ATM Outsourcing

The Answer to Product Line Sunsetting and Other Portfolio Risks

Next Branch ™
Financial Self Service

In my 30 years experience running some of the world's largest ATM programs, I've learned one major lesson: maintaining an ATM fleet is a capital intensive, expensive and time-consuming exercise. The risks of ATM theft, vandalism and regulatory hardware / software upgrades are always an overhanging dark cloud. Now the industry is facing yet another challenge, product line sunsetting.

An Important Decision

Two of the largest ATM manufacturers in the United States have announced they will be sunsetting (discontinuing support) for two of their most prevalent product lines by the end of 2024. It's estimated this will result in banks and credit unions needing to replace up to half of all financial institution ATMs currently in service. So, financial institutions are now faced with a major decision: Do you continue in the never-ending loop of unknowns and risks of owning ATMs, or consider a different, simpler model?

Continuing with the traditional model of purchasing new ATMs presents the following risks:

- The next Microsoft Windows upgrade in anticipated to come in 2026. This will most likely present costs similar to Windows 10 upgrades, ranging from $5,000 to $15,000 per machine.

- Vandalism and theft continue to be increasing nationwide.

- How long will manufacturers support their current product lines, before another product sunset comes?

ATM Outsourcing: A Better Solution

Increasingly, financial institutions are embracing a better way to offer ATMs to their customers and members: ATM outsourcing. The benefits of NextBranch's ATM outsourcing program includes:

- **Capital Preservation** – Every institution has competing needs for capital. With an ATM outsourcing program, a bank or credit union can replace and upgrade their ATM fleet while preserving their capital for branch expansions, system upgrades or other projects. With an outsourcing program, NextBranch purchases and owns the ATMs.

- **Staff Reallocation** – In today's environment, banks and credit unions are struggling to find and retain staff. With an outsourcing program, FTE can be reassigned from ATM operations to other higher value customer relationship activities.

- **ATM Management** – NextBranch's team is focused on ATMs, that is what we do. As experts in the business, we know how to manage ATM portfolios for maximum efficiency and uptime. You now have a single "back to pat" and no longer have to manage the various vendors involved in running a successful ATM program.

- **Risk of Ownership** – Dealing with Windows and regulatory upgrades, vandalism, and theft are all NextBranch's responsibility.

- **Sunsetting** – Sunsetting is not a risk with an ATM outsourcing program. NextBranch is committed to support the ATMs for the life of the agreement.

- **Fixed Expense** – NextBranch's outsourcing solution offers a fixed, budget friendly monthly fee and eliminates surprises prevalent in traditional ATM programs.

- **Cost Savings –** NextBranch customers experience cost savings of 25% or more after moving to our ATM Outsourcing solution.

Flexible Options

While ATMs are still the centerpiece of self-service customer interaction, the interest in advanced function, core integrated ITMs, continues to increase. Whether this is a current interest, or a potential future implementation, NextBranch offers a full ITM outsourcing solution. For financial institutions hoping to migrate to the latest technology in phases, we also offer a hybrid solution with an initial ATM outsourcing program with the option to upgrade to ITMs at a later date.

Lastly, for institutions addressing ways to improve teller efficiency, NextBranch also offers Teller Cash Recycler outsourcing.

Frequently financial institutions express interest in the concept of ATM outsourcing, but are hindered by the remaining book value of their existing ATMs or termination fees associated with existing ATM agreements. NextBranch often includes the buyout of existing equipment in an outsourcing agreement and are happy to help.

The Right Partner

With customers from Hawaii to Maine, NextBranch offers solutions for financial institutions across the United States. NextBranch, and sister companies, operate over 7,000 ATMs nationwide and is the largest authorized reseller of Hyosung financial equipment. Whether your interest is in replacing your sunsetting fleet, new ATM models that can be upgraded to ITMs, or deployment of ITMs as part of a full self-service offering, NextBranch's customized outsourcing solutions can be the answer.
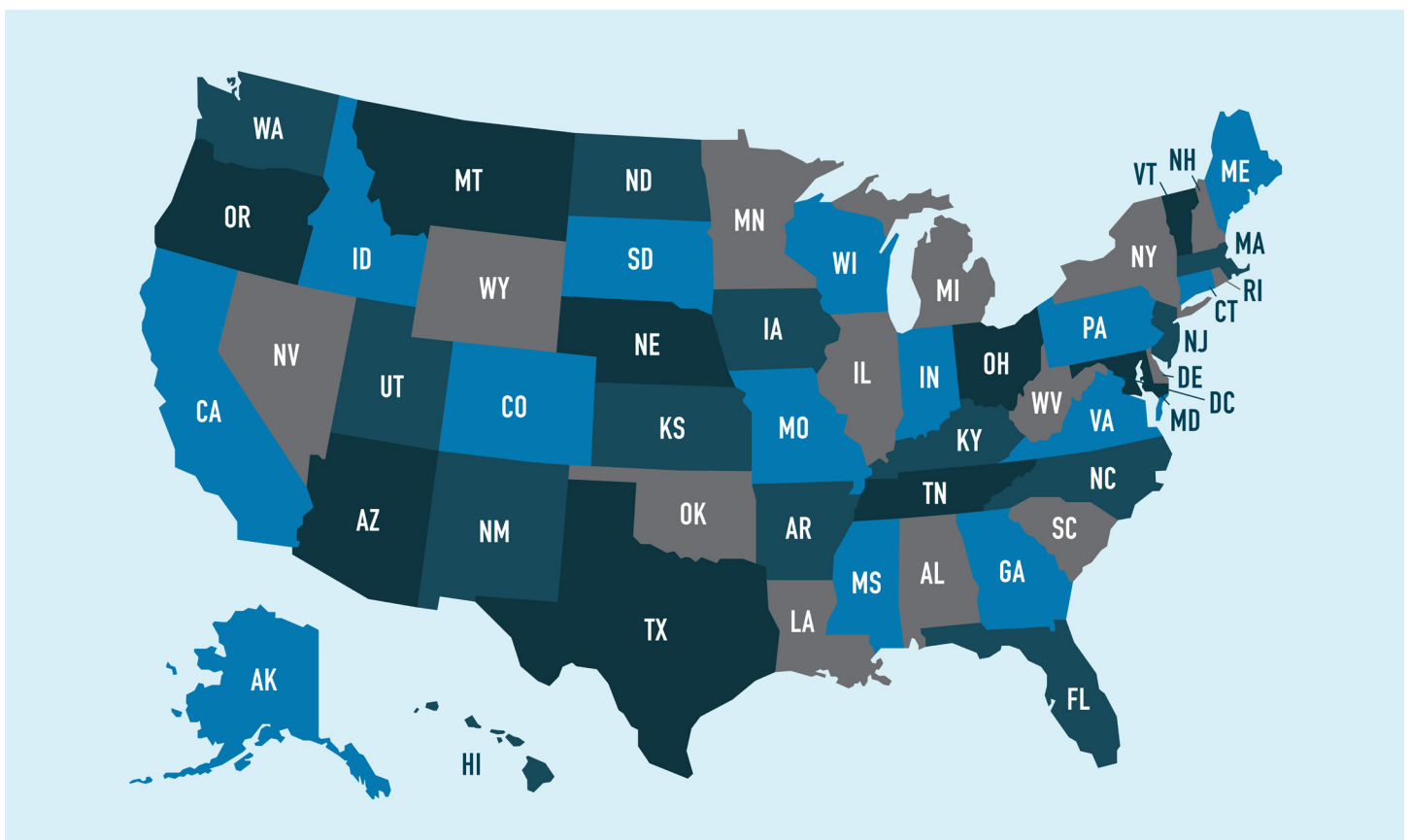
Kevin Reager

NextBranch

Director of Business Development

Kevin Reager was an SVP at Bank of America, responsible for all off premise and Western US on-premise ATMs. He also served as the SVP of eFunds, a 17,000 unit ATM program in the United States and Canada and SVP of the eFunds International Division responsible for ATM processing and outsourcing for Indian banks. Kevin joined NextBranch five years ago and continues to assist the company in expanding its programs supporting financial institutions.