APPS RUN THE WORLD

Banking and Financial Services

Vertical Applications Market Report 2009-2014,
Profiles Of Top 10 Vendors

7/30/2010

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Summary

This applications market sizing report is based on the SCORES analysis of the top 10 apps vendors in the banking and financial services vertical as they help lenders and money managers navigate the choppy waters of global economic recovery. It also examines the implications of the transformation of the financial services vertical for the apps market as lenders in emerging markets are boosting their spending on process automation in order to capitalize on growing popularity of mobile and ATM banking.

Top Line and Bottom Line

On the top line, the applications market for banking and financial services vertical is expected to recover in 2010 following one of the worst recessions that hit lenders and securities firms. Vendors that cater to banks and financial services organizations in Asia Pacific, Eastern Europe and Latin America are expected to post higher than average growth rates in the forecast period because of the following reasons:

As deposits continue to grow because of increased savings, banks in emerging markets will start investing more in new applications for everything from mobile payments to customer information management. At the same time they will gravitate toward delivering additional services such as ATM banking, while driving greater efficiency in channel and wealth management. From the technology utilization perspective, banks in many parts of Latin America and Asia Pacific will be particularly attractive for applications vendors.

Banks in North America and Western Europe, on the other hand, will place greater emphasis on system upgrades, legacy replacements and compliance solutions. That's where structural changes will take place as consolidation among banks in developed countries such as Germany, Japan and the United States usher in wholesale replacements of their front to back office systems. With government support and improved balance sheets, many of these major banks have emerged from the recession in better shape than ever ushering a new era of expansion.

The bottom line is that banks and financial services companies, which make up the largest group of applications buyers, will see new technologies from portfolio management to social media as the catalyst for them to achieve full visibility into their interactions with customers that ultimately lead to improved profitability.

Market Overview

The market for applications for banking and financial services vertical shrank 3% in 2009 as the recession took its toll on a long list of venerable institutions from Bear Stearns to Merrill Lynch.

Major applications vendors that relied on banking and financial services as their core vertical either saw flat or declining sales because of reduced transactions and piles of bad debts among their customers leading to little or reduced IT investments. In other cases, banks such as Lehman Brothers simply went under, depleting recurring revenue streams for a long list of apps vendors.

However banks are expected to recover in 2010 following massive infusion of capital into the global financial systems by governments and the European Central Bank. In recent quarters some banks have seen drastic improvement to their balance sheets, paving the way for sustainable growth in the coming years.

At the same time, banks in emerging markets are awash in capital, thus requiring them to lend more liberally and expand into new markets such as mobile and rural banking, all of which will result in greater use of advanced applications to track transactions and customer interactions.

Implications Of The Great Recession of 2008-2009

Although a number of banks were portrayed as the emblem of greed and incompetency in the depths of the recession, many financial institutions have emerged from the crisis with their reputation largely intact because of their core strengths in such areas as community banking and risk management.

Many more have decided to invest more in new applications like core banking and customer relationship management because of their track record and continuous support from customers and in some cases state-owned entities.

What it means is that banking and financial services will continue to represent one of the biggest vertical market opportunities for a rising number of applications vendors as recovery begins to reshape the global financial system.

To be sure, the worst may not be over for banks in Western Europe. Recently four lenders in Spain were forced to merge because of their worsening financial conditions. Such rescue efforts could turn out to be a good thing for applications vendors as across-the-board system replacements will bound to happen following massive consolidation.

Another trend is for applications vendors to extend banks' capabilities in mobile and ATM banking in emerging markets such as China and India, which could usher in expanded use of advanced payment and transaction processing and value-added offerings for multi-channel customer relationship management.

Banks and financial services organizations will turn to off-the-shelf applications to improve their dealings with customers, while gaining control over such processes as cash and treasury management, along with compliance and risk management.

Customers

On the regional front, banks in Asia Pacific and Latin America and the Middle East and Africa are expected to show higher than average growth rates when it comes to applications spending because of their sound financial conditions. That's a sharp contrast from a few years back when local and regional banks in emerging countries were wrestling with such issues as currency devaluation in many parts of Asia. In those days, full-scale use of applications for branch automation, anti-money laundering or hedge accounting was fairly limited. That is changing quickly with above average economic growth in emerging markets, along with the proliferation of mobile phones and ATM machines, all of which have led to systematic expansion of banking services to those that previously were barely touched by lenders and investment managers.

Vendors such as Misys, Oracle, SAP, and Temenos are expected to benefit the most from such trends because of their already healthy presence in many emerging markets.

In terms of the customer size segmentation, smaller banks are expected to represent a bigger opportunity for applications vendors as many of those that survive the recession will be in a good position to gain market share through greater use of applications.

Vendors that cater to global banks with more than $10-billion in assets are likely to see average to moderate growth as these mega financial institutions are still sorting out their bulging portfolios. It's likely that a more economic and sensible way of leveraging the latest and affordable technologies from on-demand and cloud computing to business process outsourcing will resonate with these customers, whose mantra may have shifted from being the operators of financial supermarkets to the purveyors of narrower banking services.

Top 10 Applications Vendors In Vertical

The following table lists the 2009 shares of the top 10 applications vendors in the banking and financial services vertical and their 2008 to 2009 applications revenues(license, maintenance and subscription) from the vertical.

Vendor	2009 Share(%)	2009 Applications Revenues From Banking & Financial Services($M)	2008 Applications Revenues From Banking & Financial Services($M)
Oracle	13.4%	1,074	1,203
Fiserv	11.8%	950	1,054
Fidelity National Financial	7.2%	581	528
SAP	6.1%	490	430
SunGard	5.2%	420	434
Jack Henry	5.2%	417	370
Temenos	3.0%	243	251
Advent	2.9%	233	232
Misys	2.9%	229	235
SS&C	1.9%	150	157
Subtotal	59.6%	4787	4894.4
Other	40.4%	3244	3391.737
Total	100.0%	8031	8286.137

Vendors To Watch

Apps vendors that are worth watching in the banking and financial services vertical include Group Asseco, Murex, Sophis, all of which have done well in 2009 because of their specific capabilities in treasury and risk management, along with their growing success in selling into emerging countries.

As they reorganize themselves for better differentiation, product extension and country-level leadership, the rebranding of Fiserv, the evolution of Fidelity Information Services and the acquisition of Viveo by Temenos pose new threats for Oracle, SunGard and other major banking apps vendors in moves that could alter the competitive landscape in the coming quarters.

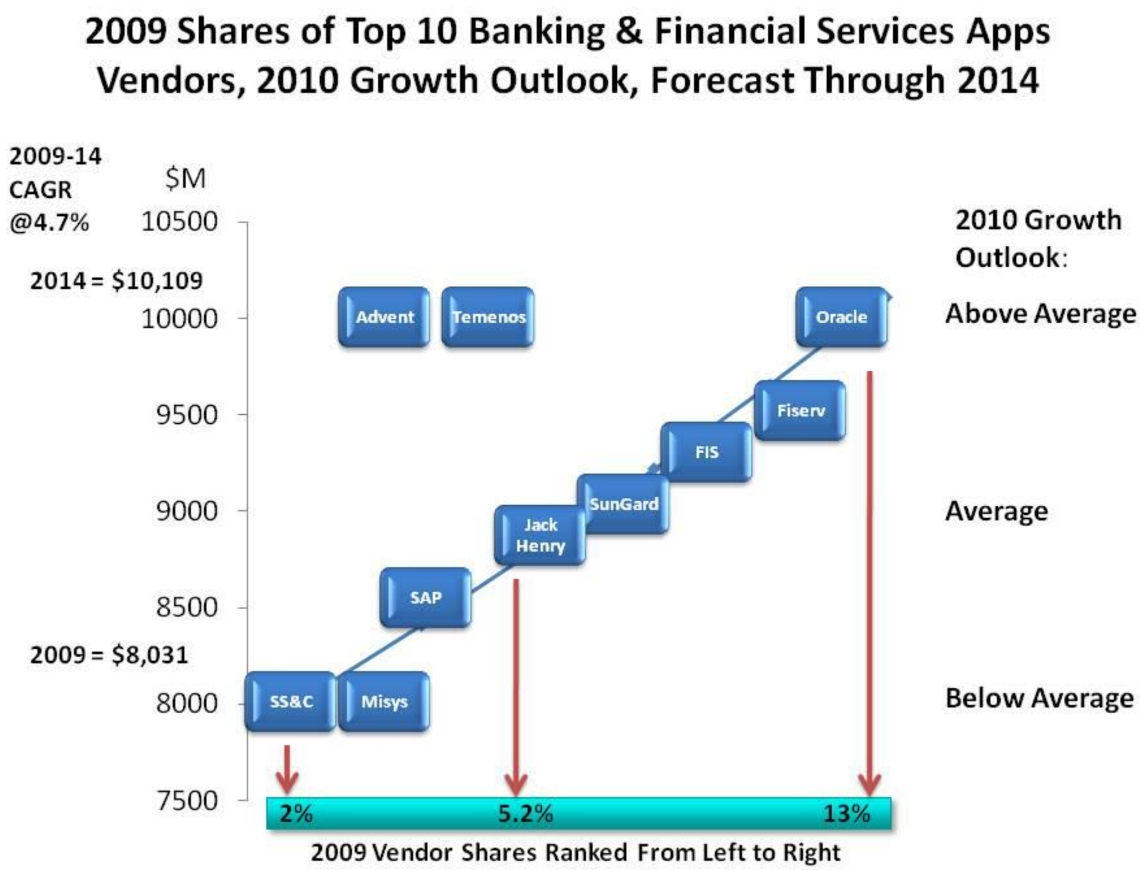
Outlook

On the upside growing evidence of a sustainable economic recovery will bode well for apps vendors that cater to banks and financial services companies as front and back office applications are considered the linchpin for these customers to strengthen their operations in hopes of generating more bank fees through the use of better analytics and customer insights.

On the downside the lingering effects of the recession and staggering amounts of bad loans held by banks in industrialized countries will cloud the market outlook as financial institutions need to do a better job managing risks, something that even the most advanced algorithms and technologies employed by these reputable institutions have failed them during the credit crisis. The return to manual intervention appears to have become common business practice among banks when dealing with their customers, rendering the value of end to end automation questionable at best.

SCORES Box Illustration

The following graphic shows the 2009 shares of the top 10 banking and financial services applications market with Oracle claiming the top spot at 13%, followed by Fiserv, FIS and others. Based on our SCORES methodology, Advent, Temenos and Oracle are rated above average for their growth potential in 2010. The market is expected to achieve a 4.7% compound annual growth rate rising from $8 billion in 2009 to more than $10 billion by 2014.



Profiles of Top 10 Applications Vendors In Vertical

- Oracle
- Fiserv
- Fidelity National Financial
- SAP
- SunGard
- Jack Henry
- Temenos
- Advent
- Misys
- SS&C

Oracle

Redwood Shores, CA

www.oracle.com

Overview:

Since 2007 Oracle has been targeting banking and financial services as one of its top verticals by acquiring strategic applications and entering into alliances with key partners to further its momentum. Typical customers range from global banks, securities firms and regional financial services companies.

Applications Revenues in Banking:

Revenues	2008	2009
$(M)	1203.4	1074

2009 Applications Revenues In Banking By Region:

Region	2009($M)	% of total
Americas	483.3	45%
EMEA	322.2	30%
Asia Pacific	268.5	25%

2009 Applications Revenues In Banking By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	644.4	60%
Large(1K-5K ees)	375.9	35%
SMB(1K ees and below)	53.7	5%

2009 Applications Revenues In Banking By Revenue Type:

Type	2009($M)	% of total

License	239	22.3%
Maintenance	835	77.7%
Subscription	0	0

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 13.4% share in the banking and financial services vertical, Oracle's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

In 2007 Oracle made its big move in banking and financial services by paying $1.5 billion for the controlling stake in iFlex, a former business unit of Citigroup. Soon Oracle stepped up its push by creating a global business unit(GBU) focusing on the banking and financial services vertical.

Oracle Financial Services Software Ltd, the former iFlex operation that now provides the bulk of the applications and services to the GBU, has more than 10,000 employees and a run rate of nearly $700 million in annual revenues.

In addition to the GBU, Oracle sells an array of back-office and customer-facing applications from its extensive product portfolio helping banks and securities firms manage their accounting, human resources and customer relationship management functions.

Moreover the 2007 acquisition of Hyperion paved the way for Oracle to leverage a slew of analytics, reporting and corporate performance management applications from Hyperion that banks have been relying on for a long time.

Key Applications For Banking & Financial Services Vertical:

Oracle Financial Services Analytical Applications, Oracle's Siebel Branch Sales and Service

Oracle Financial Services Profitability Analytics, Oracle FLEXCUBE Solutions, Oracle Lease and Finance Management, Oracle CRM On Demand for Wealth Management, Oracle Financial Services Accounting Hub, Oracle Reveleus Basel II, Oracle Financial Services Profitability Management, Oracle Revenue Management and Billing for Banking, Oracle Mantas Anti Money Laundering, Oracle FLEXCUBE Private Banking, Oracle Financial Messaging Solutions, Oracle Financial Services Asset Liability Management SCORES Analysis

Strengths

First the buying spree of Oracle, which started in 2004 with the purchase of PeopleSoft and continued uninterrupted for the next five years, has created a treasure trove of applications, integration tools and hardware products that have been extensively used in the banking and financial services vertical.

The recent acquisition of Sun, for example, will help tighten Oracle’s grip on the vertical because of Sun’s long-standing relationship with banks and securities firms that continue to run their industry-specific applications on the Sun platform. Now Oracle is expected to optimize its applications on the Sun platform to better support its banking and financial services customers, especially those that are eager to consolidate their IT infrastructure without sacrificing on performance and applications functionality.

Oracle is meeting that challenge head-on. For instance, Oracle Financial Services Software has released an integrated, enterprise-wide stress testing solution using Oracle Reveleus Advanced Analytics Infrastructure. The stress testing solution enables institutions to centrally develop, define and manage scenarios and shocks - and apply them across multiple risk categories including credit risk and market risk – to help provide a transparent and auditable means of performing regulatory and economic capital estimation.

With the past year, Oracle has introduced new applications designed for everything from core banking to anti-money laundering.

It released a new version of FlexCube Universal Banking that helps financial institutions standardize their origination processes, centralize key functions and take advantage of economies of scale both within and outside their organization. This opens up opportunities for banks to outsource associated business functions to their partners.

Additionally Oracle provided its banking customers with increased analytics capabilities based on the enterprise performance management applications from its Hyperion product line.

It also introduced Oracle Financial Services Revenue Management and Billing for Banks, which allows institutions to more effectively measure the value of their customer relationships and enables them to quickly add newer products with flexible price and discount options.

Finally Oracle announced new release of Oracle Mantas Fraud with new features aimed at better preparing institutions to meet the challenges posed by the technological advancement and globalization of fraud activity, as well as a more stringent regulatory environment.

What these new releases underscore is Oracle’s commitment and desire to dominate the market by providing advanced applications that meet the current and future needs of its customers in the banking and financial services vertical.

Customers

With more than 4,000 customers in the vertical, Oracle has continued to expand its presence by signing deals with global banks as well as financial services companies in fast-growing countries.

In 2009 its customer wins in the vertical included Alpha Bank Group (Greece), Askari Bank Limited, Axis Bank, Bank of Ningbo, Cajamar (Spain), Capital One Services, CIBC Bank, Citigroup, DNb Nord Bank Poland, EFG Eurobank Cards (Greece), Fortis Bank NV (Belgium), Huatai Securities, Indochina Capital, Meezan Bank, Military Bank, National Australia Bank, Oversea-Chinese Banking Corp., PRASAC Microfinance Institution, PT. Bussan Auto Finance, Raiffeisen Bank Poland, Savings Bank of Russia, Sberbank Russia, Siam Commercial Bank, TAIB Bank Bahrain, TIAA-CREF and Westpac Banking Corp.

Oracle's ability to penetrate these financial services customers has been made evident with its multi-pronged approach of selling traditional on-premise applications as well as the new on-demand products to help reduce operating costs.

For example, its win at TIFF-CREF helps illustrate the point. In 2009 it won an on-premise CRM deal from TIAA-CREF, a New York investment company. The deal came in at a time when TIAA started to standardize on different Oracle products ranging from BEA applications servers to Oracle Business Intelligence Suite Enterprise Edition for its call centers. TIAA was in the midst of a major system overhaul by reducing internal IT development and Oracle benefited from the switch to off-the-shelf applications because of the breadth of its product portfolio that met TIAA's record keeping and customer facing requirements simultaneously.

Opportunities

Because of the sizable installed base Oracle has established among large global banks, its recurring revenues have been critical in helping fund the vendor's efforts to address other segments of the vertical.

Despite the turmoil in the financial services industry, the former iFlex operations generates upward of $100 million in maintenance fees alone for Oracle in a given year.

Another opportunity for Oracle lies in the Sun acquisition. With its stronghold in banking, Oracle is expected to appeal to these Sun customers the benefits of upgrading their hardware and applications simultaneously.

Then there is the upcoming release of Oracle Fusion applications, which are expected to hit the market by the end of 2010. Among its customers, American Express, Capital One, Citigroup, Fidelity Investments, Franklin Templeton, GE Money, ING, and Rabobank have become the first group of testers of Oracle Fusion applications, suggesting their desire to become early adopters of the products in order to improve their business processes with such benefits as greater usability, single code base and standardized architecture.

Risks

The short term outlook of Oracle is rosy, but what lurks underneath portends major tremors that could have lasting repercussions. For example, friction among different brands and the executives responsible for them could reach a boiling point in the coming quarters. Over the past year, the revolving door at Oracle has continued. Ed Abbo, who was responsible for Oracle's applications development, left in 2009. Oracle Financial Services Software Ltd. operations saw its headcount drop 11%, or more than 1,200 employees, since March 2009.

The situation at Oracle is still tenuous because of Sun's integration challenges, marking the first time for Oracle to acquire a hardware company. It proved to be a daunting task for HP to integrate Compaq and the challenge for Oracle is equally immense.

Ecosystem

Oracle primarily sells direct to banking and financial services vertical. It also works with systems integrators such as 3i Infotech , Accenture, CSC, IBM, InterTrade and others that help the vendor implement its banking software.

For example, the expanded partnership between Oracle and Accenture to sell bank-in-a-box solution is likely to have the biggest impact on tier-2 financial institutions in emerging markets that are well on their path toward increased industry deregulation.

Last year, Oracle unveiled OPN Specialized at OpenWorld to create new tiers of resellers and partners, providing new incentives including discounts never given to resellers before in return for their higher degree of commitment and training requirement as well as specialized services in a number of verticals including financial services.

Shares

With 13.4% share in the banking and financial services vertical, Oracle's ability to gain share is above average because of growing synergy from its numerous acquisitions.

On the upside, the additions of Sun customers especially those in financial services could give Oracle a new impetus to cross-sell and upsell its applications offerings.

One scenario calls for turning the Oracle Financial Services business unit into an industry-specific grid computing environment for banks that want to outsource everything from hardware to applications to a virtual service hub. That could have significant impact on Oracle's applications maintenance revenues with new service and support fees coming from transaction-processing, case resolution and order management.

On the downside, Oracle's exposure to financial services vertical appears to be greater and more intractable than expected. Judging from the recent cuts at the Oracle Financial Services Software Ltd. and continuous uncertainty with financial services customers in Europe and Middle East countries like Dubai, Oracle's dominance in the vertical is far from certain.

Fiserv

Brookfield, WI

www.fiserv.com

Overview:

After making a series of strategic changes, Fiserv has positioned banking as its key verticals by selling off its insurance and healthcare businesses. Typical customers range from major financial institutions to regional and community banks.

Applications Revenues in Banking:

Year	2008	2009
$(M)	1054	950

2009 Applications Revenues In Banking By Region:

Year	2009($M)	% of total
Americas	883.5	93%
EMEA	57	6%
Asia Pacific	9.5	1%

2009 Applications Revenues In Banking By Customer Size:

Year	2009($M)	% of total
XL(5K ees and above)	380	40%
Large(1K-5K ees)	380	40%
SMB(1K ees and below)	190	20%

2009 Applications Revenues In Banking By Revenue Type:

Type	2009($M)	% of total

License	80	8.4%
Maintenance	500	52.6%
Subscription	370	38.9%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 11.8% share in the banking and financial services vertical, Fiserv's ability to maintain and win share in the market segment in 2010	Average

Full overview:

In 2009, Fiserv launched a complete rebrand of the company, uniting more than 70 business units under one name and structure. The rebrand transformed the company from many to one and solidified its image as a leading provider of technology services with solutions that support every function in a financial institution.

The rebrand followed the launch of Fiserv 2.0 in 2005 and the company's 2007 acquisition of Checkfree. This was a major transformation for a company that started out as a data processing bureau for small banks and thrifts in 1984.

Today, Fiserv provides traditional transaction processing products for banking and risk management with an array of Web-based technologies for bill presentment and item processing to create a complete end-to-end solution for banks, wealth management providers and other institutions.

Fiserv continues to sell applications such as core back-office systems for banks and credit unions but in recent years it has been increasingly focusing on selling complete end-to-end integrated solutions to financial institutions.

Key Applications For Banking & Financial Services Vertical:

ZashPay, Mobile Money, UChoose Rewards, Corillian Online, CheckFree RXP, Financial Crime Risk Management. Fiserv Bank Platform solutions include Cleartouch, Premier, Precision and Signature.

SCORES Analysis

Strengths

Fiserv continues to enjoy a healthy presence in the banking vertical and its acquisition of Checkfree has allowed the vendor to become even more entrenched among banks and credit unions that have already been relying on Checkfree for products such as online channel optimization, portfolio management, and compliance solutions.

A tight integration among Fiserv solutions has resulted in greater user satisfaction in areas such as Internet banking, item processing, and online loan settlement offerings, thus allowing banks to establish stronger ties with their commercial and retail customers. That means banks and enterprises will look to Fiserv as the preferred Web services platform as well as the central switch for back-office to front-office transaction processing.

Another key initiative is the cross-selling and upselling opportunities that have been made evident by promoting a single brand of Fiserv. The benefits have been substantial, as proof of this in May Fiserv reported that more than 550 of its Bank and Credit Union account processing clients signed on for its Financial Crime Risk Management platform to achieve improved detection, mitigation and effectiveness of their financial crime prevention operations.

This also means is that the vision of the branding campaign is beginning to resonate with its financial services clients that have more incentives than ever to standardize their back-to-front office environment around the Fiserv applications stack.

Customers

With more than 16,000 customers in the vertical, Fiserv has built a sizable following among large and small financial institutions.

While Fiserv has been signing major banks such as BB&T Corp., much of its business came from new and expanded applications purchases from credit unions, which remain the mainstay of Fiserv’s financial services vertical strategy.

Its 2009 customer wins included 1st Bergen Federal Credit Union, American Savings Bank (ASB), Ashtabula County School Employees CU, Banco Ahorro Famsa, Bangkok Bank, Baptist Hospital Credit Union, BB&T Corp., BBVA Bancomer, Center Bancorp, Inc., CenTrust Bank of Northbrook, IL, Commerce Bank/Harrisburg, Conexus Credit Union, Conservation Employees Credit Union, Delta Community Credit Union, Eastern New York FCU, Electric Federal Credit Union, Firefighters Credit Union, First National Bank of South Carolina, and First National Community Bank.

Additional reference wins included Forward Financial Credit Union of Niagara, WI, GreenChoice Bank, Huntington State Bank, Iowa Community Credit Union, Jefferson Financial Credit Union, KeyBank, Kopernik Federal Bank, Lampco Federal Credit Union, Lower Columbia Longshoremen's FCU, Macatawa Bank, MB Financial Bank, Memorial Employees Federal Credit Union, MGC Mortgage, Inc., Montgomery VA Federal Credit Union, Morris Sheppard Texarkana FCU, Munishing Credit Union, Navy Army Federal Credit Union, and Organized Labor Credit Union.

Other wins were Panin Bank, Piraeus Bank, PNC Managed Investments, Prosperity Bank, REALTORS Federal Credit Union, Rochester & Monroe County Employees Federal CU, Rochester Area State Employees FCU, Schuylkill FCU, Seasons Federal Credit Union, Sovereign Bank, St. Vincents Employees FCU, State Bank of Bussey, Tesco Bank, The Family Credit Union, The Farmers National Bank of Canfield, The Fauquier Bank, The Golden 1 Credit Union, The PNC Financial Services Group, Trasta Komercbanka, TriCentury Bank, UMB Financial Corp., Umpqua Bank, United Police FCU, Waterford Bank, and Westoba Credit Union.

Opportunities

Over the past year, Fiserv has made a concerted effort to expand its presence in emerging countries especially those in Asia Pacific.

The investments included adding depth to its operations including support centers for its online and mobile banking customers in Asia, while bulking up staff levels and business development activities in different Asian countries. Additionally, it released new products such as EnAct from Fiserv, an enterprise sales management system for banks in Asia.

For a vendor that has made its name with its turnkey switching capabilities, the real opportunity lies in touting the scalability and stability of its turnkey solutions and Web-based applications, which in many respects predate the offerings from the current wave of software-as-a-service competitors.

Risks

Soon after Fiserv completed the acquisition of Checkfree in December 2007, the financial services industry began to unravel with the slumping housing market and tightening credit squeeze.

The long-term impact on Fiserv remains to be seen, given its long-standing relationship with banks, credit unions, and other financial institutions.

The branding campaign, along with the divestiture of its insurance and healthcare business, underscores Fiserv’s determination to regain its dominance in the financial services industry, which it helped reshape in much of the past 20 years.

While the branding strategy of Fiserv is a step in the right direction in harnessing the collective power of its disparate operations, it’s not clear that is enough to meet the needs of next-generation financial institutions, many of which now have second thoughts about running IT functions typically associated with making them more productive.

What the most recent financial crisis suggested was that banks need to reestablish trust through transparency and upholding consumer rights. For Fiserv, the need for innovation has become more important than ever, helping banks do a better job marketing to an increasingly splintered group of customers from small businesses to fast-growing communities. Fiserv is showing innovation through the launch of its person-to-person payment system, ZashPay, which was released in 2009.

Ecosystem

Fiserv primarily sells direct to its financial institution customers. In North America, Fiserv partners are mostly system integrators that help the ISV sell its software into the financial services vertical. These partners do not resell Fiserv applications.

The partners include IBM, Microsoft, NCR, FundsXpress, CUAnswers, Digital Insight, PSCU Financial Services and S1 Corporation.

Outside of North America, Fiserv partners include NTT Data, Lasercom, and Triad.

Shares

With 11.8% share in the banking and financial services vertical, the ability of Fiserv to gain share is average and much of the growth could be coming from its legacy CheckFree operations because of increased demand for its electronic commerce solutions around the world.

On the upside, the Fiserv branding campaign should yield incremental revenues for a vendor that has begun to realize the benefits of delivering more integrated offerings. Additionally, its focus on the banking vertical is more resolute than ever, paving the way for its long-time customers to standardize around the vendor's applications and services framework.

On the downside, even after the launch of a well coordinated branding campaign, there has been a dearth of information on a cohesive product roadmap for its large collection of banking applications. That could be a sign that a collaborative technology direction among Fiserv's different operations is still a work in progress.

Fidelity Information Services(FIS)

Jacksonville, FL

www.fisglobal.com

Overview:

Doubling down its investment in banking applications, Fidelity Information Services(FIS) made another blockbuster acquisition in 2009 by buying Metavante to create an applications powerhouse in the financial services vertical. Typical customers range from global financial institutions to regional and community banks.

Applications Revenues in Banking:

	2008	2009
$(M)	528	581

2009 Applications Revenues In Banking By Region:

Region	2009($M)	% of total
Americas	424.13	73%
EMEA	145.25	25%
Asia Pacific	11.62	2%

2009 Applications Revenues In Banking By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	319.5	55%
Large(1K-5K ees)	174.3	30%
SMB(1K ees and below)	87.1	15%

2009 Applications Revenues In Banking By Revenue Type:

Type	2009($M)	% of total

License	200	34.4%
Maintenance	381	65.6%
Subscription	0	0

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 7.2% share in the banking and financial services vertical, FIS' ability to maintain and win share in the market segment in 2010	Average

Full overview:

Fidelity Information Services(FIS) is putting its focus back on core banking and payment processing after spinning off noncore operations like real-estate financial transactions. The 2009 acquisition of Metavante, a major banking applications vendor, has reinforced FIS' determination to become the world's largest provider of banking and payments technology.

Its latest move has been a lesson on the lingering impact of one of the biggest contractions to hit the financial services industry.

After making a series of acquisitions in the core banking and payment processing space, FIS started unwinding operations that were deemed nonstrategic in 2007. Much of the unwinding was attributable to the battered housing market. After all, FIS' claim to fame was its pivotal role in helping process half of the residential mortgages in the United States.

However, the subprime debacle dealt a blow to FIS' vision of becoming the turnkey technology provider for banks, mortgage lenders, and other enterprises. In early 2008, FIS spun off its mortgage business into a company called Lender Processing Services. That was followed by the moves to sell its Certegy assets in Australia as well as Certegy Gaming Services. It recently sold its ClearPar automated syndicated loan trade settlement business.

After the acquisition of Metavante, FIS has 30,000 employees, 14,000 customers in the banking and financial services vertical and more than $5 billion in annual revenue run rate. Its presence in the banking applications space has grown considerably. In the last quarter of 2009, its software sales went up 27% because of the additions from Metavante applications such as Kirchman as well as growing presence among financial institutions such as Citibank.

Key Applications For Banking & Financial Services Vertical:

ACBS Loan Systems, Aurum, Bancware, Clearpar Loan Settlement, Wealth Management, Horizon, BancPac, Miser, Bank Management Information System, Corebank, Integrated Core Suite, Kordoba, Profile, and Sanchez

SCORES Analysis

Strengths

FIS remains a favorite among top banks and financial institutions especially those that have more than $10 billion in assets. They have standardized on the vendor's core banking applications such as Aurum, Bancware, and Sanchez because of their performance, scalability and global support capabilities. Because these banks have been acquisitive themselves, they could influence others within the financial services industry to standardize on FIS to improve cross-enterprise collaboration.

Its diverse base of banking customers represents a fertile ground for FIS to develop new products and services and scale the adoptions in a compressed time frame by maximizing their acceptance across community banks as well as large financial institutions.

With the help of its reliable recurring revenue streams from its payment processing business, FIS can also afford to buttress its core banking application while investing in high-growth areas such as international operations.

Customers

With more than 14,000 customers in the vertical, FIS has built a formidable beachhead in the banking industry touching large and small financial institutions around the world.

In 2009 FIS including Metavante secured customer wins such as AMCORE Bank, Bangor Savings Bank, Bank of Marin, Bank of Oklahoma, Bank of the West, Citibank, Citizens National Bank of Meridian, Citizens Republic Bancorp, Citizens Republic Bank, Community Bank N.A., Credit Union Central of Manitoba, EverBank Financial Corp., Fulton Financial Bank, M&I Marshall & Ilsley Bank, Mizuho Corporate Bank, National Bank of Pakistan, New Traditions National Bank, People's United Bank, The PrivateBank and Waterfield Bank.

One of the biggest wins was Citibank, which runs FIS Systematics applications for retail banking in 30 countries, has expanded its license and maintenance agreement to include its North American banking operation.

Opportunities

FIS' latest move will mean a renewed emphasis on its core banking and payment technologies and that should spur greater cross-selling and upselling of its extensive portfolio of financial services applications.

That is particularly evident in emerging markets where the banking industry is undergoing structural changes because of economic recovery as well as government deregulation. For instance, Banco Bradesco in Brazil has engaged with FIS on a number of IT projects covering back-office outsourcing and card processing applications.

Risks

FIS' biggest challenge lies in integrating the Metavante operations into its own, while optimizing synergy between the two. While FIS is no stranger to such integration efforts, the results have been less than satisfactory because of the divergence of the product offerings for loan trade settlement and core banking. Metavante also came with it a slew of different applications including those for healthcare payment, gift and loyalty card systems, and corporate payment processing.

As a result, some kind of product rationalization will have to be carried out before FIS can bring complementary applications to its financial services customers.

Ecosystem

FIS primarily sells direct to banks and financial institutions.

Its Metavante division sells its products and services primarily through a direct sales force in the United States and through distributors internationally. Metavante's direct sales efforts center around financial services providers, such as banks, credit unions, brokers, insurance companies and resellers.

Metavante's direct sales staff uses a multi-tiered approach that leverages the involvement of its field sales personnel, technical professionals and members of senior management. Its sales process simultaneously targets senior business executives, personnel responsible for financial services initiatives and bank operations personnel. Metavante employs this approach to accelerate the sales cycle, which typically ranges from three to nine months. After a sale is completed, Metavante's client service manages the account and its professional services team does the implementation either from a hosting or on-premise perspective.

Shares

With 7.2% share in the banking and financial services vertical, FIS' ability to gain share is average because of the time needed to integrate Metavante into the organization.

On the upside, the financial services sector as a whole appears to be rebounding and FIS is well positioned to take advantage of additional spending because of its huge installed base and the support from its payment processing business.

On the downside, FIS may have to do more to develop a more coherent branding and product strategy while doubling its efforts to further distance itself from the subprime mortgage debacle.

SAP

Walldorf, Germany

www.sap.com

Overview:

SAP has established a solid foothold in the banking and financial services vertical by working closely with leading banks to help them automate their core functions, while strengthening their capabilities with advanced reporting, risk and compliance tools to meet an array of accounting rules and regulations.

Applications Revenues in Banking:

	2008	2009
$(M)	430	490

2009 Applications Revenues In Banking By Region:

Region	2009($M)	% of total
Americas	98	20%
EMEA	318.5	65%
Asia Pacific	73.5	15%

2009 Applications Revenues In Banking By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	196	40%
Large(1K-5K ees)	245	50%
SMB(1K ees and below)	49	10%

2009 Applications Revenues In Banking By Revenue Type:

Type	2009($M)	% of total

License	81.8	16.7%
Maintenance	408.1	83.3%
Subscription	0	0

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Above average
Risks	Ability to handle internal and external risks and challenges	Above average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 6.1% share in the banking and financial services vertical, SAP's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

In a heavily regulated industry such as banking, SAP has enjoyed considerable success by fine-tuning its applications to enable financial institutions to manage their operations more efficiently, while strengthening their customer service capabilities in order to boost revenue and margins.

Typical customers range from tier-one banks to fast-growing financial institutions that need to standardize on a robust platform in order to operate globally.

SAP for Banking includes core banking customer accounts, core banking consumer and mortgage loans, collateral management system, and strategic enterprise management (SEM) for banks. SEM for banks is particularly important because of such capabilities as risk management, performance measurement, and financial statement planning for diversified banks and holdings companies. Support for parallel scenarios is another benefit for banks to use SAP applications to handle consolidated reporting, allowing them to meet new requirements such as IFRS and Basel II.

Furthermore, its Netweaver integration technology, which comes with its SAP ERP applications, enables banks to integrate legacy systems into a single environment for greater visibility into personnel administration, bank customer accounts, and other operational areas such as mortgage loans.

Key Applications For Banking & Financial Services Vertical:

SAP for Banking, SAP Analytical Banking (Integrated Finance and Risk, and Compliance), SAP Transactional Banking for retail and wholesale banks (Loans, Deposits, Payments, Collaterals, Leasing, and Covered Bonds), Business Support (Procurement and Human Capital Management), Customer Relationship Management, and Business Intelligence.

SCORES Analysis

Strengths

Drawing from the best practices of its large army of developers, partners, and ERP installed base, SAP is positioning itself to solve many of the financial management and customer-facing problems of its banking and financial services customers.

That follows sustainable innovation that SAP has created through a series of enhancement packages designed to help companies improve their business processes. The same template comes from SAP Business Suite 7, which serves as the basis of some of its key banking offerings such as the new SAP Loans Management application, which has been upgraded to offer end-to-end automation of all loan-relevant processes from origination to contract. This enhancement will help reduce a bank's time to market for new products and facilitate more efficient processing of high-volume business.

While other customers have used the similar attribute to compress development time for products say for apparel, SAP has gone one step further to meet the specific requirements of its banking customers.

Such mixing and matching of applications functionality as well as enterprise services – now totally 2,800 covering everything from bill presentment to succession planning - will continue to help SAP differentiate itself from others by providing agile development and applications that meet existing and future requirements of its banking customers.

Deutsche Bank, for example, decided to standardize on SAP core banking applications last year because of such extensibility and ease of use products.

The growing adoptions, which translated into double-digit gains in its banking business last year, underscore that SAP's heavy investment in the vertical is bearing fruit.

Customers

With more than 1,000 customers in the vertical, SAP has been signing up new banks while making major inroads into existing customers including Banco Galicia (Argentina), Farm Credit Canada, Nationwide (UK), Postbank (Germany) and Standard Bank (South Africa).

In 2009 its customer wins included Achmea/Rabobank, Banco Industrial, Banco Sabadell, Bank of Cyprus Group, Credit Agricole, Deutsche Bank, Grupo Pão de Açúcar, Home Trust Co., Imperial Bank Ltd., Mapletree Investments Pte Ltd., Münchener Hypothekenbank eG, National Australia Bank, and Talanx.

Opportunities

SAP's biggest opportunities in the banking vertical come from tier-one banks and fast-growing ones that are embracing a standard IT platform so that they can expand rapidly without incurring high costs of integration especially in areas such as risk and compliance.

For example, SAP has been promoting to banking customers the benefits of risk monitoring using its SAP BusinessObjects applications for business intelligence to meet Basel II requirements for risk exposure and capital adequacy. Increasingly its banking customers have seen similar benefits with the integration of risk indicators and financial management via BusinessObjects Xcelsius for reconciling their reporting across all divisions.

The recently introduced SAP Credit Risk Portfolio Management application is another key enabler for banks to quantify credit risk on a portfolio level that includes views to actively manage their credit risk by keeping risk exposure within acceptable limits.

SAP and its banking customers stand to benefit from such off-the-shelf applications, which render expensive business process reengineering and consulting work obsolete as banks search for more efficient ways to manage risks from a holistic standpoint.

Risks

While precision of data capture and delivery has always been the strength of SAP, its applications have never been known to be simple to configure. At a time when many large banks are weaning themselves off mainframe applications, the challenge is for SAP to boost the usability of its banking applications.

Although SAP has made usability its new mission behind any development project, it will be a priority for the vendor to leapfrog its competition in areas such as mobile, terminals and direct banking.

While there has never been a shortage of useful data from SAP applications, the real potential for SAP lies in collecting and connecting the dots on behalf of its banking customers and making the connection apparent and easily presentable to both power and casual users so that they can adjust their processes accordingly to take advantage of sudden market shifts.

Ecosystem

SAP primarily sells direct to its banking customers and it also works with ISV partners such as SunGard to joint market such applications as Asset Liability Management applications from SunGard to SAP customers.

SAP is also counting on its collaboration with independent associations such as Banking Industry Architecture Network (BIAN) to provide enterprise services that best fit the needs of their members as they search for new ways to better serve their customers through easier access to account information.

Earlier SAP also worked with major banks such as DZ BANK, HSH Nordbank, Landesbank Rheinland-Pfalz (LRP) and WestLB to develop Accounting for Financial Instruments to meet banks' expressed need to comply with extensive IFRS demands.

Shares

With a 6.1% share in the banking vertical, SAP's ability to gain share is above average because of its renewed commitment to industry-specific banking applications as well as growing momentum among major banks that have already standardized their back-office systems on the SAP platform.

On the upside the cross selling of its core banking applications, business intelligence offerings as well as ERP solutions among its installed base of financial institutions should accelerate with increased product functionality and upgrade momentum to its latest releases.

On the downside the number of its banking customers remains limited and it will take some time before SAP can overtake its competitors that have been a lot more entrenched in the market, which means SAP has to double its efforts in encroaching upon their turf or seeking green field opportunities among new banks, both of which are not necessarily the strong suits of SAP.

SunGard

Wayne, PA

www.sungard.com

Overview:

SunGard has continued to expand in the banking and financial services vertical with a full suite of applications offerings, supplemented by tucked-in acquisitions that deliver added functionality for banks to achieve business process improvement and compliance on a global level. Typical customers range from global financial institutions to hedge funds to other financial services companies.

Applications Revenues in Banking:

	2008	2009
$(M)	434	420

2009 Applications Revenues In Banking By Region:

Region	2009($M)	% of total
Americas	147	35%
EMEA	168	40%
Asia Pacific	105	25%

2009 Applications Revenues In Banking By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	210	50%
Large(1K-5K ees)	126	30%
SMB(1K ees and below)	84	20%

2009 Applications Revenues In Banking By Revenue Type:

Type	2009($M)	% of total

License	90	21.4%
Maintenance	330	78.6%
Subscription	0	0

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 5.2% share in the banking and financial services vertical, SunGard's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Over the past few years SunGard has positioned itself for sustainable growth in such segments as treasury and risk management as well as financial supply chain, while making continuous enhancements to its applications designed to automate all aspects of a bank’s front-, middle- and back-office operations using Web services and on-demand applications.

Acquisitions have always played a key role behind SunGard’s expansion strategy. SunGard acquired vendors such as GL Trade for its multi-asset front to back solutions and APT for its risk management systems and portfolio optimization applications for investment firms in 2008. That was followed by the 2009 purchases of Genix Systems AG for its customer information applications for small and medium-sized private banks, and ICE Risk for commodity risk management and trading solution.

Key Applications For Banking & Financial Services Vertical:

SunGard's major offerings for banks and financial institutions include Ambit for retail banking, Adaptiv for risk management, Apsys for wealth management, AvantGard for treasury management, and BancWare for asset/liability management.

SCORES Analysis

Strengths

It may be apt to characterize SunGard's approach as the precursor to the current wave of software as a service(SaaS) offerings and its innovation has started to represent key differentiators for the vendor.

It started in 2005 when SunGard launched its Common Services Architecture based on open standards to start building composite applications. Then it followed that up in 2008 with the Infinity Process Platform that served as the cornerstone for its next generation applications and services.

The result is a growing number of components and services – many of which have similar functions derived from its many applications – that SunGard is making available to its financial services customers over the Web. By accessing these services in a registry to support specific business processes in mind, these financial services customers are able to incorporate them into their environment without incurring additional integration and even IT infrastructure expenses. In other words, these are plug-and-play components – like any Web 2.0 service from Youtube to Twitter that can be easily rendered to deliver tangible business benefits.

For example, SunGard launched MyWealthSeries, a set of online financial planning tools for advisors to offer their clients and prospects from their own Web sites in early 2010. Leveraging financial planning concepts and calculators from SunGard's WealthStation wealth management platform, MyWealthSeries is delivered as a SaaS application through the SunGard's Infinity registry.

For the time being, SunGard has already launched 20 of such SaaS projects, some of which could be used in lieu of traditional on-premise financial services-specific applications.

In 2009 it launched the Ambit Enterprise Banking Suite (Ambit EBS), a new front-to-middle-office retail

banking offering for retail and corporate banks. Built using SunGard's Infinity Process Platform, Ambit EBS is a componentized solution that can help banks transform their businesses without the need for large infrastructure or resource outlays. Ambit EBS can integrate data from traditional back-office systems, point solutions and external applications to provide a complete view of a customer's relationship with the bank.

Such new products and continuous enhancements – leveraging a common platform – are helping SunGard gain an upper hand over its competitors still struggling to reconcile their bulging product portfolio filled with legacy systems and incompatible technologies.

Customers

With more than 15,000 customers in the vertical, SunGard has captured the mind shares of many large banks and financial services companies that increasingly view the vendor as the standard bearer in such areas as treasury and risk management.

In 2009 its customer wins included AmInvestment Bank Group, Bank BPH, Banque Cantonale de Fribourg (BCF), Branch Banking & Trust, Capula Investment Management LLP, Commerzbank AG, CX Capital Markets LLC, DekaBank, Deutsche Postbank AG, Fiduciary Trust Co., First Southwest, Guotai Junan Securities, IAG Private Equity Ltd., Interbanca S.p.A., KeyBanc Capital Markets, Kuwait Finance House, LLB Group, LV= Asset Management (LVAM), Nordea Bank, Novastar Financial, Oppenheimer Co., RHB Investment Bank, Rydex Investments, Somerset Capital Group, Swedbank and Ziegler Wealth Management.

Opportunities

SunGard's open-standards approach is likely to result in new opportunities among users and partners. In fact users continue to give favorable ratings to its offerings and SunGard has even won over erstwhile competitors such as SAP, which has agreed to work with SunGard to co-market asset liability management solution from the SunGard's BancWare offerings.

Risks

Through its recent acquisitions SunGard can expect to secure additional customers, but not necessarily incremental revenues at least not in the short run.

A certain degree of revenue leakage and degradation is expected as many of SunGard customers in the financial services industry are going through consolidation of their own allowing them to negotiate better terms with SunGard than if they were to buy products and renew support agreements separately.

Ecosystem

In North America, SunGard relies on its direct sales force to sell enterprise applications to financial institutions. Its Availability Services division uses a combination of its direct sales force and resellers to sell its backup and disaster recovery services.

Shares

With 5.2% share in the banking and financial services vertical, SunGard's ability to gain share is average as it starts consolidating its gains through a series of acquisitions.

On the upside, SunGard is expected to take advantage of cross-sell and upsell opportunities following its acquisitions.

On the downside, it may take some time before its SaaS offerings are stable and mature enough to offer the kind of scalability and performance that its banking and financial services customers have grown accustomed to with their existing solutions, which in some cases have been heavily modified to meet their specific needs.

Jack Henry & Associates

Monett, MO

www.jackhenry.com

Overview:

After building a formidable presence in the credit union market, Jack Henry has continued to expand through a series of acquisitions and product enhancements addressing the needs of a full range of financial institutions. Typical customers range from tier-1 and tier 2 lenders to community banks and credit unions.

Applications Revenues:

	2008	2009
$(M)	370	417

2009 Applications Revenues By Region:

Region	2009($M)	% of total
Americas	412.8	99%
EMEA	4.1	1%
Asia Pacific	0	0%

2009 Applications Revenues By Company Size:

Size	2009($M)	% of total
XL(5K ees and above)	20.8	5%
Large(1K-5K ees)	166.8	40%
SMB(1K ees and below)	229.3	55%

2009 Applications Revenues In Banking By Revenue Type:

Type	2009($M)	% of total

License	88.8	21.3%
Maintenance	328.1	78.7%
Subscription	0	0

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 5.2% share in the banking and financial services vertical, Jack Henry's ability to maintain and win share in the market segment in 2010	Average

Full overview:

What started out as a core processor for community banks in 1976 has grown to become one of the biggest applications vendors with a full range of software, bill payments and outsourcing services for the banking and financial services vertical.

In 2009 Jack Henry acquired Goldleaf Financial Solutions for its enterprise deposit automation and payments applications. It also bought Pemco Technologies for its credit and debit signature processing and ATM network services.

Since 2004 Jack Henry has made a series of acquisitions to shore up its offerings in such areas as asset/liability and profitability management, image-based item processing, document management, risk management and enterprise exception management.

The result is an extensive product portfolio that covers everything from core banking to transaction processing that touches every aspect of the operations of large and small banks and credit unions.

Key Applications For Banking & Financial Services Vertical:

Core Director, Silverlake, CIF 20/20

SCORES Analysis

Strengths

After making more than 40 acquisitions, Jack Henry has picked up a great deal of recurring revenues that allow the vendor to weather the downturn. Though its software and hardware revenues have dropped over the past year, its services business has held up. The same applies to its profitability as more customers have decided to standardize their front-to-back-office environment using different Jack Henry product and service offerings.

Because it sells the complete turnkey systems based on its applications, the attach rate – involving implementation and business process outsourcing services – tends to be higher than that of its competitors, some of which may have a more narrow focus.

Then there is its dominance in the credit union segment. Among the 8,100-plus credit unions in the United States, Jack Henry has implemented applications at more than 700 credit unions, including 30 with assets exceeding $1 billion. In its fiscal 2009, Jack Henry accelerated its push into the market by adding 33 credit unions as customers.

Many of these credit union customers have outsourced their transaction and information processing to Jack Henry, which can exert considerable influence over the market direction by acting as the command center from a system development and maintenance perspective.

Customers

With more than 11,800 customers in the vertical, Jack Henry has established a huge following among community banks and credit unions.

In 2009 Jack Henry's customer wins included Brattleboro Savings & Loan, CornerStone State Bank, Community Bank System, Community Bank, Canton, NY, First Hope Bank, First National Bank of Florida, Institution for Savings, Mercantile Bank Corp., New Century Bancorp, Peoples State Bank, and Whitney National Bank.

Goldleaf, which has 3,500 customers around the world, signed such customers as 1st Century Bank, FirstBank of Colorado, InsBank, Southern Bank, State Bank of Hamburg, TCF Bank, Tightwad Bank, Tompkins Financial Corp., and Treaty Oak Bank in 2009.

Opportunities

Following the acquisition of Goldleaf, Jack Henry, which has been primarily selling into US financial institutions, is expected to expand globally after gaining presence among banks in Caribbean and Central America countries such as Aruba and Panama that have been using Goldleaf's ACH and remote deposit solutions.

Additionally there is considerable growth opportunity for Jack Henry to penetrate its 1,100 core banking customers by offering them complementary solutions like bill payments and ATM debit services.

Risks

Because of its dominance in the credit union market, competitors have been circulating around Jack Henry's wagon to undermine its position with alternative solutions and service offerings. Pricing pressure is expected to intensify, while contract renewals with credit unions running on older systems could become hotly contested with the proliferation of options such as hosted and on-demand offerings.

While other vendors have been formulating a more cohesive branding strategy, Jack Henry is taking a different tack by extending the lifespan of its acquired products and resurrecting their brands as in its recent decision to do just that with Alogent deposit automation applications, which were acquired by Goldleaf in 2008.

By prolonging these brands, Jack Henry runs the risks of spreading its resources over different products, some of which may have run their course given their time in market, compared with the prevailing Web services and components that are designed as more flexible and reusable in meeting the present and future needs of banking customers.

Ecosystem

Jack Henry primarily sells direct and it has established long-standing relationship with partners such as IBM. That relationship has blossomed over the years with the IBM mid-range systems becoming the major platform for Jack Henry's core banking applications.

In 2009 Jack Henry's ProfitStars division partnered with Pitney Bowes to offer its Remote Deposit Capture solution for payment processing to Pitney Bowes' business customers.

Goldleaf, on the other hand, has partnerships with Microsoft and other vendors including ICBA Bancard, GACHA, The Payments Authority, Catbird Networks, Intelligent Banking Solutions, Banc Compliance Group, Digital Compliance, ConsumerInfo.com, Pay Systems of America, and SunGard.

Shares

With 5.2% share in the banking and financial services vertical, Jack Henry's ability to gain share is average because of the stability of its recurring revenue stream.

On the upside, Jack Henry's recent acquisitions are positioning the vendor for meaningful expansion in 2010 by consolidating its gains in markets such as credit unions, bill payments and remote deposit capture.

On the downside, Jack Henry is banking on the strategy of treating its product lines distinctly, which means that any synergy from its acquisitions may not be apparent for quite some time.

Temenos

Geneva, Switzerland

www.temenos.com

Overview:

After establishing a strong brand in core banking software, Temenos expanded further with a major acquisition in 2009 to become one of the world's largest applications vendors in the banking and financial services vertical. Typical customers range from global banks to microfinance to community financial institutions.

Applications Revenues in Banking:

	2008	2009
$(M)	251	243

2009 Applications Revenues In Banking By Region:

Region	2009($M)	% of total
Americas	21.87	9%
EMEA	165.24	68%
Asia Pacific	55.89	23%

2009 Applications Revenues In Banking By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	24.3	10%
Large(1K-5K ees)	97.2	40%
SMB(1K ees and below)	121.5	50%

2009 Applications Revenues In Banking By Revenue Type:

Type	2009($M)	% of total
License	126	51.9%
Maintenance	117	48.1%
Subscription	0	0

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 3% share in the banking and financial services vertical, Temenos' ability to maintain and win share in the market segment in 2010	Above average

Full overview:

Founded in 1993, Temenos has been successful in selling a full array of banking applications to tier-one and regional financial institutions around the world. With a growing number of banking customers, Temenos was able to post double-digit increases in license sales consistently until the recession hit in 2008.

While the financial crisis stalled its momentum, it did not derail its growth plan.

In 2009 Temenos made its biggest acquisition to date by purchasing Viveo Group, a major core banking vendor in France, positioning the combined company as a formidable technology provider in the banking industry. The move came as many financial institutions started evaluating the need of using new applications to help them gain an upper hand with economic recovery becoming more pronounced.

Temenos is likely to benefit from such recovery plans by picking up Viveo to boost its presence in France and other countries, regaining its momentum along the way.

Key Applications For Banking & Financial Services Vertical:

Temenos T24 Suite

SCORES Analysis

Strengths

Temenos' quick ascension as one of the leading applications vendors for financial institutions is a testament to its vision as well as the ability to execute and outmaneuver its bigger competitors through preemptive moves designed to shore up its presence in Europe and emerging markets. Since its beginning, Temenos has won more than 650 customers including Deutsche Bank, Sumitomo Mitsui Banking Corp. and other major banks located in more than 120 countries.

With its highly regarded T24 offerings as well as a host of front-office and back-office solutions via acquisitions, Temenos has amassed an extensive product portfolio that rivals that of vendors that have been around a lot longer.

The acquisition of Viveo has helped crystallize that strategy, catapulting Temenos to a full-fledged solution provider with a complete suite of front and back-office offerings that meets the requirements of financial institutions of all sizes.

In addition to its core banking applications, Temenos also generated new sales from its treasury and risk management applications, especially from newly-formed financial institutions in need of a proven methodology to calculate their risks. These net new banks find themselves increasingly drawn to the modular nature of Temenos T24 applications by adding more sophisticated tools to hedge against the growing complexity in their investment portfolios of structured products as well as to fortify themselves in a competitive environment that calls for stringent regulatory oversight. The Temenos T24 core offers flexible risk management support for market and credit risk. It also includes real-time positioning analysis including gap, sensitivity and VaR.

Customers

With more than 1,450 customers in the vertical, Temenos has done well in emerging regions such as the Middle East. In 2009 its customer wins included Amrahbank Joint Stock Co., Banco Ficohsa, Bank SinoPac, Cairo Amman Bank, Capital Bank of Jordan, Coast Capital Savings, Equitas, MeesPierson Banking, National Bank of Malawi, and Orient Commercial Bank.

Other Temenos' recent customer wins included Bank Islam Malaysia Berhad, Banque Raiffeisen, Swedbank, and Volkswagen Financial Services AG, all of which purchased the T24 suite from Temenos. One of the notable wins was the decision by JPMorgan to implement a centralized operating platform using Temenos' T24 Model Bank to support the expansion of the bank's global treasury management and liquidity services businesses under a $30 million technology initiative. Even though JPMorgan has its own treasury management system, the selection underscores the growing appeal of packaged applications as well as Temenos' flexibility and capabilities.

Opportunities

Temenos is banking on its scalable and high availability architecture as its key differentiators to deliver optimized performance for banks that operate around the clock. Temenos allows these customers to conduct their business in an nonstop processing format without requiring them to do batch-runs, thus optimizing system uptime and preventing service interruption.

Credit risk is another growth segment for Temenos by delivering comprehensive risk structures covering all products with full real-time updating.

These qualities have given Temenos a highly differentiated positioning, paving the way for the company to deliver an integrated set of offering to some of the largest and fastest-growing financial institutions that are seeking to offload their internal development efforts to qualified technology providers so that they can focus on refining their core competencies in product marketing and customer relationship management.

Risks

Keeping up with its breakneck growth rate will be a challenge for Temenos, which is striving to prevent a repeat of its 2002 sales drop through diversification and global expansion and in doing may have sowed the seeds of sky high expectations among investors and customers.

In short order Temenos has become a force to be reckoned in the core banking market. Still Temenos' installed base of core banking customers remains small compared with that of its competitors and that could open room for unforeseen customer challenges in implementing its core banking solutions on a global level. In addition, Temenos needs to shore up support for its installed base of customers to increase upsell and cross-sell opportunities while continuing to tap into such areas as Islamic banking, which could test the strengths of its professional services organization.

Finally it will take some time before Temenos can realize the benefits of the migration from the legacy Globus platform being used by its customers to T24. It took clients such as Universal Bank Public Ltd. of Cyprus eight years before it made the switch from Globus to T24 in 2008.

Ecosystem

Temenos has signed a deal with Microsoft to offer SQL database for banks and co-develop next-generation core banking solutions.

Coinciding with its acquisition of Viveo, Temenos has expanded its alliance with GFI Informatique as first French Regional Services Partner for Southern Europe. GFI also maintains a partnership with Viveo.

Temenos also has a global strategic partnership with Cognizant, a large consulting firm.

On the Viveo side, its partners include Atos Origin, IBM, Dictao, Natixis, GFI, Planet Finance, Jason Informatique, Six Telekurs, PriceWaterhouseCoopers, Deloitte, Cap Gemini, Microsoft, Oracle, HP, and MCO Finance.

Shares

With 3% share in the vertical, Temenos' ability to gain share is above average because of a strong track record and incremental revenues from its Viveo acquisition.

On the upside, Viveo's installed base of European banks, especially those in France where Viveo leads the domestic market, should help Temenos achieve cross-sell and upsell opportunities into those accounts.

On the downside, Temenos' focus remains tier 2 and 3 banks, which may only take on a subset of its offerings at any given time making scalable implementations more difficult to replicate across its installed base.

Advent Software

San Francisco, CA

www.advent.com

Overview:

One of the most established software vendors in the financial services vertical, Advent has carved out a sizable niche by focusing on the world of financial advisors and fund managers with an array of applications designed to meet their everyday's needs from reconciliation and settlement to portfolio management. Typical customers range from hedge funds to wealth management firms.

Applications Revenues in Banking:

	2008	2009
$(M)	232	233

2009 Applications Revenues In Banking By Region:

Region	2009($M)	% of total
Americas	200.38	86%
EMEA	32.62	14%
Asia Pacific	0	0%

2009 Applications Revenues In Banking By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	46.6	20%
Large(1K-5K ees)	69.9	30%
SMB(1K ees and below)	116.5	50%

2009 Applications Revenues In Banking By Revenue Type:

Type	2009($M)	% of total

License	103	44.2%
Maintenance	74	31.8%
Subscription	56	24%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Above average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.9% share in the banking and financial services vertical, Advent's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

Founded in 1983, Advent has been focusing on the financial services vertical with an array of applications designed to automate routine functions from trade order management to portfolio management, reporting and accounting.

Advent's extensive applications portfolio, which encompasses Axys, the Geneva Suite and APX Suite for portfolio management requirements of investment managers of various sizes, have been credited for helping asset management firms and money managers make better decisions while boosting their returns and customer satisfaction.

Recently Advent acquired Goya for its fund distribution applications for investment firms in Europe and the Middle East. That followed its 2008 acquisition of Tamale Software for its research management applications. It also divested its charity giving applications MicroEdge in 2009.

For the past few years Advent has been a steady performer buoyed by continuous expansion of the financial services industry. Despite the financial crisis that hurt many of its clients, Advent has emerged from the turmoil relatively unscathed with healthy recurring revenues to sustain its growth and profitability.

The Goya acquisition, which paved the way for further international expansion; and the increased emphasis on Advent OnDemand for helping mitigate implementation challenges of its customers, underscore Advent's ability to adapt to the changing needs of a large swath of the financial services companies around the world.

Key Applications For Banking & Financial Services Vertical:

Axys, APX, Geneva

SCORES Analysis

Strengths

When it comes to trade settlement and portfolio management, few can match the completeness of Advent's product portfolio and vision.

Many of its customers in the financial services vertical have turned to Advent applications because of the need to deliver quality service to their own clients either by providing more tailored investor data or meeting regulatory requirements. By leveraging the latest applications from Advent to reduce their operating costs, these investment firms have experienced explosive growth over the past years, and their structure has become increasingly complex especially among those that operate offshore funds. That's where Advent has been able to exhibit its core competency with applications such as Advent Portfolio Exchange(APX) that combines portfolio management and client relationship management into an integrated solution. More than 600 investment firms are regular users of APX.

Customers

With more than 4,500 customers in the vertical, Advent has been consistent in its ability to add new clients and secure more business from existing ones.

In 2009 its customer wins included Abu Dhabi Islamic Bank, Altamount Capital Management Pvt. Ltd., First Trust Advisors, GlobalView Investments, Klingenstein, Fields & Co., L.L.C, Private Capital Management, Spears Abacus Advisors LLC, Stone Coast Fund Services, Stralem & Co., Vistra Fund Services, and ZAN Partners Ltd.

Opportunities

Advent's biggest opportunities lie in its rich product portfolio that is on track for major updates in 2010. For instance the recent release of Geneva 8.0 offers added middle office functionality to handle the end-to-end requirements of global asset managers.

The same applies to new releases such as APX version 3.0 and Moxy 7.0, which will appeal to those that demand high-performance trade order management and portfolio management capabilities to handle their increased workload as well as round-the-clock transaction processing requirements.

In addition Advent on Demand, its hosted offerings, should benefit financial services companies that are offloading their back-office functions to business process outsourcing providers. Customers can choose their Advent On Demand solutions with or without data management. The former option comes in a 100% hosted environment with market and reference data management, security master maintenance and daily reconciliation and corporate action processing. The latter is designed for those that decide to let hosting providers take over such tasks as business continuity and disaster recovery, infrastructure requirements that are becoming burdensome for many financial services firms.

Risks

For Advent, its long track record of selling into the financial services vertical is a double-edge sword because the migration strategy may take longer than expected with a large number of legacy systems being used extensively by its customers. For instance, Advent is seeking to migrate 150 customers of Qube, a CRM application that the vendor has discontinued, to APX.

It will be a challenge for Advent to manage such transitions by mitigating the risks involved for customers especially those that operate in a heterogeneous environment.

Another issue has to do with its renewal rate, which hovers around 85%. In the third quarter of 2009 it edged up to 89%. For a vendor that has more than 4,500 customers, anything that is below 90% could result in fairly high attrition. On the heels of one of the most severe recessions in history, it will be critical for Advent to stay vigilant about customer retention when competition is more fierce than ever and competing offerings of trade order management and customer relationship management applications for financial services firms are more abundant than ever.

Ecosystem

Advent primarily sells direct and it has signed a number of ISV partners that augment the vendor's applications with add-on products for functions such as Ancerno for Compliance and Transaction Cost Analysis, Aqua Equities and BlockCross for Electronic Trading Destinations, Ashland Partners for GIPS Compliance Consulting and Verification Services, and Broadridge for Electronic Proxy Voting.

For its Advent OnDemand offerings, the vendor also relies on distribution partners such as Fidelity Institutional Wealth Services as well as Pershing Advisor Solutions LLC and Pershing LLC to bring that to the market.

In Europe, it has struck alliances with hosting partners such as FusionStorm, Generic Network Systems, InfoHedge Technologies, and Paladyne Systems Inc.

Shares

With 2.9% share in the banking vertical, Advent's ability to gain share is above average because of its large installed base as well as diversified product offerings that meet the needs of large and small financial services companies.

On the upside, Advent's steady performance during the downturn suggests the intrinsic value of its offerings and its growth is likely to become more robust as many of its customers are poised to take advantage of the recovery by moving into new markets or taking shares away from weaker ones.

On the downside, the prevalence of customers using older versions of its applications could hinder its upgrade strategy. In addition the vendor is better known for its back-office applications than its customer-facing applications, which are becoming increasingly pivotal for financial services companies to rebuild their reputation and reinforce confidence among their clients following the credit crisis.

Misys

London, UK

www.misys.com

Overview:

Having implemented a corporate overhaul, Misys has rededicated itself to the banking and financial services vertical after spinning off its healthcare division into a separate entity. What remains is a smaller organization, but more focused than ever on helping banks become more efficient and profitable. Typical customers are global financial institutions.

Applications Revenues in Banking:

	2008	2009
$(M)	235	229

2009 Applications Revenues In Banking By Region:

Region	2009($M)	% of total
Americas	22.9	10%
EMEA	160.3	70%
Asia Pacific	45.8	20%

2009 Applications Revenues In Banking By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	45.8	20%
Large(1K-5K ees)	80.15	35%
SMB(1K ees and below)	103.05	45%

2009 Applications Revenues In Banking By Revenue Type:

Type	2009($M)	% of total

License	80	34.9%
Maintenance	144	62.9%
Subscription	5	2.2%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.9% share in the banking and financial services vertical, Misys' ability to maintain and win share in the market segment in 2010	Below average

Full overview:

More than a year after Misys spun off its healthcare division and reoriented itself by focusing squarely on the banking and financial services vertical, the vendor has delivered on its promises with a new product vision that could translate into substantial benefits for the vendor and its customers.

The new release, coupled with growing support from fast-growing banking customers and an enlarged ecosystem, has ushered in a new chapter for Misys following a series of drastic measures including the healthcare divestiture and the sale of Sesame, its financial advisory service that yielded disappointing results.

Key Applications For Banking & Financial Services Vertical:

OASys, BROOMS, LIBRA back office systems, Personal/Commercial Lines front office systems, MidasPlus, Opics wholesale banking

SCORES Analysis

Strengths

In March 2010 Misys unveiled Misys BankFusion, its first major release of core banking applications in seven years. The latest release built on its established presence in the market with a full line of core banking and treasury and risk management applications.

Misys BankFusion, which has modules such as loan origination and branch automation, is based on a scalable Unix platform that supports open standards allowing for add-on development from third party software vendors from smart phone apps to white-label core banking solutions for local banks.

BankFusion is positioned as the go-to-market release for Misys customers running such existing applications as Midas and Equation. Future releases of its universal banking applications Bankmaster will also be adopting the same platform as BankFusion.

Misys also announced that Actinver, CRDB Bank, Investec, QNB, Piraeus Bank, Time Bank and Standard Bank were among early adopters of BankFusion either as their system upgrade or new implementation.

Misys is banking on the success of BankFusion to help it complete its three-year turnaround program, which has begun to revitalize the vendor with new wins and additional investment from existing customers.

In addition its universal banking applications have been well received by global banks that need to standardize on a scalable platform to support their operations in multiple countries.

Customers

With more than 1,200 customers in the vertical, Misys has been consistent winning deals from global banks and fast-growing financial institutions in emerging markets.

In 2009 its wins included International Bank of Qatar, OeKB, The PrivateBank, and Société Générale.

Opportunities

Because of the extensibility and flexibility of the BankFusion architecture, Misys expects to generate considerable support from customers, ISVs and implementation partners that can easily configure the applications to meet their needs in a compressed timeframe using a repository of common business processes and reusable components.

Misys is counting on complementary applications from ClairMail, IBM, Fircosoft, Northland and others to help create extensions of BankFusion to tap into markets from mobile banking to white-labeling that Misys has never been able to reach before.

Risks

Misys is on its last leg of its turnaround program following a series of moves to refocus on its core competency by developing robust banking applications for global and regional financial institutions. That strategy appears to be paying off with the release of BankFusion.

Still lingering issues remain for a company that used to be one of the leading vendors in the banking applications market and somehow lost its focus in light of its choppy results since 2003. In its latest half-year financial report, it saw a 11% drop in its revenues for its banking division.

While the vendor is in better shape than it has been for a number of years, the issue is whether the turnaround is sustainable.

Ecosystem

For its banking and treasury management applications, Misys has been relying on its direct sales force that calls on multinational banks and financial institutions.

Earlier it signed SAP to joint-market its banking applications with SAP's sales force. Additionally Misys has struck a deal with HCL Technologies, a systems integrator in India, which will position Misys applications as its primary core banking solutions for HCL clients.

Recently Misys signed an agreement with IBM to incorporate IBM's Webspere application server and DB2 database server into its banking software suite.

Shares

With 2.9% share in the banking and financial services vertical, Misys is beginning to turn around its operations. However its ability to gain share is below average because of its difficulty to either hold onto its existing customers or add new ones.

On the upside, the BankFusion release is expected to instill greater confidence among its customers and partners on its product direction and that should generate some incremental business.

On the downside, its number of banking customers has been stuck in the range of 1,200 with little movement because of customer consolidation as well as execution issues. Until that improves markedly, it’s hard to tell whether it is well positioned to take advantage of the recovery under way in the banking and financial services industry.

SS&C Technologies

Windsor, CT

www.ssctech.com

Overview:

SS&C Technologies reached another milestone as it went public in March 2010, readying to expand further with its capital infusion and incremental revenues from its acquired applications for the banking and financial services vertical. SS&C targets institutions in different segments of the financial services industry from banks to asset management firms.

Applications Revenues in Banking:

	2008	2009
$(M)	157	150

2009 Applications Revenues In Banking By Region:

Region	2009($M)	% of total
Americas	120	80%
EMEA	30	20%
Asia Pacific	0	0%

2009 Applications Revenues In Banking By Customer Size:

Size	2009($M)	% of total
XL(5K ees and above)	22.5	15%
Large(1K-5K ees)	52.5	35%
SMB(1K ees and below)	75	50%

2009 Applications Revenues In Banking By Revenue Type:

Type	2009($M)	% of total

License	22	14.7%
Maintenance	73	48.7%
Subscription	55	36.7%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 1.9% share in the banking and financial services vertical, SS&C's ability to maintain and win share in the market segment in 2010	Below average

Full overview:

Having gone through a number of ownership changes in recent years, SS&C has entered a new phase by going public in March 2010 setting the stage for another round of transformation in its long history. Founded in 1986, SS&C has evolved considerably after making nearly three dozen acquisitions that led to product additions for different segments of the banking financial services vertical.

In 2005 SS&C was bought by the Carlyle Group, a private equity firm that laid the groundwork for its continuous expansion into new markets and the latest stock offering.

In 2009 SS&C acquired Evare for its outsourcing services, Maximis for investment accounting applications for institutional investors, TheNextRound for front-to-back-office applications for private equity, family office, real estate partnership and alternative management firms, and Tradeware for electronic trading in broker deal market. More recently SS&C acquired GIPS for fund administration services to private equity customers.

All told, SS&C has assembled a broad portfolio of more than 60 applications including those for portfolio management and accounting, trading and treasury operations, financial modeling, loan management, property management, money market processing and training.

Key Applications For Banking & Financial Services Vertical:

PortPro, BANC Mall, TradeThru

SCORES Analysis

Strengths

SS&C is capable of meeting the needs of many financial services companies with the collective value of its product portfolio becoming more relevant than ever as they seek to expand globally or to standardize their front-to-back office business processes around a single platform. For example, European banking giant BNP Paribas has started running SS&C's TradeThru for trade processing in its Mumbai operations that are using the integrated solution to support the bank's global locations, while Bank of the West, a $62-billion bank in California, has been using SS&C applications to help support the fixed income trading, sales and safekeeping services for its capital markets business.

As financial services companies expand globally, their requirements are becoming more complex making it more important than ever to align their applications strategy with a vendor that matches their ambition.

Customers

With more than 4,500 customers in the vertical, SS&C has built a critical mass of financial services companies from different industry segments.

SS&C primarily targets multinational banks, retail banks and credit unions, hedge funds, funds of funds and family offices, institutional asset managers, insurance companies and pension funds, municipal finance groups, brokers/dealers, financial exchanges, commercial lenders, real estate lenders and property managers.

In 2009 its customer wins included Alternative Investment Group, Archstone Partnerships, Bank of the West, Key Bank, and Missouri Housing Development Commission.

The 2009 acquisitions also brought with them hundreds of new customers to SS&C.

Opportunities

With its recent acquisitions, SS&C is well positioned to penetrate the private equity firm segment. The purchase of TheNextRound has resulted in the addition of 225 customers for SS&C to cross sell and upsell its applications.

Another growth area is in Latin America where SS&C has experienced a sharp rise in sales over the past year.

Risks

The downside to SS&C's acquisition strategy is that it may stretch itself too thin trying to cover many different segments without realizing synergy among its acquired applications. For example, while its eLearning applications have been sold to financial services companies to reduce training costs and optimize skills of their employees, SS&C has also targeted colleges and universities making the product no less distinct than others that sell into the broad user marketplace.

Additionally its real estate management applications are an also-ran, compared with other applications that have been entrenched within the real estate vertical.

The challenge for SS&C is to find synergy where it can to boost cross-sell, but reduce its exposure to niche applications that add little value to its financial services customers.

Ecosystem

SS&C primarily sells direct and it has been setting up a partner network primarily for customers in regions where it does not have a strong presence.

Shares

With 1.9% share in the banking and financial services vertical, SS&C's ability to gain share rests on its acquisition strategy.

On the upside, its maintenance revenues have been rising steadily thanks to its acquisitions.

On the downside, most of its regions – except Latin America – saw their sales drop in 2009 and it remains to be seen whether its recent acquisitions can stem the decline.