

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: October 28, 2003
(Date of earliest event reported)

TRANSACTION SYSTEMS ARCHITECTS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-25346
(Commission
File Number)

47-0772104
(I.R.S. Employer
Identification No.)

224 South 108th Avenue,
Omaha, Nebraska 68154
(Address of principal executive offices, including zip code)

(402) 334-5101
(Registrant's telephone number, including area code)

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit Number	Description
99.1	Press Release, dated October 28, 2003.

Item 12. Results of Operations and Financial Condition.

On October 28, 2003, Transaction Systems Architects, Inc. issued a press release announcing its results for the quarterly period ending September 30, 2003. A copy of this press release is attached hereto as Exhibit 99.1.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRANSACTION SYSTEMS ARCHITECTS, INC.

Date: October 28, 2003

By: /s/ David R. Bankhead

David R. Bankhead
Chief Financial Officer, Treasurer
and Senior Vice President

EXHIBIT INDEX

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TRANSACTION SYSTEMS ARCHITECTS INC
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OMAHA, NEBRASKA 68154
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FOR IMMEDIATE RELEASE

Transaction Systems Architects Reports Fiscal 2003
Fourth Quarter Results

Highlights -

- o Revenue of \$71.8 million and EPS of \$.25
- o Operating income of \$11.9 million; operating margin of 16.5 percent
- o Twelve-month revenue backlog of \$232.8 million
- o Cash balance of \$114.0 million
- o Twenty-five new customers signed during the quarter
- o Initiating fiscal 2004 revenue guidance of \$266 to \$287 million and EPS guidance of \$.60 to \$.72

(OMAHA, Neb.--October 28, 2003)--Transaction Systems Architects, Inc. (Nasdaq: TSAI), a leading global provider of enterprise e-payments and e-commerce software, announced today that revenue for the fourth quarter ended September 30, 2003 was \$71.8 million. Net income for the quarter was \$9.1 million, or \$.25 per diluted share. The results for the quarter also include \$2.0 million in restructuring charges associated with staff reductions.

For the fourth quarter of fiscal 2003, revenues were comprised of software license fees of \$36.6 million, maintenance fees of \$20.5 million and services fees of \$14.7 million. The Company's recurring revenue was \$43.1 million, or 60 percent of revenue, and non-recurring revenue was \$28.7 million, or 40 percent of revenue. Recurring revenue consisted of monthly license fees of \$21.4 million, maintenance fees of \$20.5 million and facilities management fees of \$1.2 million. Operating income was \$11.9 million with an operating margin of 16.5 percent.

During the quarter, the Company added 25 new customers and increased its worldwide presence to 73 countries. For ACI Worldwide, the Company's largest business unit, new customer activity for the quarter included the following: four customers for BASE24(R), one customer for BASE24-es(TM), two customers for ACI Proactive Risk Manager(TM), five WINPAY24(TM) customers and one customer for NET24(TM). ACI Worldwide also licensed capacity upgrades to 12 customers and licensed 14 new applications to existing customers during the fourth quarter.

Insession Technologies, the Company's e-infrastructure business unit, added 12 new customers and licensed nine new applications to existing customers during the quarter. IntraNet, the Company's corporate banking software provider expanded its relationship with twenty existing customers and sold four capacity upgrades during the quarter.

The Company completed the fourth quarter of fiscal 2003 with \$232.8 million in backlog, an increase of \$6.9 million sequentially, consisting of \$167.1 million in recurring backlog and \$65.7 million in non-recurring backlog. Recurring backlog includes monthly license fees, maintenance fees and facilities management fees specified in executed contracts to the extent that the Company believes that recognition of the related revenue will occur within one year. Non-recurring backlog includes all other fees specified in executed contracts to the extent that the Company believes that recognition of the related revenue will occur within one year.

For the fiscal year ended September 30, 2003, the Company's revenues were \$277.3 million, compared to \$284.7 million for fiscal 2002. Operating income in fiscal 2003 was \$35.3 million, compared to \$41.7 million in fiscal 2002.

Net income for the year ended September 30, 2003 was \$14.3 million, or \$.40 per diluted share, compared to \$15.3 million, or \$.43 per diluted share, for fiscal 2002. The operating results for fiscal 2003 and 2002 reflect goodwill impairment charges of \$9.3 million and \$1.5 million, respectively, which are not tax deductible, related to the 2001 acquisition of MessagingDirect Ltd. As a result of on-going tax planning initiatives, the Company has reduced its effective tax

rate for fiscal 2003.

"The Company's quarterly results reflected a number of new customer contracts and our continuing efforts to manage operating expenses," said Gregory D. Derkacht, President and CEO. "As we look forward to fiscal 2004, we believe the Company is well positioned, based on its leadership role in the e-payments and e-commerce market, its newer open-system multi-platform solution and its strengthened balance sheet."

The Company's revenue estimate for fiscal 2004 is \$266 million to \$287 million, and its EPS estimate is \$.60 to \$.72.

The Company will provide further details regarding its financial performance for the fourth quarter of fiscal 2003 in its scheduled teleconference to be held Tuesday, October 28, 2003 at 4:00 pm CST. Interested persons may access a real-time audio broadcast of the teleconference at: www.tsainc.com/ir/ir.asp. The web cast will be archived for ten days after the teleconference at the same web address listed above.

About Transaction Systems Architects, Inc.

The Company's software facilitates electronic payments by providing consumers and companies access to their money. Its products are used to process transactions involving credit cards, debit cards, secure electronic commerce, mobile commerce, smart cards, secure electronic document delivery and payment, checks, high-value money transfers, bulk payment clearing and settlement, and enterprise e-infrastructure. The Company's solutions are used on more than 1,700 product systems in 73 countries on six continents.

Forward-Looking Statements

This press release contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. Generally, forward-looking statements do not relate strictly to historical or current facts, and include words or phrases such as "management anticipates," "the Company believes," "the Company anticipates," "the Company expects," "the Company plans," "the Company will," "the Company is well positioned" and words and phrases of similar impact, and include but are not limited to statements regarding future operations, business strategy and business environment. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements included in this press release include statements regarding (i) the Company's recurring and non-recurring backlog, (ii) the comment that "we believe the Company is well positioned, based on its leadership position in the e-payments and e-commerce market, its newer open-system multi-platform solution and its strengthened balance sheet" and (iii) the Company's revenue estimate and EPS estimate for fiscal 2004. Actual results could differ materially from that contained in the forward-looking statements. Factors that could cause actual results to differ include, but are not limited to, the following:

- o The Company's calculation of backlog is based on customer contracts that exist on the date of the calculation. A number of factors may change after the date of calculation that could result in actual revenues being less than the amounts contained in backlog. The Company's customers may attempt to renegotiate or terminate their contracts due to a number of factors, including mergers, changes in their financial condition, or general changes in economic conditions in the customer's industry or geographic location, or the Company may experience delays in the development of products or services specified in customer contracts. Accordingly, there can be no assurance that contracts included in recurring or non-recurring backlog will actually generate the specified revenues or that the actual revenues will be generated within the one-year period.
- o The Securities and Exchange Commission (the "SEC") has issued a formal order of private investigation in connection with the Company's restatement of its prior consolidated financial statements. Although the Company has fully cooperated with the SEC in this matter and intends to continue to fully cooperate, the SEC may determine that the Company has violated federal securities laws. The Company cannot predict when this investigation will be completed or what the outcome will be. If the SEC makes a determination that the Company has violated federal securities laws, the Company may face sanctions including, but not limited to, significant monetary penalties and injunctive relief. The findings and outcome of the SEC investigation may affect the class action and derivative lawsuits that are pending. There is risk that the investigation could result in substantial costs and divert management attention and resources, which could adversely affect the Company's business.
- o The Company is currently in the process of evaluating the claims made in various lawsuits filed against the Company relating to its

restatement of prior consolidated financial results. The Company intends to defend the foregoing lawsuits vigorously, but cannot predict the outcome and is not currently able to evaluate the likelihood of its success or the range of potential loss, if any. However, if the Company were to lose these lawsuits or if they were not settled on favorable terms, the judgments or settlements could have a material adverse effect on its consolidated financial position, results of operations and cash flows.

- o The Company has insurance that provides an aggregate coverage of \$20.0 million for the period during which the above-described lawsuits were filed, but cannot evaluate at this time whether such coverage will be available or adequate to cover losses, if any, arising out of these lawsuits. If these policies do not adequately cover expenses and certain liabilities relating to these lawsuits, the Company's consolidated financial condition, results of operations and cash flows could be materially harmed. The Company's certificate of incorporation provides that it will indemnify and advance expenses to its directors and officers to the maximum extent permitted by Delaware law. The indemnification covers any expenses and liabilities reasonably incurred by a person, by reason of the fact that such person is or was or has agreed to be a director or officer, in connection with the investigation, defense and settlement of any threatened, pending or completed action, suit, proceeding or claim.
- o New accounting standards, or additional interpretations or guidance regarding existing standards, could be issued in the future, which could lead to unanticipated changes in the Company's current financial accounting policies. These changes could affect the timing of revenue or expense recognition and cause fluctuations in operating results.
- o The Company has recently undertaken an extensive tax-planning project to study and implement an effective tax structure for the Company's business operations and its intercompany pricing for software licenses and services. The Company derives a substantial amount of its revenues from its international operations. The Company's effective tax rate is calculated taking into consideration the tax rates in the United States and the various countries in which the Company derives revenues and takes into consideration, among other matters, the intercompany pricing of software licenses and services between the Company's various business entities. The intercompany pricing of these software licenses and services is subject to audit by the various income tax authorities in the countries in which the Company conducts business. The Company has retained tax advisors with expertise in tax matters to advise the Company on its tax structure, intercompany pricing, and other tax policies and procedures, and plans to pursue advance pricing agreements in certain jurisdictions with respect to its intercompany pricing. However, there can be no assurance that the various tax authorities in the countries in which the Company conducts business will agree with the Company's intercompany pricing or other tax policies and procedures. In the event that its intercompany pricing or any of its tax policies and procedures are challenged by any of the various taxing authorities, the Company's effective tax rate could be adversely affected, which may have an adverse impact on the Company's net income.
- o No assurance can be given that operating results will not vary. Fluctuations in quarterly operating results may result in volatility in the Company's stock price. The Company's stock price may also be volatile, in part, due to external factors such as announcements by third parties or competitors, inherent volatility in the technology sector and changing market conditions in the industry. The Company's stock price may also become volatile, in part, due to the various lawsuits filed against the Company relating to its restatement of prior financial results and the announced SEC formal order of private investigation related to the Company's restatement of its prior consolidated financial statements.
- o The Company will continue to derive a majority of its total revenue from international operations and is subject to risks of conducting international operations including: difficulties in staffing and management, reliance on independent distributors, longer payment cycles, volatilities of foreign currency exchange rates, compliance with foreign regulatory requirements, variability of foreign economic conditions, and changing restrictions imposed by U.S. export laws.
- o The Company will continue to derive a substantial majority of its total revenue from licensing its BASE24 family of software products and providing services and maintenance related to those products. Any reduction in demand for, or increase in competition with respect to,

BASE24 products would have a material adverse effect on the Company's financial condition and results of operations.

- o Prior to its May 2002 merger with HP, Compaq Computer Corporation announced a plan to consolidate its high-end performance enterprise servers on the Intel Corp. Itanium microprocessor by 2004. The Company has not determined whether consolidation of the high-end servers, if it occurs as announced, will materially affect the Company's business, financial position or results of operations.
- o The Company will continue to derive a substantial portion of its revenues from licensing of software products that operate on HP NonStop Himalaya servers. Any reduction in demand for these servers or in HP's ability to deliver products on a timely basis could have a material adverse effect on the Company's financial condition and results of operations.
- o The Company's business is concentrated in the banking industry, making it susceptible to a downturn in that industry. Further, banks are continuing to consolidate, decreasing the overall number of potential buyers of the Company's products and services.

Any or all of the forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many of these factors will be important in determining the Company's actual future results. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially from those expressed or implied in any forward-looking statements.

These cautionary statements and any other cautionary statements that may accompany such forward-looking statements, whether written or oral, expressly qualify all of the forward-looking statements. In addition, the Company disclaims any obligation to update any forward-looking statements after the date of this release unless applicable securities laws require it to do so.

For a detailed discussion of these and other risk factors, interested parties should review the Company's filings with the Securities and Exchange Commission, including the Company's Form 10-K filed on January 13, 2003, the Company's Form 10-Q filed on February 13, 2003, the Company's Form 10-Q filed on May 15, 2003 and the Company's Form 10-Q filed on August 14, 2003.

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2003	September 30, 2002
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ASSETS		
Current assets:		
Cash and cash equivalents	\$ 113,986	\$ 87,894
Marketable securities	1,296	3,757
Billed receivables, net	42,225	35,755
Accrued receivables	9,592	13,132
Recoverable income taxes	16,194	-
Deferred income taxes, net	10,316	17,554
Other	5,104	5,192
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Total current assets	198,713	163,284
Property and equipment, net	9,405	11,597
Software, net	2,319	5,609
Goodwill, net	46,425	55,947
Deferred income taxes, net	5,429	27,546
Other	1,609	3,168
	-----	-----
Total assets	\$ 263,900	\$ 267,151
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current portion of debt - financing agreements	\$ 15,493	\$ 18,444

Accounts payable	6,965	7,348
Accrued employee compensation	9,822	7,583
Accrued liabilities	9,714	12,126
Income taxes payable	-	7,847
Deferred revenue	70,798	59,598
Other	628	872
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Total current liabilities	113,420	113,818
Debt - financing agreements	9,444	24,866
Deferred revenue	17,689	23,860
Other	473	1,749
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Total liabilities	141,026	164,293
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Stockholders' equity:		
Class A Common Stock	186	183
Treasury stock, at cost	(35,258)	(35,258)
Additional paid-in capital	235,769	228,465
Accumulated deficit	(69,602)	(83,927)
Accumulated other comprehensive loss, net	(8,221)	(6,605)
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Total stockholders' equity	122,874	102,858
	-----	-----
Total liabilities and stockholders' equity	\$ 263,900	\$ 267,151
	=====	=====

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended September 30,		Year Ended September 30,	
	2003	2002	2003	2002
Revenues:				
Software license fees	\$ 36,611	\$ 39,301	\$ 146,825	\$ 158,453
Maintenance fees	20,447	18,557	79,187	74,213
Services	14,720	12,882	51,279	52,001
	-----	-----	-----	-----
Total revenues	71,778	70,740	277,291	284,667
	-----	-----	-----	-----
Expenses:				
Cost of software license fees	6,933	7,215	25,500	31,053
Cost of maintenance and services	15,767	15,113	61,350	62,479
Research and development	9,588	8,351	35,373	35,029
Selling and marketing	13,531	14,350	54,482	57,352
General and administrative	14,105	16,570	56,037	55,563
Impairment of goodwill	-	1,524	9,290	1,524
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Total expenses	59,924	63,123	242,032	243,000
	-----	-----	-----	-----
Operating income	11,854	7,617	35,259	41,667
	-----	-----	-----	-----
Other income (expense):				
Interest income	335	623	1,211	1,667
Interest expense	(573)	(1,220)	(2,998)	(5,596)
Other, net	975	(4,048)	140	(26)
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Total other income (expense)	737	(4,645)	(1,647)	(3,955)
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Income before income taxes	12,591	2,972	33,612	37,712
Income tax provision	(3,478)	(1,915)	(19,287)	(22,443)
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Net income	\$ 9,113	\$ 1,057	\$ 14,325	\$ 15,269
	=====	=====	=====	=====
Earnings per share information:				
Weighted average shares outstanding:				
Basic	35,739	35,396	35,558	35,326
	=====	=====	=====	=====
Diluted	36,438	35,562	35,707	35,572
	=====	=====	=====	=====
Earnings per share:				
Basic	\$ 0.25	\$ 0.03	\$ 0.40	\$ 0.43
	=====	=====	=====	=====
Diluted	\$ 0.25	\$ 0.03	\$ 0.40	\$ 0.43
	=====	=====	=====	=====