



## **Optimization Services Frequently Asked Questions**

**1. What is Paragon Optimization Service?**

A- We analyze the products, costs and revenue from your payment card, ATM, and POS programs, compare your data to current industry cost and revenue data, and determine how you could be more competitive, increase revenue, and/or lower costs.

**2. What is the Optimization Process?**

A- We spend two days on-site gathering data and meeting with your staff. We analyze the data and prepare a P&L on the payment card program, which takes several weeks. During that time we will ask questions and clarify facts with your staff. Once the analysis of your data is completed, we will compare each data element to current market revenue and cost data. Next, we will meet with you to present our findings and make recommendations. The entire process takes about 60 days.

**3. We are already too busy and have no time for any new project.**

A- We will be on-site for 2 days to collect information and meet with your team. After that, we will call you to get additional information and ask questions. The burden on the staff is minimal.

**4. Why should we do this?**

A- The payments industry is undergoing many changes. Emerging technologies, new regulations, and new non-bank competitors are changing the way consumers pay bills, buy goods and services, conduct online “banking”, and manage their accounts. In order to stay competitive and profitable, many financial institutions are conducting third party reviews of their payments programs.

**5. What is the real purpose?**

A- To increase profitability by obtaining the best possible pricing and revenue based on current market conditions and metrics.

**6. What does it cost? I don't have any money budgeted for this.**

A- We share in the financial benefits that you receive as a result of the optimization. In a typical engagement you retain 75% of the financial benefit for the first three years. After that 100% of the benefits are yours. There is a nominal, fully refundable fee upfront to cover costs for the on-site visit.

**7. Why would I want anyone to “audit” what we are doing? I might look bad.**

A- We are not auditing you or the bank. We are benchmarking the bank's costs and revenue against current industry metrics to see how profitability can be improved.

**8. We are locked into contracts. How can you make any changes or improvements?**

A- In our experience, vendors and suppliers want to have long-term relationships with their customers and are willing to work with customers to achieve fair, market based pricing. Having a third party deal with the vendors and suppliers adds a sense of urgency to the process.



**9. Switching networks or processors? I would rather gargle dirt than do a conversion.**

A- Converting to a new network, processor, or card brand is an extreme measure that would only be proposed if you are very dissatisfied with your current relationships or the economic benefits of converting are so significant that a conversion might be warranted.

**10. We're doing just fine now, how can you possibly improve our performance?**

A- Market and competitive conditions change frequently as do the products and services you need to service your customers. The review will validate that you are doing "fine" or it will show you areas of improvement.

**11. You don't know anything about us. There's no way we aren't already getting the best rates**

A- During the optimization process we will become expert in your payment card programs and how you operate. What we learn from you, coupled with our in-depth expertise in payments and processing enables us to identify opportunities to increase profits, reduce costs, and, in some cases, operate more efficiently.

**12. What are the typical areas that financial institutions can improve?**

A- Each financial institution is different however, many are paying for reports that are no longer used or have been replaced by internet information portals. Some licensed products that they no longer use or that provide data that is not actionable or relevant. Many financial institutions are simply paying too much in fees when the entire cost of transaction processing is considered. On the revenue side, many banks do not take advantage of card brand incentive programs, network incentives, programs to increase payment card penetration and usage, or available discounts.

**13. What do I do to get more information or ask questions?**

A- Contact Jim Outland at [j.l.outland@paragondataservices.com](mailto:j.l.outland@paragondataservices.com) or call 734-516-5115.