Temenos acquires Kony for its digital banking product

By **Stephanie Condon – ZDNet** (Sep 26, 2019)

Temenos (TEMN:SW), a Switzerland-based banking software company, announced Wednesday that it's acquiring Kony, the mobile and application development business that offers a leading digital banking SaaS product. Temenos will purchase Kony for USD 559 million and an earn-out of USD 21 million, and assume USD 50 million of Kony's debt. The deal is expected to close by early Q4 2019. At the Swiss Bourse, Temenos dropped 1.20%.

The acquisition is being funded through cash and debt. Temenos is using a combination of its existing revolving credit facility and a bridge loan. The current debt-to-equity ratio is 2.73. The company expects debt leverage to decrease by 30% by year end 2020.

The deal should help Temenos step up its presence and capabilities in the US, where addressable market for digital front office banking software amounts to USD 9 billion. Globally, it's a USD 23 billion market. Temenos has carried out a series of acquisitions since its own inception, including core banking vendors such as French vendor Viveo in 2010, whose clients typically switched to banking applications from Temenos or third-party vendors. The four-year-old acquisition of Akcelerant is one of the examples that continues to be successful with its product portfolio. Data analytics startup hTRUNK and AI firm Logical Glue are just two of multiple examples of acquisitions in 2019. Overall, Temenos has a mixed history of acquisition outcomes — and Temenos still needs to fully digest the most recently acquired companies.

Temenos Infinity, the company's digital front office product, already has more than 500 banking clients. Temenos aims to add more functionality to that product with Kony's Digital Banking Experience (Kony DBX). The Kony product has been growing rapidly among top tier and mid-market banks in the US, the companies said, and is connected to most third-party cores. Kony DBX includes a suite of mobile banking apps that support conversational interfaces, artificial intelligence, augmented reality, and wearable technologies.