



*NICE Actimize Recognized for*

**2021**

**Technology Innovation Leadership**

North American Enterprise

Fraud Management Industry

*Excellence in Best Practices*

## Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. NICE Actimize excels in many of the criteria in the enterprise fraud management space.

AWARD CRITERIA	
<i>Technology Leverage</i>	<i>Business Impact</i>
Commitment to Innovation	Financial Performance
Commitment to Creativity	Customer Acquisition
Technology Incubation	Operational Efficiency
Commercialization Success	Growth Potential
Application Diversity	Human Capital

### Company Background

As the financial crime and compliance subsidiary of the Israel-based provider of both cloud and on-premises enterprise software solutions, NICE Ltd., NICE Actimize provides cutting-edge technology

*“As a seasoned veteran of the enterprise fraud management space, NICE Actimize has learned to be agile.”*

*- Jeffrey Castilla, Best Practices Research Analyst*

solutions that enable financial services organizations to combat fraud, mitigate risk, and comply with regulations. As the 2018 recipient of Frost & Sullivan’s prestigious Technology Leadership Award, NICE Actimize continues to invest heavily in its product portfolio to address a growing set of challenges in the enterprise fraud management space.

### Building a Foundation with IFM-X

At the foundation of NICE Actimize’s expansive product portfolio lies its Integrated Fraud Management (IFM-X) platform. Launched as a next-generation platform in 2019, IFM-X serves as a fraud hub for NICE Actimize’s clients, combining disparate data streams, adaptive data analytics, artificial intelligence, and machine learning to solve clients complex needs with holistic fraud management. The platform includes a variety of packaged solutions specifically designed to enable use cases in authentication management, digital banking fraud, payments fraud, business email compromise, advanced fraud analytics, card and emerging payments fraud, check fraud, and internal threats.

NICE Actimize organizes these use cases into three main segments:

- **Identity & Authentication.** The authentication segment includes solutions for cross-channel risk scoring of logins and account service events. Users can also leverage these products to maintain customer authentication profiles, detect account takeovers, and define their fraud and authentication strategies.
- **Payments.** NICE Actimize's payments solutions span various payment types (e.g., digital and non-digital, real-time and batch, plastic and non-plastic, and peer-to-peer). In this part of the business, the company's strategy is to manage the entire demand deposit account, incorporating incoming and outgoing transaction data into a holistic view. Since the platform uses machine learning, it becomes more powerful with each solution, transaction, and event that occurs on it. It includes agile and adaptive predictive models, policies, and decisioning capabilities for each type of payment; on the fraud operations side, it offers dedicated workflows and intelligent alerts management that enable triage and fraud decisioning.
- **Employee.** NICE Actimize offers a packaged solution with capabilities to detect, prevent and enable investigation of suspicious employee activity. In this area, the company has witnessed an increase of collusion between internal employees and outside entities, so running its solutions on the same platform enables users to have a shared view between external and internal fraud to better mitigate this risk type.

All of NICE Actimize's solutions leverage ActOne, the company's investigation and case management solution, to drive efficiency and consistency within organizations' fraud teams. As the industry's leading AI-enabled financial crime investigation management platform, ActOne allows users to leverage advanced analytics and automation capabilities during the financial crime investigation process, making informed decisions and reducing alert investigation times by up to 70%.<sup>1</sup>

### *Future Proofing to Exceed Client Expectations*

As leaders in the enterprise fraud management space, NICE Actimize continually innovates to stay ahead of emerging fraud trends. NICE Actimize takes a partnership approach with their clients with strong two-way communications to ensure that product investment and development aligns fully with client and market needs.

For instance, there has been a massive migration to the cloud. Particularly during the COVID-19 pandemic, which necessitated widespread remote working, many companies have sought to move their fraud hubs to the cloud, regardless of the host. NICE Actimize is positioned to support their clients on their journey with a suite of cloud-based value-added services. The company had already started its journey to the cloud years ago, beginning with ActimizeWatch, its managed analytics service, and subsequently developing into an extensive suite of solutions.

NICE Actimize continues to evolve its AI/ML capabilities with investments in automated and adaptive machine learning, as well leveraging cutting-edge AI/ML techniques like "Federated Learning" to

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<sup>1</sup> <https://www.niceactimize.com/press-releases/NICE-Actimize-Introduces-ActOne--The-Markets-First-AIEnabled-Financial-Crime-Investigation-Management-Platform-213/>, accessed November 2020

automatically share fraud signals between its risk models, across NICE Actimize's client base. This allows organizations to be proactively protected from emerging Fraud typologies based on the collective intelligence.

Another example of how NICE Actimize evolves with its clients, centers on the payments space. The company monitors both the origin of transactions and the destination points. By watching money coming in and going out, the company has a holistic view that allows its clients to detect fraud with increased accuracy. This strategy also aligns well with the recent liability shift in the United Kingdom, which places a more significant burden on banks to monitor incoming money.

In 2019, NICE Actimize released its solution for The Clearing House's Real-Time Payments Network, achieving the first use case in the United States (US) for The International Organization for Standardization (ISO) 20022 to enable a payment scheme. The company expanded its data model to map and consume ISO messages directly, establishing a link between bank messages that provides a holistic view of the entire interaction between banks. On top of this profile, NICE Actimize also built specific predictive features critical for a real-time payments environment. It provides the full context for users to understand bank interaction.

In addition to these tools and trends, NICE Actimize aims to make the user experience extremely simple and intuitive for its clients. To streamline deployment for them, the company has containerized its entire portfolio, which also has the added benefit of streamlined maintenance.

### *Journey to the Cloud*

NICE Actimize began its journey to the cloud in 2017 when it launched ActimizeWatch. This service leverages the benefits of the cloud such as on-demand scalability and unlimited processing power and over time grew to be the largest financial fraud consortium, a managed analytics service that allows clients to monitor and optimize detection and predictive models running within their cloud environments. This service is cloud-based so that NICE Actimize can leverage a market-wide view and data insights to optimize analytics. As banks and large financial service organizations (FSOs) became increasingly comfortable sharing their data over the cloud, through federated learning ActimizeWatch became the industry's largest payments and fraud consortium. NICE Actimize views its role as a market leader to enable this collaboration so that large FSOs can fight fraud together rather than separately.

Many of NICE Actimize's investments are geared toward developing this consortium, as the company aims to translate data into value, allowing these companies to be proactive vs. reactive. NICE Actimize enables its clients to have access and acquire data with speed and agility to produce advanced insights. For example, the company's federated learning approach applies distributed machine learning concepts to share insights in an automated fashion across its clients while keeping the data segregated. By using a proven model and incorporating it as a complex feature within a different model, this tactic allows NICE Actimize to share emerging fraud threats and unique insights with clients quickly and efficiently. NICE Actimize also uses automated machine learning to improve its modeling tools, such as automated feature engineering, automated selection, and process automation.

The company later expanded its X-Sight services platform with X-Sight Studio, allowing its clients to use NICE Actimize's tools to develop and deploy their data science models, and X-Sight Marketplace, which

integrates with key vendors and solutions in the industry to make data more accessible to its clients. X-Sight Studio accelerates the use of new data. Clients can leverage its do-it-yourself tool to develop, test, validate, and deploy their models. They can also access NICE Actimize's user interface-based tools that allow them to integrate, define, and map new data.

NICE Actimize has been strategically investing in data acquisition and autonomous enterprise fraud management. The proliferation of point solutions in the market has led to fragmentation and data siloes that fraudsters can exploit. NICE Actimize recently released IFM-X, the most advanced enterprise fraud management (EFM) platform powered by advanced AI that orchestrates and connects the entire ecosystem and provides holistic fraud management. NICE Actimize's dashboard and visual storytelling allows clients to validate data health, and it makes the data available to fraud operations teams who are investigating alerts. The company provides turnkey capability, with all of the clients' data in one place for them to develop models in a fully integrated environment. In 2020, NICE Actimize announced a strategic acquisition of a market leader in entity enrichment and resolution. This acquisition became X-Sight DataIQ, which NICE Actimize integrated into its portfolio. X-Sight DataIQ orchestrates the aggregation of entity data across hundreds of public and premium sources to ensure that entity data is always accurate. This intelligence fuels detection accuracy and alert resolution efficiency.

More recently, NICE Actimize expanded its consortium insights dashboard to allow clients to view it on a self-serve basis and leverage it to understand industry trends. They can also see, for example, how their model performs against their peers' models; or, they can also view trends in activity transactions, fraud volumes, fraud heat maps, and where the money is going. The company has already received positive feedback from its clients, and it plans to leverage that feedback in monthly updates to the dashboard. In this perspective, NICE Actimize's client base of more than 475 enterprise and mid-market clients demonstrates tremendous growth potential.

NICE Actimize aims to leverage the cloud's value only when it makes sense, from model development or its marketplace to holistic enterprise fraud management. Every new feature or capability the company develops must first pass that test: Does it make sense to launch it in a cloud-first manner? Client interest in the cloud is ultimately what drives NICE Actimize's investments in this space. Every tool, acquisition, and solution within the platform enables the company's clients to either access more data, acquire more on their own, or better understand it.

NICE Actimize's cloud journey has resulted in several key benefits regarding integration (rapid coverage), scalability (infinitely scalable), and data (collective intelligence). Not only did it lead to the company's X-Sight Marketplace integrations that the company is building on the cloud with over 50 cloud-based vendors, but it also offers on-demand scalability, which is helpful for model building and training. It allows NICE Actimize to gain collective intelligence while remaining segregated and complying with various regulatory requirements. It can also be leveraged as an integration point with NICE Actimize's on-premises solution. In other words, the cloud provides NICE Actimize a shared view of intelligence on collective data while remaining segregated and complying with various requirements, both from the regulations side and from the FSO's side.

### *Nurturing an Ecosystem*

NICE Actimize seeks to inject innovation into its existing portfolio by “nurturing its ecosystem.” Through sales, market reach, or enablement, the company partners with service providers to collaborate in synergistic relationships to develop mutual go-to-market offerings. The company collaborates with numerous integrators and consultancies in shared offerings of products and services. NICE Actimize also uses its X-Sight Marketplace to connect new fintech companies (many of them startups) with its clients in a win-win situation that makes it easier for clients to leverage the additional intelligence from vendors. NICE Actimize is also investing in its distribution channels. In 2020, the company announced a strategic partnership with the multinational corporation Infosys Limited. In the agreement, Infosys is white labeling NICE Actimize’s products and selling them to its client base in Europe, the Middle East, and Asia.

### *Demonstrated Market Leadership*

NICE Actimize’s client base spans all regions around the world. With the lion’s share of business coming from the Americas, the company also serves Europe, the Middle East, Africa, and the Asia-Pacific region. NICE Actimize’s growth strategy gears towards both enterprises and mid-market companies, with a client base of more than 475 organizations. The company strengthened its mid-market client base with its recent acquisition of Guardian Analytics, which cements its leadership in the mid-market and the enterprise level. Impressing Frost & Sullivan, the company estimates its new customer growth at around 12% year-over-year since 2018.

### *Relevant Use Cases*

#### **TOP TIER US BANK**

The operation that NICE Actimize built on the cloud to deliver and optimize predictive models comes with excellent visibility. For instance, NICE Actimize delivered a model for card-not-present fraud through ActimizeWatch to a top tier US bank during the COVID-19 pandemic. This model's results were impressive; using an XGBoost-based predictive model which was built leveraging a combination of NICE Actimize’s fraud expertise and data driven ML technics the bank achieved a low false-positive rate of 2.5 and a performance uplift of 166% over the legacy model (an 80% versus a 30% detection rate). The client estimates the return on investment to be about \$100,000 per day. This implementation's success opened the door for additional services that the client will acquire from NICE Actimize.

#### **TOP 5 US RETAIL BANK**

When a large US retail bank saw a quick and sudden increase in transactions, new users, and devices rolling into the Zelle digital payments service during the COVID-19 pandemic, NICE Actimize achieved an impressively low alert rate and low false-positive rate. The company also called out the mobile network operator data that the bank was using and enabled collaboration between its ActimizeWatch team and the client.

**TOP TIER NORDICS BANK**

One of the Nordics region's largest financial services groups saw an uptick in authorized fraud through three different channels: in-house (CEO fraud, Business Email Compromise), the consumer side (elder abuse), and investments (investment fraud scams). Using NICE Actimize's IFM- X platform, the financial

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institution covered all three of these areas and demonstrated a clear uplift in fraud prevention and reduction. The realized outcomes include an 81.2% prevention of attempted fraud and a 74% reduction of investment fraud.

**TOP 10 US RETAIL BANK**

In the past few years, NICE Actimize has witnessed fraudsters taking advantage of banks operating in siloed

views. They deposited fraudulent checks, then cashed them out using Zelle, which was very difficult to catch. Focusing on this vulnerability within bank deposits, NICE Actimize achieved a strong value detection rate (more than 80%) at low false positives (less than 6.1) and daily alert rates.

NICE Actimize serves a large, global client base, and these types of customer success stories and use cases accrue daily.

## Conclusion

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Fraud management is a quickly evolving industry; to stay relevant and continue providing value to customers, solutions providers need to evolve with it. NICE Actimize's leadership and dedication to the industry have led the company to create an extensive portfolio of fraud management products that empower users in an endless number of use cases. By embracing key mega trends such as artificial intelligence, machine learning, and cloud computing, the company continuously develops new features and functionalities that enable its clients to be proactive as they join forces to address the emerging fraud threats.

As a result of these endeavors, Frost & Sullivan recognizes NICE Actimize with the 2021 North American Technology Innovation Leadership Award in enterprise fraud management.

## What You Need to Know about the Technology Innovation Leadership Recognition

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Frost & Sullivan's Technology Innovation Award recognizes the company that has introduced the best underlying technology for achieving remarkable product and customer success while driving future business value.

### Best Practices Award Analysis

For the Technology Innovation Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

#### *Technology Leverage*

**Commitment to Innovation:** Continuous emerging technology adoption and creation enables new product development and enhances product performance

**Commitment to Creativity:** Company leverages technology advancements to push the limits of form and function in the pursuit of white space innovation

**Stage Gate Efficiency:** Technology adoption enhances the stage gate process for launching new products and solutions

**Commercialization Success:** Company displays a proven track record of taking new technologies to market with a high success rate

**Application Diversity:** Company develops and/or integrates technology that serves multiple applications and multiple environments

#### *Business Impact*

**Financial Performance:** Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

**Customer Acquisition:** Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

**Operational Efficiency:** Company staff performs assigned tasks productively, quickly, and to a high-quality standard

**Growth Potential:** Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

**Human Capital:** Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention



