

# Intellect Design Arena Limited

Digital Product Powerhouse

**Earnings Announcement – Q1 FY 17  
ending 30<sup>th</sup> June 2016**

Aug 9 , 2016



# Industry Landscape



# Industry Landscape

**BFSI** is the largest segment of IT spend

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**18%** of the IT spend in this sector is on products

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**The Digital push** is the biggest catalyst for investments, towards deeper customer engagement and leaner operations

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**Compliance requirements** are a second trigger to Investments

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Beyond Digital, **Block-chain, Artificial intelligence, Natural Language processing and Data sciences** are other trends that would guide the direction of investments in this industry.



# Industry Landscape

The industry is characterized by vertical players each confined to 1-2 specific Banking verticals, such as:

- Core Banking
- Treasury & Capital Markets
- Corporate Banking

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*Intellect is the only fully spectrum Banking & Insurance Products company addressing requirements across all verticals. This unique position enables us to cross-sell and upsell to existing Accounts and across verticals.*

# Competition

Some of the key competitors are:

## Retail Banking

- Temenos
- OFSS
- Finacle/Infosys
- TCS

## Risk, Treasury & Markets

- Murex
- Calypso
- Sungard
- Misys

## Corporate Banking

- Fundtech
- Bottomline
- ACI

## Insurance

- Guidewire

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*Each of the competitors are also focussed on specific Markets in addition to verticals.*





Intellect

# Unique Business Model

- **4 Engines of growth in 4 lines of Business with 26 products** that will complement growth and de-risk the dependence on one line
- **Strong leadership team** that includes Senior hires from key competitors as well as customers
- **Marquee logos in each geography** that provide referenceability
- **The current funnel (Active Pursuits) is around \$470 mn**, out of which \$404 mn is accounted for by 263 opportunities.
- We have **22 high value active pursuits**:
  - 5 pursuits are of size over Rs 50 crore
  - 7 pursuits are of size over Rs 30 crore
  - 10 pursuits are of size over Rs 20 crore
- We have **been shortlisted as one among the final two vendors** in 6 of these 22 active pursuits
- Several **products proposed to Leadership Quadrant** by leading Analysts
- **Track record of successful go lives, on time and in full**
- **Six Digital product launches** in last 12 months



# Executive Summary

- Revenue
  - Revenues @ **\$ 30.82 mn / Rs 205.80 crores**
- Margins
  - Margins sustained at **over 50%**
- Digital led order wins
  - **12 Digital led deal wins** across Business units
  - **Expands Digital footprint by winning two large deals**
- **Large Digital transformation deal** with one of the largest Insurance companies in India
- **7-year deal** with one of the largest Small Finance Banks in India which will be hosted on a private cloud.
- **Strengthening leadership** - The leadership team has been augmented with an addition of 14 Senior Executives from the Industry
- Oxford and iGTB have jointly set up **iGTB Oxford School of Transaction Banking** and their first programme was offered in July 2016
- **One Markets launched** to address end to end requirements of Treasurers, Custodians and Capital Market participants
- **8 Analyst accolades** that judge us in Leadership Quadrant for various products
- **92% implementation** ahead of schedule and in full.



# Global Transaction Banking



## Go Lives

- One of the oldest Banks in Middle East, a leading multi-national financial institution and one of the leading banks in Canada have gone live with Digital Transaction banking platform suite to lead in Corporate Banking. With this implementation, Digital Transaction Banking is running live in over 10 sites including IDFC, Gulf Bank, Mashreq Bank
- Global Payment Orchestration is live in one of largest Canadian bank which has been implemented in less than 12 months

## Wins

- Intellect won 3 deals during the quarter from the Middle East for implementing **Digital Transaction Banking** platform suite- this includes one of the largest Islamic banks in Saudi Arabia, one of the leading banks in Kuwait and the largest lending Bank of United Arab Emirates for additional country roll out.
- A leading financial institution in North America chose Intellect's **Payments and Cash Management** to enable faster Payments.

## Brand Accolades

- Intellect Corporate Banking Exchange (CBX) rated as one of the "Up-And-Comer" offering in Aite Group's Report titled "US Cash Management Vendor Evaluation 2016: Focus on User Experience"

# Global Transaction Banking



## Leadership Hires

- **Michel Jacobs, Head - New Market Strategy, iGTB:** Michel has handled various senior leadership roles with eFunds and S2 Systems across banking and payments. Prior to Intellect, he served as EVP Central Product Strategy with FIS.
- **Herber De Ruijter, Business Head - Digital, iGTB:** Herber joined Intellect from solutions provider Backbase, where he was responsible for product development as well as leading the company's American business and operations. Herber brings with him more than two decades experience in product strategy, business development and product development.
- **Mikael Estvall, Head - Business Development, Nordics & Baltics, Intellect Design Arena Limited:** Mikael has worked with Misys, NASDAQ, OMX, Reuters and with a couple of smaller firms in the financial technology space. In a career spanning 25 years, Mikael has been associated with the digitization of FX markets, electronic trading, straight through processing and clearing.
- **Parag Ekbote, Head - Presales, APAC, iGTB:** Parag joins us from Misys, where he was heading the Pre-sales for Transaction Banking covering APAC, ANZ, China and Japan. He brings with him over 20 years of experience in the banking technology space especially Transaction Banking and Lending.

# Global Consumer Banking



## Go Lives

- Intellect Digital Core went live in one of the largest lender bank in the Emirate of Abu Dhabi and the second largest lender in the United Arab Emirates which makes Digital Core operational in 55 sites.
- One of the largest manufacturer-independent leasing company in Germany and two well known financial institutions in India have gone live with Intellect Lending Suite. With this Intellect Lending is successfully running in 54 sites.

## Wins

- Intellect has won a 7-year deal with one of the largest Small Finance Banks in India which will be hosted on a private cloud.
- Intellect Digital Core from Global Consumer Banking division has won 2 deals- from Sri Lanka and Vietnam. The bank from Vietnam also chose Trade Finance from the Global Transaction Banking business for their operations in Myanmar.

## Brand Accolades

- Intellect Design Arena listed amongst Global Core banking Product Vendors in Middle East & Africa for Intellect Digital Core in Gartner's April 2016 report titled "A Banker's Guide to Core Banking Solutions for the Middle East and Africa"
- Intellect Design Arena included amongst Off-the-Shelf Mobile Banking Solutions in Forrester's March 2016 report, "Choose The Right Mobile Banking Solution"
- Intellect FABX recognized as a leading advisor desktop solution in a CEB TowerGroup analyst report, "Advisor Desktop Solution Market Update."
- Intellect Loan Origination System (LOS) featured amongst Systems for Automating Commercial Lending in Aite's report "Automating Commercial Lending Do's and Don'ts, and How much You'll Make"



# Global Consumer Banking



## Leadership Hires

- **Mohan K S, Manufacturing Head, Intellect Wealth, iGCB:** Mohan brings over 19 years of experience in product practices, product evolution and automation. In his prior stint, he played a leadership role with Infosys Finacle where he was responsible for delivery of channel services in the APAC region
- **Pattabhiraman Iyer, Chief Solutions Architect, Quantum Central Banking, iGCB:** Raman is a subject matter expert and brings with him over 35 years of experience across various domains of banking. He was with IndusInd Bank for over 20 years handling different leadership roles including leading a large team for business application implementation, which involved country wide migration of data and processes.
- **Ravi Srinivasan, Service Delivery Head, Digital Core, iGCB:** Formerly with Wipro as a Global Client Partner, Ravi has demonstrated success in implementing complex projects across APAC, Australia, EMEA, UK and US including upgrade projects for the Ministry of Finance, Government of Singapore. Ravi brings with him global expertise of over 25 years in enterprise-wide turnkey solutions.
- **Sathish N, Business Head – Lending, iGCB:** Sathish is a Techno functional expert, with over 20 years of experience. He has spent a major part of his career working with Global products in Core Banking, Customer centric Revenue Management, Pricing, Analytics and Digital banking. He has gained extensive transformation experience across geographies in his previous stints with SunTec and Oracle.
- **Siva Subramanian GV, Product Head, Digital Core, iGCB:** Siva's career spans over 20 years, of which the last 13 years was at Infosys' product division - Finacle. Siva was an integral part of the core leadership team that decided the Roadmap for Finacle, besides anchoring client advisory boards. Prior to Infosys, Siva has had successful stints at ICICI, GE Countrywide & Tata Finance.
- **Vishal Pant, Client Success Director, Intellect Lending, iGCB:** Vishal has a bachelor's degree in Electrical Engineering and also holds a PGDM from IIM Bangalore. In a career spanning 20 years, Vishal has largely worked with global financial institutions like Royal Bank of Scotland, where he headed the microfinance business for India.

# Risk, Treasury & Markets



## Go Lives

- Bank Maybank Indonesia one of the largest banks in Indonesia has gone live with Intellect's Integrated Treasury Management System(ITMS)-OneTreasury for their Indian operations. This makes Intellect OneTreasury running in over 30 banks including Reserve Bank of India, NABARD, Saigon Hanoi Bank, National Bank of Ethiopia, UCO Bank and Housing Finance Bank.
- Intellect OneMARKETS has 15 live sites including Tacirler Investment from Turkey, Associated Mutual Funds of India (AMFI), Commercial International Bank, Bank of Jordan, Kotak Bank, ICICI Bank and SBI Mutual Funds

## Wins

- Intellect OneTREASURY, won 2 multiyear deals – one from a new license holder for a Small Finance Bank and a large & upcoming Payments Technology solutions provider. This is an integrated solution that helps to leverage risk thereby giving the banks the upper edge to compete globally.

## Brand Accolades

- Intellect Custody (iRTM) mentioned amongst Global Corporate Actions Technology Vendors by Aite Group's report titled "Corporate Actions Technology Vendors : A Hardy Bunch"

# Risk, Treasury & Markets



## Launch

- Intellect OneMARKETS, an end-to-end integrated 360-degree platform, encompassing the complete spectrum of Securities Trading and Asset Services. The advanced comprehensive platform will provide financial institutions with three key advantages that are the need of the hour: Speed, Single Integrated View and Straight-Through-Processing

## Leadership Hires

- **Kedarnath Udiyavar, Business Head – OneMarkets:** Kedar joined Citicorp Overseas Software Limited in 1985 and has grown with the organization since then. In a career spanning over 25 years, Kedar has rich experience in delivering global solutions across banking verticals, such as private banking, credit cards, corporate banking, cash management and capital markets.



# Insurance



## Wins

- One of the largest insurance companies in India for its digital transformation initiative
- One of the global leading speciality Insurance company in the USA for its Risk Analyst product

## Brand Accolades

- Intellect Risk Analyst has been featured amongst Global Vendors offering Predictive Analytics In Insurance in Celent's report "Predictive Analytics in – 2016 IT Vendor Spectrum"
- Intellect SEEC eApp features amongst leading New Business & Underwriting Solution provider in Novarica's report

## Leadership Hires

- **Kathy Awanis – Head of Strategy & Partnerships:** Senior executive with prior experience with AIG, Metlife and CGU across Australia and Asia pac

## Leadership Hires

- **Balaji Ganesh, Chief Technology Officer, Intellect Design Arena Ltd:** Balaji has been the CEO & Managing Director of Adrenalin, a group company of Intellect. In a career spanning over two decades, Balaji was associated with Adrenalin for over 13 years right from its inception and has handled various roles from product development to pre-sales support and strategic IT planning. Prior to Adrenalin, Balaji has worked with Satyam Computers, Ramco Systems, SAP, Unilever and Ponds India.
- **Rakesh Sinha, Head - Sales, SAARC Markets:** Formerly the Managing Director for India and South Asia at SunGard Financial Systems, Rakesh comes with three decades of rich experience in banking. He has implemented and consulted on large projects for Oracle and has led sales teams in the BFSI vertical in Microsoft.



## Financial Updates



# Financial Results for the First Quarter Ended June 30, 2016

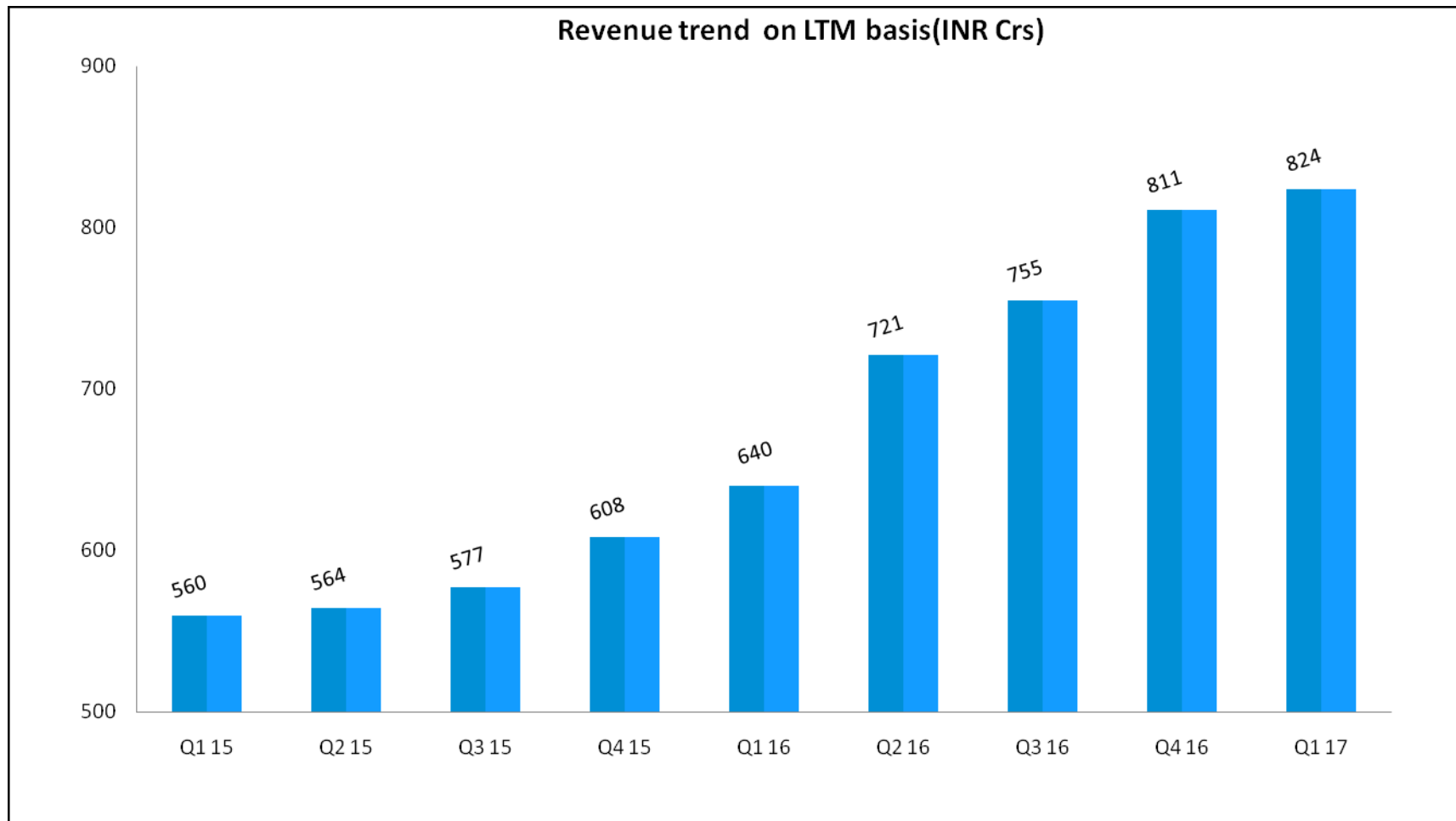


Additional information on function wise classification of statement of Profit and Loss of the group  
(Unaudited/ Not Reviewed)

Particulars	QUARTER ENDED		Rs. Lakhs
	June 30, 2016	June 30, 2015	
<b>INCOME</b>			
Gross Income from software product license and related services	20,475.00	19,180.59	
Forex impact on Hedge accounting	105.25	112.00	
<b>Income from software product license and related services</b>	<b>20,580.25</b>	<b>19,292.59</b>	
<b>EXPENDITURE</b>			
Software development expenses	10122.64	9,342.52	
Gross Margin	<b>10457.61</b>	<b>9950.07</b>	
Gross Margin %	50.81%	51.57%	
Selling & marketing and General & Administrative expenses (SG & A)	10127.20	7,963.23	
<b>Total Expenditure</b>	<b>20249.84</b>	<b>17,305.75</b>	
<b>Profit / (Loss) before interest, depreciation &amp; amortization</b>	<b>330.41</b>	<b>1,986.84</b>	
Research & Engineering expenses	1555.35	2,962.86	
Depreciation/Amortisation	591.13	496.86	
Finance Charges	161.09	24.79	
<b>Profit / (Loss) after interest, depreciation &amp; amortization</b>	<b>(1,977.16)</b>	<b>(1,497.67)</b>	
Other Income including exceptional items	1649.47	325.54	
Minority Interest/ Share of profit/(loss ) of Associate Companies	125.28	53.72	
<b>Profit / (Loss) before tax</b>	<b>(202.41)</b>	<b>(1,118.41)</b>	
Provision for taxation	350.00	(6.86)	
<b>Profit / (Loss) after tax</b>	<b>(552.41)</b>	<b>(1,111.55)</b>	

# Financial Growth.

## Positive Trending Performance over 9 quarters



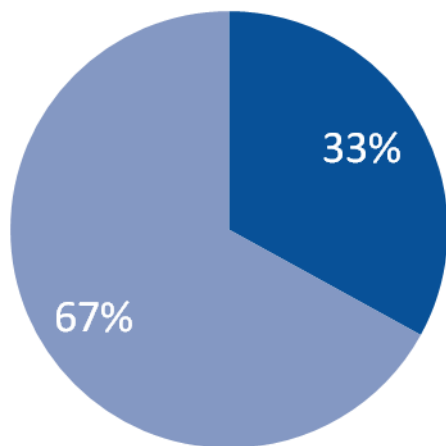
LTM = Revenue of current quarter + last three quarters

## Revenue Distribution: 33% from License & AMC Plenty of Headroom for growth



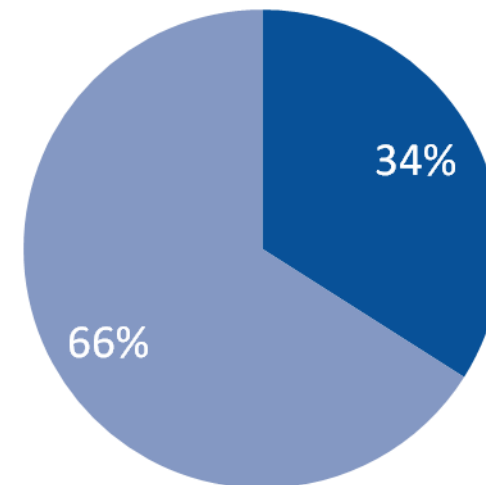
**LTM-Q1FY 17**

■ License + AMC ■ Implementation



**LTM-Q4 FY 16**

■ License + AMC ■ Implementation



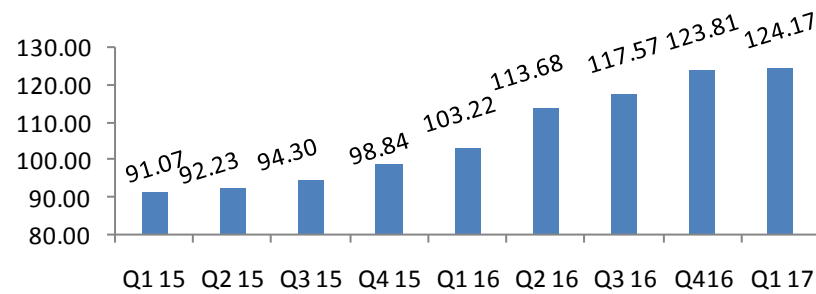
LTM = Revenue of current quarter + last three quarters





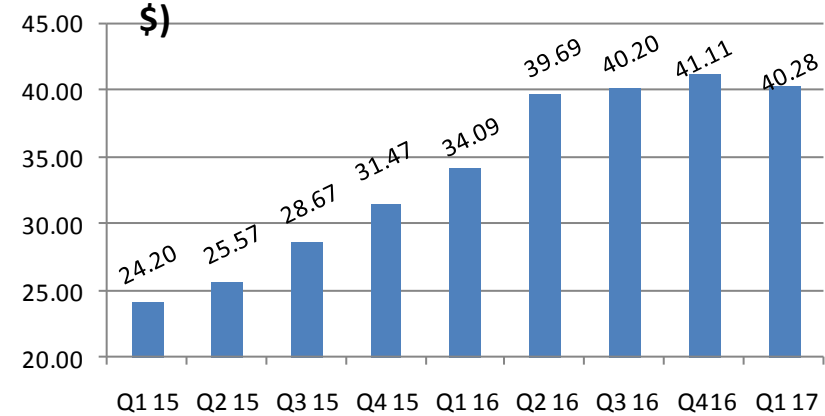
# Financial Growth

**(Revenue trend on LTM basis (Mn \$))**



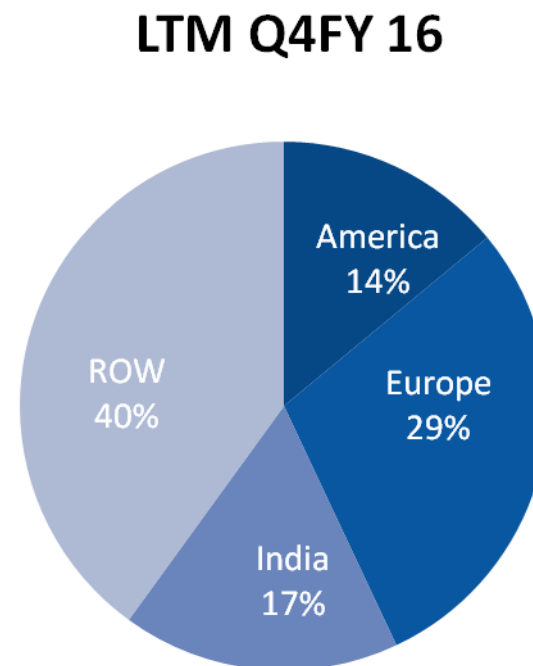
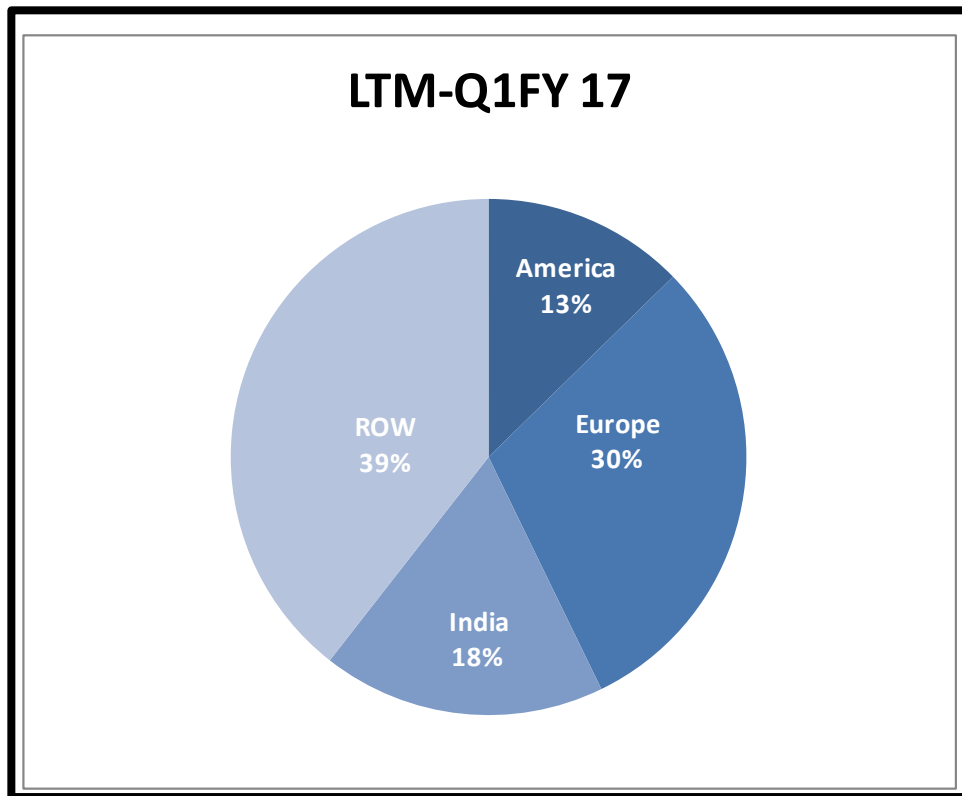
LTM = Revenue of current quarter + last three quarters

**License + AMC trend on LTM basis (Mn \$)**



LTM = Revenue of current quarter + last three quarters

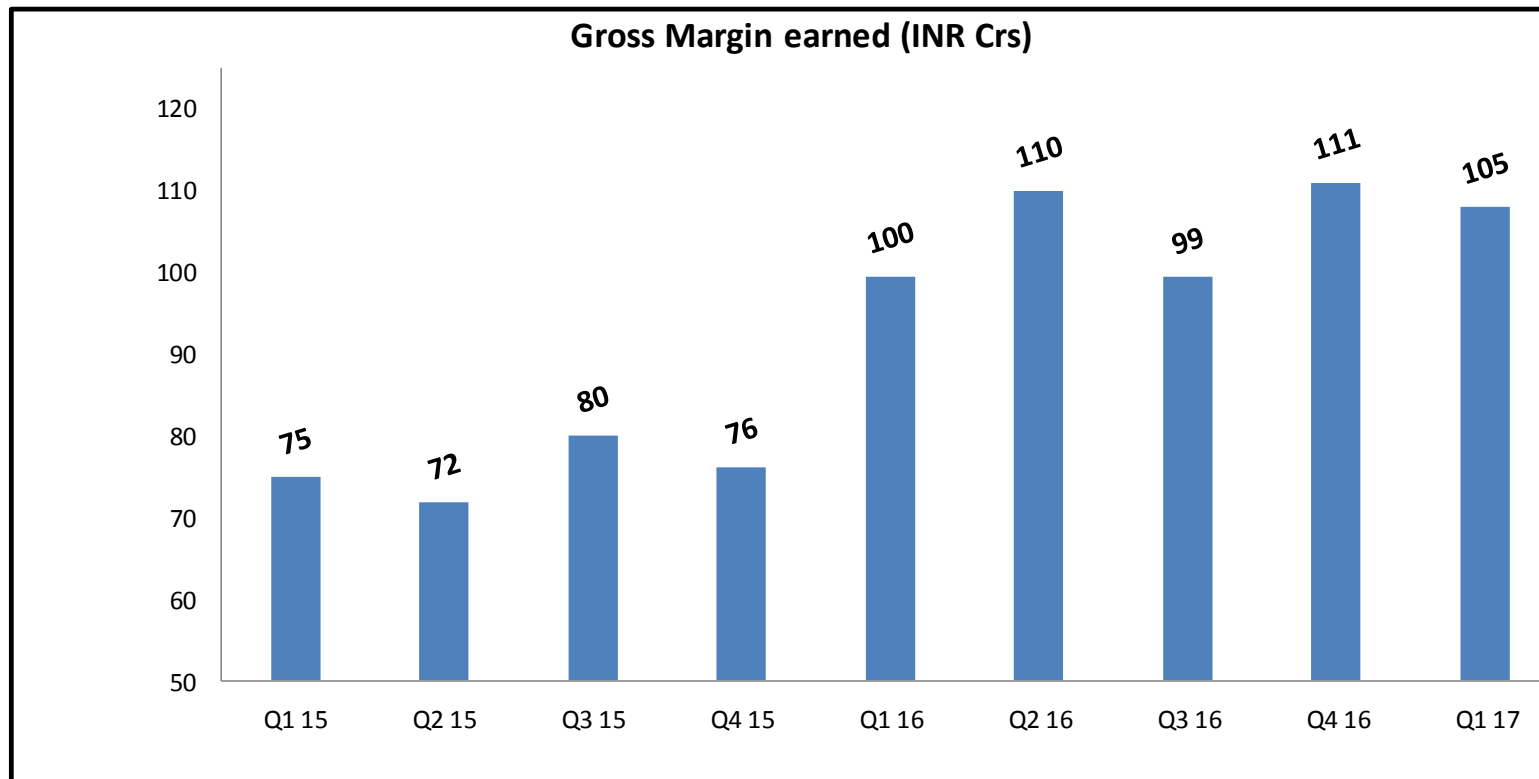
# Revenue Distribution: By Markets



LTM = Revenue of current quarter + last three quarters

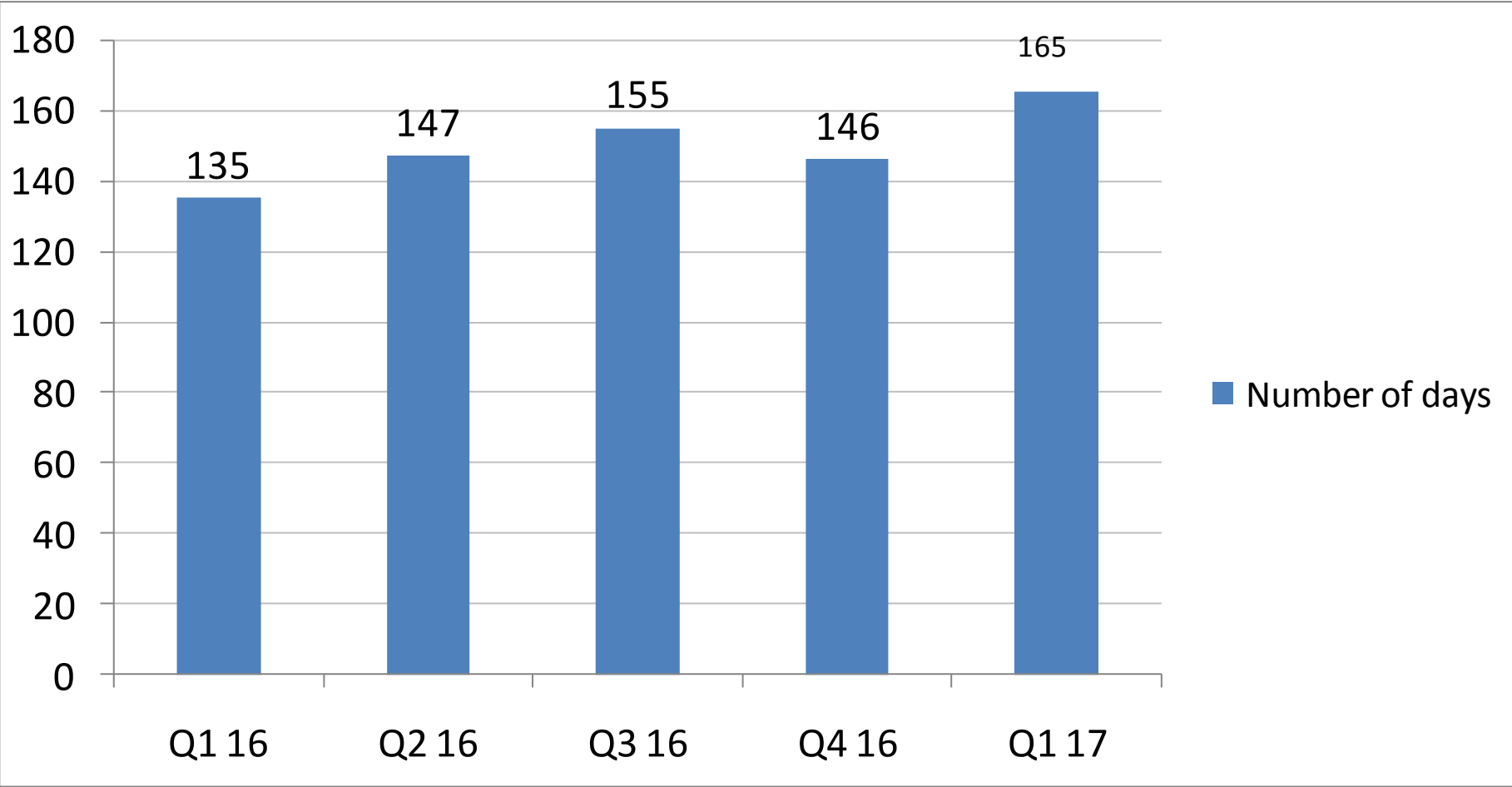
# Quarterly Margin.

## Delivery Capability Stabilizes



**Gross Margin sustained at over 50%**

# DSO – Billed & Unbilled







## Management Statement

## Management Statement

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**Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited** said, “This quarter has been eventful with winning transformational deals, product launches and strategic leadership additions. However, a few deals with UK based banks have been deferred due to Brexit. With a healthy pipeline, I am confident that we will achieve our set annual revenue guidance in the range of Rs. 990 cr to Rs. 1020 crore for this financial year. ”

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**S Swaminathan, Chief Financial Officer, Intellect Design Arena Limited**, said, “We would have preferred Q1 to start on a slightly higher note. This quarter is not a representative quarter for performance. However, it is vital to keep in mind that, given the nature of the business, this is an Annual and not a quarterly game. We understand various levers of costs management for a product business and our cost has now stabilized and are perfectly predictable.”

