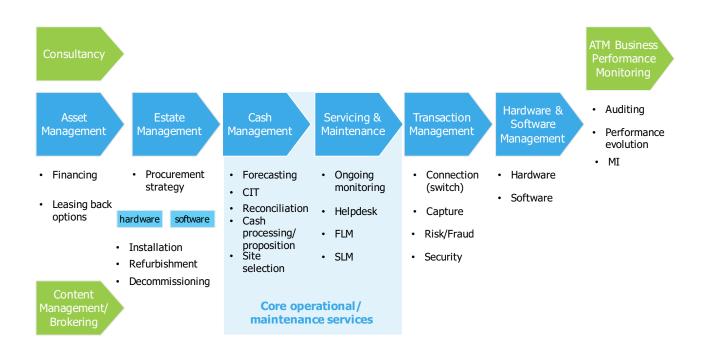


# **ATM Outsource Solutions**

# **Traditional Outsource/BPO**



### Retail-BCG

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## **Highlights**

Retail-BCG assists clients with the management, optimization and enhanced functionality of their ATMs. Allowing banks and retailers to focus on other areas of their business.

We assist banks, retailers and foreign currency companies to deploy their own ATMs with the functionality and customer journey to match their brand requirements.

Maximising service level

Optimum customer journey

Maximum cross selling

We manage our client ATM estates as if it was our own; not just focusing on a single parameter:

- Maximising profitability
- Maximising service level
- Optimum customer journey
- Maximum cross selling

Availability, profitability and customer journey are key aspects of an ATM estate and so our clients demand the highest level of service in all elements of the ATM service channel.

Retail-BCG manages availability for our clients channel by ensuring the ATMs are in operation for the maximum service level for the channel.

At the same time we manage the profitability thorough utilization of card scheme rules, utilization of new services such as multi-currency or dynamic currency conversion.

Asset management is another area where we can add immense value by releasing capital into the business or purely by lowering the costs.



# **Main Issues in ATM Management**

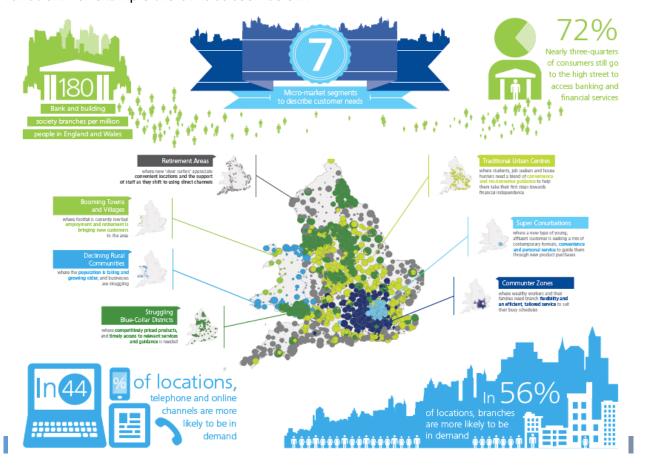
Four central preoccupations around ATM estate focused on improving efficiency and opening revenue opportunities.

Operational Improvements	Technology Led  Making the estate work more efficiently  Fault Monitoring  Crisis notification  Cash scheduling/forecasting Modules  Improved functionality  Management Led  Managing the estate work more effectively	<ul> <li>Levels of proprietary customer usage, so-called 'us-on-us' transactions</li> <li>The higher the level, the lower the opportunity for interchange fees</li> <li>Cross subsidisation of other FI networks, partly a function of long term 'fixed' link fees</li> <li>Supplier Costs</li> <li>Negotiation and management of fragmented supplier base</li> </ul>		ation
Estate Benefits	FIs awake to opportunity of pushing ATM channel into new locations with higher volumes & average transaction value (corresponding increases in interchange revenues)	<ul> <li>HSBC in Morrison stores         <ul> <li>Halifax installing 250 ATMs in Esso garages</li> <li>NatWest's increase of ATMs in remote locations</li> <li>BoS's convenience store ATMs &amp; 'social exclusion' initiative</li> </ul> </li> <li>Supermarkets currently still the preferred location, accounting for nearly 44% of off-site ATMs - the next location, retailer stands at under 20%</li> </ul>	Outsourcing of ATM Management and Estate	Ongoing focus of resource allocation
Technology Management	Equipment obsolescence leading to requirement for larger capital outlays to maintain current network operations     In addition, base costs for machines likely to rise due to:     Requirement for software upgrades to ensure multiservice functionality	<ul> <li>Requirement for compliance for any future currency changes (e.g. Euro)</li> <li>Optimisation of technological advances in 'plug &amp; play' systems, so-called technical swap. vouchers, bill payments</li> </ul>	Outsourcing of ATM M	Ongo
Core Activity	Financial Services  Access to range of financial products  Insurance  Card applications  Smart card cash  Loan applications	Marketing Related  Greater branding of properties  Personalised contact/tailored  Specialist advertising  Generic advertising split by socio-economic group/ by location  E-commerce transactions  Other retail offerings e.g. vouchers, bill payments		Emerging priority areas



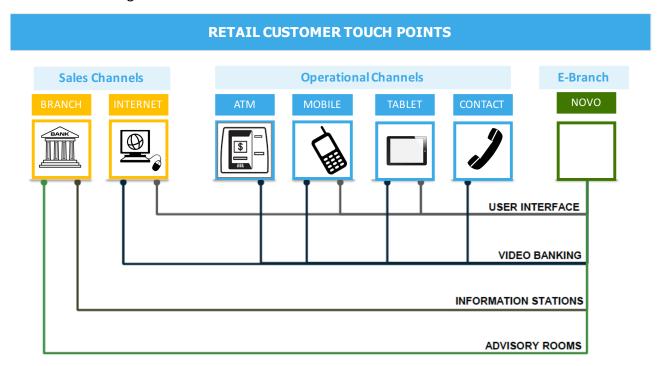
# Features Incorporate all levels required by the client to ensure full fit at Strategic, Tactical and Operational level We define the Current operating model the agree the Target operation model with the client We agree the project path for the client and then agree this as part of our project board approach. We ensure we capture the full requirements of the client, from profit to channel management with promotional requirements. Clear benefits Our business is your business We manage the business as if it is our business. We micro manage your suppliers to ensure operational excellence.

The banking market is hugely fragmented and so it is essential the channel can manage this variation. For example the UK is as seen below:



Source: Deloitte Insight, 2014



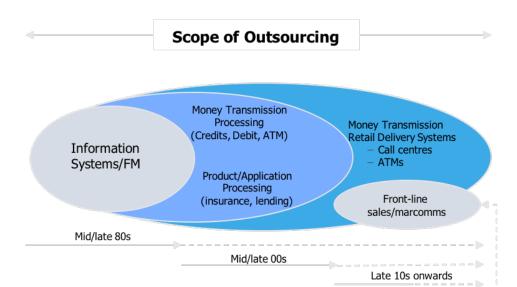


We need to manage the channels as a total service channel as seen below with other banks.

Our approach is very simple, we analyse the cleints strategic objectives and then define the key elements required to deliver those goals.

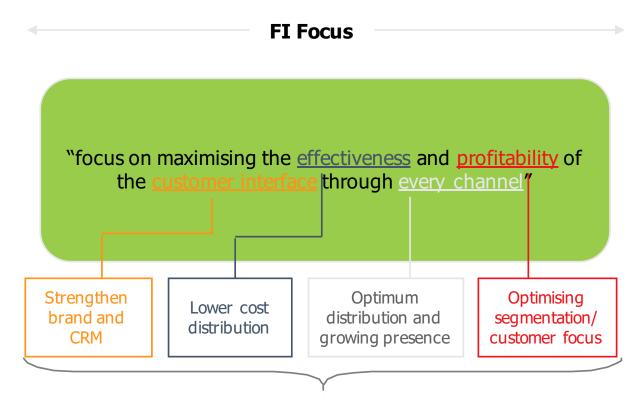
# **Outsourcing Drivers & Strategic Imperatives**

Against a backdrop of ongoing consolidation amongst UK retail banks, Fls are looking to exploit the efficiencies arising from outsourcing of administrative functions, processing and operations.





This is occurring against a backdrop of a concentration of resources around perceived core services and activities.



Emerging issues resulting from shake out in banking sector opens significant opportunities for cost control amongst FIs and opportunities for those providing 3rd party services

We define the three key pillars of service delivery:

- 1. Strategic options
- 2. Tactical options
- 3. Operational options

Thereby delivering a full end to end solution.

We then review our eleven outsourcing hypotheses to see which matches our clients requirements.



## **Summary of Outsourcing Hypotheses**

One

Process Efficient "Provision of ongoing estate management services, including demand management, stocking and fulfilment of all maintenance

Two

"Delivery of impartial integrated technology solutions for ATMs to ensure systems capabilities directed strategically for maximum effect"

Three

"Management & delivery of ATM infrastructure capabilities optimised through ongoing audit & best practice systems'

Four

"Allied to Option 3 (ATM Channel Management) Option 4 focuses on ensuring that the ATM infrastructure is best placed to deliver machines' channel delivery capabilities'

Five

"Assumes risk and capital expenditure

involved in ATM estate expansion and technology innovation'

Six

""e-2-e management of ATM network covering estate, asset, cash & hardware reauirements, in addition to estate monitoring to ensure most efficient and effective deployment of the estate"

"Optimisation of cash delivery requirements focusing in particular on cash-back facilities, retail cash delivery. accessing ISO networks as well as development of kiosk based facilities"

Eight

requirements"

"Utilising FI's network to leverage value and generate revenue through specialist delivery of targeted advertising and/or marketing communications by customer grouping and/or location"

Nine

"Two pronged reengineering of ATM channel to offer 1) supplementary functionality (for account maintenance) and 2) to develop the channel for more involved transactions/ revenue generating purchasing'

Ten

"Provider of innovative non financial services retail opportunities through ATM Channel by means of tiered technology-enabled functionality'

Eleven

"Brokering of content to ensure the integrity and optimum targeting of 'bank own' and selected retail partner information to guarantee the richest information based customer experience"

## **Contacts**

Value Generating Approach

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