

## BATTLE OF THE GIANTS Tech-industry power struggle could impact mobile pay development

Apple, Google, Microsoft look to lock up the 'superstack';

By John Ginovsky

A little-publicized but highly intense battle among the top technology companies could affect the continuing development of mobile banking and mobile payments, according to Accenture research.

Its recent report, *Competing in a High-Tech Industry 'Superstack'*, claims that mobility, cloud computing, and consumer electronics companies are being heavily impacted by a new business model it dubs 'superstacks'.

As the top three tech companies involved—Apple, Google, and Microsoft—grapple with each other for control, other industries, including financial services, will have to monitor the situation and ultimately make fundamental decisions on how to proceed with their own technology plans, Accenture Payment Services Senior Executive Matthew Friend tells Tech Topics.

'The technology companies are looking at superstacks as a five-part process. It's the chip, it's the device, it's the operating system, it's the app on top of the operating system, and it's the services that are provided. It's the tight coupling of all five of those things under one company's roof,' Friend explains.

Tech Topics briefly described to Friend an example presented at a recent NACHA conference that describes how Google can control a tightly stacked scenario: A consumer searches for a restaurant on Google; he looks for a review on Zagat, which is controlled by Google; he gets a restaurant coupon, also through Google; he pays for the meal through Google Wallet; and he talks about his experience on Facebook, also through Google.

'That's it exactly. The key to the superstack is the operating-system platform,' Friend says. 'Right now there are three big players in the mobile operating-system platform area. Financial institutions are going to have to make sure that they have allowance and the ability to operate on each and every one of those platforms.'

The battle is being fought in the technology sector through mergers and acquisitions, acquisition of intellectual property, access to talented individuals, and continuing research and development, Accenture says.

“Competing in the superstack arena is a matter of survival as the high-tech industry moves full-throttle in this direction,” says Mitch Cline, managing director of Accenture’s Electronics and High-Tech Business.

“Fueling new business models in health care, financial services, and retail, mobility is by far the most powerful and biggest game-changer creating the need for superstacks,” he says. “With mobility superstack battles now spreading to enterprise and consumer markets, the implications are profound for all high-tech players.”

Players in other industries, including financial services, are beginning to feel this tension primarily in the mobility area, Friend says. At some point, he says, financial institutions will have to start asking some crucial questions. “As it pertains to mobility, are financial institutions going to . . . take a risk and stay agnostic to operations on all three platforms [Apple, Google, Microsoft]? Or are they going to join into that superstack consolidation and avoid the risk of potentially getting shut out by trying to stay agnostic?”

Extending that thought, Friend says, “Financial institutions want ubiquitous access to all platforms because their customers are all over, while technology companies are taking a different tack and actively consolidating their superstacks . . .

“Financial services verses technology companies—there’s a great compare-and-contrast of what’s happening there now verses what the impact is going to be down the line.”

Access the Accenture report at <https://newsroom.accenture.com/news/superstacks-spreading-throughout-mobility-enterprise-and-consumer-electronics-markets-accenture-research-finds.htm>

#### About the Author

John Ginovsky is contributing editor of ABA Banking Journal and editor of the publication’s TechTopics e-newsletter.

For more than two decades he has written about the commercial banking industry. In particular, he’s specialized in the technological side of banking and how it relates to the actual business of banking. He previously was senior editor for Community Banker magazine (which merged with ABA Banking Journal) and was a staff writer for ABA’s Bankers News. You can email him at [jginovsky@sbpub.com](mailto:jginovsky@sbpub.com)

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