

Outsourcing vs. Traditional Managed Services



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ATM Outsourcing vs. Managed Services. The two terms get thrown around a lot these days and, therefore, it is understandable that financial institutions (FIs) are confused about what exactly ATM Outsourcing is or how it differs from Managed Services.

The largest banks and credit unions enjoy the ability to have a dedicated ATM team. However, most smaller FIs, like credit unions and community or regional banks, include their ATM solutions within their IT, customer service or operations departments where the responsibilities of automated teller services get shared with a variety of other tasks. The result is often a jigsaw puzzle of internal processes and external providers to create an ATM system upon which cardholders can rely.

ATM Outsourcing is an all encompassing service – that can take the terminals off the FI's books, so they are then owned and operated by the ATM Management Company. Then the ATM Management Company can handle every aspect of managing the fleet. ATM Outsourcing differs greatly from Managed Services or “maintenance services” offered by a variety of vendors in the marketplace. However, many FIs and ATM companies have varying definitions, which is why there is confusion.

Because the term “ATM Outsourcing” means different things to different people, many FIs believe they are “outsourcing” their ATM fleet because they have a managed service contract with a vendor to handle certain services like maintenance or cash delivery, or manage a variety of vendors to take care of the numerous tasks related to operating the ATMs. *Neither of these is ATM outsourcing.*



Many financial institutions believe they are “outsourcing” their ATM fleet because they have a managed service contract to handle maintenance or manage a variety of vendors to take care of the numerous tasks related to operating an ATM fleet.

This is not ATM Outsourcing.

Vendor Management

You've just spent an hour on the phone with the armored carrier chasing down an emergency cash load which should have been delivered yesterday. Or maybe it's the third day one of your machines is down because your ATM manufacturer/maintenance provider is backlogged or did not have the part in stock. These are typical problems FI staff deal with on a daily basis when they are trying to manage multiple vendors.

Even with the best contracts in place, with the best ATM vendors, there are a slew of situations which require a dedicated employee to send emails, make phone calls and follow-up with vendors to ensure reliable ATM service. FI staff often find themselves managing service calls from open to close, tracking cash usage, ordering cash or even loading it themselves, handling claims paperwork and much more – acting as the middle-man to balance multiple contacts, contracts and schedules.

Pulling in outside vendors to handle the areas you cannot address in-house makes sense. But your internal team is still hard at work managing those services and relationships. *Vendor management is not Outsourcing.*

Managed Services

There are ATM service providers who offer customized managed services packages for FIs. Some even go so far as to call it "outsourcing." These programs typically consolidate vendor management by including one or more of the standard services required to run an ATM network including:

- **Equipment Financing/Leasing** – The company will place new machines and finance or lease the equipment to the FI for a monthly fee.
- **Maintenance** – In addition to selling or financing machines, the managed services provider may also handle 1st and 2nd line maintenance for the terminals.

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- **Communications** – As a part of the installation of new machines, some providers will include a wireless communications system. The wireless communications eliminates landline connections and other telecom costs by taking the process mobile and wrapping communications into the managed services package.
- **Cash** – Cash monitoring and armored delivery, and even cash loading is often an option in a managed services deal.
- **Receipt Paper** – Paper rolls purchased and installed as needed are also a common component in a contract for ATM managed services.

These programs can reduce the cost of managing ATM equipment and locking many of the more substantial operations services into a single vendor. However, *these programs are not true ATM Outsourcing* and are still a piece-meal solution that fail to pull in some of the more hidden costs of ATM management.

What is ATM Outsourcing?

True ATM Outsourcing is a complete ATM solution targeting every aspect of the ATM space – from owning the machines to full management operations.

Say “Goodbye” to Vendor Management

An ATM Outsourcing provider covers all the heavy lifting a managed services company offers, but then takes it to the next level. Rather than merely monitoring cash, an outsourcing provider offers a complete cash management solution including cash forecasting, ordering, delivery and loading. Other standard operations include 1st and 2nd line maintenance, replacing consumables and telecommunications.

Buyer Beware

Not all ATM companies are the same. Be careful of companies whose primary expertise lies in retail. Ask the following questions:

- Do they understand financial institution requirements for getting an ATM back online?
- What is their service response time? Is it hours or days?
- Are they certified to work on NCR, Diebold and Hyosung units?
- Can they provide references?





An actual ATM Outsourcing program will take over ownership of the units – removing capital expenditure from the books and with a compliance guarantee the financial institution will be protected from compliance risks.

No Worries About ATM Compliance

When it comes to ATM equipment, an actual ATM Outsourcing program will take over ownership of the machines. This process removes capital expenditure from the books and is designed to protect the FI from PCI DSS, ADA, EMV and other compliance risks as well as the costs and hassle of the operating system, software and hardware upgrades. An ATM Outsourcing partner will handle all of these ATM-related worries and provide you with a Contractual Compliance Guarantee.

The Softer Costs of ATMs

ATM operation is far more than keeping the equipment transacting. It is also the behind-the-scenes activity to raise awareness, implement new locations, and respond to questions and concerns from ATM users. A complete ATM Outsourcing solution can help FIs save time and money by addressing these functions, by providing:

- **Customer Services** – Dedicated representatives and a posted phone number direct ATM users and locations to contact the ATM Outsourcing company with questions, disputes, error reports and other ATM-related concerns.
- **Claims Management and Processing** – An ATM did not dispense? The ATM Outsourcing provider writes up and submits the report.
- **Complete Installation and Handling** – From PO to installation, the ATM Outsourcing partner should be able to handle it all.
- **Better Security** – Most FIs operate their machines with integration into their core network. This connection could leave the credit union or bank back-end systems vulnerable to attack through their ATM network. An ATM Outsourcing provider is capable of performing transactions using an outside processor. By doing so, there is an additional filter between the transacting machine and the FI's core systems.
- **Deposit Automation** – ATM Outsourcing providers have a significant focus on FI operations. They invest heavily in technology and processes that will provide their bank and credit union partners with the most benefit including handling deposit automation.

Why ATM Outsourcing

ADA. EMV. Windows 7. Windows 10. PCI DSS. The ATM is a cost center and has been becoming a nuisance for most regional and smaller FIs. True ATM Outsourcing offers a consolidated solution which removes capital from the books and relieves the burden of vendor management. They are a single vendor resource for all of the FI's ATM needs. True ATM Outsourcing allows FIs to relax, focus on serving account holders and more profitable endeavors, and make one phone call to the ATM Outsourcing partner rather than managing multiple vendors.



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