FROST & SULLIVAN

MAMBU

2017 European Native Cloud SaaS Banking and Lending Growth Excellence Leadership Award

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2017 BEST PRACTICES AWARD

EUROPEAN NATIVE
CLOUD SAAS BANKING AND LENDING
GROWTH EXCELLENCE LEADERSHIP AWARD

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Background and Company Performance

Industry Challenges

The long standing resistance to technology adoption by the banking and lending industries has been partly due to two key factors; all banks use very similar technologies, and customers have historically had low expectations. Yet other consumer-focused businesses have been fairly proactive in adopting technology. With the proliferation of advanced technologies such as the Internet of Things (IoT), Machine Learning (ML), Artificial Intelligence (AI), and smart phones, Frost & Sullivan monitored how it became critical for the banking and lending industry to enhance customer experience with digital products, service and delivery. It is quite difficult to ignore the benefits offered by cloud technology, even in a traditional banking scenario, with the significant amount of consumer data that can be utilized to create relevant products and an enhanced experience for consumers. Adapting existing core banking solutions to derive benefits from the cloud, however, can be a long and arduous process.

Frost & Sullivan notes that competition in the banking and lending industry has intensified, with the entry of new FinTech providers disrupting the industry and early movers among traditional service providers adopting advanced technologies. To help banks and other financial institutions to overcome the challenges of enabling technology-based products and service offerings for customers, Mambu has built a native cloud software as a service (SaaS) application that improves speed and time to market for new solutions. The solution has been built from scratch, with an operating model that works well for all companies across geographies, making updates, improvements and changes simple. The company uses its open platform to enable activities including loans management, transactional accounts, customer and document management, and process control.

Growth Performance and Customer Impact

Growth Strategy

Mambu's leadership team was able to identify the need for native cloud SaaS banking and lending applications based on their observation of other consumer focused industries, the emergence of FinTech start-ups, and the changes occurring in emerging markets where innovative solutions were being used to reach underserved customers. Frost & Sullivan realizes that the ability to create a brand with a strong foundation helped Mambu to achieve a true first-mover advantage in the cloud banking space. Once a client need is identified, the company works with its customers to provide an engine to support priority projects. The ensuing conversations with decision makers help to ascertain the new products and markets, understand strategic plans, and overcome challenges. Based on this, the company is able to provide guidance for the best leverage of technology for business growth and to execute a digital first strategy. This helps Mambu to lay the foundation for long term business expansion.

As part of its geographic growth strategy, the company partners with local consultants and partners that work directly with banks and financial institutions. These partners provide the software piece of the overall plan for new business models and exciting market opportunities.

Growth Diversification

In addition to the European market that is primarily catered to by its office in Berlin, the company has recently opened offices in Miami and Singapore to better serve clients in the Americas and APAC respectively and to meet growing demand for the platform.

For now, the company plans to continue to use partnerships, working in tandem with other stakeholders in the ecosystem to provide solutions where they fit best. The approach is to nicely complement other solutions - rather than try to be the one big vendor offering all solutions. This approach will allow Mambu to properly maintain focus on its area of expertise and improve its offerings to enterprise clients. The partnerships typically fall into four categories: consultants, influencers, software developers/ integrators, and product partners.

The company also works with many startups such as Barclays Accelerator, Startupbootcamp, Ynext incubator and Supercharger to enable FinTech startups to use its platform to design solutions, retain agility, and innovate faster. This ensures that FinTech startups are more aware of Mambu and can continue to work with the company in the future.

Growth Sustainability

The banking and lending industry is vast and spread across the globe. Since this industry is only just getting started in terms of the adoption of technology and solutions relative to other vertical markets, Frost & Sullivan analysis shows that considerable opportunities are likely to continue to emerge for vendors in the near future.

Frost & Sullivan expects Mambu to cater to these emerging opportunities with its continuously improving and evolving cloud solutions and applications for banking and lending. With its strong growth plans via partnerships and new geographies, the company strives to establish the right executive team that can reach out to new clients and tap into these business opportunities. While catering to multiple geographies can be challenging, presence in more locations also creates the foundation for sustaining business growth. Frost & Sullivan observes how Mambu develops a close working relationship with its clients and tries to understand their business strategies and challenges better. This not only ensures an enhanced relationship with customers, but also helps the company to shape their own product portfolio, understand market requirements, and hone its partnership roadmap. Mambu clearly puts customer relationship management to the best use to identify long term market trends and retain relevance and sustainability.

Price/Performance value

Competing traditional core banking systems largely operate on a software licensing basis, with subsequent (and often expensive) recurring service fees, and ongoing costs for maintenance, changes and updates. While licensing itself is a big part of the total

investment, the other costs that banks and financial institutions end up paying are opportunity-related. Traditional systems take months before a project takes off, with the following changes and updates all remaining expensive components as well. The losses incurred by delays in time to market and inability to launch new products in new markets create a strong case for cloud-based systems. Customers realize that in a fast developing and innovative market environment, loss of revenues as the result of slow execution impacts not just business, but also credibility. Frost & Sullivan firmly believes that the superior value that Mambu offers with its cloud solutions therefore far outweighs any concerns customers may have about price. Mambu has indicated that their customers have never taken issue with the price, as this solution offer immense benefits in terms of performance and value.

Customer Purchase Experience

To ensure that customers receive the best possible purchase experience, Mambu only works with in-house consultants that are aligned to the customer needs regarding the project from the very beginning. They stay involved as the customers continue their progress with the project - from initiation right up to integrating with other services. The Mambu subscription model uses many parameters (such as number of active accounts, revenues processes, and managed portfolios) to decide on the key business indicators. The deal is designed so that client success is imperative for Mambu to benefit from the client as well with more business. This ensures alignment between what the client wants and what Mambu delivers in terms of service and support. There are no hidden or subsequent costs for any updates or changes that may occur as the project proceeds. With a platform that is device agnostic and enables real-time collaboration services (such as email notifications and an Android app), the system uses an intuitive interface and offers impressive agility to enterprise clients in a fast changing and innovative environment.

Customer Service Experience

Once a client is on-board, Mambu continues to provide support and account management services. To enhance the customer service experience beyond the operational support from technical and support staff, projects managers are also in regular contact. For urgent requests or issues, expediting can be handled via a simple email or through the project manager. Customers rely on Mambu to see their vision, new products and new services being launched in the market; as such, an excellent service experience is extremely important.

Some of the other measures that Mambu has incorporated to ensure an enhanced experience for customers include evolving releases, new features and workshops to leverage them. Mambu works with its clients to understand their strategies and challenges - and how their products can truly help. In addition, the company offers a secure cloud environment, with global redundancy, data security and isolation, and compliance with local regulations.

Conclusion

Mambu's leadership team was able to identify a unique opportunity, one that would cut across banking and financial institutions across the globe. With this market just beginning its journey on cloud adoption, the opportunity is not only sustainable in the long term, but is also future proof.

The subscription model that moves away from the traditional license model ensures that Mambu's growth is truly associated with its customers' business growth. As the company aligns itself to the business needs and requirements of its customers, it ensures that it has a view of long term changes and potential trends in the market and can therefore initiate changes in its own products and services.

With its strong overall performance, Mambu has earned the 2017 Frost & Sullivan Growth Excellence Leadership Award.

Significance of Growth Excellence Leadership

Growth Excellence Leadership is about inspiring customers to purchase from a company, and then to return time and again. In a sense, then, everything is truly about the customer, and making those customers happy is the cornerstone of any long-term successful growth strategy. Companies that excel in driving growth strive to be best-in-class in three key areas: meeting customer demand, fostering brand loyalty, and carving out a unique, sustainable market niche.

Understanding Growth Excellence Leadership

Companies that creatively and profitably deliver value to customers ultimately set up their businesses for long-term, rapid growth. This is what Growth Excellence Leadership is all about: growth through customer focus, fostering a virtuous cycle of improvement and success.

Key Benchmarking Criteria

For the Growth Excellence Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Growth Performance and Customer Impact—according to the criteria identified below.

Growth Performance

Criterion 1: Growth Strategy
Criterion 2: Above-market Growth
Criterion 3: Share of Wallet
Criterion 4: Growth Diversification
Criterion 5: Growth Sustainability

Customer Impact

Criterion 1: Price/Performance Value
Criterion 2: Customer Purchase Experience
Criterion 3: Customer Ownership Experience
Criterion 4: Customer Service Experience
Criterion 5: Brand Equity

Best Practices Award Analysis for Mambu

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES
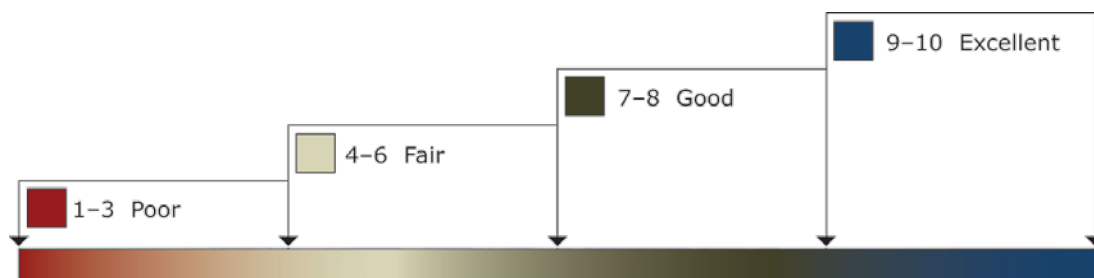
The Decision Support Scorecard is organized by Growth Performance and Customer Impact (i.e., These are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key participants as Competitor 2 and Competitor 3.

Measurement of 1–10 (1 = poor; 10 = excellent)			
Growth Excellence Leadership	Growth Performance	Customer Impact	**Average Rating**
Mambu	**9.0**	**9.0**	**9.00**
Competitor 2	7.5	7.0	7.25
Competitor 3	7.0	7.0	7.00

Growth Performance

Criterion 1: Growth Strategy
Requirement: Executive team has a shared vision for the organization's future growth and has created and implemented a strategy that is consistent with that vision.

Criterion 2: Above-market Growth
Requirement: Company's growth rate exceeds the industry's year-over-year growth rate.

Criterion 3: Share of Wallet
Requirement: Customers allocate a greater percentage of their total spend to purchasing products or services produced by the company.

Criterion 4: Growth Diversification
Requirements: Company is equally able to pursue organic (e.g., distribution channel optimization, new product innovation) or inorganic (e.g., acquisitions, partnerships) growth opportunities consistent with the long-term objectives of the organization.

Criterion 5: Growth Sustainability
Requirement: Company has consistently sought out opportunities for new growth, enabling the organization to build on its base and sustain growth over the long-term.

Customer Impact

Criterion 1: Price/Performance Value
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience
Requirement: Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience
Requirement: Customers are proud to own the company's product or service and have a positive experience throughout the life of the product or service.

**Criterion 4: Customer Service Experience**
Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity
Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.
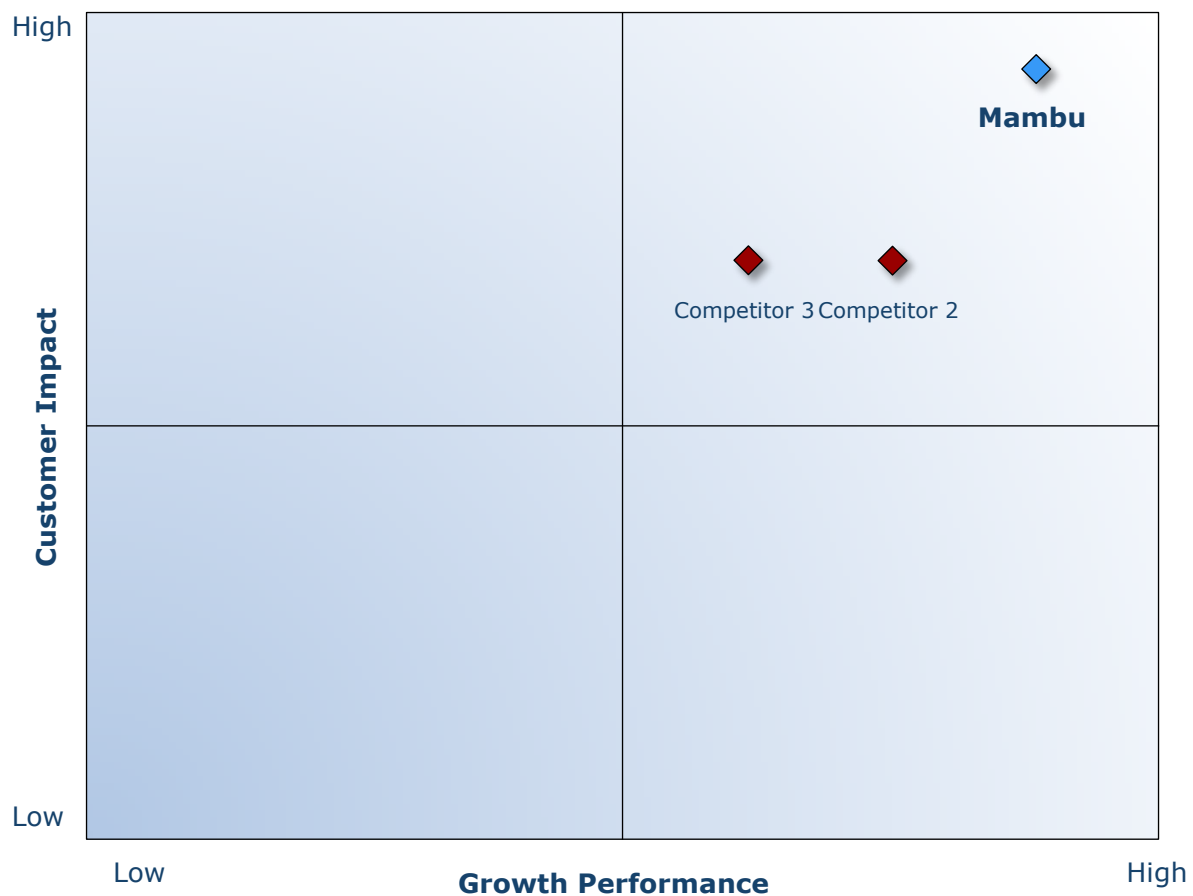
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP		OBJECTIVE	KEY ACTIVITIES	OUTPUT
1	**Monitor, target, and screen**	Identify Award recipient candidates from around the globe	• Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies	Pipeline of candidates who potentially meet all best-practice criteria
2	**Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3	**Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4	**Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best-practice positioning paper
5	**Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized Award candidates
6	**Conduct global industry review**	Build consensus on Award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible Award candidates, representing success stories worldwide
7	**Perform quality check**	Develop official Award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8	**Reconnect with panel of industry experts**	Finalize the selection of the best-practice Award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best-practice criteria
9	**Communicate recognition**	Inform Award recipient of Award recognition	• Present Award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10	**Take strategic action**	Upon licensing, company is able to share Award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess Award's role in future strategic planning	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.