
AMERICAN BANKER • FINANCIAL INSIGHTS •
FIN
TECH
100
The annual ranking
of vendors to the
financial services industry
November 2006

Overview

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In banking and financial services today, conventional wisdom holds that strategy trumps growth. Or maybe it's better to say (because growth is always in style) that smart growth trumps raw growth.

How a once-omnivorous cadre of institutions became so choosy about the businesses they're in is not complicated. The operational risk and regulatory shadows of the past five years still loom, and a host of nonbank and nonfinancial competitors seem always to be taunting traditional players with the question: "Do you *really* want to compete in this space?"

Meanwhile, though it shows confidence in parts, the economy refuses to let its cloak of uncertainty drop. The upshot is that when a banking company finds itself at the threshold of something new these days, it thinks hard before taking the next step.

What does all of this have to do with FinTech? In our opinion, plenty.

More than ever before, technology defines the barriers to entry — and the barriers to growth — in financial services. A simple list tells the story. Risk management. Cost management. Retail cross-marketing. Corporate client retention. Direct banking. Reaching wealthy clients. Reaching underserved markets. Privacy and security. Optimizing the payments supply chain. All priorities. All unthinkable without superior systems.

As a result — whether they target large companies (like **JPMorgan Chase & Co.**, whose application of grid computing we explore on page 12) or small ones (turn to page 30 for an update on community banks' buying power) — providers of financial technology increasingly need both expertise and scale.

With that in mind... welcome to the third annual *American Banker*/Financial Insights FinTech 100 special report.

WHAT'S NEW

The biggest change this year is the 26 new companies in the FinTech 100. This substantial increase had two causes: One was the overseas outreach effort we initiated to ensure the rosters are truly global. But more significant was growth in share of "countable" revenue by individual companies. (For a detailed discussion of the survey's methodology, turn to page 11.)

As a result of such growth, two firms migrated from the Top 25 Enterprise Companies in FinTech into the FinTech 100. **CA Inc.** (formerly Computer Associates International) and **Tata Consultancy Services Ltd.** made the jump when their revenue percentages passed the FinTech 100's 33% threshold. (In addition, this year for the first time a former FinTech 100 company, **Getronics NV**, moved into the Enterprise 25, because its percentage slipped below that mark, at 30%.)

Tata's arrival on the list is noteworthy — offshore outsourcing by financial firms is expected to increase significantly in the next few years. At the same time, the major providers in this space, including Tata, are expanding the range of services they provide. In an article on page 26, Jeremy Quittner offers a progress report on outsourcing in financial services.

Experian Information Solutions Inc. and **Equifax Inc.** made their FinTech 100 debuts, too. The firms are best known for services excluded by our methodology, but our research team, led by Financial Insights' Jeanne Capachin, revised their estimates of how much software and systems the two parties sell. They take the No. 21 and No. 26 slots, respectively.

Among the top five players, though the order has changed, the names remain the same. Once again, **Fidelity National Information Services Inc.** is the big story. It leapfrogged over **Sungard Data Systems Inc.** this year to take the No. 2 slot, behind **Fiserv Inc.**

Fiserv remains the king of the hill even though some observers had pegged this as the year it would tumble. Not so. It still holds an impressive margin over Fidelity, $309 million, in revenue attributable to financial services, though the percentage of Fiserv's revenue from that sector fell to 75%, from 85% last year. This kind of change is extremely significant and roughly equivalent in dollar terms to the attributed revenue of the No. 39 company, **ACI Worldwide**, a unit of Transaction Systems Architects Inc.

It's worth noting that three of the top five's attributable percentages slipped, though none fell as dramatically as Fiserv's. This may indicate that once a firm reaches these levels, diversity matters more, because it becomes harder to register meaningful growth in financial services.

Among the top 10 companies, two changes stand out. First, **Total System Services Inc.** (a firm majority owned by Synovus Financial Corp.) cracked the top 10 for the first time, moving up two spots, to No. 9. Second, **Unisys Corp.** jumped one spot, to No. 6.

Elsewhere on the list, online banking system providers as a group made a bleak showing. Financial Fusion Inc., a subsidiary of Sybase Inc., fell off the FinTech 100. And the mighty **S1 Corp.** — first in the market for a long time and by a wide margin — fell 13 spots, to No. 48, dropping behind **Digital Insight Corp.** (No. 46), whose standing was helped by its acquisition of Magnet Communications Inc. In the end, Digital Insight dropped seven rungs, **Online Resources Corp.** (No. 82), fell eight, and **Corillian Corp.** (No. 88), dropped 19.

At a time when online banking is booming among institutions, the falloff among these specialty players suggests success on the part of the larger FinTech companies that have added online-banking product lines.

Finally, **RiskMetrics Group Inc.** takes the honor for most improved this year, climbing 14 spots, to No. 70.

ENTERPRISE DOCKED?

We did not see as many dramatic shifts in the Enterprise 25 (companies with less than a third of revenue derived from financial services). **International Business Machines Corp.** still owns the No. 1 spot, with a very sizable lead over its biggest rival, **Hewlett-Packard Co.**, which remains at No. 2. However, where last year's gap between the two behemoths was more than $23 billion, this year it is $15.6 billion. Viewed another way, HP's attributable percentage increased from 8% to 9%, and IBM's decreased from 30% to 26%.

Though this trend may favor HP, to beat IBM it would have to add revenue comparable to acquiring both the No. 3 and No. 4 companies, **Dell Inc.** and **Hitachi Ltd.** Given HP's recent difficulties as of press time, we do not see that as a particularly likely scenario.

Oracle Corp. stayed put at No. 15; *American Banker* contributor Bill Stoneman takes a close look at that company's financial services strategy on page 16.

There are some newcomers as well this year, including **LogicaCMG** (No. 20) and **Wipro Technologies** (No. 22). Though we had been tracking these firms in prior years, they did not have sufficient revenue to make it into the Enterprise rankings in the last two years.

Intel Corp. not only made the list for the first time, but made it into the top 10. Our researchers struggled to evaluate what is countable for Intel. In the end, with an assist from their colleagues at IDC (a specialist in high-tech market-share analysis), the Financial Insights research team had sufficient confidence to rank the semiconductor maker.

Overall, services seem to be one of the major contributors, if not the primary business line, for most of this year's new entrants and fast risers. The days when a firm could build a big reputation as a pure-play software or hardware provider are gone.

We also note again that those with the foresight, the capital, and will to consolidate will succeed. Though the Street has become wary of rewarding growth through acquisitions, in FinTech it appears to be one of the most critical success factors over the long term. Fidelity, Fiserv, Sungard, and **Reuters Group PLC** are all consolidators. Fidelity has ridden the consolidation horse from No. 11 in 2004 all the way to No. 2, and it may go farther than that next year.

Ms. Schenck is the chief operating officer of Financial Insights, an IDC company.
***Mr. Longobardi is the editor in chief of* American Banker.**

Top 100 Companies in FinTech

Rank '06	Rank '05	Company	Location	Ownership	Total (millions)	Revenue (CY '05) Financial Services (millions)	Revenue (CY '05) % of total
1	1	**Fiserv**	Brookfield, Wis.	public	$4,100	**$3,075**	75%
2	3	**Fidelity National Information Services**	Jacksonville, Fla.	public	2,766	**2,766**	100
3	2	**Sungard**	Wayne, Pa.	private	4,002	**2,721**	68
4	4	**NCR**	Dayton, Ohio	public	6,028	**2,291**	38
5	5	**First Data**	Greenwood Village, Colo.	public	4,419	**1,901**	43
6	7	**Unisys**	Blue Bell, Pa.	public	5,759	**1,900**	33
7	8	**Diebold**	North Canton, Ohio	public	2,587	**1,811**	70
8	6	**Reuters**	London	public	4,144	**1,575**	38
9	11	**Total System Services**	Columbus, Ga.	public	1,603	**1,443**	90
10	9	**DST Systems**	Kansas City, Mo.	public	2,515	**1,333**	53
11	17*	**CA (Computer Associates)**	Islandia, N.Y.	public	3,739	**1,309**	35
12	15	**Metavante**	Milwaukee, Wis.	public	1,285	**1,285**	100
13	21*	**Tata Consultancy Services (TCS)**	Mumbai	public	2,709	**1,101**	41
14	12	**Misys**	Evesham, U.K.	public	1,652	**1,074**	65
15	13	**Bisys**	New York	public	1,063	**1,063**	100
16	14	**CGI Group**	Montreal	public	3,045	**1,035**	34
17	18	**Computershare**	Abbotsford, Australia	public	1,056	**950**	90
18	28	**Infosys Technologies**	Bangalore, India	public	2,015	**725**	36
19	20	**CheckFree**	Norcross, Ga.	public	826	**702**	85
20	22	**SAS**	Cary, N.C.	private	1,680	**655**	39
21	-	**Experian**	Costa Mesa, Calif.	private	1,182	**650**	55
22	21	**Certegy**	St. Petersburg, Fla.	public	1,117	**637**	57
23	30	**TransFirst Holdings**	Dallas	private	602	**602**	100
24	24	**Fair Isaac**	Minneapolis	public	808	**599**	74
25	25	**Jack Henry**	Monett, Mo.	public	560	**560**	100

Note: All rankings are based on Financial Insights' revenue estimates. Companies that derive at least one-third of eligible revenue from the financial services industry comprise the FinTech 100 ranking. * Rank in 2005 Top 25 Enterprise Companies in FinTech .

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26	-	**Equifax**	Atlanta	public	$1,443	**$505**	35%
27	29	**Acxiom**	Little Rock	public	1,311	**498**	38
28	23	**eFunds**	Scottsdale, Ariz.	public	502	**452**	90
29	26	**ChoicePoint**	Alpharetta, Ga.	public	1,100	**451**	41
30	-	**Cognizant**	Teaneck, N.J.	public	886	**441**	50
31	-	**Ingenico**	Puteaux, France	public	546	**437**	80
32	-	**EDB Business Partner Norge**	Oslo	public	776	**427**	55
33	42	**OMX Group**	Stockholm	public	420	**420**	100
34	16	**J.H. Harland**	Decatur, Ga.	public	367	**367**	100
35	31	**Oberthur Card Systems**	Nanterre, France	public	626	**357**	57
36	32	**IPC Information Systems**	New York	private	343	**326**	95
37	-	**Keane**	Boston	public	956	**316**	33
38	40	**i-flex**	Mumbai	public	312	**312**	100
39	37	**ACI Worldwide (TSA)**	Omaha	public	285	**285**	100
40	17	**SEI Investments**	Oaks, Pa.	public	281	**278**	99
41	-	**Itautec**	Sao Paulo	public	694	**278**	40
42	38	**Harland Financial Solutions (J.H. Harland)**	Lake Mary, Fla.	public	257	**257**	100
43	34	**Hyperion Solutions**	Sunnyvale, Calif.	public	702	**246**	35
44	36	**GL Trade**	Paris	public	224	**224**	100
45	-	**COMSYS**	Houston	private	662	**221**	33
46	39	**Digital Insight**	Calabasas, Calif.	public	214	**214**	100
47	41	**Kanbay International**	Rosemont, Ill	public	231	**207**	90
48	35	**S1**	Atlanta	public	204	**204**	100
49	33	**Hypercom**	Phoenix	public	245	**202**	82
50	43	**Patni Computer Systems**	Mumbai	public	450	**197**	44

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51	52	**Open Solutions**	Glastonbury, Conn.	public	$194	**$194**	100%
52	27	**Wolters Kluwer Financial Services**	St. Cloud, Minn.	public	170	**170**	100
53	44	**Temenos Group**	Geneva	public	169	**169**	100
54	46	**Advent Software**	San Francisco	public	162	**162**	100
55	57	**SS&C Technologies**	Windsor, Conn.	public	162	**162**	100
56	45	**Murex**	Paris	private	150	**150**	100
57	48	**Linedata Services**	Rueil-Malmaison, France	public	149	**149**	100
58	-	**CPM**	Sao Paulo	private	232	**137**	59
59	51	**RoyalBlue Group**	Surrey, U.K.	public	135	**135**	100
60	-	**Mphasis**	New York	public	197	**134**	68
61	47	**Moody's KMV (Moody's)**	San Francisco	public	133	**133**	100
62	-	**Politec Philco**	Sao Paulo	private	189	**132**	70
63	54	**SimCorp**	Copenhagen	public	128	**121**	95
64	50	**Carreker**	Dallas	public	117	**117**	100
65	-	**Viewpointe Archive Services**	New York	private	100	**100**	100
66	-	**Bottomline Technologies**	Portsmouth, N.H.	public	102	**97**	45
67	53	**Stratus Technologies**	Maynard, Mass.	private	238	**95**	40
68	-	**Wausau**	Mosinee, Wis.	private	107	**93**	87
69	76	**Investment Technology Group**	Boston	private	90	**90**	100
70	84	**RiskMetrics Group**	New York	private	100	**90**	90
71	-	**DealerTrack Holdings**	Lake Success, N.Y.	public	120	**84**	70
72	64	**Charles River Development**	Burlington, Mass.	private	79	**79**	100
73	63	**FundTech**	Ramat-Gan, Israel	public	75	**75**	100
74	60	**Algorithmics (Fitch Group)**	Toronto	public	80	**72**	90
75	59	**Chordiant Software**	Cupertino, Calif.	public	84	**71**	85

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76	67	**CoreLogic**	Sacramento	private	$71	**$71**	100%
77	-	**Interactive Data**	Bedford, Mass.	public	543	**69**	100
78	-	**Odyssey Asset Management**	Prilly, Switzerland	private	66	**66**	100
79	62	**Pegasystems**	Cambridge, Mass.	public	102	**64**	63
80	61	**Eagle Investment Systems (Mellon)**	West Hartford, Conn.	public	62	**62**	100
81	66	**Actuate**	San Francisco	public	106	**62**	58
82	74	**Online Resources**	Chantilly, Va.	public	61	**61**	100
83	71	**Wall Street Systems**	New York	private	60	**60**	100
84	73	**Automated Financial Systems**	Exton, Pa.	private	57	**57**	100
85	70	**GoldenSource**	New York	private	55	**55**	100
86	-	**SunTec Business Solutions**	Trivandrum, India	private	73	**53**	73
87	72	**Princeton Financial Systems**	N.J.	private	51	**51**	100
88	69	**Corillian**	Hillsboro, Ore.	public	49	**49**	100
89	-	IntraLinks	New York	private	55	48	88
90	96	**Calypso Technology**	San Francisco	private	48	**48**	100
91	78	**COCC**	Avon, Conn.	private	47	**47**	100
92	92	**Vasco Data Security**	Oakbrook Terrace, Ill.	public	55	**47**	86
93	-	**Sophis**	Paris	private	45	**45**	100
94	-	**BondDesk Group**	Mill Valley, Calif.	private	42	**42**	100
95	-	**Source Technologies**	Charlotte	private	60	**42**	70
96	77	**Fincentric**	Richmond, British Columbia	private	40	**40**	100
97	80	**Argo Data Resource**	Dallas	private	39	**39**	100
98	79	**Capital Markets**	New York	private	39	**39**	100
99	-	**Goldleaf Financial Solutions**	Brentwood, Tenn.	public	38	**38**	100
100	-	**ORC Software**	Sydney	public	37	**37**	100

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