

The logo for AiteNovarica, featuring the word "Aite" in white with three orange dots above the "i", followed by "Novarica" in white. The background is a blue gradient with a faint grid pattern.

AiteNovarica

OCTOBER 2021

HITE MATRIX: LEADING U.S. CASH MANAGEMENT VENDORS

CHRISTINE BARRY

This excerpt provided compliments of this
Best-in-Class vendor:

ACI Worldwide
Real-Time Payments

IMPACT REPORT

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INTRODUCTION

The U.S. cash management industry continues to evolve, as does the technology that supports it. Banks must regularly reexamine their strategies and product offerings to ensure they are meeting client expectations and are armed with the right tools to meet future needs. Today's corporate and commercial bank customers require robust real-time capabilities that enable them to efficiently initiate digital payments, collect money owed, and manage their financial positions and operations as effectively as possible. The level of urgency for such tools has intensified because of the pandemic. Never before has there been such a divide between those banks that have been investing in digital transformation and those that have not. Feature-rich but usability-poor offerings are no longer acceptable, as customers require easy-to-use, agile, and open platforms that seamlessly integrate with both internal bank platforms and external ones. The result has been a growing need for banks to swiftly and efficiently replace outdated platforms or risk being left behind and looking outdated. Intense pressure is on the technology provider community to continue to enhance the various platforms to stay one step ahead of both bank and customer expectations. It is a competitive field of established vendors, each adopting a slightly different strategy to differentiate itself from the pack and deliver new value to the market.

This Impact Report explores some of the key trends within the U.S. cash management market and discusses how technology is evolving to address new market needs and challenges. This Impact Report also compares and contrasts the leading vendors' offerings and strategies, and it highlights their primary strengths and challenges. Finally, to help financial institutions make more informed decisions as they select new technology partners, this report recognizes specific vendors for their strengths in critical areas.

METHODOLOGY

Leveraging the Aite Matrix, a proprietary Aite-Novarica Group vendor assessment framework, this Impact Report evaluates the overall competitive position of each vendor, focusing on vendor stability, client strength, product features, and client services.

The following criteria were applied to develop a list of vendors for participation:

- Bank awareness of the vendor as a provider of a viable cash management offering

- Successful implementation of a cash management solution at a minimum of one U.S.-based FI and an ability to provide client references
- Ability to offer a full out-of-the-box cash management solution as opposed to just components of one

Participating vendors were required to complete a detailed product request for information (RFI) composed of both qualitative and quantitative questions, conduct a minimum 60-minute product demo, and provide active client references.

THE PLAYERS

This section presents comparative data and profiles for the individual vendors that participated in the Aite Matrix evaluation. This is by no means an exhaustive list of vendors, and firms looking to undergo a vendor selection process should conduct initial due diligence prior to assembling a list of vendors appropriate for their own unique needs. Table A presents basic vendor information for the participating solutions.

TABLE A: EVALUATED VENDORS

FIRM	HEADQUARTERS	YEAR FOUNDED	TARGET MARKET
ACI Worldwide	Miami, Florida	1975	Banks with between US\$2 billion and US\$500 billion in assets as a full cash management suite; also deployed by larger banks as a modular solution
Bottomline Technologies	Portsmouth, New Hampshire	1989	FIs with greater than US\$5 billion in assets or institutions of any size that have a strategic focus on commercial banking
Finastra	London	2017	Tier-1 to Tier-4 banks, both domestic and international
FIS	Jacksonville, Florida	1968	Small, midsize, and large FIs running supported FIS core banking solutions
Fiserv	Brookfield, Wisconsin	1984	Commercially focused FIs with assets of US\$10 billion to greater than US\$100 billion
Infosys Finacle	Bangalore, India	1981	All-size banks, including the largest global banks, as well as small progressive community banks and credit unions
Intellect Design Arena	Chennai, Tamil Nadu, India	2014	Tier-1, Tier-2, and large Tier-3 banks, globally

FIRM	HEADQUARTERS	YEAR FOUNDED	TARGET MARKET
NCR	Atlanta	1884	Community banks and credit unions
Q2	Austin, Texas	2004	Tier-1 (greater than US\$5 billion assets), Tier-2 (US\$900 million to US\$5 billion), and Tier-3 (below US\$900 million) FIs; Q2 is also increasingly targeting the largest banks, which it refers to as enterprise clients.

Source: Vendors

THE MARKET

The following market trends are shaping the present and future of the U.S. cash management market (Table B).

TABLE B: THE MARKET

MARKET TRENDS	MARKET IMPLICATIONS
Continuing increase in comfort level with technology	Corporate and business customers expect modern platforms with robust digital capabilities and intuitive user experiences. These new expectations are driving a growing number of bank digital transformation initiatives and platform replacements.
Digital experiences becoming more seamless	Bank silos must continue to come down, enabling easier onboarding and navigation across bank products and services without multiple logins and disjointed user experiences.
Bank focus on personas and better aligning with customer journeys	Greater levels of personalization must be at the heart of every bank's user-experience (UX) initiatives. Analytics must be better utilized to identify key client personas and preferences so client journeys and workflows can be established.
Greater expectations for data and analytics	Data and analytics represent the future of the banking industry and must be more deeply embedded in bank workflows. The use of analytics must go beyond simply fraud prevention.
Accelerated focus on building out fintech ecosystems	It is no longer a matter of if, but when, technology providers will create fintech ecosystems for their bank clients. Most have made building these ecosystems a top priority.
Strong use cases for real-time payments	Businesses of all sizes see important use cases for real-time payments driving up need and adoption. Technology providers must support not only real-time payment initiation but also request to pay for a richer experience.
Spikes in digital adoption and usage	Sharp spikes in digital banking transaction volume by businesses and corporate treasurers triggered in part by the onset of the COVID-19 pandemic have created a "new normal"

MARKET TRENDS

MARKET IMPLICATIONS

and require banks to continue moving forward with new digital transformation and automation initiatives.

Source: Aite-Novarica Group

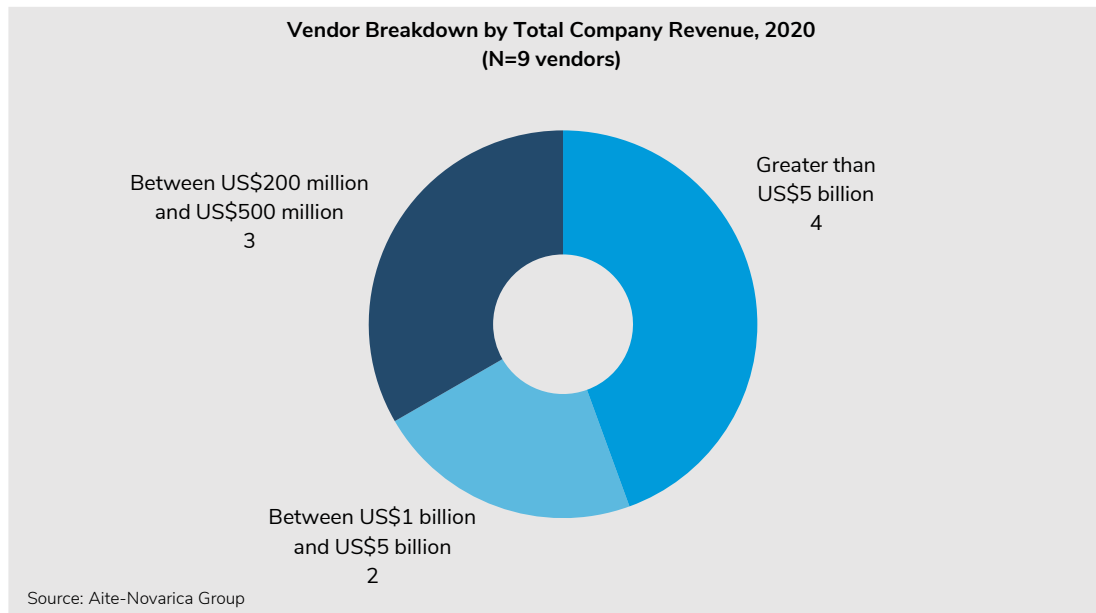
KEY STATISTICS AND PROJECTED DEPLOYMENTS

This section provides information and analysis on key market statistics related to the vendor market.

ANNUAL REVENUE ESTIMATES ANALYSIS

The U.S. cash management vendor landscape is composed of established players with strong revenue streams and financial viability. The smallest player generates greater than US\$200 million in annual revenue. Even newer entrants to the space are not startup companies but rather established vendors successful in other areas that are expanding their capabilities. While some non-U.S. players are looking to penetrate this market, it is not common to see emerging fintech companies entering it as anything more than a complement to existing offerings. It is an industry with high barriers to entry, given banks' focus on vendor experience and a proven track record (Figure 1).

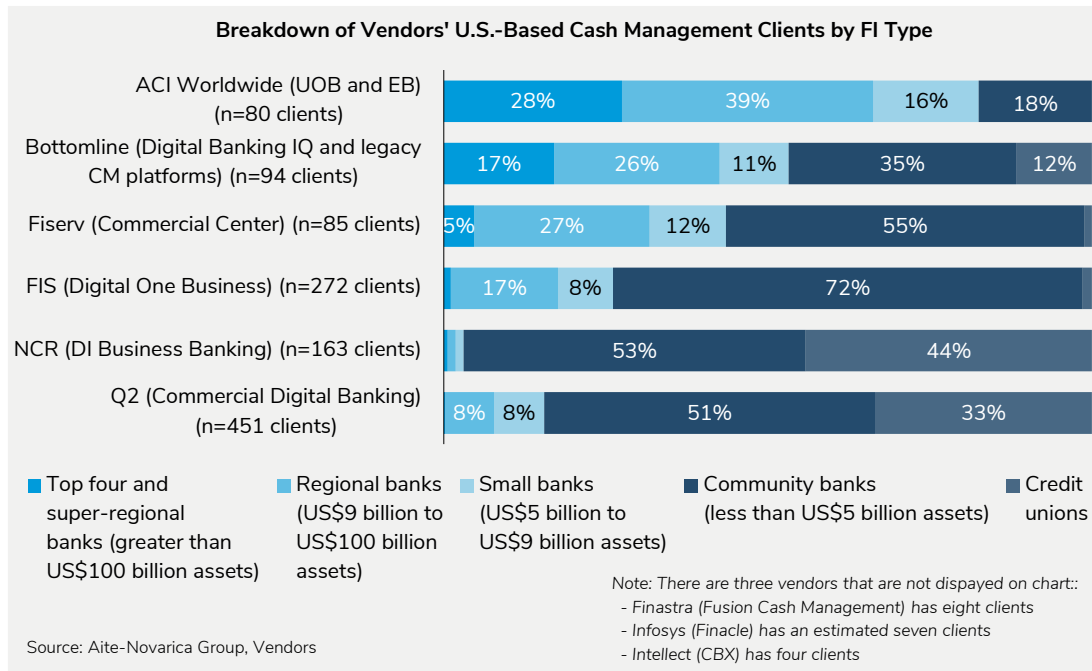
FIGURE 1: ANNUAL REVENUE ESTIMATES BREAKDOWN



CLIENT BREAKDOWN BY TYPE

Most of the technology providers profiled in this report target their corporate cash management offerings at all sizes of banks; however, their levels of success within each asset segment often vary. For example, the core banking providers have seen great success to date in cross-selling their cash management offerings to existing core customers and serving the majority of smaller banks with less than US\$9 billion in assets (those beyond the 100 largest banks by asset size). Other point solution providers such as ACI Worldwide, while also serving smaller banks, have seen greater success targeting the largest banks as well as commercially focused smaller ones. Finally, non-U.S. providers most often leverage their modern platforms and rich functionality to attract the largest banks and those looking for something different in the market (Figure 2).

FIGURE 2: BREAKDOWN OF VENDOR'S U.S. CLIENT BASES BY FI TYPE



NUMBER OF NEW CONTRACTS SIGNED

Approximately 94 new U.S. bank cash management contracts were signed with the leading technology providers profiled in this report during 2020. While the interest and level of urgency for replacement has increased significantly in the last few years, and

especially as a result of the COVID-19 pandemic, the numbers don't completely reflect it. Much of the U.S. was at a standstill during the first half of 2020 due to questions about the pandemic's implications. Workforces went remote, and replacement of large banking systems was not top of mind. Instead, banks were focused on adding the most urgent capabilities that customers needed, such as automating the application process for the Paycheck Protection Program (PPP) and tools to enable remote work. However, during the second half of the year, while the pandemic was still in full force, most of the panic subsided. Banks once again began looking forward and investing in the "new normal" that was quickly being shaped for the industry. It was at that time that new cash management contracts were being signed at an increasing rate. The level of urgency for faster digital transformation was at a high, and the differences between banks that had been investing in digital channels and those that hadn't had never been clearer. So, while the numbers are lower than the prior year, demand and need were actually higher, as the numbers primarily reflect less than a year of buying (Figure 3).

FIGURE 3: NEW CONTRACTS SIGNED

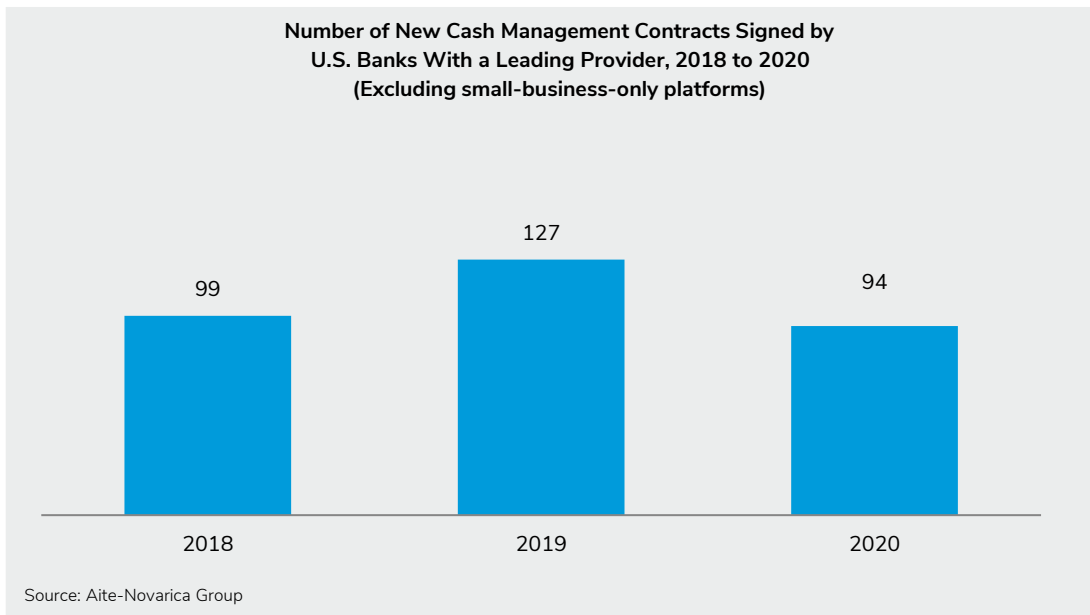
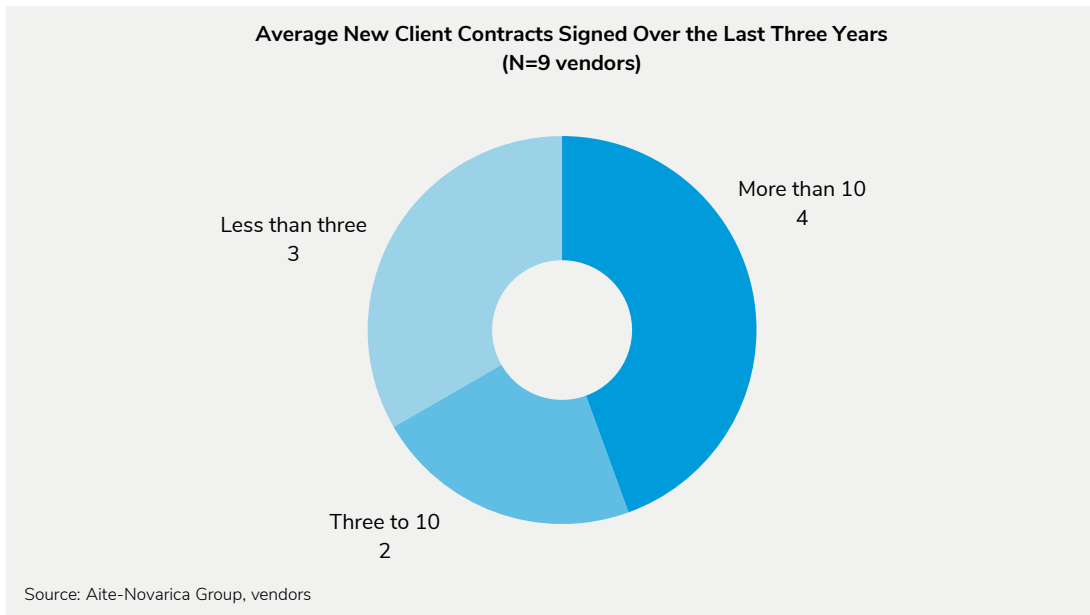


Figure 4 shows responses from the vendors when asked for the average number of new U.S. cash management contracts signed over the last three years. The numbers include only contracts for new deployments and not the addition of new modules. These numbers also only count deployments of the middle-market and large corporate cash

management solutions profiled in this report and not the small-business-specific offerings of any of the vendors.

Most of the vendors (five) averaged fewer than 10 new cash management client wins each year over the last three years. However, four vendors were able to surpass that, given their greater penetration among smaller banks and thus larger target markets. The average 2020 contract length has held steady at five years.

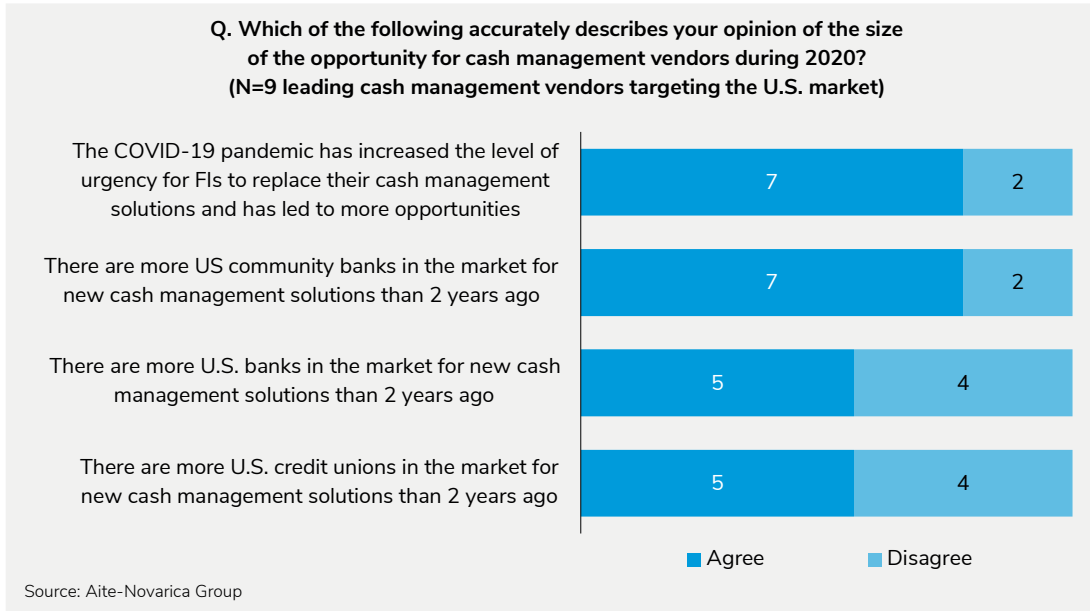
FIGURE 4: AVERAGE NUMBER OF NEW CONTRACTS SIGNED



FORECAST MOMENTUM

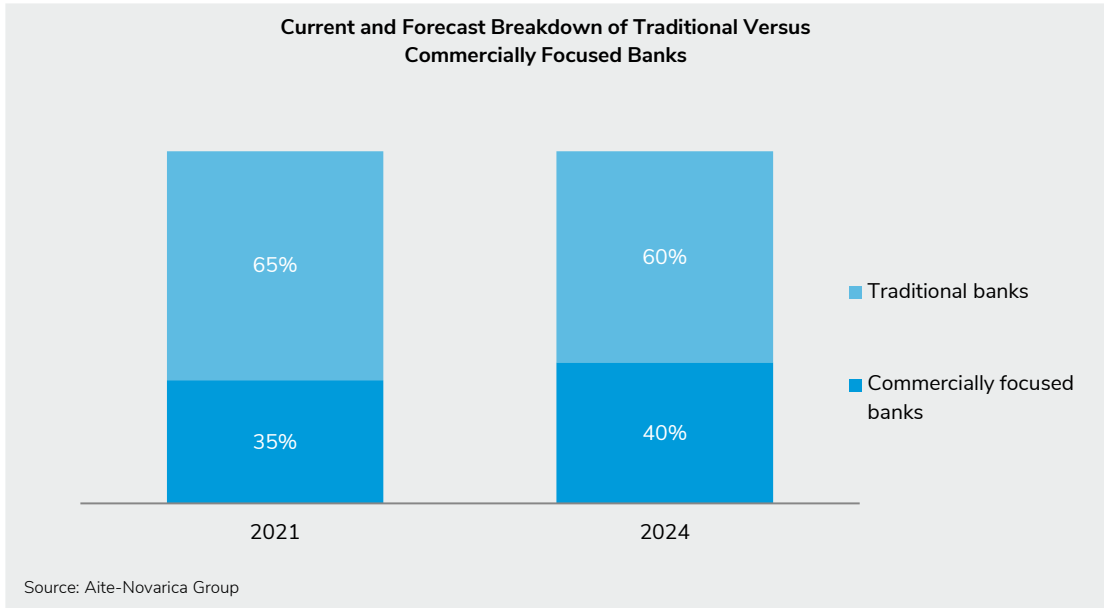
Aite-Novarica Group forecasts the market will see a continued rise in cash management platform replacements by U.S. banks and credit unions over the next few years. This increase will be due to pent-up demand and a greater urgency to better meet new client expectations, and correct deficiencies with legacy platforms made obvious as a result of the pandemic. Leading technology providers already see this increased demand and opportunity compared to two years ago (Figure 5).

FIGURE 5: VENDOR OBSERVATIONS



In addition to pent-up demand and new customer expectations, many banks are also becoming more commercially focused as a result of potential fee-based revenue opportunities that come along with it. This, too, is driving a growing number of cash management replacements, especially by smaller institutions. Platforms that are “good enough” are no longer sufficient for banks that want to enjoy greater success with commercial clients. The trend toward more commercially focused banks is likely to continue over the next few years (Figure 6).

FIGURE 6: FORECAST OPPORTUNITY GROWTH WITH COMMERCIALY FOCUSED BANKS



Aite-Novarica Group estimates leading vendors will sign approximately 130, 140, and 165 new cash management contracts with U.S.-based banks in 2021, 2022, 2023, respectively. This represents an increase over the high number of deployments in 2019 prior to the start of the pandemic and also takes into account the expected rise in commercially focused institutions. These numbers include only full true cash management platforms and not small-business banking platforms (Figure 7).

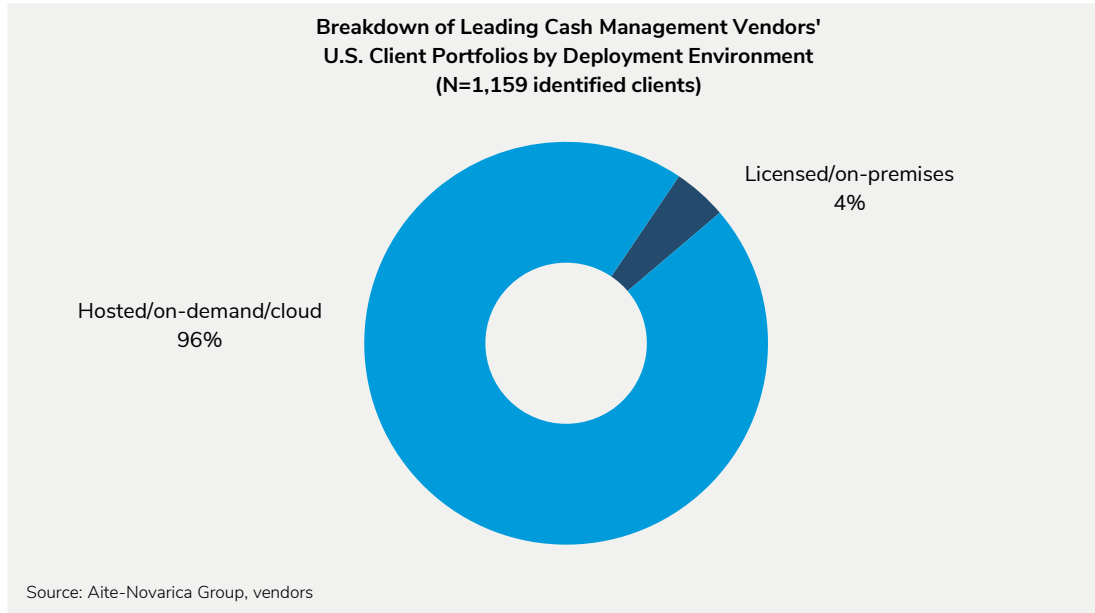
FIGURE 7: FORECAST NEW CONTRACTS TO BE SIGNED



DEPLOYMENT OPTIONS ANALYSIS

When deploying those solutions, the majority of FIs will select a hosted/on-demand or cloud-based option. There has been a steady shift in this direction over the last several years, and it is expected to continue. In fact, with the exception of the largest 20 U.S. banks, most FIs prefer such a deployment over licensing the solution and running it in-house. Hosted and cloud deployments often lead to faster time to market, lower capital expenditures, and the ability to remain on new releases. Multitenant deployments are also seeing traction, and ACI Worldwide recently made this option available to its Universal Online Banker customers. That decision has led to much more predictable and faster deployment timelines for the vendor. Ninety-six percent of the U.S. FIs running one of the solutions profiled in this report are running it in a hosted/on-demand/cloud environment (Figure 8). Given the strong preference for that deployment type in the U.S. market, all of the vendors profiled in this report provide this deployment option, with most offering both options. Only two of the new cash management contracts signed during 2020 were for a licensed deployment environment.

FIGURE 8: BREAKDOWN BY DEPLOYMENT ENVIRONMENT



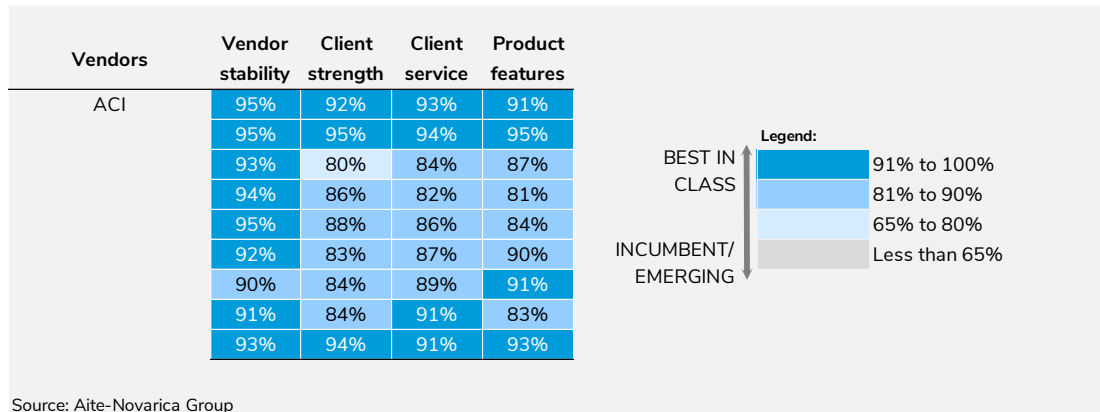
AITE MATRIX EVALUATION

This section breaks down the individual Aite Matrix components, drawing out the vendors that are strong in each area and how they are differentiated in the market.

THE AITE MATRIX COMPONENTS ANALYSIS

Figure 9 overviews how each vendor scored in the various areas of importance. Each vendor is rated, in part, based on its own data provided when responding to the RFI distributed by Aite-Novarica Group as well as on product demos and follow-up discussions as part of the Aite Matrix process. Ratings are also driven by the reference customers of the examined vendors along with analyst knowledge of the space to support a multidimensional rating.

FIGURE 9: AITE MATRIX COMPONENTS ANALYSIS BY HEAT MAP



Vendor Stability

The cash management vendor landscape is a stable one, composed of established players with strong financials and growth rates. The smallest player generated over US\$200 million in revenue during its last fiscal year, with most vendors generating more than US\$1 billion in revenue. Not surprisingly, all vendors profiled in this report scored well in this area. The components within this category driving the greatest differences across vendor scores are perceived knowledge and vision of the U.S. market and customer feedback on the quality of the management team category. ACI Worldwide received one of the highest scores in this category.

Client Strength

Successfully attracting and retaining new customers is critical to success in the cash management technology industry. Doing so is no easy task given increased competition and more demanding customers. Banks expect modern open platforms with robust functionality, intuitive UIs, and a forward-looking roadmap. This category evaluates vendor strength based on important factors such as a vendor's total number of U.S.-based clients, the diversity of those clients across customer segments, a proven track record with large banks, average number of new contracts signed over the last three years, client retention and feedback from customers regarding their likelihood to replace their solution, and vendor reputation.

Client Service

The scoring of this category largely depends on vendor-provided information on service-level agreements and support provided as well as on client feedback about each vendor's ability to deliver on promises and provide high levels of service and a positive cost value. This is a key area of differentiation across the vendors. While some struggle to meet timelines and are challenged by large organizational structures and/or fast growth, others have shown tremendous improvement in this area compared to prior evaluations. Client references were asked about overall service levels, vendor communication, delivery on promises, and whether or not they felt their voice was being heard. Those scoring highest in this category also have strong customer advisory boards and localized support. ACI Worldwide scored high in this category. ACI Worldwide showed improvement in this category from prior evaluations as a result of a greater focus on service and smoother implementations.

Product Features

Innovation is on the rise within the cash management industry as more tech-savvy clients pressure their banks and ultimately the technology providers to enhance their capabilities from both a usability and functionality standpoint. This category considers feedback from clients regarding the robustness and breadth of the functionality within each vendor's cash management offerings. It also measures important factors such as overall solution usability and intuitiveness (based on both client feedback and Aite-Novarica Group analyst observations), the overall robustness of its functionality, and the vendor's ability to stay ahead of the curve with forward-looking capabilities and initiatives, such as progress with the build-out of fintech marketplaces, embedded

machine learning and predictive capabilities, forecasting/corporate liquidity management, and RTP with request-to-pay capabilities. ACI Worldwide scores well in this category and continues to focus on payments leadership.

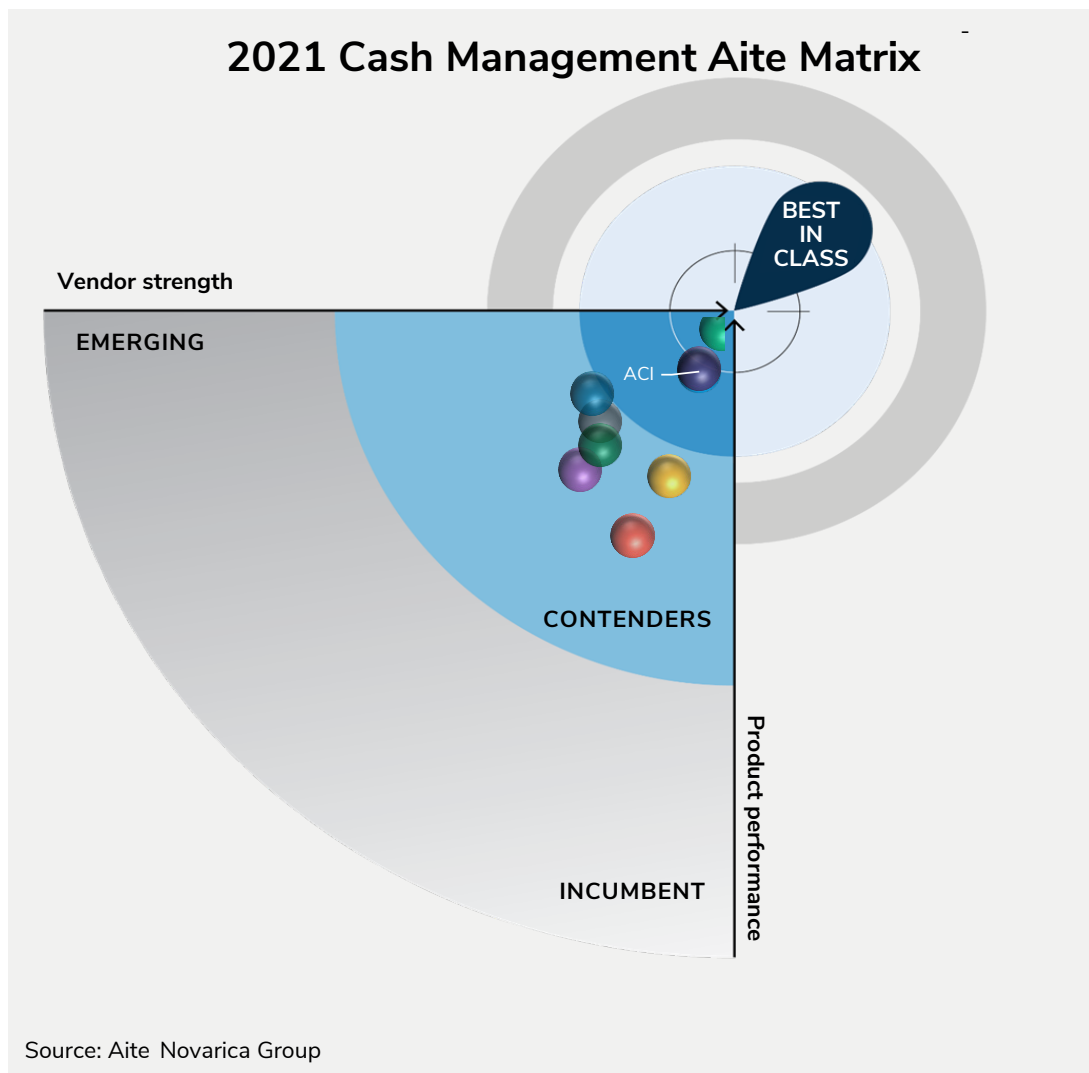
THE AITE MATRIX RECOGNITION

To recap, the final results of the Aite Matrix recognition are driven by three major factors:

- Vendor-provided information based on Aite-Novarica Group's detailed Aite Matrix RFI document
- Participating vendors' client reference feedback or feedback sourced independently by Aite-Novarica Group
- Analysis based on market knowledge and product demos provided by participating vendors

Figure 10 represents the final Aite Matrix evaluation, highlighting the leading vendors in the market.

FIGURE 10: 2021 CASH MANAGEMENT AITE MATRIX



Best-in-Class Vendors: ACI Worldwide

ACI Worldwide: ACI has risen in the ranks as a result of its robust functionality, success with large banks, and payments strength. Its efforts to improve service and implementation experiences are paying off, and the vendor is enjoying greater client retention.

VENDOR PROFILES

This section provides profiles of vendors that have participated in this Aite Matrix evaluation.

ACI WORLDWIDE

Miami, Florida-based ACI Worldwide (Nasdaq: ACIW) was founded in 1975 and markets itself as “driving the digital transformation of banks, merchants, and billers to help them meet the real-time payments needs of their consumer and business customers.” Its products span the payments ecosystem and are sold around the globe to customers in 95 countries. It has offices in 34 countries and employs approximately 4,000 people. ACI generated US\$1.29 billion in total revenue during the fiscal year ending December 31, 2020.

UOB is ACI’s primary cash management offering. While 20 banks still run its legacy Enterprise Banker (EB) platform, this solution was moved to mature status several years ago and is no longer actively marketed or sold. The institutions running it may do so as long as they like, but with the understanding that most new upgrades will be regulatory. Most of its largest EB customers have already migrated to UOB, and ACI anticipates the remainder are either in flight or will do so in time.

Aite-Novarica Group’s Take

Under the leadership of a new CEO (as of March 2020), ACI Worldwide has reformulated itself as primarily an end-to-end payments company with a goal of driving and enabling real-time payments around the globe. Thus, it is not surprising that many of its recent enhancements to the UOB cash management platform have been payments-related. These ranged from easier origination and enhanced reporting to a new real-time payments framework and a more user-friendly and efficient way for customers of smaller banks leveraging a correspondent-bank model to initiate international payments.

ACI has seen positive momentum as a result of establishing a clearer strategy, building tools for more efficient platform migrations, introducing a multi-tenant hosted option for UOB banks, and focusing more intently on customer service and experience. These efforts have been rewarded in no lost cash management clients since 2019 and greater

success in achieving its implementation timing targets with enhanced speed and efficiency. The vendor has brought live 10 banks in the last 12 months.

Its platform is user-friendly, feature-rich, and among the strongest in the industry for its payments capabilities.

Basic Firm and Product Information

- **Headquarters:** Miami, Florida
- **Founded in:** 1975
- **Number of employees:** Approximately 4,000
- **Name of primary cash management solution:** ACI UOB
- **Key financial information:** ACI Worldwide is a profitable company that generates more than US\$1.2 billion in revenue and invests more than 15% of that revenue back into research and development (R&D).
- **Target customer base:** ACI UOB is targeted primarily at banks with between US\$2 billion and US\$500 billion in assets as a full online cash management suite. In addition, it can be deployed as a modular solution for larger banks, including those with over US\$500 billion in assets.
- **Number of U.S.-based clients:** There are currently 80 U.S.-based banks running ACI's cash management offerings. Approximately 88% of its clients have greater than US\$9 billion in assets. While the majority of its clients are live with the UOB platform, 20 remain on EB. Approximately 82% of its customers are on the current versions of its platforms. Its largest client has US\$2.5 trillion in assets and is running its full suite of cash management capabilities.
 - Top four banks: Four
 - Super-regional banks: 18
 - Regional banks: 31
 - Small banks: 13
 - Community banks: 14
 - Credit unions: Zero

- **Number of new U.S. cash management contracts signed per year:**
 - 2019: Three
 - 2020: Four (50% of which were already using another product offered by ACI)
- **Percentage of total U.S.-based cash management clients that have deployed its full cash management suite (not just one or two modules, such as ACH or wires):**
Approximately 85%
- **Global footprint:** While the primary target market for ACI UOB is the United States, UOB and EB are run by banks around the globe, including one in Canada, two in Europe, eight in the Asia-Pacific, one in Latin America, and one in the Middle East.
- **Implementation options:** UOB is deployed either in an on-site licensed environment or as an on-demand or cloud-based solution. There are currently 31 banks running it on-site, 48 hosted, and one in the cloud.

Differentiating Features and Functionality Profiled in Product Demo

- **Introduction of a new real-time payments framework:** This new microservice framework is critical to ACI's real-time payments strategy. It will be leveraging it to build out all of its real-time payment types with a consistent, repeatable workflow for ease of use. TCH will be added later this year, and FedNow will be added when it is available. This framework offers easy multichannel origination and approval of RTP payments, as well as strong alert capabilities.
- **Enhanced international payments capabilities:** Smaller banks increasingly want the ability to enable their customers to send international payments. Most do so through a correspondent bank. Such a model is effective but not always user-friendly from an end-user perspective and can be challenging to train customers on. ACI has addressed this by taking the Fedwire format and adding a set of options to open fields in Fedwire where a correspondent bank can be identified and locked in (made default) to simplify the process. It has also enabled separate entitlements for international and domestic payments. Both are small enhancements that make a big difference from a usability standpoint.

- **Enhancements for loan transfers:** This represents the evolution of the platform's lending integration capabilities. With this enhancement, business end users can now easily transfer money from demand deposit accounts to make loan payments and break down payments (shows split between principal, interest, etc.) so end users can pay what they want to each time.
- **Mobile payment initiation:** End users can now easily initiate a wide variety of payment types via a mobile device.

Top Three Areas of Focus for Enhancements Over the Last Six Months

- **Moving customers to the new multi-tenant platform environment for UOB:** Investments in new tools and automation enable faster and more efficient implementations and deployment times from development through production. New releases are also more predictable and higher quality because applications no longer have to be individually installed. Greater efficiency also leads to greater predictability and higher quality.
- **Re-architecting the payments modules on their new microservices framework:** In addition to the significant operational efficiencies this creates, it has also opened the door to more flexibility for its customers to deploy payments as stand-alone services.
- **Continued investment in customer-driven enhancements to its core UOB code:** Examples of these projects include making alerts actionable, enabling payment initiation from mobile devices, simplifying multifactor authentication, supporting more single sign-on technology to add more third parties for small businesses, modifying loan reports to enable them to be imported into ACH to generate payments, as well as other usability-oriented enhancements. While some of these enhancements are small, their impact is significant to the end users' day-to-day tasks and overall experience within the platform.

Enhancements to Online UX

A common theme to ACI's UX enhancements has been improved module workflows and simplification. As stated, a new RTP framework has been created upon which the vendor will be building out all of its RTP payment types with a consistent, repeatable workflow for ease of use. Other UX enhancements were described in the prior section.

Embedded Machine Learning and Predictive Analytics Capabilities

Much of UOB's machine learning capabilities are fraud prevention-related and largely the result of its integration with RSA Adaptive Authentication and Transaction Monitoring. Plans are also in place to integrate UOB with ACI's Fraud Management for Banks solution. The vendor has gotten its feet wet with leveraging machine learning for hyper-personalization in UOB in Asia and has similar plans for its bank clients in the U.S. Additional capabilities will also be offered as part of the vendor's plans to upgrade its reporting and analytics functions to be rolled out in late 2022. Product managers are working closely with the UOB advisory council to ensure the right initiatives are prioritized.

Current predictive analytics integration is based on a host of criteria related to the current session and the users' payment history. The system can use predetermined rules to assess a risk score and drive the workflow and user experience related to payments submission and approval. The vendor plans to add a machine learning component to its Payments Intelligence solution to enable automated rule generation to increase the detection and prevention of fraudulent transactions.

Finally, within the next year, the vendor plans to add fintech company connections to providers that specialize in higher-level cash flow and liquidity management.

API Strategy

UOB has a strong API strategy and was one of the first U.S.-based cash management vendors to truly prioritize an API strategy. UOB is 100% API-enabled out of the box. Its API library offers well over 1,000 APIs to its clients, and senior consultants within the company work with bank clients to develop business cases leveraging those APIs. Many of its customers leverage its APIs to automate their customer enrollment and onboarding processes. ACI is also getting an increasing number of inquiries about the ability to leverage APIs to enable a bank to build its own UI and customer journey experience. One bank is currently running the platform "headless."

Fintech Marketplace Creation

ACI is slightly behind some of its direct competitors in creating a fintech marketplace. However, it has a strong API framework in place that will enable it to bring new fintech company partnerships into the product at a fast pace in the future, which is emerging as a key priority for the vendor. Its next effort is targeted at a multi-hub accounting service

integration deployment. This will likely include a partnership to accelerate the number of fintech companies pre-integrated to UOB.

To date, ACI has satisfied customer needs with direct integration and single sign-on to pull capabilities into the portal. However, its recently formed partnership with Autobooks will include direct integration to its capabilities in its next 6.3 release rather than single sign-on. Going forward, the vendor will continue to move in this direction, thereby changing the paradigm and bringing in new fintech company capabilities through its API ecosystem. In the next year, it plans to add fintech connections to providers that specialize in higher-level cash flow and liquidity management.

Despite a fintech marketplace not being a top priority, UOB currently has integrations with 25 fintech partners. Integrations include RSA, Symantec, IBM, OneSpan, Xero, Intuit, Salesforce.com, nCino, Online Banking Solutions (OBS), Okta, Bitbuilders, and Shape.

Key Roadmap Items

- Continuing to add to its real-time payments framework with The Clearing House RTP payment type and FedNow in support of 2022 pilot activities
- Additional accounting service integrations for small businesses
- Additional authentication options
- Leveraging the new Open Text Magellan machine learning and predictive analytics platform

Client Feedback

ACI's core strengths are in payments. Thus, it is not surprising that many of its clients select it for those capabilities, as well as the overall robustness of its cash management functionality. It easily scales to meet the needs of the largest corporations, while also having a UI that banks describe as being intuitive enough for small-business use. The vendor had some issues in the past with servicing and delivering on promises, but clients feel it is moving in the right direction and has turned things around. Members of the ACI team have regular monthly calls with clients to ensure their needs are being met, and the company's roadmap and strategic direction are clearly communicated and aligned with customer needs. Clients also feel the vendor has strong awareness of key market trends to position itself for continued success through its work with large banks.

The vendor’s shift to an agile methodology has also helped the vendor from a bank client service and relationship experience perspective. Agile practices allow the vendor to deliver new capabilities faster. Also, because changes are smaller and occur with greater frequency, the vendor has also been able to deliver a higher quality product with fewer defects and issues than it did with waterfall.

Clients would like to see the vendor focus more on analytics capabilities beyond fraud prevention. They see critical use cases for its platform within forecasting to enhance its capabilities in this area beyond a cash position report. They would also like to see Zelle added for enhanced real-time payments capabilities.

Clients value the API capabilities within UOB for easier integration, greater personalization, and the potential to run the solution headless if they choose. They view the vendor as a leader in payments and they are enjoying the increased adoption of real-time payments. Finally, ACI was described as a true partner.

Table C displays the vendor’s strengths and challenges.

TABLE C: KEY STRENGTHS AND CHALLENGES—ACI WORLDWIDE

STRENGTHS	CHALLENGES
Leader in payments with strong new RTP framework	Less focus on machine learning than some competitors
Robust functionality for large corporations leads to success with large banks	Early stages of fintech marketplace creation
Strong focus on APIs	

Source: Aite-Novarica Group

CONCLUSION

Buyers:

- Banks recognize the importance of delivering a modern and robust digital experience to their customers. This recognition is leading to a growing number of platform replacements as banks look to deepen client relationships and enhance their opportunities for cross-sell and differentiation.
- While competing priorities and inertia are holding back some banks, those not investing in digital transformation will face challenges remaining competitive in the future.
- Vendor technology platforms have improved considerably over the last few years. While the core capabilities are similar across platforms, differences exist across their levels of innovation, focus on service, and ability to deliver on promises. Take the time to closely examine each platform and its roadmap, while also leveraging feedback from client references, to select the best partner for your organization.

ABOUT AITE-NOVARICA GROUP

Aite-Novarica Group is an advisory firm providing mission-critical insights on technology, regulations, strategy, and operations to hundreds of banks, insurers, payments providers, and investment firms as well as the technology and service providers that support them. Comprising former senior technology, strategy, and operations executives as well as experienced researchers and consultants, our experts provide actionable advice to our client base. The quality of our research, insights, and advice is driven by our core values: independence, objectivity, curiosity, and integrity.

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