

THE DAWN OF A NEW ERA



For the first few decades of the ATM industry, the ATM environment was well defined. Financial institutions would buy ATMs from a limited number of manufacturers; these ATMs would run software provided by the hardware vendor; and, in most cases, the ATMs would also be serviced by these same providers. The result was a stable operating environment that helped support the emergence of this important banking delivery channel.

Based on the 2006 ATM Deployer Study, the most comprehensive study of the U.S. ATM industry with data covering over 134,000 ATMs, 26% of U.S. ATMs are currently running Windows. However, ATMs are poised to change significantly as deployers migrate from OS/2 to Windows and from proprietary software to open standards. Within two years, the adoption of Windows-based ATMs will grow to 63% of the installed base. Moving to Windows-based ATMs offers at least three important advantages:

- Banks can choose the best software for their ATM networks, de-coupling their software selection from their hardware purchase. There is a multi-vendor standard, CEN XFS, for the design of ATM software. Any software that is XFS-compliant should operate seamlessly on any brand of ATM that is running Windows.

- Banks can implement new functionality much more easily. In an OS/2 ATM environment, communicating with a legacy host and using traditional communication protocols, making even simple changes to an ATM's capabilities was a major undertak-

ing. Proprietary code needed to be changed and every terminal handler needed to be re-programmed. However today, Windows-based ATMs, communicating via TCP/IP, use modern programming tools and languages, and allow changes to be standardized across a diverse fleet of terminals.



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- Banks can integrate their ATMs with other delivery channels, as well as CRM systems.

In the new environment, deployers will be able to differentiate the customer experience by terminal and/or by cardholder. Deployers that invest in advanced Windows software will be positioned to provide a more engaging ATM user experience. In the short term, this differentiated experience will take the form of more visually appealing ATM screens and cardholder preferences. In the longer term, it will take the form of segment-level and 1:1 marketing that enhances customers' ATM experiences in a meaningful way. In short, migrating to Windows provides increased flexibility and operational efficiencies for ATM deployers. At the same time, deployers will face new challenges that did not exist in an OS/2 environment, such as virus protection, patch management, and security/firewall management. With eight billion interactions per year, ATMs are a critical touchpoint between banks and their customers. Windows-based ATMs enable these interactions to be more targeted to each customer, enhancing the bank's overall value proposition and beckoning the dawn of a new era in the evolution of ATMs.