

# SMALL BUSINESS AND CREDIT UNIONS

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# CREDIT UNION SMALL BUSINESS ADVANTAGE



Small businesses members are a growing opportunity for credit unions. According to the National Association of Federal Credit Unions, business loans grew 60 percent since 2008 for credit unions while bank loans to small businesses declined 18 percent<sup>1</sup>. In addition, 23% of small businesses anticipate opening a new business deposit within the next year as a result of increased optimism about the future and the prospect of rising rates. Although loan generation presents revenue opportunities, research from Raddon indicates that deposit products serve as the entry point for loans<sup>2</sup>.

It is essential for credit unions' success that they continue to maintain their small business advantage by delivering the value, service, and tools that small businesses desire. In today's transforming business and banking landscape the expectations of credit union members are evolving beyond traditional financial services. This change represents opportunity.

Credit unions have developed their small business advantage through the personal and relationship-based service that its bankers deliver combined with typically lower fees and interest rates.

Credit unions have positioned themselves as partners in their small business members' success through their relationship of helping the business succeed. This comes through delivering the right banking services as well as providing advice and connections to other resources. Today, new Fintech solutions are enabling credit unions to expand their value to their small business members through big data insights and, at the same time, increasing engagement and member loyalty.

**SMALL BUSINESSES AND CREDIT UNIONS  
HAVE A FUNDAMENTAL ALIGNMENT  
AND SIMILARITY BECAUSE BOTH ARE  
FOCUSED ON THE SMALL BUSINESSES'  
SUCCESS.**



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Credit Unions wanting to retain and attract small business members face opportunity and risk caused by changing small business expectations. Small businesses want more from their banks than just traditional services – they want digital services including those that help their business succeed.

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## IT'S DIFFICULT BANKING SMALL BUSINESSES

Credit unions desire more small and medium-size enterprise (SME) members because they represent a huge market (99% of all US businesses). However, they are more difficult to target and serve because of their diversity. Within the context that small businesses are so different, how does the credit union provide a solution of expanded value to help each of them?

Today some banks provide a one-size-fits-all approach, but it doesn't fit because these businesses are so different. Other banks try to specialize in business banking solutions for a few industries such as retail, manufacturing, and professional services. But even with these types of industry verticals the difference of companies is too large. For example, manufacturing clothes, candy, and pharmaceutical devices all fit within the category of manufacturing, but they are all so different.

Credit unions may have bankers with local knowledge and, in cases, general industry knowledge. But it isn't financially practical for credit unions to have even a few industry experts in branch locations.

“ TODAY SOME BANKS PROVIDE A ONE-SIZE-FITS-ALL APPROACH, BUT IT DOESN'T FIT

## IT'S HARD TO DIFFERENTIATE AND BE CREATIVE

Financial service innovation is frequently constrained by high-regulation. Many banking product and service improvements aren't really innovative competitive advantages because all the other mega-banks, community banks, and credit unions are doing the same things. (For example: “me too” strategies like mobile banking, mobile payments, etc.) Credit unions are looking for ways to innovate that their competitors are not. SizeUp's helps credit unions targeting SME acquisition, retention, and engagement through new and non-traditional financial services. In addition, SizeUp is scalable to serve the business members of a credit union using infinitely customizable big data analysis. The information is unique for each of the credit union's business members and is available on-demand anytime the business wants to access it through the credit union's website. This is important because personalized service from banking institutions is highly valued by small business owners<sup>3</sup>.

“ MANY BANK PRODUCT AND SERVICE IMPROVEMENTS AREN'T REALLY INNOVATIVE COMPETITIVE ADVANTAGES



# SMALL BUSINESSES WANT MORE THAN BANKING

Credit unions must expand their small business services beyond the traditional financial services they have provided in the past. The research on this from industry thought leaders including Boston Consulting Group, Accenture, and PWC is both clear and compelling.

Boston Consulting Group's study of SMEs shows that quality of service, being a trusted advisor, and delivering credit are key roles for banks and that there is additional desire from SMEs that their banks deliver digital and value-added services. Also, the SME experience with their bank should be as easy as their experience with Amazon.com<sup>4</sup>.

Research from Accenture shows that small business satisfaction with banks would increase if fees are lowered. However, doing so would be a race to the bottom, turning the bank into a commodity. Instead, banks should change the conversation from "cost" to "value" placing a priority on moving from "financial services provider" to "SME business partner." This can be accomplished by providing value-added services in a number of areas. The white paper *SME Banking 2020: Changing the conversation and capturing the rewards* explains, "Our research shows that 31 percent of SMEs are looking for closer engagement with their bank as a source of proactive ideas, including the financial and non-financial assistance that will help them to optimize their businesses."<sup>5</sup>

PWC's research also recommends that banks, "Look beyond the limits of traditional banking. To date, when serving SMEs, banks have mostly focused on their traditional areas of strength, such as cash management and financing. But they should be thinking of providing adjacent services, such as creating e-shops, undertaking payroll processing, and offering access to networking opportunities and communities."<sup>6</sup>

However, there is stiff competition to provide support and advice. The competition is coming from other banks, accountants, lawyers, and new Fintech players that are entering the small business space with digital offerings<sup>7</sup>.



## SUMMARY: 4 KEY TRENDS

1. Small businesses want banking plus value-added services from their banks.
2. Small businesses want their bank to be their partner in their company's success.
3. There is competition from other banks, Fintechs, and service providers to provide value-added SME services.
4. Services to SMEs must be as easy to use as Amazon.com.

# WHAT SMALL BUSINESSES WANT FROM THEIR CREDIT UNIONS

Small business' expectations are evolving and expanding what they expect their community banks to provide. Although quality, traditional banking services are important they want more, especially digital, advisory, and value-added services.

According to BCG's research, the following are the top digital features desired by small businesses from their bank<sup>8</sup>:

	Feature	Desire
1	END-TO-END ONLINE FULFILLMENT	94%
2	SINGLE CUSTOMER VIEW AND SIGN-ON	77%
3	ALL PRODUCTS ACCESSIBLE WITH ONE CLICK	77%
4	PEER GROUP COMPARISON	71%
5	OPTION TO TAILOR PRODUCTS	69%
6	FLEXIBILITY	69%
7	FINANCIAL PLANNING TOOLS/SOFTWARE	69%
8	PRE-APPROVAL OF CREDIT REQUEST	66%
9	EASY VIRTUAL ACCESS TO RM	66%
10	RM & EXPERT ONLINE CHAT	66%

End-to-end fulfillment, single sign-on, and one-click-access are all common expectations. Perhaps, for some people, the surprising feature small businesses want their bank to deliver to them is “peer group comparison” which is ranked in fourth place. This even ranked ahead of tailored products and pre-approval of credit request. It is also noteworthy that peer group comparison is desired by 71%, considering so few banks provide this service.

**Wells Fargo**, in the United States, and **Deutsche Bank**, in Germany both deliver their small business customers with peer group comparisons across key performance indicators that are specific to the business' location and industry by providing SizeUp software services within the bank's website.

## TWO KEY OPPORTUNITY TRENDS ARE EVIDENT FROM THE SMALL BUSINESS DIGITAL SERVICE RANKED LIST:

**1** Peer group comparison and financial planning tools/software together represent one-fifth of the most desired digital features SMEs want from their bank. This is a strong indication of the desire of SME's to get additional insights, planning, and operational assistance. Also, they see banks as logical providers of these services.

**2** Access to relationship managers is desired in a way that transforms what “relationship” means. As with other industries, online chat is becoming a consumer expectation. Within banking, virtual interactions are qualitatively different than in-branch relationship manager exchanges. Online RMs can provide specialized interactions with customers not based on where they are, but on the RMs expertise. This enables them to provide unique assistance and advice based on the SME's industry or situation. It also invites the opportunity to use chat bots powered by artificial intelligence.

Accenture's research indicates more than one out of three bank SME customers want their bank to provide insight on how their business is running through online bank services (22% online, 3% mobile, and 10% email)<sup>9</sup>. This is further evidence of the value of information insights such as peer group comparison and the desire for business optimization assistance.

Even though small businesses want to benchmark their performance to peer competitors, they lack access to benchmarks and metrics specific to them<sup>10</sup>. First, SMEs can't afford consultants to perform industry benchmark comparisons. Second, benchmark data is typically only available for general industries

such as business services, retail, construction, and restaurants. Instead of identifying with general industries, small businesses self-identify as accountants, women's clothing stores, electricians, and coffee shops – because that's who they really are. SizeUp solves this problem by enabling unique businesses to compare themselves to only the businesses they *actually* compete with, using benchmarking data for thousands of industries at the local level.

The report from Accenture concludes that, "The imperative is to understand the scope of SME business (not just financial) needs and focus on how to meet them. As part of this process, we believe banks should do the following..."

1

Banks need to change the nature of the conversation they have with their SME customers: it's not just about being a financial provider any more.



2

To meet the hugely varied needs of SMEs across the country, Banks should consider an ecosystem approach, partnering with FinTechs, where possible, as well as other established technology providers of services and products that can help change today's Banks into SME partners of the future.

3

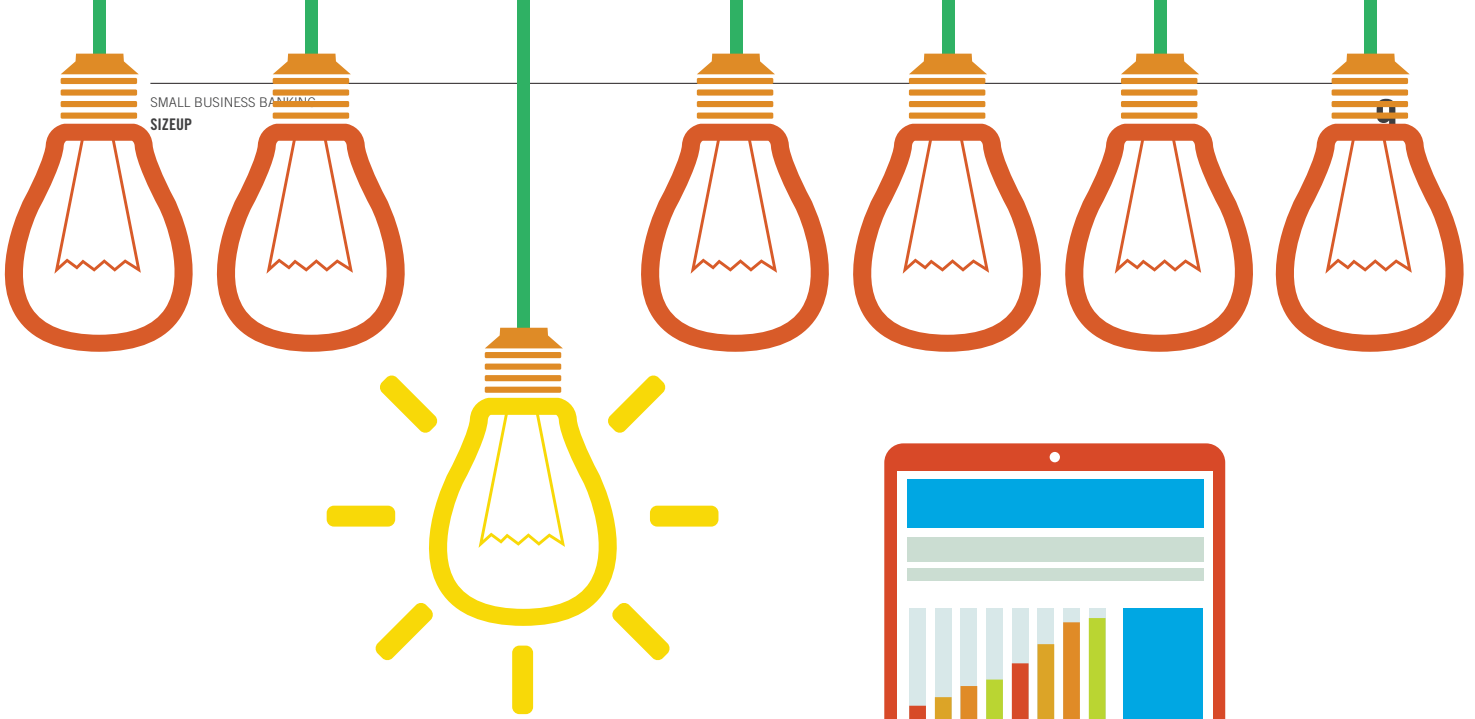
New approaches often demand new structures. Banks should consider the opportunities offered by a multi-brand strategy as they seek to position themselves as relevant providers of services to SMEs across the spectrum.

The banks that can successfully deliver these services will be the winners – and SMEs too will benefit from a new partner that can truly understand them and help them thrive."<sup>11</sup>

PWC identified possible routes banks can pursue which take into account SME's current and future needs, services competitors may be offering, and what technology currently allows. Two notable recommendations include:

- Introducing advanced digital tools, including those that help SMEs do financial analysis, planning, and value their receivables.
- Using aggregate data to show how individual SMEs compare to their peers or to industry benchmarks.





## WAITING FOR CREDIT UNIONS' UBER MOMENT AND MISSING ITS KODAK MOMENT

Credit Unions may be awaiting their Uber moment of disruption, but their Kodak moment may have already arrived. Kodak thought they made film, when what they really made were images. So when images became digital, Kodak was disrupted. Credit Unions relationships with businesses have traditionally been related to deposits and, since 1998, credit. But if credit unions don't realize that what they really provide are services for their small business members to succeed, credit unions invite their own disruption. Historically, the barrier to business success was access to capital, which is why credit unions are so important. But in an information economy, access to information, tools, software, data, and markets are the new barriers to small business success. (And small businesses are at the greatest risk/disadvantage in this new information economy.)

Traditional banks may see themselves as poorly positioned to provide value-added services as they are not core to the staff and technical infrastructure that banks have built. But credit unions are ideally positioned to expand their value and services to small businesses because they already are leaders in doing so. By providing a broad range of services they can partner with many expert Fintech companies specializing in small business services so that the credit union can become a platform of multiple internal and external services.



## THE SIZEUP SOLUTION

SizeUp provides credit unions with a value-added service that small businesses want their credit union to deliver including:

- 1 Peer comparison measurement across multiple performance indicators.
- 2 Tools enabling the small business to improve operations by finding new potential customers, suppliers, and better understand their competitive landscape.
- 3 Analysis to achieve greater ROI by targeting and geographically optimizing customer advertising.

SizeUp can be provided through a credit union website. It can also be used by relationship managers when they are meeting with small business members as a consultative tool to provide their members with market research and business intelligence insights. This strengthens the business' opinion of their relationship managers' value and perception as a trusted advisor and expert.

**EMPOWER YOUR SME  
BANKING CUSTOMERS TO  
MAKE SMARTER DECISIONS  
THROUGH DATA & LEARN THE  
ANSWERS TO THE BURNING  
QUESTIONS THAT KEEP EVERY  
BUSINESS OWNER & ASPIRING  
ENTREPRENEUR UP AT NIGHT.**



## **HOW BANKS USE SIZEUP - SMALL BUSINESS INTELLIGENCE - TO ACHIEVE STRATEGIC GOALS**

SizeUp is customized to meet the business objective of your bank such customer acquisition, customer retention, introduction of products, and increased client engagement. Additionally, it can include information proprietary to your bank to further customize the experience. The following are some examples of how this can be accomplished.

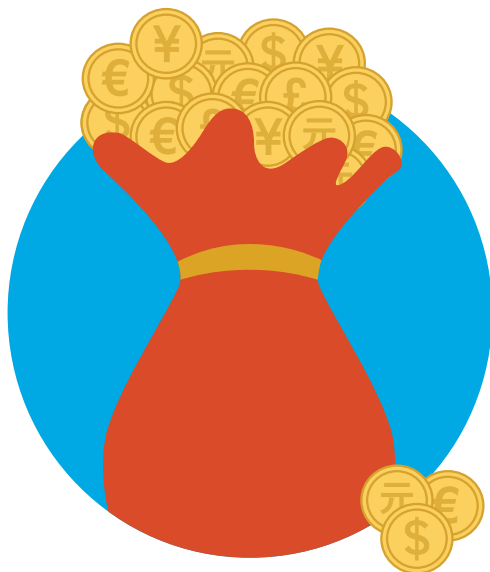
## 1

**INTRODUCING BANKING PRODUCTS**

SizeUp provides essential information for businesses across the different lifecycle phases from feasibility to launch, growth, expansion, and replication. Each of these is further described later in this document.

But as an example, if one of your consumer customers is using SizeUp service to research the feasibility of opening their business, your bank can identify a potential business banking customer before they've even become a business.

**THIS UNIQUE “SIGNAL” PROVIDES YOUR BANK A HEAD START AT ACQUIRING THEM BEFORE THEY MAY HAVE EVEN CONSIDERED THEIR SMALL BUSINESS BANKING OPTIONS.**



## 2

**CUSTOMER RETENTION**

SizeUp can be designed so the service is only available to your customers. This strategy can be used for customer retention because you are providing a valuable service constantly updated with new information, that if they left your bank, they would lose.

## 3

**CUSTOMER ACQUISITION**

When non-customers use SizeUp on your website it provides your bank with an opportunity for them to opt-in to provide you with their contact information, industry, and location, as well as highly valuable information they often would keep private about their company such as their revenue turnover, number of employees, and more.

**THIS ENABLES YOUR BANK TO TARGET YOUR MOST IDEAL CUSTOMERS BASED ON IMPORTANT CHARACTERISTICS YOU HAVE DISCOVERED ABOUT THEM THROUGH SIZEUP.**

# 4

## CUSTOMER ENGAGEMENT

SizeUp increases engagement with your business customers in a variety of ways. Here are some examples:

### UPDATED INSIGHTS

SizeUp data is updated multiple times each year and that matters for businesses because their success and weaknesses are constantly changing. SizeUp can be used to update businesses through email or other communication whether their business is improving or declining. When they see an email letting them know their business' performance has gotten better or worse they are going to be motivated to click through to learn about the changes through SizeUp's software service on your website: when they are on your website it's another opportunity to engage with these customers and show they services your bank can provide them.

### RELATIONSHIP MANAGERS

When your business customers come into a branch location SizeUp provides your relationship managers with a new tool to deliver value to them when they are having conversations. It makes the relationship manager an expert with access to big data analytics unique and customized to the business they are speaking with. And, like the online version, it can be the means to introducing the customer to new banking products.

### INTERACTIVE EXPERIENCE

So much of the business assistance that banks and other organizations provide is passive content in the form of articles or videos. SizeUp creates higher engagement because it is completely interactive, individually customized to each business using the service, and delivers business intelligence insights in real-time using easy to understand charts, graphs, and visual information.

### PRODUCT AWARENESS

Because SizeUp can be designed to introduce your bank's products and services at relevant moments it can increase the opportunity for your business customers to click through to learn more about these products and apply to get them. This delivers value to your bank's bottom line.



# BIG DATA FOR SMALL BUSINESS

SizeUp's business intelligence enables financial institutions to empower their SME customers to make smarter decisions based on data-driven analysis.



# 1 COMPARE BUSINESS PERFORMANCE TO COMPETITORS

Business owners can find out how their performance compares to all other competitors in their industry, based on benchmarking of their revenue, employees, years in business, and other measures. An entrepreneur that has yet to start a business can use this tool to assess whether their projections are realistic given the state of the competitive market.

It is important for businesses to know where they stand in relation to direct competitors, because knowing where they stand helps them know what to improve. When they know which categories are their weakest compared to competitors, they can then focus more attention on improving in those areas.

**Compare**  
 Compare your business to the competition in the Coffee Shops industry in Oakland, CA.

Compare your business to the competition in the **Coffee Shops** industry in **Oakland, CA**.

**Revenue**  
 Annual revenue of your business: **\$580,000**

**How you size up**  
 The revenue your business generates is greater than or equal to 59% of businesses in your industry in your city, greater than or equal to 46% of businesses in your county, greater than or equal to 44% of businesses in your metro, greater than or equal to 39% of businesses in your state, and greater than or equal to 56% of businesses in the nation.

Geography	Percentage of Businesses
City (Oakland, CA)	59%
County (Alameda, CA)	46%
Metro (San Francisco-Oakland-Fremont, CA)	44%
State (California)	39%
Nation (United States)	56%

**Average Business Annual Revenue by ZIP code in Alameda, CA**

Revenue Range	Color
\$850K - \$1.5M	Red
\$700K - \$850K	Orange
\$500K - \$700K	Yellow
\$280K - \$500K	Light Green
\$221K - \$280K	Dark Green
No data available	Grey

**Considerations**  
 Average annual revenue measures the income that the average business in the area generates from selling its goods and services. You can use this figure as a benchmark to determine where you should be setting goals for your own performance.

**Resources**  
 Apply for a small business loan from **OnDeck**.  
 Develop a business plan and create forecasts with **LivePlan**.

**Compare**  
 Compare your business to the competition in the Coffee Shops industry in Oakland, CA.

Compare your business to the competition in the **Coffee Shops** industry in **Oakland, CA**.

Metric	Your Business Value	Industry Benchmark
<b>Revenue</b> Annual revenue of your business	\$580,000	Average
<b>Year Started</b> The year your business was started	2002	Average
<b>Salary</b> Average annual worker salary	\$20,000	Average
<b>Employees</b> Number of full-time equivalent employees	7	Average
<b>Cost Effectiveness</b> Revenue per employee divided by worker salary	Average	Average
<b>Revenue Per Capita</b> Revenue generated per community resident	\$73	Average
<b>Local Turnover</b> Percentage of workers newly hired	12%	Average
<b>Healthcare Cost</b> Annual healthcare premium per employee	\$4,500	Average
<b>Workers' Compensation</b> Premium per employee (per \$100 of payroll)	\$3	Average

# 2

## FIND POTENTIAL CUSTOMERS, SUPPLIERS, AND COMPETITORS

SizeUp shows business owners the locations of potential business customers and suppliers on a map and provides these small business owners with contact information, when available, so the owners can contact them directly for business. In addition, owners directly to consumers can track where households spend the most dollars in a variety of groupings.

Users can map local patterns for hundreds of consumer expenditure categories, ranging in everything from women’s sweaters to new trucks. After creating a heat map of household consumer expenditure data, small business owners can compare where the most money is spent in their industry with the locations of their competitors. This can help identify geographic and economic leakage in some areas that the business can take advantage to increase their revenue.

An additional benefit of this tool is that it encourages and facilitates local business transactions that recirculate money in the local economy.

**Competition**  
Map your competitors, customers and suppliers in the Beauty Salons industry around Beverly Hills, CA

Map your competitors, customers and suppliers in the **Beauty Salons** industry around **Beverly Hills, CA**

Competitors Customers Buy from other businesses? All Customers Consumer Expenditures

Hair Salons  
Add categories of businesses that buy from you:  
enter an industry

- Skinology Skin Care & Wxngstd**  
490 Foothill Rd, Beverly Hills, CA, 90210
- Balayage By Nancy Braun**  
9278 Civic Center Dr, Beverly Hills, CA, 90210
- Leone Mosaïque Salon**  
9278 Civic Center Dr, Beverly Hills, CA, 90210
- Byron & Tracey Salon**  
9294 Civic Center Dr, Beverly Hills, CA, 90210
- Germen Chez**  
9300 Civic Center Dr, Beverly Hills, CA, 90210
- Jonathan & George**  
9320 Civic Center Dr, Beverly Hills, CA, 90210
- Nails & More**  
458 N Doheny Dr, West Hollywood, CA, 90048
- Fantastic Sams**  
458 N Doheny Dr, West Hollywood, CA, 90048
- Nest Salon-Los Angeles**  
618 1/2 N Doheny Dr, West Hollywood, CA, 90069
- Taro Awal For Hair**  
620 1/2 N Doheny Dr, West Hollywood, CA, 90069

Viewing 1-10 of 15279 1 | 2 | 3 | 4 | 5 | 6 >>>  
*\*Business sorted by distance from center of the community*

Consumer Expenditures (Total Households) for Personal Care Services For Females by ZIP code in Los Angeles, CA

TOTALS AVERAGES

- \$6.6M - \$12.2M
- \$5.1M - \$6.6M
- \$3.9M - \$5.1M
- \$2.9M - \$3.9M
- \$0 - \$2.9M
- No data available

Business Intelligence Provided By: SizeUp  
Map data ©2015 Google Terms of Use  
Text Alternative



# 3 IDENTIFY THE BEST GEOGRAPHIC PLACES TO ADVERTISE

Business owners can use SizeUp to find the areas with the highest total revenue for their industry so they can target advertising to areas with strong industry revenue. Or, they can choose instead to isolate the areas that are most underserved for their industry, as those might be areas where they can fill a gap in the local market.

Owners can also restrict the search to display only areas that fit certain criteria important to the business, such as a minimum household income, demographics, or business characteristics. Comparing this analysis with the household consumer expenditure data gained from the competitive intelligence section, business owners can precisely narrow down the optimal locations to advertise.

The screenshot displays the 'Advertising' section of the SizeUp tool. At the top, there are navigation tabs: 'Start Over', 'Business', 'Competition', and 'Advertising'. Below the tabs, a megaphone icon is next to the heading 'Advertising' and the subtext 'Best places to advertise in the Car/Automobile Washing & Polishing industry near New York, NY'. The main content area shows a search summary: 'Best places to advertise in the Car/Automobile Washing & Polishing industry near New York, NY based on Most Underserved Markets'. Below this is a filter panel with the following settings:

- Search distance: at most 6 miles
- Industry Performance:
  - Annual Revenue (Avg. Business): between \$100,000 and \$1 million
  - Total Annual Revenue: at least \$100,000
  - Total Employees: No Preference
  - Revenue per capita: at least \$5
- Demographic Characteristics:
  - Household Income: No Preference
  - Household Expenditures: No Preference

At the bottom of the filter panel is a map of the New York City area, including parts of New Jersey and Connecticut. The map shows several red and orange location pins indicating the best advertising spots identified by the tool.



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## VALUE FOR BANKS THAT IMPLEMENT BIG DATA FOR SMALL BUSINESS CUSTOMERS

Implementing big data insights for SME customers using SizeUp provides banks significant value and solutions to challenges they are facing.

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### A DIFFERENTIATED TOOL FOR EACH FINANCIAL INSTITUTION

SizeUp has different product offerings with unique data mash-ups and customization. Each bank can have it's own unique implementation of SizeUp.



### INDIVIDUALIZED, CUSTOMIZED SERVICE

Banks can finally provide a valuable and individualized service to all SME customers without limitation by industry, size, or location.



### COMPETE OUTSIDE OF "ME TOO" FI OFFERINGS

SizeUp expands value from the bank to SME customers by competing outside of the competitive (and commoditized "me too") services banks traditionally provide. It delivers competitive advantage for banks outside of highly competitive and regulated core industry offerings.



### HELPS THE BANK'S CUSTOMERS SOLVE THEIR BUSINESS PROBLEMS

The offering creates a "halo effect" for the bank because it provides insights SMEs would unlikely ever get/understand/afford individually. For the SME, the service increases the value of being the bank's customer.



### INTRODUCE AND SELL BANK PRODUCTS & SERVICES

SizeUp provides a range of value through entire business lifecycle (e.g. feasibility, launch, grow, expand, replicate) and **enables the bank to introduce the bank's products/services through SizeUp** during these key lifecycle inflection points.



### INCREASED CUSTOMER ENGAGEMENT WITH SMEs

Banks are able to deliver customized content in real-time. It also fosters a "sticky" relationship because industry rankings are always changing so customers have to come back to Bank website for updates. This also leverages the psychological competitiveness of entrepreneurs.

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FINANCIAL INSTITUTIONS CAN USE SIZEUP TO ATTRACT NEW CUSTOMERS BY PROVIDING ITS VALUE IN EXCHANGE FOR THE BUSINESS' CONTACT INFORMATION. ALTERNATIVELY, THE BANK CAN MAKE ACCESS TO SIZEUP AN EXCLUSIVE, VALUE-ADDED BENEFIT OF BEING THE BANK'S CLIENT TO FOSTER CLIENT RETENTION.

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# SERVING BANK CUSTOMERS THROUGH THEIR ENTIRE LIFECYCLE

Use cases by business lifecycle stages and product/service opportunities for banks.



**FEASIBILITY**



**LAUNCH**



**GROW**



**EXPAND**



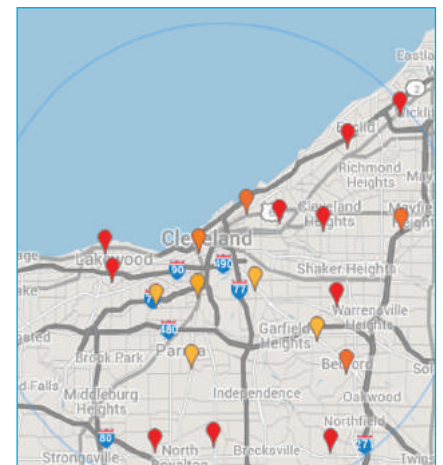
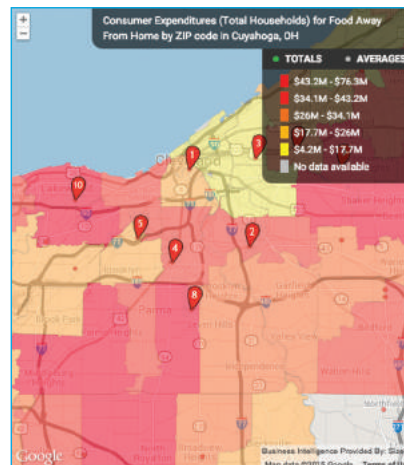
**REPLICATE**



# FEASIBILITY

## CHEF

I've been working as a chef and dreaming of opening my own Greek restaurant. I don't know what I would need to make to leave my day job. What's the average revenue of restaurants in my area? Are there nearby locations where residents eat out frequently but may not have many local restaurant options?



The average Greek restaurant in my city makes \$258K annually, and the most successful restaurants appear to be just outside of downtown.

The areas where consumers dine out most are further away from the downtown. Perhaps I should follow the diners out to where they live.

The most underserved areas for Greek restaurants are also further away from downtown. Locating on the outskirts may help me reach an untapped market.

## Example Bank Opportunity: Customer Engagement and Conversion

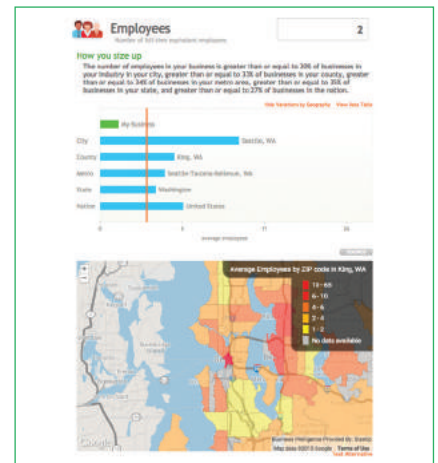
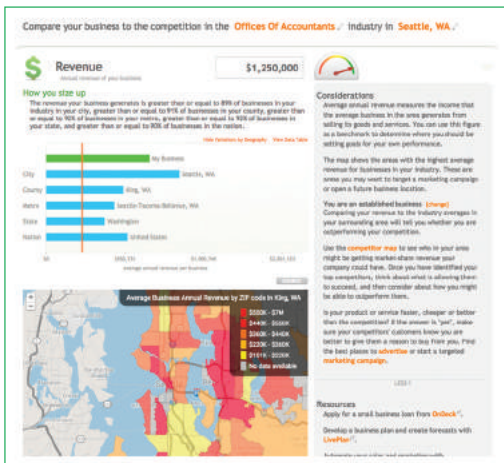


# LAUNCH



## CPA

I've been doing taxes at a national tax company for years, and I'm ready to start my own shop. As part of the loan application, the bank wants a business plan. Where would I find benchmarking data that will help justify approving my loan? I'm also personally curious if there's been a lot of new competition in recent years.



The average CPA in Seattle does significantly more revenue than the metro and national averages. The market is clearly large, but there's also well-heeled competition.

Of the existing CPAs, an increasing number have entered the market since 2008, though there were also upticks in formation in the mid 1990s and the early 2000s.

The average CPA firm in the city is much larger than the regional or national averages; it may be hard to compete with that size so I may want to bring in other partners or I may be better off locating elsewhere in the metro.



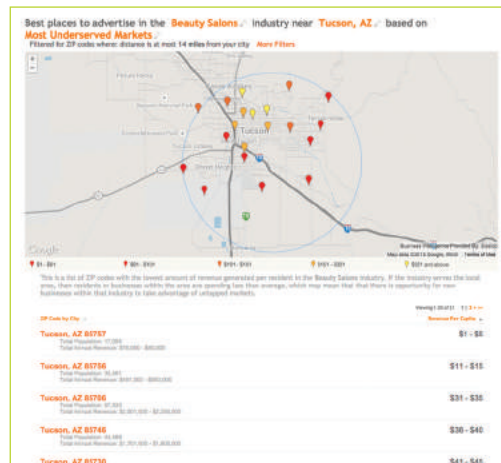
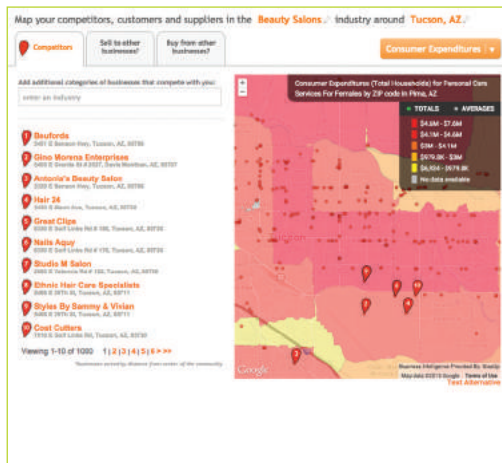
## Example Bank Opportunity: Small Business Loan



# GROW

## BEAUTY SALON

We get great foot traffic in our salon, but we'd love to do some sort of coupon or promotion to drive business in from nearby neighborhoods. Which neighborhoods would be the best to target?



The areas with the highest spending on personal care services for females also has many hair salons, except perhaps for the zip code on the top of the map, especially outside of the major roadway.

Comparing the map on the right to the map on the left, there are zip codes in the northeast that have high consumer spending for personal care and are also underserved markets.

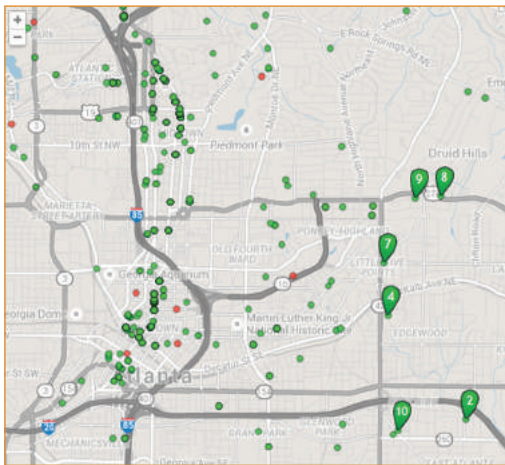


Example Bank Opportunity: Engagement & Stickiness

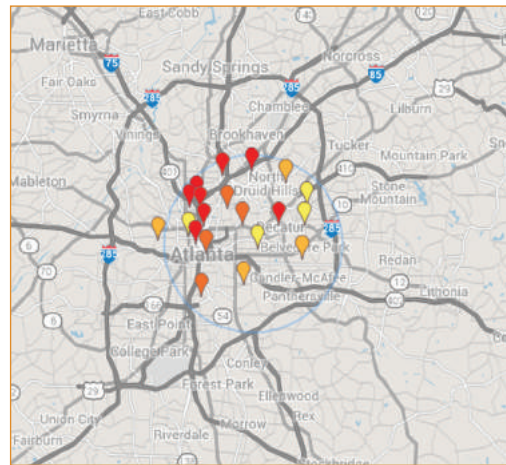


## CARPET CLEANER

I clean a lot of rugs at attorneys' homes. Several have said that I could make a lot more money targeting law firm offices. One client had me clean his office and they paid full-price, didn't ask for a discount, or even use a coupon. I want to keep my existing residential customer base and expand with business customers. How do I find local law firms to target?



There are relatively few competing rug and carpet cleaners (red) in this area compared to the large number of law firms that are my potential customers (green).



The law firms making the most money are concentrated in the northeast of the city.



**Example Bank Opportunity: Business Line of Credit, Engagement & Stickiness**

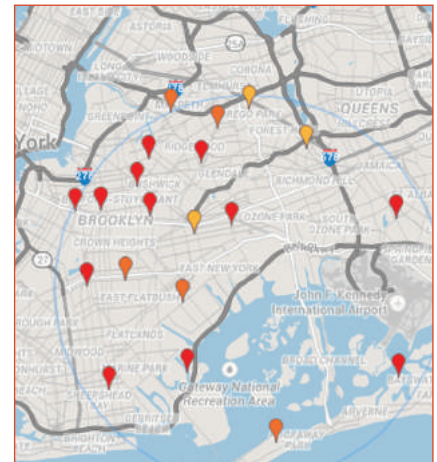
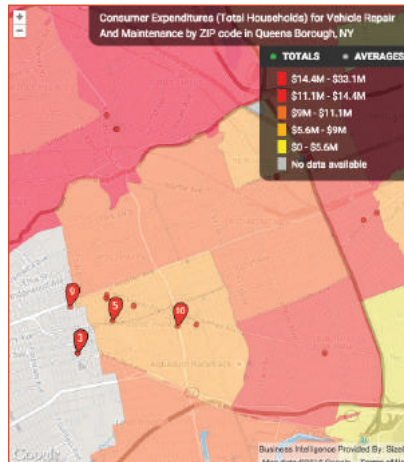
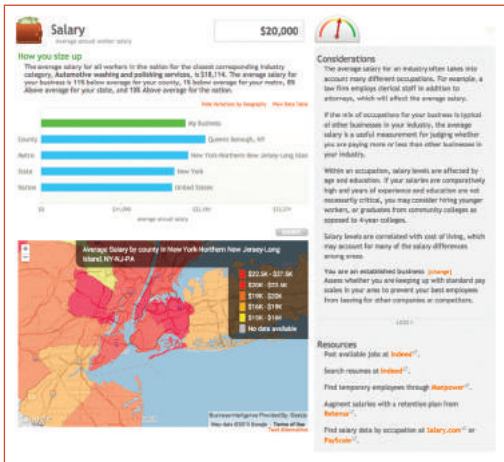




# REPLICATE

## CAR WASH

My current business is successful to capacity. Where should I build my second car wash? I'm looking for a location that's far from the competition, has more affordable salaries than my current location, and where the residents spend the extra money to take care of their vehicles.



The average salaries for car wash employees appear to be lowest in parts of New Jersey and outer Long Island.

There are a couple neighborhoods in the middle of the map where consumers spend highly on vehicle repair/maintenance and there are hardly any car washes.

The most underserved markets for car washes appear to be near downtown Brooklyn and out in eastern Queens.



Example Bank Opportunity: Real Estate Loan

# WHEN BANKS BECOME PARTNERS FOR SME CLIENT SUCCESS

IT IS IN THE FINANCIAL INTEREST OF BANKS FOR THEIR SMALL BUSINESS CUSTOMERS TO SUCCEED AND THESE BANKS CAN ENABLE THIS SUCCESS THROUGH BUSINESS SERVICES LIKE SIZEUP.

These companies have bank accounts, business lines of credit, real estate loans, and other financial relationships with banks. A successful SME is less likely to default on loans and more likely to increase the amount of funds and numbers/types of financial relationships with the bank as it grows. In addition, providing SizeUp as a resource to businesses, local branches of a bank also experience goodwill for being partners in their local businesses' success.

Let's face it, whether it is deserved or not, financial institutions have a perception problem when it comes to businesses. Many SMEs have applied for loans and credit and been turned down by banks because, based on the bank's analysis those SMEs were too high of a risk. Or perhaps even worse from a perception standpoint, a bank may have had to force a collection as a result of an unpaid debt. As a result of these unpleasant interactions, companies may see financial institutions as their adversaries, not their strategic partners. Providing new services that help these businesses succeed (and prevent the failure that can lead to unpleasant interactions) can change the perception of banks into a positive one.



## GOODWILL

Although not as tangible or quantifiable a benefit to a bank as new customers and increased market share, a successful SME online assistance program can significantly benefit the bank in how it is perceived by small businesses, thereby delivering goodwill.

### MY FINANCIAL INSTITUTION CARES ABOUT SMALL BUSINESSES LIKE MINE.

For many businesses, the only interaction they have with financial institution is opening an account, submitting a loan application, applying for a payment card, or making a deposit. Providing small business assistance services online makes your financial institution more accessible and facilitates positive relationship building between the financial institution and the business client.

### MY FINANCIAL INSTITUTION IS MY SMALL BUSINESS PARTNER FOR SUCCESS.

Online business success services are a compelling motivation for businesses to become new customers and existing customers to remain so. And when that service delivers real value to the SME's bottom line, they will value the company that provided it as an authentic partner. That type of feeling, value, and relationship deliver long-term value to the FI.

### MY FINANCIAL INSTITUTION CARES ABOUT CORPORATE RESPONSIBILITY, COMMUNITY DEVELOPMENT, AND GOODWILL.

Although the SizeUp small business intelligence service may be an initiative of a division, like customer acquisition or marketing, there are clear benefits to the corporate social responsibility (CSR) division of the company, as this is a tool that helps existing small businesses in the communities the bank serves.

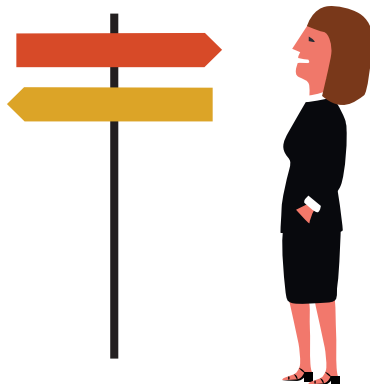


## HELPING ONLINE AND THROUGH RELATIONSHIP MANAGERS

Due to the busy schedules of your small business customers, they are often too busy running their own company to find the time to spend with a relationship manager in your bank's branch location. Providing SizeUp to them online through your bank's website or mobile products provides these customers with 24-hour help through access to these services. However, some business customers want more personal time with a relationship manager in a branch location.

## SIZEUP IS A SERVICE FOR YOUR RELATIONSHIP MANAGERS TO PROVIDE CUSTOMIZED AND PERSONALIZED VALUE TO YOUR CLIENTS WITH POWERFUL INSIGHTS INTO THEIR BUSINESS.

And, with this technology, they can do this even if the relationship manager has no expertise in their customer's industry. SizeUp delivers hyper-local business intelligence insights for over 1,000 industries that your relationship managers can provide to add more value in customer interactions.



## KEY TAKEAWAYS

SizeUp offers the data mining and processing intelligence that would otherwise take weeks, patience, and expertise for an SME to collect. Unlike big companies, small businesses can't afford to outsource that kind of work to management consultants or market research analysts.

User-friendly, intuitive, and highly visual small business assistance service found on the financial institution's website invites businesses owners to quickly get information they need to make smarter decisions based on high-quality data.



### WITH SIZEUP, SMALL BUSINESS OWNERS CAN:

- Benchmark themselves against the competition
- Identify potential customers, suppliers, competitors
- Locate the best areas to advertise



### BY PROVIDING THIS SERVICE FINANCIAL INSTITUTIONS CAN:

- Provide a differentiated SME online experience from other banks
- Compete outside of “me-too” bank offerings
- Provide data insights their SME customers could not access or understand on their own
- Provide individualized and customized service for SME customers
- Introduce bank products and services at unique decision moments in the SME's business lifecycle
- Increase engagement, relationship-building, and “stickiness” with SME customers
- Increase acquisition and retention of SME customers
- Generate goodwill with businesses and local communities

## EXECUTIVES FROM GOOGLE, FACEBOOK, AND SALESFORCE.COM AGREE THAT SIZEUP TECHNOLOGY IS THE BEST AT MAKING BUSINESSES MORE COMPETITIVE AND GROW JOBS.

SizeUp was awarded 1st Place in a Department of Commerce challenge to identify business apps that help American businesses be more competitive, improve their success, foster prosperity, and create more jobs here at home. The list of high-profile judges that selected SizeUp as the best technology included some of the most famous Internet and business leaders in the world including Vint Cerf, Chief Internet Evangelist at Google; Sheryl Sandberg, Chief Operating Officer at Facebook; Vivek Kundra, Executive Vice President, Salesforce.com; Tim O'Reilly, Founder and CEO of O'Reilly Media; John Bryson, US Secretary of Commerce; and Steven VanRoekel, Chief Information Officer of the United States.



Vint Cerf  
Chief Internet  
Evangelist, Google



Sheryl Sandberg  
Chief Operating Officer  
Facebook



Vivek Kundra  
Exec. Vice President  
Salesforce.com



Tim O'Reilly  
Founder and CEO  
O'Reilly Media



John Bryson  
Secretary of Commerce  
United States



Steven VanRoekel  
Federal CIO  
United States

### ADDITIONAL SIZEUP RECOGNITION

- TechCrunch Disrupt Finalist
- SWIFT Innoribe Startup Challenge – Showcase Winner
- Future of Money & Technology Summit – Winning Startup
- Huffington Post - 20 Hottest Bay Area Fintech Investors and Startups To Keep Your Eye On
- Fintech Finance – 15 Silicon Valley Fintech Companies that Every Bank Should Meet
- BankNXT – Perfect Score
- Bank Innovation DEMOvation One Winner
- G20 Summit Small Business Finance Forum Fintech Startup

### SIZEUP HAS BEEN FEATURED IN MAJOR MEDIA INCLUDING:



## End notes

<sup>1</sup> "Small-biz lending rebounding slowly for banks," National Association of Federally-Insured Credit Unions.

<https://www.nafcu.org/newsroom/small-biz-lending-rebounding-slowly-banks> and "Credit Unions: The Secret Weapon For Entrepreneurs" Co-op Financial Services <https://co-opcreditunions.org/credit-unions-the-secret-weapon-for-entrepreneurs/>

<sup>2</sup> "Winning The Small Business Banking Market," The Financial Brand.

<https://thefinancialbrand.com/65716/small-business-banking-community-bank-credit-union/> and "Winning Small Business Customers," Raddon. <https://www.raddon.com/winning-small-business-customers>

<sup>3</sup> Ibid.

<sup>4</sup> "How to get BIG in SME banking" Stefano Valvano, Partner and Managing Director Italy, Boston Consulting Group (BCG). Presented at Efma SME Banking Summit in Milan, March 23, 2017. Information comes from surveys and interviews of over 600 SMEs. The Efma presentation included highlights from 2016 BCG corporate banking performance benchmarking, digital and fintech trends in the SME space, and levers to improve SME business profitability.

<sup>5</sup> "SME Banking 2020: Changing the conversation (and capturing the rewards)," Accenture 2016

<sup>6</sup> Banks' small business imperative & New strategies for offering digital services for SMEs, Strategy& (PWC), 2015

<sup>7</sup> "SME Banking 2020: Changing the conversation (and capturing the rewards)," Accenture 2016

<sup>8</sup> "How to get BIG in SME banking" Stefano Valvano, Partner and Managing Director Italy, Boston Consulting Group (BCG). Presented at Efma SME Banking Summit in Milan, March 23, 2017. Information comes from surveys and interviews of over 600 SMEs. The Efma presentation included highlights from 2016 BCG corporate banking performance benchmarking, digital and fintech trends in the SME space, and levers to improve SME business profitability.

<sup>9</sup> SME Banking 2020: Changing the conversation (and capturing the rewards)," Accenture 2016

<sup>10</sup> CEB Research presented at the CEB Marketing to Small Business Summit 4/29/14.

<sup>11</sup> SME Banking 2020: Changing the conversation (and capturing the rewards)," Accenture 2016



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