

AURIGA PERSPECTIVE

Future of ATM software lies in integrated solutions

An increasing number of banks are opting for a more advanced self-service software architecture, which incorporate a multivendor client application into a broader solution for the ATM channel. They are also looking to integrate the ATM with other banking channels, to improve customer service and choice.

The *Bulletin* recently had the opportunity to speak to Brendan Thorpe, Business Development Manager at Auriga SpA, to discuss these and other current market trends relating to ATM software.

Auriga is a provider of multichannel solutions for retail banks. Auriga's self-service solution encompasses a wide range of elements from across the value chain, affording it a broad and unique perspective of the market.

Banking Automation Bulletin (B): *What has held banks back from adopting advanced ATM software?*

Brendan Thorpe (BT): The ATM has become a key link between banks and their customers, so naturally the channel is approached with a degree of caution. Furthermore, the fragmented nature of the technology used to run the networks has meant that no one single vendor has traditionally taken ownership of the overall solution. You may have a switch from one company that drives an ATM using a protocol that is owned by one of the hardware vendors (whose ATMs you may not actually use), monitoring is often provided by another vendor, and ultimately you have a fragmented solution with no clear ownership.

RBR's recent research into multivendor software highlighted some of these issues, but it also noted that banks were recognising the benefits of moving to more advanced software, even amongst those who have yet to implement multivendor solutions.

This shift in the marketplace is occurring for a variety of reasons: the current economic climate has forced banks to review costs and to focus on efficiency; solutions where one supplier takes ownership are becoming more common; the lines of demarcation

in the network are being broken down and innovation is becoming easier; and XFS is more accepted as a working standard with less variance between different vendors' implementations. All of these factors are lowering the barriers to change.

B: *What financial and other benefits can integrated solutions bring to banks?*

BT: This is always a difficult area as it varies massively from bank to bank depending on how their existing systems work. For example, if you look at core hardware costs, the savings that can be made from moving to a web-based architecture from a traditional set-up using HP can be huge. Even a small HP system is expensive to maintain; the costs associated with an equivalent set up in a J2EE environment are small by comparison.

If you look beyond core hardware and out to the network itself, then the potential savings start to increase. For example, removing one or two unscheduled engineer visits to an ATM per year through the use of an integrated monitoring system can radically alter support costs.

Moving to a multi-vendor solution can also generate savings, however, these really vary from market to market. The implementation of multi-vendor software enables the selection of best-of-breed hardware. Whilst this isn't always the cheapest to purchase, it often brings with it direct cost savings in terms of total cost of ownership, and indirect savings in terms of its ability to deliver the type of transactions and services demanded by the end user.

The introduction of new ATM transactions to generate revenue or save costs is a hotly debated topic, and the success or failure of these transaction types is dependent on both the market and the bank. Adoption of these transaction types by customers can be high, and it is not unusual to find examples where transactions that can directly generate revenue represent more than 6% of overall transaction volume.

However banks need to think carefully about the

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- ▶ types of transactions that are appropriate, and their ability to influence customers to utilise them. Whilst it is unlikely that these transactions will ever cover the costs of the entire network, they can make a significant contribution.

B: *Can self-service software solutions help banks to migrate further transactions from the teller to self-service channels?*

BT: There are some good examples of banks successfully implementing self-service strategies that push low-value transactions away from the counter using either a completely self-service or an 'assisted' self-service model. These projects have provided clear cost savings for the banks and have enabled new services to be delivered via this channel. However, the level of success is critically dependent on the banks willingness to drive change and encourage acceptance by customers.

B: *Is such an approach useful only to larger banks?*

BT: The simple answer to this question is no. In any market that has a well-developed card base, self-service has become the number one point of interaction between a bank and its customer. Any bank that can utilise that point of interaction to the fullest extent possible is going to have a competitive advantage.

Ultimately that advantage is going to be dictated by the technology employed to deliver the services. Multi-vendor software is one key way a bank can take advantage of the best technology available, and if that software is also web-based then it provides the banks with the flexibility to deliver services to customers quickly and cost-effectively.

B: *How does Auriga's solution for the ATM channel work?*

BT: Auriga's solution is based on a new approach as it combines a number of elements (switching, terminal handling, monitoring and the ATM application) that are usually provided by different vendors, into one complete channel solution.

From a technical standpoint, this means that there is a single point of ownership over the software used in the channel. It also means that the solution is able to move away from traditional ATM protocols and take full advantage of modern web-based technologies to drive the network and deliver content to the self-service terminals. This web-based approach is more efficient and flexible than traditional protocols: a broader set of

transactions can be offered and the customer gets a better experience.

The solution also monitors both the technical and commercial elements in one system, effectively monitoring the entire channel and not the just the network. Consequently, banks gain a far clearer understanding of how the channel is really being used. This enables them to plan for the future as they can see the true performance of the channel and plan accordingly

A broad transaction set is possible because the architecture promotes tighter integration with other channels. This means that self-service becomes part of a more unified customer experience, providing customers with a greater degree of choice and flexibility about how they interact with their bank. In simple marketing terms, this helps improve the depth and breadth of the customer relationship and makes them 'sticky', so less likely to move to another bank.

Ultimately it's all about cost, performance and user experience. By using web-based technologies and moving away from traditional protocols, you can in many cases improve the level of uptime, reduce the costs associated with hardware and software, and deliver a better experience to the customer by enabling them to do more with the network.

B: *What challenges do banks face in adopting such a solution, and how do you help them?*

BT: Whilst the extent of work involved in moving from one application to another should never be underestimated, many of the perceived issues can be easily avoided providing the project is tightly managed. One of the key areas in this process is the testing and certification of the final solution, an area where software vendors have failed in the past. It is no good having the best product in the world if the implementation experience is poor due to problems with testing.

Auriga has put a lot of thought into making sure that not only the product is as easy to test as possible, but also that sufficient resources are available to support customers, ensuring that the project is completed as painlessly as possible. To this end, we have benefited from our experience in Italy, which has one of the toughest certification processes in Europe. Consequently, this is an area where we add significant value to our customers. ■

For more information, please visit www.aurigaspa.com

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