Dave Foss: Hey, good afternoon, everybody. It is the top of the hour so, uh, we're gonna get this, uh, show started. Uh, to begin with, I am not Vance Sherard. Uh, my name is Dave Foss. I'm CEO and board chair at Jack Henry. I know many of you in the audience, but just in case I haven't had a chance to meet you. So Vance was supposed to be our host today, but Vance's plane is delayed and so he should be here within, uh, half an hour or something like that. Uh, but we have a good lineup for you today, and, uh, hopefully, we'll-we'll give you lots of information, uh, that you didn't already have.

So in front of you, you each have a book that has the, uh, complete presentation deck that you'll see today. So feel free to grab one of those and, of course, uh, take notes and, uh, and have that as a- as a takeaway. I do also wanna welcome the, uh, folks who are attending on our webcast. So we have, we know, we have a lot of people signed up for the webcast so we're gonna do our best as we're asking questions and answering questions to use microphones to make sure that everybody who's listening, uh, listening in on the webcast has a chance to hear what we're talking about.

Before we get started, I do wanna introduce two board members that are with us today. So we have two Jack Henry board members. They both happen to be sitting right here in the front of the room. So, uh, on the front, my left here, is Tom Wilson, and next to Tom is Tom Wimsett. So both, uh, the directors from Jack Henry will be with us for the entire session and, uh, this evening for the session that we have, uh, have after, uh, we're done here. Uh, by the way, the presentations for those of you listening on the webcast, the presentation in its entirety is available out on our IR website at, uh, jackhenry.com.

Before we get started, of course, I need to make sure you all are aware of the forward-looking statement. We will be sharing information, uh, with you, uh, in- during the course of this conversation. I'm sure that it's forward-looking so please make sure you are aware of the, uh, safe harbor provision that's, uh-uh, printed in your book and is available, uh, on the screen right now.

Okay, the agenda for today, so, uh, first off, like I say, I'm doing the opening, and then it'll be-- Then I'll introduce myself. I'll do the, uh, State of Jack Henry. Uh, Mimi Carsley, who is our CFO, will do the financial overview. Uh, Greg Adelson will be with us to do an operations overview. Greg's our president and chief operating officer. We'll take a break then, for about 15 minutes, and then we'll resume with, uh, Ben Metz, who's our chief digital and technology officer. He will do our tech, uh, update.

Brian Otte, who is our chief sales marketing officer, will do a, uh, sales overview, and then we'll wrap it up with something a little different, something we've never done at one of these shows, Lee Wetherington, who is our senior director of strategy for Jack Henry, he will do a presentation with you on, uh, FI technology trends. So this is about what's going on in the industry. Some of you may have heard of Lee before. Lee speaks professionally throughout the United States. That's his full-time job. He does not present on behalf of Jack Henry. He presents on-on the industry. So he's a well-known public speaker, speaks a lot of banking conferences, but his topic always is what's going on in the industry, not specifically what's going on with Jack Henry.

So, hopefully, you'll get some information that is, uh, relevant regarding what we experience as a tech provider in the- in the space.

We'll wrap up, of course, at the end of the day with Q&A, but I will point out that after each one of these sessions, we've allowed time for, uh, Q&A. So, uh, we'll make sure that if you have questions after any of these sessions, uh, we'll take questions after the session, after the presenter has completed their, uh, their, uh, presentation. Following Q&A, uh, at around five o'clock this evening, then we will adjourn to our technology showcase. Uh, and I know many of you have attended this session before. What we have, uh, is, um, several different demonstration sites.

So we have experts here who will be happy to demonstrate new products for you, things like Banno Business and Financial Crimes Defender. Uh, so we have several folks that will be, uh, doing demonstrations. We'll also have some order and, beverages. So if you wanna stick around, we would love for you to stick around with us from 5:00 to 7:00 this evening, and, uh, we'll give you a little flavor of, uh, some of the new technology that we're rolling out at Jack Henry.

Okay. So with that, I think I've covered all the things that, uh, Vance was gonna cover before we get started. So we'd launch right into, uh, my overview of Jack Henry. Uh, so what I'm gonna cover today is, first off, uh, a bit of, uh, what does Jack Henry look like today? So I'll summarize for you, uh, some of the key metrics, I guess, as far as, uh, what our company looks like, what we're doing. I'll review FY23 so far.

Uh, obviously, we're not done with this fiscal year yet, but we have nine months under our belt publicly and then, of course, another two months or month and a half now, uh, in the fourth quarter. So we'll talk about FY23 in view. I will highlight a few things from our latest corporate sustainability report. We published that on March 31st. So I'll give you a few-few highlights. But, uh, of course, all the detail is available out on the IR site. I'll go through a bit of an update on our tech modernization strategy.

So last year in February, I announced tech modernization. It's been a little over a year now since we've been public with that whole strategy. So I'll give you a bit of a high-level of overview, but then I will point out, when Ben Metz comes and speaks, he will go much deeper into a discussion about what's happening with our tech modernization, and then we'll wrap it up, uh, with, uh, Q&A, any questions that you have for me at the end here.

So first off, as far as, uh, a bit of an overview of Jack Henry and where are we today, the-the line that I always make sure I start with when I talk about our company is this one here. We are a well-rounded financial technology company. Why do I use that line? Because I want to emphasize to people, we are not a payments company. We do a lot in payments. We are not a payments company. We are not just a core company. Yes, we have outstanding core solutions and we're known as an outstanding core provider, but we are not just a core company.

We are a well-rounded financial technology company, meaning, we have a wide variety of best-of-breed solutions that we offer to banks and credit unions, uh, every day. And so I-I stress that because sometimes we get pigeonholed either as a core provider, and people tend to forget we have more than, uh, 300 other solutions that aren't core, or we get pigeonholed in the payments bucket. And, yes, we do a lot in payments, but I really wanna make sure that we stress the fact that we're a well-rounded financial technology company, founded in 1976 as a reminder. So we're 46 years, uh, 47 years now into, uh, into this business of providing financial technology.

Today if you look at our company, we are more than 7,000 associates strong. Uh, we, this past year now surpassed this, uh, mark where we have employees in every single state, including, yes, Alaska, Hawaii, North Dakota, Idaho. Yes, you name one I can, uh, name you an employee who's-who's resident there. So we have a number of employees who are working virtually, uh, were scattered around the country.

We have, uh, as I just mentioned, uh, offer more than 300 different technology solutions. We support about 7,800, a little over 7,800 financial institutions. And those are not all core customers, of course. So many of those financial institutions run, uh, complementary, what we refer to as complementary solutions, things that complement their core, whoever they happen to be, uh, partnered with. Uh, so a wide, uh, variety of, uh, bank and credit union clients, uh, do business with Jack Henry.

69% of our core customers today are, uh, hosted in our private cloud. So we emphasize that number. That number's been growing slowly but surely for many years. So we're now at 69%. 99.8% of Jack Henry customers are community or regional financial institutions in the United States, meaning, almost all of our customers are community and regional financial institutions, banks, and credit unions resident in the United States. We have some customers that are not banks and credit unions. We have some customers that are in the Caribbean, for example, but primarily US-based, uh, domestic, uh, customer base. And then you all know last year we ended at 1.94 billion projecting to be some over 2 billion in revenue now in this, uh, current fiscal year.

So a few things that we accomplished so far in FY23, first off, uh, solid financial performance. So you all, hopefully, are well aware of the solid, uh, strong, uh, fundamentals that we've delivered. A proven sustainable business model that tends to, uh, help us get through uncertain times, like some of the-the stuff that, uh, we've been dealing with here lately.

We've had many new client wins and have more than a 99% retention rate when we exclude M&A. When a bank or credit union is or a bank is acquired or a credit union merges, you know, we have no control over that, but if you exclude that, more than 99% retention rate, uh, among our customers.

And we're adding clients, as I stressed on the last earnings call, we're back to that rate again of about one new logo per week, meaning, new revenue coming to Jack Henry. That's not somebody converting off of one Jack Henry product to another Jack Henry product. That's new revenue. Somebody leaving their current core provider and moving their business to Jack Henry. And we run at a pace of about, uh, one a week. And, of course, Brian Otte will be up later on today to, uh, help, uh-uh, flush out that information just a little bit.

We have continued to make great progress on tech modernization. We're gonna talk about that quite a bit here today. So, hopefully, you'll walk out of the-the room having a much better understanding of what we're doing and where we're at. And then, of course, we enhanced our leadership team this year with the addition of Mimi as our chief financial officer.

You will recall that last year, uh, we had several changes. That's when Ben became our chief technology officer. He had been, uh, heading digital, so we referred to him as our chief digital and technology officer.

Uh, last year is when Greg became president of the company. He had been chief operating officer. He became president. Uh, Renee was added as senior vice president and controller for Jack Henry. So we've done, uh, a number of moves in the last couple of years to make sure that our executive leadership team is well-positioned for the future and, uh, and have, we have outstanding talent in those roles, including, of course, the addition of Mimi.

Uh, we-we're delivering a number of new solutions and so it just happens to be this quarter, is when many of these things are going live. So Banno Business which you've heard a lot about, you'll hear more about today from Greg. That goes live this quarter. Uh, for Financial Crimes Defender, which, uh, we've talked about quite a bit, that goes live, uh, this quarter. And then FedNow, we go into beta this quarter. Uh, the Fed is projecting to go actually live in July but we'll be in beta this quarter for FedNow, uh, with a number of clients. So, uh, lots going on as far as new solution delivery.

We also, since the last time we were together, we delivered the new branding. So you'll notice on all the, uh, handouts that you have, and certainly, in the screen behind me, we go to market now under one brand, which is Jack Henry. So we don't use the ProfitStars brand anymore. We don't use the Symitar brand anymore. We are branded as Jack Henry, a single brand, and then we have divisions within that brand, so the credit union division, the banking division, and so on. Uh, and that has been really well received. And Brian's gonna show you some of the statistics, uh, that shows the tremendous increase in engagement among prospects and customers, uh, with our company since that rebranding was, uh, was completed.

And then we've enhanced our employer brand as well. So as part of this move to, uh, to, uh, zero in on a single brand as Jack Henry, that has facilitated the ability for us to, uh, to kind of change the way we go to market as an employer, a potential employer for people, which has also had some really nice, uh, impacts for us, uh, where we can, uh, advertise ourselves as a single company, a single brand when it comes to attracting, uh, great talent. And then, as I mentioned earlier, we published our third corporate sustainability report. And, again, I'll show you a couple of those statistics later on but I would highly encourage you to go out to jackhenry.com to the IR site and you can see the full report out on, uh, out on jackhenry.com.

So many of you have heard me talk before about our theory about the way we run the company. And this has been true since Jack and Jerry founded the company and since they were running this company many years ago. We try to operate focusing on these three pillars of success. Try to create a great work environment for our employees, that's first and foremost, the idea being we'll-we'll attract great talent and we'll retain that talent and they will deliver terrific solutions and terrific service to our customers.

So the customers are our second pillar. If we're doing a good job with the first one, we should be delivering great service and great technology to our customers, so that's our second pillar. If we deliver that great service and technology, customers will wanna buy from, more from us, they will wanna stay with Jack Henry, and that, of course, delivers, uh, results to our shareholders and it delivers that 99, more than 99%, uh, retention rate that we have with our customers. So let me explore each of these pillars in just a little bit more detail, and we'll start with our, uh, our employees.

So one way that I have to know how well we're doing in the eyes of our employees is all these best place to work awards that you see on the screen behind me. Um, you, hopefully, have noticed Jack Henry wins those awards very regularly. And the good news about these awards is these are all totally, uh-uh, objective. We have-- No, this isn't us buying advertising or paying for an award or something like that. These are objective surveys that are conducted by all these different publications, and then they rate and rank us as compared to all the other companies that they survey.

And so you'll see behind me, uh, a few of these are, uh, regionals. So you see Dallas down in the bottom left-hand corner. Um, you'll see American Banker Best Places to Work in Fintech. I've highlighted that one many times before because American Banker only calls out 50 companies and they're fintechs, and yet Jack Henry has made that list now many years in a row. Um, but there are a couple on here that have got, uh, that have grabbed a lot of attention here in the past couple of years.

One is the Newsweek Most Loved Workplace award that we got a few months ago. Uh, so if you saw a copy of Newsweek, and by the way, if you've had to buy a news, a magazine lately, uh, when I tried to go buy a magazine, I couldn't figure out where to buy one. Uh, but anyway, I finally found a hard copy. And sure enough, right in the middle of the front page, there's the Jack Henry logo in the middle of the big heart, uh, with, uh, Newsweek, so great recognition there. And then up in the top right-hand corner, LinkedIn. So this survey, we didn't even know this was going on, and LinkedIn named us one of the, uh, best places to work in financial services, so terrific recognition for our company and all these different, uh, objective surveys that have been published lately.

Now that's one source of information. The other source of information that I depend on as far as how are we doing as an employer, is our, uh, employee surveys. And we, at Jack Henry, do what we call a continuous listening process. So we don't do one survey per year and say, "What do you think?" The way we do our surveys is on the anniversary date of your employment, you will get an email from me asking, first off, congratulating you on your anniversary, and then secondly, "Will you take this survey?"

And so what that does for us, because, uh, anniversary dates are totally random, what that does for us is it gets survey responses coming in every single day of the year, right? We have employees that have been hired almost every single day of the year and so we get responses coming in every day of the year. And so we can pull a survey, we don't have to do any-any spot surveys, uh, to figure out what people are thinking, we're getting spot surveys every single day and so we can roll them together and-and follow trending very accurately by month or even by day if we want to.

So these are, uh, Q3 results for, uh, the fiscal, the current fiscal year, and I apologize, that should say fiscal '23. These are Q3 results. So, uh, 66% of our associates participated in the survey. The benchmark, by the way, is 45%. So we pretend to have a much, uh, higher response rate than most companies. And then you can see the statistics there. 87% of the respondents believe in Jack Henry's values and so on- and so on down the line, including, uh, 84% feeling strongly that we demonstrate, uh, integrity at Jack Henry's, so really terrific response from our associates as far as how they feel about working-working for our company. And, again, we're getting that survey, uh, data daily, uh, at Jack Henry.

So that was a little bit about our associates. Let's switch to that second pillar, which are our customers. And many of you have heard me talk about this over and over and over again. You know, the thing that Jack Henry's known for almost more than anything else, is our levels of customer service. We are known as a premier provider of customer service. I think what you have in front of you there, the screen in front of you would demonstrate that. So we conduct surveys of our, uh, customers, again, very regularly. Every day, surveys are going out and our customers have a chance to respond and rate us as far as how we're doing.

And what you have in front of you, that's for the month of March. Uh, our rating is 4.74 on a scale of 1 to 5. So the thing I encourage you to think about there is, if you're on a scale of 1 to 5 and you're gonna average a 4.74, what that means is almost every survey is coming back with a rating of a 5, right? You can't average 4.74 unless most of them come back with a 5. That's why I say Jack Henry is most known for, uh, delivering great service. And we get somewhere around 80,000 surveys a month returned. So this is not an insignificant number. This is a lot of surveys that go into that average and so a really good, I think, representation of the service level that our-our folks, uh, deliver.

Additionally, on the topic of our customers, and you all have heard us, uh, talk about this quite a bit, we are committed to investing in new technology, and we have been for quite some time investing at around 14% of revenue. That's our target is 14% of revenue. Now, Mimi will give you the exact numbers, and that kinda goes up and down and up and down a little bit, but our target is 14% of revenue. So what that does for us in this past year, it generated $270 million that we put into, uh, R&D investment. That's a-a combination of expensed and capitalized, uh, development.

And some of the things that we're working on right now are listed on the right-hand side of the screen. And this certainly is not an exhaustive list, but this gives you some of the key things that we're focused on, like our digital platform. We talk a lot about Banno, and, of course, that includes Banno Business, uh, on the top bullet there. Our tech modernization logically, a large area of focus for us. Financial crimes, which is Financial Crimes Defender that you'll see here in just a little bit.

PayCenter, um, and hopefully, you've all kind of caught on to the unique, uh, approach that Jack Henry has taken with this PayCenter solution. It's a payments hub, so for any real-time, uh, payments offerings FedNow, uh, the clearinghouse, Zelle, they all connect to a single hub, and then that hub connects into the Jack

Henry core system. As opposed to, uh, most people in the industry who are creating single-point connections for everything, we create a single hub, they connect into the hub, and then one connection into the, uh, into the core system.

And, uh, we've seen, uh, just recently, uh, consultants in our space have-have written articles about how efficient and how bankers should really try to find a solution that creates that hub experience as opposed to point-to-point integration. Of course, that's exactly what Jack Henry's strategy was, and we're having good success with, uh, PayCenter. And then I won't list out, uh, all those, uh, below that in detail, but you get the idea. There are certain things that we're really focused on. We have a lot of other areas where we're, uh, investing as far as R&D is concerned, continuing to invest in our core systems and other, uh, other, uh, complimentary solutions as well, of course.

So we talked about our associates, talked about our customers. Let's talk a little bit about our, uh, shareholders. So, uh, revenue and EPS, I-I simply put this in here to show the comparison, kind of the trending, uh, year over year. Mimi, of course, will go into a lot more detail in her section so she'll be the, uh, the one to give you, uh, more detailed expect, uh, expectations there. Uh, and then I mentioned earlier that we published our latest corporate sustainability report. So I think this demonstrates well our commitment to our people, the associates who work at Jack Henry, our commitment to responsible business practices. And we at Jack Henry are, uh, absolutely committed to doing the right thing as far as, uh, responsible practices and then our commitment to the, uh, to the planet.

And we've shared a number of statistics in the latest report. So one area that we've expanded quite a bit in the last couple of years is, uh, in the area of diversity. So we're publishing a lot more detail, this is just a snapshot here, but we're publishing a lot more detail now in the report regarding diversity, uh, gender diversity and ethnic diversity. And, uh, you can see some of the trending, uh, at Jack Henry in-in that regard. And then, uh, we have a, uh-uh, yes, a director now of DEIB. So you all know the acronym DEI. Well, at Jack Henry, it's DEIB, so diversity, equity, and inclusion, and Belonging. Um, and we're very focused on making sure that we create a workplace that is focused on all of those, uh, all of those aspects, uh, for our associates.

And then on the, um, uh, GHG emissions front. So we've published a lot of detail in the sustainability report. You can really geek out if you want to on, uh, detail from Jack Henry in this area. I just included one slide here to give you a little bit of a feel for some of the major impacts. 11, a little over 11%, uh, cumulative reduction in greenhouse gas emissions since, uh, 2019, which is when we first published the report. Um, you will notice there's just a little bit of an uptick in 2022, and that's because we returned to full travel. But we, I think, 2023 results will show a nice, uh, drop off again and so we're-we're very committed to ensuring that we continue to improve in this area, uh, because we know that it's a key consideration for many of our shareholders, and it's just the right thing for us to do.

Okay, let me switch gears here and talk a little bit about the industry. Uh, so one of the things that, uh, you'll hear more about today, in fact, Lee, I think has based much of his presentation around, uh, what we call, our strategic-strategic priorities benchmark study. So this is a study, uh, conducted by Jack Henry and it's of customers in the industry talking about what are they focused on. So we have done this several years in a row. Uh, we just published the most recent study. Uh, we had 118 bank and credit union respondents to the surveys, uh, ranging from less than 500 million up to 50 billion. And so we got a good representative, uh, sampling, I think, from customers of what are they focused on, particularly in the next two years, from a technology point of view, what are the things that you are Jack Henry customers are really focused on as you look forward.

So one of the really good pieces of news for me in this was it validated what I had been hearing anecdotally about, uh, tech spending. So you may recall on the February earnings call, somebody asked me, uh, you know, what-what we should expect as far as tech spending in calendar 2023 at the time. What I said was, I didn't have any studies to quote, but anecdotally, I-I talked to lots of CEOs, I had hosted a, uh, CEO, uh, panel at the, um, bank director conference in Phoenix earlier in the year, which was not Jack Henry customers. They were just a bunch of CEOs at banks over a billion dollars. I had hosted that conference. And one of the questions I'd asked there was, what are you thinking as far as increasing debt spending?

And then, of course, just me talking to lots of people in the industry. And I had arrived at an expectation of around 7% as what I was hearing. Well, our benchmark study, uh, which was just published, uh, the information was gathered starting in January and through the end of, uh, March. Uh-uh, but that study, you can see the results here. The, uh, most common, I guess, uh, percentage increase was 30-35% in the 6 to 10 range, which, of course, in-includes the 7% that I had been hearing. So I still think that that number is valid even as I stand here today, even after all the things that have happened here with Silicon Valley, and Signature, and Silvergate, and-and, uh, just most recently, First Republic, still believe that this is a good number, uh, going forward and we are certainly seeing that, if not greater, in the sales pipeline.

And Brian will share with you detail on the sales pipeline later on but as I stressed on the earnings call, our sales pipeline today is larger than it's ever been, and it's fully, uh, and it's much larger than it was in February. And on the February call, I said it was larger than it ever been. So there's been a real significant uptick in the sales pipeline, interest in Jack Henry and so when it comes to, uh, spending expectations, and I know the average is seven, I'm sticking with the average of seven, but the sales pipeline tells me that it's probably been larger than, uh, larger than seven.

One of the other key, uh, bits of information we got out of this benchmark survey was, uh, what are you planning on spending money on? What are you focused on? So you can see here that 44% of the respondents, and that includes across the different asset, stratifications, 44% said growing deposits. Why? Because you read the news, you know that deposits have been a challenge for most, uh, bankers here in the last several months. Lots of people had, lots of consumers had accumulated deposits after the stimulus money went out, and they've been spending those deposits and so trying to fund loan growth has been a challenge now for a lot of, uh, lot of bankers.

And then growing loans is the second, uh, most common response. And then increasing operational efficiency was the third. The good news for Jack Henry is, of course, we have solutions that solve all three of those problems. And, in fact, most of the things on this list here, Jack Henry, has technology solutions that can help our customers regardless of, uh, what-what are these problems, uh, that they're looking to solve. I will point out to you that as you look to the right-hand side, so that's the larger bank column, over a billion dollars in assets, the two most common, um, areas of concern there are growing loans, and then you go down a few account holder acquisition. So larger customers, very focused on, uh-uh, growing their account base and then growing loans, not as concerned, um, about growing deposits as the other asset stratifications.

So here's the three, last three years compared to each other. And this one I think is really interesting to follow. So if you look at the number one area of focus in 2021, it was improving digital offerings, right? Everybody was trying to figure out, "How do I provide a better digital banking experience for my customers?" Last year, the number one was growing loans and this year the number one is growing deposits. So there has been a real, uh, shift over the last three years as far as areas of focus of, um, of these customers who respond to the, uh, respond to the survey. And, by the way, this survey was conducted earlier in the year. About two weeks of the survey, uh, was after Silicon Valley melted down so all of this, uh, data is not pre-Silicon Valley. A good bit of it is post, uh, Silicon Valley as well.

Okay, so then let's talk about, uh, what Jack Henry is doing to help shape the future of the industry. And, of course, our tech modernization strategy is the primary topic when we talk about shaping the future of the industry. We're doing a lot of things that are related to tech modernization. But we'll spend most of our time here focused on why we think this strategy is a winner. First off, what are we doing, why do we think that it makes sense to do this, and then why do we think this is a winning strategy for Jack Henry and certainly for our, uh, for our investors?

So if you look at the market today, there is a- there is, there has been, and continues to be a tremendous amount of disruption. And we believe that this-this disruption has created an inflection point for financial services, and therefore, primary causes of this disruption. The first is digital transformation of financial services over time. So think about the things that you can do on your phone now using an app when it comes to "financial services" that you couldn't do 5 years ago or 10 years ago, there are many things that you can do today, that has caused disruption in our space.

Financial fragmentation, because of all those options there is what we refer to as financial fragmentation. The average household reports 30 to 40 different financial relationships today. When you include all the different things that they do, that's created fragmentation. Down at the bottom left-hand, uh, left-hand side there, shifting competitive landscape. So there are entrance in our space today that are competing with banks and credit unions that weren't there before. And then down on the bottom right hand, uh-uh-uh, corner, the topic that you, one day you wanna talk about the next day you totally wanna steer away from, and that is this evolving hybrid monetary ecosystem, which essentially boils down to crypto, right?

So after FTX, nobody wants to talk about crypto, but it is a topic, it will come back again as a topic, that bankers are interested in exploring. And so we are trying to prepare our solutions and our customers to, uh, live in that world where some form of probably stablecoin, as opposed to strictly Bitcoin, those are being used. There's maybe gonna be a CBDC, although the Fed has totally backed off on that now after

FTX. That's fine. That can reemerge as a topic, you know, in a few years. We wanna make sure that our solutions are positioned to handle an evolving monetary, uh, ecosystem that is creating some level of disruption.

The other thing that's, uh, contributing to some of this disruption is this aging of the population, right? There's a shift in demographics. And some of you have seen me use this slide before. I like this slide because I think it's really an easy, simple slide to grab onto. So what do we got across the bottom? Generations, so we got boomers, Gen X, millennials, Gen Zers. Uh, who has all the money today? The boomers. Who's the least technology adept? The boomers, right? But what's happening with all that money? As boomers are getting older, the, uh, the money is being inherited by, uh, Xers, and millennials, and Zers. And if you think about who's starting businesses today, it's not boomers that are starting businesses. It's millennials that are starting businesses.

And those millennials expect to be able to do all of their banking services using some type of a digital presentation layer. They're not excited about driving to the branch like the boomer is. They're excited about using some cool application on their phone to do their banking, not only personally, but for their business. If they're running a small-medium business, they wanna be able to do everything, apply for the loan, move money, check what's happening in their business, using their, uh, digital front end. And so that is key for our customers as we look to the future. And this is just gonna happen whether anybody likes it or not, right? Boomers are going away and that money is moving from left to right on this slide.

The other thing, so I mentioned earlier, the average, uh, household, uh, reports having 30 to 40 different financial relationships. And that may be applications, but it's relationships to manage all these different things that they're doing today. So you have financial management tools, right? Personal financial management and you have checking accounts, credit cards. Yes, a credit card is a relationship with some bank somewhere and it's oftentimes not your primary bank. You have savings accounts, health savings accounts, which, of course are different.

You have investment accounts, 401(k) accounts, uh, mobile payments, applications. So you add all those things up, I'll bet at your house, you have 30 to 40 different financial relationships as well that is creating, uh, financial, uh, or, uh, fragmentation, that is helping to redefine the industry that we operate in. And one of our jobs is to help our customers help their customers with all of this, uh, all of this, uh, disruption.

There are two things today that remain constant. The first is disruption that we've just been talking about and the second is, technology continues to evolve rapidly. I mean, just think about all the stories you've seen about AI here in the past three weeks, right? The evolution of technology is happening very fast. And so those two things, both are constants in the world that we live in today. When you look at the disruption side, uh, it's not just around technology, but there's economic uncertainty, has been for quite a while now, continues to be economic uncertainty, uh, deposit churn, interest rate rises.

I've been talking to a lot of bankers today who talk about, for the first time in years, "I have customers now, they're interest rate shopping," right? They're looking for the highest rate on a deposit. They haven't had to even think about that for the past 10 years and, all of a sudden, they have customers that are hopping from one account to another, just chasing an interest rate. So, interest rate, uh, is causing disruption. Financial fragmentation, we just talked about. Digital currency, we talked about as well.

Then on the tech-tech advancement side, cloud computing, of course, today we're gonna spend a lot of time talking about public cloud as opposed to private cloud. So public cloud is AWS, Azure, Google, right? The public cloud providers as opposed to Jack Henry as a private cloud provider. We'll talk about the advancement in chips, artificial intelligence, and machine learning, which really go hand in hand, faster real-time payments, and then open APIs, which allow easy connectivity between different applications, uh, hopefully, on the same platform, but not necessarily on the same platform.

So if you look at our current landscape today, community regional financial institutions have an extraordinary opportunity to reclaim their trusted relationship and trusted, uh, primary position with their customers. We view all of this disruption that's happening, not as risk, but as opportunity. Certainly, there is risk in there, but we view this as an outstanding opportunity for our customers to expand on their relationships and offer new services, new solutions. Think differently about how they do banking because they can use technology to do banking, to offer banking services that are different from what they've done in the past.

How can they recapture this opportunity? So first off, they need to come up with a clear growth strategy. And by the way, I talk to bankers all the time about these concepts that I'm gonna go through on this screen. Number one, what is your growth strategy? One that has emerged that's a very popular topic is what we refer to as niche banking. Find some niche that you serve, some group of customers, some skillset that you have, and go leverage that skillset and forget about your-your service area as the geography around you, think globally, think nationally, right? Think big because you can do all these things digitally now. Your customers don't have to drive into the branch to do business with you if you really employ a, uh-uh, top-notch digital strategy. So think bigger.

And so we have a couple of examples here, eco-friendly businesses, small business. Uh, you know, define a niche. So we have customers that are specializing in women-owned business, and they create a separate brand and a separate website, and they offer these services not just in their traditional service area, the geography that they're around, but they can offer it nationwide to a-a group of, uh, potential customers and existing customers. So think differently about the strategy.

Second thing is make sure that you have a solid product and services strategy. So what you have on the, uh, on the screen here is just a mobile phone but look at some of the things that are connected into that, uh, digital banking, uh, application. You can have Chime connected in, you can have essentially competitor solutions embedded into your digital presentation layer, you the bank, so that your customer is being served better, being served differently from what they can get any place else.

What's your service strategy? So if customers are not coming into the branch, and they certainly don't wanna, uh, call you-- I don't know if any of you have any Gen Zers. I do. The last thing they wanna do is call somebody on the phone, right? They wanna text them. They wanna get online to solve a problem, okay? Make sure that your bank or credit union is positioned to handle those situations without anybody having to come into the branch or having to, uh, having to call somebody.

At Jack Henry, we have that solution in place today. Millions of consumers using the solution today to interact with their customers or interact with their financial institution without having to come into the, uh-uh, the ba-bank branch or call anybody. Why is this significant? Because oftentimes those interactions involve private information. And so having a secure channel, like we have at Jack Henry, that allows them to communicate with their financial institution digitally through a secure channel, it's a unique offering in the- in the banking space in the US today. Jack Henry is live with millions of customers. It helps our customers think about how to broaden their service strategy and grow their financial institution without just thinking, uh-uh, about, uh, geography.

And then, of course, the last piece is modernize your overall technology stack. Make sure that everything you have underneath is modern and is positioned to help you grow and do all the things that we've just talked about here on the left-hand side of the screen. And of course, that's what Jack Henry is positioning to do, is to help with all of these areas, to help our customers, uh, continue to grow.

So on the topic of modernizing the platform, so what Jack Henry is doing and has done is created this platform that is public cloud native, meaning, built on the public cloud for the public cloud, using all the tools that are there in the public cloud environment. So we provide multiple integration points, make it easy to integrate into our solutions. It is not just core though. We're doing this with our other applications as well.

So Financial Crimes Defender, that you're gonna see out here later today, built in this environment on the public cloud. Banno Business, built in this environment on the public cloud, right? We're building, rebuilding, and building these things to make sure they are public cloud native and they are all connected through, uh, through this, uh, technology layer. So we've redefined the core. We're creating these, uh, connection options. We're helping our customers, uh, create this ecosystem that is much more than a core. It's a banking ecosystem. That's what we're providing to our customers using nextgen technology and nextgen, um, uh, solutions.

Where are we today? And again, Ben's gonna go into a lot more detail with you later on, but just kind of the high level where we are, so we are- we are, have been working to, uh-uh, modularize pieces of the core. We have, uh, wires and, uh, authorizations live today, so they're available today. So wires, you know, if you wanna initiate a wire, for example, that's live today. And then authorizations, this is a big topic within financial institutions. Most applications, so if you think about software applications that are delivered to a bank, every application has a, uh, set of rules about who can use this application, and if they're in the application, what can they do?

What we've created here is a single engine that can control all the applications. So I go in there once and say, "Dave Foss is allowed to do these things." I don't have to go to each application and say, "Dave Foss. Dave Foss. I just do it once." And that's, uh, that's a, uh, wonderful step forward for, uh, banks and credit unions to, uh, deliver efficiency. So those are, uh, in production today. And then you'll see several other, uh, the key components that are rolling out phase one, phase two, phase three over time here.

Um, but one of the other, um, things that I wanna point out here is there is no major conversion required for a customer if they wanna start to adopt these solutions. So if you're a Jack Henry core customer and you wanna start using the wires module that we've just rolled out, you can use that wires module. It is built with an API connectivity option into the Jack Henry cores. But you may be running a competing core and you wanna start using this wires module, same rule applies. As long as they're API enabled, we can connect the, uh, wires module into, uh, into a competing core as well. And that's the idea behind these, uh, these services that we're, uh, rolling out.

So as we look to the future, how will customers run in this environment? How will they run with the Jack Henry platform? And there's a lot of information on this slide, but I'm gonna kind of walk you around a little bit. We'll go counterclockwise starting on the left-hand side. So the components that we're delivering can be independently used with quick and frequent updates. Why is independently used important? Because they can use those independently with Jack Henry cores or with non-Jack Henry cores because they're all built to be API connected, right?

So think about each of those components as a fintech solution, a third-party company that has built a solution to originate wires, right? They have the solution out there called wires. That's the way you can think about one of these offerings from Jack Henry. It's as though it were written by a third-party as a best-read solution. It just happens to have been built by Jack Henry, and owned by Jack Henry, but we can connect it into anybody else's solution as long as they have an API layer that allows that, all financial institutions across the bottom using the same components. Okay?

So it's truly a SAS offering. They're connecting up into the same components that are resident on a public cloud platform. Each component offers the same features for any financial institution. So through parameters, we can turn things on and off and make things customized, but we don't have to go and do custom software development for every single, uh, every single Jack Henry customer. And then you can directly connect, uh, components with other products, including other cores but you may be connecting one of these components into a third-party fintech solution. That's fine. Again, as long as they have an API layer that's robust, we can take advantage of that, uh, connectivity option.

With all that said, I stress all the time to our customers, we are not in any way, shape, or form abandoning our current cores. We are absolutely committed to our current core solutions. We will be continuing to, uh, enhance those cores and serve those customers for many, many years to come. And that's one thing that's very important to me, that this is not a forced march of our customers, you have to move from here to here, uh, but what we're doing right now is for those customers that are really forward thinking and forward learni-leaning, we have a solution that we're in the process of rolling out. They can move to the public cloud whenever they're ready to do that with Jack Henry.

For those customers who are not forward-leaning, who wanna stick with what they've got, we're happy to support you for many years. It's a great, those are great solutions. We have a very efficient model as most of you know. We only support three cores on the banking side and one core on the credit union side so it's not like we have a whole bunch of cores that we have to continue to, uh, to support, so we-- It's very doable for Jack Henry to support those existing cores while we are rolling out this new ecosystem, uh, with not only our core systems but our complementary, uh, solutions for the future.

So, that's a little about tech modernization. Again, Ben's gonna give you a lot more detail later on but I did want to kind of give you the high-level, uh, why-- What are we doing and why are we doing it, to make sure, uh, we-we try to answer some of those questions that you might have. So, as you look at our company today and look to the future, we today, as I think was evidenced by the survey results that I shared with you, we have a highly motivated workforce at Jack Henry, a highly engaged and a loyal workforce at Jack Henry. We have this tech modernization strategy that is helping position our clients for the future. We feel strongly that we have the best strategy for the future, and our customers are validating that as they're examining all the other competitors out there.

We're getting terrific feedback about what Jack Henry is doing, particularly from prospective customers. Uh, we have high customer CSAT. I shared the results with you. We believe highest in the industry. I know some of the analysts published their own reports on Jack Henry, and they tell me that our, uh, customer CSAT ratings are highest in the industry. And then, of course, we're, uh, we feel strongly that we're well positioned to help address, uh, challenges for our customers today and into the future. So, as we look to the future, we are focused on financial services.

So, I get the question once in a while about, you know, Jack Henry going this direction or that to try and find an area to-to grow, uh, grow our business. We are focused on financial services. We are experts in financial services, meaning, serving banks and credit unions, and we still see a lot of opportunity to grow this company by taking share in our space and growing organically, uh, with the solutions that we have.

We are continuing to enhance our products and services. Hopefully, I've, uh, made that clear with some of the discussion about the new products that we're rolling out. Uh, we're-- And, Greg, by the way, will share with you, uh, details on, uh, one Jack Henry, which is on the services side of the equation, making sure that we're more efficient and serving our customers better. Uh, we are focused on customer service. We're committed to the idea of openness.

So if you talk to third-party providers in our industry, meaning, complementary providers, ask them, "Which of the core providers would you most like to work with and connect to? Who's the easiest to work with?" I guarantee you they will tell you Jack Henry. That is by design. We are trying to be the easiest to connect to. We believe that's in the best interest of our customers and so we wanna make sure that we are the easiest to connect to. And I think, uh, these, uh, these fintechs that you talked to will-will bear that out.

And then we are always looking for acquisitions. Of course, I get the question a lot when I do, well, one-on-one meetings with all of you at different conferences, so Jack Henry looking to acquire, what are you looking to acquire? You know us as being, uh, very inquisitive in the past. Been a little tough to get a deal done here in the past couple of three years, primarily because of valuations, but we're very hopeful that, uh, that will ease up again. We are active almost every day in looking at potential acquisitions and so don't be surprised if you see us announce something, uh, at some point on the acquisition front.

But, ultimately, at Jack Henry, what we try to do every day, uh, is run this company according to these three guiding principles that were set out by Jack and Jerry when they founded our company. We are gonna try to do the right thing, do whatever it takes, and have fun and make sure that we're creating a wonderful experience for our employees and our customers, and then, ultimately, like I said at the beginning, for our shareholders. That's our goal is to make sure we-we create this great workplace, uh, that our customers wanna do business with, our employees want us want to be engaged with, and then, ultimately, deliver great results to our-our shareholders.

So with that, um, now is time for Q&A. We have about 15 minutes for Q&A if you have any questions of me. So we have Justin and Mark with microphones. So, again, I'll ask you, don't, please, uh, ask a question without a microphone in your hand. And, Mark, I'll ask you first.

Anthony Cyganovich: Hi. Thanks. This is Anthony Cyganovich from UBS. Um, thanks for the presentation. I know you talked about FedNow earlier on. I was just curious, um, if you could talk about, you know, I think I read in your press release earlier this morning that 20 Jack Henry clients are gonna be early adopters of the program. Could you talk about, you know, what you think those early use cases are gonna be for FedNow and-and what that revenue model looks like for Jack Henry?

Dave: Yeah, I'll try not to steal. So Greg's got this in his presentation. He's gonna talk about the FedNow rollout so I'll try not to steal too much of his thunder. But we're very excited, and I think I mentioned on the earnings call, that I was in-in Washington two weeks ago, met with the, um, the owners of FedNow program. So two Fed presidents, and then the rest of the FedNow, uh, team in Washington talking about the rollout, talking about strategy, talking about use cases and other ideas, um, so we see a lot of opportunity with that offering.

When it comes to use cases, things like gig workers, for example, that are trying to move money from, uh, from their- from their account, wherever that account may be, into their bank account, uh, immediate payment, an immediate movement of mo-money at, you know, how much, uh, reduced cost or possibly free depending on the financial institution. Um, I think the thing that's gonna make this really interesting is, as we talk to the Fed presidents, they're working on what are those programs where the Fed makes payments, where they're going to make it mandatory-mandatory to use FedNow.

So, for example, VA payments, if the VA, the only way you get your money is by accepting a FedNow, uh, transaction that's going to up the volume, and that's gonna create new use cases for us. But think about the other areas where the federal government distributes money. If they're using the FedNow rail as the only mechanism to distribute money, that's going to create a lot of volume and create a lot of, uh, potential use cases for us. So, again, I don't wanna steal Greg's thunder. He's got a number of things he's gonna talk about just a little bit. But, um, we will get paid, we get paid a nominal fee to get the system set up, and then it's a per transaction kind of model like we have today with ACH origination, like we have with, uh, card transactions, and with, uh, remote deposit capture.

Uh, Justin-- Uh, Cardick, yeah.

Cardick: Hey, Dave, um, as you talk to your customers, what are they seeing as pressure points? What are they concerned about? Um, like on TV, you know, we constantly hear that there is pressure on deposits, uh, that, uh, th-that, uh, the banks aren't paying enough, and so they're worried about losing deposits. And so, as you talk to your customers, what are their concerns are? Are they same as what we hear on the news or is it different?

Dave: Yeah, so it's interesting when you listen to the news-- So there's a few things interesting about listening to the news. First off, when you listen to the news, they always talk about any bank under 100 billion in assets is a small bank. I don't think whoever writes that stuff realizes there are just a small number of banks that are over 100 billion, but they always describe all those small banks under 100 billion.

So, you know, you hear us stratify the market all the time as, uh, banks, uh, over a billion, uh, and, you know, essentially 1 to 50 billion, over 50 to 100, and then over 100, and then those banks that are, uh, maybe 500 million and below and 1 billion to 500. So that's the way we think about our, uh, about our market. Um, many of the banks that we serve, and certainly none of the credit unions that we serve, are public, right? They're privately owned. So many of the banks and all the credit unions are privately owned so they don't have the same concern about public disclosure and, you know, talking about, uh, what's going on, uh, publicly or fear about, uh, what's gonna happen to their stock value. They own their stock, you know. They're not worried about that.

And so they think differently, uh, I think than many of what you hear on the news. Our customers think differently about-about those topics. Certainly, we have many of our larger customers who are public and they're-they're dealing with the same stuff but many of them, uh, many of them are not. So today, as I talk to a lot of our customers, public or private, uh, what they're really concerned about is deposits. It's not a run on deposits. So, I mean, I've talked to many of them who've said, "You know, we've seen some deposit outflow, some deposit inflow. It's really been about a push for, uh, for most of our customers.

I've talked to some interestingly, who have said seen big inflows of deposit. I've talked to one who had, or two now that I've talked to, who had $200 million, uh, flow into their financial institution because people were diversifying. They had too much at one bank and they were diversifying. So, you know, we've seen some ups, some down, but, uh, on balance, uh, very little impact as far as, uh, any movement of-of deposits.

So the concerns they have today are, number one, where do I get the deposits to fund loan growth? I gotta go pay up to get deposits now. That's not fun to consider, but as I've stressed many times before, if you look back to the last, you know, look back to two years ago, our customers for years were running with, you know, loan rates that were here and deposits rates that were here. Their net interest margin spread was almost nothing.

Okay, fine. Now loan rates are up here, deposit rates are coming up here. They're gonna be back to where they were a few years ago, but they did that for years. They ran on a very skinny net interest margin, um, spread, so they know how to do that. They're not excited about it, but they know how to do it because they-they did it for, uh, several years. So they're thinking about that. They're trying to anticipate, uh, loan losses. And so you hear on the news all the time, they're talking about CRE, right? Commercial Real Estate, all these high-rise, uh, business or buildings that have, uh, occupants where people aren't showing up at the office anymore.

Rarely do our customers own high-rise buildings in, you know, Dallas or Denver or New- and New York. Generally, their CRE portfolio is warehouses and, uh, you know, uh-uh, manufacturing facilities and that kind of thing. None of them are concerned about, uh, about, uh, movement there. Um, so certainly there's some that have, uh, have, uh, real estate that is more of office space but not a big concern among our customers, and again, nothing, none of that on the credit union side.

And so our customer base really has been very stable and very, uh, um, I-I-I won't say they're unconcerned. They're certainly concerned but they're mostly unaffected by everything that's been happening here, uh, recently. So their focus has been on how do I grow deposits when I have to pay up? How do I fund loan, uh, loan demand? Do I need to tighten down on, uh, extending credit? And then, um, uh, is there going to be-- Are there gonna be loan defaults that we don't see? When we don't have this big concentration in- in office space, you know, is there something else that might happen? I got Dave in the middle here, yeah.

Dave Koning: Yeah. Hey, thanks, Dave. Dave Koning at Baird. So my question in the survey, um, you talked about real-time payments so what percent of clients were interested in that? The bigger- the bigger banks, the 1 to 50 were only 8%, the smaller ones were, I think 16% and 21%. I-I would've assumed completely the flip.

Dave: I think it's because most of the bigger ones have an offering today, right? So they already have, they probably have Zelle in place today. They probably have the clearinghouse. You know, Jack Henry, we have-- So this was just Jack Henry customers, 67%?

Dave Koning: Yeah, 60% of the [crosstalk]

Dave: 6-60% of the clearinghouse customers that are live are Jack Henry customers, right? 60%. If you talk to the clearinghouse, 60% of those banks that they have live are Jack Henry customers. We've been very, uh, out front when it comes to real-time payments, and so many of them are larger customers. So I think it's logical that the larger customers would say, "I've already got a solution. That's not at the top of my priority list."

Dave Koning: Gotcha. Thank you and just one follow-up. So 69% now of your clients are outsourced?

Dave: Yeah.

Dave Koning: Something like it's gotta be 1,100 outsourced, 500 in-house. If you do 50 a year, which is kind of an average, in 10 years, you're 100% outsourced, and the question is, when they're outsourced, do they tend to grow faster? 'Cause it'll be able to headwind to growth when you don't have the shift anymore but is it a tailwind to growth just to have more outsourced clients?

Dave: It is a tailwind to growth to have more outsourced clients, absolutely, yeah. I don't- I don't know that I can say so much that they grow faster when they're outsourced, but by moving those customers over, that has, uh, continued to be, uh, a tailwind for us. And you know, by the way, so, yes, your math is approximately right if everybody went outsourced, so it take about 10 years. But let's say that it takes seven years, okay, we have this whole new revenue opportunity that we're just barely getting started by moving from private cloud to public cloud. So what you'll hear us talking about a few years from now, instead of in the outs, which some of you have followed us for a long time, you know, we talk a lot about in the outs, in-house on-prem customers moving to outsourcing, so in the future, you'll hear us talking about Jack Henry private to public, and that's gonna create another, uh, revenue opportunity for Jack Henry as we go through that transition. So you'll see that start all over again, uh, in the future. Go ahead, yeah.

Michael Infante: Michael Infante from Morgan Stanley. Maybe just on the number of competitive core takeaways. Obviously, it sort of speaks to the share gains that you guys have been able to achieve over the years, but as I just think about the broader tech modernization strategy, is there a risk that you could find yourself in a state of permanently lower core conversions? And if so, have you side- have you tried to sort of size, you know, the amount of module adoption you need to sort of offset that potential headwind?

Dave: So I understand your question. You know, theoretically, is that a risk? It is, but I think it's highly unlikely because bankers, CIOs think in terms of most of my tech stack is going to be this with one provider. I don't wanna be managing 52 different vendors on kind of the primary functionality that I need to offer as a-a banker credit union. So most of them, I believe, and-and through the conversations we've had, this is bearing out, will want to focus on one primary provider, Jack Henry, and then, you know, offer the-the connections. I would flip it on you and say to you what this really does for us, because of all these modules that people can consume that are not on a Jack Henry core, it creates a whole new opportunity for us to start to essentially convert them to a Jack Henry core without a conversion actually happening, right? That's the opportunity for us as we continue to, uh, roll that out. Anybody else for me? Oh, over here. Okay, yep. Cris?

Cris Kennedy: Yeah. Cris Kennedy from William Blair. Thanks for taking the questions. Any general observations between your bank customers and your credit union customers and how they're reacting in the current environment?

Dave: To the tech modernization or are you talking about--

Cris: Just in general.

Dave: Oh, just the banking environment today. Yeah, credit unions, you know, credit unions are not public and so, um, yeah, generally even the large credit unions that I've talked to have said not really directly impacted by this. You know, we've had to do, have some conversations with our members, but, uh, not really directed, uh, directly impacted by, uh, any of the, you know, the stuff that's been going on here in the past, uh, couple of months. It's been on the banking side. A lot of bankers, uh, reported doing a lot of, uh, customer outreach. When Silicon Valley happened, in particular, that week after Silicon Valley, a lot of bankers talked about their whole executive team being on the phone, making sure they talk to key customers, particularly medium, small-medium business customers, uh, and commercial customers, I'll just put it that way, to make sure that they didn't, you know, didn't have some concern.

The good news for them is they feel like they know their customers and their customers know them. And I'm talking even, you know, 17, $20 billion banks, they generally have a really good relationship with their customers and so they felt like they knew who to call, they knew who to talk to, they knew what the message needed to be. You've seen some that published messages on LinkedIn and that kind of thing.

So, for-for most of them, I think it was about communication, just making sure that people didn't overreact and their response has been, yeah it took a lot of time to communicate, but the response from customers was, yeah, we knew you were gonna be fine and we're okay. So, uh, that's been the overriding theme, uh, on the banking side. And again as I say, on the credit union side, hasn't really been much of that disruption at all. Anybody else right here, Justin?

Matt Roswell: Hi, Matt Roswell from RBC. We've talked a lot about the environment. How about the M&A environment among banks and credit unions?

Dave: Yeah. So, M&A, uh, is really, uh, at a standstill right now, with the exception of-- So, it's interesting. Um, you know, there were some banks that were doing, uh, some small deals just trying to grab deposits before Silicon Valley Bank happened. They were trying to find deposits. So, there were a few deals happening. Um, today I think most bankers would tell you that they think valuations are still out of whack. Their stock has probably taken a hit.

So, the acquirer feels like it doesn't have a currency to do a deal. The seller, you know, still thinks that, uh, their-their bank is worth more than it probably is. And-and they don't feel necessarily compelled to sell at this, uh, at this point. I did, uh, have an interesting conversation with one banker who was talking about as a private bank, you know, with a whole **[unintelligible 00:56:22]**

Um, thing that they have to do with the-with the bond portfolios that they have, if they're a public bank, you know, the private bank can do that. They still have to go through the exercise, but they're not so worried about some shareholder who's gonna object to what they're doing. Because their shares are held by, you know, they're-they're closely held.

And so, some of the larger privately held banks were saying, "You know, I may have an opportunity here that my larger public bank doesn't have, because of all the markdown they're gonna have to take." Um, so, there's some of that going on, but M&A volume is still very low, uh, on the banking side. And we don't see any major uptick, uh, on the near-term horizon. Anybody else, Darren?

Darren: Hey, thanks, Dave. Guys, I mean, I'm-- I'd just be curious to hear a little bit more about the competitive landscape in terms of some of the most in-demand offerings that you showed in that survey. And, um, you guys have done a good job innovating and, you know, whether it's banner or other offerings. But in some ways, we've seen competition change because of the pandemic where I think a lot of the newer questionably disruptors looked like they had a lot of progress to be made and now they seem like they're faltering in some cases.

Dave: They seem like what?

Darren: They're faltering a little bit now, for some of them, at least, without the right amount of capital behind them. On the other side, we see some of the bigger companies that you compete with that have other challenges going on. [chuckles] So, I'm just curious where you find yourselves now competitively if you're seeing, you know, an easier time or a harder time or anything's changed.

Dave: Yeah, So, I'm- I'm not gonna talk about any-any named competitors. That's not what I do, but I will tell you, when it comes to the competition, I feel strongly it's a good time to be us right now. Uh, on the, you know, the larger, uh, uh, competitor side. We are very well positioned against our larger competitors. And as you point out some of those, some of the FinTech competitors that were kind of emerging, and, you know, felt like they might pose a challenge for Jack Henry, several of them have really had some challenges.

I don't know exactly what's driving that, whether it's, um, you know, they're-they're, uh, PE funded and they're not getting the-the funding that they were used to or if they've had, you know, people leave because of layoffs. I know some of those, uh, smaller FinTech that were really growing quickly and they were adding people as fast as they could.

Now they've done a bunch of layoffs and, you know, some of the stars are gone from people's eyes and they're-they're looking for a, uh, a new home. We've had some of those folks come to Jack Henry. So, I think there's a good bit of that going on. Um, when you combine, you know, what's happening with our larger competitors and what's happening with some of the-the smaller upstarts that were potentially solid competitors to Jack Henry. You know, we are continuing steady eddy doing what we do.

We haven't done any layoffs. We haven't, uh, done anything, you know, as a major disruptor to our employees. They feel great about what we're doing as a company. And I think our customers feel great, as I evidenced in the surveys that I shared with you earlier. So, we're in a very good spot today. Not that people are beaten down the door saying, "Let me sign an order with Jack Henry." But like I mentioned earlier, the sales pipeline, again much larger than it's ever been.

I think part of that is a reflection of what you're, uh, what you're alluding to. Anybody else for me? Looks like I have one minute. Okay. Hearing none then, uh, it is my great pleasure to introduce to you our new- our new, not So, new anymore, but our new Chief Financial Officer, uh, Mimi Carley. Of course, Mimi has been with us now for several months. But, uh, this will be her first opportunity to present you at-at, uh, Investor Day. So, Mimi, if you would.

Mimi Carsley: Thank you, Dave. Hello everybody. Thank you, guys, for being here, both in person and everyone watching virtually. I see a lot of familiar faces, but for anyone I haven't had the pleasure to meet yet, I'm Mimi Carsley, and as Dave said, I'm the CFO here at Jack Henry. So, I appreciate how attentively everybody has been listening for about the last hour plus.

Um, but if anyone wants to get up and stretch, this is your opportunity. Quick pause. Um, it's hard to, I think post-pandemic all of our attention to sitting for long periods of time it's been shortened. So, today I'm gonna talk a little bit about myself, give you a brief intro, talk about what brought me to Jack Henry 10 years ago, 10 months ago, it feels like 10 years, 10 months ago. And then our recent performance and the remaining outlook for the fiscal year.

I'm also gonna give you a-- my personal perspective on the Jack Henry investment story and handle a couple of questions if we have time. I'm a strategic CFO. My passion is focusing on corporate finance, M&A, reporting, analytics, and strategy. I'm really a true finance geek. I love data and my team would tell you I love a good dashboard or report.

So, I'm the mother of two teenage children who spoiled me yesterday and were kind enough to take me out for an early brunch so, I could be here with you today. However, they did not consent to the use of their photograph. So, you get my cute dog, Charlie. This is Charlie, our mini–Golden, our COVID puppy doing what he loves to do best, which is sticking his head out the window as I drive around town.

So according to ChatGPT, and a University of Leeds study, just looking at cute Charlie here, just lowered your anxiety, your blood pressure, and your heart rate. So, you're welcome for that. So, with that, why did I choose to join Jack Henry? It's rare to find a 40-plus-year-old company with proven, demonstrated, executional ability, yet an entrepreneurial mindset focused on innovation and growth.

As a CFO, I love the high-quality earnings. So, transparent and clean and hopefully making all of your jobs a little easier too. I found the leadership team, high integrity, low ego group operating in as one and if today's travel logistics proved anything, we're a pretty agile group who kind of just rolls with the punches. We had some flight delay issues earlier.

So little story about me, as I said already, I'm already a data geek. Well, I also am a little bit of a book nerd as well. So, early in my teens, even through today, some of my favorite books are leadership and company profiles. And one of my favorite was *In Search of Excellence*. So, if you know the book, it profiles these really unique companies just doing differentiation based on culture that ultimately lead to their success. And I feel at Jack Henry, I've now joined one of those amazing remarkable companies.

So, and as you can see, I'm a bit of a fan of the Jack Henry Blue. So, now what kind of CFO would I be if I didn't show some numbers? I'm not gonna spend a ton of time on the numbers cause most of you guys participated in our earnings call two weeks ago. But the trends that we've seen year to date, lower deconversion revenue. Dave spoke a little bit about the lower M&A market within the bank space has impacted our gap results. On a non-gap basis, though, we've seen great strength across all of our segments.

For Q3, we posted an 8% non-gap revenue growth. That sets up-up- up for a strong finished FY'23 and good momentum heading into FY'24. We've been focusing on cost reductions and have had modest margin expansion. I'll remind everyone at the start of this year we were seeing inflationary pressures grow over pressures, and we weren't expecting much in the way if anything, in the way of margin expansion.

So, we're really quite pleased with this year and I think as I said, it sets us up for a good strong '24. On a full-year basis, we're on track. And if anything, I would say that there's probably some bias to the upside. We're early in our budgeting, which Dave has coined the most wonderful time of year at Jack Henry. And so, we'll give specifics on the Q4 call as it pertains to FY '24.

So, early in my career, I joined Microsoft as a portfolio manager. When I started, we had $2 billion in corporate cash. And over my tenure, I watched that and helped that grow to over $25 billion. I love digging into companies and although we were primarily fixed-income oriented, I kind of fancied myself a Nancy Drew, if you will, the younger people in the audience. Maybe, uh, Veronica Mars might be more relevant. People may not know who Nancy Drew is.

Um, but today I'm gonna put on my investor hat and kind of go back to my PM days. I'm gonna share with you my investment thesis on Jack Henry, the six tenets, and my conclusion of a compelling performance prospects. A little sneak peek, you won't be too surprised at my conclusion, but the predictability, credibility, durability, especially valuable in the current market conditions. So, let's jump in. As Dave spoke a lot about-- and I intentionally put first culture as it is a differentiator from day one, as I onboarded, I heard these most amazing stories from long-tenured associates and newbies like myself.

Stories of late nights in a bank, helping a customer prep for a conversion, or from our Jack Henry pilots helping cancer victims get to an angel flight. To myself, remembering walking into the San Diego convention hall to seeing 300 FinTechs, including our competitors in the pavilion. And just as j-- as Dave mentioned, that openness, that doing whatever is in the right, best interest for our customers. Jack Henry is truly a people-first culture. And we have people-inspired innovation with the service support and partnership backbone.

And this not only applies to how we look at-- how we treat our associates and our and our customers, it also guides our shareholder and investment community approach transparency, access, our ESG efforts. I truly believe Jack Henry is a force for good. So, the first rule of investing as a PM, make sure you're serving a large and attractive market. And even though the number of financial institutions has been declining, it is still a large market, and FIs are growing.

If we think about, we serve over 900 banks, over 700 credit unions, and there's over 6,000 non-core customers that are using on average, at least, three Jack Henry products. And while we've been gaining market share, there's still room to grow across all asset categories. Dave mentioned the recent press defining small business, hundred million, billion-dollar bank as a small bank, and it's just not true. There's a large healthy ecosystem of smaller institutions.

Jack Henry is dedicated to supporting them, main street America financial institutions, helping them serve their customers and stay competitive through technology. I can't underscore the importance of regional and community financial institutions. The flexibility, the customization, the service that they provide, and the deep knowledge they have of their individual and cons-- Commercial customers, particularly around lending the things they're capable of doing to serve their communities. They play a critical role in the US economy.

So, as a PM, you wouldn't invest in just one stock. Even though I would say Jack Henry's track record would've served you well. Diversification is key. The old cliché, don't put all your eggs in one basket is certainly valid. The Jack Henry model has layers upon layers upon layers of strength, multiple sources of revenue, and expansive portfolio of solutions, and many customers, altogether limiting concentration risk.

We operate three segments, core payments, and complimentary each a durable grower. And we deliver and support mission-critical solutions that are deeply embedded in the financial institutions. These are not discretionary products. Our SaaS model, multi-year contracts where we benefit as our customers grow. We have over 7,800 customers with no one customer representing more than 1% of revenue.

We have strong retention at over 99% and multiple relationships that are over 20 years in duration. Jack Henry's model is resilient, diverse customer profiles, strong retention, and multiple revenue streams. So, what does this model produce? So, I know you would love me to be here speaking about in-depth FY '24, but as I said, it's just a little too early for that. And as Vance will talk about little bit later, we're thinking about shifting the timing of this conference, so that we'll be able to share that news with you.

So, let's talk at a high level. Jack Henry has consistently and reliably delivered 7% to 8% growth. And that's been proven by the last several years of results. And to put that into context, we're talking about a $2-plus billion revenue base. So, get an extra 1% of revenue growth would require about $20 million. So, the drivers of our revenue growth.

Core, the shift, as some of you just spoke about in the questions, the continued shift from on-premise to cloud are robust prospects pipeline of new clients, and our existing customer growth, both organic and inorganic. In payments, we have card growing at upper single digits. We have EPS growing at mid to single upper single digits, and bill pay at low single digits. Now it's early days for payrolls. Our most recent acquisition, just like it's early days for me.

And I think so far both are going pretty well and I'm-I'm feeling confident about the prospects. And while payroll **[unintelligible 01:12:23]** is growing nicely, it's still not enough to have a meaningful contribution in terms of the overall segment. But we're really pleased with the integration so, far, our complimentary business headlined by **[unintelligible 01:12:39]** and our digital solutions and a large and diverse portfolio of products.

So together that contributes to about 7% to 8% of near-term growth prospects. You might have a little conservatism built in there. There are some segments, particularly around payments that relate to US consumer sentiment. So, based on FY '23 results to date, our guidance, the current momentum, we see in early budget discussions, I feel good about this range. And as a reminder, Jack Henry's model revenue growth leads to margin expansion.

So, as a CFO and past treasurer, it is rare to have leverage as low as Jack Henry. I kind of feel like Charlie in the breeze. Jack Henry's history of a conservative and strong balance sheet with no permanent debt and very quickly paying down any M&A strategic debt. And that approach will continue. We have a model of high reoccurring revenue and attractive margins. At Microsoft we used to say, "The magic of software," and it's ideal for cash generation.

Now, FY '23 cash has been impacted by lower deconversion revenue and one-time tax payments relating to legislation around development expenses. But we expect a continued return to inline historical cash flow levels. This strong cash flow allows us to fund innovation, consider M&A, and return capital to shareholders. We balance investing to support the sustainability of our model. With returning capital, we're committed to our dividend policy and for the last 34 fiscal years have increased our dividend year.

To date, FY '23, we have paid more than $109 million in dividends. We're mindful of share dilution and believe that returning excess capital to shareholders through repurchases. Our payout to shareholders over the last approximately three years has been over $1.2 mill-- billion. We're disciplined investment investor and we make decisions that have resulted in an impressive ROIC of over 20%. In summary, we're committed to sustainable shareholder value creation, and returning investor capital.

So, while I work for Jack Henry, I also represent the shareholder interests. And I'm committed to being a responsible steward of our investor's capital. As Dave mentioned, the last three years, we saw a lack of attractive M&A prospects, both because of valuation, and just the- the stories that were out there. So, instead, we increased internal development efforts, and the return of capital to investors.

Our capital allocation appro- approach remains fundamentally consistent. Yet we'll be dynamic capital allocators. Our priorities, maintaining liquidity, reinvesting for growth, paying dividends, M&A, and share repurchases. These categories will be consistent over time, but the mounts might fluctuate based on opportunities and market conditions.

So, the last two slides talked about our R&D over a billion dollars in recent years. As Dave mentioned, we target 14% of total revenue, and it centers around nine capabilities. I won't go into those in too much detail, but themes around modernizing and securing our tech platform, enhancing solutions, delighting our customers, and streamlining operations. We're opportunistic, get our disciplined approach to M&A, and we've been lucky to build an enviable track record.

People often ask what type of M&A do we look for? So, I'll go into that a little bit without naming names. We look for things that accelerate our technology roadmap, technology that's digitally cloud-native, things that are additive to existing portfolio products, modernizing or enhancing solutions, and, of course, things that are financially attractive, both in the reasonable valuation, but also in a near term accretion. We are an experienced acquirer, but let me say we are not reliant on M&A to meet our strategic goals.

Okay. So, let's look at the summary picture, and as a CFO, my picture is numbers. We have lots of happy loyal customers, many of whom are growing. Diversification of customers and products, yet a discipline focus on serving at **[unintelligible 01:18:25].** A SAS model of high reoccurring revenue, an attractive and consistent growth that's not just dependent on acquisitions, and a model capable of continuous margin expansion.

So, what's the net takeaway? In my portfolio manager opinion, Jack Henry is a premium franchise with limited macro sensitivity, a durable and predictable grower producing high single-digit performance and margin expansion. We deliver both growth and profitability. We have the operations and products to meet both today and future client needs. And we have an experienced management team with a strong culture of doing the right thing.

We're innovating for new solutions and supporting our FIs growth. And we're an experienced provid-- M&A buyer which provides some optionality. And importantly, we have enduring financial principles dedicated to creating shareholder value. So, for me, Jack, Henry's a bi. So, with that, I thank you and I'm willing to take just a couple of questions before I turn it over to Greg.

Anthony: Hi, Mimi?

Mimi: Hello.

Anthony: Uh, this is Anthony Cyganovich from UBS. Um, so, I-I-I think maybe I missed it, but could you just, uh, help me better understand what you mean by normalized year, um, as a point of clarification? And then secondly, it looks like the payment segments on pace for about 7% growth in FY'23, could you talk about, you know, what-what are some of the drivers that get it up to that 8% to 9% range?

Mimi: Yep.

Anthony: Thanks.

Mimi: So, the way we talk about normalized and we're waiting for a good normal year. We thought this was a, um, coming out of the pandemic but I would say this historical recent history has demonstrated that we produce around 7% to 8% growth. So, in a year, if deconversion isn't wildly off, if you don't see us, you know, go into a huge recession, if there isn't something, you know, pandemic, what we think of as a kind of typical normal year, what would the engine produce? And you're right, payments is on track for around 7% growth.

And this year, you know, we've talked a little bit and we actually talked about as we reduce guidance earlier this year, one of the things we pointed to was the payments. And it's not because it's not growing, it's actually growing quite lovely. It's a strong grower for us but because of consumer sentiment and thinking about transactional volume tied to consumer sentiment, we wanted to be a little bit conservative in that. We did see a little bit of falling off. We anticipated it falling off in the back half of this year, and so, we think this year will be a little lower than-than we had hoped at the beginning of the year, and from a budget perspective but I'll restate it's a very strong grower for us.

Audience Member 1: Can you just talk a little bit more about the margin expansion profile of the business and some of the levers that you have going forward?

Mimi: Sure. So, I won't put a specific number on it right now 'cause as I said, it's a little early in our budget season, um, but some of the-the wins we have in terms of the on-prem to cloud, that doesn't come with a ton of costs, but it comes at two-X revenue. Things like that are continuous improvement efforts. An example is Brian, who will come up in a little bit, we've upped the sales quota year after year with no new headcount. So, there's a lot of levers in our business that we think about that doesn't require more cost but as revenue grows, it produces margin expansion. [silence] Dave needs a mic.

Dave [Audience Member]: Yeah, thanks, Mimi. So, I had a question on pay rails. It sounds like it's-it's going quite well. I know you reduced guidance a bit on revenue for this year but it sounds like nothing's really changed as some of that falls into next year. Maybe how do you see that growth profile and, um, what-- What's gonna drive that going forward?

Mimi: Yeah. So, it-it-- About early days, we actually closed the transaction just about the start of my tenure. We're really pleased with the quality of the technology, the people, how sales is going. We did have some hiccups, some surrounding-- Greg will talk about it in his presentation, some surrounding third party that led to some timing, um, that revenue is still in the pipeline. It hasn't been removed but you'll see that more in FY'24 than '23. So, some of it was very timing related.

I would say that on the spectrum, while we're super excited about payrolls, about the technology, about the revitalization of a payment's platform, and it is just that it's not just bill pay, it's a platform. Um, this total size of the revenue relative to the $2 billion at Jack Henry total revenue is not materially significant. But in the future, some of the-the continued work of integrating that into one seamless, uh, solution being able to modernize that and have migrations from existing customers and competitors. Um, and then some of the work as Dave mentioned, FedNow and all the excitement around payment rails, we think that product is in for-for a nice healthy ride.

You need a mic? Oh, hold on one sec. There's a mic coming to you next.

Audience Member 2: Hi. Thank you, Mimi. Um, if we think about the overall growth algorithm, you've talked a lot about-- You and David talked a lot about migrating customers from legacy platforms to newer platforms, whether it's **[unintelligible 01:24:43]** or-or- or pay rails. Um, so, with that in mind, could you give us some high-level comments on how much of the growth algorithm is coming from incremental customers as opposed to, um, existing customers that are either migrating or-or getting cross, um, or-or you're cross-selling new products into?

Mimi: Yeah, I-I won't put specific numbers on it, although we can talk offline after. But in any one year, and we like to talk about, you know, the 50 wins per year, the core wins, depending on the product, it can be implemented in-year if it's complimentary product. If it's a core product, it's-it's likely not to be in-year revenue. So, in any one year, the growth algorithm is more biased to existing customers growing and transactions than it is a ton of new in-year, new sales related.

Audience Member 3: Uh, Mimi, I think on the payment side, you talked about a portion of that revenue being, um, impacted by consumer transactions. You know, what percentage of, uh, payments today would you classify in that segment?

Mimi: Yeah, I would say roughly about, call it 20% to 25% of total Jack Henry revenue has some touch of correlation to consumer sentiment. Um, and, so, whether that would be our cards business, which is more debit than credit, um, or just transactions, in general, has some component of correlation with consumer sentiment.

Audience Member 3: And so, most of it would be in the payment segment then?

Mimi: Yeah.

Audience Member 3: Perfect. Thank you.

Tyler DuPont: Hi. Hi, Mimi, Tyler DuPont with Thanks America. Just to follow up on the M&A front, uh, can you just speak to the size of the deals you're looking for and then, you know, whether or not they're tucking or-or more transformative in nature and then just the financing options you're looking at given where rates are right now?

Mimi: Yeah, So, I wouldn't say that Jack Henry, anything is off the board per se. We've looked over the history and Dave and Vans have done over 30 deals in their-in their history at Jack Henry. And we've looked at large public companies. We've looked at very small pri-private companies. Um, I would say all of them have to fit that same requirement in terms of additive and accelerant to technology makes good financial sense.

Where we see this sweet spot would be a deal like payrails, you know, a 2 + 2 = 5 scenario where it modernizes a technology and a- and a product that may be aging revitalizes that it accelerates that technologies advancement onto a digitally cloud-native platform. And so, it's additive. Um, so, I would say that's kind of more than the size per se that you would see. Yeah, I mean, capital is no longer free for sure, um, with where rates are at, you know, but we're always judicious.

We are not going to be the top, you know, buyer in terms of the amount we'll pay for evaluation, which is why we didn't do deals, you know, very many deals over the last three years. Um, so, certainly having a higher hurdle rate from a cost-to-capital perspective will certainly play into our analysis.

Tyler: I think I saw earlier on in the slide presentation that Jack Henry, um, was sort of like a breakthrough award recipient for the loan origination platform. I'm curious if you could sort of give us a little directional color, either by revenue or percentage of your clients that have adopted that solution, or maybe more broadly sort of just, you know, the actions you've taken to sort of reorient the Salesforce to make sure that your customers are aware of the functionality that you have in-house.

Mimi: Sure. And I think both-- oh, well.

Dave: Do you want me to do that one?

Mimi: Dave's gonna take that one. [laughs]

Dave: Well, I just figured just, uh, just in case you wanted to phone a friend. Um, so, yeah, I've talked quite a bit about it. That was sp-specifically focused on online commercial lending. So, that's what that award was for. You've heard me talk on a bunch of earnings calls about all the advancement we've done when it comes to commercial lending online. The reason that's important is because, you know, traditionally if you think about commercial loans as opposed to consumer loans.

For commercial lending, the expectation of the bank was that the commercial borrower would come in and sit down across the table from the lender and hash it out. And with the changing demographics, as I highlighted earlier, those days are-are changing. And so, we-we years ago, started to focus on creating a best-of-breed experience for, uh, commercial customers to do a complete online borrowing experience. And that's the award you're referencing.

So, we won this year as best in class for a online commercial loan origination, um, platform. We have, I think it's around 150 or 200 customers live somewhere in that ballpark today on that, uh, platform. But lots of interest in that. Again, because of the changing in demographics, because of, uh, the commercial borrower not wanting to have to go to the bank branch, there's-there's continuing demand for a solution like that.

Mimi: Okay. So, there'll be more Q&A at the end of the day, and I'm happy to talk to anyone during the reception. But with that, I'm gonna turn it over to Greg. Thank you, guys.

Greg Adelson: So, good afternoon, everybody. I, uh, was one of the ones that was part of the, uh, the plane, uh, issue. So, I apologize that, uh, I got here a little bit late. But, uh, good to see some of you. Uh, for those of you that don't know, um, I'm Greg Adelson. I've been here almost 12 years. Um, actually, uh, uh, kind of started in the payments business. Actually, ran our bill pay business well, a year after the acquisition of iPay. Uh, then I ran our payments businesses up until 2018 and then became, uh, chief operating officer in 2019.

Uh, my responsibility, uh, includes all the technology, so, Ben and his team, uh, everything that we do on the product side. Uh, and then recently as of, uh, January of this year, I now took on the sales group as well. Uh, so, Brian and his team. So, um, very excited to be here. And, you know, you've heard a lot from Dave on what we're doing as a company. Mimi kind of talking about the numbers and getting into some specifics.

Uh, I'm gonna talk about the Plano Vanilla Operational Excellence, uh, and our ability to execute better in some of the initiatives that we're doing and some of the products that we have. So, um, I'll give you a couple of the products that Dave alluded to earlier in the tech modernization and things that we've been focused on. Uh, I'm gonna give you a, just a higher level, uh, dive into ONE Jack Henry, what that is, and why we started it.

Uh, and then the payrolls acquisition update, which I heard Mimi give a little bit on. But, uh, I'll provide a lot more detail and I'll probably go back and answer a couple of those payment questions too, that I heard, uh, and give you a little more color on a few things too. Um, on the key product update. So, Banno Business, you've been hearing about this for several years. Uh, we are extremely excited, uh, that we really, based on some things that we needed to change, the fact that we got Ben in as, as our CTO in, in kind of making some of the changes we needed to make there.

Uh, we are absolutely on track. Uh, we now have, um, a, a solution that's in place that isn't this large, you know, uh, commercial solution that are out-- is out in the market, but it's a solution that's really, uh, tailored for the smaller, uh, SMBs and an opportunity to provide, uh, our large number of retail customers, our 9.4 million users and, and 700 or so, institutions, uh, with a- with a, um, an option for, uh, a commercial side.

And then, you know, we also-- Dave talked a lot about, uh, what we're doing with Banno conversations. He didn't actually name that as conversations, but the ability to have, uh, a, uh, an authenticated chat, uh, in with the product set. You'll see here on this next slide that we've actually, uh, now put that into our business offering as well, which is something that nobody has on the marketplace. Nobody actually has, uh, the Banno conversations done in the retail side.

Uh, but now that we've added it into the business side, it's even that much more important because you can have CFOs and- and presidents of companies talking to each other in a very authenticated manner, uh, to allow those transactions to take place, uh, a lot more seamlessly than they-they have in-in, in other, in other platforms.

The good news for us, uh, as you can see at the bottom, we now already have 345 contracts done for Banno business. Um, a lot of, we might say, "Well, how's that happening?" Well, we obviously were able to start selling the platform, uh, ahead of the delivery of the- of the product based on, uh, the progress and interest in what we had with the retail side.

Uh, the retail side, it's important that you actually have to have the retail platform, uh, to buy the business platform. You cannot buy that separately, uh, today. Um, but again, 345. 42 that are already active in-in, uh, out there in the marketplace. Most of those are on the banking side. We do have several on the credit union side live now, uh, as well.

But as we've been mentioning on our, uh, earnings calls, uh, we will be generally available July of 2023, uh, for the Silver Lake product in, uh, uh, September of 2023 for our credit union solution. Another key product and it was just mentioned, was Financial Crimes Defender. I think this is, um, another indication, and you'll see this later in my presentation when we talk about ONE Jack Henry, and our ability to better, uh, provide excellence in execution.

This is a product that we, you know, earmarked about two years ago that we were gonna start, we were gonna replace our-our, uh, uh, yellow hammer solution, uh, with something that was more, uh, you know, kind of newer technology cloud-native, as Dave mentioned, API driven, uh, opportunities to do that in a- in a much more, uh, seamless fashion than some of the things that we were doing, uh, previously. And the good news is, is that we set to the date to go in beta in December of 2022, and we hit that date, uh, exactly to the timeframe that we said.

We're super excited about um, you know, this type of solution. As it says here, you know, it's really an opportunity to, uh, provide real-time fraud. So, you'll see a component of this is tied to our PayCenter product. Uh, and then of course, anti-money laundering and, um, and, uh, our full compliance platform. The other thing that I wanted to mention is, um, you know, kind of where we are in-in the process of contracts sold to date and the early adopter on this product.

So, again, even though we just started the Beta in December, uh, we already have 65 contracts that are sold, 41 are the full solution. Uh, and then we have 24 of those that have been sold, uh, just for our faster payments or our PayCenter solution. This is, uh, an opportunity for folks to have a better solution to fight fraud against **[unintelligible 01:35:39]** uh, in any of the other RTP and other types of solutions there. Uh, and then as you can see, uh, we already hit in the early adopter, uh, and these numbers were as of, uh, almost a month ago now. But, uh, may the, or 7 in May and 11 in June, that are actually in the early adopter, uh, phase already for this particular product.

Enterprise account opening; This ties a little bit to, uh, the LoanVantage question, uh, that was an-- asked, uh, earlier because LoanVantage being the online account or the, uh, the, uh, lending platform. Uh, we're tying that into an acquisition that we made, uh, a couple, three years ago called OpenAnywhere. Uh, we're turning that into an enterprise, uh, account opening solution and tying it in with several of our products. Uh, this is an opportunity for us to get better at rationalizing, uh, the product set that we have.

Uh, we have a number of account-opening solutions across Jack Henry. Each of those requires development and time. This will be a single product that will eventually, uh, knock out those other, uh, solutions, uh, and be an opportunity for, again, for through the tech modernization strategy for us to have a more seamless approach, uh, to how we're, uh, how-how we're doing account opening across the company.

And then, as I mentioned here, opportunity to-to, uh, be a part of both the loan and the deposit side of what we're doing, uh, through, uh, enhanced fraud detection decisioning and embedded forms, uh, generation, uh, product. Current status for that. So, we've already finished the Phase 1. Uh, this is another solution that we really just kind of kicked off the, uh, uh, all the work about six months ago, four and a half-- uh, four and a half to six months ago, uh, from a timeframe of-of getting going.

But we already have some of the releases out, uh, much like we do with all of our technology development. It's all agile development. Uh, so, we release certain, you know, phases and components of that. So, that first phase is already completed today, uh, with a bunch more phases that are planned between now, uh, and the end of 2024, which we plan to have as the general availability for that product.

Uh, Dave mentioned earlier, I think you said around 150. So, uh, as he mentioned, we have 160, uh, FIs that are now have LoanVantage contracts, uh, 48 that are in the backlog to be implemented. Uh, that number continues to grow. Uh, the sales on this, uh, product continues to grow as well. And then again, on the OpenAnywhere product, uh, we have some legacy customers that we had-had brought over as part of the, uh, acquisition that were to continue to add additional, uh, uh, uh, feature and functionality too. But we have 119 FIs live there and 37 in the backlog on that particular product.

PayCenter. So, we talked a little bit-- uh, there was a question earlier about FedNow and its importance, and I'll-- uh, I can cover some of that during this process, but we have been, uh, I think most of you know what FedNow is, but I think the big differentiator that people forget is that the FedNow solution versus the RTP solution from the Clearing House, the big difference is the settlement.

So the settlement truly is real-time with the Fed. Uh, the settlement with the RTP is still an ACH, uh, back solution. They give the credit, uh, to the, uh, to the individual, um, but it's still an ACH batch solution. So, at some point, there might be some interoperability between, uh, between the two products. There's definitely been conversations about that, whether that happens in-- anytime soon, uh, time will tell, but there's a huge- a huge, uh, uh, difference in why I think the use cases are gonna be much different, uh, for the Fed.

Dave did a great job of talking about the gig workers and-and the things that the Fed can mandate, but there's a lot of opportunities in ACH itself, uh, to kind of change because again, it's a real-time, uh, clearing there. So I think there's gonna be some use cases that you can imagine, um, you know, alimony, other types of things that-- things that are actually being paid out on cards today that may go out to a store value card or a prepaid card, uh, now won't have to, you know, go to that card basis, uh, for that as well.

So, I think there's gonna be a lot of opportunity here. And fortunately, with our customers, um, we've seen way more interest in this Fed product than we did in the, uh, the Clearing House. Um, couple of numbers for you. So, our PayCenter solution, you know, we have roughly 1800 core clients. All of our cores are connected. Uh, I'm pretty sure we're the only provider, uh, based on our the-the low number of cores but we're the only provider that has every one of our cores connected to our Faster Payments, uh, offering through our pay center.

Uh, So, you take roughly 1800 core clients, we have roughly 400, uh, Zelle customers, uh, or Zelle contracts. Uh, we have about 300-ish, uh, live today. And then when you look at the Real-Time Payments or the Clearinghouse solution, as I mentioned earlier, we're 60% of we have 190 live of roughly 320, uh, that are live today that are Jack Henry. And part of that is our ability to bring clients on at whatever pace they want.

We can bring anywhere from 15 to 20 clients live in a single day, uh, if that's because of how we architected the system. Uh, doesn't typically work that way but we do typically do anywhere from 15 to 20 a month, uh, based on, uh, customer interest. The Fed interest is significantly growing. Uh, you know, as I mentioned here, we now already have 51 clients that are interested in the Fed product that was about 20, uh, just you know, a couple of months ago.

Uh, and I think it's because of the use cases. I think there's a larger opportunity for folks to, um, turn on. And this is what we're going to recommend to our clients to turn on receive only, uh, to enable payments to be sent to you regardless of whether you ever want to send a payment out or go through the process of doing that.

Uh, and why is that important is because as these use cases become relevant, uh, then all of our customers will be able to receive the payments for on behalf of their- their customers or members. Uh, So, that's a really big, uh, selling point that we're- we're pitching to our clients, uh, right now. So, I mentioned here, we-we were one of the first, uh, to be part of the early testing with the Fed. Uh, and again, we will be part of the first day's transactions on July the 19th, uh, as well.

So, ONE Jack Henry. So, we talked a lot in today's presentation about, uh, the advancement, uh, of-of the things that we're doing in technology, and the things that we've always been known for related to service. When I took over this role about you know, I said three and a half years ago, I really wanted to spend time with our customers, uh, even with our associates and others to find out how can we continue to-to- to put a, uh, kind of a wedge between us and our competitors from a differentiator.

Uh, there also was a if you're probably maybe not familiar with this, but there also was a, uh, a kind of a-a committee that was established by the ABA, uh, to go out and talk to core processors and, you know, find better ways to-to work with the community institutions. And so, it really kind of dovetailed into the work that we were gonna, uh, in-in- in kind of endure related to one Jack Henry. So, one Jack Henry, for us is really about how can we be more efficient?

How can we spend more, uh, build more consistency into what we do with our clients, uh, in our prospects, and again, our associates? Uh, to build a better work experience for them, to create better career paths. Uh, Dave mentioned, you know, we have 57, I think, 58 acquisitions that we've done in the history of the company. Through that, you get an amalgamation of variety of things that happen intentionally or unintentionally, uh, you know, as part of that-that process, and I wanted to make sure that we really kind of figured out a way to-to drive a stake a little bit deeper, uh, in with our customer base.

So, we adopted as part of-of the process these four tenets. And it was about being transparent as you can be, uh, with our customers, with our associates. Uh, my message to the team is always about don't tell them what they want to hear, tell them what they need to hear. And customers greatly appreciate that because there's a-there's a time when, uh, you know, customers or their-their associates are building their strategy based on what Jack Henry tells them.

And it's very important for us to do what we say we're gonna do. And that's where the operational excellence and-and the opportunity for us to be a better partner for them comes from. Better consistency and all we do across the organization. I'll give you some examples of that. Better collaboration which has created the ability for teams to-to-to bond, especially during the pandemic. You saw our service scores of-of, Dave, I think, show 4.74. That's actually up over the last three years.

Um, so, even during the pandemic, and in kind of a remote or semi-hybrid and work environment, our service scores continue to go up. Uh, and there's definitely a-a level of collaboration that the company that, uh, I'm not sure we've seen, uh, in years past and in communication. So, making sure that we are spending our time with our customers, with our associates, driving the vision driving the opportunities, and why we're doing what we're going to do. So, real quickly, you know, we've had a lot of success. Um, I won't bore you with all the details here, but just some grid, good examples. Roadmap consistency and execution. So, this may seem like a minor thing, uh, in the scheme of things, but it's very major to our customers. So, since we started this process, uh, we have grown our roadmap, uh, execution, from below 70%, till we hit 88%, uh, just our last, um, uh, schedule.

So, what we did is we built six-month roadmaps, uh, we publish them o-out publicly to our clients, and we have over 60 roadmaps that are published, uh, that are all in a consistent format. And they all tell our customers what we're getting ready to do for the next six months. Uh, we pick six months, because it's a very fast-changing industry. And we need to make sure that again, we do what we say we're gonna do. And it's way better and a-a-- of an opportunity to do that in a six-month increment.

So, again, getting our team focused on the ability to execute, getting our priorities straight, uh, things along that line, and not trying to be all things to all people, uh, has enabled us to-to really drive that. Few other things related to kind of incident management, you know, in our business, things happen. And when things happen across the organization, you don't want, uh, folks within your organization pointing fingers. Uh, worst thing can happen with a customer experience.

So, we made sure that we have a single incident management group now that goes through the process across the organization, has one single, uh, contact into our customers. Again, feedback has been tremendous, uh, from our customers, just because they don't have to deal with multiple people across the organization now. We've added a bunch of, uh, of monitoring and observability components. Uh, the way we alert our customers on when things happen in a very standard format and things along that line.

We now work with our clients on, uh, when they're gonna make a change to their system, or we're going to make a change to our system, where we get a dual- a dual sign off, which means they're prepared that what we're getting ready to do that we can-- could affect them, and they're preparing us on something they're doing either on their in house system or somewhere else, uh, that could affect us.

We've created diagrams that allow our customers to see exactly every single product that Jack Henry has sold to them in the history of-of- of their-- our relationship. Why is that important? Because there's a ton of turnover at our customers, there's turnover at Jack Henry. So, having a consistent, uh, view of what those products look like, what products are they not utilizing, you asked Mimi about organic growth and where some of that comes from.

Some of that comes from the ability for us to take a product that we know that they're not fully using, and giving them the ability to have better education, uh, you know, marketing material, whatever it is, uh, to drive better adoption, uh, through that process. So, this is all of these things have been, uh, pretty big hits with the customers over the last year and a half or so. We created a customer success team. As I say to everybody, that's not rocket science, a lot of people do that.

But it's really what we've thrown into the group to have it very centralized, um, where we've taken all of our education teams and made them one big team, uh, instead of a bunch of small teams doing what they thought was right for the customer. Um, we've been focused on improving, uh, our service scores. S-so not only the service score that comes in a customer service survey but also our ability to react when something goes wrong.

So, I mentioned the incident, uh, management, uh, group that we have. We also have a focus on what we call urgent cases. So, a case that comes in urgently we are to respond to our customer within 24 hours with a plan. Uh, prior to July of 2022, when we started this, uh, we were about 77%. Uh, we are now close to 85% on that just by, again, focusing, getting better collaboration across the organization and groups working together to solve our customers' problems.

Um, I would venture to say that that's not happening in a lot of our-our competition right now, and again, is we look for opportunities to go upstream, uh, with some of the, uh, the sales opportunities with what we're doing in tech monetization.

Our ability to service our customers with the same level that they expect and maybe even better is going to continue to help us, uh, win a lot of those deals as well as the renewals. So, a few other things we're doing, we're trying to figure out how to, uh, kind of the ABA initiative is to get better at how we bundle, how we price, how we, you know, kinda comp-com-co- complete the full circle of what we sell to them. Um, we've gotten a common product development lifecycle now across the organization.

Again, we have nine big operating groups that were building products, every one of them went about it different ways. Uh, and now they're all following a single process under Ben's leadership and-and things along that line. We're trying to get better about the seamlessness of our implementations, make it faster, make it easier for them to work with, and then we got a big Salesforce CRM implementation that will help us. So, I mentioned some of this, but this is the depiction of-of what we've done, uh, related to the road map metrics in our ability to execute there. Uh, and then the same thing on the, uh, time to solution.

So, other key priorities, uh, rightsizing our-our real estate is obvious one. Uh, we've had a few sales of various, uh, locations. We've downsized some locations. Uh, we've- we've, you know, continued to look at that, and we conti- we and we continue, uh, uh, to do that for the next foreseeable future.

Uh, I'm in a- in a facility in Kansas City where, uh, you know, we used to have 300 people coming in every day, and we don't have that anymore. So, uh, we need to continue to look at-at, uh, the ability to rightsize that. The multi-cloud strategy. So, we've been, uh, working with, uh, both Azure and AWS, either through acquisitions or through the Banno, uh, environment for years. We have a lot of products in Azure. As you all know, we have a well-publicized, uh, working now with-with Google.

Uh, we now have our first product fully in Google, which is our Wire solution, uh, is now in-in the Google Cloud with many others, uh, to come behind that, but we'll continue to have a multi-cloud solution because that's really, uh, the way that we need to operate and not, uh, have any one, uh, all of our eggs in that one basket. Uh, we're looking at some of our, uh, data centers, uh, continuing to look at what makes sense for us long term, also part of our ESG initiatives, uh, to drive the right, uh, the right mindset there, uh, that are all kind of tied to data center, real estate, all of those things, low carbon, uh, to our ESG initiatives that, uh, Dave mentioned earlier.

So, the payrolls acquisition, real quick. So, we've talked a lot about this, but just again, as a reminder. This acquisition was not about replacing iPay or Bill Pay. It is a payments platform that allows us to do much more than Bill Pay. It allows us actually to tie the payrolls acquisition into our pay center application as well. There's gonna be, um, uh, integration points into there to do what's called least-cost routing. Our ability to send transactions to RTP, to, uh, to, uh, the FedNow, to ACH, to Card, uh, any which way we-we-we end up, uh, selecting, or the customer selects, uh, creates that type of-of engine. We didn't have that capability, uh, within the Bill Pay platform, uh, known as iPay.

Uh, you know, we talked about, you know, really kind of creating more of a-a modern payments experience through the addition of AI, uh, and machine learning, and there's a lot of-of feature functionality that's built into those applications that, again, legacy tech that we had, uh, related to iPay. Uh, iPay still has over 3,000 clients that are out there live and-and working very well, but we think together, uh, we'll be able to form a much better, uh, overall solution. And then, you know, we talked a little bit about the Fender being a huge product for us on the fraud side, but Payrailz came with a- with a module, too, that we're able to use for the P2P solution that came with Payrailz.

So, it creates a-a very, uh, integrated, uh, solution that allows us to, uh, to better monitor those transactions on the open loop, uh, P2P solution that we have, as well as a module that will feed into- to the Defender product, uh, that Matt Riley and his team are working on, uh, to have that as more of an integrated solution and not a single offering. So, this is just a quick depiction of-of what that, uh, that product looks like. Again, the most important part here is that this is open loop. So, for folks like, you know, many of you that I see in-in the audience here, you may be using Venmo or you may be using Cash App or-or whatever it is.

Once you've established those relationships, you don't wanna change. You wanna continue to use what you use. So, if you go to Zelle and somebody says, "Hey, I wanna send you a Zelle payment," and you're not on Zelle you gotta get connected up, or whatever you wanna do. Through this solution, it gives the receiver the choice to select whatever, uh, application they want to receive. So, whatever is their-their predominant, uh, solution. That's a huge opportunity, um, as to be a complement for our customers to Zelle, uh, and in some cases potentially a replacement, depending on what the competitive market is.

I, um-- You all asked earlier about some things related to, um, P2P and Zelle. So, again, I mentioned 1,800 core clients. We have 450ish, uh, contracts sold for Zelle. Uh, that leaves a lot of folks that aren't using Zelle as a product set variety of reasons. Whether it's their competitive market, whether it's, uh, the-the fraud issues that have occurred in Zelle. This is a great alternative for them, uh, to-to use that as- as again, as an option. It will be embedded in our p- in our Bill Pay solution, iPay, embedded in the-the payroll solution, and embedded into Banno, uh, as well.

So, opportunity for it to be used in multiple places. And then lastly, uh, I heard Mimi answer a few questions on Payrailz. So, I think it's really important to understand that from a standpoint of excitement about this-this acquisition, we have tons of excitement. We think this was absolutely the right acquisition at the right time. Unfortunately, a few things, uh, out of our control have happened with-with a few of our third party, uh, partners. Um, much of the distribution channel for this product before our acquisition were third-party distributors.

Um, ones that-- Some of them, which we use today, uh, through other products, and some not, but the reality is, um, there's some acqui-- Or some integration work that needed to take place, uh, that was a little more complicated than I think, uh, both the third party, uh, and maybe, uh, some of the Payrailzs team, uh, imagined, that delayed us. But none of those contracts have been, uh, canceled. Uh, and in fact, you know, as I show here, we have, as of 04:21, we had 66, uh, contracts in the- in the, uh, queue for implementation, and about 42, I think, or 45, somewhere in that number is related to third parties.

Um, so we're a little bit on hold. There's probably gonna be another few month's delay on, uh, some work that needs to happen there, but again, the contracts haven't gone away. The more exciting part in my mind is the last bullet there. We've actually sold 48 new contracts, uh, since they become Jack Henry. And a lot of those were direct sales through both the existing Payrailzs team and then, uh, the team that, uh, Brian has assembled to, uh, help sell that.

Uh, we have a huge focus as a company, uh, to drive this product because of its opportunity. And we're very excited about-about where this is, uh, this is gonna go. So, I know I didn't leave a ton of time, but I know we have questions at the end, too, but I'll be glad to take any questions or address any of the payment questions earlier as well.

Audience Member 4: Hey, Greg. Uh, you know, one of the things you talk about is Payrailzs, and Zelle, and maybe some of your customers aren't using Zelle. I think in the past, we've talked about Zelle is an expensive product, especially for community banks. You know, how would you compare Payrailzs versus Zelle from a cost standpoint? Does that provide an advantage to a- an FI, and do you see your customers that haven't adopted Zelle that might switch or might adopt Payrailzs because of that?

Greg: Yeah, great question. So, uh, I think the biggest opportunity is that, you know, we control the price point, not a third party. So, when you look at the overall price point, it's somewhere, uh, between 30% and 40% less than the average Zelle, uh, transaction. Uh, the other part is, is that, you know, typically when they buy Zelle, there's a simp- a separate, uh, implementation fee. This will be aggregated into what we're already doing in pay center as a bundle solution. Uh, so, it-it literally is going to be at least a lesser cost option, uh, for our, uh, for our customers.

And again, you know, a lot of people have just kind of shied away from Zelle for the fraud standpoint, and we think we have a much better handle, uh, on the fraud component, uh, because of how we handle the transactions, uh, in the Payrailzs application. Yes.

Audience Member 5: Thanks, guys. Uh, you know, just a qu-quick follow-up on Zelle for a moment, because I know it's come up as a bit-- A pretty good amount of dialogue in the industry, especially, uh, for tech implementation purposes from companies like yourself, but I rarely hear about it being a material con- you know, contribution to actual revenue for Jack Henry, or for anyone else like it. Um, I mean, is this really just a good value differentiator that you guys are offering low friction, or is this gonna move the needle?

Greg: Great question. I-I-I think, you know, it's not a huge, uh, money mover. Uh, I will tell you, and I think I had it on one of the slides, you know, we're generating north of 400,000 transactions in pay center today a month. Um, that's a combination of Zelle and, uh, with, uh, with the real-time payments. But again, from a- from a price point, you know, where I think the real opportunity is going to be isn't necessarily the-the-the-the P2P transactions.

It's going to be the use cases that get driven out of the FedNow, and to a lesser degree, the real-time payments network through the clearing house, but those use cases, when you can start charging dollars instead of cents, is where the dollars for us will change dramatically, too. So, some of this is-is a dynamic of waiting to see what use cases really get utilized, and the timing for those use cases. But I would say, over the next 12 to 18 months, we're gonna see a difference, uh, based on how those use cases are rolled out.

Ben Metz: Now, while y'all are making your way to your seats, I, you know, Dave talks about, um, you know, associates and employees. We take care of our associates, employees, and then they'll take care of our customers. And then if we do that, we'll all take care of y'all, but while we're making our way to our seats, I do wanna say like, uh, last year was my first time here. Um, I've been at the company for nine years, but one of the things I tell our team internally is we have the best set of investors. We really do.

Um, and we talk about it inside the company. And so, I am lucky I get to come work for the best associates, I think, on the planet. I get to work for-for Greg, and for Dave, and I get to work on this leadership team. I feel lucky to be at this time, at this company, working in this industry, doing what we're doing. It's a big deal. Um, but also feel fortunate to have y'all as investors. So, thank you. Um, we're gonna jump into it, see how the clicker works. Um, I always open my presentations with this, the United States is not a better place without our community financial institutions.

Um, interestingly enough, this is my hometown. And, uh, I-I actually had this picture taken with the design team that I work with, um, because this was that corner 10 years ago. So, if you're worried about financial- community financial institutions being alive and well and strong, uh, they are. This was, uh, a Wells Fargo building. I love this, by the way. Wells Fargo building 10 years ago. This is 10 years ago. Um, this is what it looks like today. Um, and literally, the entire surrounding community is completely overhauled, and I guarantee you, I guarantee you, and I live in this community. I've lived there for-- Since the year 2000, roughly speaking.

Um, community financial institution have-have funded this entire thing. Everything. Including this building, which is a brand new- brand new building, and it just turned out that, uh, Jack Henry decided to put our offices there. So this is now my new office. And, down below, which I'll let you do some sleuthing, you're all analysts, right? Let you figure out who this is, but down below is our first outside-the-base customer. So, it's pretty cool. Downtown Cedar Falls, community institutions are live and well. Crushing it. We talked about this last year, Dave has talked about it a lot.

So, again, part of my job is to explain kind of the next layer underneath what Dave and Greg have talked about, and what Mimi has talked about. Um, this was the world, right? Um, before the Internet for a consumer. They had large bank options, regional options, and then that blue, um, moniker is what-what our community financial institutions represent. This is kind of the competition landscape, and Dave showed you something like this, right? This has been a problem. We've talked about it last couple of years. Um, one of the things that will happen in this presentation is I'm going to reference last year, and then explain what we've done in the year since, okay? And you'll notice this.

I'm going to put some Easter eggs in this presentation. They're here. Um, there's some Easter eggs in Dave's presentation, too, that have hints to the future. Um, and, uh, we'll see if you can find them. Uh, this is one. Um, this is the data. Okay? Um, our-our, uh, our, uh-- We have an awesome, uh, data team that surfaces this. So, um, the problem really is in this millennial group, where they have 30 to 40 financial relationships, and we got a deal done with Finicity. All right? So, last year when we were here on this stage, or I don't remember where exactly we were, but on-on this stage with you all, we knew this was gonna happen and we were working on it.

Um, this is not a technology problem, this is a business model problem. And what we have done now is we put our customers at-at the center of that entire ecosystem with Finicity. It's rolling out right now. We're live with our first customers. Basically, the way it works is that a customer on this device gets access to all their financial institutions. How-how many of you know what Mint is? Right? We just put Mint in our app. [chuckles] And then we made all that available to all of our customers. And it's a first-class feature. It's not something you got to go do separately.

Now, this is hugely strategic. Why? I'm gonna explain, but I'm gonna take a little rabbit trail. First of all, the other thing we've been up to is removing all toll gates for developers to work with Jack Henry. So, as CTO, now, I was once a startup. All right? I was once smashing code into a computer. All right? About 12 years ago, building Banno. Right? Um, a lot of code that I wrote actually still runs. So, um, and one of the things about this industry, and our world, is too many toll gates. There are just tolls everywhere. I'm not gonna point, uh, to where our toll- where the tolls are. And we've always had this posture.

We wanna be the most open. We wanna be the best one. And when I was outside the company, there's no question about it. Jack Henry was the best one. We wanna be better. Okay? We wanna be even better. So, that's jackhenry.dev. We talked about it last year. We are the only self-service API, where in which a-a developer can sign up, hitting this signup button, get API credentials, and get to work on the entire stack at Jack Henry. We run the entire stack for them, underneath these credentials. Um, we have, uh, last I checked, 650,000 signups. I'll say it again. 650,000 signups at jackhenry.dev. We did not know this was gonna go like this. Okay?

When you start to lower the barrier to entry for developers to come work on your platform, why is this important? We wanna be the industry's best matchmaker. All right? We wanna be the absolute best, and I'll explain why. First of all, it helps our customers compete. This is a customer, Alex Carriles, he was, uh, former head of mobile at BBVA. One of our best customers. When he understood what we were doing with this open platform, he just went over the moon, because he was able to hire a small team and just get to work. I've lost count of the integrations. It's somewhere north of 14. This is just one of them. Okay? Where they were able to increase mobile deposits.

Also, just so happens that Simmons Bank has probably the best account opening experience of any financial institution I've seen. Again, they did it with our tools and our open platform. This is really starts to tell the story of why we're doing this. This is a wonderful company called Atomic. I like to reference them. We really like what they're doing. Um, we don't have any formal relationship with Atomic. Atomic is built on our platform. This is exactly what Atomic looks like inside our digital platform. All right? And I'll let you read it, but what they do is they do-- They have integration with all the major direct deposit providers. All right?

This allo- is a tool that allows our customers to immediately integrate it into this experience and start to go compete for deposits. Now, this all happened before this world that we're now in. Okay? This open platform, okay, happened way before we got into this world where all of a sudden our financial institutions are saying, "Hey, there's a real focus on deposits." Right? Now, you take Jack Henry plus this Finicity integration. Now, what we're focusing on is making sure we are a platform, and that we wanna be a platform of platforms, 'cause Finicity is their own platform.

This is extremely strategic because Finicity offers the best, we think, one of the best, um, uh, open banking platforms writ large, that connects to any financial institution. They've got more open banking agreements than most of the other providers. They're OWA to OIDC capable. I know those are some nerdy terms, but they're really important. All right? And they're natively a part now of our platform. So, enter Atomic, now our customers can integrate Finicity, now their customers get access to their entire ecosystem. They become the hub. Right? Now, you add something like Atomic, and now they can compete for deposits across the entire breadth of what Dave referenced.

Does that make sense to everybody? All right. So, when we start looking at these problems, and like Dave was saying, this disruption, we think is positive. Why? 'Cause we have answers, right? We have real answers to help our customers go to compete. I was just on the phone with one of our-our larger, um, uh, nationwide brands, and they've-they've-they've signed up for all this. They have it all. Like, as fast as they can get it, they have it all. Right? Um, so, you heard Greg talk about Banno Business, but we kind of need to stretch out a little bit.

One of the things we think is a huge opportunity for our customers is a small business offering over time, as well as treasury. They didn't have a specific slide for treasury, but I wanna make sure we talk about it. I personally run treasury at the company. All right? So, treasury services, we've been completely overhauling our treasury platform. Our goal is to build an ecosystem where and which at one of our community financial institutions, you can start a company as a startup. Okay? You get world-class software to run your business, and then you can scale that all the way through your entire lifecycle. Okay? Of treasury services. All right? And this is a single platform.

A lot of what we're doing in treasury becomes folded into this entire platform, natively this summer and fall. Banno Business itself, we're gonna have this strategic focus on small business, and you'll see us talk more about it next year, but we think our-our banks and credit unions can-can compete. We think they have a massive opportunity to compete for small business. We'll talk about that, why that's true. If you go to Main Street America, what they really want is relationships, right? With their financial institution. You go to the main street that I live on, all right? It's in my neighborhood, and this all boils down to personal relationships.

The- the thing that somehow people have missed, and we're gonna talk a lot about digital today, and conversations. I'm not sure why, but we're the only one- we're the only one in the industry that built a digital help desk in our apps. We don't know why. We're- you might say, "Well, Ben, that's just chat." No. No, it's not. Look, this person attached a check, okay? They can attach any noun in the application. How many of you understand or are current on AI? Okay, no hands? All right, we'll move on. However, I just wanna point something out. This is highly labeled sophisticated data that will allow us to do some extraordinary things for our customers, and we've been doing this for five-plus years.

We have authenticated conversations with customers for a very long frame of time. All right? Where in which those customers have added transactions and said they didn't make those transactions. They added 'em here in the chat. All right? This is magic. This doesn't exist anywhere. We don't know why. Well, we're saying, "Okay, we're gonna take this further." What this really is, is private chat for small business. Then we're gonna scale it to treasury. All right? So, that will come in the future. Right now we're scaling it into small business, small and medium-sized business.

I have had the good fortune of running businesses, and my joke is, Jack Henry is my first real job, the first time I had like all this, you know, like 401(k), stuff like that. So, all I-I had done before Jack Henry was startups. All right? So this is like my first real job. Um, and one of the things I know is that when you're running a business, you wanna be able to have private conversations to the business. And then you're gonna need help from your financial institution. So then you can add them to the chat. And then you need your attorney to look at something you're doing. Do you not? This happens all the time. All the time, every day. Well, you can add your attorney.

This doesn't exist. We don't know why, but we think this helps our banks and credit unions compete against things like JPMorgan Chase. Does that make sense? Okay. Um, this is shipping with Banno Business outside the base. Already had questions from some of you outside about this. Everybody is interested in outside the base. We're going outside the base. Um, Dave Foss, you know, pioneered a lot of that at our company, um, building out the ProfitStars' ecosystem. What now, you know, became this whole other business when we- which we have a lot of products that are outside the base.

When-when-when Dave actually thought it was a good idea to buy Banno, Dave and Greg both, we were actually an outside the base player Banno was. One of the untold stories about Banno, is that we've actually rebuilt the entire platform inside the company, in the last five and a half years. It's the fastest it's ever been done, per my knowledge. I've done some homework. Don't think anybody's built something this big, this fast, this comprehensive, this open, API first. By the way, talk about that API. Just so you know, the amount of users we have in Banno is also the amount of users we have on the API.

That's because we use it ourselves. We built our own product on top of it. Okay? That means there's no functionality available in Banno that's not available on our API for a fintech to use. Back to outside the base. We've had our eye on outside the base, but what we really wanted to do is make sure that we got the relational elements of our customers and how core processing works back through to the Internet. We make sure we got that right. We are the most integrated platform to any of Jack Henry's course today, and any new core we take on, we will be the most integrated, too. All right?

Does that take a little bit of time? Yes, because we have to give the bank the same competitive advantage that the big banks have. Make sense? Same with fintech. Um, Dave mentioned this. All new Origin components, we're gonna talk about that in a minute. They're all gonna be available outside the base as well. Right? So this is by strategy, right? So, there we go. We're gonna talk about core. I said core. This is like a big argument I have. [chuckles] Core. We're gonna talk about core. Okay, so first of all, what the hell does digital even mean? Anybody know? Because if you know, you should tell me, 'cause I don't know what it means.

I'm the chief digital officer, and I don't know what it means. Now, give you a little homework. This is a wonderful book. If you want it, you can buy it and put it on your coffee table. It's actually an awesome book, 'cause it's a, uh, it's all these photographs from this, uh, and this photographer that got inside access to Steve and a bunch of other founders in Silicon Valley. It says, *Digital Revolution Silicon Valley in 1985 to 2000*. We're in 2023, why are we still talking about digital? When Steve was making a list of things that are digital, and needed- our analog needed to become digital.

Everything became digital back in the '80s and two- like all the way up through 2000s. So, what are we talking about? So, what I think we're actually talking about, in our world, okay, it means different things in different industries. What I think we're talking about is demand for self-service via the Internet. A lot of people have asked me, "Why do you got to build a new core, Ben?" This is the answer. Demand for self-service via the Internet. Night starts, and basically 1994 is when we first started seeing online banking systems. Okay, here we are, 2023, anybody willing to bet me any amount of money that demand for digital self-service via the Internet for banks and credit unions goes down.

Anybody? Any takers? I'll bet you an insane amount of money. How about 2024? Does it go down? Demand for digital self-service via the Internet. Does it go down? 2025? You get what I'm saying? This doesn't end. This trend, this is a trend line. You're all analysts, you know. Trends, they matter. All right. How about 2026? What we really think happens, we really think this merges with the growth curve of the financial institution. Right? If we can help them grow. There isn't a customer at the financial institution that isn't as also a demanding self-service via the Internet.

What we have to make sure is we build all the right software that helps them hold on to those relationships, and they can be a hub in the future. All right? This is the next problem. So, we're gonna kind of switch gears a bit, and we're gonna talk about digital. I mean, core. Sorry, digital. I mean, core. Like this is- these things are dumb. The reason-- I don't know why we created these terms in this industry, but this is kind of like what the world mostly looks like, right? This experience, which was a branch based experience, the software runs here, connects down to the basement. And Jack Henry has been a basement kind of company.

Okay? Meaning, nobody knew who we were. If you think about us, there wasn't like an intel sticker on the outside of a bank, or a credit union. Right? Okay? Um, we've been-- But what we're doing as a company, you saw with Greg and his presentation, we're overhauling the company to make sure we meet this demand. I couldn't stand here and go do what I get to go do every day. I'm really lucky. If it wasn't for what Greg is doing with-with one Jack Henry. As the organization goes, so goes our ability to actually do technology. Okay? So, and I wouldn't be standing here at all. Dave didn't think it was a good idea. [laughs]

So, this is kind of what a lot of people try to do. I call this a red pipe problem. All right? Pretty much. I'll-I'll say it this way. I was at IBM for three days last week. I think most of the money in the world settles on- settles and clears, to be specific, settles and clears on IBM machines. You should pay attention to IBM. They're doing some cool stuff. And our strategy includes IBM, it's not exclusive of IBM. All right? So, this are- these are the three models. I tried to visualize them for you, so that you can just sort of easily commit them to memory in your head. This is kind of the model we've been living with for a long time. All right?

Basically, this thing, we tried to build it strictly to in- onto what we would call a legacy core system or an IBM machine. All right? Then, we have a lot of new startups going, "Hey, we- we're gonna come along. We're gonna build a deposit only side core. Okay? So, that's another strategy. And again, I-I love that these- that this competition is showing up. I think it's great. It's great for the industry. The problem is, this cannot run your bank or credit union. One of the major advantages that Jack Henry has is we can run your bank or credit union soup to nuts. Okay? This cannot. Problem. These are not integrated. And they're not integrated with these things.

They're not. And they don't come out of the box with a bunch of integrations. Right? So, will they get-- The question is, will they get there? Of course they will. Eventually. I don't know how long it takes. Banking is a Sahara Desert of edge cases. That's why nobody's rewritten these things. It's really difficult. This is the Jack Henry model. How many of you know what a digital twin is? With some head nods, you know, digital twin. If you have that mental model, that's what we're building. We're building-building a digital twin on top of our legacy core. Okay?

All right. What is Origin? Origin is a program. It's not a product. It's a program. First pillar of this program is to modernize and improve our existing core systems. So that means those machines that were down over here. Okay? And we're doing a ton of that. One, I'll just give you one example. We just released in beta, on one of our major cores, and we're working on the other ones, should happen this year. Real-time data coming off of our core systems. Fun fact, in the **[unintelligible 02:20:05]** of banking, you cannot stop fraud unless you get data real time, in your real time off of these core systems. It's not possible.

Anybody who tells you different, doesn't understand how settling and clearing works. All right? Okay. We're also overhauling all of our integration. Dave mentioned it in his- in his, uh, update. We're completely overhauling how we do data. So you saw what we did with our APIs. We are building a Jack Henry data broker that's pretty sophisticated and pretty cool because we wanna be a matchmaker, 'cause we think there's an army of startups coming for AI, in this domain. Army. They're coming. We're getting real smart, we're preparing ahead of time. Okay? All right. So, and we've overhauled all of our reporting layers. That's happened in the last year as part of our Origin program.

The second thing is what you saw on some of Dave's slides, which is, we're gonna create shared services for functions traditionally found in a core product. I know that's a lot of words, some word salad, but, um, that is what you see us doing. Why I say traditionally found in a core product is this. We're gonna converge this idea of digital and core to a single platform. Right? And I'm gonna explaining how we get there. When we were here last talking to you all, we knew this deal was gonna happen. We were really wanting to be able to talk about it. It just hadn't happened yet.

Google has been an absolutely world-class phenomenal partner. Uh, we signed the deal last summer. Um, and again, Greg mentioned this. We have good relationships with all three cloud providers. We think that's super important. But Google is where we are building out the Origin program, and we were making strategic advancements in terms of how you build a core system in the cloud. By the way, does anybody- is anybody aware of an existing core processing and settlement system that actually runs in the cloud? Public cloud? Right. You're not aware of one 'cause they don't exist. All right?

So, there's reasons why we chose Google, and they've been a phenomenal partner, and we are pioneering what it means to actually build something like this in the cloud. We just released Wires. Dave talked about it. We now have two live customers on Wires. Um, we talked about that last year. Hopefully, you can see this execution pattern. And then it's here today. But more importantly, again, we use the products we make. So, Banno uses Wires. We also use authorization management.

So, the other thing we're getting out of this program is leverage in cost over time with a shared services model.

How many of y'all understand multi-tenant SaaS businesses? They're really important. Are they not? This is all multi-tenant SaaS. All right? So, Dave was giving you an- a great intuition for what the next leg is gonna be, right? Greg and Mimi were talking about it. So, this is kind of what it looks like, a mental model. Um, and there's, uh, pretty much everything that's here, if you look closely, and you have the slides to kind of study later, um, a bunch of this stuff came from Banno. So, our identity platform and our API gateway, we actually have a customer using just those two things today.

We just, um, Shannon and I have been engaged with a very large credit union who now wants to use-- They built their own online banking system, but they need that API gateway and our identity provider. Guess what? We are announcing that we have- we have effectively, by the fall, removed all screen scraping from the platform. Well, if you take a dependency on these two shared services, you can do the same thing for your platform, even if you're not on Banno. So, in a lot of ways, the way we built Bando-Banno, is so that it can be unbundled and used for other things. All right? How many of y'all know what Okta is? Okay. That's our Okta. Okay? And it can bridge to Okta. All right?

For those of your technical. I learned last year to-to-to-- And I didn't know you all. Like, I got to know you a little bit last year. Y'all are real smart. Y'all asked me some tough questions. So, came prepared this year to give you some detail. Um, we're overhauling existing things we have, and I'm gonna move on, 'cause we're gonna explain how we get there. All right. Dave had a little bit better slide here, but I just wanted to show you what- how this works for Wires. This is really important. We launched Wires. It works with our existing core system. That's what's different.

Also works with our FedLine Direct connection. Comes out of the box with APIs. When we launched APIs and Wires, all of our partners got the APIs the same day we did. That's the new rule inside Jack Henry. Why is that important? Well, I think you can probably figure that out. All right. So digital legacy core, this is how we get there. One of the things we are working hard on, the industry needs to get serious about properly structured distributed systems, because they are inherently more reliable. Banno by default is a distributed system running in Azure today, reporting it to GCP. That will happen by the end of the year.

We have 9.5 million users on the platform today. This runs on about 4,000 containers. All right? About 300 plus discrete microservices. We prevent about 2,000 plus fraudulent logins per second. I'm trying to give you a sense for the scale and power of what this thing is that we built. Why does that matter? Because we're bringing that to our core system. So the question I keep asking internally, well, what's core and what's digital? All right? Here's a huge problem. All payment channels from the Internet inherit the identity of the online banking provider. And I'll let you, some of you smart people, really noodle on that.

That's a fraud problem. Okay? And then, when things actually settle on a system down here, that was built before the Internet, this thing doesn't understand the Internet, because it was designed before it. There isn't a single core processing and settlement system that was built before the Internet. Not one. Not anywhere. I haven't been able to find one. All right. Okay? Now again, something that's settling and clearing in real time and that can run your bank and credit union, they were all built before the Internet. The software was built before the Internet. So, we're bringing the Internet to the core system is another way to think about it.

This is what it starts to look like, right? Then we're building this sophisticated layer, and I don't have time to explain storm forward. You can ask me about it, and I'm happy to explain how storm forward system works, but we're effectively building storm forward on Google, with Cloud Spanner. Okay? This gives us a digital twin. Now, some of you might ask me, "How in the world are you- is this thing gonna get data?" Did I just not tell you we were getting real-time data for our existing core systems? Okay. That's how we get a digital twin. If you get a digital twin, for those of you who are real smart, which I think all of you are, oh, I forgot I had this slide in here.

This is like what I call like a weird twist of the- of the, uh, in banking, and a lot of people like to talk about faster payments, which obviously, we're all in on faster payments, but here's the problem. You get faster fraud, right? And we've all seen it with Zelle, et cetera. And here's another strange thing. I-I-I feel like this is like nearly computationally irreducible, but a shocking amount of money moves over SFTP. A shocking amount of money. Now, who's talking about money movement or ever SFTP? Where's that an article like in *American Banker*? No offense to *American Banker*, maybe they should write an article on that, because most of the money actually moves this way.

Time is a great friend of payments. Time is a great friend of payments. We slow things down on purpose. ACH warehouses and wire rooms are designed to do what? Slow the money down. That's what they're doing. They're designed to slow the money down. Why? Because so much money flows through here. We're gonna be overhauling this in Origin, too. Why? Because there is an insane amount of pent-up demand for more digital self-service and treasury functions.

There's a lot of people that told me, "Ben," because I'm the Internet guy, like in banking a lot of times, depending on where I'm at, and they say, "Ben, hey, treasury systems, like they're never gonna- there's never gonna be like this demand for self-service from this device." Guess what? That generation slide that Dave had up, that slide's also true for leadership. Okay? Leadership of these large business and commercial entities, it's changing at a shockingly fast rate. And what do they wanna do? They wanna approve payments on this device. Okay?

They don't wanna call their banker. Okay? So, we see this amazing, it's-it's to- it's to us amazing, because we've been focused on this digital platform. So, we feel like this is a huge opportunity for us, and we're still all about faster payments. I'll explain why. Now, there's a lot of detail I can't discuss, um, because we're gonna be, um, doing some things that I can't discuss. [chuckles] But if you have a digital twin, and you can expe- inspect all payments flowing-flowing through the platform on any rail, and what if you could slow time down? Remember what I said? Time is a great friend of payments.

Now, what if you could slow things down? I don't mean really, I just mean actually slow the world down and take a look at what's happening. This is gonna be our key innovation in Origin, with a digital twin. All right? If we can deliver a low fraud platform, and we don't have to. Again, remember, Jack Henry is an agnostic provider. We love our friends that do digital banking. We have a lot of them. Okay? That do all kinds-- There's other payments providers besides us. It's not just us. Okay? We show up at our Jack Henry Connect conference, and we make sure everybody's welcome. Everybody.

So, we have to think about fraud coming in on systems that we don't own. How do you stop it? We have a very sophisticated means of doing this. How many of you know what Software 2.0 is? We're bringing Software 2.0 to core systems. And that's my presentation. Thank you so much. Um, questions?

Audience Member 1: We probably have time for one or two questions at this point.

Ben: I will be over in that whatever room over here, until y'all don't have any more questions. So, we certainly can, uh, do it then, too.

Audience Member 2: So, maybe, uh, I think that- I think I'm gonna ask it the right way, but if I don't, I apologize. You know, you talked about AI, and as you look at AI, do you think-- Is that a potential revenue driver for Jack Henry? Is that a potential revenue, um, headwind for Jack Henry? You know, what do you think all this AI means for the company and your ability to provide product and drive revenue?

Ben: It's a massive tailwind. Um, and it's because we've been diligent, as a company, making sure we collected the right data sets. So, really, collecting the right data sets and then making sure-- Now, I'm gonna be technical for a second, but hang in there with me. The breakthrough that makes it accessible by us as a company, and that makes it a tailwind, is unsupervised learning versus supervised. For those of you who don't know what I just said, supervised means you got humans in the loop. That doesn't work for banking. You break privacy law, you got all kinds of regulatory issues.

Unsupervised breakthroughs are huge for us, as well as pre-trained models. We have access to pre-trained models now. That means we can train on small amounts of data that don't require human intervention. And we can, because we have a very stringent, uh, contract with our customers that basically says, "We are gonna be good stewards of your data." Okay? The breakthroughs in the technology have now made it possible for this to be a massive tailwind. I'll give you two intuitions for that.

One, we've talked about, which is fraud. But if you're building a new digital twin, like I discussed, right? And you-you-you're building something new like this, it gives you the ability to take advantage of say, fraud models. If you noticed, Greg was talking about AI and machine learning for fraud and Payrailzs and Defender, but that's not magic. Where does the data come from? We have it, as a company. Okay? We've collected data sets. Um, the other thing is Banno conversations is a really big deal. I- I don't, again, I don't know why people haven't done this, but we-- One of the biggest challenges our customer-customers face is just plain old simple after-hour support. How do they do that? They have a hard time.

Guess what? I just told you, digital demand goes up. We know people are on these systems at 1:00 AM. Can they get help and can they get help that really is like really useful? The breakthroughs in large language models are very accessible to us with our data sets to actually use. So, it's huge. Not just that, but all of our customers are gonna have to scale their call centers, right? To meet that digital demand. Does that make sense? Huge tailwind. There's a lot more that I can't talk about, but it's a massive tailwind for us and our customers. Anybody else? All right. Next up is, um, I actually really love this guy. He's our head of sales, uh, Brian Otte. I-I get to call him a good friend as well. Thank you, Brian.

Brian Otte: Ben, thanks. Hi, I'm Brian Otte, also known as the Accordion, and I think they strategically placed me after Ben, so if he goes a little longer, I shorten up my speech just a little bit. So, um, like Mimi, I'm a new face up here. Um, I have some similarities to Mimi, and I have some differences. So, I figured I would, uh, start off with some differences, and give you a little bit of background on myself. She talked about lowering your blood pressure, I think. I have a doodle as well. I have three kids, but I think I'm gonna raise your blood pressure a little bit when I go through my background here.

So, I started my career at Arthur Andersen as an IT auditor, have an accounting MIS background, along with an MBA. And so, uh, that's where I got exposed to, uh, the banking industry. In that, I was focused on network security. So, this is the late '90s, and, uh, it was kind of in its infancy stage, and was part of a startup, uh, that was, um, probably there at the right time. We grew to about 1,000 community FIS, to where I got exposed to the community banking space, the credit union market as well. When we exit, we had roughly a 1,000, uh, community FIS. So, we had a pretty good run there.

Uh, later I, uh, went to Oracle, uh, thought I wanted to do international business. Long story, I lived in six different countries before I moved to the US. Uh, got exposure there, but I missed something, and it wasn't just being home, which was probably the number one factor, but I missed, uh, the business that I was able to do with community FIS. I missed doing business with credit unions. And a little bit different to Mimi, the opportunity that I had was for roughly 14 years, 'cause it was right around '99 that I got exposed to Jack Henry, and I got to see them from afar.

Over and over again, when someone, uh, joins the company, uh, that's new, you're gonna hear the same reason why they joined, and it sounds like lip service. You're gonna hear the word culture repeatedly. Um, it's reality. And so, one of the goals that I had was joining a company that I want because of the company, not in spite of the company. And I don't know if that makes a whole lot of sense, but it did to me at the time, and I'm glad I took that step. So I'm new to the stage, but I'm not new to the company. I've been here 10 years. So, I joined as a sales director for Gladiator.

So, some of you are familiar with it, that's focused on the network security services, uh, cloud solutions that we had, business continuity planning. So, it was right in line with some of the experiences that I had. Um, then later got promoted, took over ProfitStars as director of sales, dealt with complimentary, and then just over a year ago, uh, got the privilege and honor, uh, to take on the role of chief sales and marketing officer. And it's been quite a run, an amazing year, but I'll tell you one thing, if I didn't have this team around me, I'd fall flat on my face.

It's an amazing company, the support is unreal. I'll get in a little more-more about that. So, some of our priorities here with sales and marketing, if you don't mind, I'm gonna start at the nine o'clock and work my way over. First and foremost, we wanna protect our house. We value our customers, we're passionate about that. You hear that over and over and over again. Dave mentioned it. Probably the top three reasons, if not the biggest reasons why people sign with us, is because of our service. We have a lot of value adds that we give our customers, but the service, in my opinion, is second to none, and we wanna continue to give that.

So it's not just about getting the customer in house, but it's making sure that we create moats around it so that we keep them, retain them, and-and make sure they're happy. Beat our plan. So, from my viewpoint, um, A, we gotta be zeroed in on our forecasting, uh, and we gotta be accurate with it. So, I'll get into a little bit more about what we're doing, to make sure that we're doing it in the same manner, but that's top of mind. Strong pipeline. I'll get into some of the details. I come from a world and a mindset, I'm sure you saw in some of that background, which was about quota coverage.

It's near and dear to my heart. It's a reason why we gauge that very carefully, and we've made some strides along there. Uh, and then also, uh, mentor of mine, Steve Thompson, some of you know him from years past. One of the things he talked about is, we don't rest in our laurels. We continue to look forward. We look- we don't look in the past and we keep moving on in a- in a positive manner. We want to continue to increase our wallet share. So we look for opportunities where we can cross sale. Now, my opinion is, the real secret sauce isn't when you have one solution, uh, when you're a Jack Henry customer, is where you can have the whole suite, and I think you get a lot more out of that.

We wanna make sure that we're delivering that consumer surplus to our clients. Um, and then we want to go broad and deep. Customer acquisition, that is something that we are zeroed in and we talk about core clients, but all across the board, we talk about new footprints, and we're looking at that constantly as ways that we can get new customers on board. Um, I'll go in a little bit deeper about gaining efficiencies, but that's, um, something I'm tackling closely with-with an amazing team around me. Uh, we want to continue to gain efficiencies, but we want to do things in a similar manner across the board. So you'll see things here like salesforce.com, Variant app.

This bottom line is, we can have all the technology solutions around us to help us get there, but it's how we use it. So, the philosophy isn't about having, uh, everyone manage in the same style, but it's gauging in the same manner. And so, one of the things I talked about with the team is that we are gonna speak the same language. Goal is, if I take one director of sales, and I move that individual into another role, they would immediately know how to manage that team. They may not be as proficient in that particular solution as what they were doing before, but because we're doing, uh, our management styles and gauging similarly, they can move over in a positive fashion there.

And last but not least, um, I'll talk about one Jack Henry. So, a couple of years ago, Greg mentioned that we were going to this one Jack Henry mindset. Repeatedly, he told us we are not dipping our toe in the pool on this one. If anyone in the company thinks it's going away, we are gonna be in front of your face every single day. And we've embraced that here within the sales and marketing team, and we know that it's here to stay. So, a couple of things that I wouldn't mind talking about here, and I'll start in the upper left, is operations.

Um, one of the biggest tasks that we had this year, we unified our backend sales operations. We, uh, promoted, uh, a long-time amazing employee, Racene King. She leads that effort right now, and it was basically taking all the backend operations that we had in sales and unified them into one. So, we gained efficiencies there. We're doing things on a similar manner, uh, and it's been a-a-a real healthy movement for us. What that also helps us do, when we have that foundation properly done, we're able to do similar territory planning. So white space analysis is right now critical for the team. I think leads partly to the increase that we have with our pipeline, working together as a team.

So, collaborating part of the tenets that-that Greg has in place. And one of the key things that we wanna make sure that we're doing, and we're doing in a similar fashion, is that we are measuring in a consistent fashion. Uh, right now, education is near and dear to my heart. Not sales training, 'cause that tends to be the, uh, uh, the understanding when-when, uh, a sales leader or marketing leader talks about education, but it's education all around.

Making sure that all the team members have a proper education program in front of them. And then our go-go to mar- uh, uh, go to market strategy is similar across the board. So, yes, we can gain efficiencies, but really, the ultimate goal that, you know, we keep telling the team members is that with the sales unification, is that we wanna create an environment where we get to learn from one another each and every day. If we do this right, essentially what we're doing is, we're increasing our game, adopting best business practices.

So, obviously, we had a pretty magical year. And, um, I had the privilege of sitting in a seat when we did our-our brand launch. Uh, but there was work that was done for years before that was done. Uh, I got to see a couple of other brand launches. If you take a look at where I was at once upon a time, they changed their name. So, I've seen it firsthand. And I gotta tell you, this was by far the best brand launch I've ever seen. And I think many will agree with me when-when-when they see all the analysis that was done before we announced both internally in July, and then internally, uh, externally in August.

And there are some data points here that I'll share with you, where you see some bump ups. Dave mentioned our, uh, pipeline and the increase. It's correlated, too, with some of these brand launches, where you see a-a nice healthy bump up. So, what is our objective here? We want to differentiate Jack Henry, um, both amongst our legacy competitors, and obviously with, uh, some of the new fintechs that are out there. We want to grow awareness, um, and credibility about our brand within the larger FIS that are out there. Again, continue to expand our awareness among the, uh, the-the fintechs that are out there, that are continuing to work with us.

Attract, and it says, retain, uh, best talent for Jack Henry. I could tell you this. Once someone joins a Jack Henry family, we don't see a revolving door. Typically, when I've been a part of a sales organization, there was that constant turnover. We don't see that here. And overall in the company, it's pretty interesting to see how we're able to retain. But, um, you know, when I joined here, I said, you know, "This is the best kept secret out there." And we don't want it to be the best kept secret. Quite frankly, we've made strides, and our focus within marketing is to make sure that everyone's aware that this is an amazing place to go work for.

And finally, we wanna continue to build that brand equity within the market. So, some, uh, impact regarding the-the branding. Some data points that you guys might-might find interesting. Number one, 51% increase on website sessions per day since we launched the branding in-in August. 48% increase in new website visitors each month. 21% increase in social media followers. 91% increase in social media engagement overall. 25% increase in earn media placements. And then finally, um, and I'll get into Connect here in a moment, 94% overall satisfaction with Jack Henry Connect. So, that's our annual conference.

That was the highest rating that we got. And keep in mind, that was the first year that we had banks and credit unions altogether in one. So that was a, uh, a pretty- a pretty special moment for us. So, marketing also is very well aware that their focus is gonna be to continue to fill and nurture our sales pipeline. Uh, we've seen a 51% increase in sales leads generated from the website alone since the brand launch, and a 10% increase in fintech providers in our ecosystem. And Ben alluded to that.

Uh, we also wanna make sure that we're engaging our associates. So, since the brand launch, we've seen a 67% of, uh, our associates saying that Jack Henry clearly communicates, which is one of the tenets that Greg has, compared to the industry benchmark of 57%. 39% increase in unique, uh, visits to Jack Henry Daily. And in case you're not aware, that's our intranet. So that means that we're getting more and more engagement of our-our-our employees within, uh, jhDaily, uh, 15% increase with our manager forum. So, we're making sure that our managers are continuously abreast of what's going on, understand, you know, what their roles are and-and the communication going around. And then we also have a 15% increase in, uh, major corporate and regional awards that we've had this year.

So, Connect, we're really proud of what we were able to do over here. For some of you who attended, um, you'll-you'll understand why. But one of the points, and I think Brett-- uh, uh, Ben alluded to this, was that, uh. At Connect, we do have some of our competitors, and we do connect with all the vendors that end up going there.

We heard repeatedly over and over again that this was probably one of the best shows that they have been to. Kind of interesting coming from them. And I think part of it is the way that we make sure that everyone's involved with Connect. Um, not only that, you'll notice one thing here within our booth. You see one logo, and I'll tell you, i-i-including the trade shows now that we go to, including all the events that we go to, having one logo now, having one brand that we can continue to invest in makes life a-a whole lot easier.

But, um, it-it-it, I-- in my opinion, it's helping, uh, make sure that we are increasing that pipeline, that awareness with who Jack Henry is. And so some, uh, data points related to social media. So, a 214% increase in non-core customers with published posts, that's quite-quite a dramatic change since August 1st. Total impressions up 67% and engagements as a whole is up 335%. So, year-to-day sales. Right now, we're sitting at 23 new ccore wins for banking.

Uh, One de novo. Uh, I think we're-- we bumped that number up. And our goal there with the De novo, just so you all know, is hitting 50% of all the new De novo. So, we're zeroed in on-on-on that. 11 Credit Union new core wins this year, uh, with 16 on-premise to private cloud migrations, 927 non-core sales. And as Ben mentioned before, we are 145 Banno Digital Platform units sold. So, sales focus, we want to replenish and build our sales pipeline. Again, I'll get into that in a moment, but we've got some metrics that we are always constantly looking at and we're engaging each and every month, uh, ensuring that our sales teams exceed the respective quarters.

So, I do wanna mention this, we have a forecast call each month, and it's not just myself and the sales directors. Dave's involved with that, Greg's involved with that, Mimi's involved with that, Renee's involved with that. We make sure that everyone's well aware of where we at, what that month looks like, what that quarter looks like. So, everyone's held accountable to their numbers. And we're-we're being very transparent where we sit and what that quarter coverage looks like.

We wanna make sure that we have early involvement with RFP process. So, we're very close with all the, uh, um, the consultants that are, uh, that are in our industry. Uh, and we have a whole team that's dedicated to-to focus on making sure that we're engaged with them. Uh, we're closing, overall, as mentioned, half of the de novo banks that are out there, averaging at least 13 core wins per quarter. We go back from a year ago. So, we're still on that clip rate right now. Um, and increasing client prospect attendance at all, uh, educational events. So, beyond Connect, we have a number of events that we hold.

Our goal isn't to just hold sessions where we're just pitching products. It's really to educate, make sure that we earn the right to talk about our solutions, and we're fixated on that as well. So, let's talk about the sales pipeline. We've been doing this for some time, and we have a back of the envelope that we have our annual sales targets, uh, of what we need to-to meet. And we wanna hold a pipeline that's steadily about 85% of that annual target. Uh, about a year ago when I took over, uh, we were sitting at 80%, which, uh, we knew we had to bump that number, and we had a record quarter in Q4 of last fiscal year.

So, one of the concerns I had was, you know, making sure that we were increasing that pipeline and growing, uh, growing that. I can tell you this, uh, right now we're sitting at 105 against our sales target, our annual sales target on the pipeline. The other thing that's interesting is since the tail end of August, beginning of September, which is when our brand launch, uh, went out, we have increased that pipeline by roughly 30%.

So, you know, to say that the-the branding had, you know, some impact on the- on there is an understatement. And, uh, the team has done quite, uh, quite a job right now of making sure that we are uncovering every stone that's out there. With that, we also wanna make sure that we're not just putting stuff in a pipeline that's meaningless.

We're doing the target-driven marketing and, uh, tar- white space analysis. So, we're making sure that we're putting the right solutions, i- you know, in front of the right prospects so that we ultimately can have competitive displacement. And as Dave noted, um, next year we're expecting 10% increase in the tech-spend, uh, by most

FIs. And one of the things that we're looking at closely is what are we focused on. So, if you look at the community banks, credit unions and the larger institutions, you'll see that data and analytics, um, security and fraud migration, digital payments and core, are all top of mind for them, and that's what we're focused on as- with the solutions that we're moving out there. So, growth strategy, we've talked about tech- technology modernization, uh, financial crimes and risk fraud. Um, top of mind for us. Uh, and-and we see a lot of growth coming out of there. Jack Henry Digital, payments as well, and, uh, finally, lending. So, you take a look at banno, 28% year over year increase, uh, 1000+ plus third party, uh, integrations that we have right now.

And Greg alluded to the 60%+ of all FIs that are in RTP. So, I'll wrap it up with resiliency in sales. Um, I know that there's some question marks as who- what's happened since March 12th. Well, I could tell you this, that we have not seen a pullback. In fact, if you take a look at the last quarter and you heard Dave's earnings call, um, Q3 of this year for us was a record Q3 for us. Now, one of the questions that-that we were taking a close look at is in March, did the majority of our business come before March 12th or after? And it came after March 12th.

So, point being is our pipeline is healthy. We aren't seeing a pau- the pause button being pressed in, uh, in the customers that are taking- or prospects that are looking at signing business with us. And, we feel right now, you know, very good about where we stand, both from a pipeline perspective and the activity that we're seeing from the market. So, with that, we feel that in this time of disruption, you know, we're innovative, we're safe, we're focused, and you know, Dave mentioned this before, it's a good time to be Jack Henry. So, we feel pretty good about what we're doing these days on sales.

So, I think I pulled this back as requested, but any questions? If not **[unintelligible 02:51:56]** I think you're up. Oh, we have one. Go ahead.

Audience Member 1: Maybe this is a combo question for-for several of you, but a- as I just sort of think about the-the quota to revenue growth, it sort of looks like it's at a slight discount, right? If you're sort of at, you know, 85% historically you're now at 105, sort of what has- what has driven that inflection and sort of what level of confidence does it give you on a medium-term basis relative to your targets?

Brian: So, the 85% is-is the pipeline, right? Just to make sure we're on the same page and the 105, um, again, just, uh, it's quarter coverage on the pipeline. Again, I'll-I'll go back to a couple things. A, um, I think that since Connect itself, we saw a big, uh, a big pickup in our sales opportunities going up since the brand, uh, launch, we saw a-a healthy kick up there. And I also think one of the key things, and I don't want to discount it, is we've got the sales team acting as one unit before- uh, now. And it's not to say that they weren't working as a team before, but we're now Jack Henry.

We're not Jack Henry profit stars **[unintelligible 02:53:08]**. I do think that that unification has helped. And, um, you know, I'd be remiss if I didn't say that that didn't have an impact on **[unintelligible 02:53:15]** looks like right now.

Dave: Hey, Brian, if I can, let me clarify one other thing on when we talk about pipeline. So, just to make sure we're all on the same page. So what we-- what-what Brian, uh, does, what we've done for years in the sales organization is, whatever the annual quota is, at any given time during the year, we should have at least 85% of that quarter in the pipeline, right? So at any day-- so it's not, what's the remaining quota for the remaining, you know, month?

We gotta make sure it's the big number. 85% should be in the pipeline at every- any given time. We had dipped a little bit to 80 after that huge, uh, fourth quarter that we had last year, but now we're at 105% of the annual quota is in the pipeline today. Just make sure everybody's clear on how big that is. That's a huge deal to have 105% of your annual quota in the pipeline.

Now, some of those deals are big deals, some of those are little deals, some are core deals, which you all know takes a long time to get signed. Some are non-core deals, which you can close in a month, right? So, it's all over the board as far as what makes up that quota but when you look at the- or what makes up that pipeline, but when you look at the pipe, it's 105% of the annual quota, Brian's current annual quarter. Now of course, as you all know, who- any of you have ever dealt with a sales organization, quota will go up next year uh, cause that's just what we do. But, uh, but just think about that for the quota he's running with today, 105% of that number is out there in his pipeline today.

Brian: And Dave, we talk about this. So, the question is, are we managing for the short term or the long term? And, the answer is yes. Right? So, you know, everyone's prepared that we're gonna have that quarter where we "potentially" drain the pond a little bit. So, we want to prepare for that. I mean, ultimately we know we're gonna have, you know, certain quotas that if we look back at history, we tend to be a little bit stronger. We don't wanna end up finishing that quota, and then we're trying to rebuild at that point. So, to me, that's absolutely critical. The team gets it right now and today's point, it's the highest, you know, pipeline we've had, you know, to date with Jack Henry.

Audience Member 2: Hi. Um, so it's really encouraging to hear that the sales momentum, uh, remains strong and really hasn't been impacted by the recent bank turmoil. I guess I-I just wanna better understand though, um, you know, to what extent does, uh, do that- the very visible headwinds that-that banks are facing with deposit flight coming outta the system, uh, an inverted yield curve, name pressure, potentially worsening economy, you know, headwinds potentially on CRE. These seem to all be meaningful headwinds to bank and-and credit union profitability. So, how much worse do things need to get before they have an impact on their ability and willingness to spend on technology?

Brian: Well, first I think part of it is the target market that we have in our pipeline right now. And Dave, I mean, I know you've talked about it before with the size, but the ones that are in our pipeline did not see- you know, are coming back to us saying, "Hey, things are fine right now, they're not seeing any kind of deposit flights going out door whatsoever." So, for them, it's business as usual. I mean, they're keeping a close eye on things, but they have not pressed the pause button. They haven't come back to us and said, "You know, what? We're-we're concerned about our business as it stands today."

Dave: I think they view technology as a- as a- we have- it's a must-do, right? We have to continue to upgrade our technology infrastructure, or we're not in business anymore to some of the points that I made earlier, if you're running a banker credit union today, you must have a-a good- a, uh, solid technology infrastructure, and you certainly must have a wonderful digital front door, or you're not in business going forward. And so they view that as an imperative either to attract customers, retain customers, or on the efficiency side, right? So, you gotta have technology to help you improve efficiency or when it comes to fraud, right?

We-we all know about what's happening in fraud. You need modern technologies to address fraud. They need technology to address the-the emerging opportunity with real-time payments. I mean, the good news for us is almost no matter what direction they turn, technology is the answer to their question. And that's why I think you've seen the-the, uh, spending, uh, projections hang in there at around 7%, even post Silicon Valley Bank. And I think it's, uh, it's why you, um, see the pipeline growing the way it's been. I mean, that didn't happen back in February. That's continued to grow here into, uh, May.

Brian: All right.

Chuck: Hi, Brian, Chuck Nabhan from Stephens. My question is, have you seen any changes in the competitive landscape in terms of either the other vendors you're seeing in the market on RFPs or, um, any changes from a pricing standpoint?

Brian: Um, the changes that we've seen is a little bit of, you know, disorganization and on-on pricing. It's been what it's always been. I mean, i-in certain instances, if they don't feel like they can compete on value proposition or service, then the easiest button to push at that point may be price. But at the end of the day, that's not the way that we compete. We're gonna- we're gonna compete on consumer surplus.

I haven't seen a massive movement as far as-- I guess what you're alluding to is change in tactics and the way that they're going after us. Um, that's always been there. That's an easy button to press. But at the end of the day, we feel strongly about the value proposition that we have and the long-term partnership that we're gonna provide, um, our-our customers.

Chuck: Great. Thank you.

Brian: All right, so we're right back on time and now probably one of my favorite speakers in the industry, Mr. Lee Hetherington.

Lee: All right. Thank you, sir. Hey, everybody, uh, I may be a new face to some of you as well on Lee Hetherington with corporate strategy and, uh, very happy to be here with you on behalf of the corporate strategy team. Uh, we all report to Mr. **[unintelligible 02:59:15]** our Chief Strategy Officer, who's here. And, um, we're gonna sprint, uh, to the end here. I-I- so I just want you to gerd up.

I-- in preparing for this Vance, I said Vance- I said, we just fin-- we just wrapped our strategic priorities benchmark. I'd love to share some of that, but usually, I'm a storyteller and have beautiful pictures, you know, like Ben, et cetera. He said, "No, these people like data." So, uh, I've been given a green light to dump data on you, so

I'm just-just giving you fair warning, um, as I do that. All right. So, um, the question, uh, a lot of-- in fact, some of the questions at the end of Brian's segment there were about, uh, how does this, you know, how-how does all of what we've heard today bode for uh, Jack Henry in terms of demand for what it offers to financial institutions, um, are those headwinds, um, material to them? Does that somehow- is that somehow material to Jack Henry's business positive or negative? I think what I'm about to share with you will give you some objective framing for, um, exactly what financial institutions, both banks and credit unions are prioritizing strategically this year and next year.

So, every year, annually, uh, uh, we-we field what we call this strategic priorities benchmark. Um, and I'm gonna get to that here in just a minute, uh, and give you a sense of exactly what both banks and credit unions are prioritizing, show you a few of the gaps between them, and then, uh, uh, give some-some-some data again to some of the, uh, uh, things that we've been- we've been hearing throughout, uh, the day in the afternoon.

First thing I wanted to share with you, and I'm not gonna read bullet points or anything, I just wanna point out, we've been talking about financial institution sentiment. They're trying to get a beat on, of course, customer sentiment on depositor sentiment. Um, this was a really good piece of data. This was seven- uh, no five days after Silicon Valley's failure. It was a check-in on confidence in primary financial institutions, first broken out by size or type of financial institutions.

So, you've got regionals, credit unions, national banks, community banks, et cetera. And the-the takeaway here is that the-the needle really didn't move in terms of confidence in your own primary FI. Uh, we've seen data of late, even from the DIC saying, 50% of consumers in-in America are concerned about the safety of their deposits. If you lean in on that and you look, uh, at the details, uh, you'll see that, um, among other things, uh, no one's moving their deposits based on some vague, ambiguous concern.

We see this-this is called human- this is called humanity. We will say things that we're worried about this or worried about that, but we have to get to a pretty severe threshold for us to do anything about a given worry or concern. And so far, we do not see that warrior con-concern, uh, motivating action. Uh, there have been questions about, uh, deposit inflows and outflows. We have numbers on this now. Um, IntraFi just put out a study, uh, in the last week and a half polled 576 banks, 77% of them have seen no material, uh, inflows or outflows, uh, not only after Silicon Valley but after the others that have failed.

They haven't seen it. Uh, 9% actually saw, uh, deposit, uh, inflows. Uh, an uptick 14% saw, uh, some minor outflows out, and now everything seems stabilized. So, we do have some data points to back up, uh, what's been introduced by Dave and others, uh, throughout the afternoon. If you look at this same data broken out by generation, by-by age group, uh, you'll see, uh, a couple of things still fairly high confidence in primary FI.

Younger customers have less confidence in their primary bank. Surprise-surprise, we've known that for a while. And Gen X and Gen Z are, uh, uh, as-as an a, as age groups respectively, less enthusiastic about their confidence in their primary FIs. But this again, is-is, uh, just after the Silicon Valley failure, and I thought would be material to-to mention here today. Um, if-if you look at other things that we know in terms of the fallout from SVB and some of these other failures, we do know that from SVB in particular, of course, that accelerated something that was already in motion.

And this is one thing that you'll see born out in the benchmark that I'm about to share with you. Uh, that was primarily fielded before Silicon Valley, and then we had about 6% to 7% of FIs answer it after Silicon Valley. But that is that, um, what we've seen is just an acceleration of inflections that were already in play from 2022.

Uh, we already had deposit contraction, at least in banks, happening in 2022. First time in 80 years according to the FDIC, that that's happened. We did not have deposit contraction on the credit union side of the house, by the way. If you look at credit union deposits last year, 2022, they actually were up 2.5%. And you will see this in our benchmark in just a moment. Therefore, you ask banks, what's your number one priority coming into 2023, even before Silicon Valley failed, it was already deposits, it was growing deposits, gathering deposits, Silicon Valley, and the other failures simply exacerbated or accelerated a trend or a priority that we were- we already knew about. On the credit union side of the house, by the way, deposits are not the number one strategic priority.

Guess what, the number one strategic priority for credit unions are in 2023 and 2024. It's data. It's data with an outsized priority on figuring out how to implement AI in ways that level the playing field between credit unions who are generally smaller than banks, um, so that they can compete effectively. Um, so we know from the Silicon Valley failure as well, not just the acceleration of fa-falling Fintech valuations of funding of VC deals. You guys are probably more familiar with that than the average audience, but more startups have and will die, more te-tech layout, we saw tech layoffs intensify.

We see that as a positive for our financial institutions, both banks and credit unions, having the first real chance in a long, long time to acquire higher grade tech talent with which to expedite digital transformation, pursue niche strategies, um, develop or buy or acquire competence in cloud management, in data analytics, in AI, and in ML.

We saw, by the way, if- you probably saw that number in all of 2022, we had 150,000 people laid off in the tech sector in the United States. That encompasses and includes Fintechs. Yes, we still have lingering worries about, uh, regional banks. Things seem to have stabilized. If you take a look at the stocks, uh, the regional bank stock index, that seems to be the case. Um, you've got now regulatory agencies like the SEC leaning in to look at short selling, uh, activity that's exacerbating, um, uh, the problem there, uh, with PacWest and some of the others that we've been reading about in the last couple of weeks, news cycles.

And then you've got, you know, what you- what you always have is you have stronger oversight looming for all banks, but smaller banks in particular. Um, if you are not a-a-a long-term study of-of-of banking history, I can tell you that if you look at the last 100 years, anytime one bank or a few banks fails, there's always a bit of time that goes by and you get a double bump.

And typically the double bump of failures is, uh, in reaction to the response or the overreach by regulators and/or legislators to contain whatever they think caused the first bump of failures. And that's where we are right now. Uh, sorting all of that out. All right. Um, so, uh, as I mentioned, we've seen Fintech. I-I wanna just give you the broad stroke here. You all know this, the-the venture funding, we saw that inflection point.

Again, this is another inflection point in 2022 that has created a market shift that is shaping 2023. Um, so Fintech funding, Fintech deals, all of that has come down. What's the bottom line for our banks and credit unions? The bottom line for our banks and credit unions is that while Fintechs are still considered a threat, and you'll see that just a moment with the data that I-I share with you.

The threat of Fintechs is much diminished, uh, compared to what it was just two years ago. Why? Because you have 90% of all banks and credit unions looking to embed one Fintech or other over the next two years. So, fintechs are not just seen as a competitive threat. Plus they understand that fintechs have these headwinds facing them this year. And that means banks and credit unions generally have more leverage in striking, Fintech, uh, partnerships and embedding Fintechs of choice into their respective digital experiences to differentiate those experiences to be more valuable for existing markets, existing customers, existing members, but also, uh, particular niches that they want to pursue.

By the way, uh, I'll go ahead and say it, even though you'll see the chart in just a minute. 87% of our banks and credit unions are pursuing a-a niche or-- Uh, actually, Dave said niche, I'm not sure which, uh, part of the country we're in Denver. Niche strategy over the next two years. And we ask them what niches they're pursuing. That information is also inside of your handout, and we'll take a look at that in just a second.

The macro forecast, no surprise here, the economy is-is slowing overall, the fundamentals remain strong. The biggest, uh, sort of external risk right now is what's gonna happen in the debt ceiling negotiations. Uh, we're playing with fire, we're playing with catastrophe, but, uh, overall funding, liquidity, deposit strategy, strengthening deposit relationships is front and center this year in 2023.

So, I talk to a lot of banks and a lot of credit unions. Dave mentioned that I-I do a lot of speaking, but I'm also, uh, in a lot of boardrooms, uh, doing strategic planning and forming, uh, and helping, um, uh, banks and credit unions give them context for their strategic, uh, planning. Um, and these are the big questions. These are the burning questions in those boardrooms that I'm- I'm in.

You know, what-what role will tech play in protecting and expanding our deposit base? Everything, almost everything they're looking at right now is through the lens of what can we do to protect deposits that we have, acquired deposits that we don't have, acquire new account holders that have deposits that we don't yet have acquired.

Um, this is across the board, and there are answers to that, and the technology is central to all of those answers. What tools should we be using to capture upside potential of the disruption? The fragmentation that we see, not just generally in financial services- financial services, but also specifically in payments by the way. Uh, it's really difficult. You've got so many different ways to pay and get paid. We now have a new, uh, payments rail coming online in terms of FEDNow. So, there is a premium and there's value to be captured in any entity or technology that can abstract away the complexity of growing fragmentation in payments, specifically and in finan-financial services generally. What are the implications of ChatGPT? A lot of this you've heard, uh, touched on in several of the presentations, and Ben, you won, you actually incorporated the words, the **[unintelligible 03:10:28]** ad and, uh, uh, computational irreducible into your presentation.

So, I owe you, what is it, $10,000? Is that what you said? I owe you. So, let me, uh, take you very quickly just through, uh, some- a few charts in our strategic priorities benchmark. Uh, we talked to 118 CEOs of both banks and credit unions. I think we had roughly 60-ish credit union CEOs and in the high fifties of the bank. So, it was relatively, uh, balanced sort of rep-representation. And I wanted to make sure that you understood that we started, uh, the survey, we put the survey in the field in January 17, um, and then we closed the survey out on March 17 between Silicon Valley's failure and the end of the survey.

We had about 6% to 7% of the responses come in. So, primarily-primarily overarching what I want you to understand is what I'm about to show you reflects primarily pre-Silicon Valley sentiment. So, when you see that deposit strategy is the number one priority for, uh, 2023 and 2024 for banks that came from them before Silicon Valley failed. It's important to understand, uh, that again, we were already in this flow. Deposits were already, uh, beginning to churn, uh, materially in December of 2022, starting with the biggest depositors at banks and credit unions aro-around the country.

All right, so Dave mentioned the top strategic priorities and the shift right? From, hey, the pandemic, oh my gosh, we've gotta do everything digital, right? To 2022, my gosh, we're flooded with, you know, enough deposits to fund three- the next three to four years worth of loan growth. We need to be able to make more loans to, oh my gosh, what happened to all the deposits that we were counting on? Right? This is a really interesting story and thread. We also asked of those top three strategic priorities you chose and enumerated in the study, which ones are the most difficult?

Guess what growing deposits is considered to be the number one most difficult priority. That's primarily driven by our bank CEOs. Number two is account holder acquisition. That's primarily driven by our credit union CEOs. They're constantly worried in credit union land about acquiring, especially Gen Y, new Gen Y, and Gen Z members. There's big young demographic deposit gaps in both credit unions and banks across the country, but there are ways to solve for those gaps. Simmons Bank is a great example of one of those banks that's figured that trick out using our technology and our platform to do it.

We also asked about, hey, what are over the next two years, what are your top three concerns? Look at this, retaining talent, in aggregate retaining talent and economic slowdown, and then deposit, attrition, and displacement. We've already talked about that. But look at the difference here, for banks, it's really about talent retention, for credit unions, it's about, uh, the economic slowdown and an- and an attendant concern about the loan delinquencies, the charge-offs that we're already seeing tick up. If you've-you've looked at the last quota reports by the big banks like Bank of America.

You see, they had a really fat, nice, uh, Q1, and they're gerding themselves for slowdowns and payments. Uh, why? Because we've got record credit card debt at record high rates. And so they project that they- that will, uh, translate into, uh, slower credit card growth over, uh, the remainder of the year. So, talent acquisition remains the top concern from 2022, uh, to 2023. It has abated some, uh, uh, number, uh, in terms of, uh, the other concerns. We've already talked about deposit, attrition, and displacement tied, uh, for number places, number two and three with economic, uh, slow down. All right.

We also said, hey, who's keeping you up at night? What's your biggest competitive threat? I wanted to give you the year-over-year on this as well. Notice that back in 2021, oh my gosh, we've gotta be digital. We've gotta be digital really quick. And we're scared that Fintechs do that better than we do. That is banks and credit unions a really high fear rate of Fintechs. Fintechs have maintained the top competitor of threat over the, uh, success of two years. They are- but the-the-the fear behind that threat is much diminished versus what it was in 2021 30% FinTech. And I'm about to show you, I think a detail on this. Um, your credit- our credit union CEOs say big banks are their second biggest competitive threat concern. Banks say other community FIs are their biggest, uh, uh, threat or concern, number two, I should say. And basically what that means is banks are afraid of credit unions, but credit unions are not afraid of banks. Just want to boil that down for you really quick. I think that's hilarious. We can laugh about that later when you get a sense of humor.

Now, um, so just-just notice this. I want to show you this. Again, banks say, uh, other community FIs are really concerning to us. You see this in their packs and their political right. We-we-- They don't like credit unions. Credit unions on the other hand, right here, hey, are you scared of other-other community FIs? No, 0, 0% scared of other community FIs. This is delightful statistics for people like me.

And then, uh, one other thing we said, we also asked them follow-ups. Like, hey, are there other competitors we didn't ask you about that you're really, really concerned about? Banks this year, for the first time wrote in and said wealth tech and investment brokerage firms, uh, were also a very big concern. And we see that in so-some of the deposit outflows that we have been tracking, uh, going to the big, uh, investment in brokerages, money market funds, that kind of thing.

So, we see that reflected in our study from, uh, the banks that we talked to. And this is probably, uh, the most, I think, the-the-the juiciest and most informative slide and data point from, uh, our benchmark. 90% of all of our financial institutions are planning to embed fintech into their digital experiences this year and next year. But we go one step further and we ask them, what kinds of fintechs are you looking to embed? What are you prioritizing to embed this year and next?

Payments comes in at number one, which you see there, uh, both banks and credit unions very high. Digital marketing which was last year's number one, still comes in in aggregate number two, with credit unions being very much, uh, uh, concerned about digital marketing, uh, relative to banks, but both still, uh, very, very high.

Consumer financial health, that's a credit union- um, that's a credit union totem. Data collection and analysis, notice you got relatively high, uh, marks here.

Credit unions went out on that, and everywhere we ask about both data or AI or analytics or ML, credit unions outsized prioritization of those things relative to banks. I think that's a strategic blind spot for banks. I think they've got other things cooking, uh, that are concerning them that have taken their attention away from that. Almost everything that you want or they want to do technologically is underpinned by data strategy and a lot of the-the things that Ben unpacked for you just a moment earlier.

Now, one of the- one of the best jobs-- I say not the best. One of the jobs of the team that I work on is to call out strategic gaps. So, if we see our banks and credit unions saying, we're going to go this way and we see the market kinda going that way or they seem to be saying things that don't seem to be ground in reality, we have to call that out. We like to sniff that out, and we like to name it.

This is one of those things. We asked, uh, our banks and credit unions, how many of you plan to embed your chartered financial services, that is payments, deposits, lending, outbound into third-party settings? Uh, when we designed the survey, I made sure we didn't use the phrase banking as a service. I wanted them to just ask a straightforward question and try to get a straightforward answer back.

And what we saw is about half of them say, yeah, yeah, yeah, we're going to embed our services into third parties. Right? Um, and, uh, what-what-- at the top of that list this year, it was payments. Last year it was lending driven primarily by credit unions who look at what they do with auto dealerships and embedding their financing and other third parties. They see that as-as lending as a service even though it might not technically check that box.

They see those third parties as-as distribution, uh, uh, channels for their-their, uh, financial services. Now, here's my, okay, I'll just go and own it. This is- this is just me, gospel according to me. Right now, there are only 2.5% of banks in the United States doing banking as a service, whereby you are embedding a chartered capability into a non-chartered third-party brand or setting, 2.5%.

So, when 50% of our financial decisions saying, "Yeah, we're going to do that in the next two years," I say, "No, you're not, and you're not because you don't yet know the reality and the difficulty and the regulatory headwinds that you're facing, especially this year in 2023, standing up banking as a service busine-business line, whether it's payments, lending, um, deposits, does not matter. That's gospel according to me. I don't see us getting from 2.5% to 50% in 2024. I see us maybe getting to 5%, given the headwinds, uh, that any financial institution looking to do banking as a service is gonna do. Why? Because you now have a reg-- all regulatory agencies leaning in and cracking down, um, on banking as a service. We've saw- we saw memos, uh, memos of understanding handed out to one of the biggest banking as a service providers, um, in the country.

Expect more of that to happen as that crackdown continues, but that will dissuade a lot of these aspirational--aspirationally strategic kind of, uh, predispositions by our banks and credit unions that will sober up, uh, in-in the next 12 months, 24 months. Okay, 87% of our financial institutions plan to pursue a niche in the next two years.

So, we ask them what niche, what kinds of niche, uh, 65% of them roughly are planning to pursue, uh, businesses, small and medium-sized businesses in particular notice that's both bank and credit union.

Now, let me mention something to you that is not widely understood or known. In the average financial institution, both bank and credit union in the United States, somewhere between 13% and 35% of the retail that is consumer DDA accounts in those institutions are actually being used to run a sole proprietor business, a micro business or a small business. So, financial institutions that don't even consider themselves a commercially oriented financial institution actually are serving a considerable number of micro and small businesses, and they're only just now awakening to it.

It takes a little bit of payment flow analytics, very little by the way, to-to sh-shine a bright light on that because we have so much downward pressure on retail revenue capability among both banks and credit unions. Overdraft pre downward pressure on overdraft fees in, uh, insufficient funds fees. Um, uh, consumers not being willing to pay for generic digital banking services of any kind. We rolled into 2023, again, long before Silicon Valley failed, we rolled into 2023 with both banks and credit unions trying to figure out how we can monetize our relationship-based banking models to serve small businesses, micro, uh, businesses. Everybody got that?

So, that was already in process, 65%, look at that. Um, credit unions, no surprise, they focus on demographics, they focus on age groups, ethnicities, particular minority groups, right? That's how they're chartered often. Uh, banks are more, uh, focused on professional. That is doctors, we're gonna focus on doctors, banking doctors or banking lawyers or banking accountants, right? They focus on ag, they focus on wealth. Everybody got that? So, this gives you a sense of what our banks and credit unions are focusing on. And by the way, how do you pursue a niche strategy? You have to embed the right FinTech or two or three to get the specialized kind of capabilities you need to serve that particular niche.

That's why 90% are planning to do embedded FinTech strategy, and almost 90% are also planning to pursue a niche of one kind or another. Those things are correlated. Okay, 65% are expanding their services for small business. We ask them, um, what-what exactly kind- what kinds of small businesses, um, uh, are-- what are you doing sole proprietors? Are you doing micro-businesses, small businesses? So, it's-it's-it's pretty evenly distributed. Um, only the larger financial institutions primarily banks are going after the larger corporate entities, which is where we start talking about treasury management everything that Ben was talking about earlier. Uh, we asked also about, uh, loans.

Um I actually-- no, which-which services are you planning to expand to small businesses? Small business lending is number one. I'll leave you- leave it to you to look at all the others in, uh, stack rank order there. All right, um, we asked, "Are you planning to-to launch a separate digital brand?" This used to be a really hot thing about three or four years ago. We need to, you know-- we're gonna pursue a niche, and we're gonna stand up a separate digital brand to go after that niche.

And we've seen some success cases even among our own, uh, customers at Jack Henry, but what's happened is all of the mega banks who, uh, took their swings at standing up a separate digital brand, um, retracted them, right? You think about Chase tried with Thin and then shut, fit and thin down. Wells Fargo, uh, did Greenhouse, they shut that down. Now you see Goldman Sachs struggling with Marcus, and they're, uh, uh, sort of reevaluating exactly what kind of business model they can do with Marcus outside of going uh, direct to consumer. You see them underneath things like Apple's new savings account, et cetera. Only 4% of our clients said that they are planning to launch a separate digital brand in 2023 and 2024. And then we asked a follow-up question. For those 4% that are planning to launch a digital brand, do you plan to launch it on your existing core or on a side core, a separate core, a different core? 100% of the 4% said, "No, no, no, we're gonna do that on our own core."

So, we're seeing so-some sobriety there. Financial institutions not wanting to add technical debt and infrastructure fragmentation, um, uh, as a part of their pursuit of a particular niche or standup of a digital brand. Nearly 90% of our financial institutions said they plan to add a new payment service in 2023 and 2024. FedNow by-by far, number one contactless cards and get this a P2P alternative to Zelle.

They are chasing at the cost of Zelle. They are looking for alternatives. They are trying to figure out how to abstract away the growing complexity and fragmentation in payments. Um, we asked them about their top three strategic priorities for lending. It was digital applications, cross-selling, and automation. That's what te-that's what, uh, uh, topped. And you'll notice there are very different responses and priorities of banks versus credit unions.

For Banks, it's about digital loan applications. For credit unions, it's about cross-selling and automated decisioning and automated pre-qualification of lo- and loan approvals. Uh, for banks, a very big priority is having a single end-to-end loan platform for both commercial and retail lending. Okay? I told you it was gonna be a fire hose. Don't look at me that way. Expanding lending services across the board. We asked them what types of lending do you plan to prioritize over the next two years.

Uh, almost we-we saw- we saw, uh, a healthy responses sort of across the board. By the way, I'm gonna apologize for this. Um, the, uh, labels here are not formatted correctly, so you're missing a couple of-- you're missing some labels there. I'll- we'll get that for any of you that want the correct version of that, maybe we direct them, um, uh, to Vance for that. I apologize.

And then finally, uh, fraud and security fishing, real-time payments top the most concerning fraud and security threats for 2023, 2024. There is a difference between, uh, banks and credit unions. They're all worried about phish attacks. Credit unions are very much keyed on-on the-the real- the fraud that comes- the real-time fraud that comes with real-time payments. Banks very much still concerned about ransomware even here in 2023.

Um, the largest entities in financial services have-have actually done a fairly effective job of-of mitigating for ransomware fraud attacks. Uh, that's why those attacks keep coming down and down to smaller organizations with less sophisticated cybersecurity protection and infrastructure. And that's it. Okay. Q&A, Dave? Did I do it? Oh, almost. Almost. All right. Thanks very much. And I'll turn it over to Dave.

Dave: Maybe if anybody has a question for me--

Lee: Yes.

Dave: Go ahead. But we are-- [crosstalk]

Lee: That, yeah, that was a lot of data. I'm sure you have no questions on the, uh, 1,400 slides I just threw in your face. Any questions about any of this date or anything else that we have- we've uncovered or that we're tracking in corporate strategy? They're overwhelmed, Dave.

Dave: Okay. Yes, sir.

Lee: I beat it down.

Dave: Yes sir. [crosstalk] Okay. Thank you.

Lee: All right. Thank you.

Dave: All right. No, you can have that. I got no slides for this part, so, uh, okay. So, this is the 15 minutes or so for, uh, any general Q&A. So, anything that we've covered today, any questions that you have, uh, any of the speakers or, uh, for that matter, any other Jack Henry folks that are in the room, we're happy to answer questions. JD has a, uh, question.

JD: So, Dave, on the- on the earnings call, you talked about kind of taking bus- or, uh, Banno outside the base at some point, but you were a little bit hesitant given, you know, when you thought about it as far as strategically what that would mean. People could get Banno without getting the core. Ben talked about that's an opportunity coming soon. So, what do we need to see in order for you to take the ba- uh, a Banano outside the core and like-- from a time perspective, is that a 24, a 25? Like how close are we?

Dave: It's--it's close. So, Ben actually gave you a hint up on stage here about, uh, the-the plan here. But we have a customer who has signed for Banno out- it's an outside-the-base customer. We are in the process of working with them to take them live. So, I think it'll be-- it'll be in calendar 23, right Ben?

Ben: We're not giving dates, right?

Dave: Okay. [laughs]

Audience Member 3: Attorneys. But it is, uh, it is, um, uh, uh, effort in earn by a large engineering team inside the company. It's gonna happen. But it-it's really important to understand, um, we're taking, uh, also origin at the same time outside the base with the same team. So it's, uh, this is, uh, big. It's strategic and it's pretty cool, but dates to be determined.

Dave: And I do wanna make sure that everybody capture or, uh, grab the name origin. So, Origin is what we're referring to as the whole tech modernization initiative. So that's the core on the public cloud. So, origin tied closely with Banno, but you will see us soon talking about, uh, customers that are- uh, that will be taking live outside the base soon being a relative term, I know, but, um, we are actively--

Audience Member 3: Maybe if it's okay to, so-so sorry Dave, but to give you a little bit of an intuition why that's important. This particular customer also wants our origin offerings. So, they want wires and our authorization management services along with a few other things that they see coming. Um, so.

Dave: And they don't want their current provider to know what they're doing. We'll put it that way.

Audience Member 3: Yeah.

Dave: Okay.

JD: So how do you manage that risk as far as, you know, people just kind of cherry picking instead of taking all of your solution, kind of cherry-picking what they want and, you know, is that actually gonna be revenue accretive to Jack Henry? Like how do you manage that risk?

Dave: Yeah, so I think initially it will be cherry-picking because the only option is to pick cherries, right? We won't have everything rolled out for the next, uh, couple, three years. But when we get the entire, uh, platform rolled out, I think what you will see, I'm confident what you'll see, people will buy a bundle that looks an awful lot like a core bundle today, but they may convert differently to that bundle.

So, I want to convert these three modules first to minimize my risk of the overall Big Bang conversion. I'm gonna convert these three things first, and I'll convert the rest of these things, uh, you know, six months later or something like that. I think that's the way that those rollouts will happen. But what you're- what you're gonna see, and I'm absolutely confident in this, is when we get everything rolled out, people are gonna buy a bundle that looks an awful lot like the core system that you see today.

Audience Member 3: Okay, thanks. Yeah.

JD: Thank you. So, two macro questions. First one you said very modest, um, deposit dollar flow, sometimes some in some cases helped your clients in some cases maybe hurt, but not very small, but the number of deposits that you're actually- the number of accounts that you're actually paid on, I would imagine even smaller movements. Is that fair to say? So, almost no im-impact.

Lee: Um, I think- I think, and this is anecdotal from talking to customers, I think many of them have seen an increase in the number of accounts because of some people rate chasing, some people distributing their deposits among different institutions. So, I think they think they've seen number of accounts increase, but it's not a, you know, some huge increase in accounts. But I-I think what I can say confidently is they haven't seen a reduction in the number of accounts they're serving. They've seen a mild increase generally in the amount of, uh, of accounts that they're serving, but not a ton of in or out as far as the dollars that are going into those accounts.

JD: Gotcha. No thanks. And then secondly, payments volume. I know a number of transactions, that's been a-a little bit of a fear. Any update maybe through mid-May now we're about halfway through the--

Brian: Greg, you want to take that?

Greg: Update on--

Brian: Payments? Yeah, payments volumes.

Greg: Yeah. So, um, they're tracking higher than they did in April, uh, through May, um, considerably there's still some things we typically have an uptick in the beginning of May for a variety of reasons. So, we want to see how things smooth out or not through the rest of May, but they're ahead of April's numbers.

Audience Member 4: All right, thank you. Up here.

Dave: I think historically one of the differentiators of the platform was you had pretty robust relationships with all four of the major data aggregators, and I think, um, some of Ben's commentary was pretty indexed tonicity, so I just wanted to see if there was some sort of reorientation of your priorities or-or if all of those relationships are still in place.

Ben: I-I can take that. Uh, so, um, this is often something I-I probably need to spend a little more time explaining. We have really great relationships, so we have, um, signed contracts with all the major aggregators for inbound integration. Okay. So, and we've been working on that for three plus years, Greg and I together going and getting API deals done for all of these providers. So that would be Plaid, Yoli, Intuit, we've been pretty public about all of those providers in terms of inbound.

Um, there's a whole new line out the door by the way, uh, that will announce is they come in and what they're doing is they come in- they're coming in and doing direct API integration to our platform so that their products have direct API integration to Jack Henry. So, if you can imagine a QuickBooks user having direct API integration to our platform, it's a big deal and it's a big deal for our customers because like there isn't a bank or a credit union in the country that doesn't have QuickBooks users. Make sense?

So, right now Intuit is building on our platform. Um, and so we've got great relationships with all the providers. We chose Vicinity, um, for a lot of reasons, and I wanna be careful because we-we really love all the aggregators. Okay? It's just that, um, I'm gonna do my best to choose my words carefully here again, like we felt like they really got our community financial institutions number one. Um, number two, they had, uh, a real big-- They were one of the founding members of FDX, which I didn't mention up there, but we are fully embracing FDX as an open data standard for the platform, which will have long-term implications, probably short-term, minimal implications. They also were OAuth 2.0 OIDC out-of-the-box, so they had modern approach to integration. And the last piece was they had more API deals at the time, direct to institutions than the other providers at the time. I think the other providers are gonna-- Are doing that. They're gonna get together. They-they-they might- and they might catch up, but I know it's a complicated topic, but hopefully, that makes sense.

Audience Member 5: Dave, if you don't mind, I'd just add one piece. I think it's important to note that, you know, as a-- as a company that really values partnerships, we've had a long-term partnership with MasterCard, which owns Finicity. So, there's a lot of trust in the product set, the value that they're gonna bring, the ability to support us when we need it. Though we're building the relationships with the other as-as Ben mentioned, we don't have that same history with them. So, there's a lot of trust.

Ben: One more point. We have a customer that actually chose Plaid for the outbound. So, there's inbound, which is inbound integration to API. And then there's outbound, which is outbound connectivity to all accounts. We have a customer that shows another provider, and we're gonna support that. Happy to support it.

Dave: No more? Okay. I thought maybe you guys were gonna do point-point counterpoint here for a while. **[unintelligible 03:36:26]**.

Audience Member 6: Yeah. Hey, Dave. Uh, I think on one of the slides, maybe it was Brian's slide that talked about it, one de novo. And I'm wondering if you're seeing any uptick in de novo activity, or are you anticipating seeing any uptick in de novo activity? Because usually, when there's bank failures or people get laid off, that usually sparks de novo activity. So, just your thoughts, uh, you know, over the next 12, 18 months, if you see any of that increasing.

Dave: Yeah. So, you are correct. Normally, when there are bank, uh, failures, or more importantly, M&A, when there's a lot of M&A happening, uh, oftentimes, either the CEO, president or some lead commercial lender will go off and start up a new bank. And so that absolutely has historically been the result of, uh, uh, uh, uh, strong M&A environment, or, um, or when there are bank failures happening. And Brian, I don't know if you would say, I haven't heard of any uptick in--

Brian: [inaudible 03:37:16].

Dave: Yeah. So, four in total so far this year.

Brian: [inaudible 03:37:22].

Dave: Yeah, yeah. So, we've won-- we've won half, you know. [laughs] So, I'll say-- Yeah. That's right. I could say that here because we're public. So, uh, we haven't disclosed the other one yet because it's part of this quarter. But of the four that have originated in, uh, calendar '23, two of them have signed with Jack Henry. So, that's been our track record for several years. We tend to win about half of the de novos that happen. That's been happening for several years, but there is not some big uptick right now. If M&A picks up or if there's all kinds of, uh, disruption, then I think you'll see an uptick in, uh, in M&A-- I mean, in de novo.

Audience Member 6: Maybe this is a question for Mimi. Um, Mimi, you-you talked-- Obviously, you don't wanna give FY24 guidance, which I understand, but in the last few years there's been reasons margins haven't expanded, whether it be inflation or conversion of the credit card platform. But are you at a stage now that if you see revenue growth that should result in margin improvement, assuming there's no extraordinary events in the economy?

Mimi: [inaudible 03:38:20] it's on-- This year, there was inflationary pressures. There was, uh, benefits costs that a lot of companies are facing. There was a lot of third-party costs. We talked about things like Java, et cetera, that faced us this year, as well as just grow over problems of return to travel, return to conferences. Um, so hopefully, those things are now in our baseline, so they won't present headwinds next year. Um, and the nature of our model should be that there's natural margin expansion that happens through revenue growth.

Dave: Anybody else? You know, one thing I was gonna point out, I th- I can't quite tell. I think these are on the cover of your, uh, hand out there, but I will point out-- Oh, where did it go? Oh, so there were two pictures up here a minute ago. Um, on one side, was uh, there was a picture of Jack and Jerry together. I don't think you can see this out on the webcast, but it was picture. There we go.

So, that's Jack and Jerry for anybody who never met Jack and Jerry. So, Jack's on-on this side, and-and Jerry on the other side. And then this picture up here, so Jack Henry founded in the back office of an auto repair shop in Monett, Missouri. That's the auto repair shop. That's what that picture is. So, if you were sitting there looking at that slide going, "What in the world is this old rundown building up here for?" That's what that is.

So, that's really a-a reference to the founding of our company, with Jack and Jerry on this side, and-and where the company was founded over there. Okay. Uh, anybody with any last question for the stage? Otherwise, we are going to adjourn. Vance, will you kind of give us instruction on what we're doing and where we're going? If you could get a microphone, uh, and make sure everybody is clear.

Vance: Yes, Dave. First of all, I'd like to thank all of you for attending here in person. I'd like to thank those on the webcast for joining us as well. We are headed to reception. For those of you that can join us, there'll be some light hors d'oeuvres and some, uh, drinks. We've got, uh, demos of Payrails, Banno business, financial crimes defender and origin lined up for you to take a look at. And, uh, I think most of the management team's gonna hang around. As we step out, they'll direct us on where we're headed to, and uh, uh, we'll be there for quite a while this evening. So, thank you very much for attending.

Dave: Okay. And for those of you on the webcast, thank you also for being with us today. Appreciate your time.

[03:40:35] [END]