

BUILDING TECHNISYS CAPABILITIES FOR THE US MARKET

Introduction

About Us

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Company Overview

Technisys is an Argentinian FinTech company with two products to help traditional banks and startups provide digital bank offerings to their customers. Cyberbank Core replaces outdated IT systems and infrastructure of traditional banks, while Cyberbank Digital allows banks to integrate external ecosystems and also create a customizable customer-facing platform across for all devices

Project Approach

Deep-Dive Technisys

- Review past project materials and company marketing
- Interviews with lead clients (CPO, Head of Marketing, etc.)

Create Benchmarking Framework

- Understand current benchmarking work
- Interview employees of US banks
- Evaluate and align on key dimensions US banks consider for core banking platforms
- Reposition framing from stakeholder perspectives

Benchmark Competitors

- Create list of top competitors from industry analysis
- Identify sub-categories in benchmarking dimensions for analytical framework
- Develop ranking system within each dimension and across all categories to identify Technisys's competitive position

Identify Features for Market Scaling

- Establish list of recommendations for core banking platform by dimension
- Review leading US bank's digital offerings
- Identify list of "table-stakes" features and "next-gen" features for US banks
- Present findings to Technisys stakeholders

Three Weeks On-Site

- Meet with product and executive team to prioritize feature creation
- Develop user stories and work with digital team for MVP and to understand timing
- Present final recommendations for quick wins and key feature investments to support scaling in the US market

Benchmarking: Core Solution

Core Banking Solution Benchmarking Overview

Industry/Competitors	Methodology/Benchmarking	High-Level Results
Growing industry with a focus on key leading competitors including: <ul style="list-style-type: none"> Dalago DXC Technology EdgeVerve Systems Finasstra FIS Intellect Design Arena Jack Henry & Associates Mambu Oracle SAP Tata Consulting Services Temenos 	<ul style="list-style-type: none"> Background Research 10+ Interviews with US based banks Analysis of Gartner reviews for reasons for purchase of different core banking platforms 9 benchmarking dimensions <ul style="list-style-type: none"> Business Functionality Tech Functionality Pricing Corporate Stability Time-to-Deploy Compliance Marketing Quality Track Record Compenentization Data-driven assessment for each dimension Ranking by dimension Recommendations on features and sales strategy 	<ul style="list-style-type: none"> Although a smaller, new entrant to North America, Technisys is already in the middle of the pack relative to competitors Technisys is particularly strong on business functionality and compenentization We suggest that Technisys focus on Quick Wins <ul style="list-style-type: none"> Track Record Marketing Quality Corporate Stability Compliance And then move onto Long Term Investments <ul style="list-style-type: none"> Corporate Stability Time-to-Deploy Compliance That being said, we also created proposals for Technisys along all 9 dimensions

Main competitors were identified by Gartner

Company name	Founded	Headquarters	Product benchmarked	Tier focus	Main customer type	Annual revenue
Dalago	1976	U.S.	e-BIS Core Banking System	T3-T4	Universal Banks	\$5.2M
DXC Technology	2017	U.S.	Client Digital Core Banking	T1-T2	Retail Banks	\$25B
EdgeVerve Systems	2014	India	Finacle Core Banking Solution	T1-T4	Universal Banks	\$4B
Finasstra	2017	U.K.	Fusion Phoenix	T3-T5	Credit Unions	\$2.1B
FIS	1986	U.S.	MONDO	T3-T5	Retail Banks	\$9B
Fiserv	1984	U.S.	Precision	T4-T5	Retail Banks	\$5.9B
Intellect Design Arena	2011	India	Intellect Digital Core	T3-T4	Universal Banks	\$200M
Jack Henry & Associates	1976	U.S.	Epiq	T3-T5	Credit Unions	\$1.6B
Mambu	2011	Germany	Mambu	T4-T5	Microfinance Institutions	\$3M
Oracle	1977	U.S.	FLEXCUBE	T3-T5	Universal Banks	\$39.5B
Q2	1995	U.S.	CorePro	T4-T5	FinTechs	\$240M
SAP	1972	Germany	SAP Transactional Banking	T1-T3	Retail Banks	\$24.7B
Tata Consulting Services	1998	India	TCS BANKS	T3-T5	Retail Banks	\$20B
Technisys	1999	U.S.	Cyberbank Core	T2-T3	Retail Banks	\$95M
Temenos	1983	Switzerland	Temenos T24 Core Banking	T3-T5	Universal Banks	\$64M

Benchmarking dimensions

Dimensions	Description	Measurement	Weight
Business Functionality	Number of banking functions and level of integration in product	Number of product features	20%
Tech Functionality	Types of tech functionality, delivery and compatibility	Tech compability and features	15%
Pricing	Customer perception of pricing fairness	Garther customer survey score	15%
Corporate Stability	Likelihood vendor will survive	Revenue size, employee count and number of customers	10%
Time-to-deploy	Time to deploy new core system	Garther customer survey responses	10%
Compliance	How focused on compliance	Number of regulatory bodies in compliance	10%
Track Record	Evidence of success in the past	Number of success stories, partners, board members, papers	10%
Marketing Quality	Quality of product marketing	Analytical assessment of online marketing	5%
Compenentization	Amount of compenentization of product	Customer compenentization perception	5%

Benchmarking overview

Overall, we see Technisys in the middle tier relative to a strong bench of larger competitors in the US. Though we have ideas across categories, we suggest focusing on areas of competitive weakness

Categories to focus on

Technisys should prioritize quick wins and long term goals

You can tackle your "quick wins" by defining a clear marketing strategy in the US which entails:

- 1) Improve marketing features of website (e.g. more ways to contact)
- 2) Highlighting impact of successful implementations in the past
- 3) From there, we recommend tackling the more expensive "long term goals," which involves:
 - 1) Partnering with more stable organizations
 - 2) Offering faster deployment options
 - 3) Ensuring compliance in all US markets

Proposals and next steps

Dimension	Performance tier	Next steps / proposals	Difficulty	Impact
Track Record	2nd	Highlight success stories and capabilities in website and content to gain trust	High	High
Marketing Quality	2nd	Improve marketing effect on website (more product links in view of competitive advantage, create more content, improve website content, create more content, create more content)	Medium	High
Corporate Stability	2nd	Key appearance of ability to ensure in being acquired by larger bank	Medium	High
Time-to-deploy	2nd	Offer "ready-to-go" packages to ease integration and reduce time to go live	Low	High
Compliance	2nd	Offer legal support to ease integration and reduce time to go live	High	High
Tech Functionality	2nd	Highlight complete features and capabilities in website and content to gain trust	High	Medium
Pricing	2nd	Offer more "bank-like" pricing to ease integration and reduce time to go live	Medium	Medium
Business Functionality	2nd	Offer more "bank-like" pricing to ease integration and reduce time to go live	Medium	Low
Compenentization	2nd	Offer more "bank-like" pricing to ease integration and reduce time to go live	Low	Low

Benchmarking: Digital Solution

Digital Banking Solution

Industry/Competitors	Methodology/Benchmarking	Next Generation Trends
<ul style="list-style-type: none"> Evaluate current trends in digital and mobile banking Identify key competitors in the US market Evaluate mobile and desktop apps for bank customers 	<ul style="list-style-type: none"> List "must have" features Identify opportunities for Technisys to develop partnerships or new applications 	<ul style="list-style-type: none"> Research trends throughout industry "Killer" next generation features <ul style="list-style-type: none"> Tokenization Biometric Login Voice Activated Payments Fraud Detection with Machine Learning AI Supported Chat Get based Notifications Debt Payoff Integration Easy International Transfer

Identifying Table Stakes Features

US Demand For All Mobile Banking Features

- Mobile deposit drives adoption of mobile banking for customers, making it a key feature of any mobile banking application
- Ability to send and request P2P payments via mobile ranks among top 10 most important features when choosing a bank

Key Digital "Trends / Next-Gen" Features

- Credit Card Tokenization**
 - Secure, transfer, and store any sensitive or PPI data, including credit card numbers
 - Data breaches in the US have become normalized, with endless attacks and millions of accounts compromised
 - Replace lost cards with ease
- Biometric Data**
 - User friendly alternative to multi-factor authentication
 - 85% of users interviewed consider biometric login to be extremely important when selecting banking app
 - Main impediments to the adoption of mobile financial services are concerns about security
- Fraud Detection with Machine Learning**
 - With the rise of e-commerce at 20% YoY and fraud transaction percentages remaining constant, fraudulent activity is growing rapidly
 - Banking sector lost \$2.2bn USD in 2016 due to fraudulent activities; Mobile Banking only accounts for 7%
- Debt App Payoff Integration**
 - Consumer debt was approaching \$14-trillion after the second quarter of 2019, according to the New York Federal Reserve. It was the 20th consecutive quarter for an increase
 - Considered a key financial product, with countless mobile apps emerging for managing debt

Feature Development

Three features were chosen to focus on based on bank and customer expectations in the US

MOBILE DEPOSITS

Mobile deposit drives adoption of mobile banking for customers, making it a key feature of any mobile banking application

PEER-TO-PEER TRANSFERS

The ability to send and request mobile peer-to-peer payments ranks among the most important features when choosing a bank

CREDIT CARD TOKENIZATION

With increased concern with data security, safe transfer and storage of credit card info protects customers from dangerous data breaches

Summary of Findings

MOBILE DEPOSITS

- Helps banks increase their customer base and cut operating costs
- Technisys's solution is well positioned for US mobile deposit with limited modifications, but needs a vendor for Check21 compliant image capture and processing
- We suggest Technisys work with Mitak Systems, a leading provider with 99% of the US market

PEER-TO-PEER TRANSFERS

- Helps banks attract customers and increase their app usage
- Zelle is the leading provider of integrated P2P embedded into most US financial institutions
- Integration with Zelle requires significant capabilities such as token management and real time fraud management
- We suggest Technisys begin discussions with Zelle to ensure easy integration for new US clients

CREDIT CARD TOKENIZATION

- Protects customers and banks from fraud or data breaches, reducing losses
- Card networks have developed vendor partnership services to ease adoption of tokenization
- We recommend that Technisys continue conversations with Mastercard and engage with Visa to develop token-based transaction processing capabilities and become a preferred vendor

Integrating vendor capabilities requires four key stages

Define Use Case

- Research business use case to confirm customer need
- Understand workflow for banks and any current processes
- Identify need for vendor partnership

Select Vendors

- Identify market leaders and partnerships with banks
- Set up demos with vendors and collect technical documentation

Engineer Product

- Access relevant sandbox and development environments
- Create proof of concept internally or on a chosen customer app
- Review POC results and make go vs. no-go decision

Commercialize Feature

- Decide whether to include in Starter Kit
- Announce partnership with vendor, citing statistics and benefits of new products
- Blog post or case study on website highlighting improvements at bank

Use case definition

Vendor selection framework

Dimensions	Description	Importance
Track Record	Current vendor use among US banks and core banking competitors	High
Technological Capabilities	Proprietary technology or other product advantages	High
Ease of Integration	Difficulty to integrate vendor API into client and Technisys infrastructure	Medium
Marketing Impact	Benefit to Technisys of advertising new integration capability	Medium
Pricing	Cost to client for vendor integration	Low

Next Steps

- Align on preferred partners for feature integration
- Reach out to preferred partners and access sandbox and development environments
- Identify and build out any additional capabilities needed for integration
- Test core integration and define integration roadmap
- Review POC results and make go vs. no-go decision
- Decide whether to include in Starter Kit
- Announce partnership with vendor, citing statistics and benefits of new capabilities
- Market new feature to future clients

Thank you Technisys for a great project and a great time in Buenos Aires!