

Sales & Marketing

Automated Checkout

Managed Services/Outsourcing

100%  
optimized cash  
management.

0%  
mistakes  
counting cash.

**WHAT DO OUR CUSTOMERS EXPECT FROM**

**CASH MANAGEMENT?**



100%  
closed cash cycle.

100%  
security.

Sales &amp; Marketing

Automated Checkout

Managed Services/Outsourcing



So that you can shop conveniently...



day and night...

## MANAGING THE CASH CYCLE.

# 42%

more U.S. banknotes were in circulation in 2008 compared to 2000.

**Plenty of Cash Causes Plenty of Costs.** "Cash is king." Nearly 20 years after the introduction of cashless payments, cash transactions still dominate payments in many countries around the world. In the eurozone alone, banknotes worth more than €677 billion were in circulation last year – three times as many since the launch of the euro in 2002, according to the European Central Bank. But not only in the eurozone is cash in big demand; it is also huge in the U.S. where the circulation of dollars was up 42%, according to the study "The Future of Cash" by AGIS Consulting. And in numerous Asian countries, many people still have no bank account, resulting in a high use of banknotes, which are also of lower value.

What these numbers don't show, however, is that the flow of banknotes and coins causes considerable work and creates enormous costs and, in some cases, even risks. Accepting cash or making change are labor-intensive tasks, which become even more laborious if cash has to be recounted at the end of a cashier's shift according to the four-eye principle.



we have made payments at the checkout secure ...

through a closed cash system with cash-in and cash-out functions.

# 80%

of all purchases in German food retailing continue to be paid in cash.

The flow of cash back to consumers is equally complex. It begins with cash-in-transit (CiT) companies, which bring cash to the central banks via their own cash centers. There, all banknotes undergo a "fitness" test to prove their authenticity, are sorted and finally delivered to the banks by the CiT companies. The banks, in turn, replenish their cash points, including ATMs, safes and cash registers, thus completing the cash supply cycle.

**Analysis, Consultation, Solution.** Wincor Nixdorf has taken on the task of managing this cash cycle and ensuring a high degree of transparency, quality, security and cost reduction along the complete cash supply process chain. A cornerstone of our solutions portfolio is a consulting service that begins with an analysis of the current status. We help develop tailored solutions that can be implemented with corresponding hardware and software. Our portfolio includes a standardized service for controlling cash logistics.

A look inside Germany's food retail sector clearly shows a need for cash management solutions. Nearly 80% of all transactions are still cash-based, according to the European Network Institute. And even though consumers in the Benelux countries may use cash less often to pay for their groceries, they still rely on it to pay at fast-food restaurants and drug stores.

**Manipulation Eliminated.** Retailers, which traditionally operate in highly competitive product segments, now see huge potential for improvement in their many cash handling processes – not only at checkout points but also in the area of revision security. The sad reality is that cash registers and paying-in offices continue to be manipulated, mostly by employees. Security is another important argument for using a closed cash system. It not only protects employees from robberies but also guarantees the security and traceability of cash.

With its cash management portfolio for the retail industry, Wincor Nixdorf draws on one of its core competencies: automated checkout solutions. In this area, we offer two closed



Cash management begins with the cash deposit...



and the authenticity check...



systems in which consumers can insert banknotes or coins and automatically receive change. One of our first customers for this solution is Sweden's Reitan Group. The company, which operates a network of 24-hour, 7-Eleven convenience stores in the country, has equipped its outlets with the Wincor Nixdorf cash management solution. Two main reasons for the installation were the steadily rising number of store robberies and a legal requirement for cash to be secured in closed systems.

**Identifying – and Using – Potential.** Apart from security, cost reduction is another reason for introducing a cash management solution. There is substantial optimization potential in the paying-in offices of retailers, as the Swiss retail group Coop has shown. Cash from the Coop paying-in offices is now directly counted by Wincor Nixdorf's iCash systems, put into cassettes and recorded. All of the processes are simple, swift and secure. For a back-office automated solution, we estimate a return on investment (ROI) of between 12 and 24 months, depending on the size of store.

With Shell and Postbank, we plan to go one step further. In 2009, Postbank customers will be able to withdraw cash without a fee at Wincor Nixdorf cash recycling terminals in the Shell service stations under an agreement between the oil company and the retail bank. The terminals located at the checkout points will be equipped to accept cash, store it in a safe and recycle it for dispensing. In addition to improved security for service station personnel and additional services for consumers, the solution avoids having CiT companies frequently collect cash that piles up from steady deposits.

**Sinking Costs Simply.** A glimpse inside banks also shows huge potential for reducing cash-handling costs. One simple step is to transfer staff-attended counter payments to self-service terminals. Costs can be reduced by a factor of three, according to Wincor Nixdorf experts.

With its cash recycling technology, Wincor Nixdorf is able to shorten the entire cash management and reduce costs significantly. Banks can achieve savings of between €40,000 and €100,000 per year and per branch with a system that validates banknotes, checks their "fitness" and makes them available for dispensing. One large German bank has been able to reduce both the number of CiT trips and cash provisioning costs by around 30%.

# 30%

of the costs for cash management were saved through the use of cash recyclers in a project with a large bank.



...and extends to the optimization of replenishment amounts and times, and the control of secure cash transport.

There are still other reasons for well-planned cash management. For example, cash stored in ATMs and safes does not generate interest. On the other hand, empty ATMs annoy not only users but also banks that cannot collect fees. To help avoid problems like these, Wincor Nixdorf has developed analysis software that calculates optimal replenishment amounts and times for all cash points operated by a bank. This information can also be used to determine the best routes for CiT drivers.

**Intelligent Management Control for Significant Cost Reduction.** Our standardized service offering includes the holistic management of cash operations, spanning the traditionally separate banking and retailing sectors. We take complete responsibility for all cash processes, from resource planning to the control of cash transportation. The benefits are substantial. For instance, customers can significantly reduce costs through intelligent logistics management. A software-supported solution for planning cash supply and disposal at all cash points ensures optimal cash levels while freeing up capital. Not only that, Wincor Nixdorf creates transparency through standardization, minimizes risks and increases the security of the entire process.

Our cash management solution can reduce process costs up to 20%, according to our calculations. We estimate that cash management costs in Germany alone are nearly €14 billion. There is clearly huge potential, even if cash will remain king in the near future.

20%  
of process costs can  
be saved through cash  
management services.



▶ Wincor Nixdorf's innovative IT solutions help boost process efficiency in banking and retail industries ▶ High levels of availability and quality ▶ Solutions for cost-efficient operation of IT systems ▶ Banking: particular strength in key branch and self-service sales channels and interlinking of sales channels ▶ Retail: solutions portfolio for automated checkout processes ▶ Wincor Nixdorf applies expertise to other fast-growing areas such as postal services and gas station chains

## EFFICIENT, USER-FRIENDLY SOLUTIONS FOR BRANCH OPERATIONS OF BANKS AND RETAILERS.

Innovative information technology solutions from Wincor Nixdorf help retail banks and retailers throughout the world increase the efficiency of their processes. Indeed, not only our clients profit from such efficiency gains; there is a direct benefit for their own customers as well.

Systems such as our combined cash-in/cash-out ATMs and POS systems in the supermarket checkout serve as an interface to the consumer. However, it is not just hardware that is bringing about lasting changes to consumer-related processes; it is also a wide range of software applications and additional services that ensure the smooth control of systems and the

undisturbed flow of data, and that make it possible to integrate everything into the existing IT infrastructure of retail banks and retailers. Our expertise lies in bringing together hardware, software and services to create global IT solutions that increase and optimize the efficiency and user-friendliness of our customers' processes.

**Global Success.** We have established an outstanding position in our specific fields of business. Since 2007, we have been the second-largest supplier of ATMs in Europe and the world. We are the top European and world's third-largest provider of programmable electronic checkout (ePOS) systems.

We sell most of our products and services through our own sales organization, although we also make use of sales and cooperation partners. Our business model is characterized by a high degree of proximity to the customer. We apply this model through our own subsidiaries in 37 countries and have an overall market presence in around 100 countries.

**Boosting Availability through Quality and Service.** We strive to provide solutions that are extremely reliable. Achieving this goal means not only assuring the outstanding quality of the hardware, software and services we develop and supply, but also maximizing availability levels and the back-up security features of our solutions within the end-to-end chain of services provided by our clients to their own customers.

To consolidate our position as a global service partner, we have established a comprehensive portfolio of product-related services. The technical foundation that allows us to control and deliver our entire service portfolio is the "eServices Platform." Both our customers' systems and our own service resources are linked to this platform, which is a crucial component of our remote systems monitoring and control operations. It is responsible for automatically detecting any orders and disruption to customer systems, ordering the necessary action and resolving the issue according to a standardized procedure.

We monitor customer systems around the world, 24 hours a day, via online links from our 29 customer care centers. We offer conventional maintenance/repair and online fault rectification as well as software and network management, in addition to safeguarding the security of customer IT networks. Our teams of more than 3,500 technicians are located in a host of different countries, thus guaranteeing the very best in customer service. What is more, we supply over 1 million spare parts per year worldwide from our distribution centers around the globe.

**Increasing the Cost-efficiency of IT Systems through Managed Services.** We also offer a service that involves our taking over the operational IT side of our customers' information and communications infrastructure either as part of a defined package (Managed Services) or covering entire processes (Outsourcing). As well as assuring a high level of availability, this can generate cost savings at an average of 20%.

**Professional Services for the Best Possible Customized Solution.** We are prepared to adapt our standardized software to the specific processes and needs of our banking and retail customers and to continue developing it accordingly. Retailers can also benefit from the integration of standard software for inventory management. Together with other complex services, these options have been combined under our "Professional Services," which include process restructuring, the design and implementation of appropriate solutions and the maintenance and upgrading of those applications. As an example, in addition to developing individual applications for our banking customers, we offer a range of specialist banking consultancy services in the areas of sales and service processes, cash management, transaction processing, security and IT infrastructure.

## **BANKING.**

Retail banks around the world face the same challenges: increasing competition for the consumer and the associated pressure on their margins. More than ever, they need to boost their sales, strengthen relations with their customers and offer a range of services that meet their individual needs. These efforts, however, must enhance – and not undermine – the cost-efficiency of their processes.

Wincor Nixdorf helps banks meet these complex challenges by providing IT solutions especially designed for branch and self-service sales channels as well as in mobile banking.

### **► Modernization and Continued Development of Branch Operations with a Focus on User-friendly Systems and Increasing Sales Potential**

Despite the growing importance of other sales channels, the branch as the "human face" of the bank is, and remains, the most important sales channel and point of contact with customers.

Wincor Nixdorf supports banks' own efforts to expand and modernize their branch networks by offering a full range of services for the overall development and management of those branches. Our portfolio starts with an assessment of branch processes. Based on the results we obtain, we then develop new branch concepts and, acting as a general con-

tractor, draw up and implement expansion or conversion plans. We also provide training for branch staff, integrate branch IT systems into modern software infrastructures, and can take over operation of the entire information and telecommunications infrastructure of the branch networks.

▶ **Freeing up Banking Staff for Consulting and Sales** ▶ **Efficiency and Process Automation**  
▶ **Expanding Self-service Provision and Using Self-service Systems to Boost Sales**

A major goal of banks is to relieve their branch employees of routine tasks so that they can spend more time offering personal advice to customers. They can help increase sales by picking up on the marketing information received by customers through other channels (cross-selling). This drive to boost sales is accompanied by efforts to increase efficiency and reduce costs through further automation. Wincor Nixdorf supports this shift toward self-service processes and automation with its comprehensive portfolio of consultancy, hardware and software. At the heart of this change is the way cash is handled. In addition to systems that merely allow users to withdraw cash, we can provide options for a number of other functions such as banknote, check and coin deposits and cash recycling. Systems equipped with recycling technology conduct a verification check before reusing cash for withdrawals. This makes it possible to reduce cash handling costs.

Banks are not only shifting their standard transactions over to self-service systems; they are also using this technology to offer other services and generate additional revenue. One example is the use of self-service systems for specific advertising purposes. This development has been made possible through new software that allows banks to link ATMs to their existing customer relationship management (CRM) systems and thus display individualized messages and offers to the banking industry matching each customer's profile.

The addition of new hardware and software components to our systems has enabled other new functions, such as "value-added services" that make it possible, for example, to issue tickets or top up pre-paid cell phone cards.

Our self-service portfolio includes a comprehensive range of transaction terminals and statement printers.

▶ **Combining Communications Channels on a Single Software Platform and Analyzing Customer Data** ▶ **Assuring Investment Security and Cutting Administration Costs for Software Infrastructure** ▶ **Reducing the Complexity of IT Infrastructures** ▶ **Dealing with Customers as Individuals even in Non-specialized Banking Activities**

A key demand on IT systems is to make customer data usable for different sales channels, such as the branch, self-service, Internet banking and mobile banking, and to provide integrated access to all required information. For this reason, more and more banks are combining their sales channels onto a single software platform as a means of standardizing applications across all their channels and user terminals. This integration not only enhances bank services and sales opportunities at the customer-bank interface, it also provides the basis for standardization and optimization of the IT infrastructure since the software platform is designed as a service-oriented architecture (SOA) according to the net-centric principle.

Wincor Nixdorf's ProClassic/Enterprise Retail Banking Solution Suite is a family of products adapted to the specific needs of our retail banking customers. The four core modules control the self-service devices and link user terminals to background systems. They include applications to protect systems and networks, monitor and manage self-service network devices and process transactions such as transfers and with-

drawals. Other software components are available for use in direct marketing as well as integration into CRM concepts and advertising across all the bank's sales channels.

▶ **Secure Environments**

It is of paramount importance for banks to establish a secure environment for the cash and customer data that flow through their systems. Our portfolio includes a wide range of products that enhance system and building security as well as the security of cash logistics processes. Wincor Nixdorf supports customers throughout the entire process – from analysis and development through to the finished solution and its operational deployment.

▶ **More Efficient Cash Management**

Cash handling generates high costs for banks, largely because of the time-consuming and expensive task of supplying cash to, and collecting it from, the so-called cashpoints (ATMs, cash desks and teller safes, etc.). One of the services we offer banks is the ability to analyze and optimize the cash processes of each and every system, and to take control of cash management.

## RETAIL.

At the heart of any retail outlet such as a supermarket is the checkout, where retailers generate the information they need to control the logistics chain from sales to reordering. At the same time, it is possible to integrate other IT-based branch systems such as reverse vending and electronic shelf labeling to assure process security and data integrity. Many international retailers have created global networks based on electronic point of sale (ePOS) systems, branch servers and head office computer systems.

Wincor Nixdorf can draw on many years of experience in the retail industry and is now applying this know-how not only to the checkout, but increasingly to other branch processes. These are based on standardized products such as our ePOS Beetle hardware and a uniform software platform that not only controls the supermarket's entire systems but can also, wherever necessary, be integrated simply into central systems and adapted, for instance, to meet specific country requirements without incurring major costs.

Retailers constantly strive to improve the competitiveness of their branch operations. To this end, they are also looking to increase the level of automation of their branch processes by migrating to self-service systems and optimizing business processes from the branch all the way through to the head office. Accordingly, Wincor Nixdorf has adapted its portfolio to take the needs of international retail groups into account.

- ▶ **Consumers complain about long waiting times at the checkout and retailers about high process costs. Intelligent self-service systems can be used to improve these processes for both groups**
- ▶ **Cash handling at the checkout and in the back-office generates substantial costs and creates a security risk. The streamlining and automation of cash movements offer potential savings and greater security**

Wincor Nixdorf has a complete portfolio of solutions that can be implemented to shift product data capture, payment and thus the entire checkout process, either completely or partially, to self-service systems. Using self-checkout terminals, for example, customers can scan and pay for their goods themselves or use a mobile scanning device to capture the product data and then pay at a staffed or a self-checkout. Our automated checkout concept also incorporates a consulting service that involves conducting an individual process analysis before developing possible scenarios, calculating their ROIs, managing the introduction of the new technologies involved and providing training for staff.

Retailers can benefit from Wincor Nixdorf's comprehensive portfolio of solutions to restructure cash processes from the checkout area all the way through to the point at which cash is deposited at the bank. The aim is to reduce cash handling costs and to improve security. Systems in our iCash family allow retailers to automate the process of accepting cash and issuing change. We also offer a back-office solution to reduce the costs involved in counting cash, for instance, at the end of a shift. In addition, we can control the complete cash in transit (CIT) process and monitor the entire logistics chain.

▶ **Retailers are looking increasingly to automated solutions to improve customer service and operational efficiency. ▶ New media offer an individual approach to advertising. The aim is to generate additional sales and provide simpler, more cost-efficient customer support.**

Faced with such a wide range of beverage containers including bottles and cans, the task of accepting returned single-use or reusable empties presents a huge challenge for retailers. Our reverse vending systems offer another means of automating routine tasks and help avoid waiting times, reduce labor costs and minimize the possibility of fraud.

As a way of providing targeted advertising and increasing customer loyalty, we have developed an innovative in-store marketing system. We help our customers plan, install and operate kiosk systems, mobile shopping advisers, electronic displays, shelf labeling and digital signs and giant screens. As part of an in-store marketing project, we can integrate these systems into a customer's existing IT landscape and incorporate shopping card and loyalty programs.

▶ **The purpose of centralized branch management is to make targeted use of information. Data must flow smoothly at the head office and branch level and between the two.**

Global retail groups demand standardized and internationally available software platforms that control all branch-related processes and allow direct interaction with the head office. Wincor Nixdorf's TP Application Suite meets this demand. The software controls all systems at the branch level, including conventional checkouts and different self-service checkout solutions, mobile checkout solutions and reverse vending systems. Analytical tools provide key information, such as branch sales comparisons for decision-making purposes. A further module enables users to manage and target campaigns. The components of this software family can be easily scaled to the various retail formats.

## EXPANSION INTO RELATED INDUSTRIES.

Wincor Nixdorf's extensive know-how, acquired over many years of experience in the banking and retail industries, is also in demand in other industries – from postal operators and logistics providers to service station and restaurant chains. Such demand offers Wincor Nixdorf further growth potential.

As for the extensive branch networks of postal operators with structures similar to those of banks and retailers, our systems can be used to support the automation of potential self-service processes and, consequently, the shift from counter operation to self-service devices. For example, we can supply ATMs with added functionality, such as the capability to issue postage stamps. In the area of counter systems, we offer specially adapted ePOS systems and peripherals such as scanners and weighing scales.

The Wincor Nixdorf portfolio includes terminal solutions for lottery sales points, POS systems for restaurant chains and complete in-store solutions for service stations. Many service station operators now use advanced ePOS systems. Our "NAMOS compact" software can control and monitor all these systems, including those at the gas pumps and in the car wash facilities.

Our modern self-service terminals are also used by restaurant chains, hotels and leisure parks. The products offered to these industries are mainly based on a family of ePOS products also used in the retail industry.

## WINCOR WORLD: A TRADE FAIR FOR RETAIL BANKS AND RETAILERS.

"Wincor World" has now established itself as an industry event of international repute. This communications platform provides an opportunity for experts from the banking and retail industries to find out about the latest solutions designed to optimize business processes. At the same time, they can take advantage of the chance to meet with their industry counterparts. Its combination of exhibition and symposium makes "Wincor World" a highly informative and attractive event. On the one hand, visitors are given a broad overview of the latest solutions and IT services; on the other hand, they are able to learn from the practical experience of others. Customers can discuss the use and integration of IT solutions in their business processes with other customers, company experts and independent consultants. Many of the 7,000-plus visitors to Wincor World 2008 came from outside Germany, while over 60 well-known companies were also there as partners.

**Sales & Marketing**

Automated Checkout

Managed Services/Outsourcing



100%  
integration of the  
sales channels.



100%  
customer loyalty.

**WHAT DO OUR CUSTOMERS ENVISION FROM**

**AUTOMATED SALES AND MARKETING PROCESSES?**



0%  
wasted coverage  
addressing  
customers.

100%  
increased revenue  
at self-service systems.

**Sales & Marketing**

Automated Checkout

Managed Services/Outsourcing



Shoppers who withdraw cash at ATMs...

## AUTOMATING SALES AND MARKETING PROCESSES.

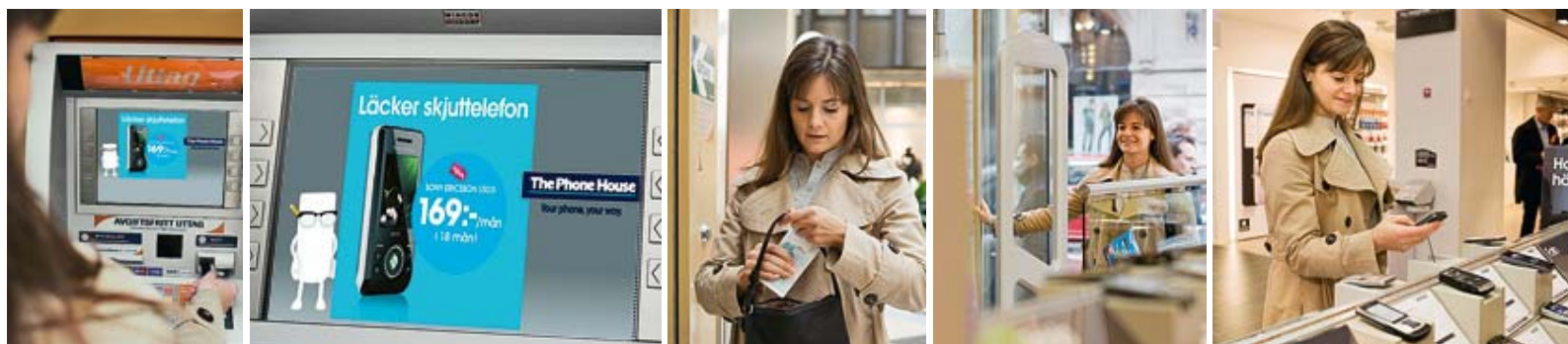
**How Can Banks Communicate with Their Customers?** Managing daily banking tasks has never been easier. That is the overwhelming opinion of customers who, today, can access a variety of channels to manage their banking tasks, including branches, self-service systems, online and mobile phones. But banks, which are under growing pressure to optimize their operations, are confronted with the question of how to maintain all these sales channels, intensify customer relationships and generate additional and drive sales.

The question is justified. After all, personal relationships between banks and their customers are now seldom in many advanced markets. In the U.S., for instance, only one in every three customers seeks personal financial advice from his or her bank. In the U.K., it is one in every ten. And while the branch employee remains the main source of information for 61% of German bank customers, some 56% of British bank customers now use the Internet to seek information about financial services and offers, according to a study by psychonomics AG.

The situation with standard transactions, however, is different. In around 85% of all cases, customers rely on branches and, in particular, on self-service terminals to fetch cash, transfer money or print out account statements – all without having to deal with a bank employee, according to a study by the German market research company Infas TTR. However, as convenient as these channels are for customers, not all of them are profitable for banks. One in every five branches, for instance, is unprofitable, according to the European Financial Management & Marketing Association (EFMA).

# 85%

of bank customers visit branches to fetch cash, transfer money or check their account balance.



and are specifically targeted...

know where the best offers are.

**Rising Efficiency, Sinking Costs, Growing Revenue.** No wonder that the market research and analyst group Capgemini, in its World Retail Banking Report, identified sales orientation as the No. 1 growth driver. Moves to increase sales services, the authors write, should go hand in hand with efforts to lower costs, grow profits and, of course, satisfy customers. All of this can be supported through greater automation and customer loyalty.

Banks are under pressure to increase their sales but many of them lack a profitable branch network to provide the necessary service. Following the "do-it-yourself trend," consumers now communicate with banks through multiple channels; the preferred one, clearly, is the self-service terminal. From a banking perspective, this situation raises several questions: Which is the most efficient channel to reach customers and communicate with them? How can existing customer data be used to tailor individual offers? And, perhaps most importantly, how can customers be retained long term?

More than a decade ago, Frederick F. Reicheld from the Bain consultant group worked the numbers and came to the conclusion that it pays to invest in customer loyalty. According to his research, an improved customer loyalty rate of 5% can boost profits between 25% and 100%. In this context, what better instrument is there for banks to improve customer loyalty than ATMs, with more than 1.7 million installed worldwide and used 49 billion times a year by customers?

**5%**  
more customer  
loyalty boosts  
profits by 25%  
and more.



The step up to a transaction terminal...

can lead through targeted event tips...

**Assessing Information Correctly.** A key requirement for targeted customer contacts is, first of all, to collect information about the users of the individual sales channels and, in a second step, to process it in a consistent, individual way. Wincor Nixdorf's PC/E Retail Banking Solution Suite is designed to manage these tasks. The software creates not only the basis for combining all information from the branch, self-service, Internet and mobile banking sales channels, but also offers the opportunity to use the data in various ways, such as personalized customer communications.

In combination with consulting services, Wincor Nixdorf helps banks create efficient sales processes that allow customers to become more active and seek support. Banks can assess the individual customer data to create tailored advertising messages. The messages can create interest and encourage customers to approach their banks and inquire about promoted products and services.

Wincor Nixdorf consultants help banks use data from all the various sales channels to target customers individually. The process begins by improving data quality, which is a key requirement for targeted direct marketing, whereby the range of our Professional Services extends to the choice of customer relationship management (CRM) solutions and their integration in existing IT landscapes.

In this way, self-service systems, which are deeply embedded in the banking IT environment, are transforming themselves from simple transaction boxes into communication tools. Today, many banks advertise their own products such as loans and insurance. Greece's Piraeus Bank, for instance, has used Wincor Nixdorf marketing software in more than 70 individual advertising campaigns. "Customer response to our ATM-based advertising has been very positive," says the bank's deputy general manager Sotiris Sirmakezis.

**Tested and Approved.** Independent ATM operators, on the other hand, have used third-party advertising to tap a new revenue stream. A prime example is Sweden's Kontanten. Since November 2007, companies have been able to use the operator's network of 250 ATMs to advertise their products. Publishing companies, mobile phone operators, service stations, banks and retailers have used the service – and they like

# 10%

more retail sales have been achieved through products advertised on ATMs.



and the possibility to purchase tickets directly...



to a spontaneous change of plans.

it. Their ads run either when the ATMs are not in use or during the 15-second slots when customers' cards and PINs are being authorized. Since the beginning of this year, Kontanten has been billing customers in much the same way a media company does and plans to have an independent market research group evaluate the success of ATM-based advertising. "Several retailers have told us that sales of products advertised on our ATMs have increased by around 10%," says managing director Patrik Severgardh.

**Value-added Services for Added Profits.** Market researchers also see huge potential for value-added services that use self-service terminals not only to promote products but also to sell them. Consumers in Portugal, for instance, purchase train tickets at more than 86% of the country's ATMs. In France and the U.K., more than two thirds of all ATMs generate additional revenue for banks through commissions from offers to load prepaid mobile phone calling cards.

Results like these come as no surprise to Wincor Nixdorf. Having developed business models for various scenarios, we firmly believe that value-added services pay off quickly. An ATM network of 300 terminals equipped with our software modules can generate a profit from just three value-added service transactions per day and per terminal.

Whether it is advertising or value-added services on ATMs, self-service is the most used sales channel, and it is steadily transforming itself into an active communications and sales instrument for banks. Indeed, self-service leads to higher sales and greater customer satisfaction.

# 86%

of all ATMs in Portugal already offer the possibility of purchasing train tickets.



- ▶ Leading position as an innovator strengthened by close collaboration with customers
- ▶ Development process simplified by standardized hardware and software
- ▶ Targeted R&D activities help reduce production costs
- ▶ Competitive lead maintained thanks to Intelligent Deposit, Cash Cycle Management and software for net-centric thin-client architectures
- ▶ Professional Services for individual IT solutions

## INNOVATIVE SOLUTIONS AS BEST GUARANTEE OF SATISFIED CUSTOMERS.

**Information Technology Helping to Drive Strategic Growth.** Throughout the world, retail banks and retailers face similar challenges as they feel the impact of globalization, growing cost pressures, ever tougher competition and increasing customer demands.

In response, both industries are continuously reviewing their services, processes and procedures to make improvements wherever possible. It is precisely here where information technology plays a pivotal role. It acts as a facilitator and as an engine for innovation. And change cycles are becoming shorter and shorter.

Wincor Nixdorf specializes in providing innovative IT solutions to support these changes. Our particular focus is on the sales and service processes of banks and retailers at the branch and store level. By continuously developing new modules and solutions and further strengthening our expertise, we are able to expand the range of products and solutions we offer and enhance our portfolio of consulting, integration and implementation services.

We have already established ourselves as the leading innovator in many areas. This is due in part to our close collaboration with customers in the area of process innovation. Our aim is to work with them as joint development partners and to maintain that involvement over the long term. Such cooperation is vital to the creation of an ongoing development process geared toward the business requirements of our customers. At the same time, it provides an important platform for further innovation.

New developments in technology also drive our continuous innovation. Our core skills lie in the field of mechatronics, the development of embedded software (software that supports the core function of user terminals) and platform and application software, as well as image recognition and web-based service concepts. We also derive valuable know-how from the fundamental research conducted by leading technology organizations with which we have established specific partnerships.

Wincor Nixdorf's long-term goal is to expand the exchange of know-how with universities and research institutes. The first projects are already up and running. For these we plan to establish a knowledge exchange platform and a comprehensive innovation network, which, on the one hand, give us direct access to the latest knowledge and developments and, on the other, allow us to engage further with students and young scientists who regard us as a potential employer.

**Standardization as the Basis for Renewed International Development.** We have established an international development network that enables us to adapt our systems and software to local customer requirements. One key factor in achieving success in the ongoing development, or local adaptation, of technologies within such a network is the development of standard components and software modules. The software products we develop for banks and retailers are based on the concept of service-oriented architecture (SOA), in addition to base technologies such as Microsoft's ".net" and JEE. SOA methods emphasize structuring and standardization. Software developed according to this principle, for instance, can be easily extended by staff at the Group's different sites in regional Solution Competence Centers.

For hardware, we also make use of standardized platform and component technologies, and are thus able to continue the development process locally and shorten time to market overall. Another benefit of this approach is the access we gain to employees with knowledge that may be less readily available in Germany. Equally important is the gain in cost-efficiency.

## RESEARCH AND DEVELOPMENT INTEGRATED INTO BUSINESS PROCESSES.

In recent years, we have increased our spending on research and development on average by 10%. The R&D ratio (R&D expenditure as a percentage of net sales) has remained constant at 4.5%. As of September 30, 2008, 945 employees were busy implementing this innovation strategy at our development sites in Germany, Switzerland, Brazil, Singapore and China.

All our research and development activities form an integral part of efforts across the entire Group to reduce production costs. As another means of improving our competitive position, we work closely with our suppliers to produce a clear picture of their processes and then identify the most suitable product for manufacturing purposes.

**Main Focus of R&D Activities.** Our main R&D focus is currently on:

- further development of convergent base technologies that can be used to support process optimization in the retail banking and retail industries
- improvements to the serviceability of our hardware and software to reduce the cost to customers of running our solutions
- software as a key to optimizing the overall branch and store process chains of retail banks and retailers

**“Intelligent Deposit” as a Core Element of Automation Solutions.** “Intelligent Deposit” is one example of a solution in which we embed our core skills to change customers’ processes significantly. This technology, which makes it possible to identify and process an extremely wide range of media very rapidly, automates the cash acceptance and handling process. For example, it can be used for cash deposits, for check deposit and subsequent processing and for automatic reverse vending systems. We have also refined our ATM-based cash and check deposit module to accept and process mixed bundles of checks and banknotes regardless of the direction in which they are entered.

We have adapted this “Intelligent Deposit” technology to meet the varying requirements of international markets and, in doing so, have helped maintain our competitive lead.

**Cash Cycle Management – Closing the Cycle.** For both banks and retailers alike, the flow of cash creates risks and generates a high level of costs. Many of them are responding to these challenges through the use of technologies that are increasingly similar and increasingly interlinked. Our Cash Cycle Management portfolio, for instance, allows us to structure the branch- and store-level cash cycles of banks and retailers in an efficient manner. We deliver products that support the overarching cash cycle between banks and retailers. Our hardware, software and services solutions are designed with an eye to their future integration in complex cash management processes. We have already combined certain processes from the retail and retail banking industries as part of a point of sale project for a service station company. The Bundesbank (German Federal Bank) enables partners to support

cash deposit and withdrawal processes digitally using the CashEDI (Cash Electronic Data Interchange) procedure. Wincor Nixdorf was one of the first companies to become an accredited partner of the Bundesbank and has integrated the procedure into its portfolio. Our long-term aim is to develop this portfolio even further to ensure the efficient, local and demand-oriented circulation of cash.

**Software Portfolio Focused on Net-centric Principle.** As a means of reducing their operating costs in the area of IT systems administration and software management, retail banks and retailers are increasingly looking to implement net-centric, thin-client architectures. They can achieve substantial savings on software distribution and maintenance costs since a large part of the software remains on servers and only a small proportion on user terminals, such as checkout systems and ATMs. At an early stage, Wincor Nixdorf began developing software for thin-client architectures.

To ensure that process chains can be controlled throughout, we regularly add new specialist banking or retailer-specific modules and functions to the software platforms that we have developed according to this principle. At the beginning of the calendar year, we presented our “road map” for a complete retail banking solution to clients in the retail banking industry. Along similar lines, we are developing our TP.net retail branch software to permit centralized control of systems and processes above branch level.

**Software and Solutions Expertise Complemented by New Services.**

For their individual processes, our customers need solutions that are tailor-made to meet their needs – solutions that are based on standard applications. In response to these partly contradictory requirements, we are equipped to adapt the different elements of our software portfolio to their processes and requirements and continue developing them. This portfolio of services has been brought together under the title of Professional Services.

**Simplifying Maintenance, Boosting Availability.**

By developing innovative product features including, for example, the ability to monitor systems online and restore them remotely in the event of certain errors, we can reduce customers' operating costs and pave the way for a Managed Services or Outsourcing agreement. These services are intended to free customers from the need to perform tasks outside their core business areas.

**All-round Security.**

The issue of security is of particular importance to financial institutions. Their customers demand secure transactions as a fundamental banking service. Banks also have to protect their IT infrastructure and staff. In response, our Security division has moved to link innovative base technologies, such as video monitoring and specialized sensor technologies, and integrated the use of video-monitoring technology into our portfolio. In addition, we have developed new concepts to protect IT networks from computer viruses, enhance the security of data communications and prevent any manipulation of our systems, with a particular focus on protecting ATMs against skimming attacks.

**Different Industries – Same Technologies.**


We are successfully applying existing base technologies and breaking into new industries in a growing number of areas. Postal operators, for example, need software that can handle processes from both retail banking and retail outlets. In developing a new software application for postal service providers, we were able to draw on, and combine elements of, our retail industry and retail banking software suites. Another example of applying existing base technologies is the use of our cash process optimization systems in casinos. This combination of standard technology with extension modules makes it possible to pay out winnings via an ATM.



100%  
less waiting time for  
consumers.

**WHAT DO OUR CUSTOMERS EXPECT FROM**

**AUTOMATED CHECKOUT?**



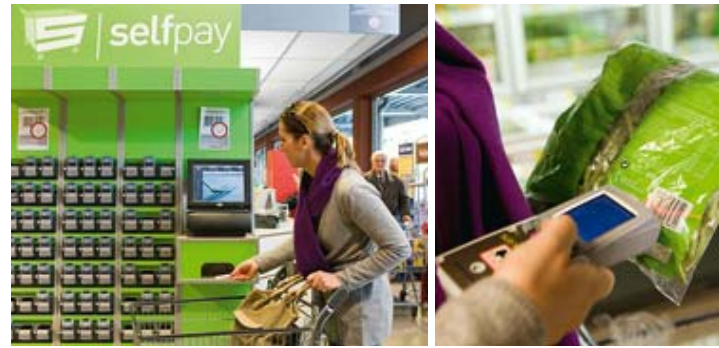
100%  
less effort with  
cash settlements.

100%  
more time for  
helping customers.



0%  
mistakes with  
cashier processes.

**Automated Checkout**



For convenient shopping, we offer mobile systems, ...

## AUTOMATING THE CHECKOUT ZONE.

**Between Customer Satisfaction and Cost Optimization.** The checkout is an experience shared by all shoppers. They shop and then stand in line to pay. For retailers, on the other hand, it is a process that ties up substantial financial and human resources. In fact, around 24% of all branch process costs are generated at the point of sale. This level requires a good balance between customer satisfaction and cost optimization. But it is a balance that is not always achievable. If too many POS lanes are open and not used efficiently, retailers groan. If too few are open, shoppers moan. Whether it is a regular shopper or a walk-in, one thing is certain: everyone is equal at the checkout. But maybe not for long.

# 24%

of a store's process costs are generated at the point of sale.



with which shoppers can scan products themselves, ...

pay conveniently and control their receipt in peace.

# 44%

annual growth is forecasted  
for automated checkout systems  
worldwide through 2012.

As the retail industry strives to optimize POS-specific costs and increase customer satisfaction, it is increasingly turning to automated checkout systems, which allow customers to register and/or pay for their goods themselves. Although automated checkout solutions can reduce personnel costs substantially, the mere switch to self-service does not always achieve the desired effect of shorter waiting lines and thus higher customer satisfaction. Most shoppers still need more time to manage their own checkout than they would if assisted by a trained clerk. This is now changing thanks to new automated checkout systems that are individually tailored to various store formats and customer structures.

**Scanning, Printing, Paying.** One example is the use of mobile shopping devices. Shoppers can use these devices to scan merchandise and keep track of the total amount of goods in their shopping cart. After completing their shopping, they receive a printout of the amount, which they can pay at a staffed POS or at a self-service payment terminal. In another scenario, consumers shop as they normally do but pay at a self-service POS. There they scan the merchandise themselves, including fruit and vegetables, which they weigh themselves,

and pay at the same system. A control weigh scale monitors whether all products have been properly registered and paid.

### **Self-checkout: Customer-friendly and Efficient.**

For some time now, Belgium's leading retailer Delhaize has been offering customers the option of using mobile scanning in its 76 stores. Last year, the company commissioned Wincor Nixdorf consultants to develop a method for identifying combination possibilities between mobile scanning systems and traditional checkouts with other self-service technologies. Their recommendation was to be entirely independent of local factors such as shopping basket values and customer traffic. The findings resulted into a decision to have – in addition to the mobile scanners – payment terminals at which customers using the scanners can also pay for their purchases themselves. Self-checkout systems were installed for customers with smaller shopping baskets. With this concept, Delhaize has shown that a focus on the customer and on operating efficiency can go hand in hand.



Daily shopping ...



is made easier with our self-checkout systems...



because customers can control ...

Indeed, automated checkout scenarios are now becoming reality, including those offering support in the form of stationary or mobile administrative systems. The numbers of deployed automated payment systems speak for themselves: Today, the installed base of these systems in Europe is 6,100 and 53,000 worldwide. By 2012, the number in Europe is expected to climb to 60,000 and more than 234,000 worldwide, representing a yearly growth rate of 69% and 44%, respectively.

**The Right System is Essential.** For sure, if automated checkout technology is to succeed in the retail industry, companies need to choose a solution that best meets their individual needs. For the self-checkout or partially supported checkout, Wincor Nixdorf offers not only modular and scalable solutions covering all imaginable customer scenarios but also accompanies and advises retailers with their "change management" process. This process extends from the initial idea to the selection of the appropriate system and the operation of the solution. We analyze current checkout processes, store formats and layouts, recommend the optimal automated checkout scenario and show which improvements and cost savings can be achieved. In a pilot situation, we walk retailers through the test phase and pilot installation right up

to the final rollout. In addition to numerous implementation services, we help customers integrate new solutions into their existing infrastructure and customize these to meet the requirements of their individual processes and systems. Moreover, as part of our service, we can take over part or all of a company's self-service operations.

With this customized approach and implementation, retailers can not only reduce their personal costs but also grow sales in an optimal way. They can also increase customer satisfaction, especially through the use of special marketing instruments, such as personalized shopping with the help of mobile devices as well as up-selling and cross-selling. Moreover, self-service cash components that automatically accept and dispense cash help reduce inventory differences. These differences can account for up to 1% of sales, according to a study by the EHI-Retail Institute. Employees account for 27% of these differences of which half of them occur at checkout.

**Less Cash, More Security.** The retail industry can achieve still further benefits by integrating, for instance, cash-recycling components at the checkout. Cycled cash in companies can be reduced and security holes plugged in the closed cash cycles, further protecting not only banknotes but also employees against robberies. Wincor Nixdorf offers customized solutions for handling cash.



the speed of the checkout process...

and are guaranteed privacy when paying.

Not only companies but also consumers benefit from our innovative payment systems. The benefits include swift, convenient payment, more control and transparency of the sale and the amount, greater privacy and, with mobile self-scanning, personalized offers, as well as future services like downloadable shopping lists and individual product information. Consumers like self-service payment as their usage underscores. At Britain's Anglia Coop, for instance, the share of transactions at self-service terminals is nearly 45% – and rising. As the rollout of ATMs in the past has shown, the greater the number of users, the greater the acceptance.

**Appreciated by Consumers.** French retailer Auchan has had good experience with its automated checkout solution in stores. The company rolled out the solution in February 2006, following a pilot project in June 2004. Today, it operates 212 systems of the type Beetle/iScan Basic Line and two bag systems in 33 supermarkets. The systems are designed to manage peak checkout periods and free up employees for other services. This is something that consumers have learned to appreciate. In their opinion, Auchan's self-service solution has resulted in faster checkouts, improved customer service and greater trust. The service is highly used; between 300 and 400 transactions per day are made at the automated checkouts. At one Auchan store, in fact, around 25% of the POS terminals

are now self-checkout systems, used by 35% of shoppers. Moreover, the systems have a return on investment of between 18 and 24 months.

Automated checkout systems are a win-win situation for everyone. Retailers benefit from the automated payment process through a reduced number of cashiers and added time for employees to provide service and support, and they can reduce cash levels and plug security holes through the integration of cash-recycling components in checkout solutions. Customers, on the other hand, can shop faster and more conveniently.

# 45%

of all transactions at Anglia Coop in the U.K. are generated through self-service.



- ▶ In-house rules on environmental protection way ahead of legislation
- ▶ Rewarding performance and commitment
- ▶ Investment in education and professional qualifications
- ▶ Compliance program for high-quality and responsible corporate management
- ▶ Support for people with disabilities
- ▶ Signatory to “Business Taking Responsibility” charter

## TAKING RESPONSIBILITY FOR PEOPLE AND NATURE.

As an organization operating and producing at an international level, Wincor Nixdorf is aware of its duty to address wider global and social concerns. With this in mind, we firmly believe we can only remain successful over the long term by adopting a sustainable approach to our business activities. We are therefore committed to achieving a balance between economic, environmental and social objectives. For us, sustainability means economic growth that is accompanied by a commitment to make careful use of natural resources, support our employees and translate our social responsibilities into positive action.

### CREATING ADDED VALUE BY OFFERING SERVICES WITH LOW ENVIRONMENTAL IMPACT.

We regard protection of the environment as an integral part of our strategy of promoting sustainable, long-term growth and make an active contribution toward achieving this goal by striving to minimize our use of natural resources. The range of factors that we, as a provider of IT solutions, take into consideration when assessing our use of resources goes well beyond purely hardware-related processes. Our software developments and services can also contribute to ecologically-minded business practices – for us and our customers alike.

**Environmental Guidelines at Wincor Nixdorf.**

As for hardware, our holistic approach to the ongoing protection of the environment begins at the development stage and covers production, use, recycling and environmentally safe disposal. Our aim is to avoid or minimize any environmental impact by imposing strict guidelines that, in part, go beyond the requirements of current legislation.

**Compliance with Statutory Environmental Protection Regulations.**

We endeavor not only to comply with statutory requirements but also to go beyond them in our careful use of resources. As regards the statutory requirements we strongly focused on the European Union directive "Registration, Evaluation, Authorization and Restriction of Chemicals" (REACH). During the year under review, we set up a project group to ensure that all the necessary measures are in place to implement the requirements of this directive. In addition, we evaluate the extent to which our products may be affected by the European Union eco-design directive "Energy-using Products" (EUP), and introduce appropriate measures where needed.

**Sustainable Products and Production.**

We believe that our duty to protect the environment is part of an ongoing process. We are constantly on the lookout for even better solutions – across the entire lifecycle of our hardware. As early as the development stage, we aim to create particularly durable and energy-efficient systems. To this end, we avoid using

environmentally damaging substances and materials in production. During the year under review, for instance, we began operating a new painting shop that, from an environmental perspective, provides a number of important benefits: low-solvent and solvent-free painting systems, greater energy efficiency thanks to heat-capture technology and a significant reduction in wastewater. As well as deploying plant and machinery designed in accordance with latest environmental standards, we aim to reduce the volume of materials we use and place great emphasis on recycling.

**Benefiting the Environment and the Customer.**

We aim to ensure that our customers can enjoy long-lasting and secure solutions that also offer environmental benefits. In the field of hardware, for example, intelligent energy management technology ensures that all systems can revert to power-saving mode depending on the level of use. The ensuing reductions in electricity consumption and heat generation help extend the lifetime of these products. Thanks to other solutions such as cash management, we can cut the number of secure transport trips and thus help reduce CO<sub>2</sub> emissions. Furthermore, our Managed Services portfolio includes a provision for remote intervention – ranging from a preliminary response in the case of a fault report to preventive web-based maintenance – with the result that on-site deployment of technical employees can be kept to a minimum.

**Our Latest Contribution to Protecting the Environment.** You may be holding another modest but environmentally beneficial initiative from Wincor Nixdorf in your hand right now. This year, we produced our annual report on paper certified by the Forest Stewardship Council (FSC). This international non-profit organization aims to promote the environmentally responsible, socially acceptable and economically viable management of our woodlands.\*

#### FOCUS ON PEOPLE.

We are aware that our success depends on the men and women – over 9,400 of them – who make up our workforce. Not only are they responsible for creating the Group's image as seen by our customers and business partners around the world; their commitment is also vital if we are to keep our customers satisfied and thus ensure the long-term success of Wincor Nixdorf. Indeed, their performance, skills and dedication are of fundamental importance to our efforts to consolidate and build on our leading position. One of our key tasks is therefore to promote a culture based on performance and commitment. To this end, we make every effort to further the professional development of our employees and, in doing so, hope to reinforce their loyalty to our Company.

Wincor Nixdorf has always placed great importance on training. We offer young people opportunities and prospects both nationally and internationally and train them in a range of careers. Our principal focus, however, is on Germany – our single biggest location – from where all our training activities, including international placements, are initiated and directed.

A key element of this approach involves working with higher education institutions to set up partnerships, grants and dual education/training programs. We have consistently extended and developed these existing partnerships.

#### Improving Quality through Knowledge and Skills.

We invest in measures to support, train and qualify employees. During the year under review, we continuously expanded the training opportunities available to our employees. At our sites throughout the world, they can attend a large number of workshops, courses and training modules in a wide range of subjects to gain further qualifications. In addition, we offer a variety of seminars and online modules via the Group's "live e-Training" platform. These programs not only allow employees to gain new qualifications but also improve internal communications; colleagues from different sites and countries come together in virtual groups to hold joint conferences and training courses and to exchange knowledge and information.

\* For more information, please see [www.fsc.org](http://www.fsc.org).

In expanding our Project Management Center of Excellence, our aim is to train employees using a standardized and accredited program and appropriate standards, and thus equip them to handle projects rapidly and efficiently. This program has already proven its worth in Germany. In recent months, we have increased the number of international training courses and launched several initiatives with our regional subsidiaries. The priority is to establish a cross-border project management community.

To prepare our employees as well as possible for their individual tasks, we encourage them to share their experiences with processes and solutions across the entire organization. As a means of improving both processes and quality, we have established a worldwide production quality network that aims to introduce standard procedures and instruments across the Group and to implement best practice at all our sites.

**Attracting, Supporting and Retaining Talent.** Optimization and internationalization lie at the heart of our global personnel work, which is based on the assessment and ongoing development of the workforce. Regular meetings with employees are followed up by targeted employee development measures and contribute to a culture that combines both expectations of, and support for, employees. We have also launched an international program to systematically identify individuals with key talents and to prepare them for future roles as part of our forward-looking approach to personnel development.

**Strengthening Integration Processes.** We believe the dissemination and promotion of our joint corporate values, such as entrepreneurial thinking and behavior, integrity and reliability, are vital to the successful integration of new employees. At the same time, we support and promote the exchange of ideas across cultural boundaries. In doing so, we are building a culture that is marked by creativity, flexibility and initiative – one that enables the organization to adopt a proactive response to changes in the market.

**Networking and Knowledge Transfer at an International Level.** The exchange between colleagues from different divisions is also facilitated by our Peer Group program, which involves bringing employees together from across the organization to network and jointly develop management skills and techniques.

Fiscal 2007/2008 saw the continued development of Wincor Nixdorf's Knowledge Forum, a subject-based resource created by employees for employees. Many employees have already used this new internal communication platform to request information from their colleagues on different issues related to their work, and to discuss complex subjects. The next step will be to make these events electronically accessible to employees.

**Building the Future Together.** Our capacity to innovate is driven by a creative workforce. To fully exploit this potential, we believe it is necessary to give employees a degree of freedom and responsibility. We are open to suggestions from the workforce and welcome creative ideas and contributions that help enhance quality and thus boost our competitiveness. Once again, around 900 proposals were submitted during the year under review, suggesting ways in which we can reduce costs and optimize our products and processes. Thanks to these proposals, we were able to make savings of €1.5 million. We set up a new online platform that allows employees to submit their suggestions on how to improve internal processes and to present innovative ideas in relation to products and technologies.

**Rewarding Good Performance.** Wincor Nixdorf has always striven to reward employees for contributing to the success of the Company. We encourage employees around the world to give their best and identify with the organization. For a large part of the workforce, the remuneration system involves a number of variable components based on the economic success of the Group and the results achieved in each area.

**Intensive Dialog with Employees and the Public.**

Clarity of communication generates trust, heightens transparency and acts as a vehicle for the transfer of knowledge. For this reason, we strive to communicate openly, both within and outside the organization.

Internally, we strive to provide employees swiftly with detailed information about important business developments. To achieve this, we make use of a range of subject-specific media such as specials and newsletters, each of which covers a number of specially selected issues in some detail. We have also expanded our Group-wide intranet and established specific communications platforms for our growing number of subsidiaries in other countries.

To maintain communications with the public, we use a wide range of information channels at the national and international level. We publish in online and offline media, supply information to journalists worldwide and ensure that we are actively represented at trade fairs and seminars. Our external communications are also targeted at the capital markets, with which we maintain regular contact (see also the section entitled Stock).

We continue to improve our website as a means of enhancing communications with the whole spectrum of interested parties.

We make full use of our global sales organization to conduct a dialog with customers. In addition, we hold special business events, aimed at promoting an ongoing exchange of information and experiences, and numerous events such as the international "Wincor World" trade fair, our "International Management Seminar" and the international "Retail Banking Conference," which is run in collaboration with the internationally renowned German financial journal *Börsen-Zeitung*. These and other events have become an established part of our customer communication activities.

## SOCIAL RESPONSIBILITY.

**Further Developments in Compliance.** Wincor Nixdorf strongly believes in the principles of social and ethical responsibility and adherence to applicable laws as the basis for all its activities worldwide. In this context and in view of the ever more complex demands of a globalized environment, we see our compliance program as increasingly important.

The program brings together rules and standards that apply across the organization for proper and responsible corporate management. It stands as a record of our fundamental approach to social responsibility – one that all employees are expected to observe. Furthermore, Wincor Nixdorf has now standardized all its basic rules and guidelines and combined them into a "Core Guide." The guide, which is available electronically to employees, provides quick and easy access to all the related documents.

**Supporting Education and Science.** We want to help young people find their way into the business world. To this end, we support young academics and scientists through a variety of initiatives and projects, some with an international dimension. We conduct a range of studies at different sites in collaboration with universities and polytechnics. In addition, we ensure that we have access to the latest research in our field and direct interaction with the academic and scientific community by awarding dissertation places, student grants and teaching contracts. In turn, our own expert speakers give lectures and seminars at various university faculties.

Wincor Nixdorf aims to widen this exchange of expertise with universities and research centers. At the same time, we want to strengthen our contacts with students and young scientists who view Wincor Nixdorf as a potential employer in the high-tech sector and, in particular, the area of software development. Therefore, we offer them interesting projects as part of our internship program.

In Germany, one example of our collaboration with research establishments is our long-standing partnership with the Fraunhofer Institute. Of significance at a regional level is our new partnership with the Software Quality-lab (s-lab) as well as our long-standing teamwork with the Heinz Nixdorf Institute at the University of Paderborn. We also cooperate with regional universities of applied sciences, especially in the field of mechatronics. In addition, we provide selected institutions with support in the form of hardware and software.

To help introduce young people at an early stage to information technology, Wincor Nixdorf also maintains close contact with schools. We offer pupils an opportunity to see how science and technology can be applied in practice. We arrange internships, hold project days and support competitions and campaigns.

### **Fulfilling our Responsibility toward the Disabled.**

For Wincor Nixdorf, social commitment includes supporting those with disabilities. We are involved in a number of international projects together with charitable organizations to help train physically and mentally disabled people, facilitate their access to the labor market and support them through the exchange of information. In France, for instance, we continued our involvement in a charitable project that provides kiosk terminals equipped with specific functions.

When designing products and systems, we ensure that they are both functional and suitable for the disabled. In the area of banking, for example, disabled people using our technology are able to manage their banking tasks on their own thanks to ergonomically designed and internationally standardized keys and controls, voice-driven menus, large numeric keys with special embossed characters and ATMs that can be operated from a wheelchair.

Specifically, we are working with the German Society for the Blind and Visually Impaired (DBSV) on a project to standardize all our ATMs in such a way that blind and visually impaired customers can easily perform their own cash transactions using self-service systems. All of these systems comply with international standards for ergonomic design.

For many years, Wincor Nixdorf has been actively involved in social projects in and around Paderborn, where the Group's head office is located. In the year under review, the Company once again made funding available for charitable purposes. We contributed money raised together with our employees on "Families' Day" to selected social projects as a way of providing effective and unbureaucratic help.

The Company also continued to support a number of initiatives on behalf of the disabled. For example, we participated in a joint project with Caritas that enables disabled people to perform simple tasks on our production line. While some of these people are employed on site, most of them are based at the local workshop for disabled people in Paderborn. Furthermore, Wincor Nixdorf has set up other projects that allow disabled persons to carry out tasks at a range of workplaces.

**Business Taking Responsibility.** Together with 19 other German companies, Wincor Nixdorf recently signed the "Business Taking Responsibility" charter promoted by Germany's Federal Network for Civic Involvement (Bundesnetzwerk Bürgerschaftliches Engagement – BBE). The aim is to further strengthen the commitment of German companies to positive civic action and to enhance public awareness of their involvement. Signatories to the charter promise to support civic projects and to attract other companies to join them.

Sales & Marketing

Automated Checkout

**Managed Services/Outsourcing**

100%  
availability.

100%  
relief from business  
processes.

**THESE ARE THE GOALS OF OUR CUSTOMERS FOR**

**MANAGED SERVICES/OUTSOURCING.**



100%  
concentration on  
the core business.

100%  
innovative technology.

Sales &amp; Marketing

Automated Checkout

**Managed Services/Outsourcing**

Outsourcing relieves banks and retailers of complex tasks that do not...

## MANAGING IT OPERATIONS AND BRANCH PROCESSES.

**Availability is Absolutely Essential.** This much is certain: Only a functioning ATM is a good ATM, as banks and their customers alike will agree. For banks, the self-service terminal is one of their most important sales channels. For customers, it is a familiar tool for collecting cash. Terminal functionality and availability is crucial for banks to maintain customer satisfaction and their own image. The situation is similar in the retail industry. Modern POS systems are firmly anchored in retailers' value chains. By using new technologies such as automated checkout systems, they can positively influence the shopping experience. And because smooth-functioning ATMs and POS terminals are an essential requirement for customer satisfaction, system availability is an issue of growing importance.

This is not only about ensuring availability of individual systems such as ATMs and POS terminals; it is also about making sure that the entire IT infrastructure runs smoothly and reliably. One option is to use standardized managed ser-

# 79%

growth in supermarkets is forecasted in Central and Eastern Europe by 2012.



...belong to their core business, such as operating IT infrastructure...

30%  
higher system availability is  
targeted by Nordea.

vices packages from external service providers that can be combined in a modular way or to outsource the entire operations. Only then can banks and retailers concentrate on their core competencies, save costs and increase operational efficiency. Equally important, employees are relieved of routine tasks to devote more time to advising and supporting customers.

Cost transparency is a further aspect that speaks in favor of banks and retailers outsourcing information and communication technologies (ICT) to external service providers. These providers can answer a number of questions such as: What are the costs of expanding an ATM network by X number of terminals? Or what does it cost to equip our field representatives with laptops?

**Using the Range of Options.** The scope of IT continues to expand in the banking and retail industries. By 2012, more than 11,000 new supermarkets will emerge in Central and Eastern Europe, with different formats ranging from discounters to service stations, representing a growth of 79%, according to "Planet Retail, Global Channel Strategies 2008."

POS terminals are now advanced systems that offer a range of functionalities almost unimaginable just a few years ago. And they can benefit from new technologies such as Wi-Fi, RFID (radio frequency identification) and smart cards, which offer still further possibilities. Retailers need to keep abreast of these developments and integrate them into their competitive customer-centric strategies.

While establishing sales channels and differentiation qualities are essential tasks for retailers and banks, implementing the corresponding IT strategies and, in particular, managing the IT operations are not. These tasks are best handled by competent and experienced service providers of Managed Services like Wincor Nixdorf. Managed Services are clearly structured, standardized packages. They include system monitoring and optimized support for self-service terminals as well as the entire operation of a customer's self-service infrastructure.



...and handling the technical and operative processing of transactions at the ATM and point of sale...

**98% Availability.** Nordea, Finland's largest bank, has recognized the benefits of Managed Services. The bank, which is also one of the leading financial institutions in Scandinavia, has more than 350 branches in Finland and 1,300 across the group. The search for a comprehensive service solution for its IT operations, which included upgrading hardware and software for self-service payments, led the company to Wincor Nixdorf. Under a five-year contract with an option to extend for an additional two years, we have taken over the operation of systems at 400 sites in the form of a Managed SST (Self-Service Terminal) offer. The sites are connected online to our "eServices Platform" and monitored remotely. We have also taken over software management and coordinate the work of service technicians from our customer care center. The goal is to increase system availability by one-third and to ensure 98% availability through service-level agreements. As a targeted side effect of the outsourced payment processes and self-service devices, Nordea employees are now relieved of routine tasks and can spend more time consulting customers. Just as important, the bank has lowered its operating costs.

In addition to Managed Services, Wincor Nixdorf can take over customers' IT operations, including self-service systems. As part of a growing trend, this offer involves the complete outsourcing of key services such as IT and process manage-

ment. The self-service industry in Europe, particularly France, the Netherlands, the U.K. and Scandinavia, is projected to grow 8.7% within the next 5 years, according to the PAC Outsourcing Study.

The region already is a huge outsourcing market, accounting for 93.8% of all outsourcing activities worldwide in 2008. While the focus is on banking, the outsourcing of business processes in the retail sector is expected to grow 8%.

These growth rates are hardly astonishing given the huge customer benefits. By outsourcing complex, non-core processes, retailers and financial institutions are able to concentrate on their core business more intensively. And by cooperating with internationally leading specialists in the banking and payments industry, they can quickly introduce new products and services and secure a leading technology position – all of which can strengthen their competitive position.

**30 Million Transactions.** The Co-operative Bank in the U.K. operates 2,250 ATMs as part of its branch network, in addition to offering telephone and Internet banking services. Two years ago, the bank outsourced the complete operation of its ATMs, including maintenance, monitoring and cash management to Wincor Nixdorf UK. One of the biggest challenges Wincor Nixdorf faced was the project timeline. Within 14 months Wincor Nixdorf implemented and commenced operation of the brand-new transaction solution, processing 30 million transactions per month. As a result of this technology and service support investment, the Co-operative Bank has achieved significant improvements in both transactions and network availability. Wincor Nixdorf's Transaction Processing solution has proven business benefits and can offer up to 99.999% system availability.

# 8.7%

is the rate of increase for outsourcing in the European self-service industry within the next 5 years.



... or even taking over the complete ICT operations of customers with self-service terminals, workplace systems, servers and applications.

Wincor Nixdorf's banking customers and consumers benefit from Managed Services, even if they are not aware of it. End-users benefit from higher system availability, more personal time with bank consultants and enhanced services. All this results in a swifter implementation of processes and IT innovation.

Wincor Nixdorf offers comprehensive solutions for both Managed Services and Outsourcing. The largely standardized modules can be easily and individually combined to meet customers' specific requirements. For monitoring and operating self-service terminals in the banking sector, we offer our Managed SST. In the retail sector, our Managed POS for checkout and self-service systems offer the best possible compromise between optimal availability and low operating costs, as well as intelligent management. With Managed Total Branch, we are positioned as a service partner with a range of packages for the entire life cycle of a branch, from installation and operation to refurbishment and even closure of a branch. With Managed Cash, we focus on the customer's cash management operations, including the ordering process and operational responsibility as well as control and management of cash in transit (CiT) services.

As part of our Outsourcing offer, we can take over the operation of an IT infrastructure step by step, as well as the technical and operative processing of ATM and POS transactions. This includes the complete operation of self-service networks, including the control and monitoring of the cash cycle as well as the entire ICT infrastructure.

**40,000 Devices under Control.** The goal of all our Outsourcing and Managed Services offerings is to optimize the business processes of customers and, at the same time, reduce costs and increase system availability. Today, Wincor Nixdorf manages more than 20,000 ATMs across Europe and more than 40,000 self-service terminals worldwide. Internationally, we are viewed as an experienced partner in the area of Managed Services. And rightly so. For one well-known large German bank, for instance, we have increased system availability by 1% while at the same time reducing costs 20%. For a large French do-it-yourself chain, we have reduced service call volume from 40,000 calls to 17,000 through the establishment of a quality help desk for POS applications.

**20%**  
cost reduction has  
been achieved since  
2007 by a large  
German bank through  
outsourcing its  
IT infrastructure.



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