



Annual Report 2020

FOR PUBLICATION

A Letter from the Team

2020: It was a long decade this year

The advice to new parents that “the days are long but the years are fast” seems an appropriate way to describe our collective experience the last twelve months. We started 2020 with lofty directives, but Covid-19 quickly became banks' Apollo 13 moment, with sudden new urgent priorities. With courage in the face of uncertainty, the members of the Alloy Labs Alliance met the monumental challenges of the year head-on, and together.

This year, our banks served as the conduit for the largest federal funding package in history. We endured seismic changes to the industry — rethinking the branch and taking teams remote — and we did it all while bringing critical digital solutions to market. Our banks are models for accomplishing great things through innovation, and they're being recognized for the strength of this approach by their peers and authorities such as the [FDIC in this year's Community Banking Study](#).

As the year comes to a close, we have much to celebrate. Hear about more of the great things we've accomplished this year in this video featuring some of our recent [member successes](#).

What we accomplished:

- Conducted over 20 member discovery sessions, discussion roundtables and (co)Labs

Some of the Alliance's most impactful conversations this year have centered around the long-term ramifications of Covid-19, the strategic implications of technology juggernauts entering the banking market, and the challenges of re-architecting the bank's technology stack in a crowded provider landscape without disrupting existing business.

- Created two Strategy Maps detailing transcendent opportunities with SMB and retail customers

The Strategy Maps were the result of a series of discussions among members. They were used internally by individual banks as part of their strategic planning, and they guided discussions about the Alliance's focus areas for 2021.

- Forged seven new strategic partnerships with technology providers

Partnerships with technology providers continue to be a central theme for members. This year, we established partnerships with 5 startups and 2 larger players, and increased emphasis on working together to drive post-implementation success and measurement of ROI.

- Formed three Centers of Excellence to to develop common standards and practices

Members identified common goals for Centers of Excellence on Cybersecurity, Data & Analytics, and Banking as a Service. This year, actionable outputs of their discussions will begin to take shape.

- Welcomed five earlier-stage companies into the inaugural Concept Lab cohort

Working with earlier stage companies has the greatest risk/reward profile and often ends up under-resourced by banks because of the amount of organizational energy required to manage these relationships. [The Concept Lab](#) reverse accelerator addresses this pain point. COVID delayed the launch of the lab, but we have received an amazing response from the technology community and invitations for the first cohort were sent in Q4.

- Completed six strategic investments, and have already begun to see validation of our investment thesis

Creating deeper partnerships was a mandate from last year's Annual Meeting. Strategic investments in partners and innovators are a critical part of that roadmap. We completed 6 strategic investments last year. LiveOak Technologies, a partner we had an equity stake in, was acquired by DocuSign this fall — validating our thesis that we have a unique lens on the market. And an investment we're particularly excited about this year is our participation in the seed and Series A rounds in Moov. Read more about our thesis [here](#).

What's next

Conversations with member banks directed the 2021 priorities we rolled out at the Annual Member Meeting. Our priorities for the year fit into two buckets: accelerating digital agendas and increasing differentiation.

To accelerate our digital agendas, the Alliance has chosen to focus on taking incremental steps to reduce reliance on legacy technology and re-architect the technology stack. We'll facilitate this move by increasing our focus on finding and developing solutions to address technical gaps, and by leveraging our economy of scale to work more effectively with larger infrastructure providers. Members will also support this agenda by working together to develop the institutional foundations needed to create real change — managing cultural transformation, bringing key board members and executives along, and sharing product management practices.

The differentiation prong of our agenda will focus on taking our members to *The Edge of Money*. This concept was synthesized from many member conversations around extending

relationships with customers beyond transactions and into the heart of what loans, deposits, and payments mean in the context of a customer's life. In fact, members have already begun to push toward the edge of money by partnering with two leading payments firms to co-develop a solution that will open the door to differentiation through peer-to-peer payments and be extensible to a host of other payment methods.

If 2020 was nothing else, it has been a great teacher. The events of this year highlighted the importance of banks in their customers' lives, and redoubled our members' commitment to innovating so that we can continue to meet customer needs. What we accomplished this year was incredible, and with a new round of small business funding and stimulus waiting in the wings to jumpstart 2021, we'll go into this next phase of our mission assured in the knowledge that we can and will rise to the occasion again.

Stronger Together,



Jason Henrichs
CEO
Alloy Labs Alliance