

2011 Case Competition

Deloitte Consulting LLP & Intuit Inc.

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Introduction

You and your team of consultants were recently approached by Bill Shwartz, head of corporate strategy at Intuit, requesting that you help identify a strategy to increase Intuit's revenue and integrate a recent acquisition into their portfolio of brands. As Intuit CEO Brad Smith has stated that Intuit is aiming to obtain 75% of total sales from web-based services by 2015, Bill is particularly interested in how the web-based personal financial management (PFM) company Mint can help achieve this goal.

Bill has provided you with some basic information on the PFM industry, Intuit, and Mint. He has also identified and provided additional information around three broad areas that could drive growth at Mint; products and services, demographics and target markets, and revenue models. While all three of these topics are interrelated, the Intuit Executive Steering Committee would be more inclined to take action on a proposal that focuses primarily on one area of opportunity and justifies this recommendation with deep analysis and strategic rationales than on a plethora of suggestions backed by shallow analysis. Bill has also stressed that Intuit considers their most valuable asset to be their customers and would be extremely hesitant to pursue a recommendation that could alienate their current user base.

History of Intuit: The Advent of Personal Financial Management Applications

Personal financial management has evolved massively from the traditional written methods of balancing the checkbook and tracking household finances. With the increasing popularity and availability of personal computers in the early 1980's, Intuit creator Scott Cook realized that he could develop a product that would revolutionize how individuals and families manage their money. In 1983, Cook along with his business partner and developer Tom Proulx founded Intuit with its flagship product Quicken. By the late 1980's Quicken had taken a dominant position among PFM applications which encouraged Microsoft's entry into the market with the 1991 release of Money. As Microsoft and other competitors entered the PFM market, Intuit used rebates, direct marketing campaigns and favorable consumer and industry reviews to maintain market share.

Throughout the 1990s Intuit's Quicken was successful in fending off rival products including Microsoft Money. In 1995, two years after Intuit's 1993 IPO, Microsoft tendered a buyout offer which fell apart in the face of Department of Justice scrutiny. After the failed deal, Intuit broadened its product offerings by introducing TurboTax, a personal tax preparation application, and QuickBooks, which simplifies accounting for small to medium sized businesses. In 1998 Microsoft announced that it would stop producing Microsoft Money as it faced competition from a number of PFM products and also from the rapidly growing online banking industry.

An Overview of Intuit's Current Position

Today, Intuit is a strong competitor in the PFM applications market segment. Intuit's product offerings, which include Quicken, QuickBooks, and TurboTax among others, make it a recognized market leader in financial management software. With a broad client base of small and mid-sized businesses, financial institutions, consumers, and accounting professionals, Intuit has continually changed the way that people manage their small

business and personal finances. Over the past two decades, Intuit has grown tremendously through significant acquisitions which have served to continually expand its portfolio of brands. Recent statistics show that the Mountain View, California-based company has annual revenue of \$3.1 billion, approximately 8,000 employees, and more than 10 million customers in North America, Europe, Asia, and Australia.

Given the recent economic downturn, the market for PFM services has become a segment of new opportunities and aggressive competition. In response to the increasing popularity of both online banking and internet based software, Intuit has turned to a strategy of increasing its software-as-a-service (SaaS) product offerings. Intuit has positioned itself as a provider of consumer SaaS offerings that connect customers across desktop, online, and mobile devices with SaaS products which now account for more than 50 percent of the company's sales. With the acquisition of Digital Insight in 2007 Intuit began to create the next generation of online banking. In developing creative ways to help banks and credit unions offer easier and simpler online financial services, Intuit has established a presence in the online banking market segment.

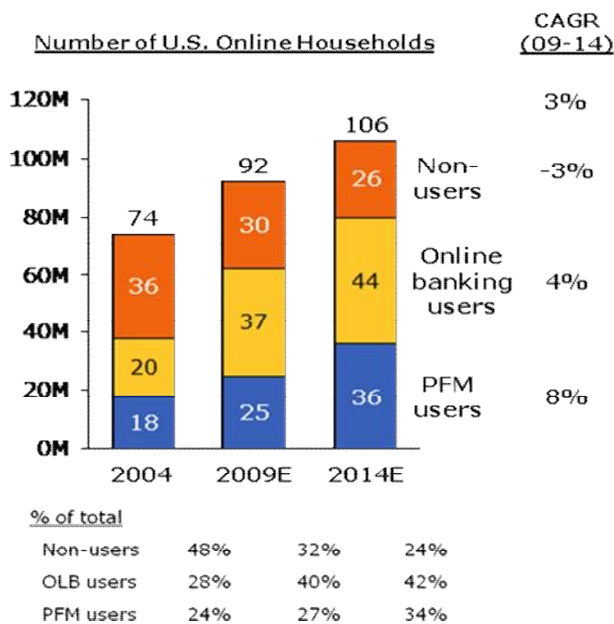


Figure 1- Number of U.S. households using online banking and PFM sites

Intuit SaaS Offerings:

- TurboTax Online – online personal tax preparation and filing application
- QuickBooks Online – online small business accounting software
- PayCycle – online payroll service for small business
- QuickBase – web based CRM system
- Mint (aka Mint.com) - online PFM application
- Intuit Financial Services (formerly Digital Insight) – online banking platform for financial institutions which provides consumer internet banking, bill payment and other services

- The Intuit Health Group (formerly Medfusion) – web portal that allows physicians to schedule appointments and process patients’ payments online
- Homestead – user friendly platform for designing and publishing websites

History of Mint: from Start-up to \$170M Acquisition

In 2006 Aaron Patzer founded Mint to provide an easy-to-use online application for financial account aggregation and personal budgeting. Mint is a web-based application that accesses users’ financial accounts to allow users to view transactions, track cash flow, monitor investment performance, and identify money-saving opportunities all in one centralized location. Using each customer’s logon credentials for any number of accounts at over 16,000 financial institutions, Mint allows users to categorize spending, create personalized budgets, and compare spending patterns against national averages. The site’s ease of use and simple but attractive interface propelled it to over half a million users in its first year. In 2009 Mint was acquired by Intuit for \$170M adding a new SaaS product to Intuit’s line of web-based financial management offerings.

Intuit & Mint Post Acquisition

Mint is currently free to users and does not have advertisements but rather relies on lead generation for sponsoring financial institutions to drive revenue. The site uses algorithms to collect information on a user’s existing accounts and then provide alternatives that could help the user save or earn more money. One example of this would be if a user has an interest free checking account, Mint will search the internet for interest bearing checking accounts and will provide the user with a link to a sponsoring financial institution. If the user opens an account with this financial institution, Mint will receive a fixed fee for generating the lead.

Since the acquisition Mint has released a number of products and features such as the ability for users set financial goals and subsequently track their progress towards achieving them. Mint has also released mobile applications for both the iPhone and Android platforms. Through its service Mint Data, Mint regularly releases aggregated consumer spending data which provides economists and researchers keen insight into individual spending trends. Although this aggregated data is regularly released, Patzer is looking into other ways that anonymous user data could be provided as a premium service.

Introduction to the Challenge – Growth Strategies for Mint

As Bill mentioned during your initial discussions, the Intuit corporate strategy team has come up with three general approaches to increasing revenue at Mint and in turn for Intuit. These opportunities can be broadly categorized as follows:

- **Offer new products or expand on existing product offerings** - this can include new products and services for end users, new products and services for financial institutions, or new products and services for financial and investment professionals.
- **Grow market share** - this could be achieved using strategies that increase market share within current target markets, enter new target markets and demographics, or expand internationally into untapped foreign markets.

- **Change the current revenue model** - the current revenue model could be altered, new sources of revenue could be added, or a completely new revenue model could be adopted.

One major consideration that Bill has emphasized is that whatever approach or recommendation you propose, the strategy must both increase usage and revenue for Mint while helping Mint align with the broader strategies and brands of Intuit. The Committee has indicated that its strong preference is to keep Mint's core product free to align with the values and practices of the most successful Web 2.0 products (e.g. Facebook, Twitter, Yelp, etc).

Opportunity 1: The Product

Mint is a web based personal financial management tool that has gained a strong user base due to its ability to aggregate account information from a multitude of different sources. Through the use of Mint, users are able to track bank, credit card, investment, and loan transactions from one simple interface.





Mint's product can be broken down into several sections. In each section, Mint has offered innovation and new products that have helped attract new customers and increase the time spent on the site by existing users.

- **Login / Information Gathering:** In 2010, Mint developed an innovative method of gathering transactional information, utilizing the online banking system employed by most commercial banks. With this system, Mint simply needs a user's online banking login information and password to access their transactions. This method has not only helped Mint expand the number of banks that the website is compatible with, but also to increase the security provided to users' private financial data.
- **Transactions:** Mint automatically pulls transactional data from online banking websites, and begins to categorize the user's spending. Categories include such things as income, entertainment, mortgage, food, etc. The transactions can be further broken down by the user into restaurant, fast food, groceries, etc. This system allows Mint to provide detailed spend analysis to its users.
- **Budgets:** In addition to providing transactional data, Mint allows its users to set monthly budgets for each spending category. As transactions are processed and captured, spending in each category is tracked against the budgets that were developed.
- **Goals:** With the newly added goal section, Mint allows users to define specific goals (i.e. saving for college, buying a car, buying a house), and define the total amount that the user would need to spend. Each goal is then broken down into a monthly savings goal that is tracked against the user's spending.
- **Trends:** With extended use, Mint can develop extensive spending trends for its users and allow users to see how their spending has increased or decreased over the last several months.

- **Ways to Save:** With this section, Mint offers users various credit cards, checking accounts, saving accounts, CD's, and other financial products that can assist the user in saving or earning additional money.

Competitive Analysis

As a PFM tool, Mint faces a lot of competition on two fronts. The first are the web based start-up companies that offer similar personal finance management services.

Name	Free/Paid	Description
	Free	Bundle.com is a PFM tool started by Jaidev Shergill, a 16 year veteran of the banking industry. The site offers a money management tool that allows users to track and analyze their spending and savings. The site also offers a community discussion forum and generates revenue both on advertisement sales and cross-selling.
	Free	Yodlee.com is an account aggregation website that provides other online financial services as well. Yodlee.com's MoneyCenter software allows users to track spending, view balances, and take advantage of free bill pay and convenient funds transfer services. In addition, Yodlee.com offers products to customers, developers, and Financial institutions.
	Paid	YNAB is a multi-platform personal budgeting program that is available via digital download or through traditional CD-ROM. YNAB is unique in that it offers users a forward looking proactive plan for money before it is spent. It does so by allowing its users to create a "buffer" which represents money that is set aside for the following month's expenses that the user knows he/she will incur.
	Free	Thrive.com is a free online personal financial advisor that allows users to track and analyze their money. It helps its users plan for future investments, such as a home, and also compares credit card and banking institutions.

In addition to these web-based start-up companies, Mint also faces competition from the large banking institutions that have started their own online PFM tools. A prime example of this is Bank of America, which has now started offering personal finance tools in order to its customers better track and analyze their spending.

Product Challenge: New Products and Services

The companies provided are just a small sub-set of the population competitors that are springing up to challenge Mint. There are many strong start-up competitors who are constantly vying for market dominance by developing newer and more advanced technologies to offer potential customers. Larger banking institutions are also tapping into existing personal banking customers to provide them with additional personal finance

capabilities. The goal of these efforts is not only to secure loyalty from their existing customers, but also to attract new customers. In such an industry, Mint must continue to develop and innovate in order to maintain its market dominance and to continue to attract new customers. Some considerations to think about when forming ideas for new products or services:

- **Consumer Products:** What new products or services can Mint offer to its clients and how will these integrate with current features?
- **Business Products or Services:** Are there new products or services that Mint can develop that would be of interest to businesses or non-consumer customers?
- **Data Privacy:** How will Mint's existing customer base be affected by any proposed changes and how can Mint allay any potential concerns?
- **Revenue:** How will any new products or services offered by Mint fit into their existing revenue model? Could the new product or service be offered for a premium or as a prescription based service? If so, what kind of additional revenue would this generate and how would it affect existing revenue from lead generation? If new products or services will be offered for a premium, how will current users respond?

Product Challenge: Integration with Existing Intuit Offerings

With Intuit's Acquisition of Mint comes a whole host of opportunities for Mint to expand its product offerings. Although primarily known for its TurboTax software, Intuit also offers enterprise management software and invoicing software for its customers. Some considerations to think about when forming ideas on how Mint could incorporate existing Intuit products:

- **Product Synergies and Cross-selling:** Are there any services or functions that could be added to Mint that would allow users to easily benefit from other Intuit products? How will this affect revenue for both Mint and other Intuit products?
- **Revenue Strategy and Sales Cannibalism:** How could any proposed products or services impact the sales of existing Intuit products? If there is a risk of this, how can it be mitigated? What is the best strategy for maximizing Mint and Intuit's revenue while bringing new products and services to market?

Opportunity 2: Demographics and Market Position

Current Mint Users

When Mint first debuted as a startup, it had 160,000 users within the first six months and continued to add 10,000 new users to its user base each week. As of December 2010, Mint reported that it had 4.5 million users.

In a Pre-Launch Pitch Deck from 2007, Mint detailed that its primary target audience consisted of people in the 22 to 35 years old range. Of this age group, 64% were estimated to be the demographic that uses online banking, making the total potential US market size for Mint 31 million users. Today, this number is a larger figure as the number of Internet

and online bankers rise. While Mint is the clear leader in online PFM tools, there is still a sizeable gap between the estimated number of online banking users and Mint users.

In 2009, 32% of online households did not use any online banking solution, 40% were online banking users who did not use any advanced PFM functionality, and 27% were dedicated PFM users. These statistics indicate that a majority of consumers were using basic online banking functionality to meet needs that could also be met through PFM functionality.

Online banking and PFM usage are predicted to rise. By 2014 the percentage of online banking users is expected to increase to 42%, and 34% for PFM users (*Figure 1*).

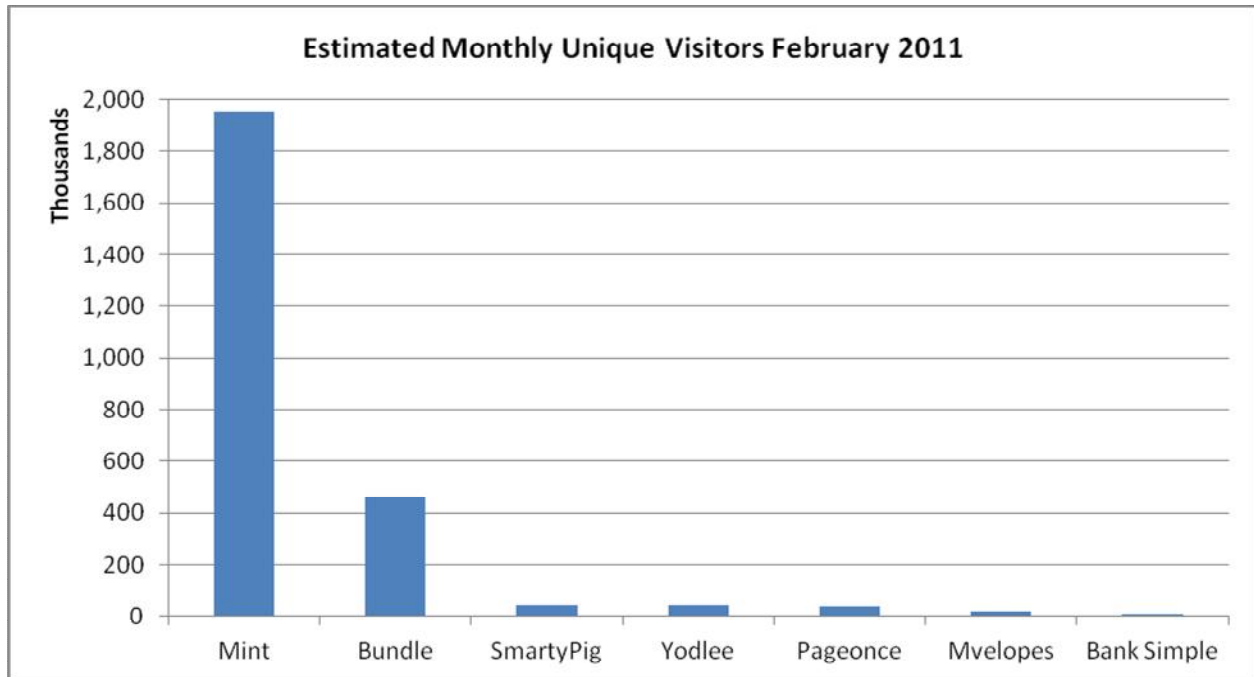


Figure 2: Estimated Number of Monthly Unique Visitors from February 2011. Aggregated competitor information from Compete.com.

In 2009, Bloomberg reported that a majority of Mint users are men with a median age of 30. According to the demographics presented by Quantcast, the majority of site visitors are male, mostly between the age of 35-49. An index is reported of 130 for visitors above age 50, but the range for this age group is much larger. According to Alexa, another site analytics source, the majority of site visitors are female and fall between the ages of 25-34.

Results vary between site analytics websites as each of these sources uses different methods to compute web traffic results. The two figures below from Quantcast and Alexa are assumed to be the collective results from June 2010 to March 2010. Note that data based on site visitors may differ from data based on users.

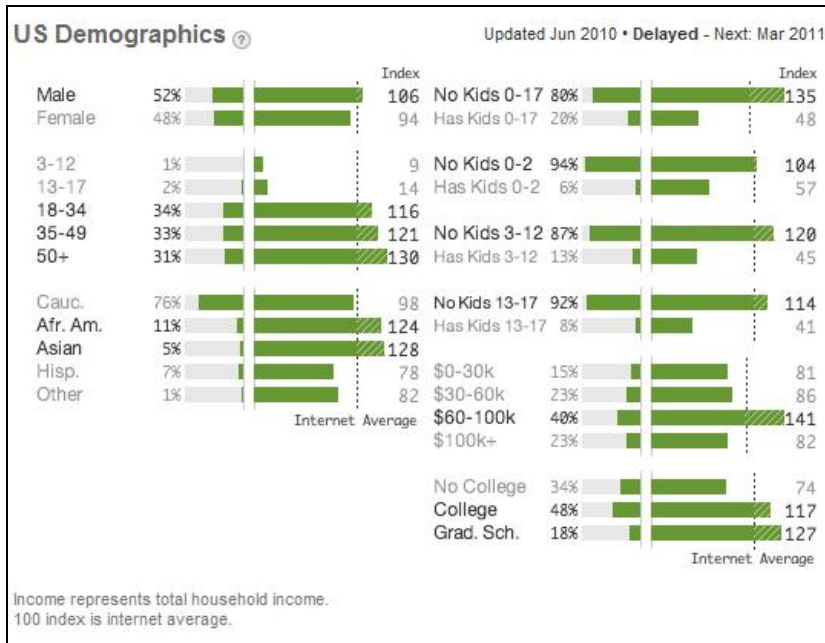


Figure 3: A rough estimate of the demographics for visitors to the site Mint.com, presented in terms of Internet average. Data provided by Quantcast.

Audience Demographics for Mint.com

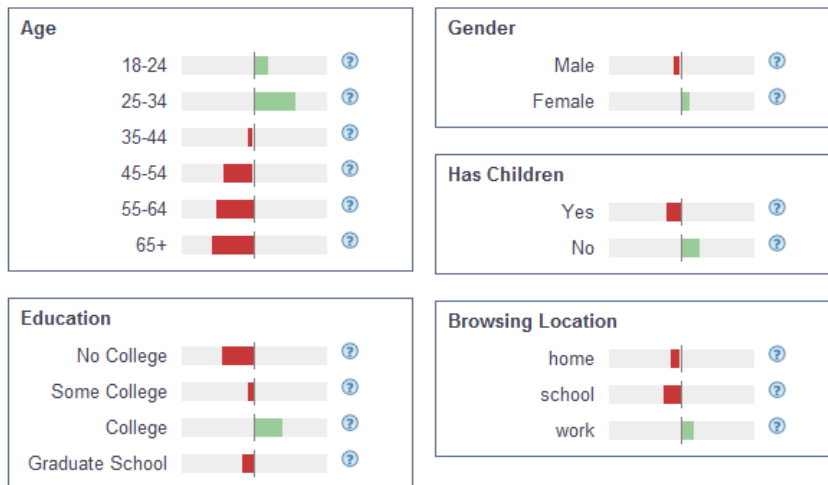


Figure 4: A rough estimate of the demographics for visitors to the site Mint.com, presented in terms of Internet average. Data provided by provided by Alexa.

Expanding the User Base

Mint's user base is both finance and tech savvy, and while all users within the Mint target market are budget-conscious, not all users may be tech savvy and comfortable with PFM tools. These individuals may find issue with sharing personal banking information with a third-party source outside of the banks themselves, since password information could conceivably be hacked, or bank account and personal information could somehow be leaked.

However, Mint founder Aaron Patzer has stated that the security measures used by Mint is comparable to that of the financial institutions. To reassure customers of their data's safety, Mint hires hackers who are assigned to break into the system and access sensitive information – no successful attempts have been reported.

Yet the results of allaying user fears about security did not end as positively for Wesabe. Wesabe, a previous competing PFM tool which ultimately shut down, offered a product solution that did not require its users to provide any passwords; instead users would download their transaction data directly from the banking institutions and then upload this data to an online tool. Though it protected their privacy, the process was cumbersome and ultimately did not create an easy-to-use experience for the users.

Increasing the usage amongst security concerned users is perhaps a branding issue. Since Intuit is an already established company, brand confidence is likely to lend itself to the new subsidiary, Mint, as well. Intuit has already started to employ this idea by cross-selling TurboTax.com, Mint, and Quicken, exposing the customers to different ways that other Intuit products can help with finances.

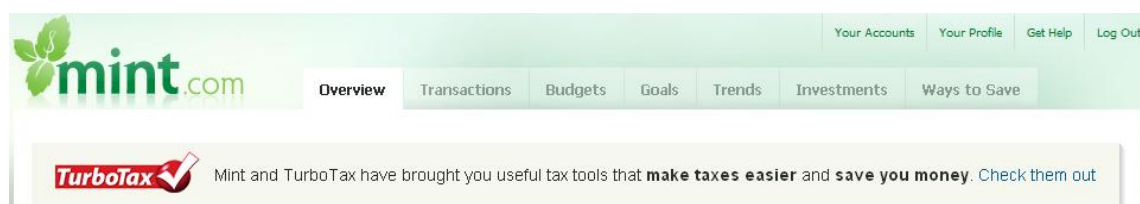


Figure 5: Screen shot of a TurboTax feature being cross-sold through Mint

International Expansion

Another way to increase the user base is to expand into other geographic areas. As part of its first step into the international space, Mint expanded into Canada in December 2010 with Mint.com/Canada, which connects to both US and Canadian banks. The high run rate and success of the expansion is hoped to be a proxy for future global endeavors.

Expanding internationally requires coordination with international financial institutions and favorable banking regulations to allow for the aggregation of banking data and the continuation of revenue streams from lead generation for financial products. This can pose a logistical hurdle for Mint, which began its expansion with Canada and is continuing with other countries that have banking systems similar to that of the US. These countries include New Zealand, Australia and the UK, but the future for global expansion is not limited to these countries.

Visitors by Country for Mint.com

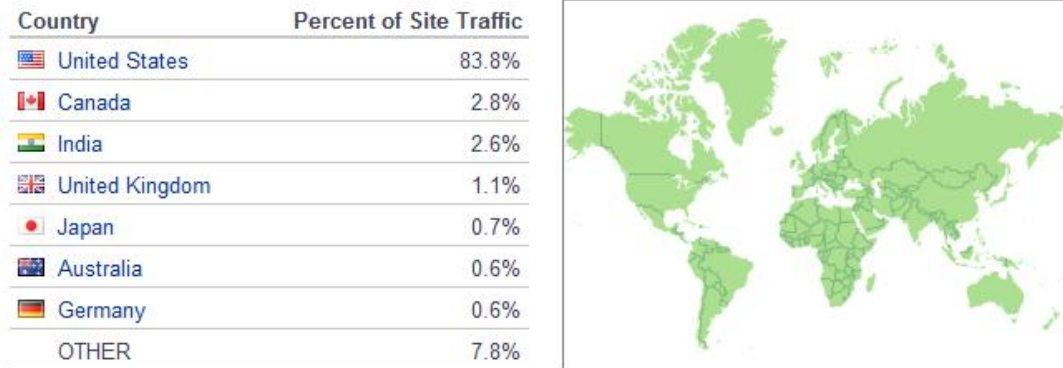


Figure 6: Web traffic from various countries. Site traffic may or may not correlate with the location of the actual subscribed user. Source: Alexa

Mint's global strategy is to meet the needs of users internationally through mobile and web applications. Partzer has said, "I envisioned [Mint] as a global offering helping millions of people worldwide [to] better manage their money."

Market Challenge: Domestic Growth

While there are multiple ways to grow Mint's user base and revenue, one approach is to directly increase market share by increasing the number of users. The majority of Mint users are domestic as Mint is just beginning its forays into the global market, but there are still many online users in the US that have not ventured into online banking, and let alone online PFM. Below are some points of consideration when forming new ideas to expand the user base.

- **Untapped markets:** How can Mint expand its user base to include currently unrepresented demographics? What user behaviors should Mint identify and utilize in increasing the user base? What types of revenue increases could be realized if these untapped demographics were brought to the site?
- **Branding:** How can Mint overcome any branding issues that are preventing users from utilizing PFM tools?
- **Competition:** While Mint is currently a market leader in online PFM applications, how can it continue to maintain its market share and stay ahead of competitors?

Market Challenge: International Growth

Mint has recently expanded into Canada for its first venture into the international market. With a mission to expand globally and now a parent company that already has global ties established, Mint has a larger opportunity to explore the PFM market in other countries in both the near and long term. Below are some points of consideration when forming new ideas around international expansion:

- **Global markets:** What countries should Mint consider entering? What is the roadmap and overall strategy for entry into these foreign markets? E.g., timeline, logistics, current economics, etc.

- **Issues with Going Global:** What are some issues that Mint must consider and overcome when expanding internationally?
- **Other considerations:** What other strategies should be considered when expanding internationally? Will Mint's current business model be as successful globally as it is in the US? What kind of potential revenue could be gained in foreign markets? Also, consider the questions posed in the Domestic challenge.

Opportunity 3: Revenue Models

Current Revenue Model

Since Intuit's acquisition of Mint.com, both the website user base and the number of financial institutions it connects to have more than doubled. With this tremendous recent growth comes the potential and need to somehow further monetize the website's functionality. Currently, Mint creates revenue through generating leads for sponsoring financial institutions, meaning takes users' data and makes recommendations to them for a credit card, loan, etc. The sponsoring financial institutions then pay Mint for each lead that is converted into an opened account. As of October 2010 it was estimated that Mint was receiving referral fees of about \$40 for savings accounts, and up to \$200 for brokerage and IRA management accounts. Companies can also sponsor the website by paying a fee to have their company's logo with a link to more information about their services. Although these are two effective ways profit through targeted advertising, it does not monetize other aspects of the site's functionality, which is one of Intuit's major goals.

In addition, Mint has been releasing quarterly reports on user spending since the beginning of 2008. Although this was a way of generating a small amount of revenue for Mint pre-acquisition; as a combined force with Intuit these reports could be more valuable and carry more weight to those interested in consumer spending data. An additional consideration on this topic is the issue of consumer privacy, and the criticism revolving around "data anonymity".

When looking at similar online financial service companies such as Wesabe, which failed after just less than two years of operation, it seems that simply user growth and revenue through lead generation are not viable long-term revenue models for Mint. To address this, Intuit has put an increased effort on international expansion, combining Mint's services with the existing products and services offered by Intuit, and on creating new revenue streams that are outside of the current operating model.

One Intuit function that users have grown to appreciate is the direct connect feature that allows two-way connectivity between financial institutions and Quicken or QuickBooks. Some banks currently offer this service today however it comes as a premium service available for a monthly fee. Paid services such as this could provide a new source of revenue which could encompass the entire site or merely select "premium" services. These services, amongst many others, could represent the next logical step for Mint in altering its revenue model and driving the newly integrated company's revenue as a whole. After the acquisition, Aaron Patzer stated about Mint and Intuit's goals and relationships that:

"From the very beginning, when Mint was more a concept than a product, I envisioned it as a global offering helping millions of people worldwide better manage their money. Joining Intuit last year made that vision a reality, and we've spent much of the last few months doing in-market testing and applying Intuit's Customer Driven Innovation philosophy to learn more about our new and potential customers. Our Canadian launch is just the beginning of Mint's global expansion."

Revenue Challenge: Generation of New Revenue Streams

In addition to new products and services, Intuit would also like to develop new methods of monetizing Mint's functionality by creating new sources of revenue. Some considerations to think about when forming ideas for these new streams include:

- **Advertising:** How would the reputation and user experience of the site change if Mint moved to targeted advertising in industries other than financial services as a new revenue model?
- **Usage:** If Mint were to change its revenue model to a subscription based service or offer other paid services, how might it affect the site's usage by new and existing customers? What kind of revenue might Mint achieve by doing so?
- **Profitability:** How would any new sources of revenue fit into or change the current business model? What kind of effect would this have on profitability in the short and long term?

Revenue Challenge: Enhancement of Existing Revenue Streams

Mint's primary revenue stream through lead generation is a good foundation for providing additional services and integrating with Intuit's preexisting product and services offerings. In addition to this primary source of revenue, capitalizing on the large amount of consumer spending data it houses could open new doors for Mint. Some considerations to think about when forming ideas for improvements upon existing revenue streams

- **Continuous Revenue Generation:** How can Mint generate revenue through customers after they have already opened accounts at partner institutions? How will these methods ensure that long time users continue to generate revenue months and years down the road?
- **Consumer Sentiment:** How will consumers react to changes in existing services? Keep in mind the high value that Intuit places on its existing customers when considering recommendations that might dismay Mint's current users. How will privacy concerns around the security and usage of users' data be handled while incorporating new sources of revenue?
- **Corporate Vision:** How will any changes to Mint's revenue model affect Intuit's corporate strategy and goals?

Requirements and Deliverables

Requirements

Bill Shwartz has requested that you review the information provided, conduct your own research and analysis, and work with your team to develop a recommendation for how Intuit and Mint can take advantage of the opportunities that have been highlighted. Your response will be among several that are submitted in written form to the Intuit Executive Steering Committee. If the committee is intrigued by your proposal you will be invited to orally present your suggestions. Remember that the committee will be most likely to act on a specific recommendation that is justified by in depth research and analysis.

Deliverables

- Your proposal should be a PowerPoint deck that includes the following
 - Title slide
 - Agenda/Table of Contents Slide
 - Problem Statement Slide
 - Response/suggestion to not exceed 10 additional slides (not including three specified above).
- If you are asked to present to The Committee, you will be given 15 minutes to share your proposal followed by a 5 minute question and answer session.