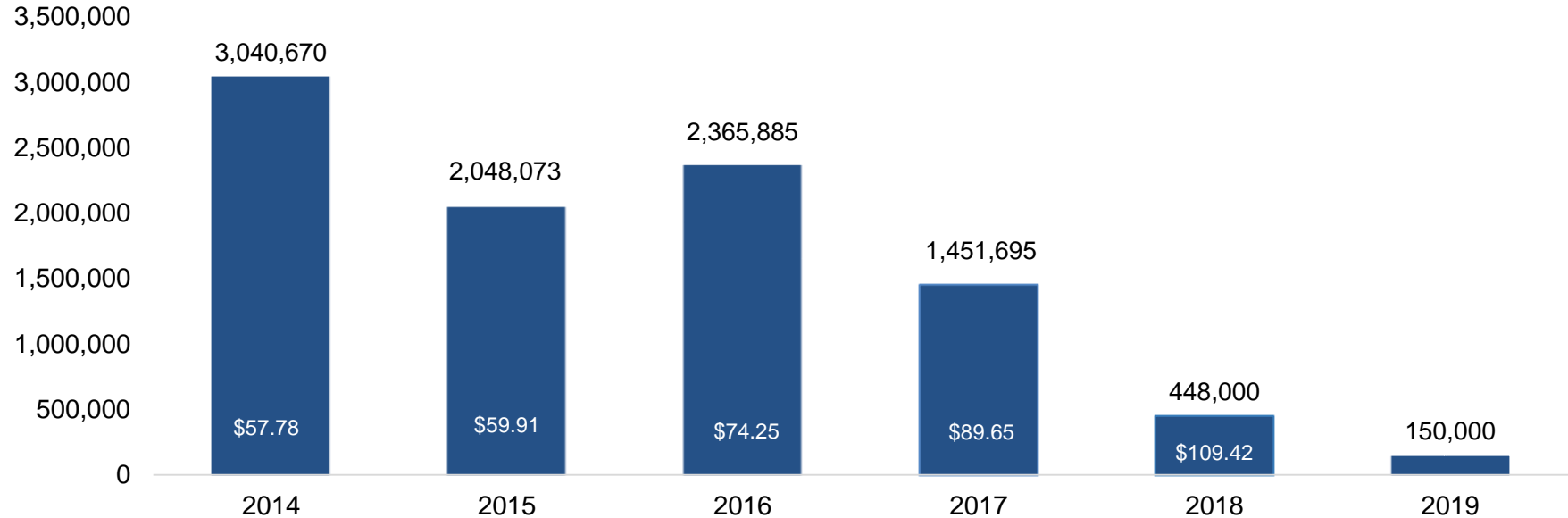
# Dividends Paid

(in millions except per share amount)



# Share Repurchases

(Number of Shares and Average Price Per Share)



Aggregate Share Repurchased: 26,258,212 for \$1.08 billion, average price of \$41.00

# Recent Acquisitions

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- Completed the following acquisitions:
  - Agiletics – 10/1/18
    - Deposit Escrow Sub Accounting (DESA) solution
  - Bolts Technologies – 10/8/18
    - Digital Account Opening

# Select Financial Metrics

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>FY'19</u>
Current Ratio	.87	1.11	.97	1.10	.96	1.17
Return on Avg. Assets TTM	11%	12%	14%	13%	13%*	14.4%
Return on Equity TTM	19%	22%	25%	24%	23%*	21%

\* Adjusted for TCJA

# QUESTIONS?

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## Technology Strategy

Mark Forbis

*Executive Vice President and Chief Technology Officer*

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# Topics

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- JHA Open Banking
- Enterprise Integration
- Bots, Artificial Intelligence, Robotic Process Automation
- Digital Transformation
- Questions

# JHA Open Banking

- jXchange™, SymXchange™
  - Openness – past, present, future
  - Vendor Integration Program
  - 100s – third parties (300+), (full service) APIs
  - 1,000,000,000+ – monthly transactions (hosted)
    - Hosting and on-premise co-exist
  - B2B (enterprise), C2B (digital)
  - Secure

# Enterprise Integration

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- jXchange™, SymXchange™ – internal/external
- Enterprise Architecture, Enterprise Integration
- Frameworks – UI/UX, Events, Notifications, Workflow
  - Integration = efficiency, flexibility
  - Interoperability
  - Security
- Data-driven decision making

# Bots, AI, RPA

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- Proof of Concept complete
- *jha*Call Center™ offering – focus on Bot integration
- Conversations (Banno™) – next
- Enterprise approach to Bots/AI – must be omni-channel aware
- Robotic Process Automation – enterprise workflow opportunities

# Digital Transformation

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- Our customers, our customers' customers, and members
- Ourselves
- Customer Experience/User Experience
  - Design-first principles
- Account opening – Buy button
- Impact of cloud/mobile – everything
- Focus on small business

# QUESTIONS?

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## Jack Henry Banking® Update

Stacey Zengel

*Vice President of Jack Henry & Associates  
President of Jack Henry Banking*

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# Jack Henry Banking



**1,000**  
BANKS

*Primary technology partner for approximately 1,000 banks ranging from community banks to multi-billion-dollar banks and multi-bank holding companies*



**20%**  
MULTI-BILLION

*Supports approximately 20% of multi-billion-dollar banks with assets up to \$50 billion*



**140**  
SOLUTIONS

*Three functionally distinct core systems and more than 140 fully-integrated complementary solutions.*



**DELIVERY  
OPTIONS**

*In-House and  
Outsourced*

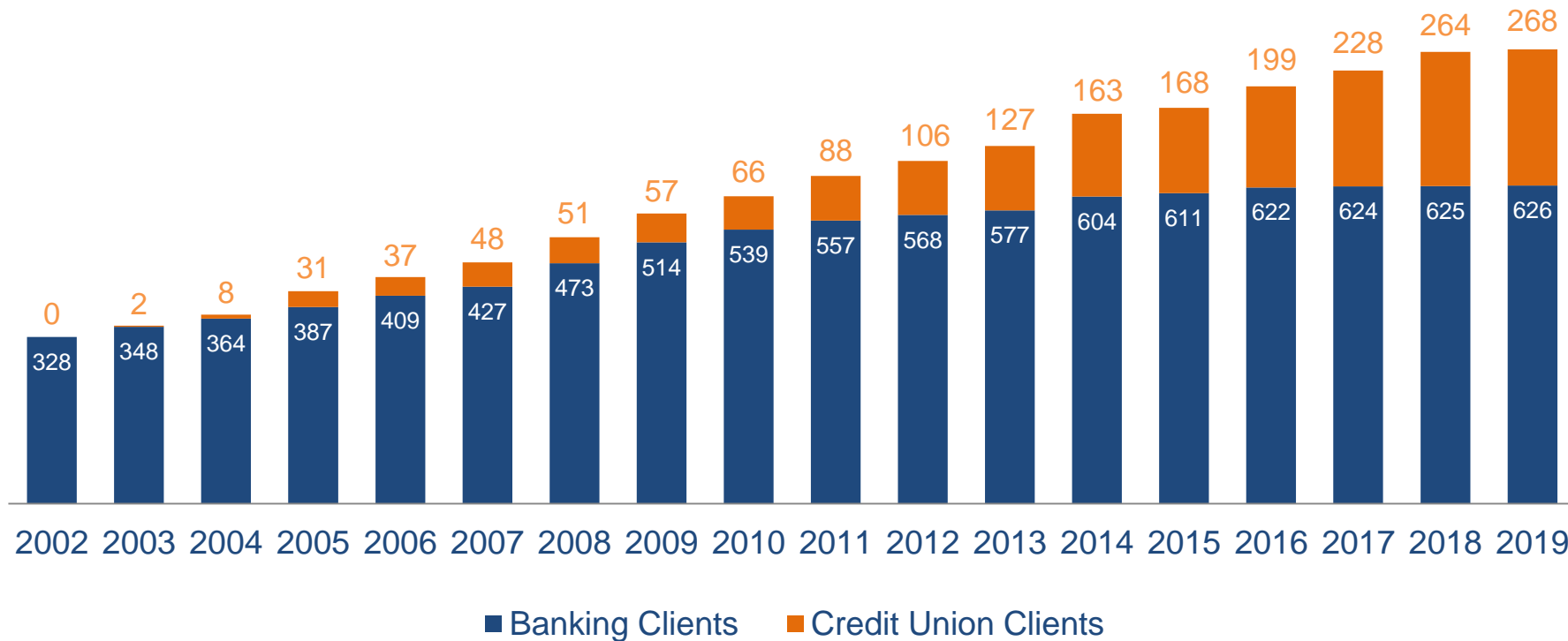


**COMPETITIVE CORE  
SYSTEMS**

*We've replaced every major competitive alternative marketed today.*



# Private Cloud Growth



# Agiletics Acquisition

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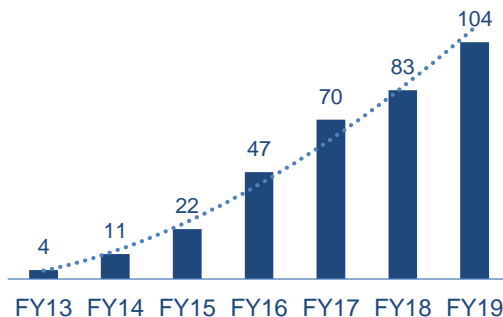


- Acquired October of 2018
- Deposit Escrow Sub-Accounting (DESA) solution
- Jack Henry Banking® and ProfitStars®
- Integrated into our new technologies framework
  - Testing now
  - Integration will enhance Jack Henry Banking adoption
- Building sales pipeline in Jack Henry Banking now

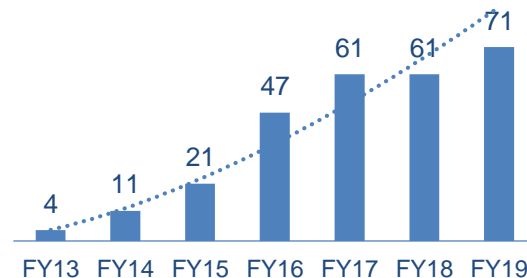
# Jack Henry Call Center

- Fully hosted services and software in-house alternatives
  - Centers in Springfield and Monett
  - Competitive differentiator
- Recovery site in Branson
- Unique branding and servicing for each client
- Premier call quality monitoring

Customers



Service Engagements



# What's on a Banker's Mind These Days?

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- Buying, selling, and/or growing organically
- Digital
- Faster payments
- “Open Banking”
- Attracting core deposits
- Finding fee income
- Reducing efficiency ratios
- Attracting banking talent
- Security, compliance, and risk

# Other Banking Industry Trends

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- M&A activity continuing
- De novo banks
- Fintechs and fintech charters
- Reduced regulation?
- Core modernization

# Key Initiatives

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- Agiletics integration
- Completing our new technologies roll-out
- Consulting business expansion
- Open banking and fintech messaging
- “Fireside chats”
- Efficiency
- Call Center growth and expansion
- Disaster avoidance updates

# Summary

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- Continued success in a competitive market
- Continued expansion into the important multi-billion-dollar segment
- Outsourcing, including call center, continues to be a high growth areas for Jack Henry
- Our initiatives that are underway will enhance our customers' capabilities and help us drive new business

# QUESTIONS?

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## Symitar® Update

Ted Bilke

*Vice President of Jack Henry & Associates  
President of Symitar*

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# Agenda

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- Credit Union Platform Landscape
- Client Acquisition and Trends
- Focus and Key Initiatives
- Questions



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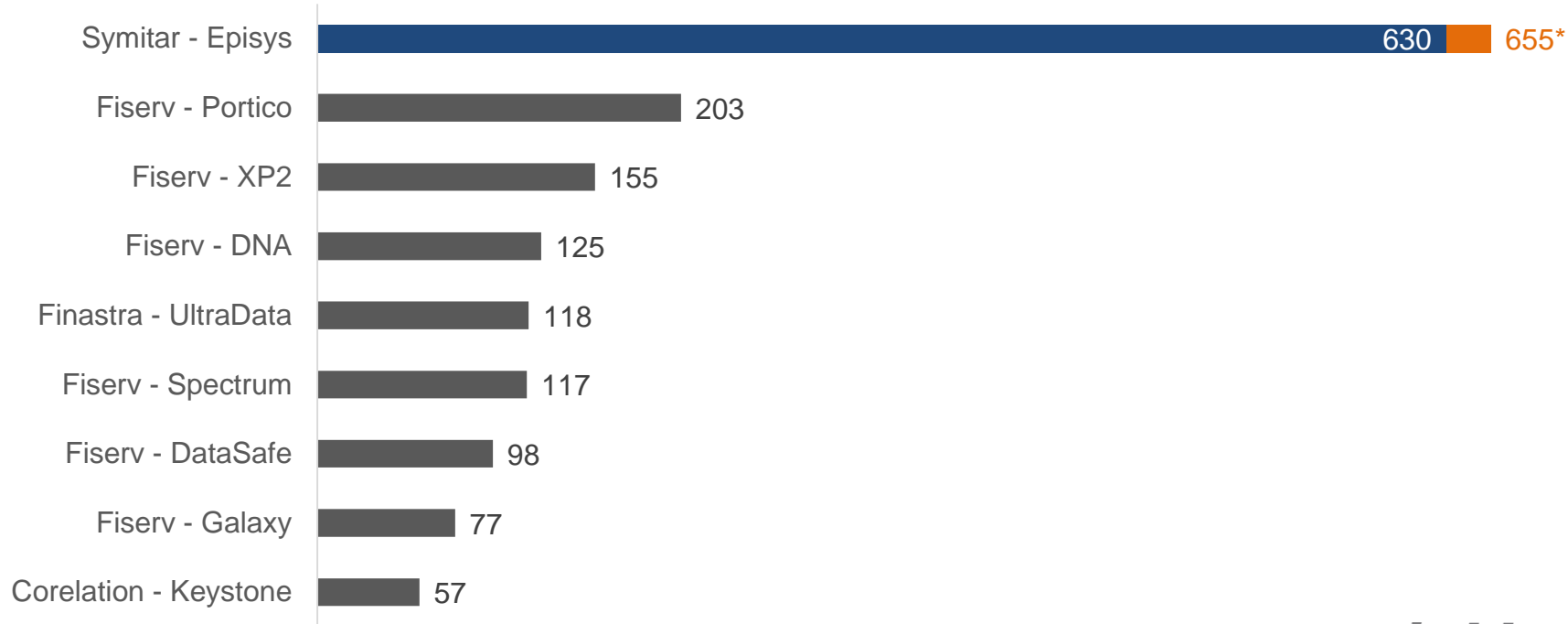
# Credit Union Platform Landscape

# Industry Consolidation

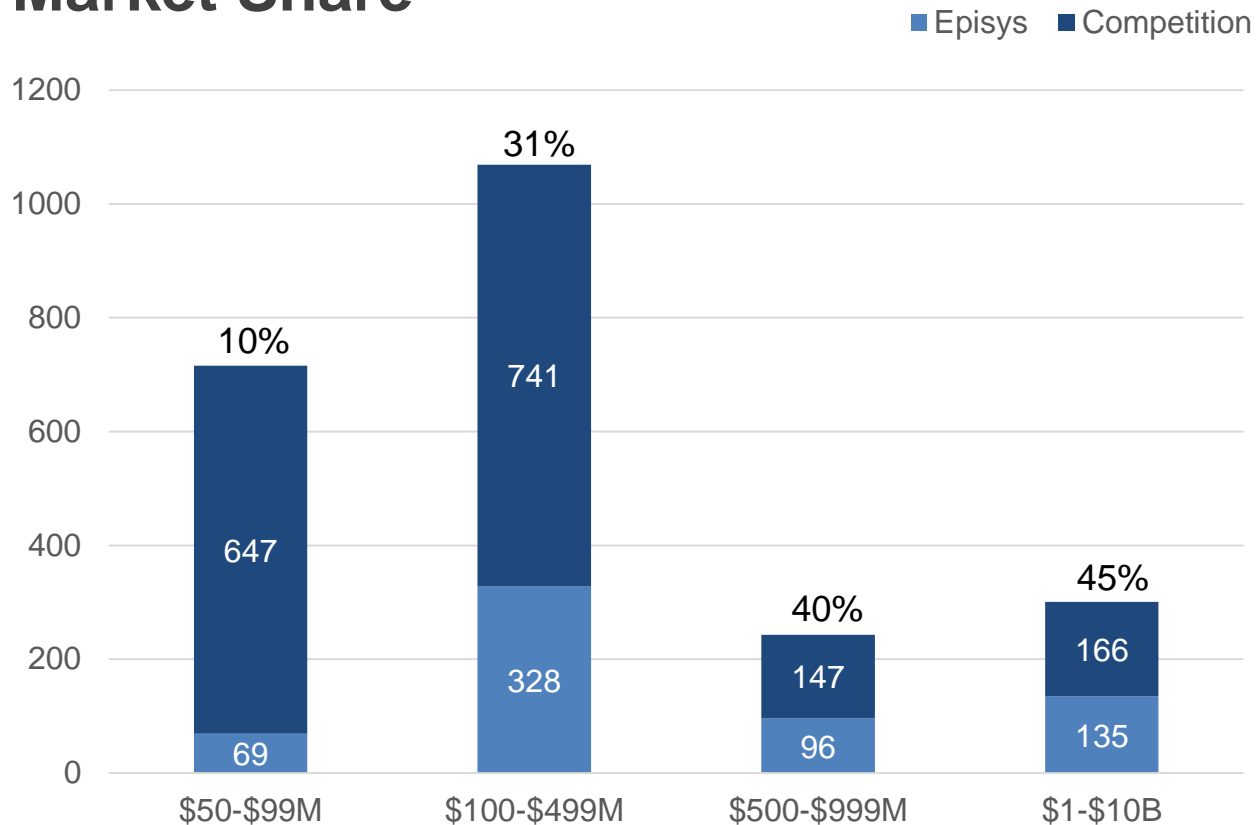
Assets	2019	2018	Change	%
\$0 to 49M	3,152	3,500	-132	-4%
\$50 to 99M	717	754	-22	-3%
\$100 to 499M	1,069	1,078	-4	0%
\$500 to 999M	243	246	-10	-4%
\$1.0 to 10B	302	275	14	5%
Over \$10B	9	6	3	50%
Total	5,646	5,859	-213	-4%

# Top Core Platform Landscape

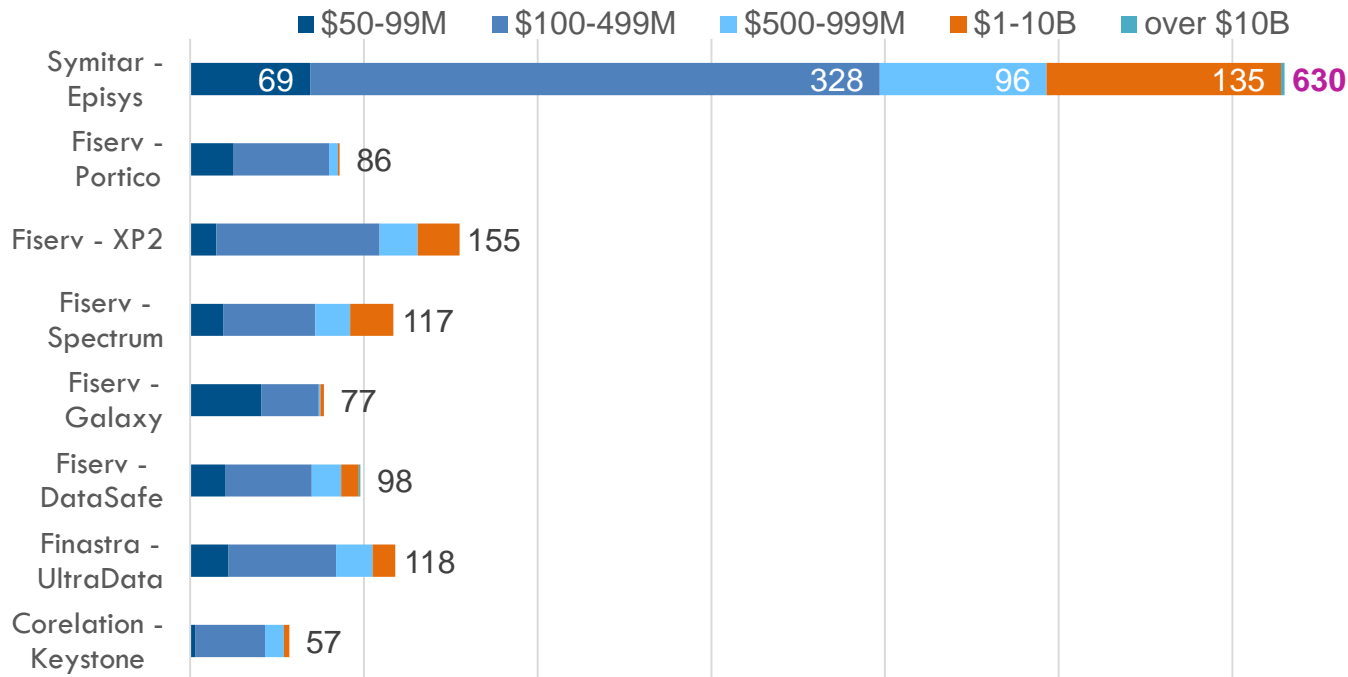
- Credit unions larger than \$50M



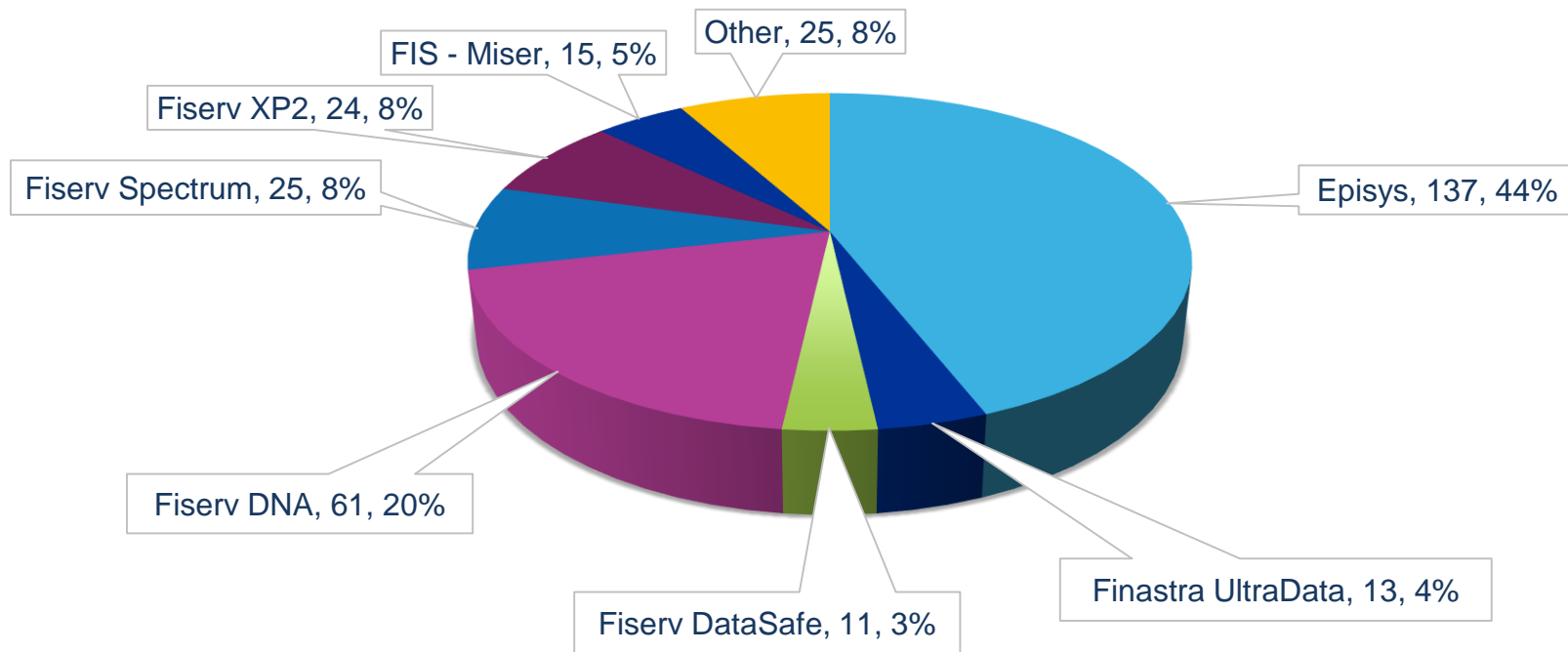
# Episys<sup>®</sup> Market Share



# Top Core Platform Landscape by Asset Size (Credit unions larger than \$50M)



# The Billion-Dollar Credit Union Market

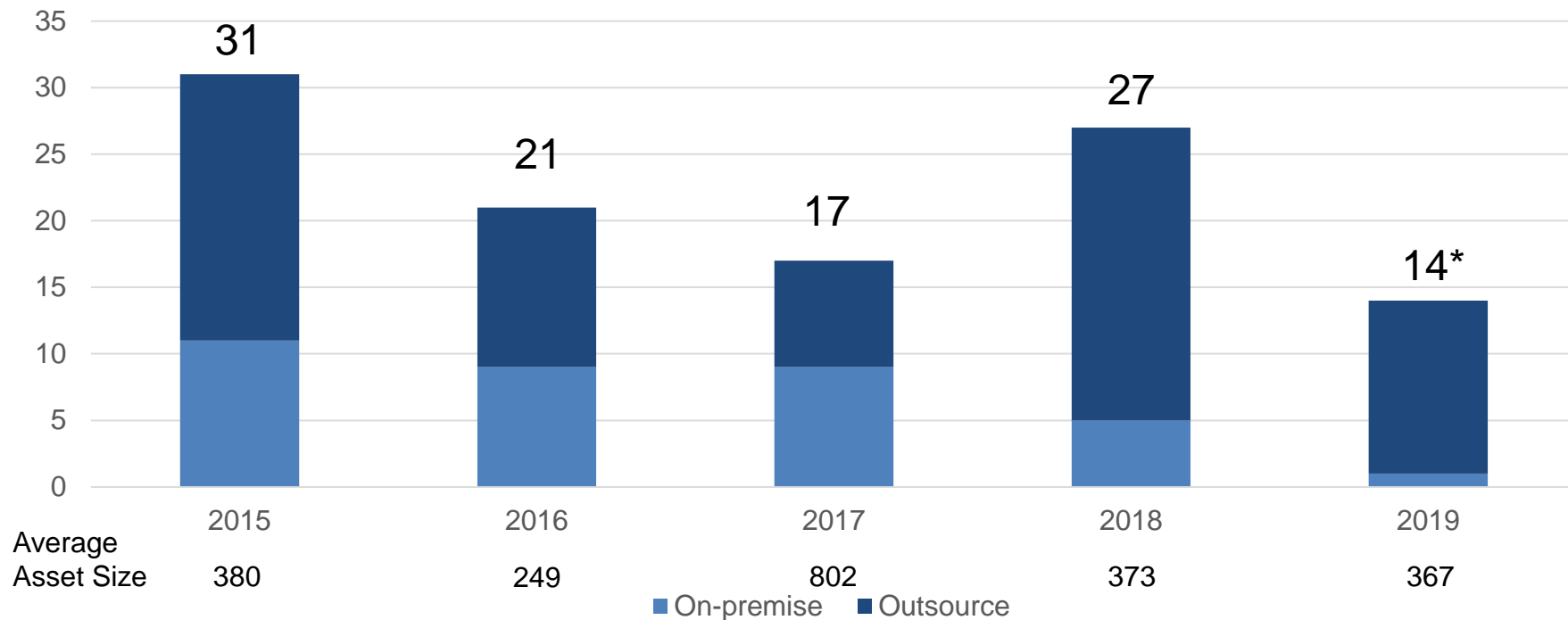




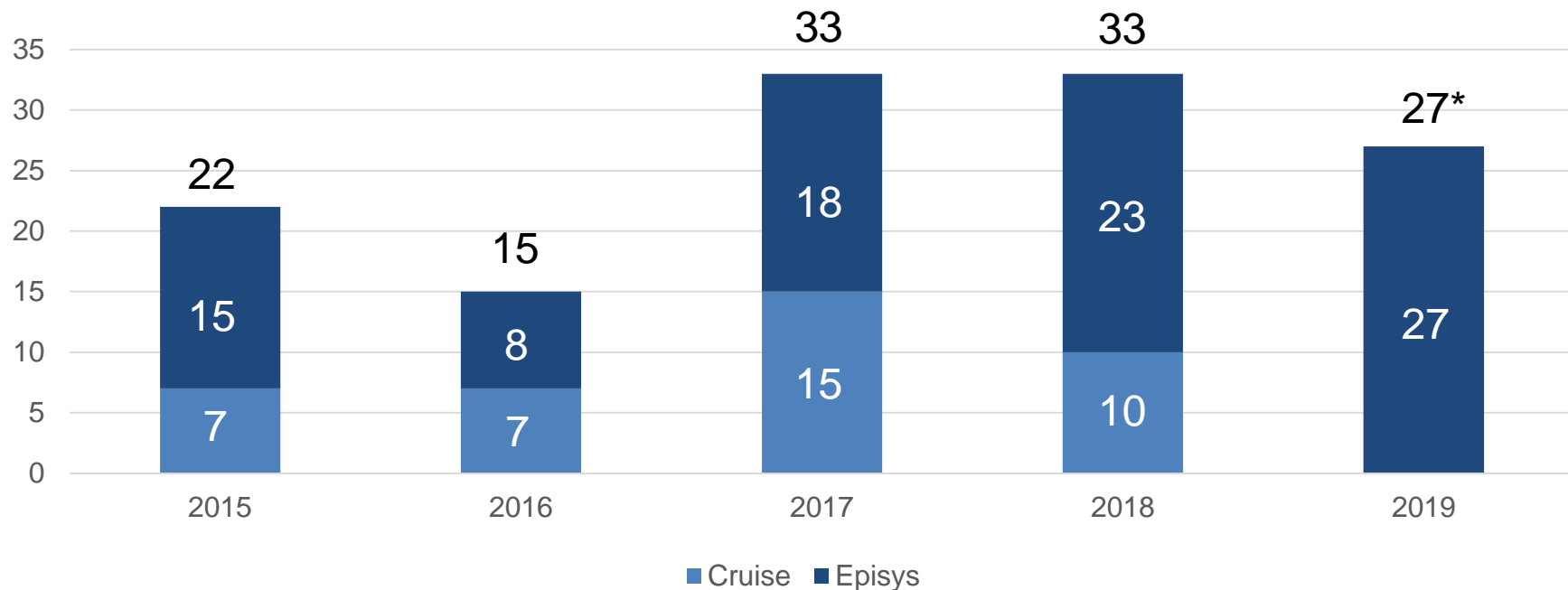
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# Client Acquisition and Trends

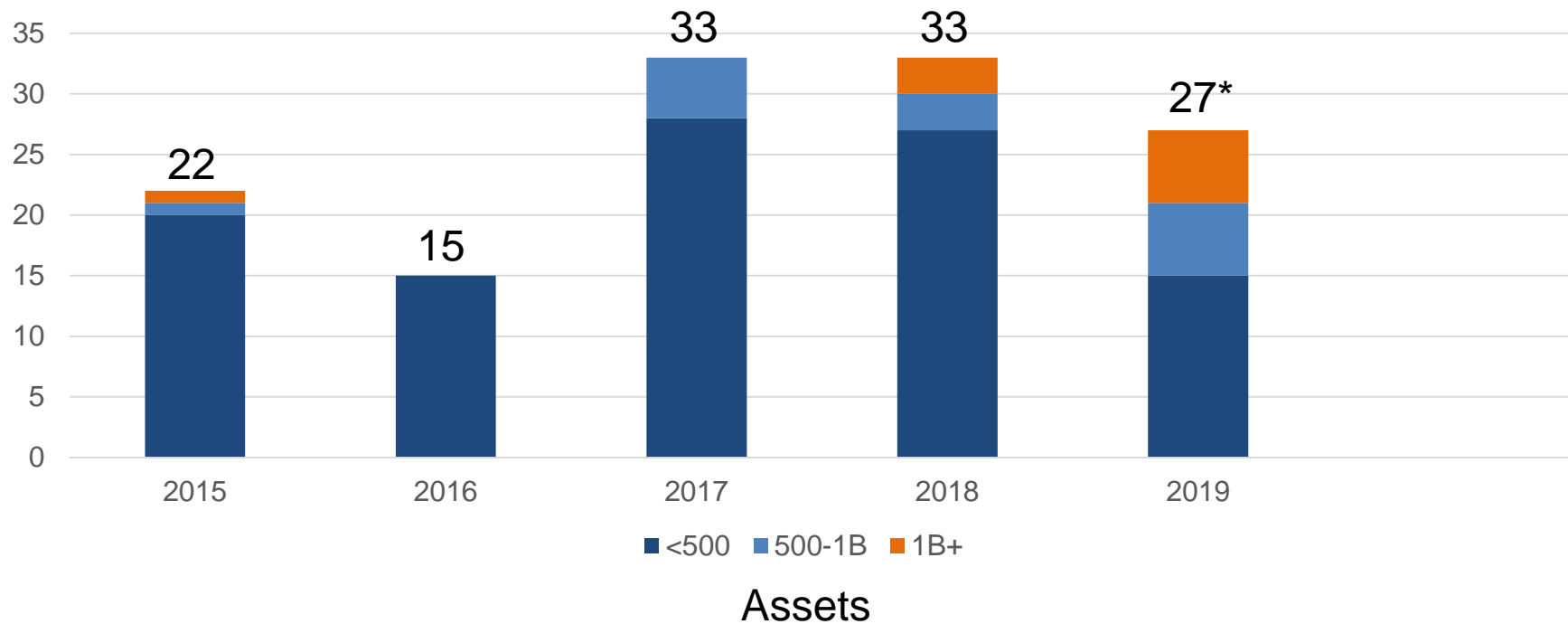
# New Core Sales



# In-House to Outsourcing Migrations



# In-House to Outsourcing Migrations



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# Focus and Key Initiatives

# Focus

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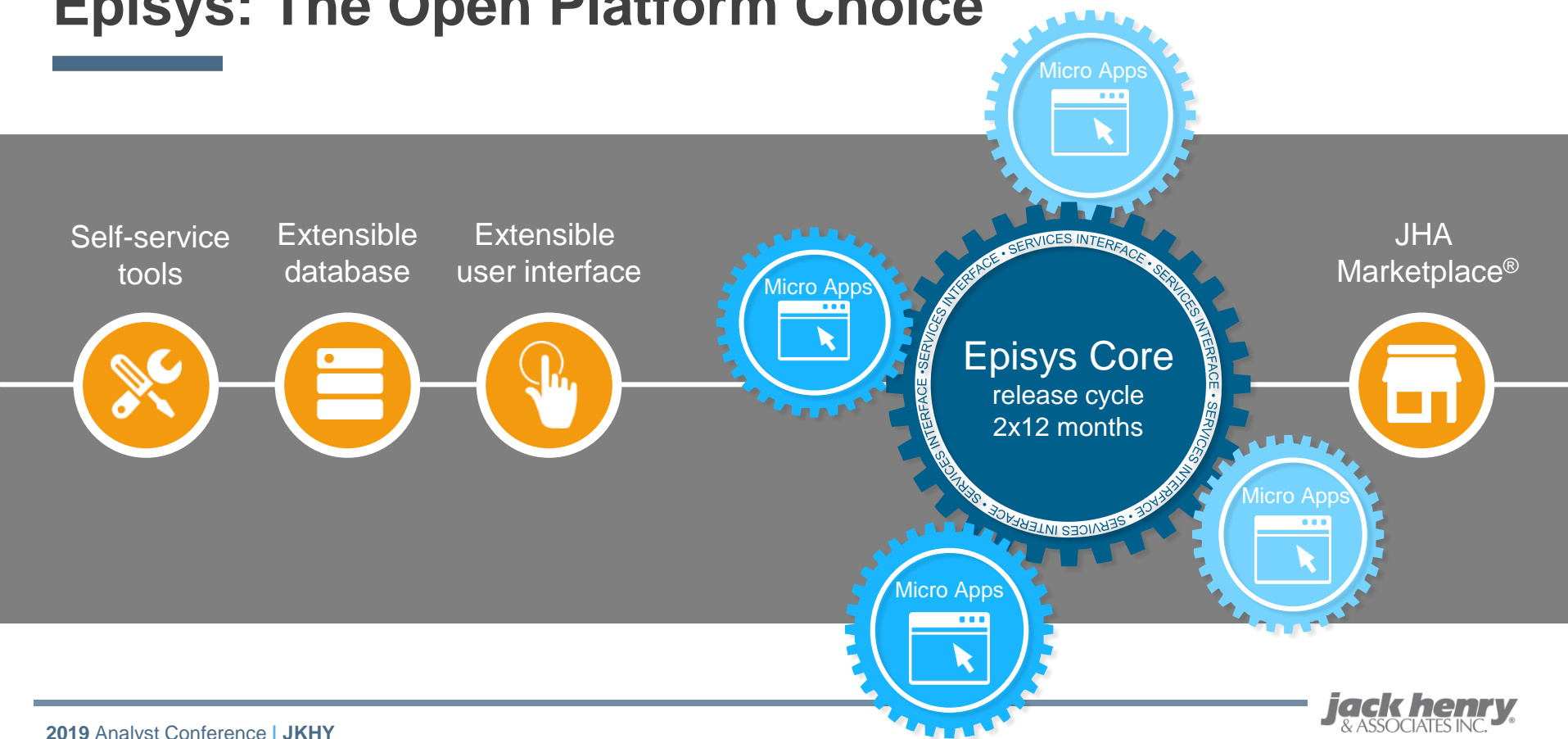
1. Client retention
2. New core acquisition
3. Add-on products

# Episys® Technology Vision

---

- Workflow-driven and device-agnostic user interface
- Services architecture with open modern API
- Multiple database options
- Self-service tools customization and speed-to-market
- Scalable, secure, and always available
- Non-disruptive adoption by our customers

# Episys: The Open Platform Choice





# Open API

---

- Hundreds of vendors connected via APIs
- Web services released in 2014
- Enterprise licensing with unlimited consumption
- 40+ vendors connected via web services today
- Dozens of client reference implementations

# Multiple Database Options

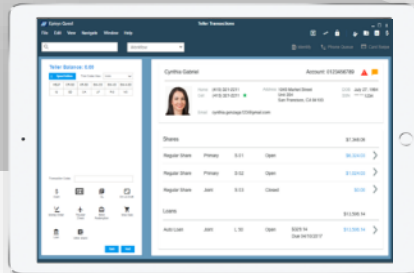
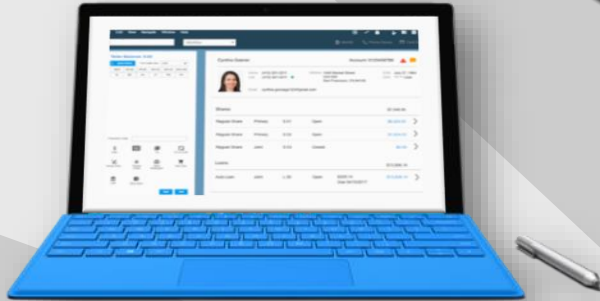
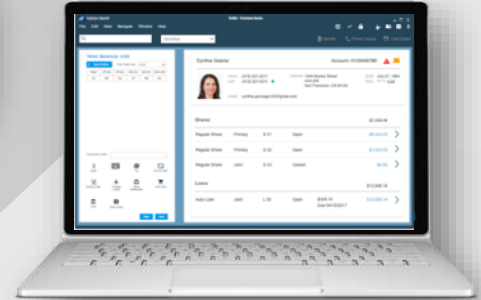
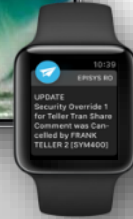
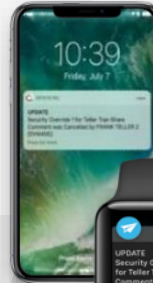
---

- New database functionally complete
- Moving into operational adoption
- 15+ credit unions running 100% in production on new Symitar Enterprise Database
- Early-adopters running Microsoft SQL in test and production
- Significant customer adoption over next 2–3 years

# Self-Service Tools

---

- Modern java-based self-service tools
- Available to internal team, customers and vendors
- Reusable solutions shared via JHA Marketplace®
- Enterprise licensing supports broad adoption by community



Episys Quest™

Symtar  
Application  
Server

SymXchange™

Core

# Checklist for an Open System Platform

---

- ✓ Services architecture with open APIs
- ✓ Multiple database options
- ✓ Modern self-service tools
- ✓ Scalable and secure
- ✓ Extended by community
- ✓ Device agnostic user interface

# QUESTIONS?

---

# **BREAK**

---

10 minutes

Co-opetition

Co

Singular

Sg

Fun

Fn

2019

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Core

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# JHA Payment Solutions™ Update

Greg Adelson

*Vice President of Jack Henry & Associates  
General Manager of JHA Payment Solutions*

Fun

Fn

Driven

Dy

**jack henry**  
& ASSOCIATES, INC.®



# JHA Payment Solutions™ | Overview



950+

## Card Processing Solutions™ (CPS)

- ▶ ATM, debit, and credit card transaction processing solutions
- ▶ Fraud mitigation, cardholder awards, card optimization programs



2,900+

## Enterprise Payment Solutions™ (EPS)

- ▶ Complete payments platform: remote deposit capture, ACH, card, alternative payments, risk management tools and sophisticated reporting capabilities
- ▶ Sold through channel sales teams and through VARs



3,500+

## iPay Solutions™

- ▶ Consumer and small business bill payment solutions inclusive of P2P, A2A, and Tier 1 call center support
- ▶ Available in fully hosted or API/back-end operational support



## JHA PayCenter™

- ▶ Single point of access to new faster payment networks: Zelle® by Early Warning, RTP® by The Clearing House®
- ▶ Launched in 2019

# JHA Payment Solutions™

## IMPACT AT JHA

**18%** of JHA  
employee base

**35%**  
of Q2 FY19  
JHA revenue

**13%**

annual same-FI  
transaction growth

**~6,700**  
FI clients

**\$132B+** monthly  
processed volume

**695M+** monthly  
transactions

**jha**

# JHA Payment Solutions | Strategic Goals



# JHA Payment Solutions | Product Vision



## **FORESIGHT**

Focusing on the future, to keep you at the forefront of payments.



## **INNOVATION**

We are investing in industry-leading solutions to help you compete.



## **REVENUE**

A complete array of services to support and amplify your success.



## **SIMPLIFY**

Enhancing the user experience by removing friction for you and your customers.



## **THREAT MITIGATION**

Strong, cost-effective tools that help fight fraud and manage risk.

# **JHA Card Processing Solutions™ (CPS)**

---

# CPS Platform Migration Update

321

Debit  
Migrations

37 Debit  
Net New  
Clients

New Platform Update  
as of April 29, 2019

Full-Service  
Credit Clients

6

**jha**

# 2019 CPS Roadmap Highlights



MyCardRules™/Ondot API  
June General Availability



Ethoca ecommerce fraud  
and disputes elimination  
(fulfillment)  
July beta



Digital Issuance  
In discovery



Dual interface “contactless”  
chip cards  
October beta

New rewards platform  
August beta



3D Secure 2.0 (Visa)  
October beta



Full-Service Dispute  
Processing  
October beta



ATM managed services  
In discovery



*Dates are provided as estimates only and can be changed at any time at the sole discretion of JHA.*



# CPS Full-Service Credit Cards

- Bolster net income and attract new customers, expand share of wallet.
- Integrated tools provide ability to manage credit accounts at the system of record while within the core.
- Consistent UI, access and tooling enables management of both credit and debit portfolios.
- Suite of currently-available APIs to integrate with JHA digital solutions.



# CPS Platform | Why CPS?

Comprehensive data analytics  
including operations reports,  
KPIs, custom report capabilities

JHA is the single source for  
superior service with a single  
800 number to call and a single  
contract to manage

Streamlined client portals for front-line  
(integrated with core) and  
back-office staff

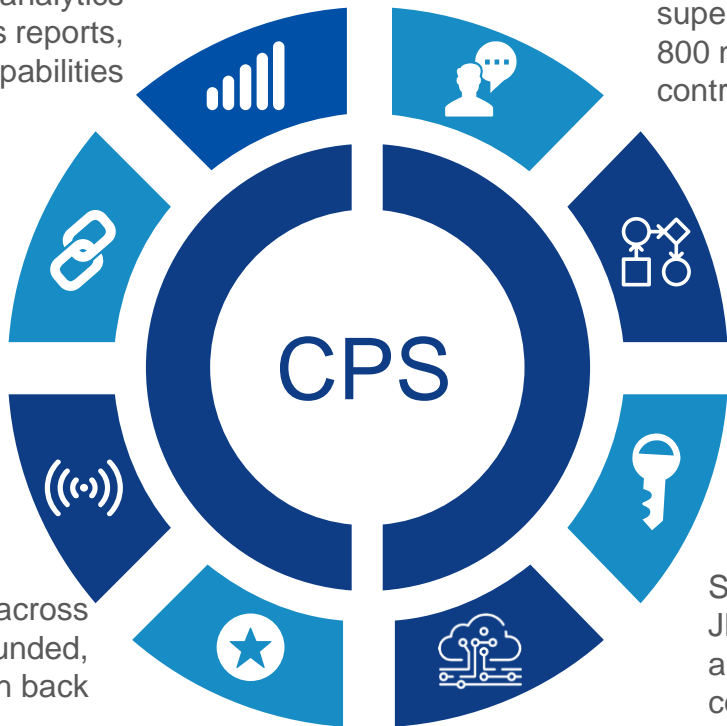
Real-time fraud decisioning,  
fraud analyst team, new fraud  
mitigation tools, disputes team  
with full service resolution

Active/active transaction  
processing environment

Single platform for debit and  
credit; consulting services to  
optimize portfolios

Rewards with house-holding across  
debit/credit, merchant-funded,  
cash back

Seamless integration to JHA cores and  
JHA digital applications, including alerts  
and controls, APIs for third-party  
consumption



**JHA iPay Solutions™**

---

# JHA iPay Solutions™ | Current Deliverables

## iPay QuickPay<sup>SM</sup>



- Integration to Amazon's Alexa to provide a voice-driven experience for consumer bill pay
- Users can make a payment, review payment history, and check pending payments
- 405 FIs live; 65% who are set up in bill pay have enabled Alexa skill

## iPay CardPay<sup>SM</sup>



- New service provides bill pay users with the ability to pay bills for certain payees using a debit or credit card
- FIs will have the option to restrict to only their issued cards
- Beta currently and general availability in CY Q3 2019

*Dates are provided as estimates only and can be changed at any time at the sole discretion of JHA.*

# **JHA Enterprise Payment Solutions™ (EPS)**

---



# Enterprise Payment Solutions + Ensenta

- Successful integration of team and products in first year
- Strategy underway to maintain both product lines and integrate all solutions into single platform

**JHA PayCenter™**

---

# JHA PayCenter™



## CORE

Transaction,  
reporting and data  
management



## PAYMENTS HUB

Turnkey payments solution  
for real-time payments  
enablement



## MOBILE

Streamlined mobile  
solutions for  
outstanding customer  
experiences



## ANCILLARY

Connectivity for a  
variety of  
complementary  
products



## REGULATORY

Management of  
ongoing regulatory  
requirements and  
network rules

# JHA PayCenter™ Progress

---

- Certification testing with Zelle® began on time, late February 2019
- Target completion is June 1, 2019
- goDough® and Banno™ UI both Zelle certified
- Zelle settlement and reconciliation testing completed
- Data contribution certification completed
- Visa/Mastercard integration complete and testing in process
- Production BETA following certification; target is July 2019
- RTP Certification to begin in late Q4 2019/Q1 2020

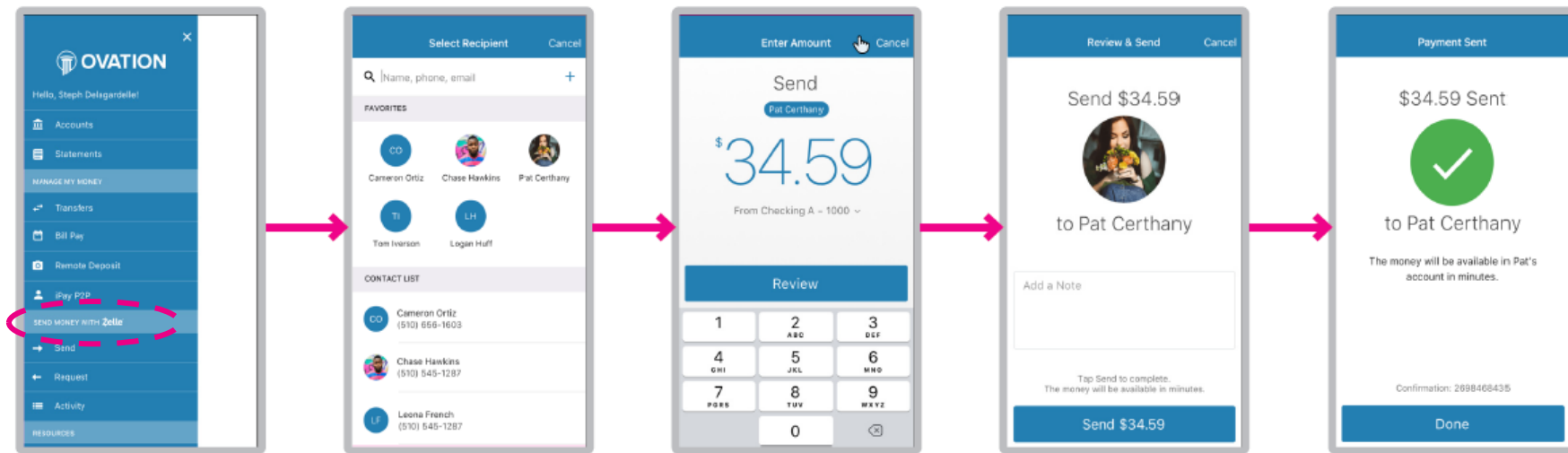
*Dates are provided as estimates only and can be changed at any time at the sole discretion of JHA.*



# Access to Zelle® Experience from Mobile App

## Your Mobile Banking App

## Certified White Label Zelle Experience from JHA



# QUESTIONS?

---

Co-opetition

Co

Singular

Sg

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**ProfitStars®**

Russ Bernthal

*Vice President of Jack Henry & Associates  
President of ProfitStars*

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Driven

Dy

**jack henry**  
& ASSOCIATES, INC.®

any core processing system | all asset sizes



## FIVE PRODUCT SUITES

Enhance and support  
customer  
performance

Serve diverse  
corporate entities



## HIGH CUSTOMER SATISFACTION

Maintain a high level  
of customer service



## SALES AND PARTNERSHIPS

Use an independent  
sales team

Reseller partnerships



## STRATEGIC ACQUISITIONS

Seek out and absorb  
additional acquired  
companies

# ProfitStars®

~980

Jack Henry Banking®  
core clients

~800

Symitar®  
core clients

~9,000\*  
clients

35 of the top 100  
banks are  
PS clients

80+ core  
processing  
systems

100+  
products  
and services

22+  
acquisitions

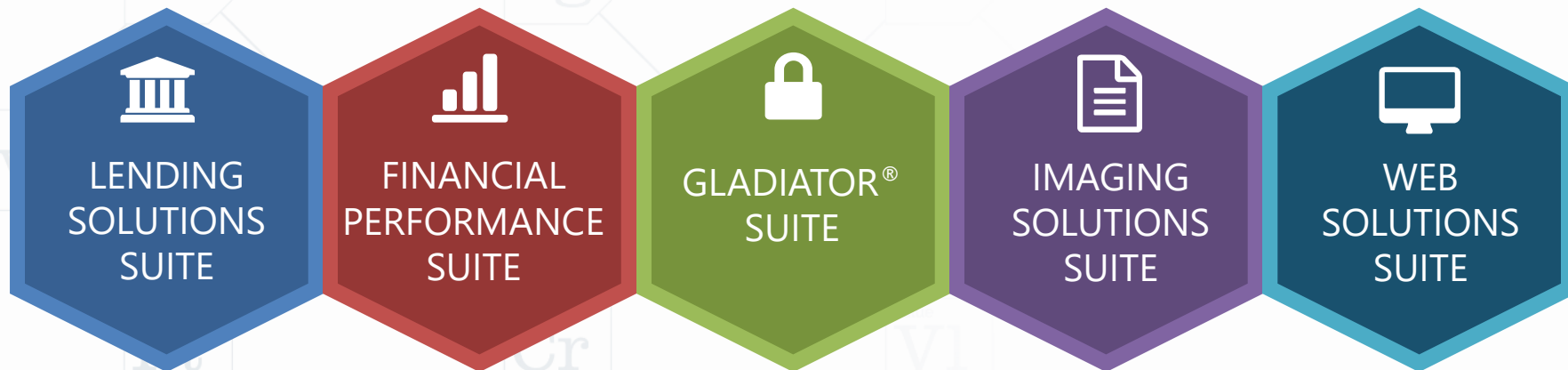
Range of  
Industries  
*Government*  
*Property Management*  
*Utilities*

~470  
\$1 Billion+ Banks ~270  
\$1 Billion+ Credit Unions

3.3 products per  
non-core customer

\* Includes core customers

# 5 Major Suites of Products



# 5 Major Suites of Products



Digital  
End-to-Endless  
Process



Loan  
spreading &  
underwriting



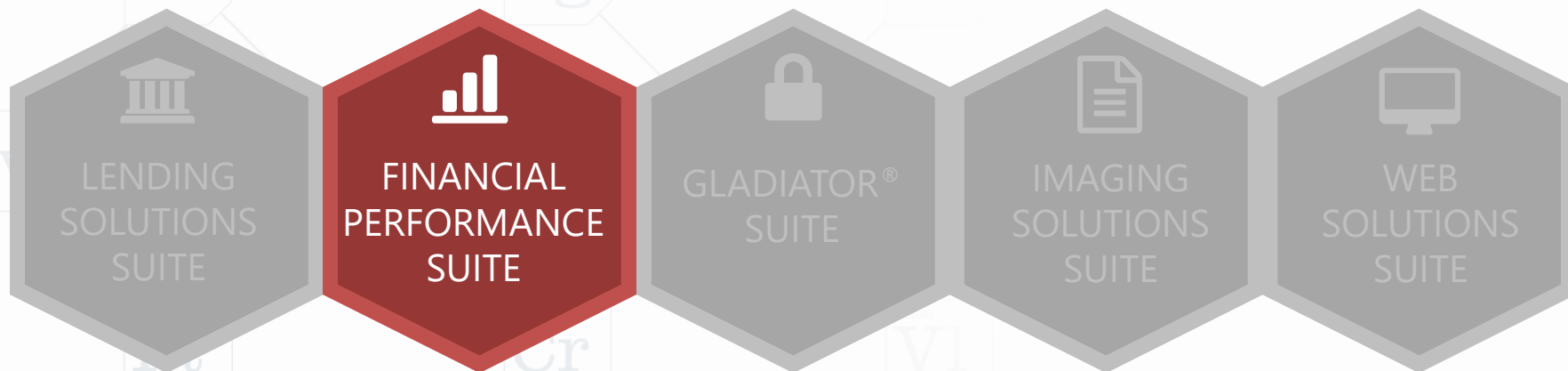
Automated  
Loan Approval



Asset-Based Lending,  
Factoring & AR Financing



# 5 Major Suites of Products



Asset/Liability  
Management

Budgeting &  
Financial Reporting

Profitability  
& Pricing

Current Expected  
Credit Loss (CECL)



# 5 Major Suites of Products



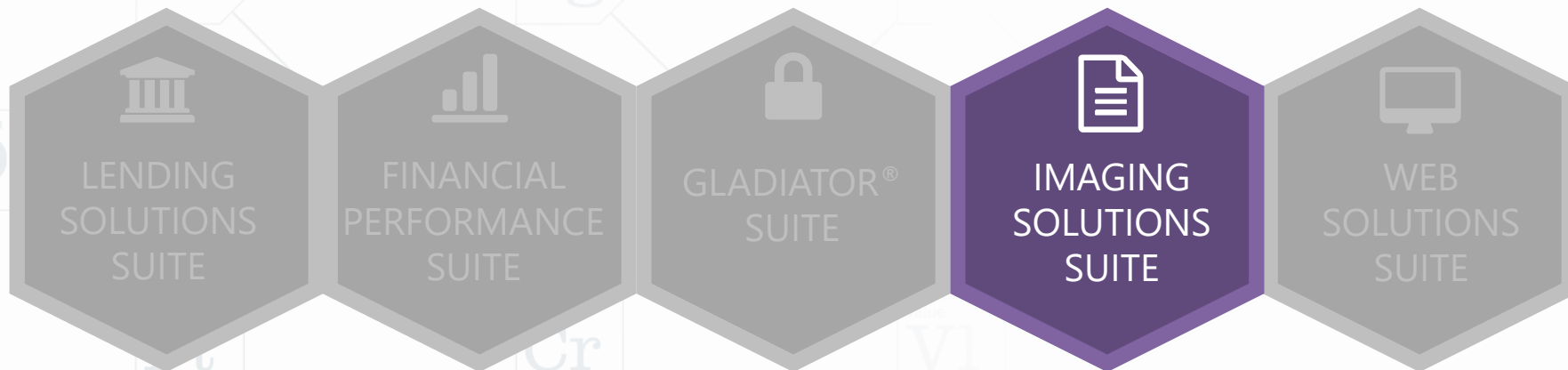
Hosted Network  
Solutions

Managed IT  
Services

Enterprise Security  
Monitoring

Business Continuity  
& Disaster Recovery

# 5 Major Suites of Products



Document  
Imaging

Check  
Imaging

Remittance  
Solutions

Enterprise Conversion  
Services

# 5 Major Suites of Products



Website  
Design

Website  
Hosting

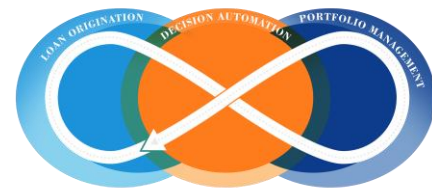
Mobile  
Websites

Digital Marketing  
Services

# ProfitStars® Updates

---

# Commercial Lending Center Suite™



Complete digital lending lifecycle management system



Integrates with all JHA cores and many others



Improves user and lender experience



Automates decisioning for smaller loans



Ongoing customer relationship



Document image, remittance, and Financial Performance Suite loan pricing integration



494

FIs using suite



**BEST BUSINESS LENDING PLATFORM**

# Commercial Lending Center Suite™

“Best Business Lending Platform”

- World-wide competition
- ~3,500 entries

# Current Expected Credit Loss (CECL)



Regulatory requirement affecting all banks/CUs



Helps FIs set aside reserves at loan origination time



Required 2020-2022 depending on FI type



Built on ProfitStars Financial Performance Suite platform



CECL DataStore & Validation  
CECL Analysis & Reporting



44% of FIs still need to purchase a solution



200+  
Customers

# Gladiator Hosted Network Solutions™



Cloud-based  
infrastructure-as-a-solution



Focus IT on strategic  
initiatives



Minimize on-premise  
hardware



Add-on Services:

- Gladiator Managed IT Services™
- Gladiator CoreDEFENSE Managed Security Services™
- Microsoft O365



Transfer responsibilities  
to ProfitStars



~2,200  
Servers running  
on HNS



~4,200  
Virtual desktops  
running in HNS



# ProfitStars® New Offerings

---

# Commercial Lending Center Suite™

---

Automated Renewal Technology

Available Now

Agriculture Lending Module

Available Summer 2019  
(estimated)

LendingNetwork® Marketplace

Available Summer 2019  
(estimated)

*Dates are provided as estimates only and can be changed at any time at the sole discretion of JHA.*

# Gladiator Hosted Network Solutions™ 2.0

Self-provisioning of HNS  
servers by customers

Enables enhanced  
automation and provisioning  
for implementation

Higher/faster throughput from  
implementation teams

Better customer  
experience

Available  
Fall 2019  
(estimated)

*Dates are provided as estimates only and can be changed at any time at the sole discretion of JHA.*

# Financial Performance Suite – Forecasting and Financial Reporting

---

Budgeting, forecasting,  
and variance reporting

Ad-hoc report writing capability,  
includes PROFITstar ad-hoc  
reports

Instrument level detail  
providing accurate cash flows

Built on ProfitStars Financial  
Performance Suite<sup>SM</sup> platform

Available  
Now

# Financial Performance Suite – Performance Scorecard

---

Incentive-based tool for enabling “pay for performance” based on financial targets

Important tool in a tight labor market

Solves significant challenges in most incentive compensation systems operating today

Built on ProfitStars Financial Performance Suite<sup>SM</sup> platform

*Dates are provided as estimates only and can be changed at any time at the sole discretion of JHA.*

Available  
Fall 2019  
(estimated)

# Synergy Web Client/Synergy Cloud

New Synergy hosted document imaging for capture, search, and print



Application server fail-over and session-based load-balancing

New/updated API to increase ability to integrate with third-party systems



New web administration client designed to streamline management of the environment



Available  
Spring 2020  
(estimated)

*Dates are provided as estimates only and can be changed at any time at the sole discretion of JHA.*

# What's Important to ProfitStars® Going Forward?



# QUESTIONS?

---



Co-opetition  
Co

Singular  
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Fun  
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## Digital Update

Ron Moses

*Vice President of Jack Henry & Associates  
General Manager of Consumer and Commercial Solutions*

Fun  
Fn

**jack henry**  
& ASSOCIATES, INC.®

Driven  
Dy

# Banno™ Digital Platform

---

A JHA solution resulting from BUYING ...

# Beliefs

---

- **Industry** — The very strength and force that community financial institutions have is that they are built on operational excellence, service, trust and personal relationships.
- **Customer** — People are seeking meaning, context and connection. This is most commonly found in authentic connections between real people.
- **Tech** — There is no material distinction between online and mobile: there's just digital. And digital just is.



# Timeline: Approaches to Digital Strategy





# Fully Native and Progressive Web App Experience

**Banno Mobile™**

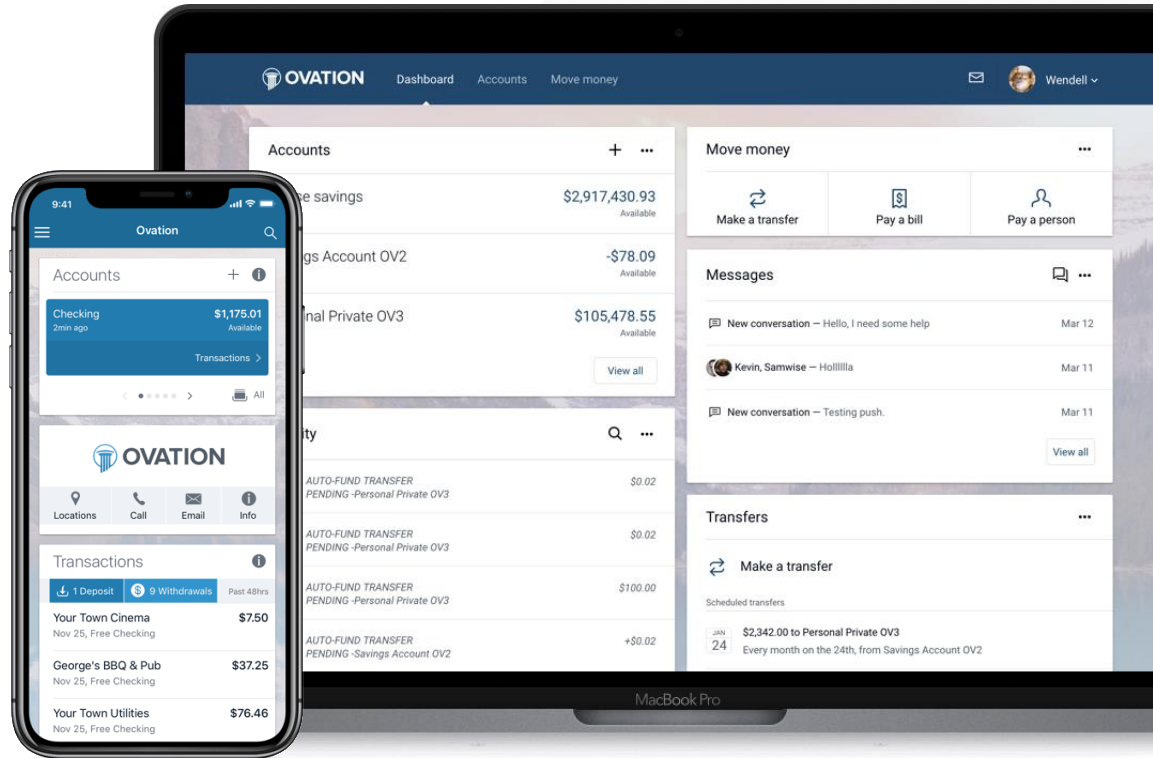
195 Live

**Banno Platform™**

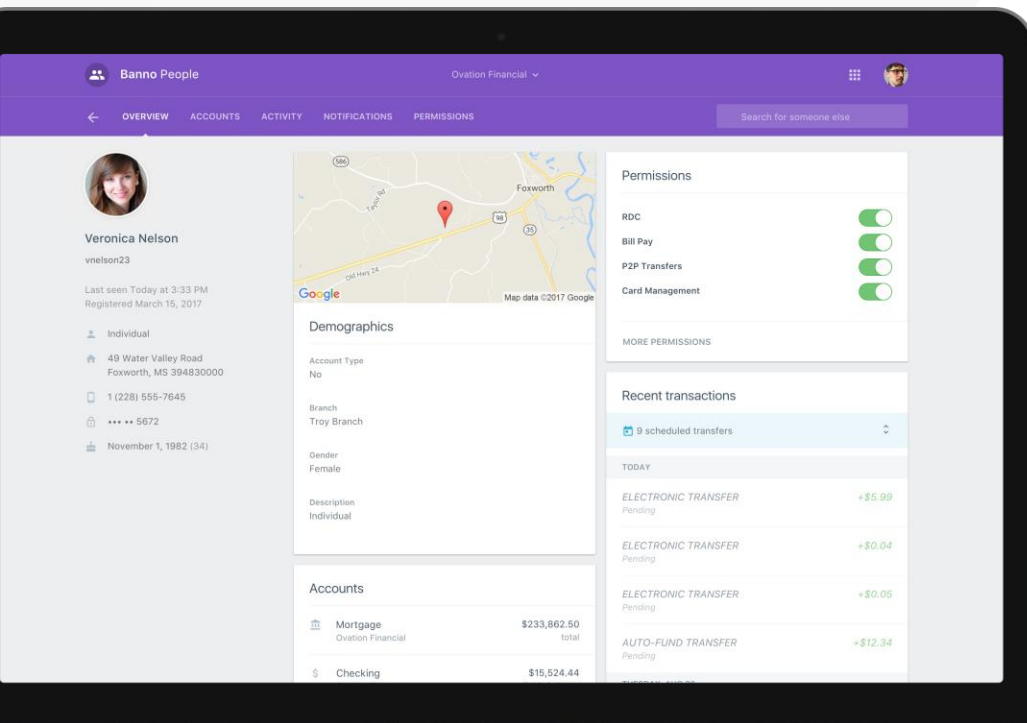
34 Live (127 in the queue)

**Monthly Active Users**

850,000+



# Banno People<sup>SM</sup>



Branch-like service



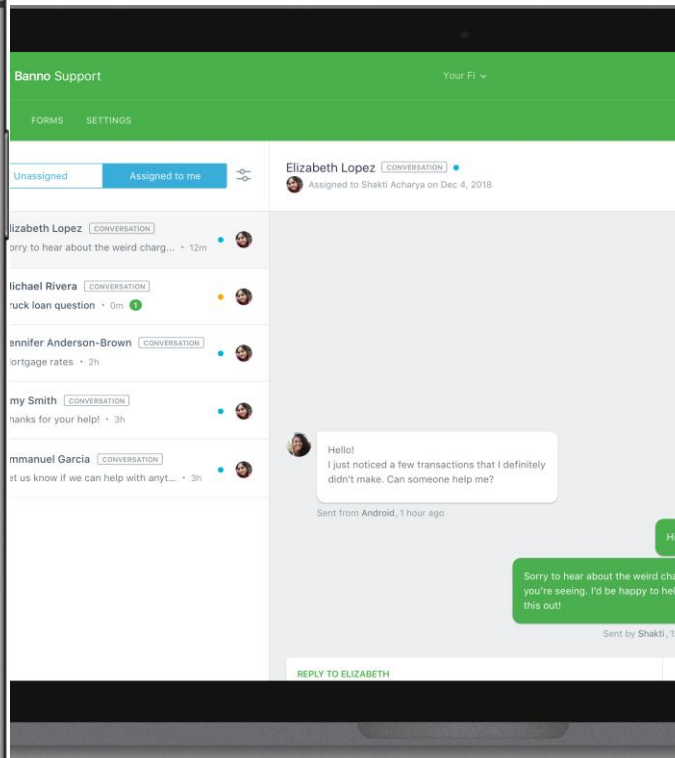
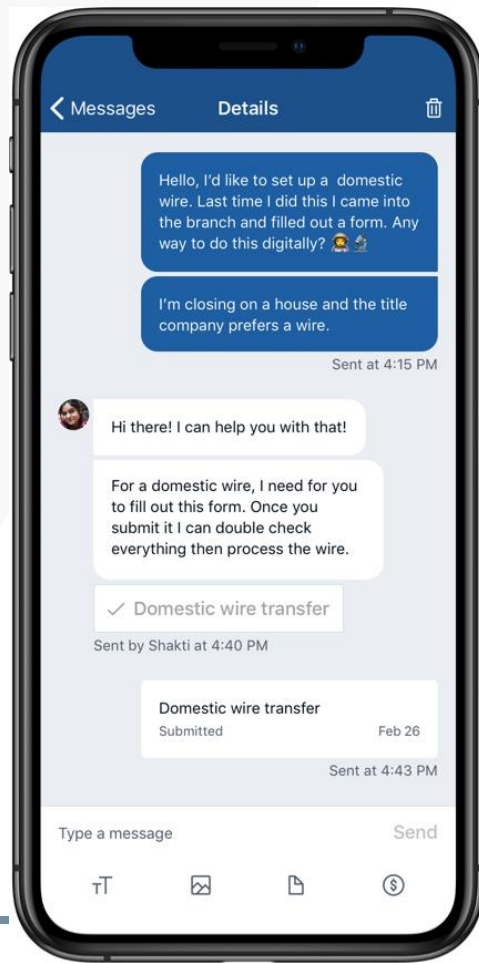
Centralized user information



Responsive design

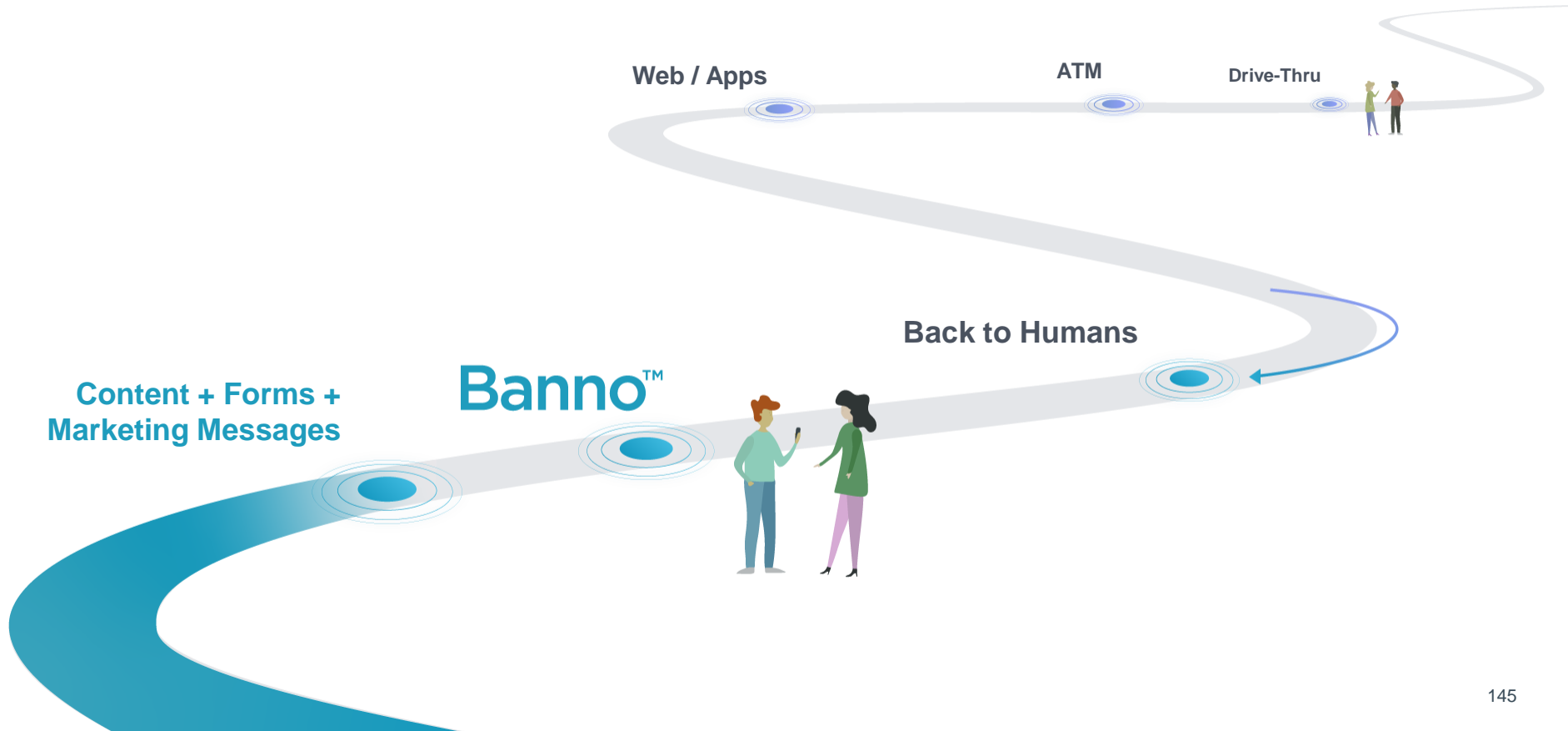
# Conversations

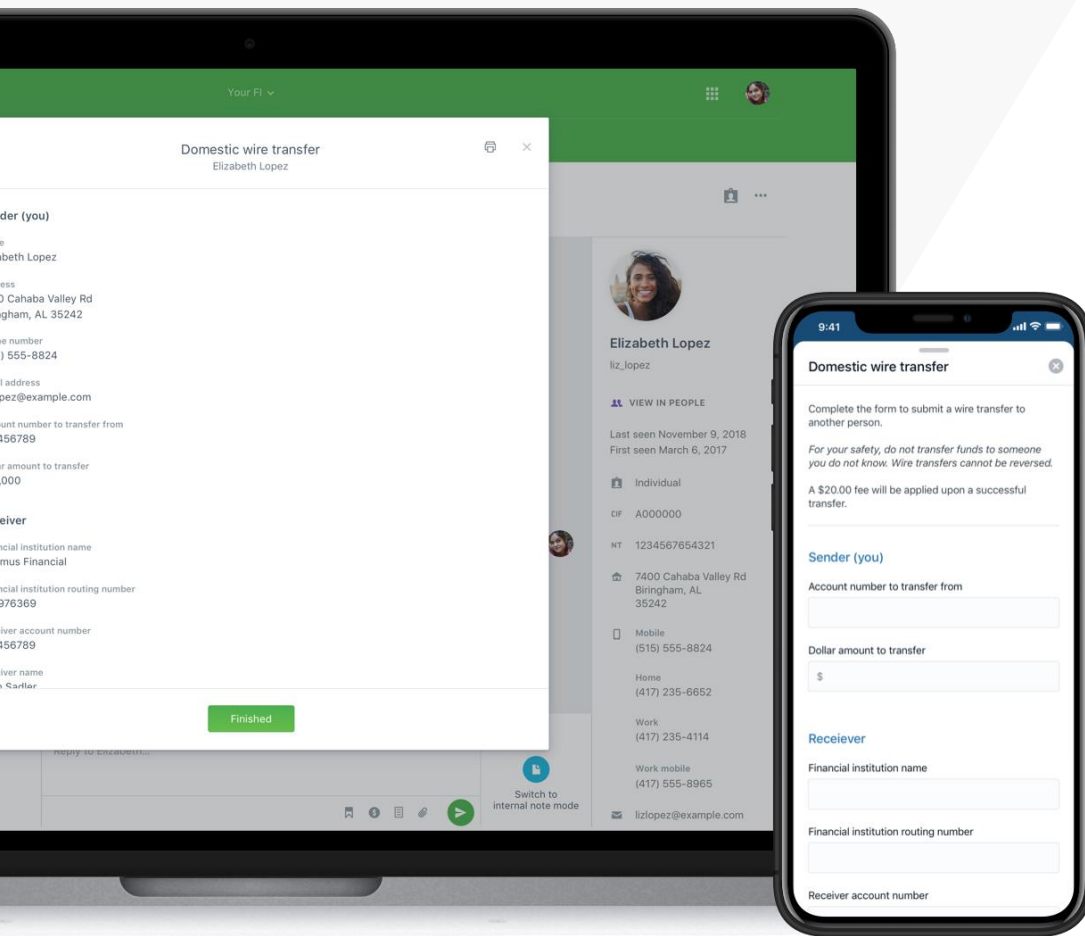
- ✔ Provide a natural dialogue experience
- ✔ Secure and core-connected
- ✔ Easier audits with stored conversations





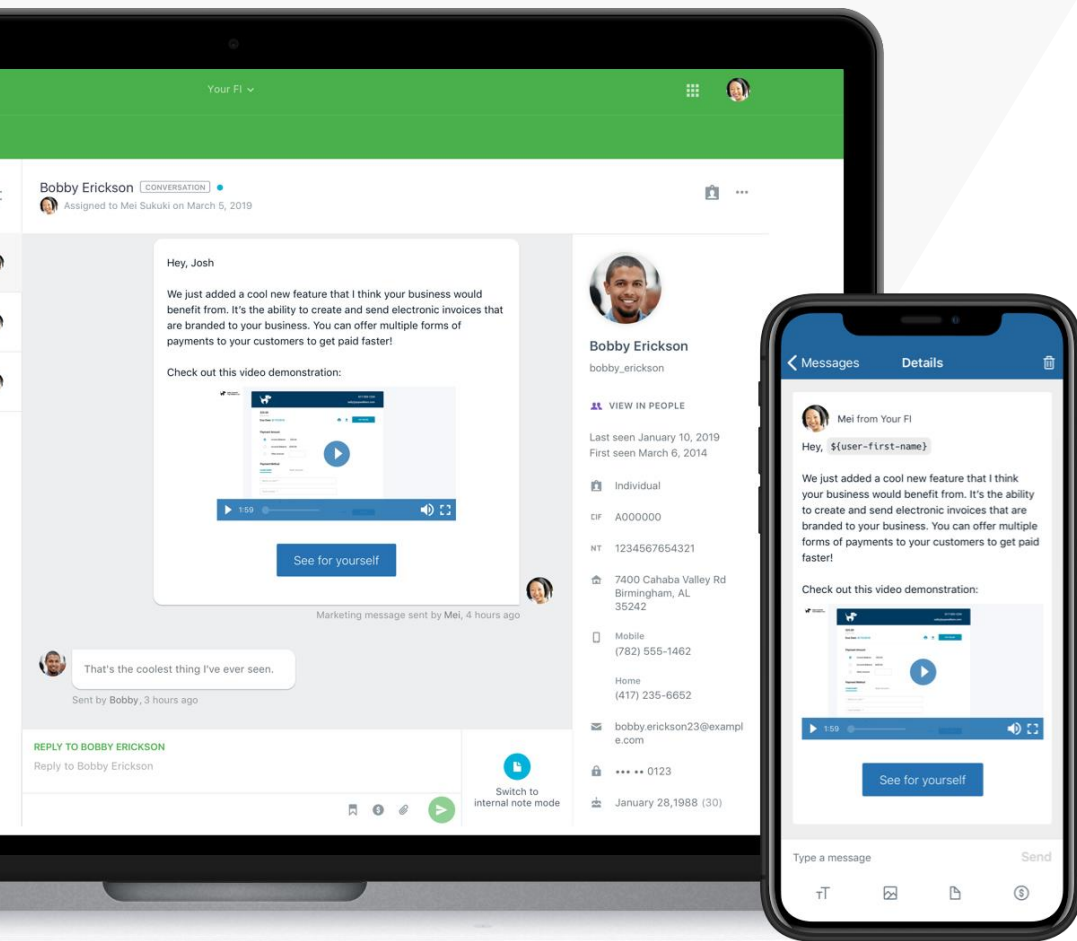
# Deliver Content with a Personal Touch





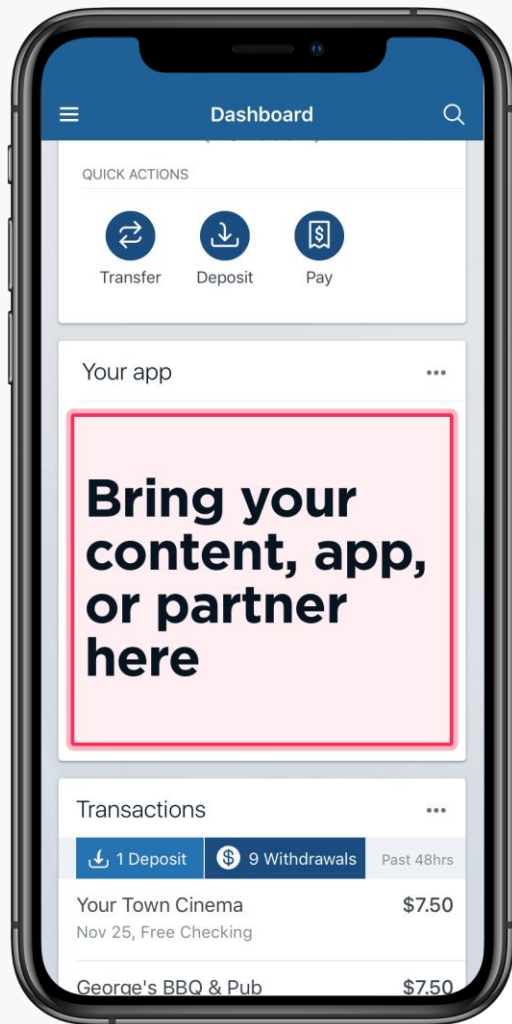
# Digital Forms

- ✓ Send digital forms via conversations
- ✓ Submissions start back office workflows
- ✓ Encrypted and authenticated



# Conversational Marketing

- ✔ Market with a personal touch
- ✔ Push notifications drive engagement
- ✔ Replies make marketing conversational



API

SSO

UX

# Innovate on Your Own with Cards in Banno™

- ✓ Opening up the Banno card framework to feature a financial institution's content or mini applications
- ✓ Open Application Programming Interface (API) coming soon
- ✓ Single Sign On (SSO) for authentication handshake
- ✓ Combined inline with the Banno User Experience (UX)

# JHA Treasury Management™

---

A JHA solution resulting from BUILDING ...

# JHA Treasury Management™

---

- Strong sales since October 2017 general availability
  - 37 contracts
    - 23 banks with assets < \$1 billion (including 6 de novos)
    - 7 banks with assets between \$1 billion and \$4 billion
    - 7 banks with assets > \$4 billion
- 23 banks installed in various adoption stages
  - 2,000+ active companies
  - 4,600+ active users

# JHA Treasury Management™

- TM mobile app launched October 2018
  - Key features
    - Balance and transaction detail
    - Payment approvals
    - Positive Pay decisioning
    - Mobile deposit (5/31/2019)
    - Notifications

10:14

My Dashboard

! Welcome! Last Login: 01/24/2019, 10:03 AM, EST

Accounts

Available Balance

Current Balance

MyAccounts (5)

\$2,707.39

\$2,949.24

WatchList (5)

\$1,909.09

\$3,536.86

Savings (2)

\$685.93

\$511.76

Pending Approvals

3

ACH

3

TRANSFERS

14

WIRES

3

USERS

Positive Pay Decisions

4

ACH EXCEPTIONS

5

CHECK EXCEPTIONS

Cut-Off Times

(All EST)

! Recent Notifications

# JHA Treasury Management™ Reviews

---

- 2018 Aite Report: The Leading Providers of U.S. Cash Management, October 2018
  - *“Jack Henry fared considerably well in this analysis considering it is the newest player in this space. Its solution provides a great user experience.”*
- 2018 Gonzo Banker Awards, December 2018
  - *“.. it was refreshing to see JHA’s new Treasury platform come out of beta with a focus on meeting the needs of its mid-size SilverLake banks. We need more competitive Treasury Services offerings, and JHA has thrown a well-conceived salvo into the market.”*



# JHA Enterprise Risk Mitigation Solutions™ (ERMS)

---

A JHA solution resulting from PARTNERING ...

# JHA Enterprise Risk Mitigation Solutions™

---

- Partnership formed with SAS Institute, Inc.
- Working together to build a state of the art fraud solution
- Hosting the ERMS application in the cloud to JHA core customers
- JHA has exclusive rights from SAS to offer the ERMS solution in the cloud to any financial institution \$30 billion or less outside of the JHA core customer base

# JHA Enterprise Risk Mitigation Solutions™

---

- Strong Anti-Money Laundering (AML) sales
  - 26 AML contracts
  - 16 banks/credit unions installed
    - 10 banks/credit unions in the backlog
- Strong pre-sales of ACH and wire modules
  - Beta is scheduled for this summer
  - 7 signed contracts

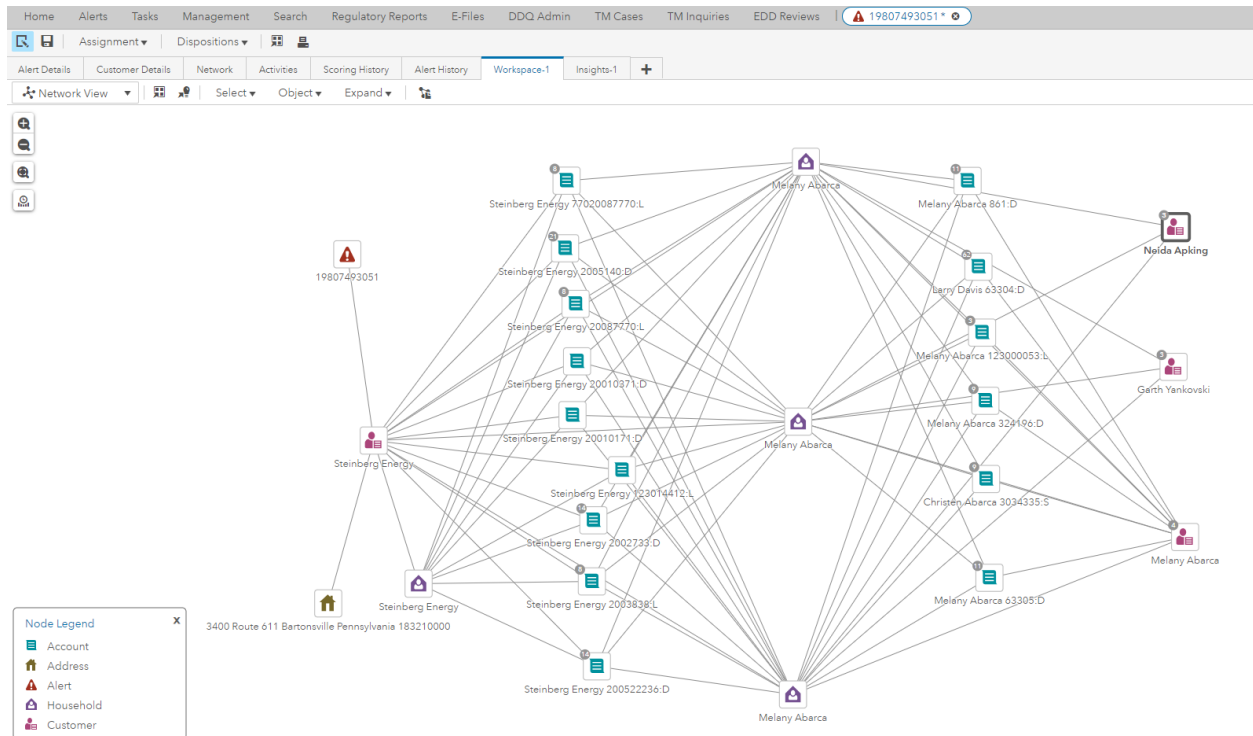
# JHA Enterprise Risk Mitigation Solutions™

---

- 2019 Celent Report: Anti-Money Laundering Solutions for Smaller Firms 2019 ABCD Report
  - *“The solution delivers industry-leading SAS analytics in a package and at a price point tailored to fit the needs of smaller banks. Advanced features include highly configurable rule building, supported by a Jack Henry-built interface, and link analysis visualization.”*

# JHA Enterprise Risk Mitigation Solutions™

- Link Analysis Visualization touted by Celent in the report



# QUESTIONS?

---

Co-opetition

Co

Singular

Sg

Fun

Fn

2019

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Value

V1

## Sales and Marketing Update

Steve Tomson

*General Manager of Sales and Marketing*

Fun

Fn

Driven

Dy

**jack henry**  
& ASSOCIATES, INC.®

# Priorities

---

- Oversee our strongest Sales and Marketing leadership team ever
- Drive new business and more wallet share of existing customers
- Lead the industry in de novo core wins
- Leverage our digital environment, Ensenta, JHA OpenAnywhere™ (BOLTS), Agiletics, JHA Enterprise Risk Mitigation Solutions™, JHA Card Processing Solutions™
- Upgrade our field force – measured expectations, tools, external hires, thinning the herd
- Tighten up our Marketing and Sales alignment – interlocked together as one entity
- Improve our productivity and operating results through sales process refinement
- Strengthen our communications and collaboration with the financial sector consultants
- Exploit market disruption and vulnerabilities created by our competitors
- Achieve all with the highest degree of integrity



# Marketing's Magnificent 7

Acquire new  
Core  
business

Continue  
driving our  
Digital  
Environment  
across the  
JHA client  
base

Increase  
card sales  
across all  
brands with  
our base as  
the priority

Cross-Sell  
payments  
suite to all  
customers  
all brands.  
Includes  
bill pay and  
remote  
capture

Promote  
our broad  
range of  
JHA  
hosted  
delivery  
offerings in  
all core  
deals.

Cross-Sell  
Commercial  
lending to all  
base and  
non-core  
clients

Promote  
ProfitStars  
as a means  
to drive  
business  
outside our  
core base

# Performance

---

- Driving at least 10 new core wins per quarter – competitive displacements not migrations
- Closing over half of all de novo banks
- Adding double digit growth YoY in new JHA clients through our ProfitStars® channel
- Growing new recurring revenue's proportional contribution as a percentage of sales
- Transitioning in-house users to long term outsourcing contracts
- Building our overall sales pipeline larger in spite of record sales success
- Cross and upselling more solutions to existing ProfitStars customers
- Increasing client/prospect attendance at all JHA educational and executive events
- Pressing all three brands to exceed their respective quotas
- Leading all three brands to grow their contributions YoY

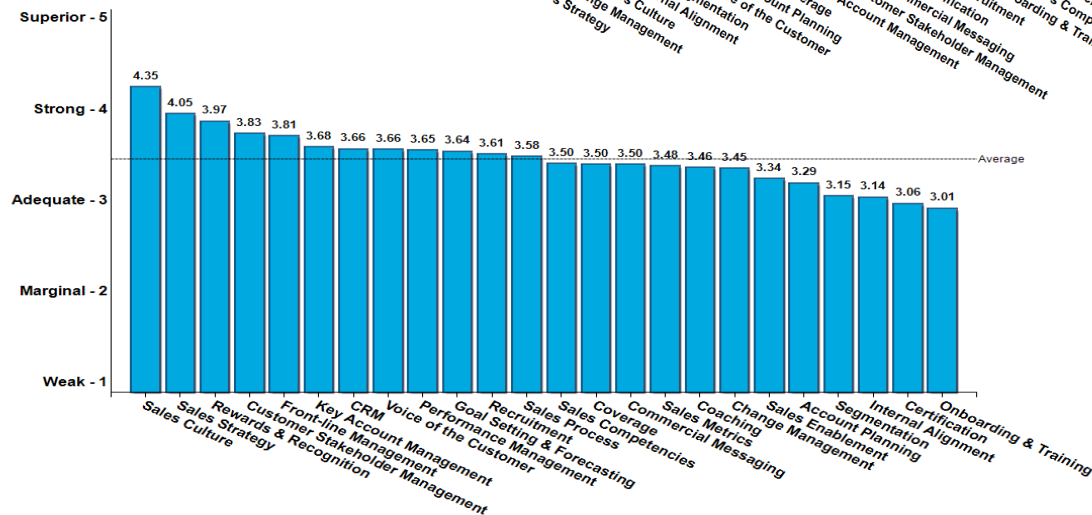
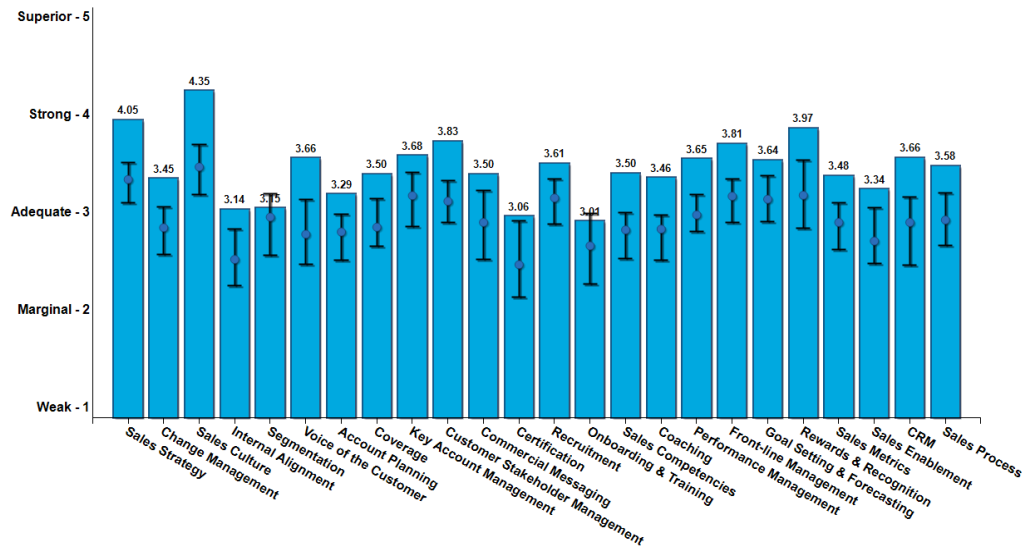
# Positioning

---

- “Fusion” – unified, interdependent, collaborative
- Public accountability through scoreboarding
- Honest, transparent, open awareness and communications
- Create, encourage and celebrate mutual successes across LOB
- Tenured professionals – know our markets, our offerings, our competition
- Consistent, predictable, managed expectations and results
- Ongoing investments in skills development
- Bold Leadership – of others and of one’s self
- Exceptional, focused coverage model

# Gartner/JHA Sales Top 10

- 1. Sales Culture
- 2. Sales Strategy
- 3. Rewards and Recognition
- 4. Customer Stakeholder Management
- 5. Front Line Management
- 6. Key Account Management
- 7. CRM
- 8. Voice of the Customer
- 9. Performance Management
- 10. Goal Setting and Forecasting



# QUESTIONS?

---

# Wrap-Up & Q&A

# Thank You

**Join us at the reception**

---

**Maple Room  
6 p.m.**

---

- **Heavy hors d'oeuvres**
- **Mini Technology Showcase**

## **Solutions Featured:**

JHA Card Processing Solutions™

Commercial Lending Center Suite™

Banno™

JHA Treasury Management™ and JHA  
Commercial Cash Management™

JHA Enterprise Risk Mitigation Solutions™