



## An Introduction to S1

- S1 is a leading global provider of Payments and Financial Software Solutions
  - With more than 1,600 employees worldwide
  - And offices in: Africa, Asia, Australasia, Europe, Latin America, Middle-East and North America
- 2010 Annual Financial Results                      2011 Financial Guidance (twice raised)
  - Revenues of \$209.1 million                      Revenue range \$240 -250 million
  - EBITDA of \$10.4 million                      EBITDA range \$27 -31 million
  - Cash / cash equivalents of \$61.9 million at year end
- A publicly quoted company on the US Nasdaq: SONE
- S1 sells its solutions to: Banks , Processors, IADs and Retailers
- S1 has 3000 customers based in 75 countries
  - Including 10 of the top 15 banks worldwide, 4 of the top 10 European banks, 6 of the top 10 UK retailers, and 4 of the top 10 global retail brands
- In October 2011 the S1 Board or Directors recommended its shareholders accept an acquisition offer made by ACI Worldwide
  - The deal is expected to close in Q4 2011
  - Subject to shareholder and regulatory approval



## The Importance of Payments

### From the Cap Gemini World Payments Report 2011

- *Global volume of non cash transactions totalled \$260 billion in 2009. With annual gains of 6.8% since 2001*
- *Europe is the second largest payments market in the world with 55.8 billion transactions in 2009. The UK represents more than 15 billion transactions*
- *e-Payments transactions globally totalled 17.9 billion in 2010 and are growing at 19%. M-Payments totalled 4.6 billion transaction and are growing at 48%*



### From the Boston Consulting Group

- *Payments make up approximately 33% to 50% of most banks' revenues*
- *By 2020 payments are expected to account for \$492 billion of banks' revenues*
- *Payments accounted for 40% of bank costs*



**Payments continue to grow, are profitable and critical to customer relationships**



## Opportunities for Revenue Generation

- **Creating incremental transaction volumes**

- New card types and payment tokens
- New sales channels and acceptance locations
- Maximising the use of e-Channels
- e-Marketing campaigns and electronic vouchers
- Eliminating downtime



- **Introducing Value Added Services**

- New transaction types
- Fee based services
- Earning commission payments
- Dynamic Currency Conversion
- Advertising revenues



- **Tapping into the Person-to-Person Payments market**

- In 2009/10 the UK represented £68 billion and 1.3 billion transactions
- Addressable via the S1 Money Mover and PayPal



## Ways to Reduce Costs

- Transaction growth leads to lower per transaction costs
- Eliminating payment silos and system duplication can generate major savings and efficiencies
- Making a shift to open systems helps reduce costs as these run on lower cost platforms and hardware
- Cost savings by simplifying regulatory compliance (such as de-scoping PCI DSS)
- Stopping losses from fraudulent attacks
- Managing disputed transactions more effectively
- Reducing IT headcount and improving resource productivity
- Bring back In-house for processing or Outsource



## Improving Customer Satisfaction

- Faster transaction processing reduces queuing times
- 100% systems availability eliminates causes for complaint
- Consistency across channels reassures customers
- Instant card issuance at time of account opening impresses new customers
- Offering an emergency card replacement service fosters long term goodwill
- Protecting cardholder information securely builds trust and confidence
- However customer expectations continue to rise !



## Brand Reinforcement & Competitive Differentiation

- Payments can have a very high impact on your brand – both Positively and Negatively
  - Imagine suffering a data breach
  - If you can't process a payments transaction you may need to close the door
  - Payments is often the last touch point
  - Supporting new payments technology can help project a positive image
  - Do you want to be seen as innovative or out-dated?
  - Mobile is becoming a must have !
- What some see as a gimmick is to others seen as the reason to move their business and loyalty
- Remember - *"It is much cheaper to keep a customer than to recruit a new one!"*





Thank You

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