

8 QUESTIONS YOU SHOULD ASK WHEN BUYING A CASH MANAGEMENT SOLUTION

See if your retail banking network is costing more than it should

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Keep cash flowing, customers happy and costs down



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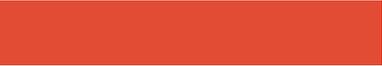
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Asking the right questions will deliver the best solution for you

Keep cash flowing, customers happy and costs down

As Financial Institutions manage their strategic priorities in the face of increasing consumer expectations, digital disruption, regulatory changes and broader economic factors, one constant is the need to optimize and take cost out of delivery channels.

Convenient and reliable access to cash and cash services continues to be a critical component of the consumer value proposition and a significant operational cost driver. Optimizing the costs of holding, moving and processing cash provides a significant opportunity for institutions looking to make a positive impact to customers while delivering instant savings to the bottom line.

Making cash always available, while reducing inventories, and moving and processing less of it, seem to be conflicting objectives. We've provided a list of **8 essential questions** to ask when buying a cash management solution. This will help you to drive significant operational savings with cash optimization technologies.

1. What's driving my cost of cash?

Interest, insurance, transportation, processing and handling costs are the main contributors to the overall cost of cash for an institution.

The total cost is driven by the effectiveness of the decisions on how much cash to hold, where to hold it, where and how often and to move it.

Often the main consideration is whether cash provision exceeds a physical or policy limit rather than supporting an optimized plan to meet operational needs.

Without effective planning tools, excess inventory becomes an insurance policy against running out of cash.

A recent Retail Banking Research report* identified that between one third and one half of financial institutions surveyed were not supported by software tools for cash inventory planning.

The paradox is that despite carrying more cash inventory than could possibly be required, many financial institutions continue to suffer ATM cash outs and depend on emergency cash deliveries.

Cash operations teams in financial institutions have learned that without the right tools you can be either effective or efficient.

Pragmatic operations teams without access to good tools have learned the hard way that effective is the best option. Their financial institutions pay for this choice through high cost of inventory and transportation.

Key questions :

- How much efficiency and cost savings and how much optimization could the right tools deliver?

2. What does success look like?

In any technology investment it's always wise to put people and process first, hence the widely quoted order of precedence; People, Process, Technology. NCR would strongly recommend starting by posing the questions you need to be able to answer before making a procurement decision.

Consider the scope of the problem and the highest level objectives the investment supports. Consider your organizational design and how it might change. Think about the changing role of the people in whom your organization will still depend.

Key questions :

- Who will use this solution and what will their highest level objectives be?
- What processes will they be managing?
- How will the technology enable them to meet and exceed their objectives?
- Who will stand behind this technology and my team to ensure we succeed?

3. How will a cash management solution support my staff?

No matter how much technology is applied to cash planning, smart people will always be required. Technology will not anticipate one off events and technology cannot attend ATM rollout project meetings and plan for network changes. Great simulation tools help you evaluate possible future strategies but do not have the creativity to think them up. The smartest technology investment strategies put people right at the centre.

Technology can answer questions. Only people can ask them.

Key questions :

- What tools do I need to provide my cash analysts to plan and continuously improve?
- How do I need to engage and collaborate with my branch managers in planning cash for their businesses?
- Which routine tasks do I want to automate for my cash analysts?

4. How much of my process do I want to manage?

Many organizations start out thinking they required a cash forecasting solution. Most realise over time that the real opportunity is far larger than this. How far along this journey are you now?

The split between how much to hand off to vendors and how much to retain in house differs widely between financial institutions with many opting for a total in-house solution offering complete control at the expense of limiting capability to the skills, knowledge and bandwidth of in house staff.

Key questions :

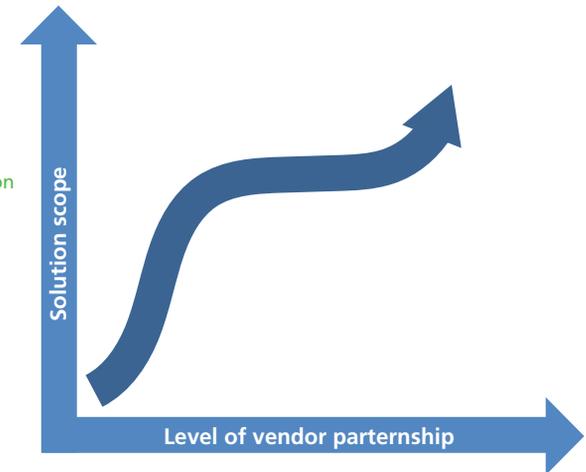
- What are the overall strategic objectives I am trying to address?
- Are all the investment options I am considering capable of addressing them?
- What trade-off between ownership and control best meets my objectives?

Total cash supply chain management

Enterprise cash optimization and order automation

Advanced function ATM and branch forecasting

Cash dispensing ATM forecast



In house developed solution

Licensed vendor solution

Vendor hosted solution

Vendor outsourced solution

5. Will a vendor solution fit my processes or will I have to fit theirs?

Every bank has developed cash management processes and practices that suit their customers, geographies and commercial environments. These practices reflect the wisdom and experience of generations of cash operations specialists.

All too often in IT deployment projects, we experience rejection by users, parallel spread sheets being maintained offline and failure to deliver expected benefits. This can be the result of an off the shelf process that was imposed by the technology on a unique organization.

The best cash optimization technologies available have evolved and matured through deployment across many financial institutions, CIT organizations and geographies. They are capable of highly flexible configuration to suit the financial institution's needs. There is no reason to allow the technology to dictate the process.

Key questions :

- Am I prepared to re-organize around a process defined by the technology or do I need a solution to largely fit my processes?
- Where have the cash management solutions I am considering been deployed that share my processes and operating models?
- What do I need in a cash management solution to meet my needs?

6. How do I want this technology to fit into my infrastructure?

Any enterprise IT investment is a long term commitment both to the technology and to the organizational resources to support it. It's important to make the right choices.

Beware "Yes we can!"

Anything is possible in software! The right question is "How?" The answer you need to hear is as a standard feature or by a configurable option. A customization can initially look like a great idea but can lead to a lifecycle of additional cost each time your customization has to be re-integrated into future product releases or prevents you taking advantage of new features in the roadmap.

Operational flexibility is key

If you are considering a cash management solution you are already considering changes to technology and perhaps processes

A flexible solution offers you implementation choice. Hosting, supporting and operating in your own data center, hosted by the vendor under a SaaS model, or operated by the vendor as a service.

A truly flexible solution allows you to start with one option and move to another as your needs or priorities evolve.

Key questions :

- Can I achieve the fit to my operations without getting into a technology trap with a heavily customized application?
- Will my choice of cash management application "play nicely" with my other channel management applications and help me deliver customer value and not just process automation and cost savings?
- Am I buying into a platform that is flexible enough to support my current and future IT strategies?
- Is there sufficient choice in how I deploy? Are there options to operate it myself, have the vendor host and operate it or totally outsource it to the vendor? Can I switch from one to the other after implementation?

7. What am I looking for in a cash management vendor?

A cash management investment is as much a commitment to a vendor as it is an investment in an application. In a vendor there is no substitute for experience; experience in the technology, experience in the industry, proven deployment capability and preferably experience as an operator of their own systems.

Enterprise capabilities cannot be assumed. A cash management application should fit seamlessly into the datacentre and IT infrastructure. It should use standard enterprise technologies and be developed to best-in-class standards by experienced developers. Experience can only be earned through years of deploying in many financial institutions.

When you commit to a vendor you want to be sure they are committing to you. Not every vendor is equal.

Some vendors maintain global professional services organizations with expertise in their solutions and strong account representation. Others deploy all their limited resources wherever the next sale is. When you need support, and where you need support, are they going to be there for you?

Key questions :

- Do I want support a start-up vendor developing their solution in the field or am I looking for an expert partner?
- What standards does a solution have to meet to fit into my infrastructure?
- Do I need technical support covering my working hours?
- Is it important that they are in my country, time zone, and language?

8. Where is my return on investment going to come from?

The costs of providing cash to a retail banking network varies dramatically between regions, countries and institutions. Interest rates, labor and CIT contract costs, cash demand and availability, transaction volumes, risk and insurance all play a part. By modelling and optimizing these costs using an enterprise grade cash inventory optimization solution NCR estimates:

- Annual savings of \$1,000 per ATM
- Annual savings of \$2,000 per branch
- Savings of over \$100,000 for larger vaults

You can expect a cash optimization solution to deliver significantly more value than this through improved customer availability, better cash reporting and visibility and labor savings in the cash management organization.

Beyond the core cash planning and scheduling processes, savings can be available in better management of CIT contract management and commercial customers. Integration with ATM channel management applications can deliver smarter, more joined up management across multiple operational organizations in the bank.

Key questions :

- What are an investment's target ROI areas?
- How does each potential solution deliver in each area?
- Can the vendor demonstrate successful results?

About NCR Cash Management Solutions

In September 2012 NCR Corporation acquired Transoft International, a leading global provider of the OptiCash and OptiVault family of Cash Optimization solutions.

NCR have been delivering outsourced cash management solutions using the OptiCash and OptiVault solutions for over 10 years and offer cash optimization solutions and services through it's extensive global distribution and technical services channels.

[View our Cash Management Solutions Video](#)

Begin your review of available market solutions today.

Contact us



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