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Daxko Webinar Q & A Script

1.) Right now there is not a true web version of SpectrumNG. Can we expect a full web version in the future?

Vanguard is the long-term vision for a SpectrumNG front-end replacement. The goal here is to deliver a web application, but we do not have a firm timeline. Vanguard development is still fast and furious. And we hope to accelerate development in the future. As a company, we philosophically believe that is the right approach. But the timeline is TBD.

2.) Can you speak to the member online experience, specifically the member join process?

This doesn't work in a responsive design format. And this issue takes us back to the web application discussion. But, yes, we know we need to be there.

3.) What is Daxko's philosophy with respect to in-house versus outsourced development?

Daxko's philosophy has primarily been in-house development. Right now we have a mixture, which is a result of acquisitions. We prefer to have our engineers in front of customers. This allows our engineers to better understand market problems, and it helps them become fully immersed in our company culture.

4.) Going forward, can we expect Daxko and CSI platforms to remain separate?

There are many advantages to having one platform, and that is our preference. One platform is not required to run our business effectively, but it is our preference. It's something we will be investigating in the first 6 months of 2017. Hopefully we will come to a conclusion during that time and create a game plan for moving forward. Yes, it is a

big deal for us and our customers. But our decision must take into account all implications.

5.) How are you going about merging a public nonprofit into the commercial space? What can the two sides learn from one another? What are the synergies?

We're believers in selective plagiarism (for example, Zappos for customer service and customer relationships). We try to look at what other industries are doing really well and incorporate that into our company. With that said, the core of what we both do is very similar. But, at the same time, there are a lot of differences around the fringes. The perception is the nonprofit is more interested in engagement for life changing sake. And the for-profit is motivated by acquiring new members. Looking forward, we see nonprofits focusing more on sales and the for-profits focusing more on engagement. Eventually, they both can share best practices across sub segments.

6.) Where do you see real innovation happening? Do you buy, build or partner?

The answer is yes to all of that. Brivo is the perfect example of partnership. Mobile? We acquired that in the YJC space (speed to market, not lack of capabilities). What's the best way to get there? We don't always need to be the ones to build it. If there is best of breed outside of our core competencies, we'll partner. We decided to do Daxko Engage. Ultimately, it's what is the fastest way to get there with the most value? We're always open to hearing about opportunities from you.

7.) Do you have plans to enhance the Spa module?

Historically speaking, we had put the Spa module on the shelf. But now with Saranda on the team, we will reevaluate. The central issue is whether we should integrate with best of breed, or invest more in what we have. We will address this in some fashion.

8.) Recognizing our industry is usually not at the leading edge of technology, what does the future look like from a technology perspective.

Think Class Pass, Mind Body - lighter weight applications that move faster. Think beacons, wearables and Microsoft. Remember that great technologists are "tinkerers." So we have lab days, a week where we put projects on pause. You have developers and product managers pitching ideas, doing demos.

9.) With the move to tokenization of payments and DPS. Is there any "tap to pay" contact list or Apple Pay support?

With the Clover hardware, they are already testing Apple Pay and it will be a Clover feature. However, there is no effort on our end to support that.

10.) Do you have any plans to add online discount codes/promo codes?

That has gone through the wash a couple of times to figure out the best approach. Right now it's not on the roadmap. But Saranda will be digging into that more.

11.) How similar, and different, are the financial modules of SpectrumNG and Daxko Operations?

Here's what we're thinking. How do we accommodate different accounting models in terms of reporting? What about machine learning? Like doing predictive analytics across businesses (for example, retention index with Daxko Engage). More to come.

12.) Now with Daxko Engage, what happens to CRM in SpectrumNG?

They are complementary. And we want to learn more from our customers, in terms of how you would utilize both.