

# Summary: how to win against Temenos

## 1. Explain the differences in DNA

- Backbase is **born digital** in the **Customer Engagement** layer. A true **Outside-in** approach.
- Temenos is **Core first** - operating at the processing layer. A typical **Inside-out** approach.
- **Tip: Explain the EBP vision, demo Showcase and show customer cases (Ila, NBB, ... highly rated apps)**

## 2. Explain the Temenos M&A confusion vs Backbase-built One Platform

- Backbase is built from the ground up as one platform, by Backbase people (like Apple)
- Temenos Infinity is a patchwork of competing code bases from too many overlapping acquisitions
- **Tip: educate your buyer on the uncertainty and risk of working with the Infinity 'Frankenstein' (product overlap, lack of support, lack of integration) - it will take Temenos at least 2-3 years to clean up the mess!**

## 3. Ask about **customer success stories (for Infinity)**

- Backbase has a strong implementation track record, helping customers go live fast. Backbase has build a large talent pool (local and BDS) to help you with your first implementation (skin in the game)
- Temenos Infinity has a very poor implementation track-record - they struggle to show Customer Success stories. The customer cases / success stories they have are for their Core Banking System.
- **Tip: Encourage your champion to ask Temenos for Reference Customers | Tell the BDO story**
- **Tip: Explain that BB can take the lead for the 1st phase implementation (skin in the game | derisk client)**

## 4. Challenge Time 2 Value (for Infinity) - Opening the Kimono :-)

- Backbase provides instant value - that works. The full EBP and ready-to-go Apps are instantly available.
- Temenos its a hotchpotch of different technologies and silo-ed point solutions.
- Temenos hates to do POCs - because it will expose their product gaps. We do better on POC, as long as we scope them well.
- **Tip: Challenge them with a PoC (2 week bake-off) - but only at the right stage and after the right qualification**

## Company Overview

**HQ** | Geneva, Switzerland

**Founded** | 1993

**Ownership** | Listed on [Swiss Stock Exchange since 2001](#)

### Financials (2020)

- Market cap: \$5.75bn
- Revenues: \$981m
- EBIT: \$318m

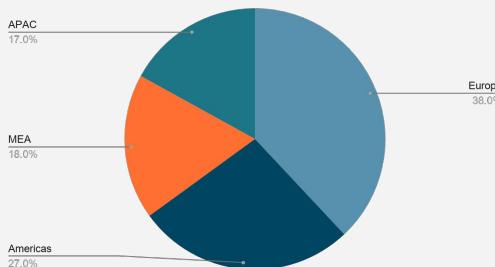
**Employees** | 8000

**Customers** | Temenos Infinity is used by over 650 banks

**Partners** | 6500+ consultants; 12 000 developers

**Global presence** | 68 offices in 40 countries

Regional split of revenues



## Understanding Temenos

### ***The world's #1 front-to-back banking software***

Temenos is only focused on banks and financial institutions. They cover the entire spectrum of banking software. Their main business is Core Banking Systems.

### Strategy

**Push to SaaS** | 42% of new deals are cloud-based

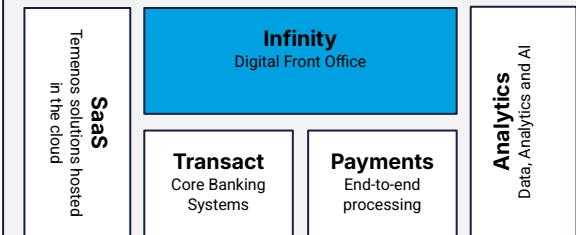
**Growing in the US** | 700 FTEs with 50% headcount growth

**Growing through M&A** | 13 acquisitions in the last 10 years

Date	Acquired Company	Price (m)	Capabilities
Sep 19	kony	\$580	Digital banking and low code development
Jul 19	logicglue	£12	Explainable AI
Feb 19	TRUNK	N.D.	Data lake
Dec 18		\$245	Digital front office
Feb 17	Rubily	\$80	Core banking, wealth management
Mar 15	MULTIFONDS	\$260	Fund and securities
Feb 15	reCognizer	\$55	Core banking, analytics
Mar 13	Trinexus	\$24	Core banking, risk and compliance
Sep 12		\$15	Channels
Jul 11	PRIMIYNN	\$1	Analytics
Sep 10	ODYSSEY	\$86	Digital front offices
May 10	fe-mobile	\$5	Channels
Dec 09	Juno	\$81	Core banking

## Temenos Products

Temenos builds “front to back software”: their historical **focus is on Core Banking Systems**, but they diversified into processing engines as well as a **digital engagement layer - Infinity** - which is where we compete.



The different product lines of Temenos can be deployed on premise or managed and run by Temenos **in the cloud**.

Temenos has a strong **Analytics** offering which is in theory integrated within all their product lines.

→ **we only compete with Temenos on Infinity**

# Temenos Strengths

## Their strengths

### Infinity as an upsell to Core Banking

- Temenos Core Banking Systems are deployed in a high number of banks
- Temenos can **easily upsell Infinity** as an add-on
- Temenos can claim it is easier to work with **one vendor only** from front to back
- Temenos tends to **give it away** or discount it heavily as part of a larger deal

## How you can neutralize them

### Do you want to be stuck with one vendor?

- Results in tighter **vendor lock-in** for the bank - restricting ability to innovate
- Emphasize the benefits of **decoupling** engagement layer from the core systems
- Beware of **future costs**: discounts only last for a limited period, at the end of which one will have to pay full price
- Beware of **hidden costs**: low initial pricing will be quickly offset by **delays and costly integration** of an immature platform
- Temenos Infinity is in a post-acquisition crisis, it will take Temenos at least 2-3 years to clean up the mess (if they succeed at all)
- Engagement Banking should not be treated as an **add-on**. It is the essential foundation for every strategic digital transformation program. **Partner with the best!**
- Customer Experience **DNA** is hard to find with any core banking provider

### Strong on Analytics & AI

- Advanced offering on analytics and Explainable Artificial Intelligence ('XAI')
- Result of LogicalGlue acquisition
- Embedded in all Temenos products, can be used to build advanced decision models

### Is this so critical?

- If this is the main customer requirement - **walk away**
- AI & Analytics are a day 3 requirement for most banks: first get the EBP foundations right and deliver engaging apps that people love!
- The Backbase EBP platform is quickly evolving on this topic and leverages state of the art cloud technology for its data lake, analytics and AI capabilities

# Temenos Weaknesses

## Their weaknesses

### Growing by acquisition: "They don't develop. They buy." - [read more](#)

- Kony, Avoka: Temenos grows by acquiring other platforms
- Merging **competing code bases** results in integration problems
- Infinity is a **Frankenstein platform**, a patchwork of **point solutions**
- It makes implementation and support extremely difficult

## How you can use them

### What about Backbase?

- Backbase is **built by Backbase** people, not acquired
- Build from the ground up as a true **single platform architecture** with reusable components
- Our open standards and microservices based architecture means we can bring in best in class additional services (FinTech) in a scalable and secure way

### Core banking, processing: "Trying to be everything to everyone"

- The core business of Temenos is its T24 platform, a core banking software launched in 2003 (and now called *Transact*)
- Its Digital Front Office was only developed years later (2016-2018), as an afterthought and through acquisitions
- Temenos is not focused on the Engagement layer, instead, it tries to be everything to everyone

### What about Backbase?

- We **focus on one thing** and on being **the best at it**: Engagement Banking
- 100% of our R&D efforts goes into our Engagement Banking Platform. That's over 750 FTE focused on the Engagement layer (>55% of the company staff!)
- Focusing on one thing means we have extensive experience in integrating with any core system as well as best in class players in their fields.

### No success story for Infinity - [read more](#)

- Temenos has very little customer references to show for Infinity
- Almost all of them are upsells to Temenos Core Banking
- Very poor implementation track-record for Infinity (lots of dead body in the closet), even less on non-Temenos Core Banking Systems
- The apps that are live show bad ratings and poor UX

### What about Backbase?

- We commit and pride ourselves in making all our customers go live and with results - see our [happy customers](#) and [Customer Impact Cases](#)
- We assemble the right teams to support our customers **locally**. We have skin in the game and **take accountability** for the first go live of our customers
- We have experience integrating with a wide range of legacy systems

# Temenos Weaknesses

## Temenos

### No Identity Management

Temenos does not offer integrated Identity Management. Customers have to rely on a third party provider which brings **extra integration efforts and licensing costs**.

### Infinity Engage: immature offering for customer service

Infinity Engage is nothing more than a glorified chat function. Temenos has a very weak offering for employees and customer service with no case manager, no team collaboration features or progress management.

### Middle of the Road UX and no Digital DNA

As a back-end company, Temenos lacks expertise in designing engaging User Interfaces and Customer Experiences. Their UX tends to be old-school and boring. They have no attractive customers apps or demos to show.

### Incomplete Onboarding & Origination

The origination solution of Infinity is a hack based on old technology from Avoka. Built as an afterthought, it lacks the essential foundation capabilities such as interaction design, case management.

## Backbase

### Backbase Platform

Identity Management comes out-of-the-box as part of the Backbase Platform and comes included when licensing any Backbase solution (no additional license cost, no additional integration cost)

### Digital Assist

Digital Assist is a service hub which offers a 360 customer view, advanced servicing capabilities with case management as well as a complete virtual call center solutions, including chat and video banking.

### Customer Experience is our obsession

We deliver great experiences out of the box, and make it easy for banks to theme and customize them. We have [amazing demos and showcases](#) that banks can experience. And the award winning apps of our customers are the best testimonial.

### Digital Sales

Digital Sales is a complete & robust offering which includes interaction design (Flow Services), solid process (BPMN 2.0) and decision capabilities (DMN), document orchestration as well as case management.

# Temenos Landmines

## What they will say about us

**Backbase is all about the wow: “sizzle without substance”**

- The focus on UX and emotion
- The underlying architecture is not solid

**Backbase is too small, doesn't have the resources**

- Scarce human & R&D resources. Stretching itself too thin
- Doesn't have the developers and R&D budget
- Temenos has thousands of developers and invests hundreds of millions in R&D

**Backbase is custom development with every project**

- A collection of widgets. Superficial layer
- Platform is not comprehensive. Not mature
- Custom built for every project which takes years and adds risk

## How to counter

**Backbase is Beauty AND Brains**

- Yes, we have beautiful UX, but even more important - our customer journeys are powered by a state of the art EBP that is orchestrating seamless interactions across multiple back-ends, multiple touchpoints, between both customers and employees.
- **Tip** | Let's schedule a technology deep dive to show you the engine room.

**We are focused. All our resources go into our platform**

- **>50% of our staff is working on Product Development (700 FTE).** We are hiring a lot. Temenos lays off and closes down offices.
- **100% of our R&D investments are allocated to building the best Engagement Banking Platform** in the world (best of breed).
- We invest in building **centers of expertise in every region** so customers have access to local talent

**We offer productised apps that are ready to adopt**

- We have **productised apps** with end-2-end capabilities that are instantly deployable in a cloud-based service model . Instant business value
- Our **Adopt/Extend/Build** approach offers the flexibility to differentiate without the hassle of custom builds
- **Tip** | Show our demo apps to make it real. If applicable, challenge Temenos for a head-2-head PoC bake off (this is resource intensive, so only at the right stage)



# Appendix

Additional resources

# Shareholder trouble?

## Petrus Urges Temenos Top Duo to Exit, Wants Strategic Review

- Activist fund says software maker should consider a sale
- Shares in Temenos are down more than 50% year-to-date

By Eyk Henning

9 November 2022 at 08:11 CET Updated on 9 November 2022 at 18:52 CET

Activist investor Petrus Advisers is amping up the pressure on banking software maker [Temenos AG](#), calling on the chairman and chief executive officer to resign and the rest of the supervisory board to start a strategic review including a potential sale.



The Future Of Banking

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Just after Petrus Advisers increased the pressure to oust [Temenos](#) management, the minority activist shareholder received reinforcement from a Swiss asset manager.

Among the Temenos shareholder base, distrust of the top management is growing. After the British activist Petrus Advisers, another minority shareholder, [Helvetic Trust AG](#), joined the camp of rebels demanding the removal of CEO [Max Chuard](#) and Chairman [Andreas Andreades](#).

The Zurich-based asset manager became a shareholder in Geneva-based banking software company Temenos several weeks ago, according to a statement Thursday. The financial services provider is now publicly siding with Petrus and at the same time plans to increase pressure on the Geneva-based company by increasing its stake from the current 1 percent.

After announcing a profit warning, the shares were punished on the stock market, and criticism of a failed strategy grew louder. This week, Petrus Advisers openly accused the CEO of lying in a letter and demanded the departure of him and the Chairman.

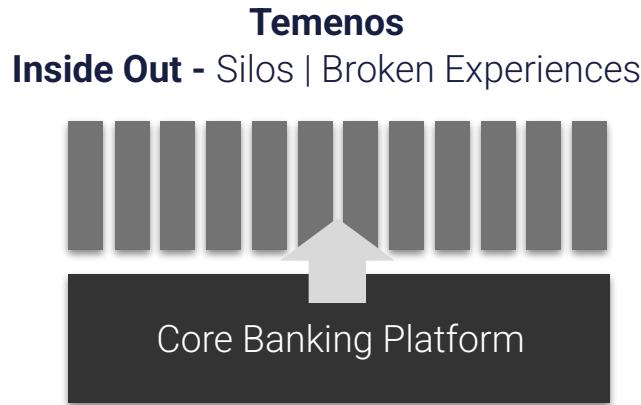
Read the full [finews asia](#) article through the link in the comments below.

#banking #bankindustry #bankingservices  
#bankingjobs #bankingtechnology #cloudbanking  
#financialtechnology #financialservices

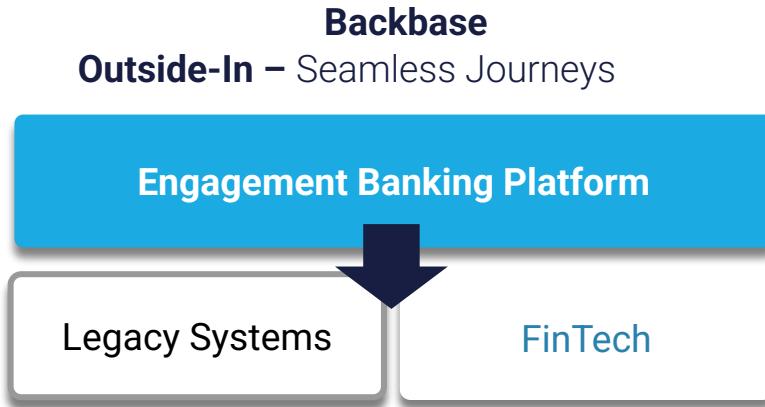
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# Differences in DNA



- Core First**
- Core First | Fragmented Experience
  - Silos | Spaghetti | Monoliths
  - Difficult to Change
  - Lack of Digital DNA



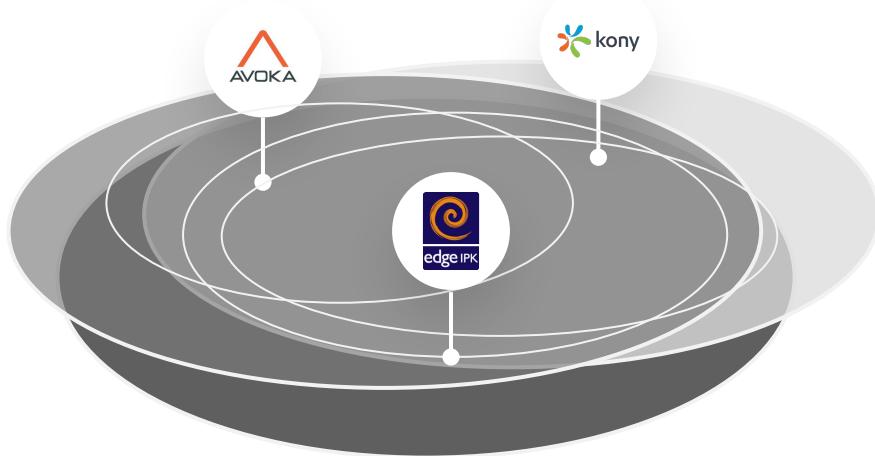
- Customer First**
- Customer First | Connected Experiences
  - ONE unified architecture | Open Technologies
  - Modular Building Blocks | Plug & Play Capabilities
  - Born Digital - Strong Digital Innovation Track-record



# M&A resulting in 5 competing code bases

## Temenos

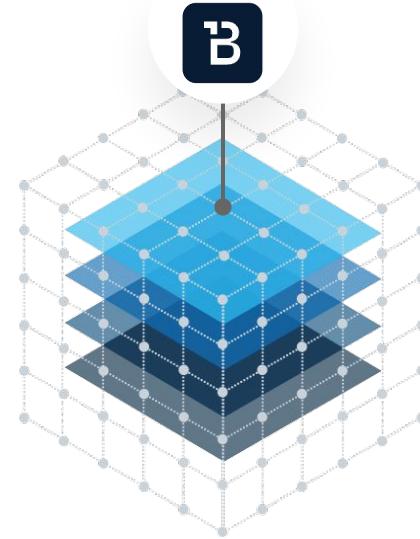
Point solutions from acquisitions



- ✗ Competing code bases with 80% overlap
- ✗ Not integrated into a unified platform
- ✗ Frantic M&A resulting in integration backlog
- ✗ High uncertainty for both customers & employees

## Backbase

One platform built from the ground up



- ✓ Build from the ground up as one platform
- ✓ One scalable platform with reusable components
- ✓ Proven track record of implementation
- ✓ 100% built and supported by Backbase people



# M&A resulting in 5 competing code bases

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Feb 19	mrunk	N.D.	Data lake
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Sep 10	ODYSSEY	\$86	Digital front office
May 10	fe-mobile <sup>security, banking, payments</sup>	\$5	Channels
Dec 09	Jiveo	\$81	Core banking

## Growth by acquisition leading to:

- 80% code overlap
- Resources hogged by integration issues
- No reuse of components across solutions
- Loss of staff & expertise
- Uncertainty for employees & customers

**Temenos has become a heavy corporation with unhappy employees, buggy products and lack of agility**

"Temenos acquired companies in the US, then **forced out a large number of the staff that knew the products** and business and market - the "tribal knowledge" - or created such an unpleasant working environment that many left on their own."

"They are left with an **engineering department that has to merge all these platforms** (what they built themselves, plus at least two that came with acquisitions), and despite being told timeframes and resource requirements, built an **unrealistic roadmap to a unified product offering**. Now Temenos marketing can only talk about webinars, conferences, and market concepts, not new features or releases."

"Very **buggy product**, false advertisement (low code and quick deployment), more focused on sales, services team are considered bottom barrel"

"Current **platforms are out of date** and seem be intentionally slowing implementation time and increase costs. Future plans are a random walk among the current cool terms with no leadership or experience on the teams."

Source: [employee reviews on Glassdoor](#)



# Infinity customers: is anyone here?

While the Temenos websites is full of prestigious customer logos and success stories, almost all of them are about Temenos Transact. Temenos has almost no success stories of customers actually live with Infinity.

**Tip: ask your buyer how many implementation references Temenos can actually show on its Infinity platform. More specifically, ones that are live and not based on a Temenos Core Banking System.**



In January 2021, Egypt-based Arab Investment Bank chose Temenos Infinity & Payments to power its digital customer experience. This was an upsell to their existing Temenos Core Banking.

5 months later, AIB still does not offer any internet or mobile banking apps. [Learn more](#).



Luxembourg-based Raiffeisen bank went with Temenos to build their web & mobile banking apps, resulting in a [disappointing customer experience](#). They are now **switching to Backbase**.



Tunisia-based ATB signed with Temenos Core & Infinity in May 2019. Their mobile banking app has 2.8 ★ rating on the App Store. [Learn more](#).



BDO Philippines initially signed with Temenos but after months of **failed implementations and broken promises**, decided to drop them and **work with Backbase instead**. [Learn more](#).



# The BDO Story



**BDO Unibank is the largest bank in the Philippines** with an asset size of USD 63 Billion and more than 1400 branches across the island.

BDO had been using **Kony for their mobile banking**, a local solution provider for online banking and **FISERV** for their core banking operations.

When Backbase started engaging with BDO in 2019-2020, **Temenos felt the threat** and pushed BDO to **upgrade both their Mobile and Internet banking to the Infinity** platform instead. **Cognizant** was brought in as the implementation partner.

Backbase kept engaging with BDO and it quickly became apparent that **Temenos and Cognizant were failing to deliver**: deadlines were being missed, promises weren't being kept, people were giving up.

BDO challenged Backbase to show **what we could do in 2 weeks**. We built a full PoC in only a few days which convinced BDO that we were a better partner to work with.

As a result, BDO decided to **cancel the deal with Temenos and work with Backbase instead**.

