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Wincor Nixdorf: Switching Models Aided U.S. Sales

■ BY DAVID BREITKOPF

Wincor Nixdorf International GmbH, the world's No. 3 automated teller machine company, said it has increased its U.S. sales after overhauling its strategy last year.

Before the overhaul, the Paderborn, Germany, company had an ATM contract with just one of the top 20 U.S. banks, according to Alan Walsh, its vice president of U.S. banking. "Now we have contracts or active pilots with eight of the top 20 financial institutions in the United States," including three of the top five.

Wincor Nixdorf has long been a minor player in the U.S. market; it said its market share here was just 3% at yearend. But last fall, after bringing in several top executives in Germany and the United States, it began shifting its U.S. sales approach, from an outsourced model to one with a direct sales force to target large and regional banking companies.

Brad Waugh, who was named Wincor Nixdorf's chief executive of U.S. operations in September, said in an interview Tuesday that the indirect sales model had been successful in Canada but less effective in this country.

He said the reason became clear to him and Mr. Walsh whenever they spoke with U.S. bank executives. The message they kept getting was, "We want to do business directly with you here in the United States," Mr. Waugh said. "To say that a light bulb went off would be an understatement."

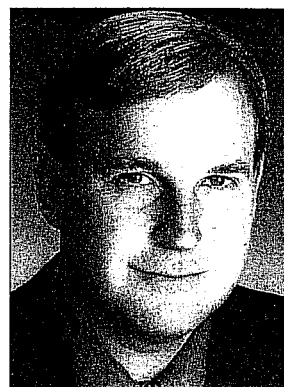
Wincor Nixdorf began hiring sales agents in October, at the start of its current fiscal year, to focus on the top 150 U.S. banking companies. To date it has hired 19 and plans to hire more.

Before switching models, Wincor Nixdorf outsourced its sales to International Business Machines Corp. The two companies still work with each other, but Wincor Nixdorf also has started working with independent sales organizations to target small banks.

Mr. Walsh said that the new approach is working.

For example, Wells Fargo & Co. said in January that it would deploy more than 1,200 Wincor Nixdorf ATMs with imaging capabilities, either as replacements or upgrades.

Mr. Walsh said that his company's imaging and cash-recycling



Waugh: U.S. bankers said they wanted to deal directly with his company.

technology, check and cash bulk acceptors, and multivendor, multichannel software differentiate its ATMs from those of its top rivals, Diebold Inc. and NCR Corp.

Diebold and NCR also offer all of those capabilities, except for accepting bulk deposits of checks, and both expect to offer it soon.

Cash-recycling machines, which use deposited notes for withdrawals, are designed to reduce armored car expenses by extending the time between restocking runs. Wincor Nixdorf's multivendor, multichannel software lets a bank operate other companies' machines on its ATM network.

"Our direction is innovation, not price. We're attacking the market with three clear market segments," Mr. Walsh said.

Paul A. Tomasofofsky, the president of Two Sparrows Consulting LLC, said that having a dedicated sales team would help Wincor Nixdorf in the United States.

Buying ATMs is generally a "long-term decision," he said. "You need to have a relationship with the organizations you're selling into, with the people themselves, as well as understand what their needs are. An indirect sales force could do that, but they may have other priorities based on other things that are going on in that company."

Madhavi Mantha, a senior analyst at Celent LLC, said that even though the ATM market is relatively stable, there are opportunities, including natural replacement and upgrade cycles.

Wincor Nixdorf "can become a strong niche player," she said. "And on the servicing side they have more of an opportunity." ■