



S1 Corporation Investor Presentation

September 2010

Forward Looking Statements / Non-GAAP Measures

- This presentation contains forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. These statements, including without limitation statements and projections regarding our revenue, expenses, Adjusted EBITDA, revenue backlog, capital expenditures, earnings per share, product development projects, future economic performance or management objectives, are based on our beliefs as well as assumptions made using information currently available to us. Because these statements reflect our current views concerning future events, they involve risks, uncertainties and assumptions. Therefore, actual results may differ materially from those contemplated by the forward-looking statements.
- The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All of the forward-looking statements are expressly qualified by the risk factors discussed in the Company's filings with the Securities and Exchange Commission ("SEC"). For a detailed discussion of these risk factors, please review the Company's filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, and subsequent filings.
- Except as required by law, the Company will not update forward-looking statements over the course of future periods.
- For questions related to this information, please contact Paul Parrish, Chief Financial Officer, at 404-923-3500 or paul.parrish@S1.com.
- Please see the Appendix for more information on the non-GAAP financial measures included in this presentation.



Overview

- Global provider of software for:
 - Payments
 - Online Banking
 - Branch Banking
- Headquarters: Norcross, Georgia, USA
- Nasdaq: SONE
- Approximately 1,675 employees
- 3,000+ customers in more than 50 countries
- Offices around the world



Solutions mapped to Reporting Segments



- Current custom projects are projected to be completed by end of 2011
- Adjusted EBITDA from custom projects used in part to make investments to better position S1 for long-term success

Key Highlights

- Three Business Segments:
 - Payments - significant market opportunity; uniquely positioned
 - Banking: Large FI - cross-sales and margin expansion opportunity
 - Banking: Community FI - recurring revenue and significant margin expansion opportunity
- Net cash flow provided by operating activities: \$23.3M for 1H 2010
- Sales bookings increased 27% in 1H 2010 v 2H 2009*
- Revenue backlog increased 23% during 1H 2010*
- Balance Sheet: \$51.7M in cash and cash equivalents of as of June 30, 2010
- Targeting and signing large, high-quality customers
- New customer acquisition activity increased
- Continuing transition in revenue model
- Adjusted EBITDA normalization expected by end of 2010
- Expect to enter 2011 with a business model that has greater visibility and predictability
- Additionally...
 - USA NOLs of ~ \$232M as of 6/30/2010
 - Own ~13.5% of outstanding shares of Yodlee



Payments – Market

Serviceable Market Size: ~\$1B annually

- Top 600 banks in the world
- Top 500 retailers in the world
- Regional and National networks
- ATM processors
- Merchant acquirers
- Card associations

Market Drivers

- Legacy systems replacement cycle in progress
 - Competitors moving to open systems
 - Some legacy vendors no longer in business
 - In-house systems developers approaching retirement
- Regulations
 - EMV continues to drive opportunities
 - PCI drives retailers to hosted environment
 - Security regulations keep evolving
- New sources of revenue and cost optimization
- Globalization



Payments – Competition

Primary Competitors

- Software vendors
 - ACI Worldwide
 - Largest legacy system player
 - Moving towards open systems
 - Various regional players
 - Most are on or moving to open platforms
- In-house systems
 - Mainly legacy systems
- Processors
 - Mainly legacy systems

Competitive Advantage:

- World's leading open systems payment technology switch
 - Believe we have more open systems implementations than all other vendors combined
- Proven Solution
 - 15 years experience on open systems
- Advanced Functionality
 - Highly productized; Rapid implementation
- Smooth upgrade path
- High Availability - 99.999%
 - True application level active-active technology
- Proven Scalability -1,000+ transactions per second
- Mature software development kit (SDK)
- Legacy system conversion expertise and migration tools

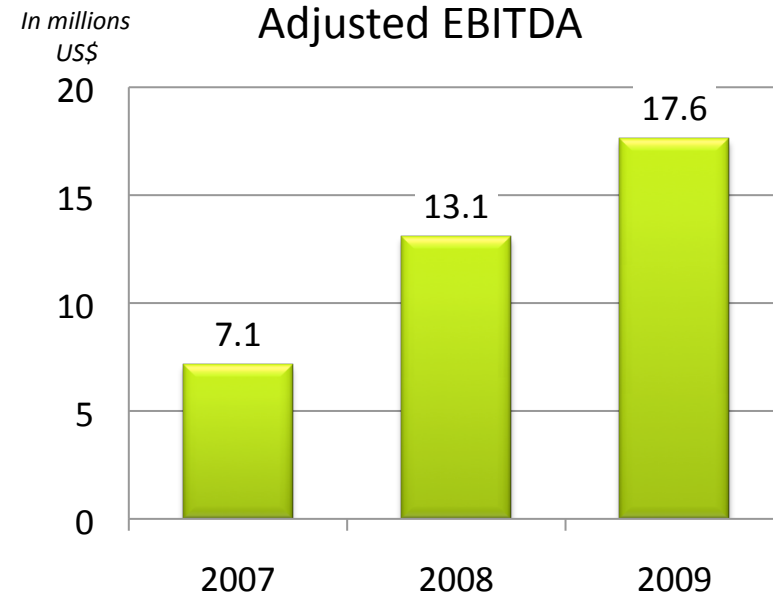
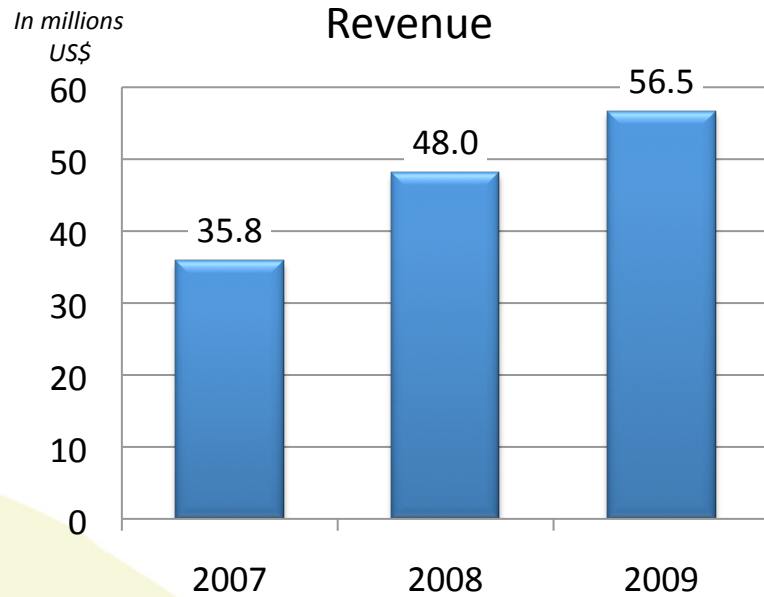


Payments – Customers

- > 20 customers drive more than 1,000 ATMs each
- > 25% of all off-premise ATMs in the USA
- 25% of all ATMs in Australia
- 2 of the largest ATM network owners in the world
- 3 of the largest core system providers in the USA
- 7 of the top 25 banks in the Middle East
- 33 banks in 11 countries in Latin America
- The largest banking group in Colombia
- One of the top 3 banks in Brazil
- Top 3 banks in South Africa
- 9 of the top 10 retail banks in Sub-Saharan Africa
- World's largest non-bank foreign exchange company
- World's largest issuer of private label cards
- 5 of the top 10 UK retailers
- 8 of the top 10 retailers in South Africa
- Largest retailer in Asia outside of Japan
- World's largest courier company
- One of the world's largest petroleum companies
- One of the world's largest food service retailers
- Largest USA travel center operator
- One of the largest EFT processors in Europe
- One of the world's top media & entertainment companies
- The UK's largest gift card issuer
- One of the world's largest card issuers
- One of the top 10 merchant acquirers in the USA
- One of the top 3 merchant acquirers in Poland
- 7 national networks in Sub-Saharan Africa



Payments – Segment Financials



- Continuing to see a shift in recognizing more software license revenue using the percentage of completion method
- Greater average deal size with larger and more complex deals
- 1H 2010
 - Revenue: \$25.2M
 - Adjusted EBITDA: \$3.9M



Payments – State of the Business – 1H 2010

- Sales bookings increased 59% in 1H 2010 vs. 2H 2009
- New customer acquisition:

Bookings	1H 2010	2H 2009	%Change
New customers	\$11.0	\$3.7	199%
Existing customers	\$11.5	\$10.4	10%
Total Bookings	\$22.5	\$14.1	59%

In millions

- Revenue backlog increased 35% during 1H 2010:
 - \$13.0M as of June 30, 2010 and \$9.6M as of December 31, 2009
- New customers added in 1H 2010 include:
 - One of the world's leading producers and distributors of non-alcoholic beverages
 - A master debit network in the U.S.
 - One of the largest building societies in Australia
 - One of the world's premier consumer electronics brands
 - Four new customers in Africa
 - A premier retail group in the UK



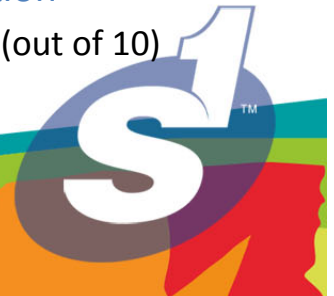
Banking: Large FI – Background

Situation in 2006 (excl. Custom Projects)

- Business severely challenged:
 - Product
 - Project
 - Customer support
 - Hosting availability
- Big customer losses
- Extremely low customer satisfaction
- Significant Adjusted EBITDA losses

What we have done

- Created structure that
 - Gives authority
 - Drives accountability
- Consolidated product development in fewer locations
- Rebuilt the:
 - Product development team
 - Professional services team
 - Support team
 - Hosting team
- Focused on, and invested in, solving customer issues
- Improved management reporting
 - Take cost out in the right areas
 - Spend money in the right areas
- Consolidated disparate code lines
- Improved average customer satisfaction
 - From 5.45 in 2007 to 7.28 in 2010* (out of 10)



Banking: Large FI – Market

Serviceable Market Size: ~\$1B annually

- Financial institutions worldwide with assets > \$5B
- Top 300 financial institutions in the USA
- Hosted solutions
- On-premise solutions
- Targeting specific regions:
 - United States
 - Western Europe
 - Middle East
 - South East Asia

Market Drivers

- Increased adoption of online and mobile channels
- Emphasis on treasury and cash management services
 - Emerging small business segments
 - Corporate clients
- Streamline costs through
 - Application consolidation
 - Automation
- Heightened security awareness and threats
- Increased regulatory and compliance pressures
- Convergence of online banking and payments



Banking: Large FI – Competition

Primary Competitors

- ACI Worldwide
- Bottomline
- Clear2Pay
- Corilian (Fiserv)
- Digital Insight (Intuit)
- Fidelity
- Financial Fusion (Sybase)
- Fundtech

Competitive Advantage

- Market leader in corporate online banking solutions
- Recognized by Aite Group, Celent, Greenwich Associates
- Tailored banking services (class of service) enables banks to:
 - Design, package and deploy unique services *for*
 - Unlimited segments *in*
 - Corporate, small business and consumer
- Comprehensive payment capabilities
 - Support for over 100 payment types worldwide
- Interactive information reporting
- Strong mobile channel integration with Online Banking
 - Out-of-band authentication
 - Out-of-band authorization
 - Payment approvals



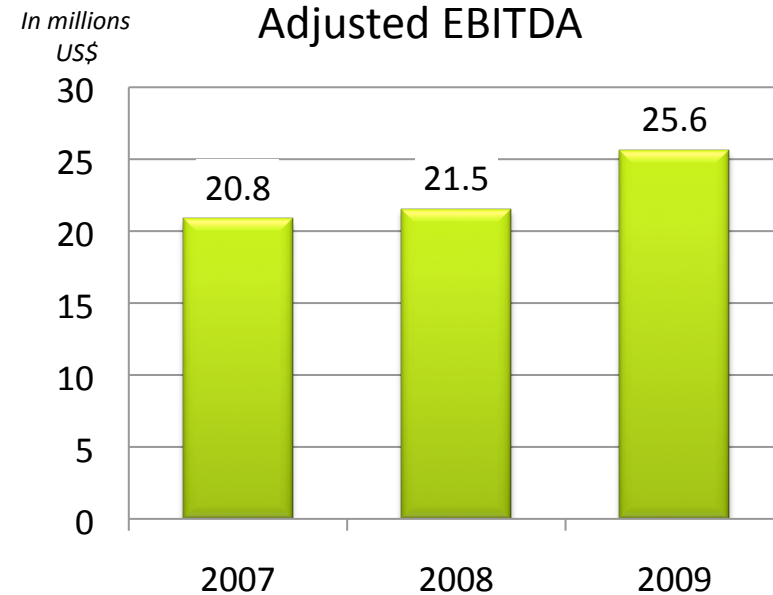
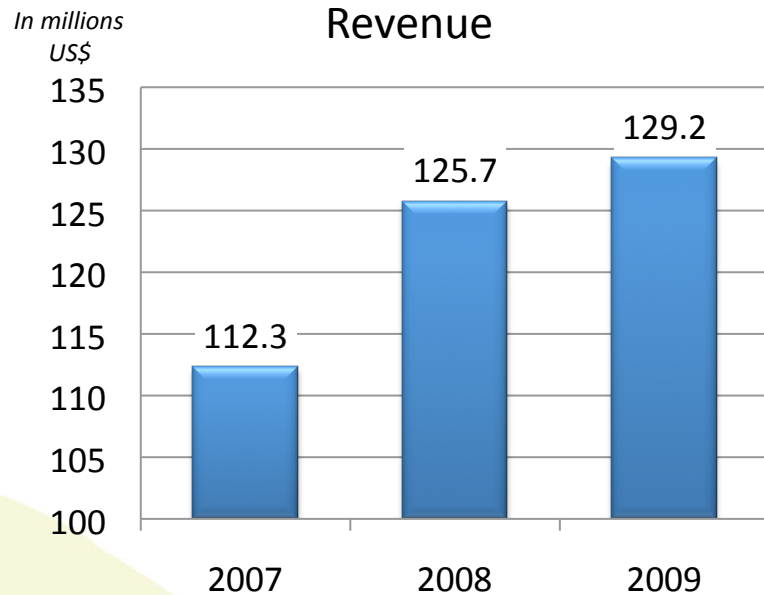
Banking: Large FI – Customers

Includes

- 8 of the top 15 USA banks
- 2 of the top 5 ACH originators in the USA
- 3 of the top 5 banks in Canada
- 2 of the top 10 banks in Europe
- Largest bank in Japan
- Largest bank in Singapore
- Largest bank in Jordan
- Second largest bank in China
- Largest banking group in Colombia
- 2 of the top 3 banks in Thailand



Banking: Large FI – Segment Financials



- Continuing to see a shift in recognizing more software license revenue using the percentage of completion method
- Greater average deal size with larger and more complex deals
- 1H 2010
 - Revenue: \$49.2 million
 - Adjusted EBITDA: \$2.8 million



Banking: Large FI* – State of the Business – 1H 2010

- Sales bookings increased 8% in 1H 2010 vs. 2H 2009
- New customer acquisition:

Bookings	1H 2010	2H 2009	%Change
New customers	\$5.4	\$3.1	73%
Existing customers	\$22.0	\$22.1	-1%
Total Bookings	\$27.4	\$25.2	8%

In millions

- Revenue backlog increased 19% during 1H 2010:
 - \$35.2M as of June 30, 2010 and \$29.6M as of December 31, 2009
- New customers added in 1H 2010 include:
 - One of the largest financial services groups in Asia
 - Corporate banking, Business banking, Consumer banking, Trade finance, Mobile banking
 - A prominent West Coast bank in the U.S.
 - Corporate banking
- Significant cross-sell to one of the top 5 banks in the U.S.
 - Corporate banking

*Excluding Custom Projects



Banking: Community FI – Background

Situation in 2006

- Good recurring revenue
- Good margins
- Minimal investment in prior 5 years
- Dated technology
- Low customer satisfaction in Online Banking
- High customer attrition in Online Banking

What Have We Done

- Reinvested in the business
- Product
 - Tactical updates on existing Internet banking product to retain customers
 - Started development of replacement product using our payments platform
- People/Organization
 - Installed dedicated sales force and account management
 - Improved professional services delivery methodology and capacity
 - Improved customer support
- Customer retention
 - Implemented contract renewals for three year terms for Online Banking
- Evolved to subscription based business model



Banking: Community FI – Background

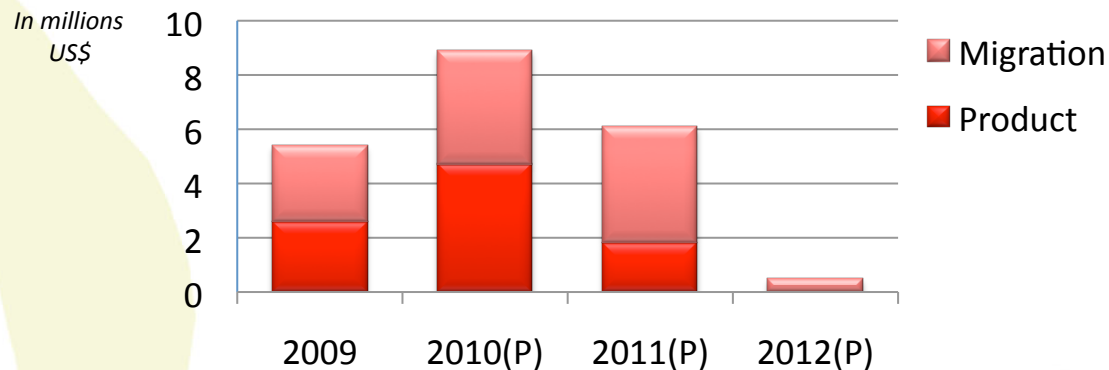
Where Are We Now?

- Over 100 customers on new product on one or more of the following channels:
 - Internet Banking (Retail & Business)
 - Voice Banking
 - Mobile Banking
- More than 100 conversion projects currently in progress
- New product has been extremely well received and is highly competitive

What Do We Still Need To Do?

- Complete product mass roll-out readiness
 - Planned completion in 2010
 - Align product dev expenses with revenue
- Complete migration effort
 - Planned completion by end of 2011
- Build momentum with new sales
 - New product highly competitive
 - Focus on direct sales as well as channel development
- Complete migrations to minimize customer losses

Estimated Additional Investment Costs



(P) = Projected



Banking: Community FI – Market

Serviceable Market Size: ~\$600M annually

- **Online Banking**
 - Banks & credit unions in USA with assets < \$5B
 - Number of banks: ~7,807
 - Number of credit unions: ~7,725
 - Total number of institutions: ~15,532
 - Top 25% is our targeted serviceable market
- **Branch Banking**
 - \$10B+ in assets - direct sales
 - < \$10B in assets - channel sales

Market Drivers:

- **Online Banking**
 - Increased adoption of online and mobile banking
 - Continued pressure to compete with big banks
 - Heightened security awareness and threats
- **Branch Banking**
 - Obsolete technology
 - Cost reduction
 - Remove servers from the branches
 - Paperless branches - image capture



Banking: Community FI – Competition

Primary Competitors

- Argo
- Core processors
- Digital Insight (Intuit)
- Fidelity
- FundsXpress (First Data)
- Q2

Competitive Advantage

- **Online Banking**
 - Multi-channel solution
 - Built on a highly available payments platform
 - Single view of all customer activity across multiple channels
 - Substantial payments & online banking integration possibilities
 - Mobile banking integrated with payments
 - Highly configurable
- **Branch Banking**
 - High customer satisfaction
 - Significant presence in USA market
 - Integrated teller and sales & service platform
 - Proven capability to integrate with different core systems

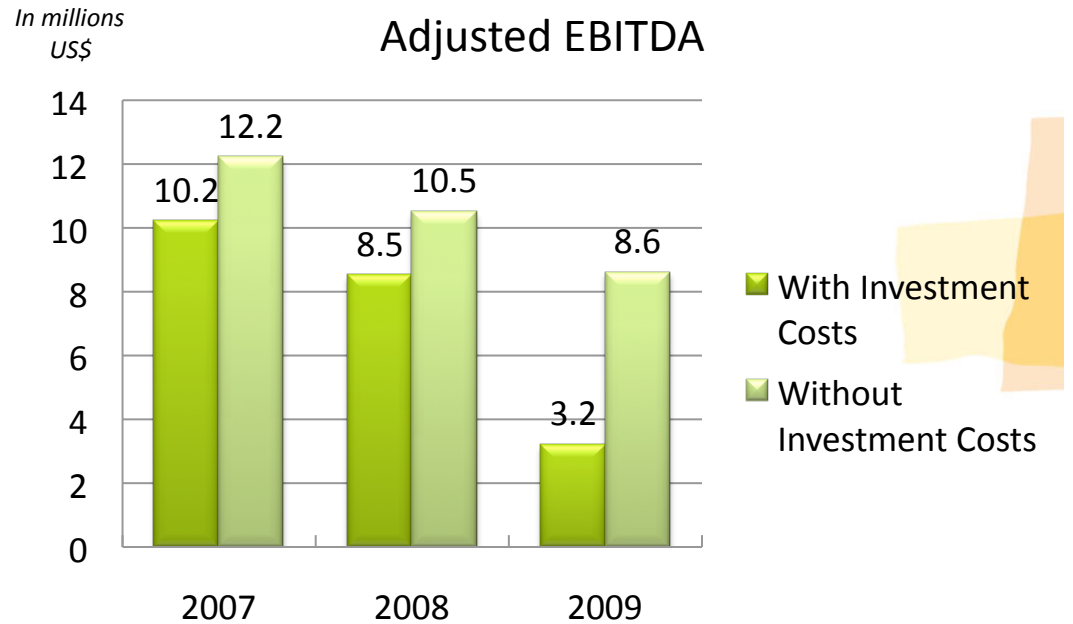
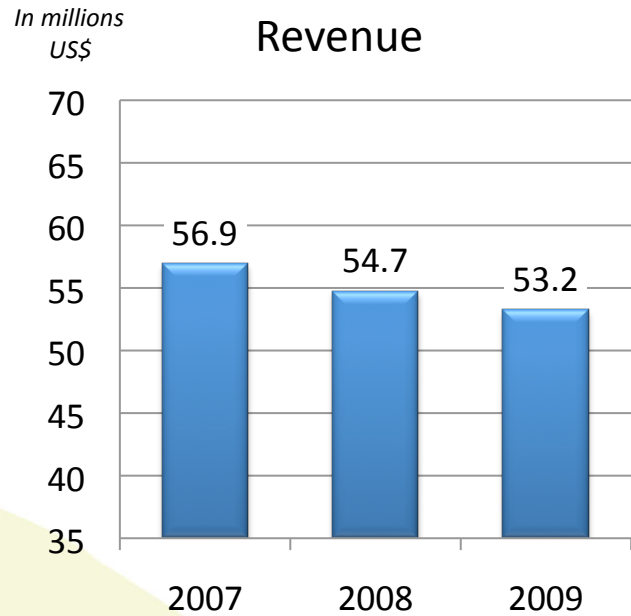


Banking: Community FI – Customers

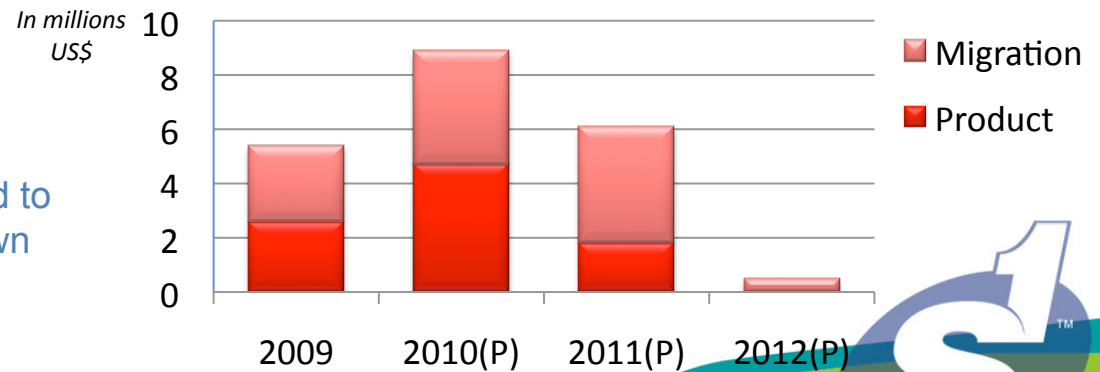
- > 200 business banking customers
- > 300 consumer banking customers
- > 450 voice banking customers
- > 35 mobile banking customers
- > 950 branch banking customers
- > 90,000 teller lanes



Banking: Community FI – Segment Financials



Estimated Additional Investment Costs



- **1H 2010**
 - Revenue: \$28.5M*
 - Adjusted EBITDA: \$(675)K
- Additional investment costs are projected to wind-down as Custom Projects wind-down

(P) = Projected *Includes acquisition of PM Systems



Summary: Three Exciting Growth Opportunities

- Payments
 - Significant market opportunity
 - Uniquely positioned
- Banking: Large FI (excluding Custom Projects)
 - Cross-sales
 - Margin expansion
- Banking: Community FI
 - Recurring revenue
 - Significant margin expansion
- Additionally...
 - USA NOLs of ~ \$232M as of 6/30/2010
 - Own ~13.5% of outstanding shares of Yodlee
 - Cash of \$51.7M as of 6/30/2010





APPENDIX

Non-GAAP Measures

- This presentation includes references to Adjusted EBITDA, a non-GAAP financial measure, the most directly comparable U.S. GAAP equivalent of which is Net income for our consolidated results and Operating income for our segment results. We define Adjusted EBITDA as, in the case of our consolidated results, Net income plus interest and other expense (income), plus income taxes or, in the case of our segment results, Operating income, in each case adjusted for depreciation, amortization of intangibles, and stock-based compensation expense. A reconciliation of our Adjusted EBITDA measures to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP is detailed in the Appendix to this presentation.
- This presentation contains an estimate of revenue backlog for our Payments and Banking: Large Financial Institution segments which is defined as an estimate of revenue for software licenses, including term licenses, professional services, and hosting services, in each case as specified in executed contracts that we believe will be recognized in revenue over the next 12 months. The portion of the estimate from our Banking: Large Financial Institution segment does not include revenue associated with the State Farm business or the custom development for an international branch customer (“Custom Projects”).



Non-GAAP Measures

- Our estimate of revenue backlog requires substantial judgment of our management, is based on a number of assumptions, which may turn out to be inaccurate or wrong, and is subject to a number of factors and uncertainties, many of which are outside of our control. Such assumptions, factors and uncertainties include, but are not limited to, the following:
 - Revenue for term licenses and hosting services are the annualized amount expected over the next 12 months as of the date presented;
 - Foreign currency exchange rates are assumed to remain constant over the 12 month period for contracts stated in currencies other than the U.S. Dollar;
 - Perpetual licenses and professional services are based on current estimates of project completion over the next 12 months;
 - Our customers may attempt to renegotiate or terminate their contracts for a number of reasons, including mergers, changes in their financial condition or general changes in economic conditions within their industries or geographic locations;
 - We may experience delays in the development or delivery of products or services specified in customer contracts; and
 - Our estimate is based on constant hosting transaction volumes, and changes in hosting transaction volumes may impact the amount of revenue actually recognized in future periods.



Non-GAAP Measures

- Estimates of future financial results are inherently unreliable. Accordingly, there can be no assurance that the amounts included in our estimate of revenue backlog will be recognized over the next 12 months, or at all. Additionally, because our estimate of revenue backlog is an operating metric, it is not subject to the same level of internal review or control as a U.S. GAAP financial measure. We believe that presenting this estimate provides supplemental information and an alternative presentation useful to investors understanding trends in our business including the shift we are experiencing toward recognizing more software license revenue using the percentage of completion method.
- The Adjusted EBITDA, revenue backlog and sales bookings measures are considered non-GAAP financial measures as defined by SEC Regulation G. Although we believe our presentation of non-GAAP financial measures provides useful supplemental information to investors regarding our results of operations, our non-GAAP financial measures should only be considered in addition to, and not as a substitute for or superior to, our financial measures prepared in accordance with U.S. GAAP. The use of non-GAAP financial measures is subject to inherent limitations because they involve the exercise of management's judgment. Management accounts for these limitations by not relying exclusively on non-GAAP financial measures, but only using such information to supplement U.S. GAAP financial results. Our non-GAAP financial measures may be different from such measures used by other companies. We believe that the presentation of these non-GAAP financial measure provides useful information to investors regarding our results of operations.



Reconciliation of Non-GAAP Measures: 1H 2010 Segment Financials

	1 H 2010			
	Payments	Banking: Large FI	Banking: Community FI	Total
Revenue:				
Software licenses	\$ 5,684	\$ 1,906	\$ 2,981	\$ 10,571
Support and maintenance	10,462	10,180	10,146	30,788
Professional services	8,518	24,512	2,270	35,300
Hosting	569	12,590	13,115	26,274
Total revenue	25,233	49,188	28,512	102,933
Operating expenses:				
Cost of software licenses	121	436	394	951
Cost of professional services, support and maintenance	8,963	20,257	10,855	40,075
Cost of hosting	391	7,400	5,770	13,561
Selling and marketing	5,761	4,809	2,985	13,555
Product development	2,874	8,193	6,406	17,473
General and administrative	3,657	5,908	3,410	12,975
Depreciation and amortization	962	2,217	1,842	5,021
Total operating expenses	22,729	49,220	31,662	103,611
Operating income (loss)	\$ 2,504	\$ (32)	\$ (3,150)	\$ (678)
Reconciliation to Adjusted EBITDA:				
Operating income	\$ 2,504	\$ (32)	\$ (3,150)	\$ (678)
Depreciation	718	2,217	1,301	4,236
Amortization	245	122	889	1,256
Stock-based compensation expense	433	464	285	1,182
Non-GAAP Adjusted EBITDA	\$ 3,900	\$ 2,771	\$ (675)	\$ 5,996



Reconciliation of Non-GAAP Measures: 2009 Segment Financials

	Year Ended December 31, 2009			
	Payments	Banking: Large FI	Banking: Community FI	Total
Revenue:				
Software licenses	\$ 18,063	\$ 9,003	\$ 8,130	\$ 35,196
Support and maintenance	18,905	21,265	19,432	59,602
Professional services	18,814	70,710	5,441	94,965
Hosting	761	28,254	20,149	49,164
Total revenue	56,543	129,232	53,152	238,927
Operating expenses:				
Cost of software licenses	1,359	798	1,031	3,188
Cost of professional services, support and maintenance	15,914	42,240	16,032	74,186
Cost of hosting	674	15,794	11,679	28,147
Selling and marketing	11,344	12,136	7,245	30,725
Product development	5,380	21,071	8,168	34,619
General and administrative	5,766	12,578	6,520	24,864
Depreciation and amortization	1,615	4,834	3,144	9,593
Total operating expenses	42,052	109,451	53,819	205,322
Operating income (loss)	\$ 14,491	\$ 19,781	\$ (667)	\$ 33,605
Reconciliation to Adjusted EBITDA:				
Operating income (loss)	\$ 14,491	\$ 19,781	\$ (667)	\$ 33,605
Depreciation	1,125	4,834	2,521	8,480
Amortization	1,507	245	938	2,690
Stock-based compensation expense	422	746	434	1,602
Non-GAAP Adjusted EBITDA	\$ 17,545	\$ 25,606	\$ 3,226	\$ 46,377



Reconciliation of Non-GAAP Measures: 2008 Segment Financials

	Year Ended December 31, 2008			
	Payments	Banking:		Total
		Large FI	Community FI	
Revenue:				
Software licenses	\$ 16,991	\$ 7,755	\$ 5,484	\$ 30,230
Support and maintenance	15,624	18,159	19,996	53,779
Professional services	14,801	71,011	6,658	92,470
Hosting	608	28,780	22,568	51,956
Total revenue	48,024	125,705	54,706	228,435
Operating expenses:				
Cost of software licenses	1,103	1,338	1,545	3,986
Cost of professional services, support and maintenance	14,335	44,761	14,999	74,095
Cost of hosting	319	15,607	10,482	26,408
Selling and marketing	12,209	15,660	8,563	36,432
Product development	4,003	18,229	7,039	29,271
General and administrative	5,551	13,990	6,285	25,826
Depreciation and amortization	1,473	4,613	2,980	9,066
Total operating expenses	38,993	114,198	51,893	205,084
Operating income	\$ 9,031	\$ 11,507	\$ 2,813	\$ 23,351
Reconciliation to Adjusted EBITDA:				
Operating income	\$ 9,031	\$ 11,507	\$ 2,813	\$ 23,351
Depreciation	1,030	4,614	2,292	7,936
Amortization	1,546	329	1,780	3,655
Stock-based compensation expense	1,448	5,029	1,615	8,092
Non-GAAP Adjusted EBITDA	\$ 13,055	\$ 21,479	\$ 8,500	\$ 43,034



Reconciliation of Non-GAAP Measures: 2007 Segment Financials

	Year Ended December 31, 2007			
	Payments	Banking:	Banking:	Total
		Large FI	Community FI	
Revenue:				
Software licenses	\$ 12,779	\$ 5,553	\$ 6,710	\$ 25,042
Support and maintenance	12,872	16,965	19,169	49,006
Professional services	9,950	63,799	6,493	80,242
Hosting	200	25,934	24,501	50,635
Total revenue	35,801	112,251	56,873	204,925
Operating expenses:				
Cost of software licenses	1,203	1,270	1,467	3,940
Cost of professional services, support and maintenance	10,856	41,753	15,356	67,965
Cost of hosting	106	14,588	10,368	25,062
Selling and marketing	11,356	13,121	6,827	31,304
Product development	3,792	11,649	8,297	23,738
General and administrative	4,640	14,524	7,095	26,259
Depreciation and amortization	1,118	4,547	2,533	8,198
Total operating expenses	33,071	101,452	51,943	186,466
Operating income	\$ 2,730	\$ 10,799	\$ 4,930	\$ 18,459
Reconciliation to Adjusted EBITDA:				
Operating income	\$ 2,730	\$ 10,799	\$ 4,930	\$ 18,459
Depreciation	659	4,502	1,862	7,023
Amortization	1,601	723	1,788	4,112
Stock-based compensation expense	2,120	4,788	1,614	8,522
Non-GAAP Adjusted EBITDA	\$ 7,110	\$ 20,812	\$ 10,194	\$ 38,116

