



Gantry  
Group



February 2004

## Value Driver Profile Report:

# Corporate Web Cash Management Solutions For Banks

### Solution Payback Assessment

Corporate Web Cash Management Systems will generate a return on investment for all but the very smallest banks with non-business customers. With availability of hosted or on-premises solutions, banks of all sizes can streamline and automate processes while doing the same for their business customers. The ability to bank-brand the offerings enables institutions to extend reach and expand services to establish competitive differentiation and offset low balance interest revenues.

### Top Value Drivers

- Reduced operating costs from increased use of automated transactions
- Improved customer retention
- New incremental fee income
- Reduced risk from customer data entry
- Improved compliance with ACH requirements

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Value Driver  
Profile Report:

## Corporate Web Cash Management Solutions

### Solution Payback Assessment

Corporate cash management solutions have been injected with new life through the application of Internet technology. Now called “web-based” cash management systems, these offerings provide value return to banks by streamlining their own business processes, as well as those of their customers. Although vendors in this space have been beset by financial difficulties and technology challenges - creating missed delivery schedules and many unhappy customers - 2003 has been a formative year for the sector’s survivors.

Leaders in the web cash management space spent the past year refining new offerings based on J2EE and XML standards, and laying the groundwork for existing customer to migrate away from Windows-based systems that once dominated the scene. The resulting product and service offerings are more powerful and easy to use than their predecessors, providing banks of all sizes new abilities to increase revenues and decrease costs.

Account revenues for banks have been hit hard due to diminishing deposit balances fostered by a down economy and low interest rates. Ever pressured to improve profitability, banks are also seeking to control or reduce costs – all while competing in a crowded arena for the business of a reduced pool of business prospects.

Leading cash management systems are now available as hosted subscriptions for almost any size bank with business customers. At a low upfront cost, banks can offer completely new, streamlined services to corporate customers all customized to specific market segment needs and all under the bank’s brand. Web cash management solutions have turned into a “must-have” for many banks that see this as an opportunity for competitive differentiation.

The combination of Internet geographic reach, availability of robust security and privacy-protection technologies, and the openness of J2EE/XML standards, banks now have an opportunity to provide their customers with new services that generate new fees. The bank-customer relationship is newly strengthened as customers enroll in online banking, allowing banks to cross-sell and up-sell to further shore up fee revenue.

Web cash management also provides numerous opportunities for cost reduction, as telephone and branch transactions are replaced with lower cost online transactions. Many solution vendors now offer self-service enrollment, eliminating the often high costs of initial account set up. Check processing costs are significantly reduced as the number of ACH originators increases and wire transfers replace paper checks.

Finally, in a time when capital regulation is increasing yearly, banks need systems that provide greater operational transparency as they strive to manage operational risk.

## About this Study

The Gantry Group independently undertook to conduct an objective study that examines the key ROI value drivers and areas of cost savings realized through the adoption and deployment by U.S. banks of corporate web cash management solutions. Specifically, Gantry Group explored the changes that occur within bank-to-customer business processes as a result of deployment of web cash management systems. This report captures and explores the value experiences banks achieved through the implementation of a web cash management solution.

Using a guided session interview approach, Gantry Group spoke with bank cash management functional heads and solution vendors, to develop a deep understanding of the technology impact and gain insight into their objectives and expectations of web cash management compared with their actual experience with it.

The study was designed to probe the following issues for U.S. banks:

- The value drivers delivered by the web cash management solution category
- Key challenges facing U.S. banks
- Major workflow/process changes noted since web cash management deployment
- Justification of web cash management solution purchase
- The strategic importance of web cash management solutions
- The critical success factors for web cash management implementations

## About The Gantry Group, LLC

The Gantry Group is a management consultancy specializing in IT ROI assessments. Gantry Group has helped over 200 companies drive sales, introduce new product concepts, acquire new customers, increase brand equity, and increase customer lifetime value through our market analysis, market validation, and ROI/TCO benchmarking service suites. Gantry Group has equipped many product and service firms with credible TCO and ROI models that communicate value in the terms of the business metrics that customers and prospects use to access the performance of their own companies.

Gantry Group's ROI & Customer Payback Practice provides companies with tools to accurately calculate the economic benefit of their offering to customers. This practice relies on customized market research and quantitative financial modeling to develop a credible payback calculator that is based on metrics that are meaningful to a vendor's target market. Cause and effect analysis enables us to determine the tangible value associated with often intangible benefits. Our rigorous methodology results in customized tools for economic payback projections: customer's return on investment (ROI), total cost of ownership (TCO), Net Present Value (NPV), and internal rate of return (IRR). The result is a quantified value proposition that is crisply differentiated within a receptive market.

Gantry Group works with management teams in technology, financial/professional services, business process management, health care and life science sectors to *Sell with ROI*. The company can be reached at 978-371-7557 or [www.gantrygroup.com](http://www.gantrygroup.com).

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