

AURIGA PERSPECTIVE

ATM monitoring requires integrated approach

There is a growing realisation within the banks that multi-vendor applications do work

The use of ATM status management and monitoring software is well established in Europe, and sophisticated off-the-shelf packages are becoming increasingly popular at the expense of proprietary solutions.

The *Bulletin* recently had the opportunity to speak to Brendan Thorpe, Business Development Manager at Auriga SpA, to discuss current market trends relating to ATM monitoring. Auriga is a provider of retail banking software applications and multi-channel solutions. Successful in its home market of Italy where its technology drives nearly half of the country's ATMs, Auriga's self-service solution encompass a wide range of elements from across the value chain, affording it a broad and unique perspective of the market.



Brendan Thorpe

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Banking Automation Bulletin (B): *What is Auriga's view of the ATM market and specifically the demands from the banks for advanced software? Are you seeing growth in multi-vendor and multi-channel software and the variety of transactions available at the ATM?*

Brendan Thorpe (BT): The software market is still growing, albeit at a falling rate. Hardware vendors continue to dominate the market in most countries, and there are still many examples of banks running solutions which are vendor-specific. However, this is changing slowly as there is a growing realisation within the banks that multi-vendor applications do work.

The use of multi-channel solutions is also growing,

though mainly due to convergence within the internet and mobile channels rather than by design. A large part of this can be attributed to devices such as the iPhone, which not only have advanced capabilities but also provide a mechanism for distributing applications to users. This is pushing more banks to revisit the multi-channel concept and to look closely at where efficiencies can be made in their channels through the re-use of existing business logic.

As for transaction variety, I think it is true to say that for all banks the ATM channel still represents a dichotomy: it is an essential service expected by customers and therefore represents a cost; but it is also viewed as an under-utilised tool for generating revenue. Facilities other than cash services are often not provided on ATMs, the primary argument being the potential for these services to slow down the network during peak times by diverting resources away from dispensing cash.

Although there is some validity in this line of reasoning, it is not entirely justified. There are forward-looking banks which are offering a broader range of transactions, encompassing everything from simple cash services to the purchase of theatre tickets. One such client of Auriga's has 60 different possible transactions currently running on its network. Its transaction data at peak loads for cash dispensing are no different to those of a cash dispensing-only network.

The distinguishing factor between banks tends to be the range of machines employed. In general, banks that offer intelligent deposit tend also to offer services beyond cash, aiming to maximise the return on the significant investments they have made in the channel.

B: *What is Auriga's view of the ATM monitoring market? How are banks using monitoring at the moment and could they do more with it?*

BT: As Auriga's self-service solutions incorporate a number of elements that are often provided by

separate vendors, its view on monitoring differs from that of other companies in the market. From this perspective, Auriga sees banks' current monitoring provisions as having significant room for improvement.

At the moment, most banks still use monitoring systems that are separate from their ATM applications, and in many cases provided by a different vendor. Many of these systems rely on the host protocols to provide information on the status of the ATMs and to carry requests back to the machines for status updates. Whilst the use of agents to actively gather information from the ATM is growing, this is still not the norm. For many banks this means monitoring is a reactive tool, responding to a limited set of notifications and alarms.

We believe that the ideal solution is an integrated monitoring application that enables both the ATM application and the hardware to be monitored in a unified manner; if the solution can also extend to the switch and monitor its performance, then even better. The monitoring solution then becomes proactive rather than reactive, and not simply a reporting tool.

For example, alarms raised because of a fault with a component on an ATM, such as a card reader, can often be resolved by resetting the individual component. If the application and the monitoring tools are integrated this can be done automatically by the monitoring tool, in many cases this means the issue can be resolved automatically without human intervention.

The ability to manage and monitor the network proactively has a positive impact on costs, uptime and efficiency within the channel. Perhaps more importantly, taking an integrated approach to channel monitoring means that the bank has the data available to identify its network's strengths and weaknesses more readily, so that it can plan accordingly.

B: *What trends and developments does Auriga see in the monitoring space?*

BT: The best place to look for an indication of where monitoring is likely to go is in the retail sector. Retail industries understand their customers' use of stores in much greater depth than the financial services sector understands its customers' habits. Both industries have very well-established business models. However, the retail sector is more open

to trying something new – and this is because of how it uses the data it holds about its customers and channels. In the financial sector, most banks have the data, but it is held in different systems and hence is more difficult to use. This comes back to two points: the first is Auriga's view of monitoring as an integrated set of tools; and the second is the issue of whether the ATM is treated as a cost centre or a revenue generator.

The level of investment required in the ATM channel is significant, and the current economic climate has focused attention clearly on the cost versus revenue issue. For many banks, interchange fees simply don't provide the revenues required to enable them to fund the network. This means that more banks are actively thinking about what else can be done with the ATM channel to generate revenue.

Whilst moving branch transactions to intelligent deposit machines can save money, it also adds complexity and cost to the self-service channel. The more complex the channel becomes and the greater the variety of transactions performed, the bigger the challenge for the monitoring solution. A large part of this comes from the data that will be required by the banks to understand not just which physical aspects of the network are working, but what the customers are using and how they are using it. Consequently, the trend will be towards more integrated monitoring solutions that provide a holistic view of the network encompassing hardware status, cash management, transaction data with back office functions for trouble ticket management, etc.

B: *Auriga is now expanding outside of Italy. What are the drivers that have contributed to its growth and success?*

BT: Auriga has been working successfully with financial institutions since 1992 and is winning new customers all the time. A lot of this success is due to the flexibility and depth of the solutions it has developed. In the self-service area the solution encompasses ATM driving, switching, monitoring, marketing and software distribution – as well as the ATM application itself. This integrated approach to the channel has a lot of benefits and provides answers to issues related to both cost of ownership and the use of the channel as a contact centre. In this way, Auriga occupies a fairly unique position in the market. ■

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