The last three years have destroyed a lot of goodwill at the Swiss-based banking software company Temenos. That has activist shareholder Petrus Advisers calling for a radical overhaul and sending heads rolling.

Barely a month after Temenos shares were punished by disappointing quarterly figures, minority shareholder Petrus Advisers is tightening the thumbscrews. In a blistering letter to the Geneva-based company's non-executive board directors, it demands the banking software maker present a credible business plan by February.

The new shareholder, known for its activist stance, is not only pushing the pace on the realignment of the company's strategy. Petrus is also withdrawing confidence from Group CEO Max Chuard and Chairman of the Board of Directors Andreas Andreades, calling on the management duo to resign immediately.
The letter was signed by managing partner Klaus Umek and partner Till Hufnagel.

Profit Warning

The partners stated that «a few weeks before our letter, we had addressed these issues with Max Chuard and had been told that all was basically fine and on track: 2022 guidance would be easily achievable while the leadership turnover in the US had finally been resolved.»

On October 13, Temenos issued a warning where guidance for software licensing was reduced by 15 percent and adjusted EBIT by 32 percent, as finews.com reported. In addition, the Americas got its fifth president in three years and the chief revenue officer was «fired as an explanation for this mess.»

They went on to write that «apparently, your CEO lied in our face or - equally unacceptable - was still clueless about the direction of the business in mid-September.»

According to the letter, Petrus also met with Andreades whom they said «also denies any fundamental problems. Andreas told us that the strategy and direction of the company were fine and that current under-performance was simply driven by longer decision-making cycles of clients.»

Tainted Reputation

But Petrus has seemingly lost patience with the leadership, and «after years of filling their pockets unashamedly, these individuals had their shot, blatantly misfired, and must go. They hang around Temenos' tainted capital market reputation like vultures and should not be given the benefit of the doubt after such a long period of failure,» the letter continues.

When Petrus partner Till Hufnagel joined Temenos, he told finews.ch (in German) that Temenos was very well positioned. However, the management could not show any tangible progress in the implementation of further ambitious goals. Petrus accompanies the companies in its engagements on average for about four to five years.

Temenos did not immediately respond to a request from finews.com about the letter from Petrus Advisers.