



FIS + mFoundry: A Case of Dancing With the One Who Brung You

31 January 2013 By: Mark Schwanhausser

The news today that FIS has purchased the 78% share of mFoundry that it didn't already own should come as no surprise.

[MFoundry](#) was a startup with investors who one day expected to see a payoff. By virtue of previously buying a 22% stake in mFoundry, FIS essentially bought a ticket to the prom and had dibs on the first dance and the good-night kiss. FIS' initial stake in the company enabled FIS to see the value of teaming with this innovative mobile player, then moving to owning it outright. MFoundry has a strong management team and a record of innovation, notably with the Starbucks installation. Buying out mFoundry enables FIS to own the goods, while providing mFoundry with the resources to do more, do it faster, scale out to a larger range of FIs, work with more merchants, and so forth.

Fiserv already gobbled up its mobile partner (M-Com), and Monitise snatched up Clairmail. It is a time of inevitable, necessary, and productive consolidation in the industry -- and not just in mobile. (See ACI Worldwide's acquisition of Online Resources today, and Fiserv's purchase of Open Solutions earlier this month.)

And as Mary Monahan, who heads Javelin's mobile coverage noted in a note after this blog was initially posted Thursday, most players have brought financial service technologies and patents under their direct command and control -- with mobile tech leading the way. Examples abound: Fiserv acquired M-Com and CashEdge. SAP gobbled up Sybase. Harland snatched up uMonitor. Intuit acquired the MMV technology assets. Visa grabbed Fundamo.

Among the top 15 mobile vendors that Javelin surveyed in the 2011-2012 Mobile Banking Vendor Scorecard, fewer than one in five now resell other vendors' solutions. Consolidation in the vendor space reflects consolidation among banks. Larger banks are acquiring smaller banks or outright stealing their best customers by rolling out advanced capabilities in mobile, online and catering to changing consumer expectations according to what we call the Customer-Driven Architecture™ —Javelin's 7-phase road map based on consumers and business customers increasingly seeking real-time, always on, transparent capabilities, etc. Expect this trend to continue. It's essential in order for forward-focused community banks and credit unions to survive.

This acquisition is another reflection that companies like FIS realize that banking without strong mobile is like being a human with a nervous system. Mobile will play an essential role in delivering the real-time, always-on experience consumers demand. It will initiate conversations with consumers by delivering the financial alerts that help consumers monitor and manage their money more smart. It will deliver and assist consumers in everyday activities and transactions as they shop and pay, and so forth. And that will translate into a return on investment for FIS and others that follow suit by making mobile an essential element of their offerings for customers and end consumers.

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