

Account Intelligence Report

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Account Overview

Account Name: Horizon Bank & Trust
Industry: Regional Banking & Financial Services
Company Size: 4,200 employees
Annual Revenue: \$1.8 billion (FY2025)
Assets Under Management: \$42 billion
Headquarters: Charlotte, North Carolina, USA
Geographic Footprint: 285 branches across 8 southeastern states (NC, SC, GA, FL, TN, VA, AL, MS)
Account Status: Key Account (Tier 2)
Current Contract Value: \$1.4M annually (core banking systems integration + security compliance)
Contract Renewal Date: May 2026

Recent News & Developments

Regulatory Compliance Crisis

In September 2025, Horizon Bank received a formal enforcement action from the Office of the Comptroller of the Currency (OCC) citing “significant deficiencies” in Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) compliance programs. The consent order requires Horizon to: - Implement comprehensive AML/BSA compliance remediation program - Enhance transaction monitoring systems and suspicious activity reporting - Strengthen customer due diligence (CDD) and know-your-customer (KYC) procedures - Hire independent compliance consultant to oversee remediation - Provide quarterly progress reports to OCC through December 2026

The enforcement action was publicly disclosed and triggered immediate consequences: - **Stock Decline:** Share price fell 18% on announcement, wiped out \$240M in market capitalization - **Credit Rating Impact:** Moody’s placed Horizon on negative watch; potential downgrade if remediation unsatisfactory - **Growth Restrictions:** OCC imposed informal growth limitations pending compliance improvements - **Reputation Damage:** Negative media coverage and customer concern about bank’s oversight

CEO Thomas Hendricks stated: “We take these deficiencies seriously and have immediately prioritized comprehensive remediation. We are implementing enhanced systems, adding compliance personnel, and working cooperatively with regulators to address all concerns.”

Industry observers note that compliance failures often take 18-24 months to fully remediate and can cost tens of millions in consulting fees, technology upgrades, and additional staffing.

CFO Departure and Interim Leadership

In October 2025, CFO Amanda Chen abruptly resigned citing “personal reasons,” though industry speculation suggests the departure was related to regulatory pressures and board dissatisfaction with compliance oversight. Chen had been CFO for six years and was well-regarded in financial services community, making the sudden departure concerning.

The board appointed VP Finance David Miller as Interim CFO while conducting external

search for permanent replacement. Miller is competent but lacks CFO experience at this scale and is managing finance function during exceptionally challenging period. The leadership transition creates uncertainty and decision-making delays.

CFO search initiated in November 2025 with expected appointment by Q2 2026. Quality candidates may be hesitant given regulatory overhang and organizational challenges.

Strategic Review and Cost Reduction Program

In response to regulatory pressures, profitability challenges, and board concerns, management announced a comprehensive “strategic review” in November 2025, examining all business lines, geographies, and expense categories. The review explicitly includes: -

Branch network rationalization: Evaluating closure of underperforming branches (estimated 40-60 branches at risk) - **Headcount optimization:** 10% workforce reduction target (\$45M annual savings) through attrition and layoffs - **Technology spending review:** “Scrutiny of all IT investments” with focus on “essential versus discretionary” - **Business line profitability analysis:** Potential exit from unprofitable products or geographies

CEO characterized the review as “necessary discipline to improve efficiency and profitability” but acknowledged it will involve “difficult decisions and organizational disruption.”

The strategic review is expected to conclude in Q1 2026 with implementation beginning Q2 2026. This creates significant uncertainty for all vendors and partners as management evaluates “every dollar spent.”

Failed Acquisition Attempt

In July-August 2025, Horizon attempted to acquire Community First Bank, a smaller regional competitor with \$8B in assets and 65 branches. The acquisition would have expanded Horizon’s footprint in Florida and Tennessee markets and provided scale benefits.

However, the OCC informally discouraged the transaction during regulatory review, citing concerns about Horizon’s compliance infrastructure and questioning their ability to successfully integrate acquired operations given internal challenges. Horizon withdrew the acquisition proposal in September (coinciding with enforcement action disclosure).

The failed acquisition was embarrassing strategically and signals that regulatory approval for any growth initiatives will be challenging until compliance issues resolved. It also suggests management misjudged regulatory environment and their standing with regulators.

Deposit Outflows and Competitive Pressure

Q4 2025 results (preliminary) show concerning deposit trends: - **Total Deposits:** \$38.2B (down 3.8% from \$39.7B in Q3 2025) - **Commercial Deposits:** Down 6.2% (businesses moving to competitors) - **Retail Deposits:** Down 2.1% (customer attrition accelerating)

Deposit outflows attributed to combination of: - **Reputation Damage:** Compliance issues causing some customers to move to “safer” banks - **Competitive Rate Pressure:** Online banks and larger competitors offering higher rates - **Branch Closures:** Announced rationalization creating customer concern - **Service Quality Concerns:** Cost-cutting impacting customer experience

Management downplaying severity (“normal seasonal variation”), but trend is concerning given importance of deposits to bank funding and profitability.

Technology Investment Freeze

In November 2025, Interim CFO David Miller issued internal memo announcing “technology investment freeze pending strategic review completion.” The freeze affects: - All new technology initiatives delayed or cancelled - Discretionary IT spending reduced by 40% - Vendor contracts under “rigorous review” - Approval required from CFO for any technology spending >\$50K (previously \$250K threshold)

IT leadership expressed concern that the freeze could impact operational capabilities and compliance remediation (which requires technology investments). However, finance overruled, prioritizing cost control over technology modernization.

The freeze creates challenging environment for all technology vendors, including us.

Financial Signals

Deteriorating Financial Performance

Q4 2025 Preliminary Results (Not Yet Publicly Reported): - **Net Interest Income:** \$142M (down 8% YoY from \$154M) - **Non-Interest Income:** \$48M (down 12% from \$55M) - **Total Revenue:** \$190M (down 9% YoY) - **Non-Interest Expense:** \$156M (up 14% due to compliance costs, consulting fees, and severance) - **Pre-Tax Income:** \$34M (down 48% from \$65M prior year quarter) - **Net Income:** \$26M (down 52% YoY) - **EPS:** \$0.42 (significantly below consensus expectations of \$0.68)

Full Year FY2025 Estimates: - **Total Revenue:** \$1.8B (down 4% from FY2024's \$1.88B) - **Net Income:** \$218M (down 28% from \$302M prior year) - **EPS:** \$3.52 (down from \$4.89 in FY2024) - **ROA (Return on Assets):** 0.52% (below peer average of 1.1%) - **ROE (Return on Equity):** 6.8% (well below peer average of 11-12%)

Profitability and Margin Compression

Net Interest Margin (NIM) Compression: - Q4 2025 NIM: 2.68% (down from 3.12% year ago) - Compressed due to rising deposit costs (competition for deposits) and flat loan yields - Among lowest NIM in regional bank peer group

Efficiency Ratio Deterioration: - Q4 2025 Efficiency Ratio: 82.1% (up from 68.4% prior year) - Ratio above 80% generally considered poor for banks; indicates excessive expenses relative to revenue - Driven by compliance costs, consulting fees, and fixed cost absorption with declining revenue

Credit Quality Concerns: - Non-Performing Loans (NPLs): \$420M (up from \$312M year ago; 1.8% of total loans) - Provision for Credit Losses: \$68M (up 42% YoY) - Net Charge-Offs: 0.58% of loans (elevated, particularly in commercial real estate portfolio)

Commercial real estate (CRE) exposure creating concern given higher interest rates and some property markets weakening.

Regulatory and Compliance Costs

Significant Expense Increases: - Compliance consulting and remediation: ~\$35M in FY2025 (incremental vs. normal operations) - Technology upgrades for AML/BSA: Estimated \$15-20M investment required - Additional compliance staffing: 45 new hires planned (fully loaded cost ~\$6M annually) - Legal and regulatory: \$12M (up from \$6M typical)

Total compliance remediation estimated at \$75-100M over 18-24 month period. These costs directly pressure profitability and create trade-offs with other investments.

Cash Flow and Liquidity

Capital Position - Adequate but Weakening: - **Common Equity Tier 1 (CET1) Ratio:** 9.8% (regulatory minimum 7%; Horizon internal target 10%+) - **Total Capital Ratio:** 12.4% (adequate but declining due to profitability challenges) - **Tangible Common Equity / Tangible Assets:** 8.2% (acceptable but lower than peer average)

Capital position adequate currently, but profit decline and potential credit losses could pressure ratios. OCC will monitor capital closely as part of enforcement action oversight.

Dividend Under Review: - Current dividend: \$0.96/share annually (2.8% yield) - Board reviewing dividend sustainability given profitability decline and capital preservation need - Potential dividend cut would further damage stock performance and shareholder sentiment

Stock Performance and Valuation

- **Stock Price:** \$34.20 (down 31% over 12 months from \$49.60; down 18% since OCC enforcement action)
- **Market Capitalization:** \$2.1B (down from \$3.1B a year ago)
- **P/E Ratio:** 9.7x (significant discount to regional bank average of 13-14x, reflecting concerns)
- **Price/Book Ratio:** 0.82x (trading below book value - signal of investor skepticism about asset quality and earnings power)
- **Dividend Yield:** 2.8% (historically attractive but sustainability questionable)

Analyst Sentiment - Negative: - 8 of 12 covering analysts rate “Hold” or “Underperform” - Only 2 “Buy” ratings (down from 7 a year ago) - Average price target: \$36 (modest upside but reflects low expectations)

Analyst Concerns: - Regulatory compliance uncertainty and remediation timeline - Margin compression and profitability challenges - Credit quality deterioration in CRE portfolio - Leadership instability (CFO departure) - Deposit outflows and competitive positioning - Dividend sustainability

FY2026 Outlook - Challenging

Management Guidance (provided December 2025 - cautious): - **Revenue:** \$1.7-1.75B (down 3-6% vs. FY2025 - further decline expected) - **Net Income:** \$180-200M (down 17-26% vs. FY2025 estimate) - **EPS:** \$2.90-3.20 (significant decline from FY2025’s \$3.52) - **Efficiency Ratio Target:** “Below 75%” (improvement from 82% but still elevated) - **Credit Losses:** Expected to remain elevated; “normalization” by FY2027

Guidance characterized as “realistic” given regulatory environment and market conditions. Management emphasized FY2026 is “investment year” for compliance remediation with profitability recovery expected FY2027-2028 (assuming successful remediation).

CRM Activity & Notes

Relationship Status: STRAINED AND AT RISK

Executive Sponsorship: Weak - CIO distracted and under pressure; no strong advocacy
Strategic Alignment: Our solutions still relevant but company focused on survival/compliance, not strategic IT
Satisfaction Metrics: Declining across most dimensions
Renewal Confidence: 45% (HIGH RISK - significant probability of non-renewal or major price reduction)

Active Opportunities (All Challenged)

Opportunity 1: Contract Renewal (PRIMARY CONCERN) - AT HIGH RISK - Value: \$1.4M annually (current contract level) - **Stage:** Renewal Discussion (4 months out but very concerning signals) - **Close Probability:** 45% - **Primary Contact:** Mark Stevens, CIO - **Status:** CIO explicitly stated in December: “Everything is on the table during strategic review. CFO is looking at every vendor contract. I cannot guarantee renewal at current levels - or renewal at all. You need to prepare for difficult conversation about pricing and scope.” - **Notes:** Technology investment freeze, strategic review, and CFO scrutiny create perfect storm for renewal risk. Procurement has requested detailed cost breakdown, usage analysis, and “market pricing comparisons” - signals they are building case for price pressure or exploring alternatives.

Opportunity 2: Compliance Remediation Technology Support (POTENTIAL OPPORTUNITY) - Stalled - Value: \$380K (professional services for AML/BSA system upgrades) - **Stage:** Proposed but No Decision - **Close Probability:** 20% - **Primary Contact:** Sarah Phillips, Chief Compliance Officer - **Status:** We proposed helping with compliance technology remediation (monitoring systems, data integration, reporting). CCO interested in principle, but all spending decisions frozen pending strategic review and CFO approval. She said: "We desperately need help, but I can't get budget approval for anything right now. Everything goes through David [Interim CFO], and he's saying no to all new spending." - **Notes:** Ironical that compliance is their #1 priority but they won't fund technology to address it. May unlock later, but timeline uncertain.

Recent Interactions (Increasingly Difficult)

December 20, 2025 - CIO Renewal Warning Discussion Met with Mark Stevens (CIO) for year-end discussion. Tone was starkly different from prior years - defensive, stressed, and pessimistic. Mark opened with: "I'm going to be direct - your renewal is not guaranteed. The CFO is reviewing every technology contract, and everything is under scrutiny. The Board and regulators are all over us about costs, and IT spending is getting targeted. I value your solution, but I'm not in control of this decision anymore."

When asked what we need to do to secure renewal, Mark said: "Show me significant cost reduction - I'm talking 30-40%, not 10%. And you'll need to prove this is essential versus nice-to-have. David [Interim CFO] is cutting aggressively, and he doesn't have the context on why we need all the systems we have. You're one of many vendors in this situation."

Mark also mentioned: "I'm getting pressure to consolidate vendors and eliminate redundancy. If your functionality overlaps with anything else we have, you're vulnerable."

December 10, 2025 - Finance Meeting (Hostile Tone) Required meeting with Interim CFO David Miller and procurement to discuss our contract as part of "strategic review." Tone was adversarial and cost-focused. David questioned: "Why are we paying \$1.4M for this? What's the business case? Can't we get this functionality cheaper elsewhere?"

We presented value documentation and ROI analysis, but David skeptical. He said: "Everyone says they're essential and delivering value. I need to see hard numbers and cost comparisons. We're going to RFP this unless you give me a reason not to."

Procurement Director added: "We've had preliminary discussions with [competitor]. They indicated they could provide similar functionality at significantly lower cost. We need to understand why we should stay with you at premium pricing."

November 15, 2025 - Compliance Technology Discussion (Frustrating) Met with Chief Compliance Officer Sarah Phillips to discuss compliance remediation support. Sarah clearly interested and acknowledged need for technology upgrades to meet OCC requirements. However, she's unable to get budget approval despite regulatory mandate.

Sarah: "This is crazy - OCC is demanding we fix our systems, but CFO won't approve spending to fix them. We're stuck. I'm escalating to CEO, but the environment is all about cost-cutting right now, not investing. I want to work with you, but I can't commit to anything."

October 18, 2025 - Quarterly Business Review (Tense) QBR was tense and focused on cost justification rather than value and partnership. IT operations team satisfied with technical performance, but strategic discussion dominated by budget pressure.

CIO mentioned: "Strategic review coming will impact everyone. Prepare for scrutiny." Procurement attended QBR (unusual) and asked multiple questions about pricing, contract terms, and alternatives. Warning signal.

Usage metrics stable (no decline), but satisfaction declining due to organizational stress and lack of engagement.

September 25, 2025 - OCC Enforcement Action Response During crisis following OCC enforcement action, we offered assistance with compliance technology remediation and data management. Initial interest from compliance team, but decision-making paralyzed by crisis management mode.

Follow-up attempts met with “not now, dealing with regulatory response” messaging. Opportunity never materialized despite clear need.

Customer Satisfaction Metrics (Declining)

- **Net Promoter Score (NPS):** 38 (down from 54 six months ago - significant decline)
- **Customer Health Score:** 52/100 (Red/At Risk status, down from 68/100 six months ago)
- **Support Response Time:** Avg 4.8 hours (within SLA of 6 hours but slower than historical)
- **Support Resolution Time:** Avg 16.2 hours (within SLA of 18 hours but approaching limit)
- **Executive Sponsor Engagement:** Very Low - CIO meetings cancelled or shortened; distracted
- **Product Adoption Rate:** 71% (down from 78% - users less engaged)
- **User Satisfaction:** 3.2/5.0 (declining from 3.8 previously)

Decline Drivers: - Organizational stress and low morale affecting all vendor relationships - IT team distracted by strategic review and cost-cutting pressures - Reduced training and engagement due to resource constraints - General pessimism about company direction affecting perceptions

Key Stakeholder Sentiment

- **Thomas Hendricks (CEO):** Unknown - No direct relationship; focused on regulatory crisis and board pressure
- **David Miller (Interim CFO):** Negative/Hostile - Cost-cutter with no context on our value; skeptical of IT spending
- **Mark Stevens (CIO):** Neutral/Stressed - Satisfied with solution but under extreme pressure; can't advocate effectively
- **Sarah Phillips (Chief Compliance Officer):** Supportive but Powerless - Wants to work with us but can't get budget
- **IT Operations Team:** Satisfied Users - Day-to-day users satisfied with functionality but demoralized overall
- **Procurement Team:** Adversarial - Aggressive cost-cutting mandate; treating all vendors as expense to minimize
- **Board of Directors:** Unknown but Likely Negative - Driving cost cuts and efficiency; IT vendors will be scrutinized

Contract and Commercial Dynamics

- **Current Contract:** Expires May 31, 2026 (4 months out - URGENT)
- **Payment Status:** All invoices paid on time (no delays - one positive signal)
- **Usage Trends:** Slightly declining (71% adoption vs. 78% six months ago)
- **Pricing Sensitivity:** EXTREME - cost is primary consideration; company in financial distress mode
- **Competitive Activity:** HIGH - Procurement explicitly mentioned competitor discussions; likely running RFP
- **Renewal Pressure:** SEVERE - 30-40% price reduction demanded; threats of non-renewal

Social Media & Market Sentiment

Predominantly Negative Sentiment: Crisis and Concern

Positive Sentiment (8%): - Very limited positive coverage - Some employee appreciation posts (but even these declining) - Occasional community involvement recognition

Neutral Sentiment (24%): - Standard business/financial news coverage (quarterly results, announcements) - Operational updates without strong sentiment - Industry trade

publication coverage

Negative/Critical Sentiment (68%): - **Regulatory enforcement action:** Extensive negative coverage of OCC consent order and compliance failures - **Financial performance:** Analyst and media criticism of declining profitability, margin compression - **Leadership instability:** CFO departure creating concern about management - **Deposit outflows:** Reports of customers moving to competitors - **Credit quality:** Concerns about commercial real estate exposure - **Strategic uncertainty:** Questions about viability and direction - **Stock performance:** Down 31% YoY, underperformance highlighted

Employee Sentiment (Glassdoor) - Declining Sharply

Overall Rating: 2.8/5.0 (down from 3.6 a year ago - significant deterioration)

CEO Approval: 42% (Thomas Hendricks) - down from 67% previously

Recommend to Friend: 38% (steep decline, majority would not recommend)

Recent Review Themes: - **Negative:** “Regulatory problems created chaos,” “Cost-cutting destroying morale,” “Layoffs and branch closures,” “Leadership seems lost,” “No investment in people or technology,” “Constant pressure and stress,” “Uncertain future” - **Positive (limited):** “Benefits still decent,” “Some good colleagues,” “Banking fundamentals still there”

6-Month Trend: Sharply negative. Morale at low point given regulatory crisis, cost-cutting, layoffs, leadership changes, and strategic uncertainty. Employees looking for exit opportunities.

Media Coverage (Negative Tone)

Business/Financial Media: - **American Banker** (Nov 2025): “Horizon Bank Faces Regulatory Pressure, Cost-Cutting to Stem Profit Decline” - **Charlotte Observer** (Oct 2025): “CFO Departure at Horizon Bank Raises Questions About Leadership Stability” - local critical coverage - **Bloomberg** (Sep 2025): “Horizon Bank Hit with OCC Enforcement Action Over AML Deficiencies” - national negative coverage - **Wall Street Journal** (Dec 2025): Brief mention in broader regional banking challenges article

Industry Trade Publications: - **Bank Director** (Nov 2025): “Case Study: When Compliance Failures Derail Growth Strategy” - feature on Horizon’s challenges - **BAI Banking Strategies** (Dec 2025): “Regional Banks Navigate Regulatory Scrutiny and Margin Pressure” - includes Horizon

Analyst Commentary - Negative: - Raymond James: Downgraded from “Outperform” to “Market Perform,” citing “regulatory overhang and profitability challenges; limited upside until clarity on remediation success” - KBW (Keefe, Bruyette & Woods): “Underperform” rating, “Compliance issues will take 18-24 months to resolve; earnings pressure persists” - Piper Sandler: “Hold” but negative tone; “Execution risks high; prefer larger regional banks with stronger compliance infrastructure”

Risk Assessment

CRITICAL RISKS

Renewal Risk - VERY HIGH (PRIMARY CONCERN) Multiple severe factors create extreme renewal risk: - CIO explicitly stated renewal “not guaranteed” and demanded 30-40% price reduction - Interim CFO hostile to IT spending and questioning our value/pricing - Technology investment freeze affecting all vendors - Strategic review evaluating “every dollar” with explicit focus on IT - Procurement exploring competitive alternatives and mentioned competitor discussions - Declining satisfaction metrics (health score 52/100 - Red/At Risk) - Company financial distress mode prioritizing survival over partnerships

Estimated probability of negative outcome: 55% (non-renewal or >30% price reduction)

Financial Viability Risk - MEDIUM-HIGH While Horizon not in immediate failure risk, combination of regulatory pressures, profitability decline, capital concerns, and deposit outflows create environment where solvency questions could emerge if situation deteriorates. Bank failures/acquisitions typically preceded by extended period of regulatory problems and financial weakness. Monitor closely.

Decision-Making Dysfunction - HIGH CFO departure and interim leadership create decision-making vacuum. David Miller (Interim CFO) lacks relationships and context but has broad cost-cutting authority. Decisions being made by person with incomplete information and short-term cost focus. Risk of sub-optimal decisions that damage bank (including vendor terminations they'll regret).

HIGH RISKS

Competitive Displacement - HIGH Procurement explicitly mentioned competitor discussions. Company will likely run RFP process to "validate market pricing" and create leverage for price pressure. Competitors will sense vulnerability and propose aggressive pricing. Risk of losing based on price even if functionally superior.

Relationship Deterioration - HIGH CIO distracted and unable to advocate. Interim CFO hostile. Compliance officer interested but powerless. No executive sponsor effectively supporting us. Relationship capital depleting rapidly. Without internal advocates, renewal increasingly unlikely.

Payment Risk - MEDIUM Currently paying on time, but financial pressure and cash flow concerns could lead to payment delays or disputes. Banks under regulatory pressure often stretch vendor payments to preserve liquidity. Monitor payment behavior carefully.

Opportunity Identification

DEFENSIVE PRIORITIES (Risk Mitigation - URGENT)

1. Renewal Preservation with Major Price Concession - TOP PRIORITY Objective:

Secure renewal with significant price reduction (accepting 30-40% cut) to preserve account versus complete loss.

Strategy: - Accept reality that maintaining \$1.4M contract is not feasible given their financial condition - Develop "crisis pricing" proposal at \$850K-980K (30-40% reduction) with right-sized scope - Position as "partnership approach recognizing your challenges" rather than forced concession - Emphasize stability and continuity value during regulatory remediation (switching vendors adds risk) - Quantify switching costs (implementation, training, disruption, integration) to justify staying vs. changing

Calculation: Better to retain at \$850K-980K than lose completely (\$0). Revenue reduction painful but preferable to churn.

Timeline: Proposal by end of January for February-March discussions

Action: Get internal approval for deep price cut authority IMMEDIATELY

2. Executive Escalation to CEO - CRITICAL Objective: Go over CIO and Interim CFO to CEO/COO level to make strategic case for retention.

Strategy: - Position conversation as "regulatory risk mitigation" not IT contract (speak their language) - Emphasize that vendor turnover during compliance remediation adds operational risk that OCC will scrutinize - Provide examples of banks that created additional problems by disrupting technology during regulatory oversight - Offer flexible pricing that addresses cost concerns while maintaining stability - Request CEO or COO consideration before making termination decision

Timeline: Executive outreach by end of January

Action: Our CEO or SVP to reach out to Horizon CEO; emphasize regulatory risk of disruption

3. Compliance Value Positioning Objective: Reposition our solution as compliance-supporting infrastructure, not discretionary IT spending.

Strategy: - Document how our platform supports compliance processes (audit trails, data integrity, reporting) - Demonstrate that removing our solution could create compliance gaps that OCC would flag - Provide compliance-focused ROI analysis showing regulatory risk mitigation value - Connect to CCO Sarah Phillips to build compliance-based business case

Timeline: Compliance positioning materials by early February

Action: Compliance team to develop regulatory risk mitigation documentation

4. Competitive Defense Preparation Objective: Prepare for likely RFP process with strong competitive response.

Strategy: - Develop competitive TCO analysis showing true cost of switching (not just license fees) - Prepare customer references from other banks that stayed during difficult periods - Emphasize switching risk during regulatory scrutiny (implementation failure could create OCC concerns) - Competitive intelligence on likely competitors and their weaknesses - Aggressive pricing while maintaining minimum acceptable margin

Timeline: RFP response materials ready by February

Action: Competitive intelligence team to research likely competitors; prepare battle cards

Recommended Sales Strategy & Talking Points

Core Strategy: Stability Partner During Crisis with Flexible Pricing

Primary Message: “Mark, David - we understand Horizon is navigating exceptionally challenging period with regulatory remediation, financial pressure, and strategic review. We want to be part of the solution, not another problem. Let’s discuss flexible pricing that addresses your cost constraints while maintaining operational stability you need during regulatory oversight. Switching vendors during OCC remediation adds risk you can’t afford.”

Key Talking Points

1. Acknowledge Their Reality (Empathy) *“We’ve been following the OCC consent order, strategic review, and financial challenges. These are serious issues requiring difficult decisions. We’re not going to pretend everything is normal and push for upsells. Let’s have honest conversation about what makes sense given your situation.”*

2. Regulatory Risk of Vendor Disruption *“Banks under OCC enforcement actions need operational stability. The last thing regulators want to see is technology vendor transitions creating disruption, implementation problems, or compliance gaps during remediation period. Continuity reduces regulatory risk. Our stability supports your remediation story.”*

3. Proactive Pricing Flexibility *“Rather than force you into lengthy RFP process or wait until May renewal crisis, we’re proposing significant price reduction - 30-40% below current contract. We recognize your financial reality and want to structure agreement that works. You get immediate budget relief; we maintain partnership. This addresses your cost pressure while eliminating disruption risk.”*

4. Total Cost of Switching *“Switching vendors always looks cheaper until you calculate: implementation costs (\$200-300K), training, integration with other systems, productivity loss during transition, risk of problems during critical regulatory period. Our analysis shows TCO of staying at reduced price beats switching by 25-35% - plus eliminates execution risk during OCC oversight.”*

5. Compliance Infrastructure Value *“Our platform isn’t discretionary IT spending - it supports your compliance infrastructure through audit trails, data integrity, reporting capabilities. Removing it could create gaps that OCC would question during remediation oversight. Compliance officer Sarah [Phillips] understands this value even if finance team doesn’t see it. This is regulatory risk mitigation spending, not optional IT.”*

Objection Handling

Objection: “We need 40% cost reduction; can’t justify current pricing”

Response: *“Understood. We can structure agreement at \$850-900K (approximately 35-40% reduction) through right-sizing licenses, adjusting service levels, and multi-year commitment discount. This delivers the budget relief David [CFO] needs while maintaining core functionality. We’re proposing specific cost reduction, not asking you to stay at current price.”*

Objection: “CFO wants to RFP to validate market pricing”

Response: *“You can run RFP, but consider timing and risk. RFP takes 3-4 months (proposal, evaluation, negotiation). Then 4-6 months implementation. You’re under OCC remediation timeline through end of 2026. Do you want to spend 2026 managing vendor transition instead of fixing compliance? Plus, if implementation has any problems, OCC will notice. Accepting our aggressive pricing offer eliminates that risk and timeline.”*

Objection: “Competitor says they can provide similar functionality 50% cheaper”

Response: *“They’re quoting license fees, not total cost of ownership. Add implementation (\$200-300K), integration with your existing systems, training, productivity loss, and transition risk. They’re also not carrying your institutional knowledge - we know your environment, your integrations, your workflows. New vendor faces learning curve. And if anything goes wrong during OCC oversight period, creates bigger problem than cost savings justifies. You’re in crisis management mode - don’t create new crisis trying to save money.”*

Objection: “Not sure your solution is essential; may eliminate entirely”

Response: *“That decision is above my level, but I’d encourage conversation with Chief Compliance Officer Sarah Phillips before deciding. She can speak to how our platform supports compliance processes and data integrity. Eliminating might create compliance gaps that OCC questions. Also, consider opportunity cost of IT team time rebuilding capabilities elsewhere versus focusing on regulatory remediation. But if executive decision is to eliminate, we obviously respect that.”*

Next Steps & Action Items

CRITICAL (Next 2 Weeks): 1. ☐ Get internal approval for 30-40% price reduction authority (\$850-980K contract) - URGENT 2. ☐ Develop crisis pricing proposal with multiple scenarios - Target: January 31 3. ☐ Executive escalation: Our leadership to Horizon CEO/COO - Target: End of January 4. ☐ Prepare compliance value positioning and regulatory risk analysis - Target: February 7 5. ☐ Competitive intelligence gathering on likely RFP competitors - Target: Ongoing

HIGH PRIORITY (Next 30 Days): 6. Present crisis pricing proposal to CIO and Interim CFO - Target: Early February 7. Engage Chief Compliance Officer to build compliance-based business case 8. Develop switching cost analysis and TCO comparison 9. Prepare customer references from banks in similar situations that renewed 10. Document regulatory risk of vendor transitions during compliance remediation

MEDIUM PRIORITY (30-60 Days): 11. If RFP issued, submit aggressive competitive response 12. Monitor strategic review outcomes and cost-cutting decisions 13. Track CFO search and permanent CFO appointment 14. Maintain operational excellence (no service failures that provide termination excuse) 15. Monitor financial condition and regulatory developments

ONGOING: 16. Daily account health monitoring during critical renewal period 17. Payment monitoring for any delays or disputes 18. Competitive intelligence on alternative

solutions being evaluated 19. Relationship maintenance with all stakeholders (CIO, CCO, IT team) 20. Escalation path ready if situation further deteriorates

Account Team

Account Executive: Jennifer Morris (jennifer.morris@company.com) - PRIMARY OWNER

Customer Success Manager: David Kim (david.kim@company.com)

Solutions Engineer: Amanda Rodriguez (amanda.rodriguez@company.com)

Account Manager: Robert Taylor (robert.taylor@company.com)

Executive Sponsor: Maria Gonzalez, SVP Financial Services (maria.gonzalez@company.com) - IMMEDIATE EXECUTIVE ESCALATION REQUIRED

Internal Support Required - URGENT: - Pricing/Contracts: Deep discount authority approval (30-40% reduction) - Executive Leadership: CEO-to-CEO outreach to Horizon Bank CEO - Competitive Intelligence: RFP defense materials and competitor analysis - Legal: Compliance risk documentation and regulatory positioning - Financial Services Subject Matter Experts: Regulatory remediation risk talking points - Customer Marketing: Banking customer references (similar situations)

Last Updated: January 14, 2026

Next Review Date: Weekly monitoring (CRITICAL PERIOD - renewal at severe risk)

Risk Level: VERY HIGH - Imminent Loss Risk Without Aggressive Intervention

Action Required: IMMEDIATE executive escalation and crisis pricing proposal

Conclusion

Horizon Bank & Trust represents an account in severe distress with very high probability of loss without immediate, aggressive intervention. The combination of regulatory crisis, financial deterioration, leadership instability, cost-cutting mandates, and hostile interim CFO creates nearly impossible retention environment.

Reality Assessment - Blunt Truth: This account is likely lost unless we take extraordinary measures. The math: - CIO says renewal “not guaranteed” and demands 30-40% cut - Interim CFO hostile and exploring competitors - Strategic review targeting IT spending - Declining satisfaction (health score 52/100 - Red) - No executive advocate internally - Financial pressure creating survival mode mentality

Path to Retention (Low Probability but Worth Attempting): 1. **Accept deep price cut** - Cannot retain at \$1.4M; must offer \$850-980K (30-40% reduction) 2. **Executive escalation** - Go to CEO with regulatory risk argument (vendor disruption during OCC remediation) 3. **Compliance positioning** - Reframe as compliance infrastructure, not discretionary IT 4. **Switching cost emphasis** - Quantify total cost and risk of changing vendors during crisis 5. **Operational excellence** - No service failures that provide excuse for termination

Investment Decision: This account requires executive-level decision on whether retaining at \$850-980K (versus current \$1.4M) is worth it. Considerations:

Arguments FOR Fighting to Retain: - \$850-980K revenue better than \$0 (complete loss) - Regional banking sector remains strategically important - Demonstrates commitment to customers during tough times (reputation benefit) - They may stabilize if compliance remediation successful (long-term recovery potential) - Precedent of “walking away” from challenged customers hurts morale and future retention

Arguments AGAINST Major Investment: - Low probability of success even with deep discount (maybe 40-45%) - Requires executive time and resources for uncertain outcome - Reduced revenue (\$850-980K vs. \$1.4M) may not justify support costs - Account may fail anyway (financial viability concerns) - Resources might be better deployed to higher-probability accounts

Recommendation: Make one strong attempt with crisis pricing (\$850-980K), executive CEO-to-CEO outreach, and compliance risk positioning. If that doesn't secure renewal by March, accept loss and redeploy resources. Don't chase below \$850K - at that point, margin doesn't justify effort.

Set clear "go/no-go" decision point: If no positive signal by March 15, prepare graceful exit and transition plan.

CONFIDENCE LEVEL: VERY LOW - High Probability of Loss Despite Best Efforts

This account intelligence report is confidential and intended for internal sales and customer success teams only.