

**APPS RUN THE WORLD**

# Treasury & Risk Management

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Enterprise Applications Market Report 2010-2015,  
Profiles Of Top 10 Vendors

5/30/2011

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## **Summary**

This applications market sizing report focuses on the 2010 performance of the top 10 applications vendors in the treasury and risk management applications market.

With renewed interest in effective automation of cash management and treasury function, corporations and financial institutions are investing heavily in tools that help them better manage such tasks as portfolio modeling, hedge accounting as well as cash forecasting. This comes at a time when companies of all sizes are still reeling from credit squeeze exacerbated by one of the worst financial crises in generations. In many cases these organizations have turned to the latest technologies to help them navigate the choppy waters of global finance by achieving a holistic view of risk.

As a result, many treasury and risk management applications vendors have seen double-digit increase in their revenues over the past year. There are signs that their momentum will continue having made a series of acquisitions to shore up their offerings, while expanding into emerging countries through ecosystem building efforts.

## **Top Line and Bottom Line**

On the top line, the treasury and risk management applications market is expected to grow faster than software systems designed for the financial services vertical, which remains stuck at the low single-digit level because of general weakness in the banking and insurance sectors with many small and mid-sized financial institutions still struggling with recession hangover.

By comparison, treasury and risk management applications vendors, which target both corporations and FIs, have an easier time to convince customers about the intrinsic value of their offerings in light of another looming global slump hit by the combined effects of high oil and commodity prices, natural disasters in Japan, as well as the turmoil in the Middle East.

All these are making corporations and banks more nervous than ever, prompting them to look to treasury and risk management as an effective means to assess and analyze their exposure with a standardized approach.

Following their moves to bulk up offerings through mergers and acquisitions, treasury and risk management applications vendors are positioning themselves as one-stop shops for banks and investment managers who have every intention to reduce the number of technology providers they work with by consolidating their front to back office automation work in order to reduce operating costs.

Another major underpinning of the treasury and risk management applications market lies in the rapid adoptions of on-demand delivery by its customers, many of whom are fast-growing hedge funds and multinationals that have no qualms about leveraging the Cloud as the vehicle to access the latest software tools in order to help them better manage their far-flung operations without incurring considerable IT expenses. TRM vendors, some of which have been among the earliest supporters of on-demand delivery, have benefited from such widespread adoptions.

After years of living in the shadows of financial technology providers and general-purpose accounting solutions, treasury and risk management applications vendors have found their own standing, which appears to be more strategic than ever in the eyes of corporate treasurers, CFOs and CROs. That means the current crop of top TRM vendors are finally getting the attention they deserve, a process that usually leads to further consolidation that could upend the entire market.

## **Market Definitions and Overview**

The market for treasury and risk management applications is defined as follows:

- Automation of business processes that support corporate treasury operations (including the treasuries of financial services enterprises) with the corresponding financial institution functionality and optimize related cash management, deal management, and risk management functions as follows:
- Cash management automation includes several treasury processes involving electronic payment authorization, bank relationship management, cash forecasting, and others.
- Deal management automation includes processes for the implementation of trading controls, the creation of new instruments, market data interface from manual or third-party sources, and others.
- Risk management automation includes performance analysis, Financial Accounting Standard (FAS) 133 compliance, various metrics calculations used in fixed-income portfolio analysis, market-to-market valuations, and others.

In 2010 two of the top 10 treasury and risk management applications vendors were absorbed by much bigger players in the financial services vertical heralding a new era that could mark a turning point in the evolution of the TRM market.

The acquisitions of Sophis by banking applications specialist Misys and FRS Global by Wolters Kluwer, a \$5-billion Dutch conglomerate that sells into financial services companies along with other verticals, underscored the appeal of treasury and risk management solutions as the linchpin for these larger players to pitch their extensive product portfolios to their existing customers in hopes of swapping out their legacy systems with these newly acquired technology assets.

To be fair, Misys has always had a strong lineup of treasury and risk management applications with names like Risk Vision, Opics Plus and Summit, the purchase of Sophis for nearly \$600 million catapulted the combined entity to the leadership position.

The moves were also a validation of the strategies of the other major contenders in the TRM market SunGard and Wall Street Systems, both of which have been expanding their offerings through internal development efforts as well as well-timed acquisitions. The question is whether SunGard and Wall Street Systems are going to stay put or pair up with similar entities in the financial services vertical in order to erase the lead held by Misys. For its part, Wolters Kluwer has been snapping up software companies in different verticals in order to offset declines in its traditional print publishing market.

As treasury and risk management features become more integrated into core financial systems – as well as a new class of Governance, Risk and Compliance applications derived from enhanced business analytics software – it is fair to assume that the days of traditional best-of-breed TRM systems may be numbered.

Still the TRM applications market remains highly fragmented with dozens of niche vendors doing brisk business selling their dedicated treasury workstation products to corporate treasurers or in-house banks in need of using highly specialized software to handle a dizzying array of cash management requirements borne out the growing complexity of commodity derivatives or financial instruments being used to keep their operations afloat.

## **Customers**

Because of unique user requirements, treasury and risk management applications vendors have been targeting a relatively small group of power users even when selling into large organizations. The proliferation of hedge funds over the past 10 years has proven to be a bonanza for treasury and risk management applications vendors as many of these financial services companies were keen on using off-the-shelf solutions to sustain their rapid growth in different regions.

Despite their growing popularity, the number of customers of most TRM vendors has barely budged over the years. While the major vendors such as SunGard and Wall Street Systems have been able to secure several thousand customers each, the installed base of other providers could run anywhere between 100 and 500 with the number of users rarely exceeding 10,000.

Kyriba, a San Diego, CA-based on-demand vendor that specializes in cash and treasury management, is an exception. Though the number of its customers remains fairly small at more than 360, its base of subscribers has exceeded 12,500. Two years earlier, Kyriba had 200 clients with 7,000 subscribers.

The challenge facing these vendors is two-fold. While the market is expected to grow over the next few years, the actual number of greenfield customers, or net new users for that matter, may not be substantially different from what most vendors are getting in a given year. Hence much of the growth will be coming from replacing existing legacy systems as well as the reliance of fast-track implementations or Cloud-based services as a key differentiator for any customer considering switching to a new system.

In either case, there is a possibility of a bruising price war waiting to happen before anyone can capture a large number of net new customers. Another scenario calls for some of the vendors, especially those that have other products like core banking and GRC to sell, to offer attractive bundles as an extra incentive for customers to make the switch.

The bottom line is that best-of-breed TRM applications vendors may risk painting themselves into a corner or they may end up running up against others that can offer more bells and whistles without the high price.

### **Top 10 Applications Vendors In Enterprise Market**

The following table lists the 2010 shares of the top 10 applications vendors in the treasury and risk management market and their 2009 to 2010 applications revenues(license, maintenance and subscription) from the market.

| Vendor                 | 2010 Share(%) | 2010 Applications Revenues From Treasury and Risk Management(\$M) | 2009 Applications Revenues From Treasury and Risk Management (\$M) |
|------------------------|---------------|---|--|
| SunGard                | 18.2%         | 254   | 241  |
| Misys                  | 18.0%         | 251   | 236  |
| Algorithmics           | 7.1%          | 99  | 90   |
| SAP                    | 6.2%          | 87  | 76   |
| Oracle                 | 4.8%          | 67  | 65   |
| Wall Street Systems    | 4.7%          | 64.9  | 55   |
| Calypso Technology     | 2.4%          | 34  | 30   |
| Reval                  | 2.2%          | 30  | 23.1   |
| IT2 Treasury Solutions | 1.3%          | 17.5  | 15.5   |
| Temenos                | 1.1%          | 16  | 15   |
| Subtotal               | 66.0%         | 920.4   | 846.6  |
| Other                  | 34.0%         | 473.6   | 440.4  |
| Total                  | 100.0%        | 1394  | 1287   |

## **Vendors To Watch**

In 2011 Kyriba is expected to fuel its high-octane growth after securing a \$10.6 million funding. Last year Kyriba, which specializes in on-demand cash and treasury management offerings, posted a 43% growth in recurring revenues after adding 130 new clients.

Temenos, a Geneva, Switzerland-based core banking application vendor that also offers T-Risk for risk management, is another player to watch following its recent acquisitions of Viveo Group in France and Odyssey Group in Luxembourg. Viveo specialized in core banking and complementary applications for financial institutions, while Odyssey focused on private bank and wealth management markets.

In addition, Temenos strengthened its ecosystem last year by partnering with CSC and Cap Gemini positioning itself as the total solution provider for major banks in different regions. Partnerships with infrastructure providers such as Microsoft have added credibility to Temenos' product roadmap, helping usher in new ways of handling tasks such as operational analytics and risk monitoring with off-the-shelf tools that used to be developed internally by banks.

Another challenger is Murex, which specializes in cross-asset trading, risk management and processing solutions. Based in Paris, Murex has been gaining traction with its on-demand offerings that emphasize rapid implementations that take as little as three months and reduced total cost of ownership involving complex reengineering and system consolidation projects that are based on its MXpress methodology for standard documentation and training.

## **Outlook**

On the upside, the prospects of the treasury and risk management market have improved considerably along with the general recovery of global financial markets. Appetite for risks has returned with worldwide merger and acquisition activities in the first quarter of 2011 reaching their pre-crisis levels. Both conditions could result in sustainable growth in the TRM market.

Additionally the acquisitions of Sophis and FRSGlobal by Misys and Wolters Kluwer, respectively, will yield short-term growth by capturing more cross-sell and upsell opportunities among their existing customers. Any incremental revenue they can generate will whet the appetite of other financial services technology providers triggering similar moves to expand in the TRM space.

On the downside, the earthquake, tsunami and nuclear disasters in Japan have cast a dark cloud over the near-term potential of TRM vendors focusing on the Japanese market. The geopolitical turmoil unfolding in the Middle East could also upend another important market for TRM vendors with a growing base of Islamic banking customers.

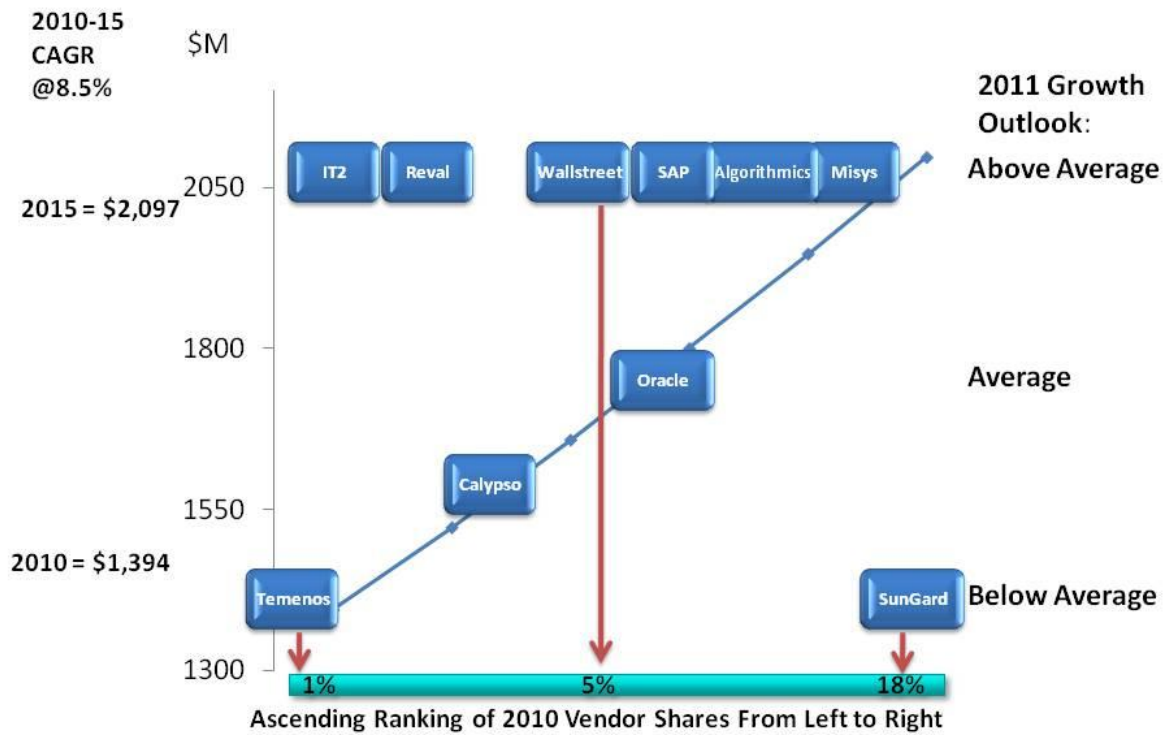
If there was any lesson to be learned from the most recent global financial crisis, it was the fact that many companies were not aware of the level of risks they were exposed to, let alone preparing themselves for the worst case scenario. Those that are left standing will have additional reasons to appreciate the intrinsic value of treasury and risk management.

## **SCORES Box Illustration**

The following graphic shows the 2010 shares of the top 10 treasury and risk management applications market with SunGard claiming the top spot at 18.2%, followed by Misys, Algorithmics, SAP, Oracle, Wall Street Systems and others. Based on our SCORES methodology, Misys, Algorithmics, SAP, Wall Street Systems, Reval and IT2 are

rated above average for their growth potential in 2011. The market is expected to achieve a 8.5% compound annual growth rate rising from \$1.4 billion in 2010 to \$2.1 billion by 2015.

### 2010 Shares of Top 10 Apps Vendors In TRM Market, 2011 Growth Outlook, Forecast Through 2015



### Worldwide Treasury & Risk Management Applications Market Forecast 2010-2015

| \$M                | 2010 | 2011  | 2012  | 2013  | 2014  | 2015  | CAGR(%) |
|--------------------|------|-------|-------|-------|-------|-------|---------|
| TRM                | 1394 | 1,522 | 1,658 | 1,800 | 1,947 | 2,097 | 8.5     |
| Yr to Yr Change(%) |      | 9.2%  | 8.9%  | 8.6%  | 8.2%  | 7.7%  |         |



**\$M includes license, maintenance and subscription revenues**

**Source: APPS RUN THE WORLD, June 2011**

## **Profiles of Top 10 Applications Vendors In Enterprise Market**

- SunGard
- Misys
- Algorithmics
- SAP AG
- Oracle
- Wall Street Systems
- Calypso Technology
- Reval
- IT2 Treasury Solutions
- Temenos

# SunGard

Wayne, PA

www.SunGard.com

## Overview:

Over the past decade, SunGard has been positioning itself as an one-stop shop for corporate and banking customers that require different financial applications to help them automate a wide variety of financial business processes. Typical customers include major banks and corporations that have sizable treasury and risk management operations around the world.

## Applications Revenues In Treasury and Risk Management:

|       | 2009 | 2010 |
|-------|------|------|
| \$(M) | 241  | 254  |

## 2010 Applications Revenues In Treasury and Risk Management By Region:

| Region       | 2010(\$M) | % of total |
|--------------|-----------|------------|
| Americas     | 101.6     | 40%        |
| EMEA         | 88.9      | 35%        |
| Asia Pacific | 63.5      | 25%        |

## 2010 Applications Revenues In Treasury and Risk Management By Company Size:

| Size                  | 2010(\$M) | % of total |
|-----------------------|-----------|------------|
| XL(5K ees and above)  | 76.2      | 30%        |
| Large(1K-5K ees)      | 76.2      | 30%        |
| SMB(1K ees and below) | 101.6     | 40%        |

## 2010 Applications Revenues In Treasury and Risk Management By Revenue Type:

| Type | 2010(\$M) | % of total |
|------|-----------|------------|
|------|-----------|------------|

|              |       |     |
|--------------|-------|-----|
| License      | 25.4  | 10% |
| Maintenance  | 165.1 | 65% |
| Subscription | 63.5  | 25% |

**2010 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  | Above average |
| Opportunities | Market opportunities at the vertical and subvertical levels  | Below 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 18% share in the Treasury and Risk Management market, SunGard's ability to maintain and win share in the market segment in 2011 | Below average |

**Full overview:**

It's almost an understatement to suggest SunGard as the dial tone for corporate treasurers and risk managers.

For many of these finance professionals, SunGard's major applications including Ambit and AvantGard have become their tools of the trade helping them automate a slew of mission-critical functions from cash and forex management to global trade services, while meeting their daily compliance requirements.

Increasingly SunGard has set its sights on becoming a technology infrastructure provider for financial processes – akin to the role transaction processors have taken on for banks and corporations for years.

For example, AvantGard EcoSystem Communication Service is a technology infrastructure that links the participants of the corporate commercial ecosystem. By leveraging the technology and customer relationships formed around SunGard's AvantGard solutions for receivables, treasury and payments management, the AvantGard EcoSystem Communication Service helps streamline connectivity between corporations, banks and other trading partners. The service helps corporations benefit from streamlined communications, and helps banks focus on the delivery of innovative value-added services to their corporate clients.

Having made dozens of acquisitions in the financial applications market since 2004, SunGard is also reinventing itself by launching the Ambit umbrella that covers a full suite of products for everything, from core banking to treasury and risk management. The April 2008 launch of Ambit underscores the growing desire of SunGard to strengthen its relationship with banking and commercial customers, which previously might have had a closer association with SunGard's individual brands such as Apsys, AvantGard, BancWare, SteP, and System Access, rather than the company as a whole.

While it may take some time before SunGard can build the Ambit brand, the move coincides with the growing pressures on its customers to reap bigger returns on their technology investments by streamlining software portfolios as well as the number of providers they work with in order to reduce their IT support costs.

SunGard will have much to gain with a cohesive and coordinated approach to sell through the Ambit brand by eliminating system overlaps, or technical incompatibility for that matter, thereby raising customer satisfaction. Under the Ambit approach, SunGard aims to help its customers tackle a range of credit, market, and operational risk challenges with complementary and effective solutions for every aspect of a company's risk modeling work, as well as its data management, regulatory and reporting requirements.

For financial institutions that standardize on the Infinity Common Services Architecture under the Ambit approach, the result could be a sustainable improvement in their ability to price and package their products and calculate their capital requirements, while managing everything from profitability measurement to real-time liquidity. Business processes such as reconciliation and integration into back-end systems will also be greatly enhanced.

In the risk management area, SunGard upped the ante in 2010 by acquiring Inmatrix Holdings, which offered credit risk management solutions for commercial lending primarily to the banking industry. Based in Melbourne, Australia, Inmatrix products, which have been incorporated into the SunGard Ambit offerings, are designed to evaluate credit worthiness of borrowers and help banks develop a portfolio view of their exposure.

At a time when financial institutions are wrestling with tremendous market volatility, the expanded Ambit solutions could help transform how banks work with one another as they complete each and every step toward rebuilding customer service, risk modeling, payment processing, and ultimately the orderly transition to the banking infrastructure of the future.

#### **Key Applications For Treasury and Risk Management:**

AvantGard series for treasury management, Ambit Erisk for risk and capital management for financial services, Ambit Erisk Abacus for operational risk (Basel II, SR 99-18), Kiindex Risk Workbench for portfolio risk

#### **SCORES Analysis**

##### **Strengths**

SunGard has been particularly effective in addressing larger enterprise needs for treasury and risk management functionality.

That includes building out features that center around checking accounts and bank statement management, accounting management, reporting management for affiliated entities, treasury provisioning and other types of reporting. SunGard has also done well using Web based portals for large companies to tie together disparate business units by creating a central repository of treasury information feeds.

Large enterprises gravitate toward SunGard AvantGard Integrity or SunGard AvantGard Globe\$ (which is a former XRT product it acquired through acquisition).

What works to its advantage is the fact that its many treasury products can address different functional needs and IT budgets of its clients. For small and midsized companies, SunGard has been relying on an array of Web services to meet their unique requirements.

Having invested in a robust technology infrastructure, SunGard is expanding its Web services offerings using its Services Oriented Architecture platform Infinity as the underpinning for software registry, business process management and on-demand delivery to facilitate process automation for companies of difference sizes.

### **Customers**

SunGard has more than 3,600 customers using its treasury and risk management applications. In 2010 its reference wins included Santos, Schroders Private Banking, SMC Global Securities, Smith & Williamson Investment Management Ltd., SummerHaven Investment Management, Teleperformance, The Industrial Development Corporation of South Africa, The Investment Center, and TMB Bank Public Company Limited.

### **Opportunities**

In 2011 SunGard is expected to frame risk analysis process as central to the continuous evolution of the role of treasury. Additional scenarios call for users adopting SunGard applications for shoring up liquidity, cash management, financial and operation risk as the vendor seeks to boost wallet share among key accounts.

SunGard will also expand by building out larger operational and enterprise risk models for deep risk definitional work by collaborating with partners. For example, SunGard has considerable experience with SAP clients and the AvantGard ICMS product integrates with SAP General Ledger.

The SunGard AvantGard ICMS treasury suite has strong capabilities in ad-hoc SQL and visual reporting. It also has accounting management capabilities for procedures like journal processing, accruals and amortization and currency translation and banking and checking account settlements for authorization, automatic EFT, inward and outward confirmations, and third party payments Interfaces for AP/AR cash flows, bank balances and statement uploads.

Additionally, SunGard AvantGard Quantum has deep cash management functionality for bank communication and account reconciliation, cash forecasting, cash position management tools as well as real-time connection and reporting from worldwide business units and associated companies.

All these capabilities are positioning SunGard well in its race to become the dependable technology provider – as well as one of the most innovative players – for companies that need to chart their growth by standardizing their treasury and risk management business process across the globe.

## **Risks**

The new positioning of SunGard follows market consolidation that has seen the rise of platform vendors such as Oracle and SAP expanding beyond their traditional confines of meeting the basic needs of their customers such as automating the general ledger accounting function. Increasingly, these ERP vendors, along with a new breed of banking industry specialists, are competing with SunGard head-on with their rapid delivery of end-to-end solutions and Web services, all of which could destabilize SunGard's accounts by displacing the legacy systems that no longer meet the clients' needs.

For its part, SunGard continues to pursue growth through acquisitions. The 2010 acquisitions of Fox River Execution for algorithmic trading execution and Inmatrix for risk management followed the purchases of Financial Technology Integrators for its compliance products, XRT assets and Aspiren for its fraud detection applications for the public sector.

Combining the Ambit approach with SunGard's penchant for acquisitions, the vendor is adding a new dimension to its expansive product footprint by developing an integrated product road map that ensures customer lock-in and growing recurring revenue. Thus SunGard's priority may lie in ensuring seamless migration from on-premise to on-demand software delivery for its existing and acquired customers. Whether the approach is creating enough barriers to entry for its competition depends on how SunGard manages customer expectations in terms of centralizing sales, service, and support functions and dispensing them accordingly.

Even if Ambit succeeds in presenting a unified face, it's not clear whether allegiance to a global brand is enough to sustain user interest when customer needs are still evolving at different rate from region to region. While some acquisitive vendors struggle to retain the relevancy of their acquired products by keeping the brands intact in the eyes of the customers, SunGard's Ambit approach appears to be moving toward a converged brand, which may present as much risk as reward.

Then there's the possibility of SunGard's severing the link between its software and availability services divisions by spinning off the latter. Such a move could presage the dismantling of SunGard's solution approach, forcing some customers to look for integrated offerings from an array of Cloud-based providers that come with little or no legacy burden.

## **Ecosystem**

The launch of the AvantGard EcoSystem Communication Service is part of SunGard's broader strategy to bring together the various entities within the corporate commercial ecosystem. Participants include suppliers, buyers, banks and other trading partners. As part of this strategy, SunGard is operating as a community leader across the ecosystem by forming relationships with banks, FX platforms, credit data providers, collection agencies, money market funds, and SWIFT, among key stakeholders in the extended financial supply chain.

## **Shares**

With a 18% share in the Treasury and Risk Management applications market, SunGard's ability to gain share is below average given its cautious outlook for 2011.

On the upside, the growing influence of tier-1 financial institutions left standing after a brutal recession will bode well for SunGard, which is considered the bastion of strength and technology frontrunner by these major banks because of the vendor's extensive offerings and global reach.

On the downside, the concentration of power among these global banks could result in a dwindling pool of prospective customers for SunGard and its decelerating pace of acquisitions comes at a time when its competitors are bulking up with perhaps greater resources at their disposal, or for that matter lighter debt load than SunGard.



## Misys

London, UK

www.misys.co.uk

### Overview:

Following the 2011 acquisition of Sophis by banking software vendor Misys, the combined entity has become one of the leading players in the treasury and risk management applications market with more than 1,300 customers including some of the biggest asset managers, hedge funds and financial institutions in the world.

### Applications Revenues In Treasury and Risk Management:

|       | 2009 | 2010 |
|-------|------|------|
| \$(M) | 236  | 251  |

### 2010 Applications Revenues In Treasury and Risk Management By Region:

| Region       | 2010(\$M) | % of total |
|--------------|-----------|------------|
| Americas     | 47.6      | 19%        |
| EMEA         | 165.6     | 66%        |
| Asia Pacific | 37.6      | 15%        |

### 2010 Applications Revenues In Treasury and Risk Management By Company Size:

| Size                  | 2010(\$M) | % of total |
|-----------------------|-----------|------------|
| XL(5K ees and above)  | 113       | 45%        |
| Large(1K-5K ees)      | 75        | 30%        |
| SMB(1K ees and below) | 62.7      | 25%        |

### 2010 Applications Revenues In Treasury and Risk Management By Revenue Type:

| Type | 2010(\$M) | % of total |
|------|-----------|------------|
|------|-----------|------------|

|              |       |     |
|--------------|-------|-----|
| License      | 112.9 | 45% |
| Maintenance  | 133   | 53% |
| Subscription | 5     | 2%  |

**2010 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   | 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 18% share in the Treasury and Risk Management market, Misys Sophis' ability to maintain and win share in the market segment in 2011 | Above average |

**Full overview:**

The March 2011 acquisition of Sophis by Misys, a major player in the banking and financial services vertical, helped create a software powerhouse that caters to the needs of the treasury and capital markets with an extensive portfolio of products for trading and risk management.

Founded in 1979 as a systems vendor for the insurance industry, Misys expanded into the banking and healthcare verticals through a series of acquisitions. In 2010 it spun off its healthcare division to focus exclusively on the financial services industry. Currently it sells core banking applications as well as those designed for treasury and capital markets.

Misys Treasury and Capital Markets offers Summit FT, Opics Plus, Risk Vision, and Eagleye. Recently Misys launched a credit risk application called Misys Credit Risk Vantage providing additional key credit risk modeling functionality. Summit FT is Misys product for global investment banks for risk management and operational risk control. Opics Plus is designed for tier 2 and tier 3 banks and it is available as in-house implementation or SaaS/hosted delivery.

The Sophis acquisition underscores Misys' desire to dominate the capital markets as it continues to boost its functionality in risk management, front-end trade finance, as well as Web services by leveraging Microsoft Azure Cloud-based platform.

Since its launch in 1985, Sophis has grown to become one of the major risk management vendors through aggressive push into emerging financial centers such as Asia Pacific and the Gulf States.

The Sophis business, now called Misys Sophis, offers Version 6.0 of RISQUE, its flagship trading and risk management solution for investment banks. In addition to a major technology transformation, RISQUE 6.0 has significantly extended its asset class coverage and now incorporates a dedicated environment for risk managers. The 6.1 version, released last year, gives investment managers more tools for managing structured products, security finance, counterparty risk and reporting.

Version 4.0 of VALUE is the Sophis solution for investment management companies. The latest release incorporates significant developments in investment decision support and risk management capabilities as well as a complete upgrade of the core system architecture to improve reliability and increase data access times.

With the advent of on-demand computing, Sophis has also introduced iSophis, an online version of its VALUE product allowing hedge funds to comprehensively manage their portfolios across multiple prime brokers. iSophis provides integrated portfolio and risk management services through a simple application service provider (ASP) model. iSophis can provide hedge funds with in-depth reports on P&L analysis, performance attribution, and risk exposure. iSophis can also help hedge funds calculate risk measurements including stress testing as they scale up their trading volumes or broaden existing strategies to include additional asset classes, all of which are covered by iSophis.

Over the past year Sophis has turned its attention to building out its ecosystem. For instance, Sophis has expanded the number of data and applications partners allowing customers to have a wide selection of third party solutions to plug into its risk management platform for added business value or customized functionality.

#### **Key Applications For Treasury and Risk Management:**

Misys Sophis RISQUE(for the sell-side) and Misys Sophis Value(for the buy-side), Summit FT, Opics Plus, Misys Risk Vision, and Eagleye

#### **SCORES Analysis**

##### **Strengths**

After a tumultuous period when Misys saw its revenues plunge after the Dot Com bust, the UK-based software vendor began a turnaround in 2007 that soon revived its fortune by slashing costs, reorganizing its global operations and finally merging its healthcare division into Allscripts to focus on the financial services industry.

The turnaround, led by current CEO Mike Lawrie since joining the firm in 2006, has been remarkable as its profit margins jumped over the past few years reaching 19% in fiscal 2010 as it emphasized its core competency of providing end-to-end solutions for banks, buy-side and sell-side financial institutions.

On the Sophis side, the key to its success lies in its ability to connect with its customers. In fact its two major products RISQUE and VALUE have been the results of joint development work with customers Natixis Global Associates, an investment bank; and AXA Investment Managers, a tier-one asset management firm, respectively.

The level of cooperation and subsequent innovation has contributed to Sophis' ability to address major and minor customer requirements facilitating strategic partnerships along the way.

The same kind of flexibility also applies to the way Sophis works with large and small – in some cases brand new - financial institutions, by delivering specialized software that fits nicely into their business and technology environments rendering internally developed systems obsolete.

By becoming a part of Misys, Sophis will be able to leverage the economy of scale on the development side as well as the experience of the new parent in selling into multinational financial institutions with complex system requirements.

### **Customers**

On the Sophis side, it has more than 130 customers, representing 5,000 users (traders, portfolio managers, risk managers, support). In 2010 Sophis secured 23 new customers including China Re Asset Management, Hyundai Securities, Ivaldi Capital and Voras Capital Management.

On the Misys side, it has more than 1,200 customers using its treasury and risk management applications. Its recent wins in treasury and risk management included Cooperative Bank of Kenya, Bank of Papua New Guinea, BBAC, Metropolitan Bank & Trust Company, Philippine National Bank, Pohjola Bank plc, Shunde Rural Commercial Bank, and Zürcher Kantonalbank. In its latest half-year period, Misys Treasury and Capital Markets division secured key wins in fast-growing countries including Bancomext in Mexico, Bank of Kunlun in China and OSK in Malaysia.

### **Opportunities**

The biggest opportunity is to position the merged company as a one-stop shop for banks and investment managers who have every intention to reduce the number of technology providers they work with by consolidating their front to back office automation work in order to reduce operating costs.

Both Sophis and Misys have achieved a large number of customers in Europe and fast-growing financial centers in Asia. The combined entity will be able to pool their resources to expand their presence across the Americas as well.

In addition Misys has ramped up sales of products such as Opics into its core banking customers with Cooperative Bank of Kenya as the latest example, exploiting cross-selling and upselling opportunities across its installed base. In the coming year Misys is expected to position its risk management products from Sophis for its sell-side customers helping them boost visibility across their organizations, while meeting stringent compliance requirements as they expand globally.

### **Risks**

Sophis was beginning to hit its strides when many financial institutions buckled under the credit crisis and its effects could impede the vendor's growth especially in places such as Dubai, which is undergoing a massive restructuring of its sprawling and at times opaque investment portfolio.

Another challenge lies in integration of Sophis into Misys' product roadmap. While a converged offering will not become available for at least another three years, much of the integration difficulties especially on the overlapping products on the sell-side could be mitigated by the Dot Net-centric and componentized development direction of both companies, which have been in the works for the past few years.

### **Ecosystem**

For years both Sophis and Misys have been developing a long list of partnerships to complement their core offerings. The combined entity will have to embark on a delicate task of pruning in order to optimize the collective power of their ecosystem.

For example, Misys has been partnering since 2001 with Numerix for its cross-asset analytics for derivatives valuations and risk management to augment Misys Summit FT straight-through processing to streamline operations of financial derivatives market. However, Sophis VALUE also offers a full range of risk analytics capabilities.

Similarly, Sophis has partnered with vendors such as BondVision, Ice Link, Omgeo, SunGard, TradeWeb, Trading Screen and Trading Technologies, some of whom may compete with Misys and its partners. It also has partnerships with Platform Computing, Gemstone Systems, IBM and Koscom.

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

### **Shares**

With a 18% share in the Treasury and Risk Management applications market, Misys' ability to gain share in 2011 is above average following the acquisition of Sophis, which is expected to yield considerable synergy in their reach and product offerings.

On the upside, the combined company is projecting revenue synergy of more than \$75 million over the next three years and the amount of cross-selling and upselling Sophis risk management solutions into Misys' installed base is expected to be considerable during the period.

On the downside, Misys paid €435 million for Sophis, a rich sum for a vendor with fewer than 150 customers amounting to nearly six times Sophis' 2009 revenues and setting a high expectation for the synergistic benefits, which could pale in comparison to the growing popularity of a slew of Cloud-based services that are expected to be more accessible and affordable to many of the customers targeted by Misys.

## Algorithmics

London, UK

www.algorithmics.com

### Overview:

With continuous spending on research and development and highly referenceable accounts, Algorithmics has made significant inroads into large banks, insurers, hedge funds and corporate treasuries, especially those that have complex business requirements and liability portfolios. Its marquee accounts include 70 of the top 100 financial institutions such as Allianz, ING, and Pacific Life.

### Applications Revenues In Treasury and Risk Management:

|       | 2009 | 2010 |
|-------|------|------|
| \$(M) | 90   | 100  |

### 2010 Applications Revenues In Treasury and Risk Management By Region:

| Region       | 2010(\$M) | % of total |
|--------------|-----------|------------|
| Americas     | 38        | 38%        |
| EMEA         | 42        | 42%        |
| Asia Pacific | 20        | 20%        |

### 2010 Applications Revenues In Treasury and Risk Management By Company Size:

| Size                  | 2010(\$M) | % of total |
|-----------------------|-----------|------------|
| XL(5K ees and above)  | 50        | 50%        |
| Large(1K-5K ees)      | 30        | 30%        |
| SMB(1K ees and below) | 20        | 20%        |

### 2010 Applications Revenues In Treasury and Risk Management By Revenue Type:

| Type | 2010(\$M) | % of total |
|------|-----------|------------|
|------|-----------|------------|

|              |    |     |
|--------------|----|-----|
| License      | 30 | 30% |
| Maintenance  | 65 | 65% |
| Subscription | 5  | 5%  |

**2010 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   | Above average |
| Shares        | Market shares, company sales, size, overall market presence   | Average       |
| Total         | With a 7% share in the Treasury and Risk Management market, Algorithmics' ability to maintain and win share in the market segment in 2011 | Above average |

**Full overview:**

Algorithmics' mission statement has been consistent through the years – providing multinational financial institutions that need to better manage assets and liabilities with best-of-breed operational risk offerings.

With more than 750 employees, Algorithmics is part of Fitch, which was acquired by Fimalac in 2005. Algorithmics has been growing steadily over the past few years, despite the troubles brewing at many financial services companies that it serves. In fact some of them have turned to Algorithmics to help them navigate the economic shifts that make real-time information and risk analytics more important than ever using stochastic methods and stress testing.

Algorithmics' biggest competition remains home grown systems such as specialized fixed income and portfolio management solutions. Recent enhancements have made such displacements possible. For example, Algorithmics has strengthened its Solvency II solution for insurance companies with new Curve Fitting capability to target insurers of different sizes. It has also extended commitment to collateral management with open and interoperable message exchange service, facilitating the shift toward electronic messaging among its clients.

In addition Algorithmics has released Credit Valuation Adjustment Module - Counterparty Credit Risk solution extended to pre and post trade CVA management. The new release will help banks use their capital more efficiently through more accurate pricing and hedging of counterparty exposures.

Algorithmics has expanded its risk management offerings by acquiring VIPitech in 2010 for its actuarial modeling solution with financial modeling capabilities, particularly as a liability projection tool for insurance companies.

Another profound change lies in customers' tendency to favor on-demand solutions over on-premise implementations. To that end, Algorithmics has released Algo OpVar Service, a hosted version of its operational risk and compliance software product that allows users to use a Web-based portal to perform risk and control assessments, test controls, capture control test results, collect loss information and key risk indicators, and perform scenario assessments on the major risks facing their organization.

All these suggest that the future of Algorithmics will mean assuming a different role by serving financial institutions needing to entrust their entire risk management systems with an experienced vendor with proven solutions.

#### **Key Applications For Treasury and Risk Management:**

Algo Suite 4.5 for risk management, OpVar 6, OpContent

#### **SCORES Analysis**

##### **Strengths**

By addressing the needs of leading players in the financial services industry, Algorithmics has built a reputation that equates high quality software with proven results. For example, it has been awarded a patent for loan valuation technology - risk-neutral valuation technology for loans and other credit-related instruments.

Its award-winning products have become essential tools for insurers to manage their risks stemming from an increasingly complex portfolio and regulatory environment.

Algorithmics has been emphasizing the performance of its regulatory capital software as well as the ability of its products to process trades and handle different market scenarios at high speeds.

In addition Algorithmics has capitalized on the buy-side of the financial services industry, primarily hedge funds and large insurers, by offering comprehensive risk management solutions across all silos, asset classes and risk categories.

##### **Customers**

Following the acquisition of VIPitech that came with 111 clients, Algorithmics has secured an installed base of more than 561 customers including some of the biggest insurers in the world. Its reference wins in 2010 included PRO BTP and Shin Kong Financial Holding.



## **Opportunities**

In 2011 Algorithmics is expected to become more entrenched among insurers needing to meet solvency capital requirements. Enhancements such as Curve Fitting will help Algorithmics target insurers of different sizes. Increasingly Algorithmics is positioning itself as the solution provider of consolidated credit management that meets the customer needs of achieving a single view of risk.

Also Algorithmics aims to expand presence among market risk and collateral clients in North America, offsetting sluggish growth in Europe. It is also expanding rapidly in Asia Pacific.

In addition Algorithmics is gaining traction with its hosted offerings by delivering new capabilities for portfolio replication through Algo OpVar Service.

## **Risks**

With increasing emphasis on its hosted offerings, Algorithmics has turned its attention to meeting the needs of smaller banks and insurers that are loath to manage their own systems. The shift is expected to take a few years for Algorithmics to master.

The outcome could mean a significant increase in its customer count, while changing the makeup of its installed base, which may be less tolerant on long and complex implementations. That could also have serious ramifications to its professional services business, let alone its recurring revenue stream in the long run. The same applies to market consolidation in the financial services industry curtailing its content and data business.

On the other hand the migration of Algorithmics' from the on-premise world to on-demand delivery of risk management software is a work in progress and it comes at a time when its clients might feel compelled to consider alternative ways of accessing the latest risk management solutions through Web services without requiring them to add their own IT infrastructure.

## **Ecosystem**

Algorithmics has developed an extensive ecosystem made up of a wide range of professional services organizations and movers and shakers in the financial services and technology industries.

They include Andrew Davidson, Bloomberg, BCS Group, Computer Associates, DataSynapse, Deloitte & Touche, Egenera, Ernst & Young, FEA, FRS, Fujitsu Siemens, Hewlett Packard, IBM, ILOG CPLEX, Intel, International Software Group, Intex, ISI-Dentsu, NumeriX, Oracle, Polaris, RiskWorX, SecondFloor Group, and Valor de Mercado.

Valor de Mercado is a joint venture between Algorithmics and the Mexican Stock Exchange (Bolsa Mexicana de Valores, BMV) that provides prices for all government and corporate bonds, equities and warrants sold in Mexico. Building on financial market data provided by the Bolsa, Valor de Mercado has implemented Algorithmics' RiskWatch in a Mark-to-Future framework to compute market prices.

## **Shares**

With a 7% share in the Treasury and Risk Management applications market, Algorithmics' ability to gain share is above average because of its predictable recurring revenue stream from a host of insurers that are on the verge of major technology refresh cycle after the credit crisis. In addition the acquisition of VIPitech has increased its

installed base by a third, creating additional opportunities for cross-selling and upselling into these newly acquired insurance customers.

On the upside, Algorithmics is buoyed by recovery in the financial services sector, especially from insurers that are enjoying healthy growth in assets spurred by robust demand for new insurance services that target baby boomers, a trend that is expected to exacerbate the associated risks that come with their expansion.

On the downside, Algorithmics needs to contend with matching delivery models that meet divergent customer expectations especially from conservative insurers that may be torn between achieving cost savings with on-demand solutions without losing control over the underlying process. In addition the future of Algorithmics is not clear given its status as a part of Fimalac, a French holding company that owns Fitch Ratings and also dabbles in real-estate investments. Algorithmics could be considered merely an investment vehicle, rather than a dedicated technology provider that is keen on developing advanced risk management solutions for the long haul.

# SAP

Walldorf, Germany

www.sap.com

## Overview:

SAP has been positioning its treasury and risk management applications as a symbol of financial strength for a growing base of enterprise customers that have realized tangible benefits following their decision to standardize their cash management, hedge accounting and bank relationship management functions with a scalable system. Typical customers are multinationals that have been using suite-based SAP software products to help them optimize visibility into their financial conditions at the global level.

## Applications Revenues In Treasury and Risk Management:

|       | 2009 | 2010 |
|-------|------|------|
| \$(M) | 69   | 87   |

## 2010 Applications Revenues In Treasury and Risk Management By Region:

| Region       | 2010(\$M) | % of total |
|--------------|-----------|------------|
| Americas     | 30.4      | 35%        |
| EMEA         | 43.5      | 50%        |
| Asia Pacific | 13        | 15%        |

## 2010 Applications Revenues In Treasury and Risk Management By Company Size:

| Size                  | 2010(\$M) | % of total |
|-----------------------|-----------|------------|
| XL(5K ees and above)  | 16.5      | 19%        |
| Large(1K-5K ees)      | 46.1      | 53%        |
| SMB(1K ees and below) | 24.3      | 28%        |

## 2010 Applications Revenues In Treasury and Risk Management By Revenue Type:

| Type         | 2010(\$M) | % of total |
|--------------|-----------|------------|
| License      | 27        | 31%        |
| Maintenance  | 60        | 69%        |
| Subscription | 0         | 0%         |

**2010 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                                       | 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 6.2% share in the Treasury and Risk Management market, SAP's ability to maintain and win share in the market segment in 2011 | Above average |

**Full overview:**

The continuous transformation of SAP into a software powerhouse that caters to both IT and business managers such as those in finance and treasury management has been nothing but remarkable given its product enhancements as well as the synergistic link between its core systems for enterprise resource and planning and Business Objects offerings for line of business analytics.

For enterprise treasury department SAP has always offered a basic, yet in many ways, perfectly adequate treasury option for its large customer base. Over the past few years, the rapid migration of its ERP customers to the latest release as well as steady pickup of enhancement packs has resulted in growing adoptions of advanced treasury and risk management modules designed for everything from in-house cash to bank communication management.

Additionally Business Objects has become the key enabler for business performance optimization, making room for its existing customers to better leverage complementary applications such as enterprise performance management, and governance risk and compliance.

SAP moved quickly to expand its risk approach with SAP Business Object by encouraging users to quantify risk elements via the integration of risk indicators and financial management through dashboarding capabilities with the Xcelsius product visualization tool.

SAP Business Objects Risk Management 2.0 includes software for risk identification and analysis, risk monitoring and response and loss event tracking. For integrated management of strategy and risks, SAP users require to run SAP Strategy Management 7.0.

Going forward, SAP plans to introduce a risk-adjusted strategy management application. The product integrates SAP BusinessObjects Strategy Management and SAP BusinessObjects Risk Management applications. Users gain a risk product to support Standard & Poor's new requirements for enterprise risk management. SAP is aiming to help protect (and ultimately lower) the cost of capital for its users. This type of software may also sharpen the effectiveness of company initiative through better capture of strategic and operational risk elements.

The ERP powerhouse is making no bones about its desire to dominate the treasury and risk management applications market as part of its overarching vision to support the business transformation under way at companies both large and small.

It's all part of SAP's Business Suite strategy of collapsing discrete product lines, allowing the vendor to quantify and deliver sustainable efficiency gains throughout the user organization by role, job function, and information requirement to create a high-velocity financial value chain. As close collaboration between front-line managers and the accounting department is increasingly common to facilitate tasks such as order to cash in the financial value chain, different individuals would be using the same system.

TRM thus becomes one of the common systems for corporate finance professionals to establish end-to-end process improvement so that they can achieve the visibility needed to conduct accurate forecasting and meet compliance requirements while automating an array of mission-critical tasks. And SAP has set its sight to be the system provider of choice for the core engine as well as best-of-breed TRM capabilities.

### **Key Applications For Treasury and Risk Management:**

SAP BusinessObjects Risk Management, SAP Treasury and Risk Management, SAP In-House Cash

### **SCORES Analysis**

#### **Strengths**

With an installed base of more than 45,000 customers, SAP has plenty of opportunities to cross-sell and upsell its treasury and risk management applications. The SAP Treasury and Risk Management applications suite includes market risk and credit risk analytics, and a portfolio analyzer that ties into SAP Cash Management and Liquidity Planner. Transactions for money market, securities and foreign exchange can also be integrated.

By helping these customers streamline their treasury functions with policy redesign and reduce bank fees through consolidated transaction management, SAP is providing an array of tools that could significantly improve the

bottom line of its customers, while providing them with financial expertise and best practices for meeting compliance, risk management and ad-hoc reporting requirements at the global level.

IFRS conversion is a good example of how thousands of companies have been relying on SAP applications to tackle the challenges associated with a new financial reporting procedure. Similarly SAP has been gearing up for new enhancement packs that allow for easy FAS-157 reporting, built-in risk analyzer for commodity prices, and hedge accounting for bond issuance.

SAP is taking an aggressive stance in risk monitoring through Business Objects. The integration of risk indicators and financial management via Xcelsius will enable existing BusinessObjects users to achieve greater degree of visibility into their cash position on a real-time basis.

### **Customers**

SAP has more than 2,000 customers using its Treasury and Risk Management applications. Some of its recent wins included Akzo Nobel, Chevron, Colgate-Palmolive, Graybar Electric Company, New China Life Insurance Co., and Sandvik.

Companies such as Akzo Nobel have turned to SAP to overhaul their treasury policy while laying the groundwork for a global transaction infrastructure that optimizes bank relationship and cost containment.

### **Opportunities**

SAP does not perceive the greatest opportunity for growing a risk market is with financial risk processes but rather other areas like environmental risk, energy trading risk and a host of industry specific or operational specific risk processes. However SAP will have to prove that it can deliver on risk indicators for specific industries, as verticalization has always been crucial to the success of SAP. For the time being, it's fair to expect SAP to explore risk platforms and processes for more horizontal business process like HR and IT risk.

SAP is expected to sustain its competitive edge through continuous upgrades of its TRM offerings. For example, upcoming features will allow customers to check current cash position by bank group and list bank accounts, leverage what-if scenarios to establish weighted capital cost, and quantify cash flow at risk. Additionally SAP plans to release a Treasury cockpit that improves end of day processing similar to its closing cockpit.

Such upgrades demonstrate the strategic importance of SAP Treasury and Risk Management offerings for the vendor, but also enterprise accounts that find it necessary to use the most advanced tools to help them prevent another bout of credit crisis from undermining their cash position.

### **Risks**

With an ambitious program to upgrade all of its customers to SAP ERP 6.0, SAP is providing a common platform for its customers to use an array of financial management applications for everything, from electronic invoice presentation and payment to portfolio analyzer and hedge management.

The upgrade momentum has resulted in more than 18,000 productive customers of SAP ERP 6.0, a major accomplishment by any measure given the complexity of the computing environments, particularly among SAP users with multiple operations around the globe. While many of these customers have completed the procedure by following a technical upgrade and leveraging features such as the new G/L in ERP 6.0, what needs to happen is a critical mass of customers ready to activate the enhancement packs, especially in the TRM area, as part of their

business process reengineering. It's fair to assume that the process will take much longer than SAP expects because of current economic conditions as well as the difficulties associated with creating a single global instance for financial reporting and cash management.

A heterogeneous environment, which calls for the coexistence of SAP financial system and best-of-breed TRM applications, is likely to be a fact of life among SAP ERP customers, who now have more options than ever with the advent of on-demand delivery of applications features that are comparable to those from SAP not for their scope, but rather the ability to tackle the financial management problems from a business agility perspective. In turn, SAP will have to convince them that it remains their core financial management system provider of choice.

### **Ecosystem**

Unlike other TRM vendors that combine software and services into an outsourced offering, SAP acts as a common application layer that plugs into service bureaus as well as payment interfaces. That itself should allow SAP to extend its reach into a wider array of online services by working closely with service bureaus such as BBP, Broadridge and EFIS.

### **Shares**

With a 6.2% share in the Treasury and Risk Management applications market, SAP's ability to gain share is above average because of the intrinsic value of its financial applications that are considered the system of record among its customers.

On the upside, SAP's growing success with its ERP upgrade activities will create a halo effect for its Treasury and Risk Management applications offerings resulting in maximum utilization of its products across the enterprise. The added ondemand capabilities will also convince customers of the vendor's adaptability in meeting their needs.

On the downside, SAP is a latecomer to the on-demand space and there will be a learning curve for the ERP vendor to ensure smooth transition for any customer moving from one mode of implementation to another.

# Oracle

Redwood Shores, CA

www.oracle.com

## Overview:

By aligning its financial management applications with its corporate vision, Oracle has raised the bar for integrated capabilities for optimized treasury and risk management, an attribute that cannot be easily replicated by best-of-breed TRM vendors. Typical customers are those that have standardized on an array of Oracle database, middleware and applications products in order to establish end to end visibility into their global operations.

## Applications Revenues In Treasury and Risk Management:

|       | 2009 | 2010 |
|-------|------|------|
| \$(M) | 65   | 67   |

## 2010 Applications Revenues In Treasury and Risk Management By Region:

| Region       | 2010(\$M) | % of total |
|--------------|-----------|------------|
| Americas     | 25.4      | 38%        |
| EMEA         | 28.1      | 42%        |
| Asia Pacific | 13.4      | 20%        |

## 2010 Applications Revenues In Treasury and Risk Management By Company Size:

| Size                  | 2010(\$M) | % of total |
|-----------------------|-----------|------------|
| XL(5K ees and above)  | 13.4      | 20%        |
| Large(1K-5K ees)      | 23.4      | 35%        |
| SMB(1K ees and below) | 30.1      | 45%        |

## 2010 Applications Revenues In Treasury and Risk Management By Revenue Type:

| Type | 2010(\$M) | % of total |
|------|-----------|------------|
|------|-----------|------------|



|              |      |     |
|--------------|------|-----|
| License      | 16.7 | 25% |
| Maintenance  | 43.5 | 65% |
| Subscription | 6.7  | 10% |

**2010 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  | Above 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  | Average       |
| Total         | With a 5% share in the Treasury and Risk Management market, Oracle's ability to maintain and win share in the market segment in 2011 | Average       |

**Full overview:**

With the push toward upgrading its ERP systems to run the latest releases of Oracle E-Business Suite 12.1 and PeopleSoft Enterprise 9.1, Oracle has pulled out all the stops to promote the best attributes of its core financials applications.

Complementing its different ERP systems, Oracle treasury and risk management offering has become one of the key enablers for customers to improve their cash flow, streamline financial close and ultimately achieve greater returns on their ERP investments.

For example, the EBS 12.1 touts advanced project analytics capabilities delivering role-based best practices for relevant insights into every step of the financial process. The results are likely to be optimized resource optimization and reduced financial and project risks.

Similarly PeopleSoft Enterprise 9.1 enables companies to maximize cash with collaborative tools such as Treasury Dashboard with Cash Sweep helping finance professionals better manage investment portfolio for cash assets while paring bank fees.

The other major plank of its Oracle TRM's strategy lies in its Financial Services global business unit, formerly i-Flex, which has been instrumental in shoring up risk management capabilities of hundreds of its customers.

In 2009 the GBU released the Oracle FLEXCUBE Enterprise Limits and Collateral Management, a new credit risk management application. It provides the ability for banks to achieve a holistic view of exposure by centralizing collateral management, limits definition, and tracking and measurement of exposure. It is a timely product in as much it can help financial organizations make more informed credit decisions and limit exposure.

Another new offering is designed to address the compliance and risk aspects of the Internal Capital Adequacy Assessment Process (ICAAP) requirements under Pillar 2 of the Basel II accord. The Oracle Reveleus ICAAP Analytics and Oracle Reveleus ICAAP Assessments applications, released in February 2009, provide functionality for risk assessment, risk monitoring, modeling, stress testing, risk aggregation and allocation as well as regulatory reporting needs. It is part of the larger Oracle Enterprise Risk Management suite which includes Oracle Reveleus - Basel II, Market Risk, Operational Risk Economic Capital, Economic Capital Advanced and Asset Liability Management.

Oracle also beefed up its market risk capabilities with a new release of Oracle Reveleus Market Risk that included expanded modeling, reporting and business analytics. The application takes into account variations using multiple measures such as Value-at-Risk (VaR), Conditional Value-at-Risk (CVaR) and Component VaR across financial instruments, including derivatives. It further allows stress testing capabilities to stress test and back tests multiple portfolios.

Altogether Oracle has articulated and executed its TRM strategy by paying close attention to the current and future needs of treasury officers and risk management professionals helping them generate better insights into their cash position on a day to day basis, while anticipating the best moves to accommodate an evolving risk portfolio.

### **Key Applications For Treasury and Risk Management:**

Oracle Treasury within eBusiness Suite, PeopleSoft Cash Management, Oracle Risk Manager, Oracle Financial Services Software Limited (formerly i-flex)

### **SCORES Analysis**

#### **Strengths**

As Oracle expands beyond its ERP platform, it is zeroing on industry-specific capabilities to create advanced treasury and risk management applications for strategic verticals such as financial services. It should serve as a template for Oracle to become more verticalized, combining industry-specific capabilities with domain expertise in treasury and risk management.

Oracle has been allocating more development resources to i-Flex/Reveleus and other new applications to address issues like capital adequacy. Recently Oracle Financial Services introduced Oracle Reveleus Liquidity Risk Management, the latest addition to the Oracle Financial Services Analytical Applications suite.

The new product helps financial institutions meet compliance requirements – including compliance with Basel III liquidity provisions – and promote best operating practices by enabling them to identify and assess enterprise-wide liquidity risk under normal and extreme market conditions, and develop strategies to effectively bridge liquidity gaps.

Its continuous enhancements reinforce Oracle’s claim that this is an important focus for its financial services client base. Not surprisingly its understanding of the industry as well as the decision to continue to build on the expertise of the former i-Flex operation underscores its commitment to the vertical. Each Oracle release, in this mold, magnifies Oracle's ability to address immediate risk issues within the vertical. Eventually these products make their way into the expanding Oracle GRC framework, which looks to address compliance, regulatory and industry specific concerns (such as ICAAP) as thoroughly as managing and mitigating risk.

Oracle Financial Services Software, which includes the i-Flex/Reveleus risk product portfolio, continues to be a catalyst despite the turmoil in the financial services industry where it gets most of its license, maintenance and services revenues. That underscores Oracle's resiliency as well as the breadth of its offerings that cater to the intrinsic needs of customers regardless of the market conditions.

Oracle has also excelled at helping many of its financial institutions clients looking to achieve basic risk and reporting capabilities. Oracle offers functionality for credit and market risk that competes against such vendors as FRS Global and SunGard, even though reporting capabilities may not be as advance compared with those that cut their teeth in financial services. With its considerable R&D resources and a long track record of delivering considerable improvement that has become more apparent than ever with its ambitious hardware strategy, Oracle is well positioned to be the long-term TRM partner of its diverse client base.

### **Customers**

Oracle has more than 700 customers using its treasury and risk management applications.

Its recent reference wins included First Global of Jamaica, Imperial Bank of Kenya, IDBI Bank, and Union Bank of Jordan. Other references for Cash Management include Dubai Duty Free, eSilicon, Foundstone, Hellenic Post, Jet Propulsion Lab, Oregon Health & Sciences University, Sammitr Motors, Sandia National Lab, Shanghai Hitachi, Sonus Networks, South Staffordshire Group, SUSS Microtec, The Jackson Laboratory, Visa, and Westpac Banking.

### **Opportunities**

In 2011 Oracle will continue to rely on upselling treasury and risk management solutions to existing customers of i-Flex, while boosting treasury adoptions through accelerated upgrade activities among E-Business Suite and PeopleSoft Enterprise customers to the latest releases.

Additional packaging will extend treasury and risk management functionality to its long list of industry-specific solutions beyond financial services.

### **Risks**

With a number of divisions selling an array treasury and risk management applications, Oracle faces the daunting task of articulating a coherent vision for its customers, who may have to deal with multiple sales and support teams representing different products from the vendor.

While Oracle has spent much time rationalizing its product roadmaps, the 2011 shipment of its Fusion Applications could add another dimension of marketing overdrive that inevitably prompts customers to question and rationalize the best business value they can attain in the near term, while not going overboard with their long-term technology investments with any single vendor.

Most of treasury management customers remain on-premise implementations, while some of its risk management products are being offered as on-demand deployment. The challenge for Oracle is to keep up with sustainable innovation based on the shifts under way among customers who are considering migrating from one delivery model to another to save IT operating costs.

### **Ecosystem**

Oracle Financial Services Software division maintains partnerships with a slew of organizations including 23 resellers and 30 implementation partners.

### **Shares**

With a 5% share in the Treasury and Risk Management applications market, Oracle's ability to gain share is average because of steady maintenance revenues from a large installed base of customers.

On the upside, upgrade activities have continued to gather momentum and the general availability of Fusion applications in 2011 will trigger new sales of treasury and risk management solutions.

On the downside, TRM-related products remain a small part of the large mosaic of applications that Oracle has built and assembled. However risk management customers of Oracle are typically those that favor stability, a challenging proposition from a vendor whose shifting priorities are more contingent upon its latest acquisitions.

## Wall Street Systems

New York, NY

www.wallstreetsystems.com

### Overview:

With surgical precision, Wall Street Systems has been expanding into target segments of the treasury and risk management applications market through tailored online and on-premise offerings as well as strategic acquisitions that yield tangible results. Typical customers are banks and financial institutions as well as a full spectrum of corporate treasury executives.

### Applications Revenues In Treasury and Risk Management:

|       | 2009 | 2010 |
|-------|------|------|
| \$(M) | 55   | 65   |

### 2010 Applications Revenues In Treasury and Risk Management By Region:

| Region       | 2010(\$M) | % of total |
|--------------|-----------|------------|
| Americas     | 19.7      | 31%        |
| EMEA         | 40.1      | 62%        |
| Asia Pacific | 5         | 8%         |

### 2010 Applications Revenues In Treasury and Risk Management By Company Size:

| Size                  | 2010(\$M) | % of total |
|-----------------------|-----------|------------|
| XL(5K ees and above)  | 13.6      | 21%        |
| Large(1K-5K ees)      | 20.1      | 31%        |
| SMB(1K ees and below) | 31.1      | 48%        |

### 2010 Applications Revenues In Treasury and Risk Management By Revenue Type:

| Type | 2010(\$M) | % of total |
|------|-----------|------------|
|------|-----------|------------|

|              |      |     |
|--------------|------|-----|
| License      | 5.5  | 8%  |
| Maintenance  | 46.2 | 71% |
| Subscription | 13.2 | 20% |

**2010 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 5% share in the Treasury and Risk Management market, Wall Street Systems' ability to maintain and win share in the market segment in 2011 | Above average |

**Full overview:**

As Wall Street Systems is zeroing in on the treasury management and back-office needs of financial institutions and commercial customers, it has embarked on a new era of growth and opportunity.

Following a series of acquisitions, Wall Street Systems is positioning itself as the ideal technology provider that can handle a full range of cash management, trading and settlement tasks on behalf of its corporate and financial services customers.

Wall Street Systems kicked off 2011 with the purchase of Treasura, an on-demand vendor of cash and liquidity management services to corporations in North America, from Thomson Reuters. The acquisition will shore up Wall Street Systems' offerings in the midmarket with features such as consolidated view of cash positions across multiple banks, currencies, business segments, link to user's G/L, detailed cash and performance forecast analysis, and ability to execute intercompany loans and process electronic payments.

In 2010 Wall Street Systems acquired City Financials, a London-based treasury management applications vendor that caters to customers such as Whirlpool and Time Warner. That came on the heels of its purchase of Speranza's Software as a Service (SaaS) Solution for electronic bank account management.

Coupled with other acquisitions, Wall Street Systems has assembled an extensive product portfolio designed for different customer sizes and their specific treasury and risk management requirements. For example, when Wall Street Systems acquired Trema in 2006, it emerged as a key enabler for tier 1 banks and in-house treasury departments of large multinationals for processing their foreign exchange trades as well as automating their back-office and cash management functions.

The strategy became apparent in 2008 with the acquisition of the assets of Aleri Global Banking, which provides high availability cross-asset transaction management system to some of the world's largest banks. AGB(now AGB/Atlas) brought to Wall Street Systems customers such as Barclays, Deutsche Bank, Lloyds Bank TSB, Standard Chartered, Banamex, ING, Sumitomo, and Swedbank. For example, AGB provides support for global treasury functions in foreign currency management, currency futures and options, global cash management functions in customer deposits, account management and cash pooling, and processing of global payments. The AGB acquisition has also strengthened Wall Street Systems' FX transaction processing capabilities.

#### **Key Applications For Treasury and Risk Management:**

For corporate treasury functions, Wall Street Systems offers Wallstreet Treasury, Wallstreet City Financials, Wallstreet Suite, Wallstreet Treasura.

For FX banks, it offers Wallstreet FX, Wallstreet ESN, AGB/Atlas

#### **SCORES Analysis**

##### **Strengths**

Wall Street Systems has enjoyed long-standing relationship with both corporate treasurers and financial institutions and the bond has propelled the vendor to become the standard bearer when it comes to helping a large number of bank and corporate clients automate their treasury management function. Some of its clients have been working with the vendor for more than two decades.

In addition the vendor has been aggressive with its online option and the cost and convenience of online treasury have made it a compelling value proposition for medium sized enterprises. In addition to new clients, Wall Street Systems has been selling this model to current customers, recommending it as a way to quickly bring outlying, remote offices into the treasury fold that need to interface with the installed product suite. These models have been tried before, by heavyweights like SunGard, but Wall Street Systems has been more aggressive via marketing and pricing options that make this an attractive alternative.

For tier-1 banks, the goal is to make Wall Street Systems as easy to use as an in-house shared service center by facilitating large volumes of transactions as well as simplified implementations, transforming their operations

without heavy upfront investments. The flexibility of its on-demand offerings have become a key selling point for these large corporations to upgrade or replace their treasury management systems without requiring them to invest in additional IT overhead to support the implementations, which could be hosted in-house or outside the firewall by a third-party service provider.

For the mid-tier, Wall Street Systems has been offering its Wallstreet Treasury as an online service via a newly launched integrated partner network. The core Wallstreet Treasury service costs \$800 per user per month. This move was to penetrate the mid-size market with what Wallstreet perceives as a competitive price point. The company claims that over 90% of new clients have chosen to subscribe to the software, instead of purchasing and running it in-house.

### **Customers**

Compared with other TRM vendors, Wall Street Systems is considered the brand that excels on both fronts: back-office processing and treasury management. It also boasts some of the biggest customers in the financial services industry, such as Bank of Tokyo-Mitsubishi UFJ Ltd., Bank of New York, Citigroup and Royal Bank of Scotland, and Scotiabank.

The acquisition of Aleri Global Banking has brought with it a total of 16 tier 1 banks, which will enable Wall Street Systems to cross-sell and upsell its products.

Currently Wall Street Systems has more than 650 customers using its different treasury and risk management applications. Its installed base has been growing steadily through a series of acquisitions.

In early 2010 Wall Street Systems had more than 300 customers. The purchase of City Financials has added more than 50 customers and the Treasura purchase covers more than 300 customers.

Recent reference wins included Huntington National Bank, Norsk Hydro ASA, PPL Corporation, Commonwealth Bank of Australia, and Raphaels Bank.

### **Opportunities**

A growing list of acquisitions has meant not just more products to sell for Wall Street Systems, but also a calibrated approach to anticipate future needs of its customers as they grow in size and their needs become more complex over time.

For example, its low-end product Wallstreet Treasury software suite offers enterprise level cash management and accounting functionality. Users are able to use Web interfaces to tie into ERP (i.e., SAP) or to bank accounting systems. Users can also do real-time reporting for cash balances and payment orders to/from associate companies. The system also has the ability to automatically input company account statements.

As customers of Wallstreet Treasury become bigger through organic growth or acquisitions, they could migrate to any of the recently acquired solutions such as those from City Financials and Treasura, all of which can be implemented inhouse or on-demand. The delivery flexibility will lessen the burden and mitigate the risks for customers making such system changes, ultimately eliminating migration challenges along the way.

Another source of growth is in the settlement space. In 2009, Wall Street Systems partnered with GFI FENICS FX to provide real-time, straight-through-processes for FX derivatives processing. The joint solution is available via



Wallstreet FX, the front to back transaction processing solution and Wallstreet's Electronic Settlement Network (Wallstreet ESN), the new pay-as-you-go post trade processing utility for capital markets.

### **Risks**

The future of Wall Street Systems depends on its ability to expand in the midmarket through the on-demand model, allowing it to broaden its appeal and diversify its revenue mix. The acquisitions of Treasura and City Financials have accelerated its push into the midmarket. The question is whether the additions will create confusion among an enlarged set of customers that now have more options to choose from than ever before.

It's not clear whether Wall Street Systems is capable of capitalizing on the economy of scale of hosting different treasury management applications, all of which have different lineage and support requirements. A consistent look and feel may well be the prerequisite for Wall Street Systems to deliver a converged product strategy, which is expected to be essential for multinationals to optimize their visibility across their cash management and trading desks.

Product quality consistency is another challenge and it's incumbent upon Wall Street Systems to standardize the implementations of its on-premise and compress the amount of time needed for on-demand offerings to go live, while instilling confidence among accounts that might have considered Wall Street Systems too complex and costly to implement in the past. All of these will require Wall Street Systems to ramp up its professional services and support capabilities, even though the vendor has already assembled one of the largest teams of consultants in the treasury industry of about 150.

The next phase of growth for Wall Street Systems may also lie in extending its back-office processing platform into a thriving ecosystem to benefit its ISV and OEM partners, all of which could gravitate toward Wall Street Systems as the viable alternative to processors that increasingly compete with them in different market segments through a vertically integrated acquisition and product strategy.

### **Ecosystem**

Its alliance partners include Accenture, Capco, HP, and Logica. Its reseller partners include Comas, RIT, Gresham, Raqmiyat, PreFis, and SCS.

### **Shares**

With a 5% share in the Treasury and Risk Management applications market, Wall Street Systems' ability to gain share is above average because of growing momentum across different segments.

On the upside, Wall Street Systems has the potential of dominating the midmarket treasury management space with the additions of acquired products and customers.

On the downside, issues stemming from product migration and convergence, coupled with the increased pressure on the part of its customers to access its extensive portfolio in a compressed time frame, will tax the vendor's support and professional services capacity. Additionally the addition of Treasura customers will change the makeup of on-demand customers, compounding its hosting infrastructure at the global level.

## Calypso Technology

San Francisco, CA

[www.calypso.com](http://www.calypso.com)

### Overview:

Armed with strategic acquisitions and partnerships, Calypso has emerged as one of the leading treasury and risk management applications vendors by carving out a niche in the stock exchange segment of the market. Typical customers are banks, exchanges, clearing houses, prime brokers, hedge funds, clearing members, asset managers, insurers, sovereign wealth funds and central banks.

### Applications Revenues In Treasury and Risk Management:

|       | 2009 | 2010 |
|-------|------|------|
| \$(M) | 30   | 34   |

### 2010 Applications Revenues In Treasury and Risk Management By Region:

| Region       | 2010(\$M) | % of total |
|--------------|-----------|------------|
| Americas     | 17        | 50%        |
| EMEA         | 11.9      | 35%        |
| Asia Pacific | 5.1       | 15%        |

### 2010 Applications Revenues In Treasury and Risk Management By Company Size:

| Size                  | 2010(\$M) | % of total |
|-----------------------|-----------|------------|
| XL(5K ees and above)  | 12.9      | 38%        |
| Large(1K-5K ees)      | 14.2      | 42%        |
| SMB(1K ees and below) | 6.8       | 20%        |

### 2010 Applications Revenues In Treasury and Risk Management By Revenue Type:

| Type         | 2010(\$M) | % of total |
|--------------|-----------|------------|
| License      | 11.2      | 33%        |
| Maintenance  | 19.3      | 57%        |
| Subscription | 3.4       | 10%        |

**2010 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  | 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 2.4% share in the Treasury and Risk Management market, Calypso's ability to maintain and win share in the market segment in 2011 | Average       |

**Full overview:**

Continuing its push into new markets, Calypso Technology has mastered the art of selling into key stakeholders in the financial services industry.

After winning deals from a growing list of banks and investment managers, Calypso has moved into stock exchanges and financial institutions in emerging markets. Some of its recent wins came from major stock exchanges using Calypso as the risk management engine behind their credit default swap clearing services.

In 2010 Calypso added 19 new customers, opening new offices in Russia and India, and experiencing double-digit increases in staff, revenue and profits. Propelling its growth has been the twin engine of strategic acquisitions and marketing partnerships.

In 2009 it made two acquisitions to shore up its base. The purchase of Green River Computing Services Inc., a treasury software development firm, helped strengthen Calypso's capabilities to serve the corporate treasury market by delivering cost-effective and cross-functional treasury management solution that combines cash management, trading and risk management functionality.

Green River delivered affordable treasury management solutions through the on-demand channel, an effective means for Calypso to boost its appeal among corporate treasury clients in China and other fast-growing markets.

Green River's Orbit cash and treasury management solution was developed to address and solve the key problems facing corporate treasurers. It was designed to support core treasury functions, including Cash Management, FX Risk Management, Bank Relationships and Investments. Orbit was developed in collaboration with corporate treasurers and it has been adopted by companies such as Cisco, Apple, KLA-Tencor and Juniper Networks. Orbit was expected to be integrated into Calypso's existing Trading and Risk Management platform.

Additionally Calypso acquired Codefarm's portfolio construction and management platform known as Galapagos, which is derived from an academic concept known as evolutionary or genetic algorithms to the intractable optimization problems inherent in the world of structured credit. That formed the basis for Calypso to enhance its risk management offerings for stock exchanges and other financial institutions exploring the efficient frontier of risk and return.

Both acquisitions underscore Calypso's desire to expand aggressively into its core financial services industry as well as new and emerging markets within the corporate treasury space. In both areas, Calypso has done well among leading financial institutions as well as companies in the Nordic and Asia Pacific regions.

Its flagship product cross-asset, front-to-back office system now in Version 11 has been used by global banks, investment managers, hedge funds, insurance firms and corporate treasuries for managing derivatives and treasury products. The latest release is designed to address industry challenges for real-time decision support and coordinated risk functions as well as the need to cope with increasing volume of flow business and associated increases in trade events.

It includes extensive front-office enhancements to deliver real-time integrated risk and P&L, plus straight through processing functionality to manage the challenges of increased trade volumes. V11 has expanded product coverage across asset classes and enhanced overall system reliability and performance. By leveraging V11, clients are expected to benefit from faster, more integrated end-to-end processing, quicker access to information for real-time decision support, and the ability to transform trade ideas into trades captured and executed.

Enhancements include new cross-asset P&L functionality, a formula-based approach that enables intraday P&L monitoring based on user specifications and complete measures for official reporting; Front office enhancements for Calypso Workstation to provide positions, risk, P&L, market data and trading all in one screen; Risk designers that enables users to create simulations as well as conduct sensitivity and cash flow analysis using a simplified and intuitive approach; revamped front-end option pricing and trading screen for equity derivative; along with improved performance, scalability and back office enhancements in such areas as automated electronic novation support.

## **Key Applications For Treasury and Risk Management:**

Calypso Version 11 trading and risk management applications

## **SCORES Analysis**

### **Strengths**

Calypso has positioned itself as an one-stop shop for financial institutions and corporate treasuries to leverage cost-effective solutions that combine cash management, trading and risk management.

Calypso's key differentiators include its growing ties with interdealer broker partners enabling customers to easily populate risk analytics engine with mission-critical data. Calypso's recent acquisitions have shored up the delivery of cross-functional treasury management in an integrated solution, while its entrenched presence in the Nordic region has provided plenty of headroom to grow in an otherwise underserved region.

The fledgling ecosystem of Calypso has solidified its presence in strategic financial centers from China to Denmark, along with increased support from a growing army of systems integration partners such as IBM and Accenture.

Calypso's next phase of growth is going to come through high volume deployment of integrated treasury and risk management offerings that are easy to access and simple to manage with seamless integration capabilities.

### **Customers**

Calypso has more than 130 customers and nearly 20,000 users in treasury and risk management. Reference wins included ASB Bank of New Zealand, Banco Espirito Santo, Crédit Agricole CIB, Federal Home Loan Bank of San Francisco, Hong Kong Monetary Authority, Record plc, Singapore Exchange, Tokyo Stock Exchange and Japan Securities Clearing Corp., Wood & Co.

### **Opportunities**

By serving as the engine behind OTC financial derivatives clearing, Calypso has carved out a new niche in the treasury and risk management applications market. Already it has won deals with five major exchanges and clearing houses.

Calypso has launched new OTC Client Clearing product that enables clearing members to rapidly integrate with multiple clearing houses globally and clear client accounts on a single platform.

Calypso has also added resources to identify new opportunities in securities finance and collateral management, while accelerating delivery of upcoming releases and fast-track implementations with the help of interdealer broker and ecosystem partners.

### **Risks**

With a number of acquisitions under its belt, Calypso has entered the overdrive mode with an ambitious agenda to sell into a broad array of banks, buy-side financial institutions and commercial clients. The issue is how it balances its growing product and service portfolio without inflicting growing pains among its far-flung operations scattered across 14 offices that support customers in 30 countries.

Technology and product convergence will also rise to the top of its agenda as Calypso aims to realize the benefits of selling through a singular platform that scales to meet the needs of its multinational customers, especially those that need to migrate from one delivery model to another seamlessly.

### **Ecosystem**

Calypso has drummed up its marketing and channel push through partnerships with ICAP and Tullett Prebon, an interdealer broker and provider of post trade services. More recently it has started partnering with CPqD to expand into Latin America.

Calypso's implementation partners include Accenture, Aipax, Aneo, Applicon, Asymilate, Bearing Point, Cap Gemini, Cognizant, CSC, Dachtler Consulting, d-Fine, formicary.net, HighQ, IBM, Infine, Infosys, Intellixx, Kogun, Mindwell, Mitsui Knowledge Industry, NOAATS, O3 Technology Solutions, Paneche Global, Polaris, Quinnox, Rule Financial, Sapient, SkyRoad, and TeamTrade.

### **Shares**

With a 2.4% share in the Treasury and Risk Management applications market, Calypso's ability to gain share is average as it continues to expand into emerging markets that are likely to result in fairly long sales cycle.

On the upside, Calypso's momentum in selling into stock exchanges has given it an early-mover advantage, which could easily become a game changer with the consolidation wave sweeping across these emerging powerhouses in the financial services industry.

On the downside, Calypso's installed base is relatively small and it is imperative for the vendor to boost the wallet share among its customers with both on-demand offerings and value-added services in order to defend its lead in new and existing market segments.

## Reval

New York, NY

www.reval.com

### Overview:

A rising star in the financial technology marketplace, Reval is stepping up its attack through a series of acquisitions while continuing to enhance its hedge accounting and derivative risk management offerings. Typical customers are corporate treasury departments and public agencies as well as major banks around the world.

### Applications Revenues In Treasury and Risk Management:

|       | 2009 | 2010 |
|-------|------|------|
| \$(M) | 23.1 | 30   |

### 2010 Applications Revenues In Treasury and Risk Management By Region:

| Region       | 2010(\$M) | % of total |
|--------------|-----------|------------|
| Americas     | 18        | 60%        |
| EMEA         | 8.4       | 28%        |
| Asia Pacific | 3.6       | 12%        |

### 2010 Applications Revenues In Treasury and Risk Management By Company Size:

| Size                  | 2010(\$M) | % of total |
|-----------------------|-----------|------------|
| XL(5K ees and above)  | 6         | 20%        |
| Large(1K-5K ees)      | 10.5      | 35%        |
| SMB(1K ees and below) | 13.5      | 45%        |

### 2010 Applications Revenues In Treasury and Risk Management By Revenue Type:

| Type | 2010(\$M) | % of total |
|------|-----------|------------|
|------|-----------|------------|

|              |    |      |
|--------------|----|------|
| License      | 0  | 0    |
| Maintenance  | 0  | 0    |
| Subscription | 30 | 100% |

**2010 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  | 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 2.2% share in the Treasury and Risk Management market, Reval's ability to maintain and win share in the market segment in 2011 | Above average |

**Full overview:**

After gaining a headstart in the world of hedge accounting with an on-demand offering designed for better handling of derivatives, Reval is broadening its SaaS solution to address the evolving needs of the global treasury community.

Reval was founded in 1999 as one of the first group of application service providers catering to the needs of the fast-moving financial technology marketplace with easy to use and quick to implement solutions that addressed an array of accounting and financial compliance requirements.

In the case of Reval, it latched onto front-to-back office derivative services that quickly became a hotbed of innovation with the increasing use of complex financial instruments to hedge against exposure in times of economic and trading volatility.



Sales at Reval jumped in the following years as it continued to enhance its offerings with its latest risk management, exposure management, derivative deal capture, pricing, valuation, hedge accounting, reporting and compliance tools. These capabilities boost a corporate treasurer's visibility into their interest rate, foreign exchange and commodity risk exposure in order to devise an effective hedging strategy.

By 2007 it had secured nearly 200 major banks and multinationals as customers including Direct Energy, British American Tobacco Plc, Royal & SunAlliance Insurance plc, and Stagecoach Group plc. It expanded in 2009 with the acquisition of FXpress Corp., a treasury management applications vendor with more than 130 customers including American Medical Systems, William Wrigley Jr. Co., William Scotsman Inc., and McCormick & Co.

In early 2011 Reval purchased ecofinance, a Graz, Austria-based treasury management system provider with scores of customers in Central Europe. The acquisition will help Reval establish a broader presence in the corporate treasury market with the addition of tools addressing the full spectrum of treasury operations.

Reval ended 2010 with 280 employees supporting more than 520 customers around the world. Last year Reval's revenues rose 43 percent, while experiencing strong demand for its risk management tools and straight through processing workflow capabilities.

### **Key Applications For Treasury and Risk Management:**

Reval Version 10.1

### **SCORES Analysis**

#### **Strengths**

Even after a series of acquisitions and ecosystem building efforts, Reval has remained true to its roots as one of the best-of-breed hedge accounting and risk management applications vendors.

Reval has expanded its reach by scaling up its offerings to handle a large amount of transactions now running at 300,000 trades a year. Last year Reval readied itself as the Swap Data Repository to help market participants comply with any new domestic and international financial regulatory requirements. At that time, Reval reported that it keeps more than one million over-the-counter (OTC) derivative trade contracts with a gross notional value of \$3.9 trillion.

After years of building and improving its multi-tenant platform, Reval has emerged as a formidable force in providing mission-critical on-demand applications for corporate and banking clients that require real-time access to risk management tools to manage their hedging position across different asset classes.

That sets Reval apart from many other treasury and risk management vendors still struggling with the onerous task of migrating from their legacy environment to the Cloud.

#### **Customers**

Reval has more than 520 customers in treasury and risk management. Reference wins included Google, Visa, Ford, Landesbank Baden-Württemberg, and Virgin America.

#### **Opportunities**

The acquisitions of FXpress and ecofinance have shored up its treasury and risk management offerings transforming Reval from a niche provider of hedge accounting solution to a broad-base treasury management system vendor.

With its scalable on-demand platform via subscription or outsource treasury service Reval Center, the vendor is capable of supporting large and small customers often with divergent requirements.

With a loyal following of hundreds of customers, Reval is expected to drive considerable cross-sell activities as it continues to enhance its growing portfolio of risk management applications.

Last year Reval announced its latest release Reval 10.1, which enables companies to streamline the business process for financial risk management from pre-trade analysis to trade execution from within Reval, to hedge accounting and performance measurement, ensuring execution against hedge policies.

### **Risks**

Over the past few years, Reval has experienced robust growth despite the economic downturn. One reason has to do with its mix of customers who keep up with the latest technologies in order to help them navigate in an era of unpredictable commodity prices and currency effects with advanced hedging tools.

However the explosive growth of Reval – more than doubling its client base since 2009 – will test its ability to stay agile in product development and responsive to the complex needs of its international customers.

### **Ecosystem**

Over the past few years, Reval has been building out ecosystem made up of third party ISVs, implementation partners and content providers. The partners include Financial Innovations, Financial Software Systems, FXall, Moeller & Schlett, Phoenix Financial Risk Management, Stonemont Financial Group, and Thomson Reuters.

For example, Reval has made use of FXall's reporting, control and settlement capabilities to help it deliver straight through processing for real-time foreign exchange trading.

### **Shares**

With a 2.2% share in the Treasury and Risk Management applications market, Reval's ability to gain share is above average because of the incremental revenues from its ecofinance acquisition, which is expected to turbocharge the vendor's top line in 2011.

On the upside, Reval's well-established on-demand strategy will help the vendor scale up to meet the needs of a large number of customers.

On the downside, Reval will have to start moving toward a common SaaS platform that rationalizes the technology assets that it has acquired in order to drive the economy of scale needed for uninterrupted innovation on all fronts from cash and liquidity management to financial risk analytics to hedge accounting, while pursuing a sustainable product roadmap that resonates with its new and existing customers.

## IT2 Treasury Solutions

London, UK

www.it2tms.com

### Overview:

With its laser focus on treasury workstations, IT2 has become one of the best-of-breed treasury and risk management applications vendors by breaking new ground with innovative features that support a cross section of financial services and corporate clients. Typical customers are multinationals that face increasingly complex treasury and cash management requirements as they expand across the globe.

### Applications Revenues In Treasury and Risk Management:

|       | 2009 | 2010 |
|-------|------|------|
| \$(M) | 15.5 | 17.5 |

### 2010 Applications Revenues In Treasury and Risk Management By Region:

| Region       | 2010(\$M) | % of total |
|--------------|-----------|------------|
| Americas     | 4         | 23%        |
| EMEA         | 13        | 73%        |
| Asia Pacific | 1         | 4%         |

### 2010 Applications Revenues In Treasury and Risk Management By Company Size:

| Size                  | 2010(\$M) | % of total |
|-----------------------|-----------|------------|
| XL(5K ees and above)  | 5.7       | 33%        |
| Large(1K-5K ees)      | 11.7      | 67%        |
| SMB(1K ees and below) | 0         | 0%         |

### 2010 Applications Revenues In Treasury and Risk Management By Revenue Type:

| Type | 2010(\$M) | % of total |
|------|-----------|------------|
|------|-----------|------------|

|              |     |     |
|--------------|-----|-----|
| License      | 5.6 | 32% |
| Maintenance  | 7.1 | 41% |
| Subscription | 4.7 | 27% |

**2010 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   | Above average |
| Shares        | Market shares, company sales, size, overall market presence   | Average       |
| Total         | With a 1.3% share in the Treasury and Risk Management market, IT2's ability to maintain and win share in the market segment in 2011 | Above average |

**Full overview:**

Steeped in the tradition of the treasury management applications market, IT2 Treasury Solutions is reinventing itself.

A spin-off from SimCorp, IT2 has picked up new customers while continuing to improve its product offerings in order to position itself as the best-of-breed treasury management applications vendor.

In 2007, investor group CapMan acquired IT2 with its base of more than 150 treasury management applications customers from SimCorp, the developer of Dimension investment management applications.

At the time of the purchase, IT2 accounted for 5% of the sales of SimCorp. Subsequent to the divestiture, IT2 has signed more than 100 new customers more than doubling its sales since 2007. Currently Europe accounts for more than 70% of its business, while North America and elsewhere make up the rest. IT2 has more than 100 employees, with one-third of them in research and development. The pace of new development has not skipped a beat since the spin off.

In 2010 IT2 Treasury Solutions introduced version 7.1 of the IT2 Treasury Management Systems/Treasury Workstation with enhancements including new Nominal Ledger workflow, posting and journal balancing controls; enhanced FX process; and new regional Value at Risk derivation to support enhanced regional financial risk management.

The new version also features IT2 NET scalability improvements to increase the scope of treasury services available to the entire organization via the web, along with support for Microsoft Office 2010.

By leveraging the Microsoft platform, IT2 makes it easy and affordable for its customers to maximize their return on their existing technology investments. Since IT2 is written in a single code base, it also makes the job of leveraging multiple components direct and easy. Many of its customers integrate IT2 into their back-end ERP systems, using it to automate treasury and risk management functions by following best practices straight-through-processing workflows in key operations including bank account reconciliations, FX and interest rate hedging, funding, cash forecasting, and cash pooling.

#### **Key Applications For Treasury and Risk Management:**

IT2 treasury management system version 7.1

#### **SCORES Analysis**

##### **Strengths**

With a long track record of selling treasury management systems since 1983, IT2 has evolved to become one of the leading vendors with a laser focus on driving strategic and sustainable business value for the corporate treasury market.

In addition, its specialty has been helping European companies –and increasingly those in other regions - tackle a growing array of treasury-related complexity through the consolidation of treasury centers with real-time visibility into their global requirements from cash to capital management.

One of IT2's key attributes has to do with its proven results in displacing the cash management module within the ERP Financials being used by SAP customers, giving credence to its best-of-breed functionality.

Over the past few years, IT2 has been logging consistent results posting double-digit revenue growth despite the downturn. That has validated IT2's positioning as the mainstay of the treasury and risk management applications market at a time when its competitors have risked eroding their core competency through diversification moves and/or acquisitions.

##### **Customers**

IT2 has more than 250 customers in the treasury and risk management applications market. Reference wins included Belron, Cable & Wireless Communications, Campbell's Soup, Celio, Chemtura, DOF Subsea, Dow Corning, Rémy Cointreau, Skandia Nordic, Styron, Sveafastigheter, Swissport, Tapiola Bank, Tele2, and Tikkurila.

Other customer references include Costco, Agfa-Gevaert N.V, Fiskars Corp., MAG Group, Stena Finans, A. Schulman Inc., Delek Benelux B.V, Etihad Airways, Schroder Investment Management Ltd., and Tyco International.

### **Opportunities**

Having established a loyal base of customers in its core European market, IT2 is poised to expand into Americas, the Middle East, Eastern Europe and Asia Pacific for its next phase of growth. For example, IT2 expects revenue contributions to double in 2011 from its Americas customers with new and existing ones going online and their revenues getting recognized.

IT2 is also using its Web portal to create an online community for real-time exchange of information and best practices among its existing clients. By working closely with clients to tackle such issues as counterparty risk, corporate to bank communications including electronic bank account administration and cash management, IT2 is breaking new ground in delivering innovation through collaboration with its trusted advisors.

In the near term, IT2 is expected to focus on migrating its customers to 7.1 after delivering enhanced features such as counterparty risk management and electronic bank account administration. Additionally IT2 will key in on helping its customers meet new accounting requirements (early adoption of IFRS 9, convergence of US GAAP and IFRS as it occurs).

### **Risks**

Despite its relative small size, IT2 has managed to deliver new releases and feature packs every 12 months in a timetable that demonstrates its commitment to continuous innovation. Because of its history of selling to some of the biggest organizations, IT2 has been a consistent player, adding marquee customers as well as midsize companies.

IT2 is expected to continue to sharpen its best-practice approach in order to establish strong presence in certain industries, thus raising the barriers of entry for its competitors, especially those coming from the ERP space where it competes heavily with incumbents such as SAP.

Additionally IT2 may have to explore acquisition opportunities in order to better compete in a rapidly consolidating market that aims to meet customer needs for end to end solutions from their technology providers.

Finally IT2 has been primarily competing with its on-premise treasury workstation products and it supplements that with hosted delivery that incorporates certain on-demand benefits. The lack of a true on-demand solution could impair IT2's ability to compete with a raft of Cloud-based offerings that are hitting the market.

### **Ecosystem**

IT2 works with partners including Actualize Consulting, Al Faisaliah Business & Technology Services Co., OpusCapita, Reuters Group, SMA Financial, TreasuryOne, and Zanders.

### **Shares**

With a 1.3% share in the Treasury and Risk Management applications market, IT2's ability to gain share is above average based on its consistent track record and laser focus on meeting treasury and cash management needs of its corporate customers.

On the upside, IT2 is on track to becoming one of the leading TRM vendors in the European market having secured long-standing support from marquee customers that have been partnering with the vendor for many years.

On the downside, IT2 needs to mitigate the risk of over-dependence on the European market where economic recovery is sluggish. Additionally a lack of on-demand offerings could impede its future growth especially in countries where on-premise implementations are considered unwieldy because of inadequate IT support.

## Temenos

Geneva, Switzerland

www.temenos.com

### Overview:

Fueled by a steady pickup in its core banking business as well as continuous acquisitions, Temenos has been winning new customers for an assortment of add-ons including its risk management applications. Typical customers are tier-1 and tier-2 banks that leverage Temenos' scalable solutions to automate an array of mission-critical functions for their worldwide operations.

### Applications Revenues In Treasury and Risk Management:

|       | 2009 | 2010 |
|-------|------|------|
| \$(M) | 15   | 16   |

### 2010 Applications Revenues In Treasury and Risk Management By Region:

| Region       | 2010(\$M) | % of total |
|--------------|-----------|------------|
| Americas     | 2         | 13%        |
| EMEA         | 11.2      | 70%        |
| Asia Pacific | 2.7       | 17%        |

### 2010 Applications Revenues In Treasury and Risk Management By Company Size:

| Size                  | 2010(\$M) | % of total |
|-----------------------|-----------|------------|
| XL(5K ees and above)  | 1.6       | 10%        |
| Large(1K-5K ees)      | 6.4       | 40%        |
| SMB(1K ees and below) | 8         | 50%        |

### 2010 Applications Revenues In Treasury and Risk Management By Revenue Type:

| Type | 2010(\$M) | % of total |
|------|-----------|------------|
|------|-----------|------------|



|              |     |     |
|--------------|-----|-----|
| License      | 8.1 | 51% |
| Maintenance  | 7.9 | 49% |
| Subscription | 0   | 0%  |

**2010 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  | Average       |
| Total         | With a 1.1% share in the Treasury and Risk Management market, Temenos' ability to maintain and win share in the market segment in 2011 | 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.

The growing momentum of Temenos in the banking technology marketplace comes on the heels of a string of acquisitions, alliances with key partners, as well as product advances that have put the vendor on the forefront of delivering highly scalable solutions that meet the needs of all kinds of financial institutions from megabanks to regional money centers.

Temenos experienced a 35% jump between 2007 and 2010 when it reached \$448 million in total revenues on the strengths of its core banking applications. Its add-on applications, including Temenos T-Risk for risk management, grew even faster representing 15% of its license sales in 2010, compared with less than 5% in 2007.

In the first quarter of 2011, sales of T-Risk and Insight, a business intelligence product for fraud prevention, along with other add-ons accounted for 16% of its license revenues, a 40% rise from year-earlier period.

Increased sales of its risk management applications suggested that its cross-selling and upselling strategy has been well received by the large installed base of Temenos, which now serves more than 1,100 financial institutions from giants such as HSBC to clusters of fast-growing private banks in the Middle East and Southeast Asia.

Additionally Temenos has added a Front and Middle Office application (TEMENOS Treasury Trader) to compliment the core T24 Treasury Back Office and aimed at the lower tiers of banks looking for a complete STP Treasury solution that is fully integrated with the core banking solution. Treasury Trader provides extensive support for deal capture, pricing, position and risk management and profitability reporting. Links to external trading platforms and data providers such as Reuters are provided as standard with publishers and readers provided to allow easy integration with other systems in use.

#### **Key Applications For Treasury and Risk Management:**

T-24, T-Risk, Insight, Risk Intelligence, TEMENOS Treasury Trader

#### **SCORES Analysis**

##### **Strengths**

In the treasury and risk management applications market, Temenos has shown remarkable progress with its TRM offerings that are becoming one of the fastest-growing segments of its extensive product portfolio.

Temenos has won new TRM customers, especially 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 its 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 risks. It also includes real-time positioning analysis including gap, sensitivity, and VaR. Credit risk includes comprehensive risk structures covering all products with full real-time updates.

The scalable and high availability architecture of Temenos allows its customers to conduct their business in a nonstop processing format, without requiring them to do batch-runs, thus optimizing system uptime and preventing service interruption.

In 2011 Temenos plans to take the performance test to a higher level by partnering with Microsoft to migrate a network of 12 Mexican financial institutions from a traditional hosted environment onto the Windows Azure platform, reducing their costs, streamlining their operations and ultimately Cloud-enabling their responsiveness to address fast-changing customer requirements.

These qualities have given Temenos a highly differentiated positioning, paving the way for the company to deliver an integrated set of offerings 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.

### **Customers**

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**

In December 2009 Temenos purchased Viveo Group, a French software company specializing in core banking and complementary applications for financial institutions.

The \$81 million acquisition has vastly expanded its installed base to more than 1,100 including leading banks such as BNP Paribas, Caisse D'épargne, Société Générale, Crédit Agricole, Banques Populaires and La Compagnie Financière Edmond de Rothschild, while adding a host of compliance and risk management solutions for commodities and trade finance and the associated risk monitoring required.

Subsequently Temenos acquired Odyssey Group SA for \$101 million, making significant inroads into the private wealth management market, which should also open up new opportunities for Temenos to cross-sell and upsell risk management solutions to private banking institutions and their clients.

### **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. In doing so, it may have sowed the seeds of sky-high expectations among investors and customers. Hence the acquisitions of Viveo and Odyssey will test the management team's capability to support a sharp increase in customer count and sustain its product development plans with continuous innovation.

In short order, Temenos has become a force to be reckoned in the core banking market as well as the treasury and risk management segment with its growing momentum. The acquisition of Viveo has taken the company up a notch, perhaps handing it unforeseen customer challenges in implementing its core banking solutions globally.

In addition, Temenos needs to shore up support for its installed base of customers while continuing to tap into lucrative areas such as Islamic banking, mobile banking and replatforming of their internal systems, all of which could severely test the strengths of its professional services organization. Hence the vendor has begun to ramp up the technical resources among its systems integration partners such as Cap Gemini, Cognizant, Deloitte to more than 1,400 professionals.

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 that leverage the Azure platform.

It is working with Oracle to optimize the Temenos T24 Core Banking applications running on Oracle Exadata machine to boost system performance at a fraction of the cost of traditional mainframe and storage solutions.

On the implementation front, Temenos has signed GFT as one of its systems integration partners in Spain, Portugal, the UK and Germany.

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

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

## **Shares**

With a 1.1% share in the Treasury and Risk Management applications market, Temenos' ability to gain share is average based on an accelerated growth plan for the rest of 2011 despite the adverse impact of the restructuring of its professional services organization.

On the upside, the acquisition of Odyssey will help Temenos expand in the new private wealth management market segment, driving synergistic benefits with its core banking and TRM offerings.

On the downside, Temenos remains heavily dependent on big-ticket license sales without making a concerted effort to adopt a more stable subscription pricing model. With Temenos pinning high hopes for its TRM offerings along with other add-on products for 2011, the burden is on the vendor to deliver additional features such as more regulatory reporting capabilities in a compressed time frame.

## **Research Methodology**

Data used in research reports are derived from publicly available documents, continuous surveys of applications vendors, customers, resellers, Independent Software Vendors, systems integrators and other verifiable sources.

Vendor shares and market forecast results are based on a combination of existing databases as well as demand side and supply side research conducted throughout the year with validation from vendors, customers, channel partners and documentations such as earnings releases and 10Q and 10K filings, vertical industry studies, regional and country-level statistics from public and private institutions(i.e. colleges, universities, government agencies and trade associations).

For additional information on our methodologies, here's the link:

<http://www.appsruntheworld.com/Members/research>

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