



Misys plc

**A Successful Turnaround:
Get Fit → Win More → Lead!**

Featured Case Study

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The Situation Beginning in the late 1990's and over the next several years, Misys had adopted a policy of considered acquisitions to rapidly grow its business, particularly in the areas of financial and healthcare technology/software. In October 2006, changes at both the Board and Executive levels occurred in the wake of a failed MBO attempt. Lagging sales and revenue growth, rapidly eroding margins, and failing to compete in a complex market required immediate action.

The Board sought a leader with "significant experience of refocusing international organizations and driving operational excellence across complex businesses." Misys selected IBM executive veteran Mike Lawrie as the new CEO. He quickly engaged Synergetics, and together with a leading strategy firm, began to develop and implement a five year turnaround plan entitled "Get Fit, Win More, Lead!".

Synergetics had been introduced to Lawrie during his tenure as a general partner with ValueAct Capital, just prior to his joining Misys. He outlined a plan designed to turn Misys from merely a seller of software applications into a provider of products and services to the banking and healthcare sectors. The first step was to "Get Fit" by finding opportunities to revitalize the organization and improve its financial performance. This would be done in year one.

The Business Analysis Starting in early 2007, Synergetics conducted a two-month indepth analysis into Procurement, Software Development, and Customer Support. As other business opportunitiss were uncovered, similar efforts were launched to analyze Revenue Leakage within the contracts renewal process.

The analysis involved direct engagement with operations in the UK, US, India, and the Philippines. Nine areas of opportunity were uncovered and listed as Synergetics' recommendations to transition into an implementation project:

Misys plc is a London-based global leader in providing the broadest portfolio of banking, treasury, trading, investment management, and enterprise risk solutions software products available on the market. With over 3,500 employees worldwide, the company serves 1,800 banks and financial institutions across 120 countries. Among their financial customers are 47 of the world's top 50 banks.

Misys' customers use their products in streamlining operations, introducing new products, reducing costs, improving efficiencies / customer service, and ultimately increasing revenues. Software products such as Kondor+, Bank-Fusion, and Loan IQ help financial institutions comply with regulatory requirements to meet customer needs, attain competitive advantages, and realize operational efficiencies.

Misys also offers consultative services in addition to product training and support to its client base. It is the trusted partner that financial services organizations turn to for help in solving their most complex problems. Formerly listed on the London Stock Exchange, Misys was acquired by PE firm Vista Equity Partners in June 2012.

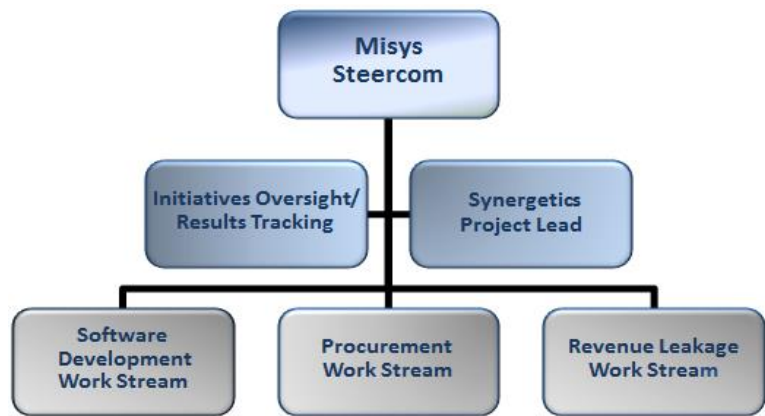


“Synergetics is a trusted partner for implementing global ‘get fit’ programs and aligning enterprise wide operational plans and actions in support of our long-term strategy.”

Mike Lawrie
CEO, Misys plc

- Improve – supplier management practices, resource planning / forecasting capabilities, software requirements analyses, and license compliance / management standards
- Reduce – defects managed by level-3 support and revenue leakage in professional services, customer support, and adhoc spend
- Consolidate and review – vendors and contract terms for re-bid
- Eliminate – significant measurement / metrics management gaps
- Offshore – all appropriate functions

Misys senior leadership wasted no time in moving forward, with Executive staff and project team leaders defining governance structure and designating staff to partner with Synergetics consultants.



The Implementation Project The nine opportunity areas were organized into three work streams: Software Development, Procurement, and Revenue Leakage. Software Development and Procurement optimization were to occur in 2007 while Revenue Leakage process improvements were targeted for 2008 in line with phase two “Win More.”

Software Development: Focused on the areas of improving quality processes, reducing defects, and better managing resources, suppliers, and projects. Specifically, the team found that software product support vs. build was too high. Resource planning and forecasting processes were fractured between systems and function, leading to inaccuracies. Central repositories to manage resources and development assets were lacking. The project team applied best practices and process optimization techniques to improve product delivery and support. Process steps were standardized, hand-offs reduced, and the effective use of automation was applied. **A 15:1 two-year ROI was realized by achieving productivity improvements through process streamlining and standardization, saving £18M.**

Procurement: Focused mainly on cost reduction of 14 spend areas and process standardization. Results achieved yielded a 34% savings from marketing vendor consolidations, a 35% savings in the re-bid of insurance contracts, and a 30% reduction in travel costs. **Consolidations, contract re-bids, and reductions in areas such as facilities, materials, and functions resulted in a 17:1 two-year ROI, or £17M.**



Revenue Leakage: Focused on License Compliance, Professional Services Billing, and Revenue Management for recurring licensing fees. Synergetics reviewed contract renewal processes and identified process and system gaps contributing to revenue leakage and/or additional costs of doing business. Specific findings revealed:

- Unstructured contract terms and start dates led to execution delays, resulting in an annual leakage of £1.6M
- Poor reconciliation between systems (3% transfer loss)
- Pricing floors not well-managed
- Discount percentages not generating sufficient revenue

New policies were implemented, improvements made to better integrate professional services time tracking and billing, a license compliance program established, and better process controls put in place.

Achieved savings through this work stream resulted in cost reductions of £18M, or 5.2% as a percentage of the divisional annual business revenues. This net improvement was 87% higher than the original savings target, resulting in a 19:1 ROI.

The Results By focusing on these critical operational areas, Synergetics and the dedicated Misys teams significantly improved divisional business outcomes and set the stage for the company to regain its top market position heading into the final "Lead" phase. **Within two years Misys realized £53M in total annual cost savings, and this contributed to a 93% increase in total company EBITDA (from £56M to £108M) over the corresponding 3-year period*.** 2007–2009, as reported in Misys plc Annual Report 2010*

The Impact The CEO's decision to bring in outside Subject Matter Experts ultimately resulted in the outcomes Misys was seeking – to solidify Misys' system integration strategy in financial services, establish the company as the market leader in supplying investment / banking software programs, and greatly improve its profitability and earnings potential. It was through these turnaround results that Vista Equity Partners, believing that "Misys has an attractive future that we plan to invest in and grow," acquired Misys for £1.27B in June 2012.

Synergetics is a privately held New England-based Management Consulting firm established in 1975. With two office locations in the US and UK, Synergetics operates internationally and employs over 150 professionals as analysts, consultants, project managers, and subject matter experts. As one of the largest "Implementation Consulting" organizations, Synergetics has completed over 1,600 business process engagements across 9 distinct industry verticals. It has built more than \$8B in bottom line profitability and improvements in overall operating efficiencies.

Synergetics has a diverse client portfolio comprised of leading industrial and service corporations across Private Equity, Small and Medium Enterprises, and Fortune 500 Companies. With customized service offerings and solutions, Synergetics performs detailed management, financial, and operational assessments to develop and deliver specific cost savings and revenue enhancement initiatives.

"Synergetics is the best implementing Consulting Firm on the Planet -- I use them when I need to get things done!"

Mike Lawrie
CEO, Misys plc

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