

October 2024

Datos Matrix: U.S. Cash Management Technology Providers Excerpt

A full copy of the 52-page report is available through the Datos Insights website

Prepared for:



Overview and Methodology

- The U.S. cash management industry is in a state of transition. Changing market conditions, economic uncertainty, a desire for new deposits, and new customer expectations are just a few factors pressuring banks and the technology providers that support them to continue to enhance their offerings.
- This research evaluates key market dynamics, as well as the technology vendor landscape and overall competitive position of each of the leading vendors. It leverages the Datos Matrix, a proprietary Datos Insights vendor assessment framework, focusing on vendor capability (stability, client base strength, and product features) and performance (client satisfaction, client service, implementation success, and client outcome) to differentiate the market leaders from the contenders and emerging/niche options.
- The following criteria were applied to develop a list of vendors for participation:
 - Bank awareness of the vendor as a provider of a viable cash management offering
 - Successful implementation of a cash management solution at a minimum of one U.S.-based FI and an ability to provide client references
 - Ability to offer a full out-of-the-box cash management solution (as opposed to just components of one)
 - Capabilities suitable to meet the needs of middle-market and large corporate companies

Call to Action: Business and Corporate Customers Want More Data and Digital Capabilities Than What Their Banks Offer

50%

of corporate treasurers at large and midsize companies feel their FI's digital banking offering lacks the data and analytics they need

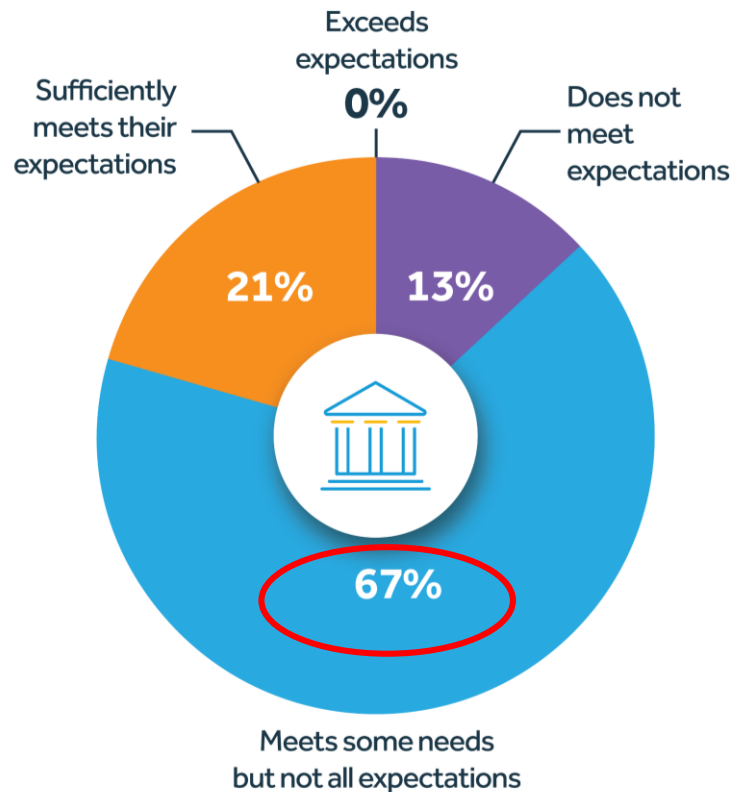
ONLY 23%

of businesses/corporates feel their primary FI fully meets their cash management and payment needs

Opportunities exist for those banks with the right strategy and platform to support it. Those without it will likely suffer attrition.

Banks Recognize Their Shortfalls and Admit Keeping Up With Customer Expectations Is a Challenge

Q. How do you rate your bank's ability to change and roll out new products/capabilities at the speed at which your middle-market/corporate customers expect?



- Personal experiences and a greater comfort with technology are driving new expectations for more robust capabilities and speed of new product delivery.
- Almost 65% of corporate treasurers have gone beyond their bank to fintech companies to fill unmet needs.
- A modern, agile platform with flexibility and the ability to quickly launch new capabilities are critical to positioning banks for greater success.

Source: Datos Insights Corporate Banking Executive Council Q1 2024 Survey

Key Trends Shaping the Market and Bank Needs/Strategies

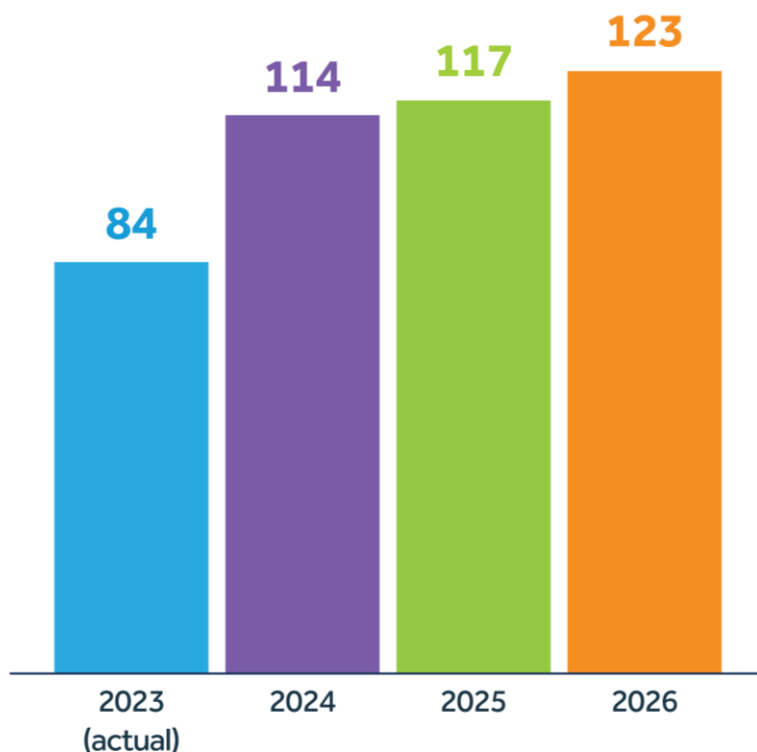
Market Trend	Market Implication
Attrition and desire to grow market share and deposits (especially regional banks)	Regional banks must find ways to compete more effectively and differentiate themselves by carving out niches and expanding their capabilities. Smaller banks are trying to move upmarket.
Higher customer expectations for user experience and seamless experiences across the bank	Banks must continue to invest and make progress with digital transformation strategies to offer modern user interfaces (UIs), more real-time capabilities, and tighter integration across bank products.
Bank portals are becoming central hubs for their clients	Banks must more tightly integrate their systems with clients' external ones, such as ERPs and fintech products.
Rising payment fraud, especially check fraud	Banks are increasingly focused on established products, such as positive pay, with pressure to enhance their level of usability, improve file exchange, and lower the volume of false positives, while simultaneously growing overall client adoption.
Need for greater use of AI and analytics	Banks and their technology partners must identify ways to embed analytics and AI into banking platforms to help banks more effectively cross-sell and bundle new products, better serve clients, and operate more efficiently.

Key Functionality Trends

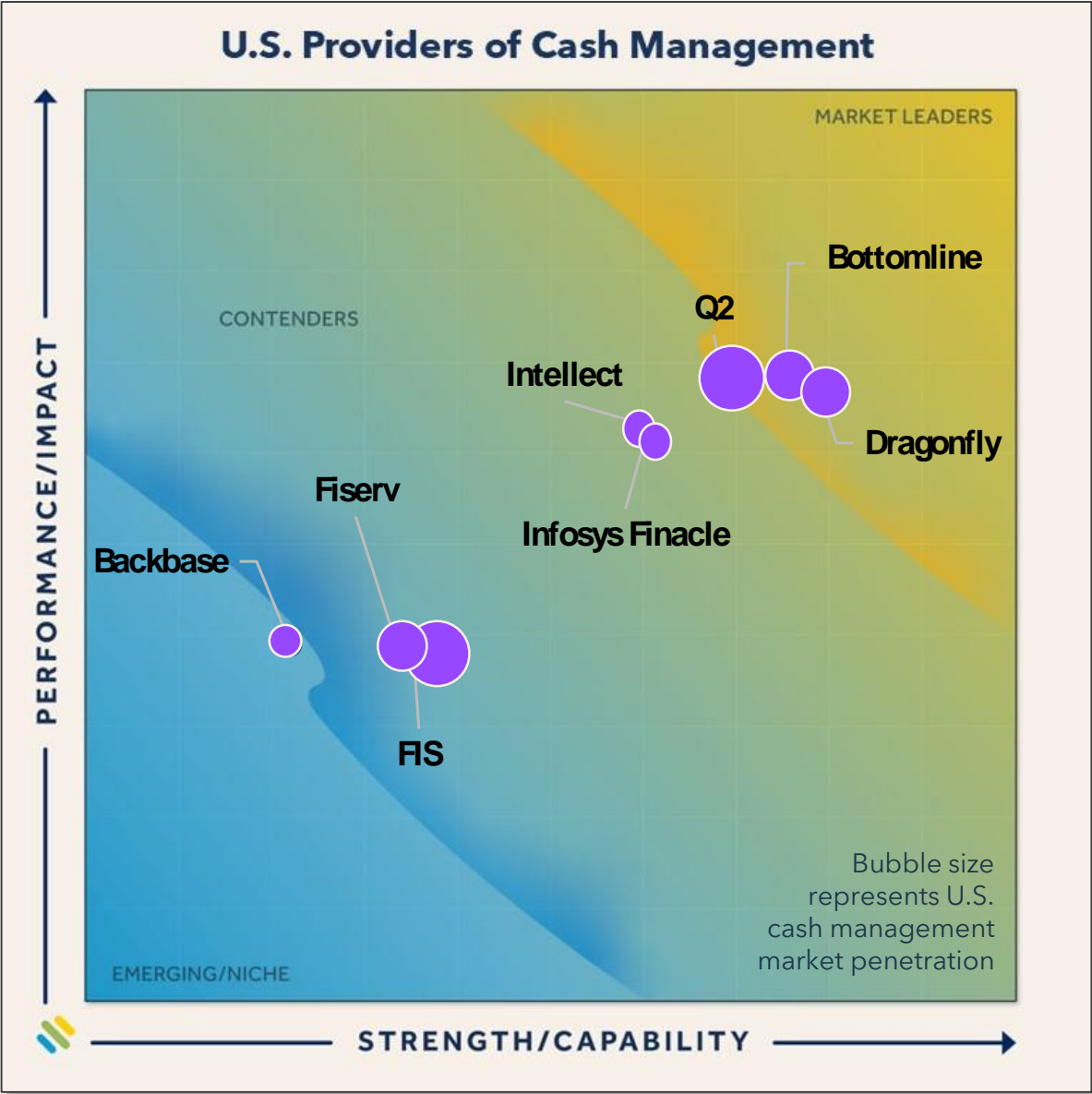
Minimum Requirements	Competitive Differentiators	Next-Generation Features
<div>User interface<ul style="list-style-type: none">• Personalized dashboard with persona-based workflows• Granular entitlements• Omnichannel capabilitiesTransactional capabilities<ul style="list-style-type: none">• Core functions (information reporting, transfers, consolidated payments, positive pay, etc.)• Zelle for BusinessIntegration<ul style="list-style-type: none">• QuickBooks integration• API developer portal</div>	<div>UI/embedded analytics<ul style="list-style-type: none">• Client servicing and profitability assistance• Money management tools• Decoupled UITransactional capabilities<ul style="list-style-type: none">• Robust global payment and banking capabilities• RTP initiation with request to payIntegration<ul style="list-style-type: none">• Integration with major ERPs• Fintech partnerships• Integration with lending and onboarding systems</div>	<div><ul style="list-style-type: none">• Advanced data-driven recommendations• Advanced fintech ecosystem• Dynamic report creation• Generative AI capabilities</div>








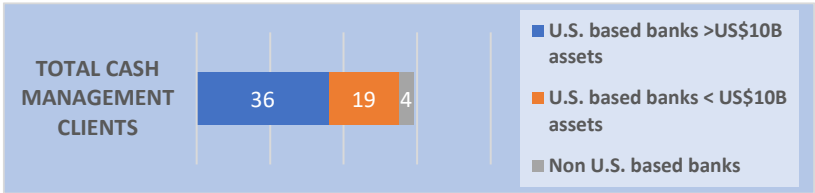
Datos Insights Expects the Number of Cash Management Replacements to Rise Over the Next Few Years











Forecast Number of New Cash Management Contracts Signed, 2024 to 2026 (2023 is actual)



- Outdated platforms must be replaced to remain competitive. "Good enough" is no longer sufficient.
- Increased momentum seen at the end of 2023 has continued in 2024. Most vendors expect 2024 to achieve record sales for the last five years based on current strong pipelines. 2025 and 2026 are forecast to see growth of 3% and 5%, respectively.
- Most activity will continue to come from regional banks with less than US\$30 billion in assets and commercially focused smaller banks, as most large and super-regional banks have already replaced their platforms.
- Larger banks are focused on building out their solutions with adjacent platforms, such as payment hubs, liquidity, and integrated receivables platforms, while also focusing on integration with fintech and ERP solutions to strengthen their offerings. Some of these banks are also increasingly looking to own the UI for differentiation.



Company Overview		Cash Management Product Overview	
 Bottomline	Bottomline describes itself as helping businesses transform the way they pay and get paid. Its solutions modernize payments for businesses and financial institutions globally.	Product name	Bottomline Digital Banking IQ
Founded	1989	Target customer base	FIs with more than US\$10 billion in assets with a strategic focus on commercial banking
Headquarters	Portsmouth, New Hampshire	Number of U.S. clients	55
Ownership	Private/Acquired by Thoma Bravo 5/13/2022	Deployment options	Licensed, vendor hosted data center, public or private cloud
Sample Clients		Differentiating Features and Recent Enhancements	
 REGIONS  Bank of Hawaii  First Citizens Bank		Integration with its Paymode-X Business Payments network offers a vendor network of over 600,000 participants and additional payer security	
 Fulton Bank  BOK FINANCIAL  FIFTH THIRD		Proven track record with some of the largest banks, fully API-enabled architecture, and capable of running headless	
Breakdown of Cash Management Customers		Center of excellence for implementations and ability for business customers to preview all screens and do everything other than move money (i.e., individualize reports, see templates, etc.) before going live	
		Engagement Optimizer monitors client trends and transaction patterns (daily emails) to sell more effectively and help banks identify at-risk clients	
		Key Roadmap Focus Areas	
		General user experience refresh	
		Check payment conversion focus in expanding Paymode for Digital Banking	
		Vendor self enrollment expansion in Paymode for Digital Banking	
		Direct and embedded banking with ERP solution providers	
		Open banking API access channel with supported API gateway	
		Workflow efficiency improvements supported by AI	

Overall Assessment	Datos Client Outcome/Impact Analysis		Functionality Assessment	
<p>Bottomline continues to be a leader in this space. Its strong roster of clients is a testament to its robust functionality. Those same clients also push the vendor to innovate and continually enhance its product to ensure they remain competitive and effectively serve their demanding clients.</p> <p>While functionality is strong and capable of scaling to meet businesses of all sizes, clients would like to see improvements to its user interface, which many describe as meeting requirements but lacking some advanced features and “flash.” They would also like to see more analytics embedded into the offering, the ability to more tightly integrate with third-party solutions, and SDK capabilities for banks and fintechs to build from.</p> <p>Recent turnover in staff has created some client friction, but overall, most key individuals have remained, and clients are happy. Bottomline enjoys high client retention, a solid pipeline, and a very strong brand in this industry.</p>	Client satisfaction	Clients are very satisfied and view vendor as a true partner. Vendor has a strong positive industry reputation, and clients believe the products are moving in the right direction.	User interface	
	Client service	Vendor has a strong and active advisory group, positive client feedback on service and support, and a low client-to-service representative ratio. It could improve code quality delivery and better meet timelines.	Robustness of payments	
	Implementation success	Clients praise the implementation process and value assistance available for seamless migrations and previews. Platform is highly configurable, with most enhancements becoming part of main code.	Granular entitlements	
	Client outcome/impact	Solution effectively supports client strategies and expectations, especially around client attraction, retention, cross-sell, and ability to grow revenue. Clients would like to see more analytics and AI within the base product rather than sold as a separate service.	Flexibility of reporting	
			Embedded analytics	
			Integration with key ERP and accounting systems	
			Money management tools	
			Fintech partnerships	
			Speed of innovation	
			Ability to customize	

Datos Strength/Capability Analysis		
Vendor stability	Client base strength	Product features
Vendor is a stable and profitable midsize company with strong industry roots. It scores very high for management team quality and investment in innovation. Despite some reorganization/restructuring, most key executives have remained. It has some risk concerns due to PE ownership.	Vendor is a market leader for large bank deployments and high-quality client roster. It has high client retention, a diverse client base (though strongest among top 100 banks), and very low likelihood for bank replacement in the next two years.	It is extremely robust and scalable to meet large corporate needs. It has a strong client voice for enhancements. Its biggest gap is lack of support for Zelle for Business—a critical capability as the vendor moves down-market to smaller FIs. Clients would also like to see further improvements to the UI.

About Datos Insights

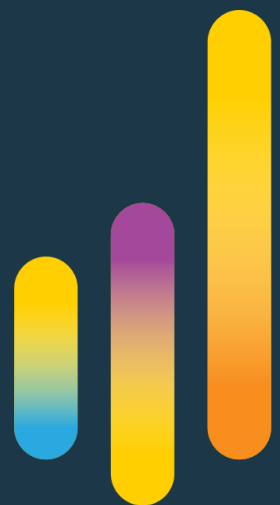
Datos Insights is the advisor of choice to the banking, insurance, securities, and retail technology industries—both the financial institutions and the technology providers who serve them. We help our clients make better technology decisions so they can protect and grow their customers' assets.

Our consulting and thought leadership delivery are set apart by the deep industry knowledge of our advisors, a long history of successful client partnerships, and a foundation of empirical research and data. Our advisors have been in our clients' shoes, so their counsel is rooted in real-world experience, not speculation. We are staffed for deep client partnerships—not for scale—and we offer open-door accessibility. Whenever clients need us, they can reach us.

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