



Letter from the CEO



Welcome to the autumn/winter issue of Level Four's newsletter. A key theme in this edition is outsourcing, which is moving up the banking agenda in light of the current market environment. However, despite the renewed interest in this area, there are lessons to be learnt from previous experiences of outsourcing to ensure banks make this round a success. In response to this need, we have published a new guide that provides key best practice tips on how to get the most from outsourcing relationships. The guide can be downloaded for free by visiting our website at www.levelfour.com. We hope you find this issue informative and, as always, we welcome your feedback.

Ian Kerr, CEO, Level Four
Please email your comments to enquiries@levelfour.com

Level Four partners with Polaris to offer outsourced ATM testing



Level Four has formed a new global partnership with Polaris Software Lab Limited, a provider of speciality application development and testing services in the financial services sector. Combining Level Four's automated ATM testing

application, BRIDGE:test, with Polaris' testing services will enable financial institutions to benefit from a complete end-to-end outsourced testing solution.

Customers who deploy BRIDGE:test as part of an outsourcing strategy with Polaris can achieve an optimal balance of cost and control, along with a greater overall efficiency. Testing phases are shorter due to increased automation and tests will be executed by professionals with specific ATM sector knowledge.

Polaris has significant experience in application development, testing and deployment of ATM solutions for banks across the globe. By partnering with Level Four, Polaris will be able to service its clients with automated testing which offers faster and more accurate results, combating the challenge of more regular systems updates and software patches that modern, Windows-based ATMs demand.

Level Four launches BRIDGE:test 2.10

Level Four has introduced the latest version of its open standards-based ATM test automation solution, BRIDGE:test 2.10. The primary upgrade consists of a new Regression Test Manager (RTM) engine designed to use a database repository for test data. The enhanced version is more user-friendly than its predecessor thanks to extensive customer involvement in determining its functionality, enabling more effective utilisation of the system in line with the changing ATM application landscape.

Version 2.10 reflects the changes in how banks and ATM deployers are looking to test their ATM networks. More advanced users are starting to take a holistic view of the channel, not only focussing on the ATM software, but also building an ever more sophisticated test environment to match the increasing complexity of the target environment.

Other key features included in version 2.10 allow easier screen comparisons, including animations, improved reusability of test logic between different test sets and easier script management. For more information on release 2.10, please contact your account representative.

What's inside

Making the most of test outsourcing relationships for ATM deployers.....	2/3
Level Four partners with Ascert	4
Level Four releases guide to Windows migration in the U.S.....	4
Upcoming Events	4

Making the most of test outsourcing relationships for ATM deployers

While the topic of outsourcing is not new, it has received heightened interest in 2008 in light of the current economic climate. As banks look to maximise budgets and create efficiencies in terms of staff utilisation, attentions are turning to the commodity functions and exploring ways to streamline processes. As such, outsourcing is now firmly back on the agenda. However, banks must first look at what lessons can be learnt from previous forays into this space in order to put themselves in a stronger, more confident position in 2008 and beyond.

The typical outsourcing partner is considered to be one operating from India, or with extensive Indian operations, enabling a bank to lower costs through offshoring their commodity functions. Often, previous attempts to outsource did not deliver, resulting in banks taking the operations back in-house. It could be argued that much of the reason for this lies in how expectations and the overall outsourcing agreements were managed by both parties. As a result of these experiences, banks' relationships with these partners have evolved and continue to do so.

In terms of banks' ATM networks, there are a number of different areas where outsourcing might play a role. One is in outsourcing the ATM network itself to an external provider. Another is the outsourcing of the testing of the entire network, including both software and hardware, to ensure maximum uptime. While this latter area is seen as a commodity function, it has become increasingly complex as a result of the developments in ATM technology in recent years – specifically with the adoption of MS Windows to replace the OS/2 operating systems and the move towards XFS open standards.

As banks once again place outsourcing on their list of priorities for 2008, it is clear that a set of best practices must be put in place to ensure all parties have clearly defined roles and that the projects deliver. Based on the lessons from previous projects, Level Four has identified a number of key principles to help guide banks through the outsourcing conundrum.

Outsourcing what you know is the first and possibly single most important of these principles. Banks must have the internal expertise of the area before they enlist the support of external partners. Ultimately, outsourcing providers will only deliver within the remit they have been set. Therefore, without this expertise, banks will be at a disadvantage when it comes to setting the scope of the project and managing the implementation.

Control is a further factor to consider. While outsourcing can add considerable value in ATM testing, there are certain parts of the process which do not lend themselves well to this approach. The relationship with third party software providers is one such area and it is essential for banks to keep control of this process. Before outsourcing the project, banks must also clearly define the high level testing strategy and reporting mechanisms. With this in place, they will be in a stronger position to control the implementation of the overall project and manage the relationship with the outsourcing partner.

Test automation plays a key role in the outsourced set up, particularly around bridging the technology between the bank and the outsourcing partner. Banks can define the overall test strategy and test scripts using a common application that is designed





specifically for automated end-to-end ATM transaction testing. This means that both parties can more easily follow the same guidelines and processes, creating an efficient working relationship. By doing this, banks can retain overall control while also benefitting from cost reductions through test automation as well as those associated with outsourcing.

ATM transaction testing will inevitably require an element of manual testing. However, banks must look to streamline the process by introducing automation wherever applicable. Using an ATM testing application, banks can quickly carry out automated tests across a virtual ATM hardware environment to identify potential faults in the process. Having identified the problems, they can then focus resources on conducting the final manual checks. By using this approach, the bank can avoid spending valuable resources on the entire testing process, and rapidly identify and rectify any faults.

This principle should also be considered alongside the communications process with the outsourcing partner. Where the partner identifies a fault during the testing cycle, there must be agreed procedures for them to report this back to the bank for it to be resolved.

Communications in itself is a critical element of the entire outsourcing experience. Proper reporting procedures throughout the lifecycle of a project are key to making sure the deliverables are being met and that each party is successfully fulfilling their role. Banks should establish which parties are responsible for which tasks from the outset and put in place a clear chain of communication. This will include a hierarchy of responsibility so that problems can be quickly escalated and resolved and project developments are cleared passed along the team.

Other principles to take into consideration are the engagement of multiple outsourcing vendor relationships throughout the wider organisation to encourage and maintain price competition and service quality. In addition, outsourcing is a two-way process, so knowledge must be appropriately transferred between the parties to ensure continuity throughout the project.

As the focus on cost efficiencies looks set to continue, outsourcing clearly has a significant role to play in helping banks manage their operations effectively. Banks also have the advantage of being able to learn from previous successes and failures, ensuring they put in place the correct principles and procedures. If managed well, there can be enormous benefits from outsourcing, particularly in the ATM testing environment. However, banks need to be sure they conduct adequate preparation and fully understand the issue before enlisting the support of outsourcing partners. With the right internal expertise and third party technology, they will be in a strong position to get the most from the project.



Level Four partners with Ascert to deliver comprehensive ATM testing offering to deployers in Middle East



Level Four has formed a partnership with Ascert, a provider of test automation tools for host systems, to offer a complete end-to-end testing solution for ATM networks. The partnership enables Level Four to recommend Ascert's VersaTest product as the leading solution for message and host testing in the ATM channel. Together, Level Four and Ascert will offer a testing package that provides banks in the Middle East with the tools to test ATM software and hardware, as well as new functionality prior to deployment, host messaging and stress testing.

Level Four releases guide to Windows migration in the U.S.

Level Four has published a paper offering strategic guidance for U.S. based ATM networks seeking to migrate to the Windows operating system, which most banks in the U.S. will undertake in the next few years. The Level Four guide enables banks to learn from early adopters in the U.S. and European markets by highlighting many of the pitfalls and offering best practice tips to Windows migration.

The conversion to Windows in ATM networks has been inevitable since IBM withdrew support for its OS/2 operating system. This forced the market to consider new alternatives, resulting in Windows as the de facto standard. The Windows operating system affords a greater graphical capacity with options for advanced transaction functionality and personalisation. It also goes hand in hand with the eXtensions for Financial Services (XFS) open standard which unlocks the previously tied relationship between the provision of ATM hardware and software.

As an increasing number of banks in the Middle East migrate their ATM networks to the Windows operating system and the XFS open standard, they are facing new challenges at the ATM. While the resulting adoption of multi-vendor strategies brings positive competition and greater software and hardware choices to banks, it introduces a higher level of complexity that must be managed. The complementary testing solutions from Level Four and Ascert enable banks to meet this challenge and thoroughly test their Windows ATM networks to ensure maximum network uptime. Furthermore, the partnership will help banks to facilitate the quick roll out and ongoing development of the ATM network and prevent software, network and host system faults.



The adoption of the Windows/XFS platform enables banks to employ a multi-vendor hardware strategy and source ATM software independently of their ATM supplier. The migration to open standards ATM software also ensures greater competition among vendors to provide cutting edge technology at the ATM, enabling the banks to meet their functionality aspirations.

To download the guide for free, please visit www.levelfour.com.

Upcoming events



ATMIA 10th Annual Conference & Expo The ATM Industry: Change in Composition Coming Together for a New Future

10th – 12th February 2009, Nashville
www.atmiaconferences.com

In light of the global credit crunch, the financial services sector stands at a crossroads looking into the future. The comprehensive conference programme will offer participants an overview of the entire ATM, its lifecycle, its complex structure, its business efficiencies, and much more.



EBUG Conference

5th – 8th May 2009, Prague
www.ebug.net

To reflect the major changes which are likely to affect all ACI software users over the next few years, the key theme of this year's conference will be 'Transforming for the Future'. A substantial number of financial institutions from around Europe, the Middle East and Africa will take part to the event to share thoughts and ideas with other users and industry experts.



ATMIA – European ATMs 2009

11th – 12th May 2009, London
www.atmiaconferences.com

European ATMs 2009 is the region's premier ATM conference, bringing together over 200 banks, independent deployers, network processors, vendors and service providers at one event. The conference is jointly organised by ATMIA Europe, the only European ATM industry association, and Retail Banking Research, the industry's leading research and consulting firm.