
William Blair & Company[®]

*“Financial Technology Investing –
Chicago’s Hometown Successes”*

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Principal, William Blair & Company

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Introduction

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What is Financial Technology??

Capital Markets

- ◆ Capital markets software and services
- ◆ Brokerage (equity, futures, options, etc.)
 - Online
 - Offline
- ◆ Proprietary trading firms
- ◆ Exchanges

Payment Processing

- ◆ Credit card processing
- ◆ Money transfer
- ◆ Stored value cards/Gift cards
- ◆ ACH processing
- ◆ Fraud/Security

Bank & Insurance Software

- ◆ Bank software
 - Bill payment
 - Core processing
 - Lending systems
- ◆ Insurance software
 - Claims
 - Underwriting
 - Agency mgmt
- ◆ Financial services BPO

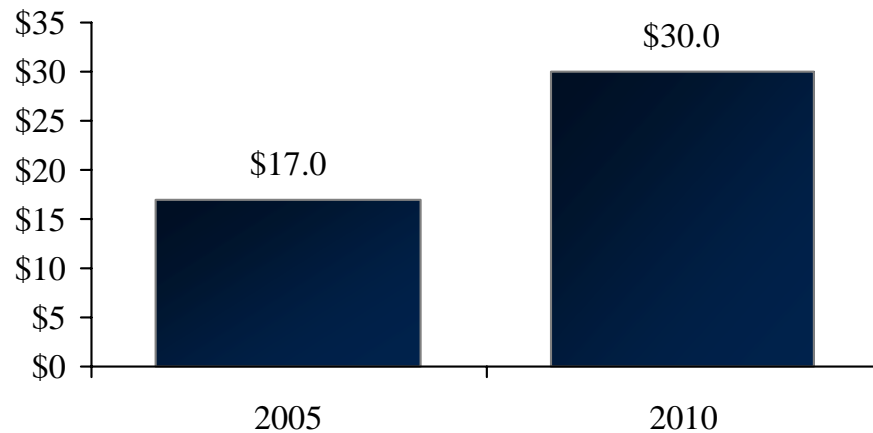
Common Attractive Industry Characteristics

- ◆ Exceptionally large markets
- ◆ High growth sectors
- ◆ Recurring revenue models
- ◆ Electronification of processes and transactions
- ◆ Technology leadership is critical
- ◆ Rapidly-evolving industry & competitive landscape enables innovation and new market entrants

Capital Markets – Key Industry Drivers

Growth in Investible Assets

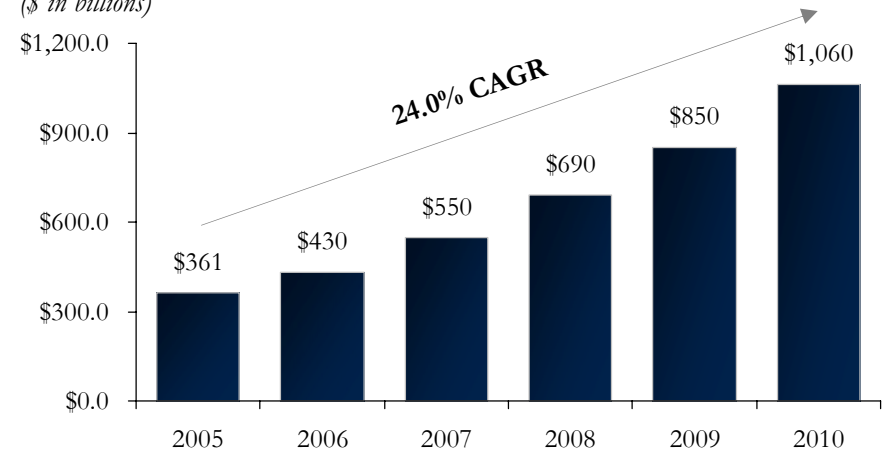
(\$ in trillions)



Growth in Alternative Investments

Growth in Global Hedge Fund Assets

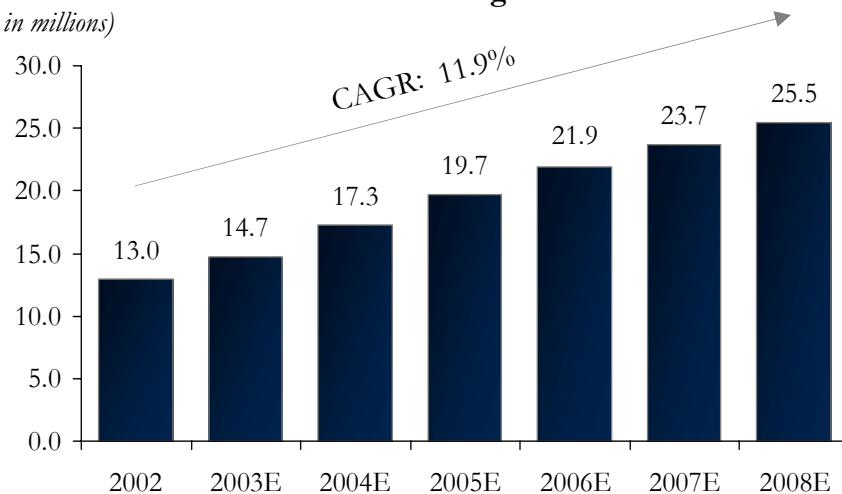
(\$ in billions)



Emergence of Electronic Trading

U.S. Online Investing Households

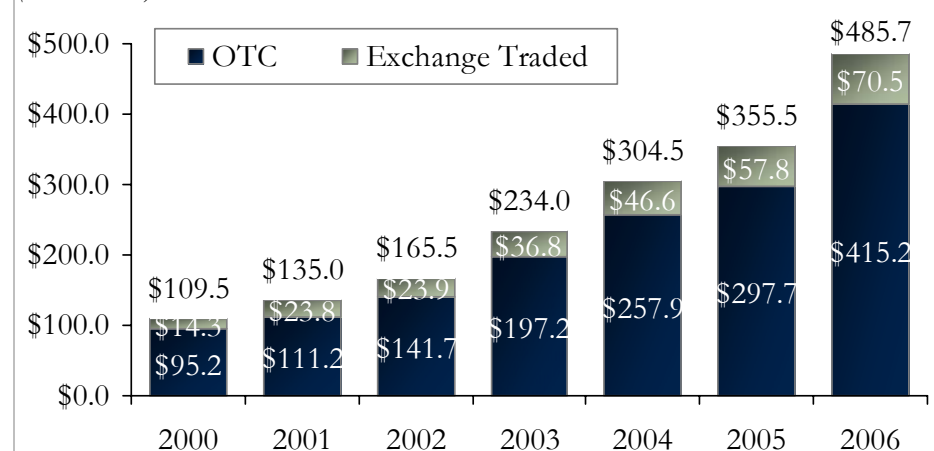
(\$ in millions)



Enhanced Focus on Managing Risk

Notional Value Outstanding of Derivatives Contracts

(\$ in trillions)



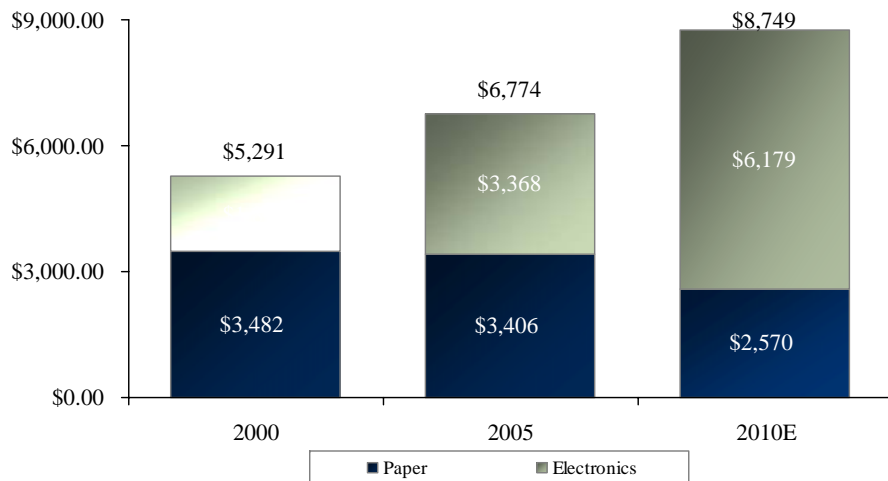
Capital Markets – Growth/Focus Areas

- ◆ Electronic trading firms
- ◆ Brokerage – Alternative Assets (futures, options)
- ◆ Online trading platforms (non-equity products most attractive)
- ◆ Software/Services focused on capital markets firms (risk management, pricing, portfolio management, straight through processing)
- ◆ Software/Services focused on wealth managers

Payment Processing – Key Industry Drivers

Emergence of Electronic Payments

(\$ in billions)

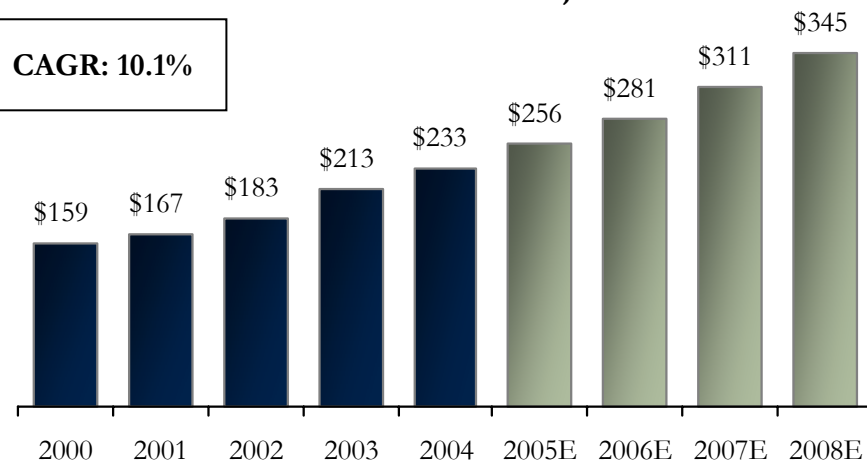


Globalization of Money

(\$ in billions)

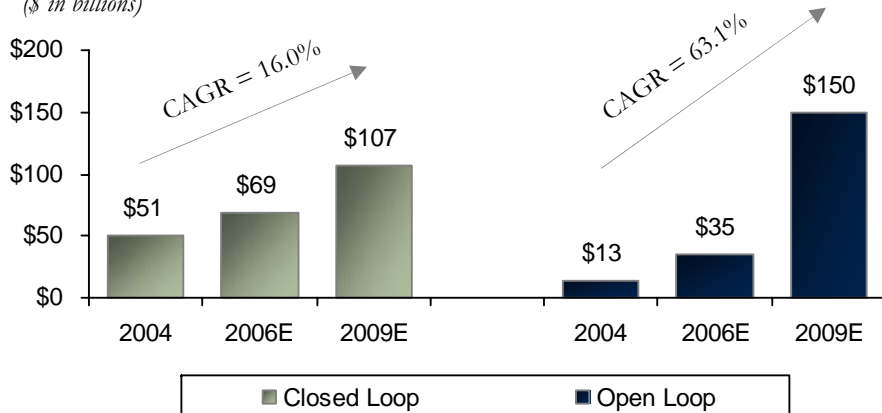
Global Remittance Projections

CAGR: 10.1%



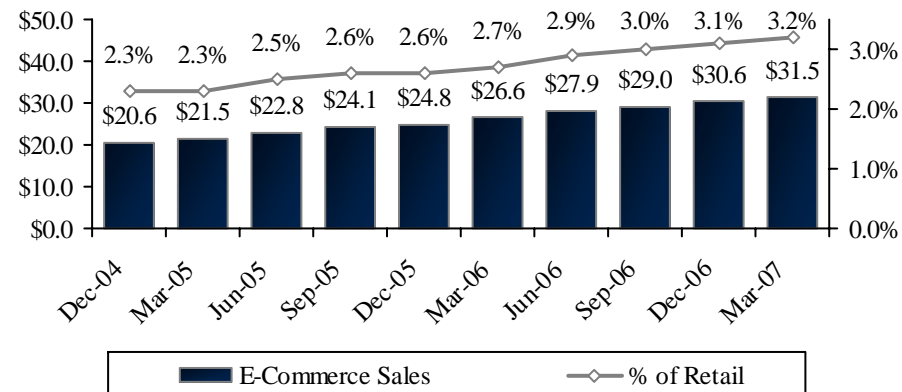
Prepaid Card Transaction Volume

(\$ in billions)



Growth in eCommerce

(\$ in billions)



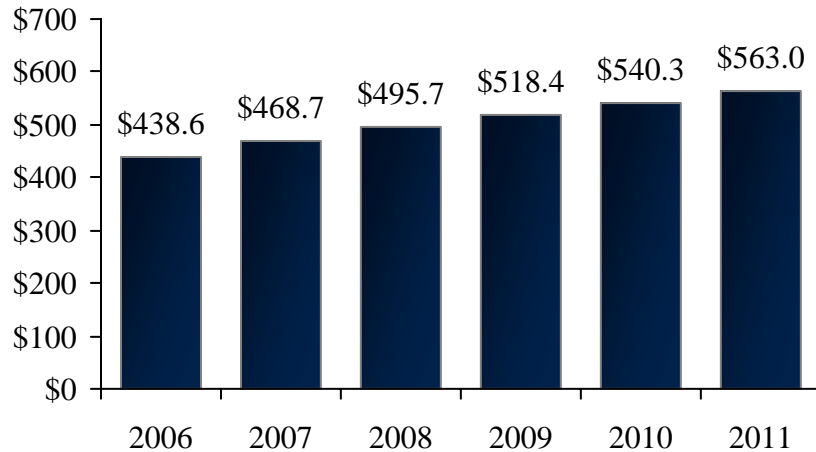
Payment Processing – Growth/Focus Areas

- ◆ Stored value/Gift cards
- ◆ Security/Risk Management
- ◆ Global Money Transfer – commercial and consumer
- ◆ B2B Payments
- ◆ Internet Payments
- ◆ International Payments

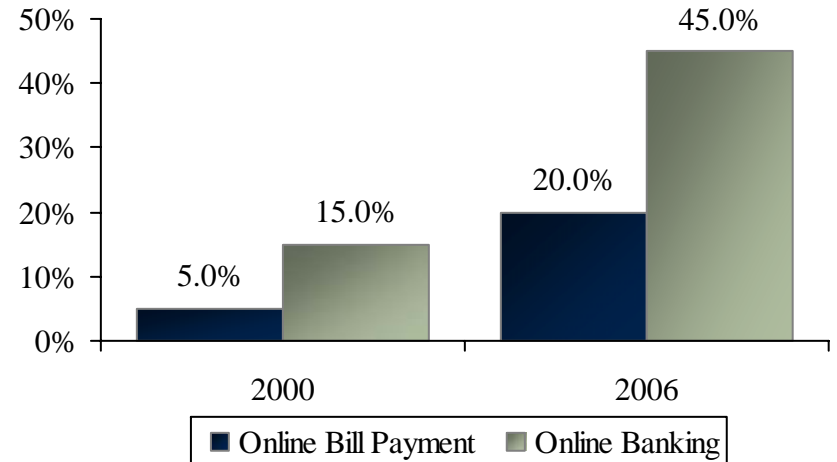
Bank & Insurance Software – Key Industry Drivers

IT Spending

(\$ in billions)



Adoption of Electronic Channels



Leverage Information Across Business Processes

- Compliance/Fraud/Risk Management
- Customer Revenue Optimization
- Automated Lending/Decisioning

Propensity to Outsource

(\$ in billions)

U.S. Financial Institution BPO Spending



Bank & Insurance Software – Growth/Focus Areas

- ◆ Software as a Service (SaaS) – Across all product areas
- ◆ Compliance/Fraud/Risk Management
- ◆ Customer Relationship Mgmt – Data & Analytics
- ◆ Electronification of Bank Payments –
 - Retail (online bill payment)
 - Wholesale (ACH, Wire, SWIFT)

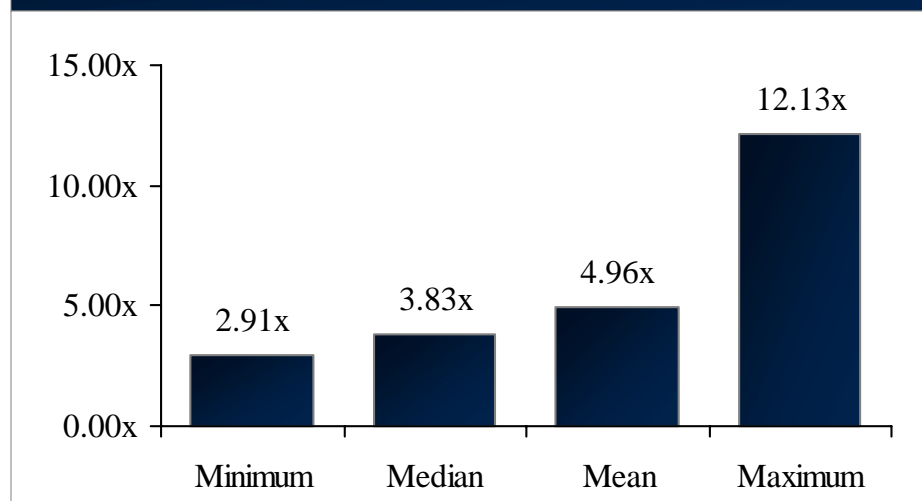
Recent Sector Activity/Valuation

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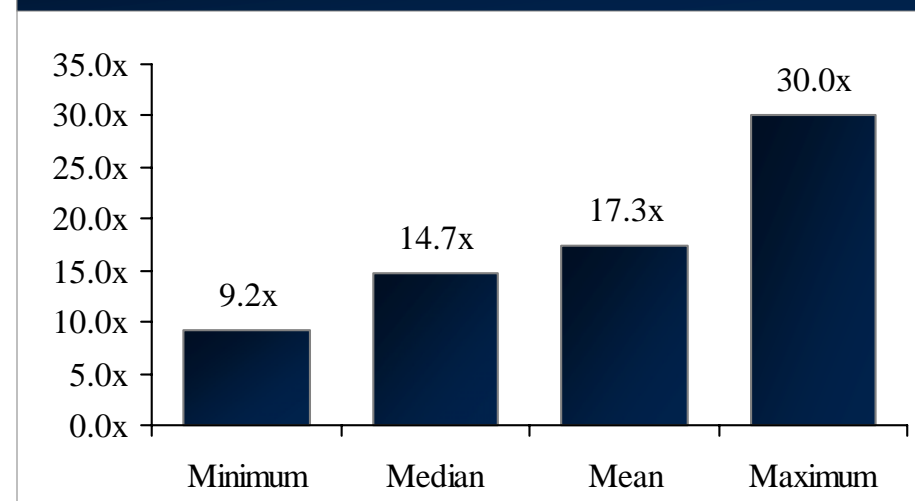
M&A

Announcement Date	Target	Acquiror	Enterprise Value
8/7/2007	NetSpend Corporation	Capital One Financial Corp	\$700.0
8/2/2007	CheckFree Corp	Fiserv Inc	4,099.1
6/26/2007	eFunds Corp	Fidelity National Information Services	1,700.1
5/30/2007	Ceridian Corp	Fidelity National Financial	4,888.6
5/17/2007	Alliance Data Systems	The Blackstone Group	7,933.8
4/30/2007	International Securities Exchange	Eurex Deutschland	2,558.8
4/1/2007	First Data Corp	Kohlberg Kravis Roberts & Co.	27,371.1
12/3/2006	Mellon Financial Corp	Bank of New York	14,834.3
11/30/2006	Digital Insight Corp	Intuit Inc	1,208.8
10/14/2006	Open Solutions, Inc	Providence Equity, The Carlyle Group	1,283.4
9/15/2006	National Processing Company	Iron Triangle/GTCR	NA
5/22/2006	Euronext NV	NYSE Group	12,274.0
1/30/2006	Intrado Inc	West Corp	4,561.2

LTM EV/Revenue Multiples

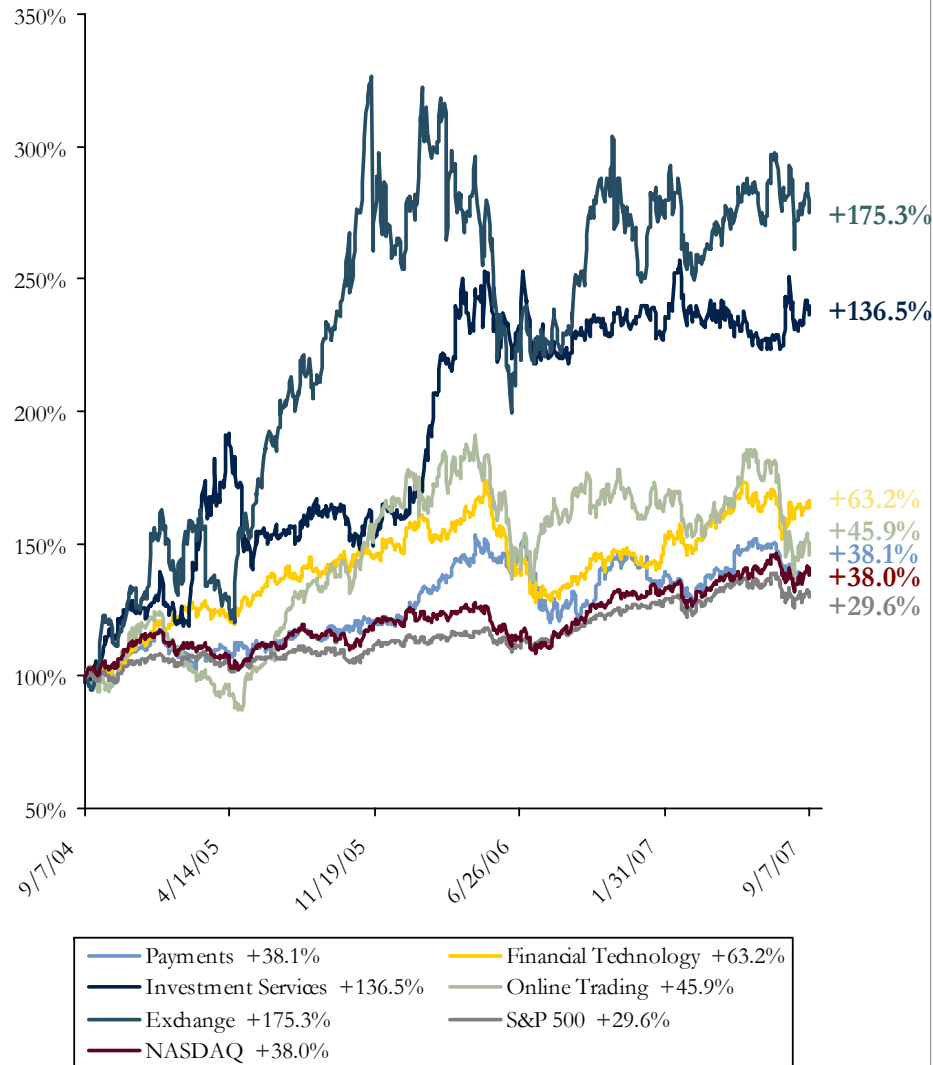


LTM EV/EBITDA Multiples

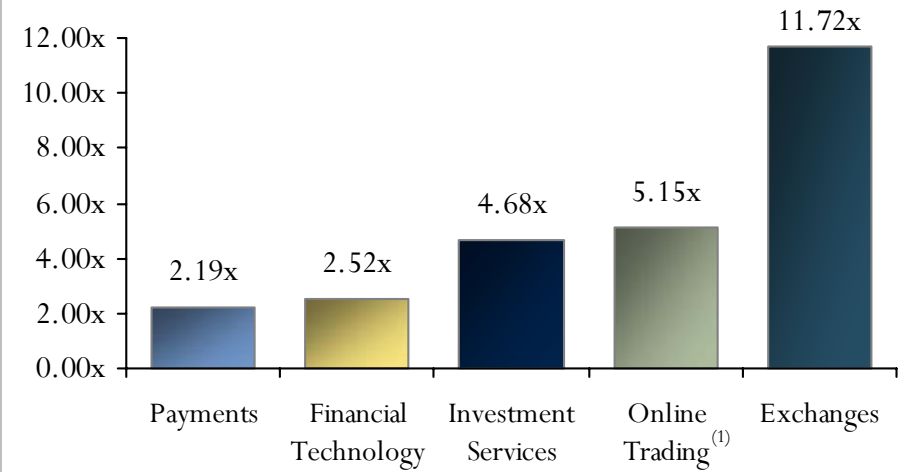


Public Markets

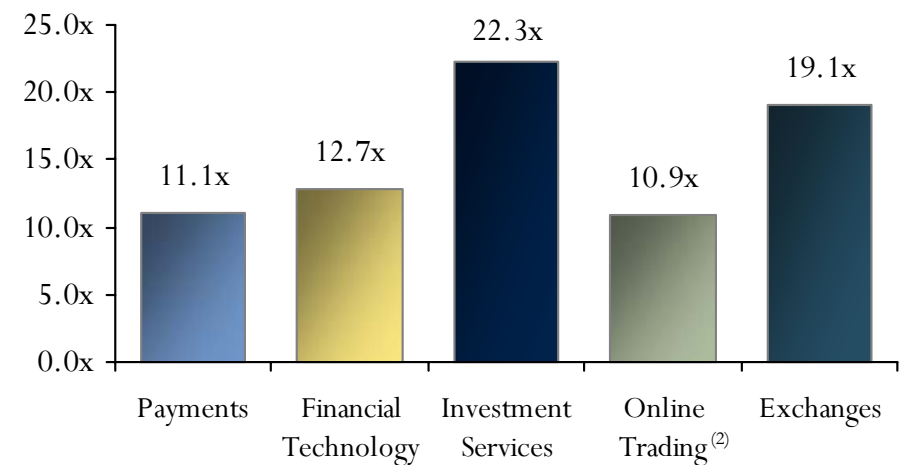
Recent Price Performance



2007 EV/Revenue Multiples



2007 EV/EBITDA Multiples



(1) Defined as Market Capitalization/Revenue

(2) Defined as Market Capitalization/EBT

Chicago Success Stories

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Notable Examples



The power to make you more profitable.



A CME/Chicago Board of Trade Company



ESTABLISHED IN 1914



solutions for the custom era



CHICAGO BOARD OPTIONS EXCHANGE



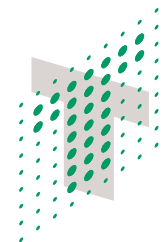
ENVESTNET
Asset Management



Creating Value
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online options & stock brokers



TransUnion

William Blair & Company, L.L.C. may have received compensation for investment banking services from a company listed above within the past 12 months, or intends to seek compensation for investment banking services in the next 3 months.

Contact Information

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