BANK OF NEW ZEALAND

An NCR case study

Bank of New Zealand

Do you want to cut your ATM network's downtime and delight your customers?

"NCR SmartServ is one of the best innovations I've seen in the last fifteen years. It's a game-changer."

– Paul Johnson, Channel Manager, ATM and Self-Service, BNZ

NCR

Key highlights

- **Industry/Market:**
  Retail banking

- **Challenge:**
  BNZ wanted to differentiate itself from its competitors by delivering higher service levels and a better overall brand experience without increasing cost.

- **Solution:**
  NCR SmartServ is a unique service offer for assisted- and self-service technologies, such as ATMs. Unlike traditional maintenance offerings that fix ATMs after they break, NCR SmartServ predicts failures before they happen. Fixing a device before it fails and being able to do so remotely without human intervention leads to increased availability of critical, customer-facing services.

- **Results:**
  NCR SmartServ has reduced the downtime of BNZ's ATM network by a third. Service errors that can adversely impact a consumer's ATM transaction have fallen by 65 percent and first line maintenance call-outs have been reduced by 30 percent. As a result, BNZ has made significant cost savings, delighted its customers and generated more revenue.

The customer

Bank of New Zealand (BNZ) is one of New Zealand's largest banks and has been operating continuously since its first office was opened in Auckland in 1861. Today it operates as a subsidiary of National Australia Bank and employs over 5,000 people in New Zealand. With over 170 stores and a network of more than 450 ATMs, BNZ offers a full range of financial services to almost a million customers.

The challenge

In a country of just 4.5 million people, New Zealand's handful of major banks operates in a fiercely competitive marketplace. Continuous innovation and improvements in customer service levels are critical to attract new customers and hold on to existing ones. Against this background, BNZ invested over NZ$200 million in 2010/11 upgrading its physical retail and business banking network to provide a fresh and competitive service offering.

As a long-standing technology partner to BNZ, NCR Services was already providing managed services, including help desk, second line maintenance (SLM) and incident management to support its growing ATM network. Under that agreement, BNZ was regularly achieving network availability of 98.5%, a figure widely accepted as 'world class.'

Driven by its culture of continuous improvement (CI) and to differentiate itself still further, BNZ sought to push the availability of its ATMs beyond this threshold and deliver the highest levels of service delivery and convenience of any self-service network in New Zealand.

The solution

In 2011, BNZ completed its implementation of NCR SmartServ, a unique technology that improves upon traditional, reactive support models by predicting failures before they occur.

Many issues can be fixed remotely, without the need to send an engineer, and replacement parts can be fitted during scheduled maintenance before they fail, minimizing downtime.

NCR SmartServ works through a software agent on each NCR device and collects massive amounts of operational data, to provide an immensely detailed picture of how each ATM is performing. With about ten times more information coming from the network, NCR SmartServ affords BNZ an unprecedented degree of scrutiny and control.

"The level of granularity is way beyond anything we've had before," says Paul Johnson, BNZ's channel manager, ATM and self-service. "It means we can set very tight and well-defined performance thresholds for the individual components in every ATM."

When a threshold is breached (for example, a specific type of card reader error occurs many times over a period of days), NNCR SmartServ automatically creates an alert that enables the problem to be fixed before the component fails and puts the ATM out of service. The precise, component-level diagnosis means that engineers are dispatched with the right parts and tools so problems are nearly always fixed first time.

"NCR Predictive Services is a true product of continuous improvement methodology," says Johnson, "because it proactively reduces variability. It means we can fine-tune and increase the performance of the network and maintain that performance within very tight limits."

That has translated into real value, both to the bank in terms of financial and operational improvements and to its customers. Johnson says, "It has improved the level of service and the BNZ experience by giving our customers an extremely high level of certainty that their transactions will be completed successfully every time."

NCR SmartServ enables preventive action in four ways.

- Imminent failure prediction: the NCR SmartServ software agent detects error messages from individual components that may warn of imminent failure. Early detection enables repair before they break down.

- Service intelligence: detailed analysis of real-time logs and configuration data provides accurate repair advice so that engineers with the right skillsets are dispatched with the right parts.

- Remote fix: many corrective actions can be made remotely, without the need for an engineer to travel to the site. As a result, ATMs are back in service much more quickly. Fewer service trips are good for carbon emissions too.

- End of life prediction: NCR SmartServ has the capacity to monitor the usage of individual components within the ATM, so replacements or repairs can be made before they reach their expected end of life.

BNZ ATM Service Errors

BEFORE SmartServ Predict | **AFTER** SmartServ Predict

65% reduction in service errors

0   20   40   60   80   100
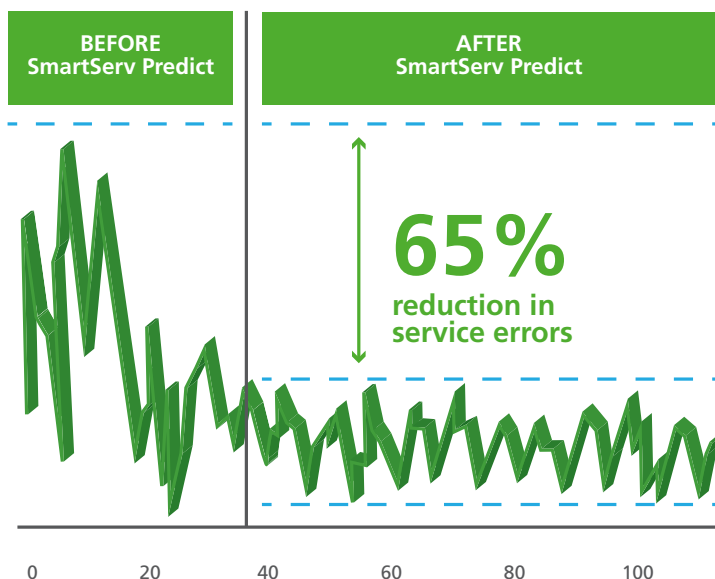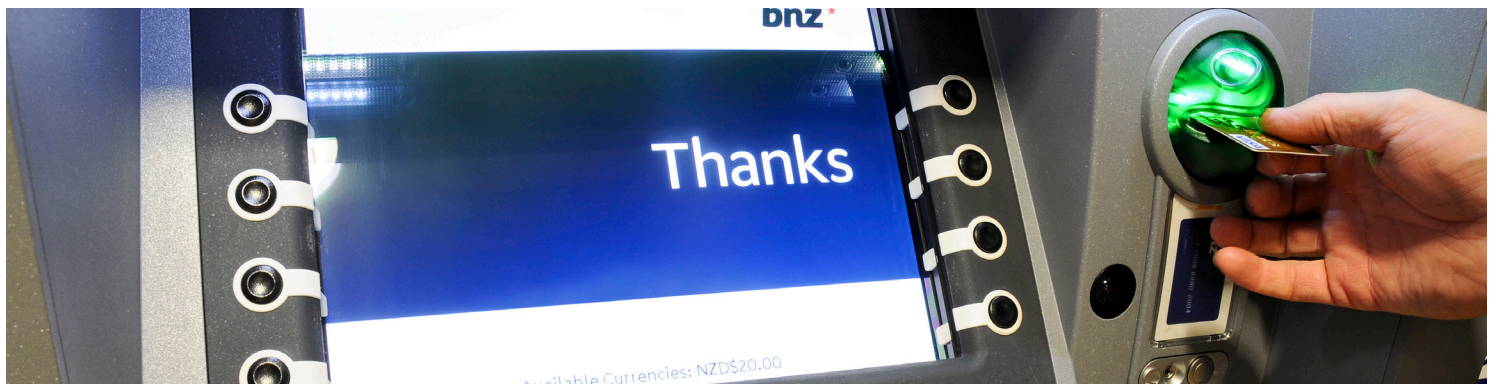
The solution benefits

NCR SmartServ has enabled BNZ to address problems in its ATM network before they occur and have a negative impact on customers.

In many self-service environments, first line visits (by branch staff or an FLM service provider) are often made to verify a problem exists, after which an SLM response is initiated. With NCR SmartServ, the detailed diagnosis means these unnecessary calls to FLM staff are eliminated. For BNZ, FLM call-outs have been reduced by 30 percent with immediate cost and availability benefits.

Typically, between a quarter and a third of first line issues are resolved via the ATM's operator panel, such as performing a reset of the device. NCR SmartServ enables the Help Desk to perform these tasks remotely, cutting FLM visits and downtime still further.

Service errors that could delay or deny a consumer transaction, such as a misread card or a hard device failure, have been reduced by 65 percent.

"The two-thirds reduction in service errors is very impressive," says Johnson, appreciating the granular view of component-level issues the solution delivers. "What is just as remarkable is that in our previous, reactive, scenario we were not managing any of those errors, many of which would eventually bring an ATM down. We were only responding to fatal or near-fatal alerts."

Downtime and availability provide a sharp contrast between BNZ's pre- and post-predictive environment. "In the past, under the traditional break/fix model, every ATM that a second line engineer was dispatched to would be out of service when the engineer arrived," recalls Johnson. "Crucially, under our service level agreement it might have been down for up to four hours, creating a negative brand experience for maybe hundreds of our customers who would have been denied their transactions."

Now, as a direct result of implementing NCR SmartServ, more than 40% of all SLM call-outs are attended to before the ATM goes out of service. That type of improvement has seen overall ATM network downtime fall by a third and availability exceed 99%. "BNZ has moved beyond what is known as world-class availability," says Johnson. "Across our network that means we are serving customers for an extra 20,000 hours each year."

That has made it easier to attract, engage and cross-sell to customers through its ATMs.

Johnson reflects on the vast array of solutions and offerings he has evaluated or implemented in his 15 years in financial self-service. "As a channel manager, I have seen many offerings that reduce costs, improve service, increase revenue or provide a better brand experience. There have been very few—and NCR SmartServ solution is one of them—that achieve them all.

"NCR SmartServ is a game changer for BNZ. By gaining greater visibility of our self-service channel, we have established a strong competitive edge through a superior customer experience."

Why NCR?

NCR Corporation (NYSE: NCR) is the global leader in consumer transaction technologies, turning everyday interactions with businesses into exceptional experiences. With its software, hardware, and portfolio of services, NCR enables more than 550 million transactions daily across retail, financial, travel, hospitality, telecom and technology, and small business. NCR solutions run the everyday transactions that make your life easier.

NCR is headquartered in Duluth, Georgia with over 30,000 employees and does business in 180 countries. NCR is a trademark of NCR Corporation in the United States and other countries. The company encourages investors to visit its web site which is updated regularly with financial and other important information about NCR.

Recognized for innovation

In April 2012, BNZ's implementation of NCR SmartServ was awarded the 'Best ATM Installation and Management Project' at the Asian Banker 2012 Technology Implementation Awards.

The awards program, judged by global bankers, technology consultants and academics recognizes emerging best practices in the use of technology in the financial services industries. In 2012, the sixth year of the programme, the panel of judges were looking for innovative solutions that demonstrated a clear return on investment above and beyond 'good' technology and implementation.

The three-month evaluation process assessed submissions from nearly 50 financial institutions spanning 14 countries in Asia and the Middle East. In presenting the award the judges highlighted how NCR SmartServ technology had fulfiled BNZ's focus on customer service and continuous improvement.

The reduction in ATM downtime, service errors and first line maintenance calls were all tangible improvements, according to the judges, that improved the customer experience. Both NCR and BNZ had demonstrated real innovation— NCR in its advanced predictive technology and BNZ in its pioneering implementation of it.

2012 was the third year in a row that NCR has shared the prestigious Asian Banker prize in the 'Best ATM Project' category, which has been awarded only four times since the programme began in 2006.