Banks and credit unions can derive great value from operating a multivendor ATM software and hardware environment. The benefits include cost savings from being able to maintain a multivendor fleet, streamlined maintenance and updates and a consistent user interface through the use of a single software platform.

“The concept of multivendor ATM software is beginning to come to fruition,” said David Krzic, senior ATM product manager at Elan Financial Services, an ATM services provider offering client support for multivendor ATM environments. “We’re starting to see small and midsize banks asking about multivendor ATM software. A couple of years ago, we weren’t seeing any interest in multivendor environments from smaller financial institutions (FIs).”

According to London-based Retail Banking Research (RBR), multivendor software was running on 28 percent of ATMs worldwide in 2012. The market for multivendor software more than doubled between 2007 and 2012, and RBR forecasts it will grow another 75 percent by 2017.

“We’re seeing a huge growth in demand for multivendor ATM software in all regions,” said Steve Hensley, executive vice president of global sales at multivendor ATM software company KAL ATM Software.

<table>
<thead>
<tr>
<th>Year</th>
<th>ATMs Worldwide Using Multi-Vendor Software</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>294,500</td>
</tr>
<tr>
<td>2012</td>
<td>739,867</td>
</tr>
<tr>
<td>2017</td>
<td>1,295,140</td>
</tr>
</tbody>
</table>

Source: Multivendor Software 2013 (RBR)
A global survey conducted for the [KAL/ATM Marketplace 2014 ATM Software Trends & Analysis Report](#) found that 32.6 percent of FI respondents run multivendor software in a standardized ATM software environment on ATMs from multiple manufacturers. An additional 15.6 percent run software supplied by their ATM manufacturer but are considering multivendor ATM software.

As the result of mergers and acquisitions among FIs, as well as changing ATM models, many deployers are operating ATM fleets comprising models from a number of manufacturers, according to the KAL/ATM Marketplace survey.

More than half (51 percent) of 2014 FI respondents said that easier application maintenance and the ability to extend the software to support new features were key benefits of moving to a single ATM software environment. A third (33 percent) identified reduced costs of development, testing and deployment; and 31 percent identified the ability to extend functionality quickly at a lower cost as benefits of a multivendor environment.
Off-the-shelf software

“Most large U.S. banks — including Bank of America, Chase, Citi and Wells Fargo — run multivendor ATM environments,” said Paul Gooch, assistant vice president and senior sales consultant at Elan. “But the big banks have to customize their software vendors’ applications to run on different manufacturers’ hardware. These aren’t the standard off-the-shelf ATM applications that 80 percent of banks run.”

According to NCR estimates, only 1 percent of U.S. FIs with less than $50 billion in assets have installed multivendor software applications.

Elan offers its clients the ability to run standard off-the-shelf ATM applications on different vendors’ hardware without the need for customization. Elan’s network drives more than 34,000 ATMs for FIs across the U.S., many of which operate mixed-vendor ATM fleets.

For an FI to be able to run a multivendor ATM environment based on a single software application, its processor needs to certify this software with each ATM vendor on the network. Elan is certified to run Diebold Agilis software on NCR ATMs and to run NCR APTRA Edge software on Diebold ATMs.

“We were the first U.S. processor to be able to run Diebold Agilis software on NCR hardware, and we’re getting ready to run NCR APTRA Edge on Diebold ATMs,” Gooch said. “The certification process is designed to ensure that an NCR ATM running Diebold Agilis software, for example, runs exactly like a Diebold ATM, and has no errors. We have to ensure that a single application runs seamlessly on different vendors’ ATM hardware.”

“With increasing consumer demands, security concerns and industry regulations, Diebold and Elan understand it’s imperative to offer flexible solutions and options,” said Homi Karkaria, Diebold’s vice president of software and services solutions. “Our partnership with Elan on this project demonstrates our commitment to our mutual customers to provide speed-to-market of new offerings and advanced features and services across FIs’ fleets regardless of the hardware manufacturers.”

To achieve certification, Elan had to demonstrate that the device manager driving the ATMs connected to its network could pass messages back and forth from an NCR ATM running Agilis or a Diebold ATM running APTRA Edge. “Each ATM vendor has its own XFS layer, so we had to certify that Diebold’s Agilis XFS layer works with NCR’s Aptra Edge application and vice versa,” Gooch said.
eXtensions for Financial Services, or XFS, is an open systems middleware international standard promoted by the European Committee for Standardization (CEN) that allows software from multiple vendors to run on different manufacturers' ATMs and other types of payment terminals.

**Consistency, simplicity and savings**

“The key advantage of a multivendor environment is that the FI gets one software interface across multiple platforms and one software service provider, which simplifies the FI's ATM system back-end,” said Gooch.

Gooch also points to consistency as an advantage. “If you use different off-the-shelf applications for your ATMs, they will look and behave differently, depending on who supplies your ATM software. But, if you opt for a multivendor approach, all your ATMs have a consistent user interface.”

If an FI acquires another bank that runs ATMs from a different manufacturer, operating a multivendor environment means the FI doesn’t need to replace the acquired ATMs with machines from its existing vendor. “If you are multivendor, you can simply run your existing ATM software on the newly acquired ATMs,” Gooch said. “When an FI is carrying out acquisitions and mergers, it saves a lot of money to be multivendor.”

According to Hensley, if an FI runs multivendor software, it can purchase new hardware at the most competitive price. “ATM vendors realize that a bank with multivendor ATM software is free to choose from any supplier. Also, using multivendor ATM software enables an FI to buy the specific ATM model needed for a specific function at a particular location. There is no need to standardize on a limited number of predetermined models.”

Hensley said another benefit is software updates are easier to develop and maintain, since there is only a single application for all ATMs, instead of different applications for each ATM vendor. “Banks can add and deploy new features faster to enhance their competitive position and meet new customer requirements,” he said.

A disadvantage of running a mixed fleet of ATMs with different application software is that it is difficult to run marketing campaigns across all ATMs. “You have to run each application’s proprietary campaign management software,” said Gooch. “So why run two different campaign management servers, for example NCR’s APTRA Relate and Diebold’s Agilis Campaign Office, when you can run a single campaign management application if you only have one application platform?”

“**If you are multivendor, you can simply run your existing ATM software on the newly acquired ATMs.**”

— Paul Gooch, assistant vice president and senior sales consultant at Elan
Why banks should move to multivendor ATM software

According to Diebold’s Karkaria, multivendor environments offer customers the following benefits:

• reduced redundancy in development and testing of equivalent features and functions across platforms and networks. The ATM deployer only needs one certification, which lowers costs;
• simplified back-end integration for customer relationship management, teller terminals and bank systems;
• personalization and customer preferences at different terminals;
• integration with other channels;
• reduced need for ATM vendor management, allowing employees to attend to other tasks;
• improved security; and
• greater ability to offer enhanced transactions.

“We look at multivendor capability as a fundamental feature of our platform,” Karkaria said. “Almost every customer we talk to has the requirement, regardless of whether they have a single vendor ATM fleet or not. They want to ensure that if they need to utilize their software over a multiple vendor fleet, they can do so, which means they are better positioned for the future.”

Limitations of proprietary environments

Representatives from ATM manufacturer Wincor Nixdorf say that moving to a multivendor environment can help FIs overcome significant limitations when implementing changes in a single ATM vendor’s proprietary environment. For instance, upgrading to Windows 7, EMV card migration or introducing value-add services such as personalization, direct marketing and intelligent check deposit can pose individual upgrade challenges in a single vendor’s environment.

Additional limitations include:

• multiple implementation, testing and certification efforts;
• lengthy time to market for changes or new services;
• multiple changes to protocols, specifications, host and device handlers;
• costly software integration and implementation activities; and
• limited capability to introduce new value-add services.

Operating a multivendor network also gives an FI freedom of choice in vendor selection when adding new multifunction ATM hardware devices that support intelligent deposit solutions, for example, according to Wincor Nixdorf.

The benefits of multivendor software

Multivendor software provides FIs with a tool that:

• provides flexibility for implementing changes in response to market drivers and regulations;
• creates a competitive edge by opening up a new roadmap of value-add services;
• generates new revenues faster due to a shortened time to market for introducing value-add services;
• creates significant cost savings on implementation, testing, certification and maintenance of ATM hardware and software changes;
• allows banks to modernize the design, flow, look and feel of ATM user interfaces. This means banks can create a better customer experience that fits today’s standards and demands;
• provides the ability to introduce new mobile and online user interfaces and cardless and contactless technologies for ATM transactions; and
• enables freedom of choice for future hardware selection.

About the sponsor:

Elan Financial Services, based in Pittsburgh, Pennsylvania, is a business unit of U.S. Bank National Association. Elan has provided a full range of payments products and services to ISOs and financial institutions for over 40 years. Visit www.elanfinancialservices.com/atm-debit-fi for more information about ATM managed services from Elan.