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Fiserv Inc

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Introduction

The story of Fiserv Inc. is, at its core, a story of transformation—both of an industry and of a company that rose from modest beginnings to become a global leader in financial technology. Founded in 1984, Fiserv began as a regional data processing provider and, in just a few decades, has grown into a multinational powerhouse, playing a pivotal role in the way the world's money moves. The evolution of Fiserv mirrors the broader shifts in technology and finance, marking seismic changes in how banks, merchants, and consumers interact with financial services.

From its very first days, Fiserv's ambition was clear: to build a national network capable of serving a wide array of financial institutions. Through bold leadership and an aggressive acquisition strategy, the company rapidly outpaced its early competitors, building scale, expertise, and a wide-ranging product portfolio. Key milestones—such as the acquisition of Citicorp Information Resources and the entrance into international markets—set the stage for Fiserv's reputation as an innovator and integrator in a notoriously complex industry. The story of its founders, George Dalton and Leslie Muma, is one of visionary leadership and a relentless focus on meeting client needs in a changing technological landscape.

Entering the 21st century, Fiserv faced a new set of challenges and opportunities as fintech became a buzzword and the demands of consumers and businesses evolved. The company responded with a series of landmark acquisitions and an expanding scope of operations. From enabling mobile banking to revolutionizing payment processing with the likes of Clover and Carat, Fiserv not only kept pace with a shifting industry but often charted the course forward. The transformative 2019 acquisition of First Data underscored Fiserv's ambition to lead in merchant acquiring and global payments, cementing its status as one of the most influential companies in the sector.

But Fiserv's journey has not been without hurdles. Like many giants in technology and finance, the company has faced controversies and legal challenges, particularly regarding data security, customer service, and integration complexities post-acquisition. Navigating these obstacles has required resilience and a steady focus on core principles—responsible business practices, security, and building long-term client relationships.

Corporate social responsibility is another chapter in Fiserv's story. The firm strives to empower its workforce, champion diversity, support communities, and lead in responsible environmental, social, and governance practices. Programs like Back2Business and a steadfast commitment to ESG principles reflect Fiserv's recognition that technology firms have both enormous influence and responsibility in

shaping equitable and sustainable economic futures.

Today, Fiserv stands at a crossroads, poised for further growth as innovation, globalization, and competition in fintech accelerate at an unprecedented pace. As you read this book, you will journey through the history, triumphs, setbacks, and aspirations of an American company that sits at the heart of the world's financial infrastructure. This is Fiserv Inc: The Story of An American Company.

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CHAPTER ONE: The Genesis of a Financial Technology Giant

The year 1984 might evoke images of a dystopian future for some, but for George Dalton and Leslie Muma, it marked the beginning of a profoundly optimistic venture that would reshape the financial technology landscape. In a world still largely reliant on paper and manual processes, these two visionaries saw a future where technology would underpin the entire financial services industry. Their ambition was not merely to create another regional player but to forge a national network, a comprehensive provider of data processing and information management for financial institutions across the United States.

Dalton, a seasoned and respected figure in the data processing industry, had long held the conviction that shared software development could drastically cut expenses for banks, potentially by as much as 60 percent. He had been the president of First Data Processing, a subsidiary of First Bank Systems, and had extensive knowledge of the burgeoning financial data processing sector. Leslie Muma, his friend and an equally astute professional, was the president of Sunshine State Systems, a subsidiary of Freedom Savings and Loan Association in Florida. The two had been attempting to merge their respective data processing operations since the late 1970s, recognizing the inherent inefficiencies of individual institutions creating and maintaining their own costly in-house systems.

Frustrated by their inability to unite their existing subsidiaries under a single corporate umbrella, Dalton and Muma decided to embark on a more audacious path: to strike out on their own. This bold move, a risky venture by any measure, involved securing venture capital to purchase their companies from their parent corporations. The terms were steep, requiring them to surrender a substantial 89 percent of the new entity's equity to the financiers. Yet, for Dalton, the logic was simple and pragmatic: "Eleven percent of something is worth more than 100 percent of nothing." And so, with this calculated leap of faith, Fiserv Inc. was officially founded in 1984.

Headquartered in Milwaukee, Wisconsin, Fiserv was born with a clear strategic vision: to achieve efficiency through economies of scale. Dalton and Muma understood that by utilizing the same software and systems across a broad client base, they could significantly reduce operational expenses for financial institutions. Their initial focus was on serving banks and thrifts, aiming to provide reliable and secure core processing solutions at a time when such platforms were greatly needed.

The founding duo quickly established a complementary division of labor. George

Dalton, as CEO, spearheaded the charge for growth through strategic acquisitions, constantly on the lookout for suitable candidates to expand Fiserv's footprint. Leslie Muma, serving as president and COO, focused meticulously on building a highly efficient, high-tech, and customer-oriented operation that could seamlessly integrate new acquisitions and their accompanying clients. This dual approach—aggressive expansion combined with a steadfast commitment to service excellence—would become a hallmark of Fiserv's early success.

The data processing industry itself was undergoing a significant transformation in the 1980s. Factors such as emerging technologies, new tax laws like the Tax Reform Act of 1986, increased competition, and the gradual easing of interstate banking regulations fueled a growing demand among financial institutions for outsourced, centralized, and automated data processing solutions. This environment provided fertile ground for a company like Fiserv, which offered a compelling proposition: cost reduction through specialized, external management of their critical data operations.

Fiserv's growth trajectory in its early years was nothing short of explosive. The company embarked on an ambitious acquisition spree almost immediately after its founding. Between 1984 and 1989 alone, Fiserv acquired a remarkable 16 companies, a testament to Dalton's relentless pursuit of expansion and the favorable market conditions. This inorganic growth strategy propelled Fiserv's annual sales by over 3,000 percent in those five years, soaring to an impressive \$700 million by 1989. Correspondingly, the workforce swelled from a modest 300 employees at its inception to a substantial 2,300 by the close of the decade.

To finance this aggressive expansion and maintain a strategy of purchasing companies with cash rather than accumulating debt, Fiserv made the strategic decision to go public. In 1986, just two years after its formation, Fiserv was listed on the NASDAQ stock market under the ticker symbol FISV. This move, while reducing the founders' individual ownership interests, provided the necessary capital to sustain their rapid growth efforts and solidify their position in the burgeoning financial technology sector. By 1986, a share of Fiserv stock was valued at \$2.74, a figure that would multiply nearly twentyfold to \$52.68 by the time George Dalton retired in 1999.

By the end of the 1980s, Fiserv had firmly established itself as a significant force in the data processing industry. The company was processing data in 36 states through 20 data centers, serving more than 800 financial institutions and managing over 19 million individual accounts. Beyond its rapid growth within the United States, Fiserv had already begun to cast its gaze internationally, with clients extending to Europe, Australia, and Canada, laying the groundwork for its future as a global enterprise. This early period was a testament to the founders' insightful vision and their effective execution of a strategy built on aggressive acquisition, operational efficiency, and a keen understanding of the evolving needs of the financial services industry.

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