



August 24, 2007

# Global Banking Platform Deals 2006: Regions And Functionality

by Jost Hoppermann  
for Enterprise Architecture Professionals



August 24, 2007

## Global Banking Platform Deals 2006: Regions And Functionality

Europe And Asia Pacific Are The Hot Regions

This is the second document in the "Banking Platform Deals 2006" series.

by **Jost Hoppermann**

with Gene Leganza, Matthew McCormack, and Onica King

### EXECUTIVE SUMMARY

Forrester surveyed 14 vendors of globally deployed banking platforms on their 2006 deals. What is the outcome of the regional and functional analysis? Europe and Asia Pacific are the most active regions in the global banking platform game, while South America brings up the rear, taking just 1% of global deals. In terms of functionality, core banking is still one of the key drivers for banking platform renewal, followed by party centricity, the branch, risk management, and multichannel enablement. Overall, finding a banking platform with a good functional fit for a given region of the world has become easier than in the past, but challenges definitely remain.

### TABLE OF CONTENTS

#### 2 **Most Regions Of The World Are Active, But Some Are Hyperactive**

Europe And Asia Pacific Were The Hot Regions — Again

The Various Regions Adjusted Their Off-The-Shelf Banking Platform Renewal Pace

#### 6 **The Global Functional Focus Was Clear, But It Differed Regionally**

Core Banking Was the Key Area, But Data Management Is Catching Up

The Regional Perspective On Functionality Differed

#### WHAT IT MEANS

#### 8 **The Banking Platform Hotspots Of Today And Tomorrow**

#### 9 **Supplemental Material**

### NOTES & RESOURCES

Forrester interviewed 14 vendors, including Accenture/Alnova Financial Solutions, Callataj & Wouters, Computer Sciences Corporation (CSC), Fidelity Information Services, Fiserv CBS Worldwide, i-flex solutions, Infosys/Finacle, Infracore, Misys, Polaris Software Lab, SAP, SunGard System Access, Tata Consultancy Services (TCS)/TCS Financial Solutions, and TEMENOS.

#### **Related Research Documents**

["Global Banking Platform Deals 2006: Vendors"](#)  
August 14, 2007

["The Forrester Wave™: Retail Banking Platforms, Q4 2006"](#)  
November 28, 2006

["Banking Platform Wins 2005: Vendors"](#)  
May 2, 2006

["Vintage Banking Platforms Need Renewal!"](#)  
December 2, 2004

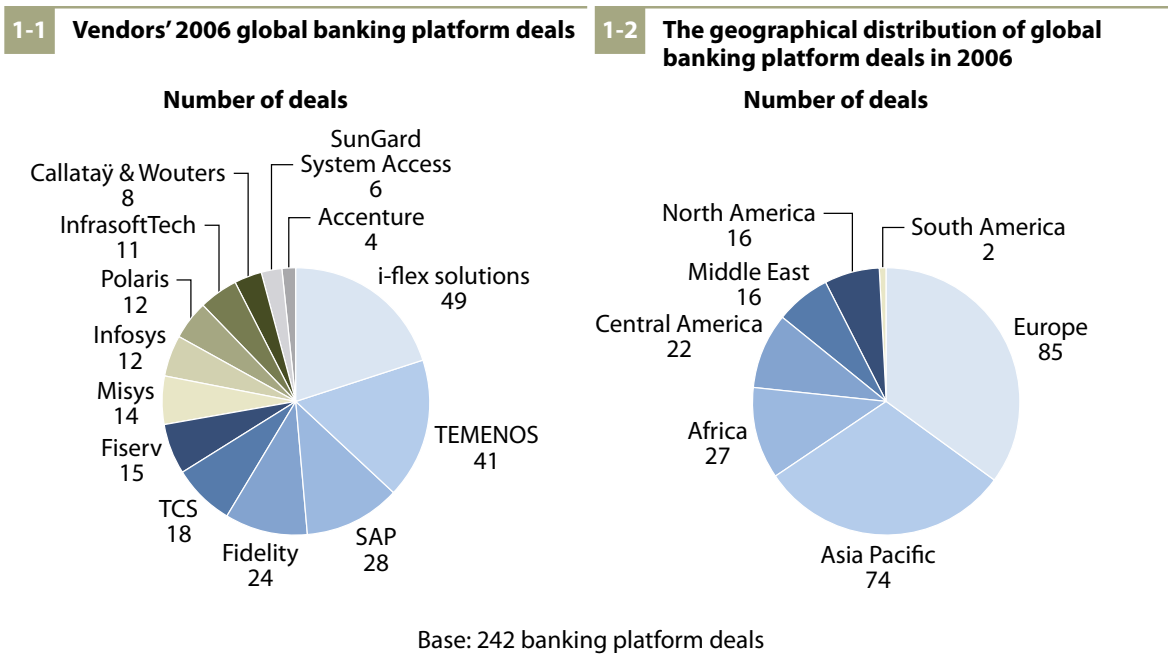
**MOST REGIONS OF THE WORLD ARE ACTIVE, BUT SOME ARE HYPERACTIVE**

When enterprise architects are involved in selecting an off-the-shelf banking platform for a bank or its international subsidiaries, they need architectural information as well as summaries regarding its functional breadth and depth.<sup>1</sup> Other key areas of interest typically include a banking platform vendor’s ability to deliver software and services to target geographies, as well as a vendor’s current market presence and role. To support banks and particularly enterprise architects in dealing with these topics, Forrester invited globally operating banking platform vendors to disclose their 2006 deals within Forrester’s global banking platform deal 2006 survey.<sup>2</sup>

**Europe And Asia Pacific Were The Hot Regions — Again**

To establish a level playing field for survey participants and improve the basis for our deal evaluation, Forrester defined some “rules of the game,” explaining the focus and intention of the global banking platform deals 2006 survey.<sup>3</sup> Fourteen banking platform vendors participated in the survey.<sup>4</sup> They submitted a total of 393 deals, of which Forrester recognized 242 as valid 2006 banking platform deals (see Figure 1-1).<sup>5</sup> Based on this information, Forrester prepared a geographically oriented 2006 banking platform deals overview for seven different regions of the world (see Figure 1-2).<sup>6</sup> Forrester aligned these regions with three categories representing different degrees of off-the-shelf banking platform activity:

**Figure 1** 2006 Global Banking Platform Deals By Vendor And Geography



- **Hot regions.** These areas had more than 70 deals in 2006. Europe and Asia Pacific comprised this category.
- **Moderately active regions.** These had approximately 10 to 30 deals in 2006. North and Central America (including the Caribbean), Africa, and the Middle East fitted into this category.
- **Less active regions.** These had fewer than 10 deals in 2006. South America was the sole representative of this category.

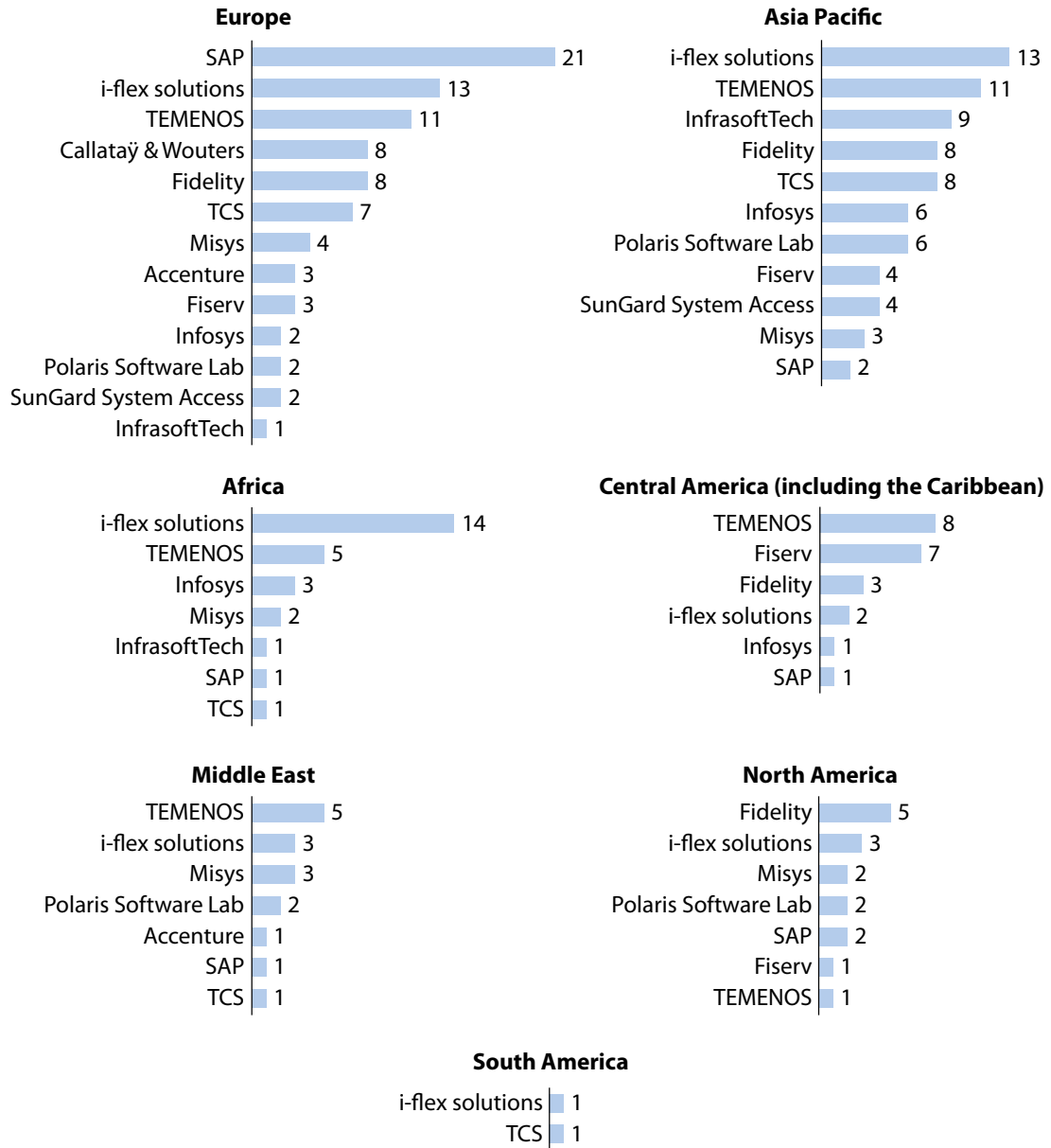
### The Various Regions Adjusted Their Off-The-Shelf Banking Platform Renewal Pace

Some of the increased heat in regions such as Europe, the Middle East, and Asia Pacific is certainly related to the new survey participants. However, there are additional drivers influencing the deal numbers and the changed renewal heat in the different regions of the world.<sup>7</sup>

- **Europe was again the winner in the annual global banking platform game.** With more than one-third of the 2006 deals, Europe is clearly the hottest area (see Figure 2). On the other hand, it is also the most competitive area, with all vendors winning at least a single banking platform deal. The new survey participants — Callataÿ & Wouters, Misys, SunGard SystemAccess, and TCS (now TCS Financial Solutions) — earned about one-quarter of the European deals in 2006. SAP is good for close to another quarter — with an increase in the number of European deals of more than 50% compared with 2005. Fidelity Information Systems and Fiserv CBS Worldwide extended their European footprints even more significantly — although they started from a rather low level in 2005. i-flex solutions has lost some traction in Europe compared with 2005.<sup>8</sup> The other players more or less matched their 2005 performance.
- **Asia Pacific earned a clear second place.** With a total of 74 recognized deals in 2006, Asia Pacific is one of the two most active regions of the world for off-the-shelf banking platform deals. Japan, Australia, and New Zealand saw fewer than 10 of these 2006 deals. Only 11 of the 13 survey participants had a deal complying with the rules of the game: The market is a bit less crowded than in Europe. The five new survey participants with recognized deals in Asia Pacific won a total of 27 deals. The “old” participants show — with one exception — no significantly changed success. Fidelity, however, won eight counted deals in 2006, thus boosting its sales rates from just one Asia Pacific deal in 2005 to eight in 2006 — and thus made it into the top five for Asia Pacific. If we consider all the submitted deals, Asia Pacific is an even hotter area than Europe as far as off-the-shelf banking platforms are concerned.
- **Africa moved up to No. 3.** With 27 counted deals in 2006, Africa is the most active of the moderately active regions. Seven of the survey participants were successful in Africa in 2006, and three of them were new survey participants: InfracoreTech, TCS, and Misys sold a total of four banking platforms in Africa, while the existing “African vendors” increased their sales numbers by a total of three 2006 deals. Their individual sales number changed in the minus-one to plus-three range.

- **Central America, including the Caribbean, came in fourth.** This region had 22 banking platforms deals in 2006. This could be perceived as a serious cooldown of banking platform renewal in this region — particularly when comparing it with the 53 deals in 2005. However, eliminating the selective application outsourcing (SAO)-type deals in 2005 reduces the region's 2005 number to 19.<sup>9</sup> This indicates that both fairly seasoned banks like Société Générale Haïtienne de Banque (a former Royal Bank of Canada subsidiary) as well as comparatively young financial services firms like Caribbean Money Market Brokers (CMMB) in Trinidad and Tobago are increasingly interested in agile banking platforms. Accenture, Fiserv, i-flex, and SAP each won one deal less than in 2005, while TEMENOS sold two more solutions. Fidelity accelerated from zero deals in 2005 to three in 2006. None of the new survey participants won a banking platform deal in this region.
- **The Middle East showed some of the most significant changes.** With 16 deals in 2006, the Middle East increased its banking platform pace tremendously compared with its six deals in 2005. The new survey participants — Misys, Polaris Software Lab, and TCS — won a total of six deals in 2006, and the 2005 participants increased their deal numbers by more than 60%. The marketplace is also getting more crowded: While in 2005, three of the survey participants sold banking platform solutions into the Middle East, 2006 saw four “old” vendors and three new survey participants succeed. Based on what we already know about 2007 deals, this trend is likely to accelerate — driven not only by platform renewal but also by mergers and acquisitions. A merger can cause a bank to move away from either component bank's existing off-the-shelf banking platforms toward a third, new one.
- **North America's deal numbers shrank.** In 2006, North America only saw 16 new customers for the survey banking platform vendors. This does not mean there is no banking platform business anymore: Fidelity, for example, has been successful with its domestic systems as well as with upgrades and extensions — on top of its counted global deals in North America. However, without two deals from each of the two new survey participants — Misys and Polaris Software Lab — and SAP's two North American deals, the deal numbers would have dropped by close to 50%. Fidelity was able to extend its North American 2006 footprint, thus establishing itself as the most successful global banking platform vendor in North America. All other surveyed players that were successful in the US in 2005 — Fiserv, i-flex, and TEMENOS — did not win the same number of deals in 2006 as in 2005.
- **South America was the sea of tranquility.** This region saw an even lower amount of off-the-shelf banking platform activity than in 2005. Forrester counted only two deals, with new customers in Peru and Ecuador. Key South American economies like Brazil showed only a small amount of off-the-shelf activity.<sup>10</sup> Forrester assumes that many banks in these economies are still taking a wait-and-see stance — only moving to a new banking platform if increasing pain forces their hand. Based on this assumption, South America is likely to become a hotter banking platform region in the next couple of years — with fewer off-the-shelf options that have already been broadly used in the region than in other markets.

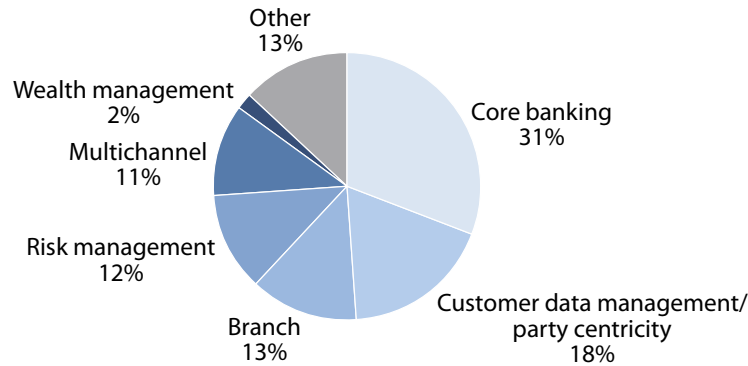
**Figure 2** 2006 Global Banking Platform Deals: Vendor Importance By Geography



### THE GLOBAL FUNCTIONAL FOCUS WAS CLEAR, BUT IT DIFFERED REGIONALLY

Until now, we have based our analysis on those global banking platform deals in 2006 that complied with Forrester’s rules of the game, with a focus on vendors and regions.<sup>11</sup> Functional requirements provide an additional perspective. Participating vendors had also submitted information about functional areas, such as core banking or multichannel enablement, that the banking platform deals covered on a per-deal basis. Consequently, we examined neither the 393 submitted 2006 deals nor the 242 that Forrester recognized but close to 1,000 functional areas that the submitted deals in 2006 covered (see Figure 3).

**Figure 3** The Functional Areas That Global Banking Platform Deals Covered In 2006



42884

Source: Forrester Research, Inc.

### Core Banking Was the Key Area, But Data Management Is Catching Up

Core banking was the most popular topic in the 2006 deals from the surveyed vendors — accounting for close to one-third of the requested functional areas.<sup>12</sup> Other topics such as branch solutions, risk management, multichannel enablement, and, most prominently, customer data management/party centrality are also well represented.<sup>13</sup> Given the relatively broad functional nature of a banking platform, wealth management enjoys a reasonable representation, despite being a relatively specialized function. This may be an indication that more and more private banks or private banking divisions see off-the-shelf banking platforms as a sufficiently comfortable, fast, and cost-effective path to a state-of-the-art application landscape. In addition, the banking platform deals comprised a strong block of other functionality — for example, treasury and cash management, trade finance, AML, money markets, securities trading, clearing and settlement, and Internet banking.

### The Regional Perspective On Functionality Differed

As far as deal structure and geography is concerned, functional behavior in the regions differs. Even the two most active regions Europe and Asia Pacific show different areas of functional interest:

- **Many parts of Europe showed a balanced functional approach.** Western and Central Europe showed a more balanced situation in 2006 than in 2005: Functional requirements cover most areas of the banking platform space, such as core banking, risk management, and multichannel enablement — with a slight focus on core banking. Wealth management sees its largest demand in Europe, as far as this survey is concerned. In addition, larger financial services firms, such as Alliance & Leicester, BNP Paribas, Commerzbank, and Fortis, joined the 2006 game. In Eastern Europe, there is still a strong focus on core banking.
- **Asia Pacific needed broad functionality.** On average, projects in Asia Pacific still have a broader functional scope, with a slightly higher focus on risk management and regulation than, for example, in Europe. China and Hong Kong, for example, seem to focus more on core banking, while Japan is also interested in topics like Basel II, money market, and custody. Banks such as Bank of China and bank of East Asia as well as further prominent players, which names cannot be disclosed, show larger financial services firms have also recognized the need for next generation banking platforms; the huge majority of banks in Asia Pacific, however, still belong to the global small to medium size category.
- **Africa focused on core banking and customer/party centrality.** These two functional areas were the key functional focus in 2006. Other areas such as risk management and multichannel enablement saw roughly half the demand of the key functional areas. Wealth management was not a hot topic at all. The group of banks creating this demand is heterogeneous. Next to globally less visible banks, there are also internationally well-known banks such as ABSA or Standard Bank — as well as a huge number of medium-size and larger banks; however, we are unable to disclose their names.
- **South America showed no concrete trends around functionality.** The 2006 banking platform deals submitted for this survey don't really provide enough information that would allow us to describe any generic South American characteristics, other than a general lack of a high number of off-the-shelf banking platform projects. Overall, the areas of functional requirements differ strongly on a bank-to-bank basis. Even at a high level, no pair of deals showed a similar functional profile. Overall, South American deals covered most functional areas, had a slightly lesser focus on customer/party centrality and multichannel enablement, and didn't have any wealth management projects.
- **Demand in Central America, North America, and the Middle East was similar.** In these three regions, the functional focus of the 2006 deals submitted for our survey was not identical, but they did show some common characteristics. The clear hotspot is core banking, followed by customer/party centrality. However, in general, the gap between the two is larger than in other regions — for example, in Africa. In Central America, risk management was also a hot topic — hotter than in the Middle East and North America. Multichannel enablement was one of the more important functional areas for North America. Wealth management showed some

minor demand in all three regions; the lowest clearly was in Central America. Overall, demand is driven by a variety of small to large banks; however, it was the referenceable North American banks such as Wells Fargo Bank and GMAC Financial Services that enjoyed the most likely highest degree of global visibility.

## WHAT IT MEANS

### THE BANKING PLATFORM HOTSPOTS OF TODAY AND TOMORROW

The heat is on in a number of regional markets, such as Europe and Asia Pacific. Given the high number of financial services firms there that are currently planning or executing banking platform renewal initiatives, this situation is here to stay for the foreseeable future.<sup>14</sup> Africa and Central America are already more active than North America, the Middle East, and, in particular, South America. North America and the Middle East have the potential to become very active regions in the future.<sup>15</sup> These market dynamics will influence the decisions of a bank's enterprise architects by providing a number of different options for the different regions of the world.

- **Enterprise architects have a variety of choices . . .** In the hot and moderately active regions of 2006, banks and their enterprise architects can choose between a variety of global and more regional banking platform vendors; these can either deal with country-specific requirements out of the box or are very willing to cope with these requirements on an — initially — individual basis to support regional market entry and defend regional market positions. Furthermore, “exotic” banking platform requirements are not that exotic anymore: Functionality like wealth management and custodian functionality are sometimes part of the overall scope of a banking platform.
- **. . . but they might have fewer choices in South America.** Banks in South America do not necessarily have fewer choices: In the absence of prominent regional banking platform vendors, enterprise architects looking for a more global off-the-shelf solution have three options: 1) they can look for banking platform vendors with recent South American wins, such as Accenture, TCS Financial Solutions, TEMENOS, and i-flex solutions, which had regional wins in 2005 or 2006; 2) they can go back to vendors with past South American experience, such as Fidelity; or 3) they may opt for huge global application software vendors like SAP that have a small, but emerging, South American track record in banking.<sup>16</sup> Assuming that this region will not remain as cool as it was in 2006, but that it will become highly competitive, global banking platform vendors may also be willing to pay to (re-)enter an emerging banking platform market via reduced license and service costs as well as considering the individual requirements of the first few customers.

## SUPPLEMENTAL MATERIAL

### Methodology

Forrester defined a number of rules for the evaluation of the 2006 deals and sent these rules of the game to participating vendors before they submitted their information. Forrester used these rules as a guideline as to whether an individual banking platform deal counted for 2006. In a second step, Forrester scrutinized the submitted information to ensure compliance with the rules of the games. In a minor number of cases, this second step caused intense and long discussions with vendors.

### Companies Interviewed For This Document

Accenture/Alnova Financial Solutions	Misys
Callataÿ & Wouters	Polaris Software Lab
Computer Sciences Corporation (CSC)	SAP
Fidelity Information Services	SunGard System Access
Fiserv CBS Worldwide	Tata Consultancy Services/TCS Financial Solutions
i-flex solutions	TEMENOS
Infosys/Finacle	
InfrasoftTech	

### ENDNOTES

- <sup>1</sup> Forrester measured the functional breadth and depth of the five retail banking platforms of Fiserv, i-flex solutions, Finacle, SAP, and TEMENOS against its functional map for banking. See the November 28, 2006, “[The Forrester Wave™: Retail Banking Platforms, Q4 2006](#)” report.
- <sup>2</sup> The first part of this series focused on the global picture and individual vendors.
- <sup>3</sup> For the 2006 survey, Forrester introduced the rules of the game to explain which deals would be included within the survey. See the August 14, 2007, “[Global Banking Platform Deals 2006: Vendors](#)” report.
- <sup>4</sup> Within this part of Forrester’s global banking platform deal 2006 survey, we don’t mention CSC separately, as it won only one deal in North America and we didn’t count that deal. See the August 14, 2007, “[Global Banking Platform Deals 2006: Vendors](#)” report.
- <sup>5</sup> We didn’t count 150 deals because one or more of our rules applied or for individual reasons, such as a captive revenue situation. A significant number of these 150 deals were not counted because they were not related to new clients.
- <sup>6</sup> Within the scope of this survey, Forrester defines seven regions of the world: North America, Central America including the Caribbean, South America, Europe, Africa, the Middle East, and Asia Pacific (including Australia, India, and New Zealand).

- <sup>7</sup> Forrester points to the fact that this survey is about deal numbers as opposed to market share in terms of revenue. As long as some banking platform vendors refuse to release information about (approximate) deal sizes, deal numbers are the more appropriate way to go.
- <sup>8</sup> i-flex solutions is a majority-owned subsidiary of Oracle.
- <sup>9</sup> Thirty-four of the 53 deals in the Central American region are selective application outsourcing (SAO)-type projects with small to very small financial services firms. See the April 26, 2006, "[Banking Platform Wins 2005: Regions](#)" report.
- <sup>10</sup> Some Brazilian banks are looking at or even working with off-the-shelf solutions in the noncore banking space. In addition, there are a number of regional off-the-shelf vendors, such as TotalBanco, Autbank, and Matera Systems.
- <sup>11</sup> Part one of this survey discussed the 14 participating vendors in more detail. See the August 14, 2007, "[Global Banking Platform Deals 2006: Vendors](#)" report.
- <sup>12</sup> This functional overview is based on vendor information. This information may not be fully comparable for a couple of reasons, including different underlying definitions of the functional areas. Consequently, these numbers are not meant to create an exact functional picture of the 2006 banking platform deals but to provide some high-level impressions.
- <sup>13</sup> A party-centric approach is necessary to handle data. See the May 17, 2006, "[Next-Generation Banking Platform Requirements Revisited](#)" report.
- <sup>14</sup> A 2005 Forrester survey shows that about three-quarters of European financial services firms had either planned or had already executed a renewal initiative for their application landscape. Preliminary results of an ongoing 2007 survey indicate an even more advanced situation. Anecdotal evidence paints a similar picture for Asia Pacific. See the July 8, 2005, "[Application Renewal Goes Mainstream](#)" report.
- <sup>15</sup> Compared with the Middle East and its smaller geographical size, North America is still on the quieter side of the banking platform business. However, it is unlikely that the situation will not change. Anecdotal evidence as well as ongoing banking platform requests for proposal in North America show that the situation is changing — although not fast. In 2005, the Middle East was also more active than its size gave reason to believe. See the April 26, 2006, "[Banking Platform Wins 2005: Regions](#)" report.
- <sup>16</sup> In spite of the agile banking platforms, country-specific requirements will remain relevant for the foreseeable future. See the August 14, 2007, "[Global Banking Platform Deals 2006: Vendors](#)" report.

# FORRESTER®

Making Leaders Successful Every Day

## Headquarters

Forrester Research, Inc.  
400 Technology Square  
Cambridge, MA 02139 USA  
Tel: +1 617.613.6000  
Fax: +1 617.613.5000  
Email: [forrester@forrester.com](mailto:forrester@forrester.com)  
Nasdaq symbol: FORR  
[www.forrester.com](http://www.forrester.com)

## Research and Sales Offices

Australia	Israel
Brazil	Japan
Canada	Korea
Denmark	The Netherlands
France	Switzerland
Germany	United Kingdom
Hong Kong	United States
India	

*For a complete list of worldwide locations, visit [www.forrester.com/about](http://www.forrester.com/about).*

For information on hard-copy or electronic reprints, please contact the Client Resource Center at +1 866.367.7378, +1 617.617.5730, or [resourcecenter@forrester.com](mailto:resourcecenter@forrester.com). We offer quantity discounts and special pricing for academic and nonprofit institutions.

Forrester Research, Inc. (Nasdaq: FORR) is an independent technology and market research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. For more than 24 years, Forrester has been making leaders successful every day through its proprietary research, consulting, events, and peer-to-peer executive programs. For more information, visit [www.forrester.com](http://www.forrester.com).