

# Intellect Design Arena Limited

Digital Product Powerhouse

**Earnings Announcement – Q3 FY 15-16**

January 25, 2016



# **DIGITAL PRODUCT POWERHOUSE**

**for Consumer Banking, Central Banking,  
Risk & Treasury Management,  
Transaction Banking and Insurance**



# Section 1 : Financial Highlights

# 1.1: Q3 FY 16 Business Performance



- **YTD Revenue**

Revenues in the first three quarters of this year (2015-16) stood at Rs. 594 Cr against Rs. 447 Cr in the same period last year.

- **YTD Margins**

Margins for the first three quarters of this year (2015-16) were at Rs. 309 Cr as against Rs. 227 Cr in the same period last year.

- **Revenue over Last Twelve Months (LTM)**

Revenue for the four quarters ending Q3 FY 16 was at Rs. 755 Cr (in dollar terms, \$117 mn), as against Rs. 577 Cr (in dollar terms, \$94mn) for the four quarters ending Q3 FY 2015. This represents a growth of 31% on LTM basis.

- **Digital led order wins**

Intellect was awarded 39 Digital led order wins year to date including 11 Digital led order wins in this quarter.

- **New products**

Investments in R&D were at Rs. 97 Cr on a YTD basis. The company has launched four new products so far this year including two more new products this quarter. Intellect proudly unveiled iGTB Release 16, including Apple Watch Support & Artificial Intelligence powered KYC solution and Digital Distribution Suite for the UK Life and Pension markets.

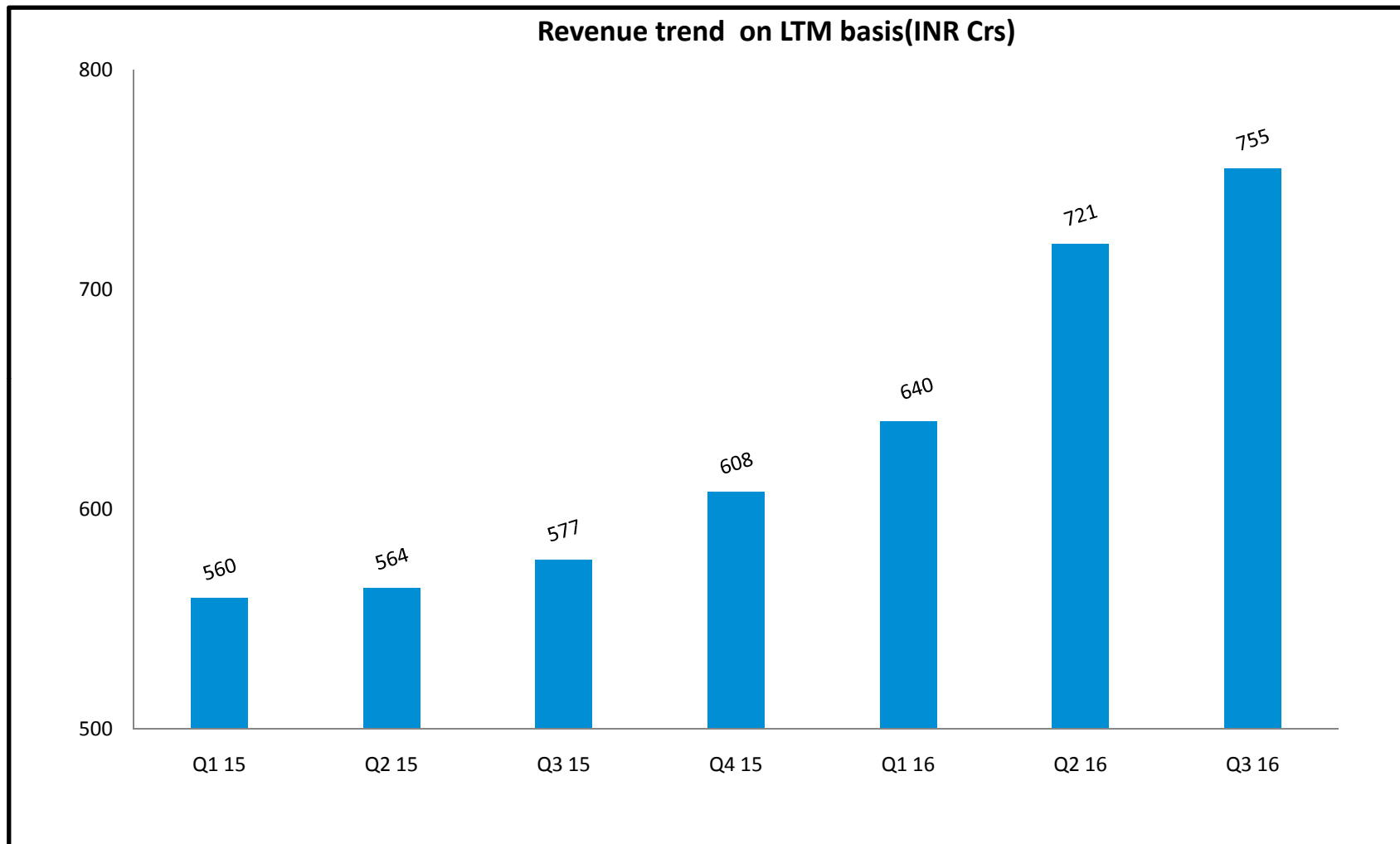


# 1.2: Q3 FY 16 Consolidated Business Financials

Rs. Lakhs

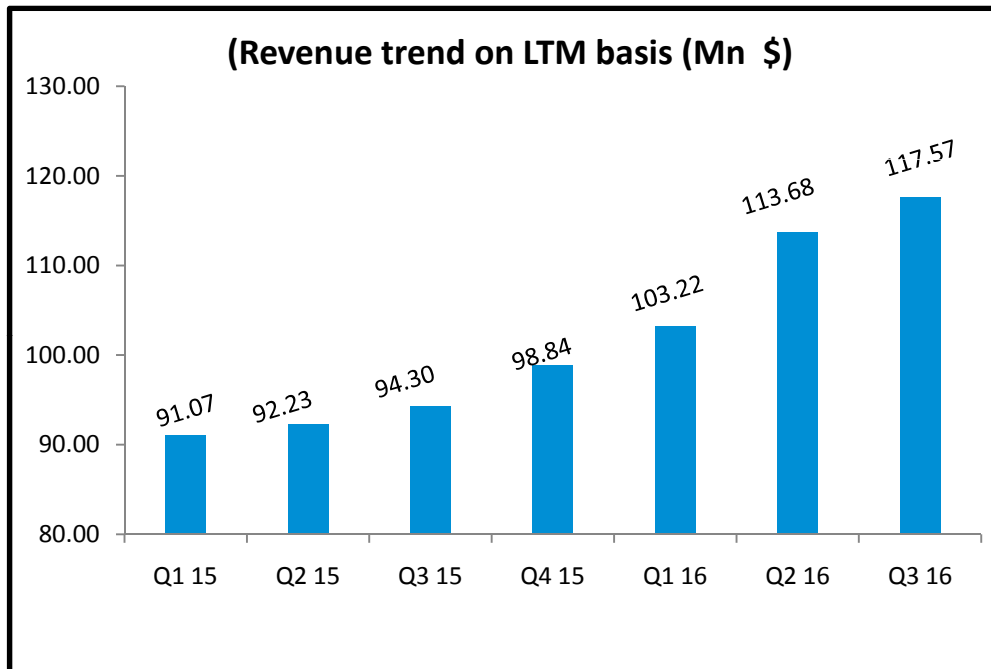
	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014	March 31, 2015
<b>Revenue (INR Lakhs)</b>	<b>19,374.82</b>	<b>20,732.96</b>	<b>16,003.75</b>	<b>59,400.37</b>	<b>44,749.37</b>	<b>60,874.95</b>
<b>Revenue (Mn \$)</b>	<b>29.39</b>	<b>31.94</b>	<b>25.81</b>	<b>91.72</b>	<b>73.60</b>	<b>99.48</b>
Software development expenses (SDE)	9,436.46	9,768.24	8,002.62	28,547.22	22,083.20	30,597.47
<b>Gross Margin</b>	<b>9,938.36</b>	<b>10,964.72</b>	<b>8,001.13</b>	<b>30,853.15</b>	<b>22,666.17</b>	<b>30,277.48</b>
<b>Gross Margin %</b>	<b>51%</b>	<b>53%</b>	<b>50%</b>	<b>52%</b>	<b>51%</b>	<b>50%</b>
<b>Selling &amp; marketing and General &amp; Administrative expenses (SG &amp; A)</b>	<b>8,031.56</b>	<b>8,203.05</b>	<b>6,779.83</b>	<b>24,197.84</b>	<b>19,033.96</b>	<b>26,104.60</b>
<b>Research &amp; Development expenses (R&amp; D)</b>	<b>3,359.37</b>	<b>3,380.00</b>	<b>3,325.60</b>	<b>9,702.23</b>	<b>8,855.97</b>	<b>12,203.58</b>
<b>EBITDA</b>	<b>(1,452.57)</b>	<b>(618.33)</b>	<b>(2,104.30)</b>	<b>(3,046.92)</b>	<b>(5,223.76)</b>	<b>(8030.70)</b>
Depreciation/ Amortisation	520.37	495.00	470.34	1,512.23	1,441.31	1,901.27
Finance Charges	26.73	26.93	23.67	78.45	57.70	80.78
<b>Profit / (Loss) after interest, depreciation &amp; amortization</b>	<b>(1,999.67)</b>	<b>(1,140.27)</b>	<b>(2,598.31)</b>	<b>(4,637.60)</b>	<b>(6,722.77)</b>	<b>(10,012.75)</b>
<b>Other Income / Expense</b>	<b>868.43</b>	<b>416.86</b>	<b>1039.33</b>	<b>1664.54</b>	<b>1,514.02</b>	<b>1889.26</b>
<b>Profit/ (Loss) before tax</b>	<b>(1,131.24)</b>	<b>(723.41)</b>	<b>(1,558.98)</b>	<b>(2,973.06)</b>	<b>(5,208.75)</b>	<b>(8,123.49)</b>
<b>Provision for taxation</b>	<b>60.00</b>	<b>71.14</b>	<b>82.23</b>	<b>124.28</b>	<b>124.65</b>	<b>175.84</b>
<b>Profit/ (Loss) after tax</b>	<b>(1,191.24)</b>	<b>(794.55)</b>	<b>(1,641.21)</b>	<b>(3,097.34)</b>	<b>(5,333.40)</b>	<b>(8,299.33)</b>

# 1.3: Financial Growth

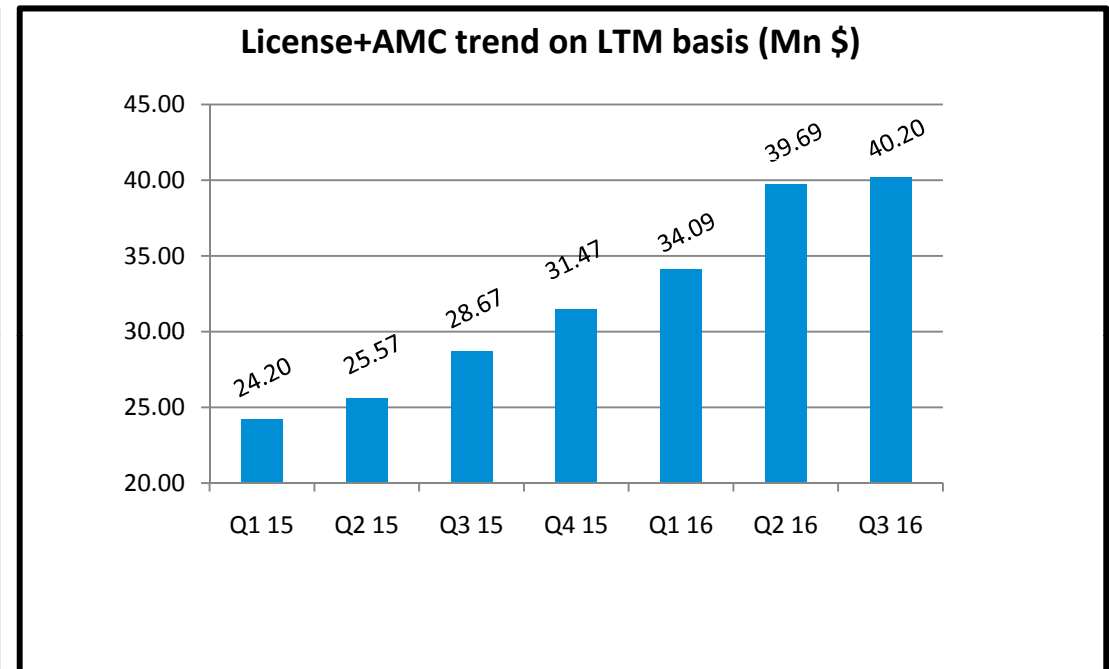


LTM = Revenue of current quarter + last three quarters

# 1.3: Financial Growth

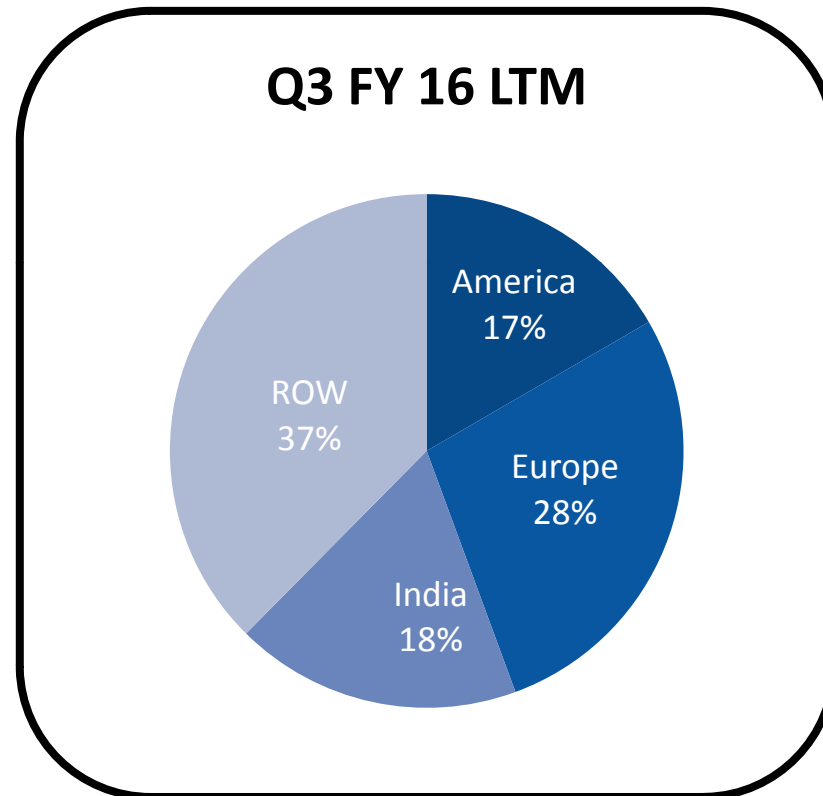


LTM = Revenue of current quarter + last three quarters



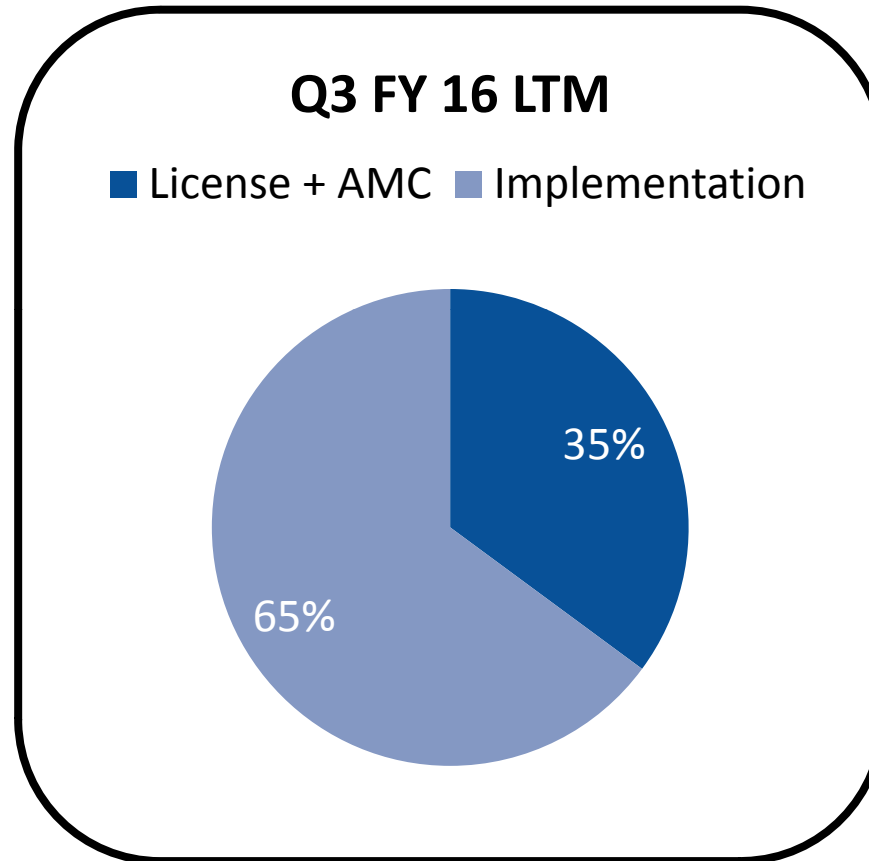
LTM = Revenue of current quarter + last three quarters

## 1.4: Revenue Distribution: 45% from Advanced Markets ■ ■ ■

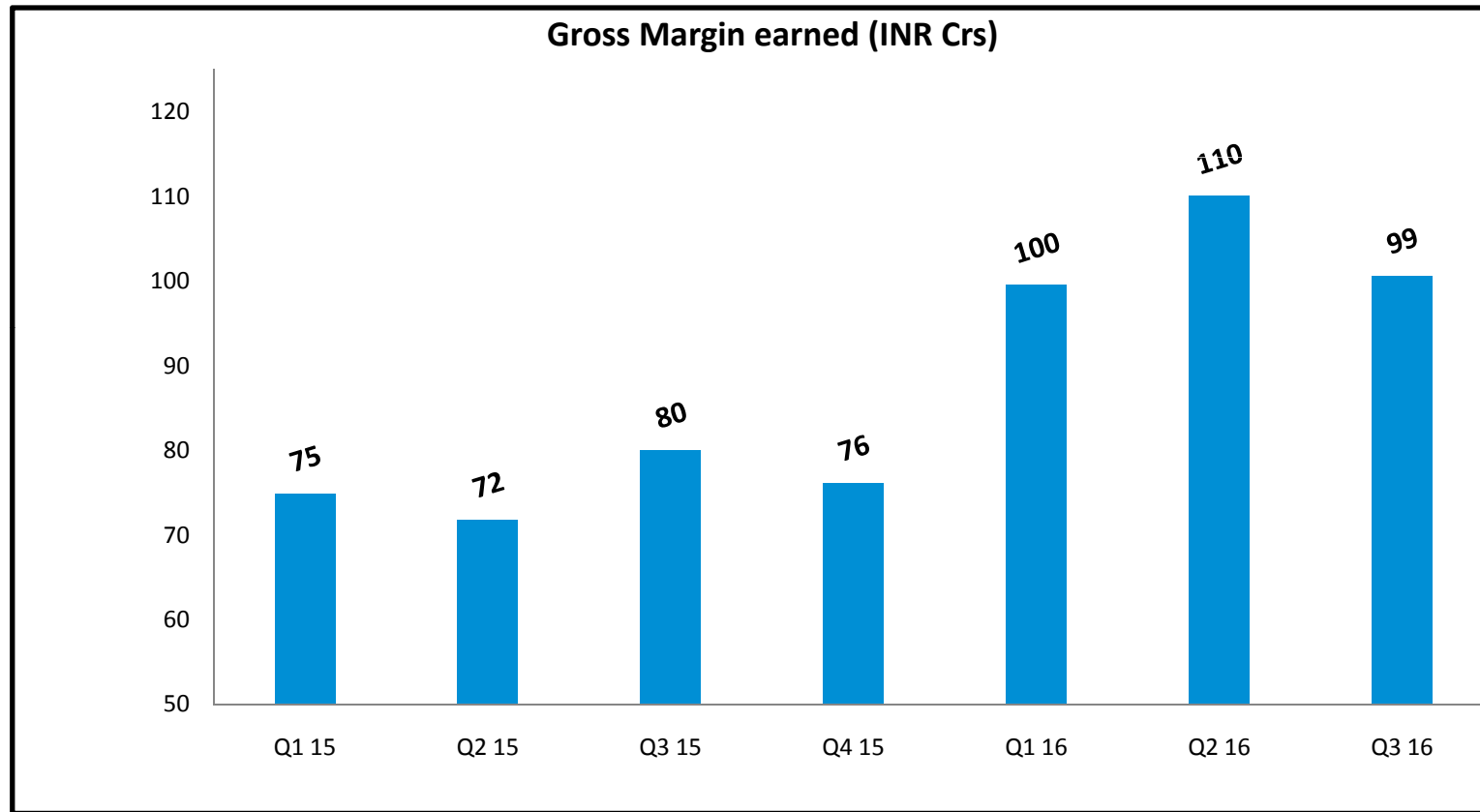




# 1.5: Revenue Distribution: 35% from License & AMC



# 1.6: Quarterly Margin



**Gross Margin sustained at over 50%**



## Section 2 : Digital Programs

**DIGITAL IS A  
PIVOTAL VALUE DRIVER  
IN EVERYTHING WE DO**





## 2.1 Global Transaction Banking (iGTB)

### HIGHLIGHTS

- One of the largest lender banks in the United Arab Emirates has chosen iGTB's Cash Management solution for Oman as part of their multi-country roll out, starting with Oman.
- A leading public sector bank in India chose iGTB's Trade Finance, Supply Chain finance solutions and CBX as their customer front end.



## 2.2 Global Consumer Banking (iGCB)

### HIGHLIGHTS

- A leading Commercial Bank in East Africa has chosen Digital Face as the bank's front end and Corporate Banking Exchange, a futuristic app-based front-end omni-channel Retail Banking platform to enable Account Services, Payments, Collections and Trade Finance services for their customers.
- A leading leasing bank in Sri Lanka has chosen Intellect's Digital Face, a futuristic app-based front-end omni-channel Corporate Banking platform. The bank has implemented Intellect's Core Banking solution earlier and runs on this platform.
- One of the largest private banks in India in terms of Market Capitalization has chosen iGCB for their SME Digital initiative which demonstrates the power of apps and canvas technology.
- A leading private sector bank in India chose the iGCB Loan Origination solution for their Corporate Loan Business & Card Business due to its ease of use.



## 2.3 Risk & Treasury Management (iRTM)

### HIGHLIGHTS

- A London based technology firm specializing in risk management and mitigation for OTC derivatives markets, chooses Intellect One LRM to provide an end-to-end bilateral market infrastructure for the margining of non-cleared OTC derivatives.
- A full service brokerage company in Turkey, one of the largest in the country in terms of branch network, chose iRTM One Treasury for their Digital program in the treasury space to leverage risks and making insightful decisions.
- One of the oldest commercial banks in India chose iRTM Treasury solution. Its rich functionality, including Derivatives and Forex, were the reasons for the bank's choice of this proven solution to enable its digital roadmap.



## 2.4 Insurance (Intellect SEEC)

### HIGHLIGHTS

- Intellect Risk Analyst, the worlds first Virtual Underwriters assistant based on Artificial Intelligence has gained good adoption with over 50 tenants in the first quarter of launch
- Delivered a major Claims program to one of USA's largest insurance companies ahead of time
- Successfully delivered the first proof of concept for a digital transformation program for a major UK Insurance and Wealth company

## Section 3: Reliable and Delightful Implementations



# IMPLEMENTATION CERTAINTY

Consistent delivery 3 days ahead of schedule and in full





## 3. Reliable and Delightful Implementations

Intellect continues to deliver over 85% implementations ahead of schedule and in full in the last quarter. Some of the significant implementations during the last quarter:

- IDFC Bank, a subsidiary of IDFC Ltd., India's leading integrated infrastructure finance company, has successfully implemented the iGTB solution suite including payments, cash management, corporate banking exchange (CBX) and liquidity sweeps. This comprehensive digital solution will help enable IDFC Bank's growth, even as it introduces a differentiated form of banking.
- A multinational banking and financial services holding company headquartered in New York went live with the iGTB Liquidity solution.
- One of the leading Nordic corporate banks went live with the iGTB Liquidity solution.
- One of the leading banks in Malaysia went live with iGTB's Commercial Risk solution.
- A Qatar based new age bank went live with the iGCB Lending module for its Collect Management system.
- One of the largest banks in the Philippines went live with iGCB's Collect Management system.
- Intellect SEEC successfully delivered the first proof of concept for a digital transformation program for a major UK Insurance and Wealth company



# Section 4: Design in our DNA. Strong Commitment to Research and Innovation

## DESIGN DNA

THE SINGLE MOST POWERFUL COMPETITIVE DIFFERENTIATOR FOR FINANCIAL INSTITUTIONS



World's first design center for financial institutions opened in 2013. 8012 FT Design Center, Chennai.

8012 FT Design Center, Mumbai opened in 2014 for digital design sessions in banking and insurance.



Deming Center heralds the unshackling of limiting beliefs. Institutionalising customer centric design to leverage digital to the fullest.



Edison Center sees collaborative engineering come alive with teams working in Benzene units.

Unveiling 8012 FT Design Center, US in 2016



## 4. Product Launch

Intellect proudly unveiled two products during the quarter:

- **iGTB Release 16, including Apple Watch support and A.I. KYC:** Intellect launched iGTB Release 16, including Sanctions Screening – a new, faster and more comprehensive KYC solution – and the extension of CBX (Corporate Banking Exchange), the **true omni-channel digital enterprise platform**, to Apple Watch and other smartwatch devices. Sanctions Screening, designed by iGTB, is an Artificial Intelligence (AI) powered solution that goes beyond current KYC methods by incorporating a **natural language contextual search** of social media to construct a broader and more accurate view. iGTB's new solution, now live, leverages machine learning, Artificial Intelligence and other state-of-the-art technologies to help protect banks from commercial risk.
- **Digital Distribution Suite for the UK Life and Pension markets:** Digital Distribution Suite for the UK Life and Pension markets is designed to strengthen the customer relationship throughout all touch points of the sales and service process, delivering consistent, high quality customer experiences irrespective of channel or device. The first end-to-end transformation suite of its kind designed for the UK market comprises of seven business apps that enable insurers to provide innovative customer centric capabilities leading to profitable growth far more quickly and cost effectively than previously possible.

# Section 5: Acclaimed by Experts





## 5. Acclaimed by Experts

Intellect's cutting-edge digital technologies and digital products for Consumer Banking, Transaction Banking, Risk & Treasury Management & Insurance have been acclaimed by well known global analysts and research firms.

- Forrester, an independent research and consulting firm featured Intellect among 18 International Banking Platforms in the report titled Vendor Landscape International Banking Platforms
- Intellect SEEC was listed as a representative vendor in Gartner 2015 report "Market Guide for P&C Insurance Underwriting Workstations, North America"
- Intellect ranked amongst the Global Top 100 vendors in Fintech Forward Ranking's by American Banker BAI

# Section 6. Leadership Additions



## **Chris Pinkerton, Head of Life Insurance and Annuities business, Intellect SEEC, USA:**

Chris brings many years of successful life insurance industry experience to Intellect SEEC. Prior to joining, he was the President and CEO of SBLI of Massachusetts. Chris was earlier President of Forrester's US business and has led the Variable Insurance and Annuity business for Allianz Life.



## **Richard Kennette – SVP, Insurance Sales, Intellect SEEC, USA**

Richard joins us from FirstBest and prior to that he has worked for Accenture Duck Creek, IBM, CSC always with an emphasis on P&C Insurance Solutions sales. He joins us with over 25 years of experience a deep understanding and practical knowledge of business strategies and operational issues relating to property and casualty insurance company operations.



## **Vishal Singh – SVP, East and West Africa, IMEA**

Vishal comes with experience of over 23 years in the IT and Media Industries, starting his career as a programmer and later excelling in sales. He has developed International markets and handled business development across the globe. His previous engagements were with 3i Infotech across Africa, Prasad Group (EFX), Misys and CSC.

# Section 6. Leadership Additions



## **Lakshmi Parekh, SVP & Product Delivery Head, iGTB**

Lakshmi joins us with over 18 years of experience in Information Technology and BFSI. She has spent her career with i-Flex (Oracle Financial Services Software), where she was a key member of several strategic initiatives. Lakshmi will be helping the CBX and Liquidity teams on the UX side on an advisory basis.



## **John Behn – SVP, Life Insurance Sales, Intellect SEEC, USA**

John joins us with over 25 years of experience in the Insurance sector with extensive experience leading new business development and service operations in high growth firms with international operations such as New York Life, Transamerica, Securities America and Gama International.



## **Jas Negi, SVP & Service Delivery Manager, UK, iGTB**

Jas has over 18 years of experience in product and delivery management with a proven track record in driving and executing strategy for financial service products. He has excellent skill sets in building teams and working in a cross-functional environment to achieve business transformation with the ability to combine business knowledge and technology capabilities to drive customer value.



# Section 7: Outlook

## Revenue Guidance for FY16 maintained

- Expecting revenue growth of 26% to 30 % on YoY basis.
- To break even/become profitable in Q4 in FY 16





# Management View

***Arun Jain, Chairman and Managing Director, said***

*“While we have grown significantly on a cumulative basis, the last quarter saw two deals which were to have closed being deferred to the next Quarter. However, we are on track on the annual growth guidance as of today.”*

***S Swaminathan, Chief Financial Officer, said***

*“Our Gross Margin and the cost of S&M, R&D and G&A have been in line with our estimates. With the expected revenue in Q4, we are looking forward to a breakeven quarter.”*



# intellect™

## DESIGN FOR DIGITAL DOMINANCE

EXPERIENCE DIGITAL 360

OPERATIONAL  
EXCELLENCE

CUSTOMER  
EXPERIENCE

