

To: GSB Board of Trustees

Fm: Paul C. Katz, President and Kathy Berman, Vice President, Marketing & Communications

The purpose of this document is to provide a strategic overview of our options to deploy and monetize FiSim Lite. It includes a recommendation for the board's consideration.

Background

FiSim Lite was approved by the board last November with an initial outlay of \$40k.

FiSim Lite is a modified version of GSB's proprietary software that is currently used at the Graduate Banking School. Its potential use includes intermediate educational settings at SBA schools, in-bank training, and as a complementary tool for banking curriculum in colleges and universities.

Current Status:

Eight Banker Advisory Board members tested FiSim Lite on Aug. 8th. They identified potential product enhancements and provided directional feedback on overall pricing strategies.

Aurum Consultants is programming four major enhancements at a total cost of \$23,700. The anticipated completion is no later than Dec. 31. This puts the total outlay at \$63.7k.

Pricing:

Additional work is required to determine pricing strategy. Initial feedback included the following:

- \$2,400 flat fee for up to 12 seats
- 13+ seats: Flat fee of \$2,000 plus \$200 pp
- Tiered license pricing based on number of users
- Need to determine hosting costs as an additional consideration
- Pricing for banks based on their usage of GSB schools and webinars – sliding scale, for example, based on bank size and relatives support of our programs.

Facilitator / Service Level Issues

- Create a two-day Train the Trainer program to build a team of certified facilitators
- Potentially offer on-line support as an added resource

Campaign Brief:

Who are we talking to?

C-suite level and key decision makers at community banks, state bankers associations, universities and fintechs.

What is the problem we are addressing?

There is a glaring void in the training market for an intermediate bank management simulation model. Such a solution could be readily utilized by state banker association schools that feed into graduate banking programs, universities and by banks internally.

What is the key customer insight?

The scope and complexity of running a bank is intensifying every day. Banks need a targeted training solution that effectively simulates this challenging environment so future leaders can take a “learn and apply” approach to understanding the impact of their decisions on bank operations and profitability.

What are we selling?

A user-friendly, intuitive training tool that will enable students to mimic the real-world banking environment while making key decisions on pricing, risk management, asset sales and treasury management.

Why should they believe GSB?

FiSim Lite is a banker-tested product that underwent an intense three-year development period incorporating extensive student feedback and faculty input. This is a superior product to other intermediate bank management simulation tools.

FiSim Lite Rollout Issues

Strengths:

- GSB’s reputation in the marketplace is strong; bankers will view this product as an extension of our quality brand.
- Student evaluations of FiSim 2.0 at GSB sessions have been positive; word of mouth marketing could give lift to this new offering.
- GSB’s network of experienced, talented faculty are positioned to support the rollout.

Opportunities:

- Use of the FiSim Lite model to positively impact the banking industry by preparing bankers for leadership roles at an earlier stage in their careers.
- Showcase banking as a career with younger students and gets them excited in a fun way about the challenges that await in banking.
- Expand awareness of Graduate School of Banking at UW-Madison among emerging and future industry leaders to increase enrollment at GSB over time.
- Create a new and potentially significant source of revenue and an opportunity to recoup some of the initial GSB Prochnow Foundation development investment for FiSim.

- Enhance partnerships with state banking associations, international banking organizations, colleges and universities.
- Develop new partnerships with associations and entities not currently working with GSB.
- Deepen relationships with GSB's most loyal banks through in-bank learning and consulting.
- Reach into and create relationships with banks that may have traditionally used competitor schools.

Threats

- Competition from ABA, other graduate level banking schools or FinTechs that may develop similarly robust software solutions.
- AI advancements may make our product obsolete more quickly than in prior environments.
- Low barrier to entry for competitors; others may in fact already be moving forward and some entities have significantly higher development and promotional resources than GSB does.

Target Markets

- General and/or intermediate banking schools hosted by state banking associations. A licensing would be assessed; however, pricing would be negotiated based on factors such as sponsorship options, GSB's visibility and options to market to students, etc.
- Organizations such as the National Bankers Association that exclusively serves minority deposit institutions and students who have been historically under-represented in the banking industry.
- GSB's international partners, starting with the Egyptian Banking Institute and Caribbean Association of Banks.
- GSB's top ten customers, Banker Advisory Board member banks and/or Alumni Council banks. A licensing fee would be assessed, and faculty would be available for additional consulting on a project or daily fee schedule.
- Undergraduate and graduate level banking and finance programs at colleges and universities in the Central States; specifically, starting with University of Wisconsin School of Business and then expanding to other institutions located within our states.

Strategic Options:

Reseller: Our approach would be to negotiate shared revenue agreements with partners that would be well- positioned to resell FiSim Lite.

This includes state bankers associations and Abrigo, which claims to have approximately 2,400 clients. In the case of SBAs, they could deploy FiSim Lite for their schools, sell to members, colleges/universities, and potentially fintechs headquartered in their respective states.

This strategy accelerates opportunities to achieve the broadest possible market penetration and create greater awareness of GSB brand. While it reduces overall revenue opportunities as compared to GSB direct sales, it mitigates the drain on GSB staff resources.

GSB as Primary Seller: This would require GSB to allocate a dedicated staff member to sell FiSim Lite in all target markets. The upside is a greater proportion of revenue assuming staff allocation costs are modest. (And net out at a higher rate than reseller strategy.)

Put FiSim Lite on Hold: Complete current upgrades and put the project on hold pending the creation of a more detailed Go-to-Market strategy, additional analysis and solidified financial projections.

This would eliminate dedication of management / staff resources for a period of time while pursuing other strategic initiatives. However, it stalls continued product development and market rollout.

President's Recommendation: Deploy the Reseller Strategy for the following reasons:

- Quickest and most impactful route to market.
- Relatively efficient use of GSB staff resources.
- Embraces collaborative nature of GSB partnership with Trustee SBAs and mutually strengthens our bottom lines.