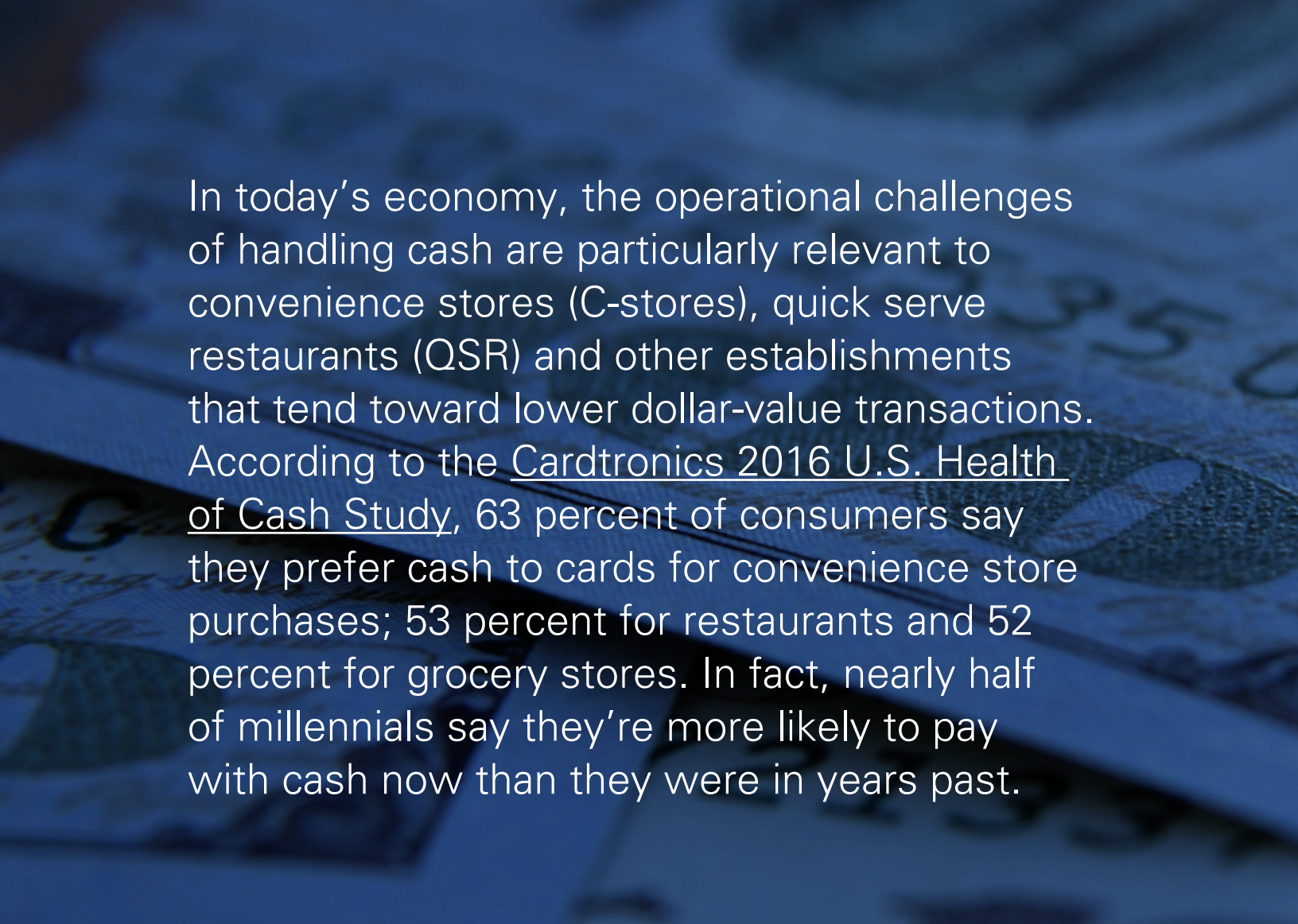# The Ultimate Guide to Choosing a Smart(er) Safe Solution

Six Essentials for Retail Cash Management

In today's economy, the operational challenges of handling cash are particularly relevant to convenience stores (C-stores), quick serve restaurants (QSR) and other establishments that tend toward lower dollar-value transactions. According to the [Cardtronics 2016 U.S. Health of Cash Study](), 63 percent of consumers say they prefer cash to cards for convenience store purchases; 53 percent for restaurants and 52 percent for grocery stores. In fact, nearly half of millennials say they're more likely to pay with cash now than they were in years past.

For most merchants, a more effective cash management solution is the surest path to reduced risk, wider margins and more consistent cash flows. The combination of cash management systems such as smart safes and enterprise management software offers unparalleled insight into cash position, enables central management and facilitates reconciliation. It also enables automated provisional credit posting, and, in an industry where day-to-day cash flows spell the difference between stagnation and growth, that credit is invaluable for optimal performance.

When choosing a cash management solution, it's important to recognize that systems vary widely, and a viable solution for one merchant may not work for another. Volumes of cash, counter space, back-office integration and courier relationships can all influence the solution that is right for your organization.

Overall, it's critical to select the combination of smart safe hardware, management software and armored transport that suits your needs.

The Current State of Cash Management

Retailers' Challenges

For many retailers, the greatest cost related to cash is the labor spent handling, counting and transporting notes. Celent's Remote Cash Capture 2017 Market Update reports that retail employees spend between one and two hours per day manually handling cash.

Another challenge of traditional cash management practices is shrinkage. According to the 2017 National Retail Security Survey, the average loss rate among U.S. retailers was 1.44 percent of sales, with 30 percent and 21.3 percent of that loss attributed to internal theft and administrative errors, respectively.

Additional cash-related costs include armored transport, insurance, reconciliation and bank fees. All told, Celent's Remote Cash Capture 2017 Market Update reveals these costs account for roughly 2 percent of cash sales – a significant price for industries with average profit margins in the single digits.

Emerging Options

Fortunately, remote cash capture (RCC) is paving the way for lower costs and greater efficiency. Until recently, armored carriers cornered the RCC market, and their largely undifferentiated proprietary solutions proved cumbersome for retailers looking for more flexibility and control. Now, however, new hardware and software options are available that make RCC a viable, even profitable, option for retailers.

On the hardware front, competition among manufacturers has led to the creation of smaller-footprint, lower-cost smart safes, as well as recyclers with similar software integration and provisional credit capabilities. At the same time, a variety of hardware-agnostic, enterprise software solutions have emerged, facilitating remote cash management, alerting and reports.

Overall, QSR and C-store retailers now have access to more flexible, custom-tailored RCC solutions than have been available in the last decade.

The average loss rate among U.S. retailers was 1.44 percent of sales

2017 National Retail Security Survey

Six Essential Elements of a Smarter Cash Management Solution

> Dramatically reduce
> your operating
> expenses in the
> long term.

1. An Open System

When it comes to cash management, one size does not fit all – not among retailers, nor between individual stores. Given different sales volumes, management styles and regional relationships with providers, you need the freedom to choose the combination of smart safe, armored carrier and bank that suits each of your locations.

Unfortunately, many armored carrier solutions pigeonhole customers into proprietary hardware and long-term contracts. They can even have inconsistent service and pricing among regions, which leads to a loss of enterprise visibility as customers cope by building fragmented fleets. For retailers who remain with a single provider, the lack of accountability all too often leads to late arrivals, no-shows and extra fees.

On the other hand, a provider-agnostic platform affords you the freedom to choose the safes and service providers best suited to each of your regions and stores. With that freedom comes flexibility, accountability and greater leverage in negotiating rates. You'll also have an adaptable platform that can accommodate new technologies as they emerge, no matter what vendor offers them.

Just as important, a hardware-agnostic platform can significantly cut the costs of owning smart safes. With the freedom to choose your providers, you can pursue lease, own or lease-to-own agreements and budget your system as either an operational or capital expense. Given that smart safe rental is often the lion's share of RCC costs, the right agreement may dramatically reduce your operating expenses in the long term.

2. Fraud Detection and Risk Alerts

Every touchpoint increases the chances of theft and administrative errors. A smart safe will cut down on manual money management, but to reliably reduce the risks associated with large volumes of cash, you need an integrated solution that automatically detects fraud and issues real-time alerts.

Suppose an employee attempts multiple logins with an incorrect PIN, or the amount deposited from a till doesn't match up with recent sales. Whether malicious intent or honest mistakes are to blame, your team needs to react as quickly as possible.

Likewise, suppose your clerks are hoarding large volumes of cash, inadvertently exposing themselves and their registers to undue risk. You may need more frequent safe deposits, bank deposits or armored carrier pickups, and real-time alerts will allow you to take action immediately. Once you've programmed your business rules, permissions and alert conditions, you'll be able to address risk proactively, rather than reactively.

3. Central Management and Real-Time Reporting

Most national retailers maintain multiple armored carrier programs and hundreds of banking relationships. To avoid fragmentation, you need a centrally-managed solution that provides visibility into all of your stores' cash activities from a single portal – regardless of bank, armored carrier or hardware.

The right technology platform will also create custom reports to meet a variety of internal needs, from finance and accounting to operations and risk management. With critical data only a few clicks away from every stakeholder, you'll save time and resources throughout your organization.

Finally, a central solution isn't complete without the ability to spot overages and shortages as they occur. With real-time reporting capabilities, you'll be able to:

- Detect faulty safes and recyclers
- Obtain deep insights into missing cash and theft
- Automate daily reconciliation reports
- Manage vendors using exception reports

Overall, central management makes it easy to find gaps in your cash flow as they occur – not after – and determine their cause. Combined with real-time reporting capabilities, it offers unparalleled, down-to-the-hour insights into your cash position.

4. Flexible, Intuitive Technology

In addition to offering effective cash management capabilities, a viable solution should seamlessly integrate with your existing systems for accounting and resource management. A cloud-based system is also a must for anytime, anywhere accessibility, and secure remote management allows you to reset devices and reduce costly service calls.

An intuitive user interface is also a must when managing an ever-changing workforce. Annual C-store turnover rates are 54 percent, according to the Convenience Store News 2016 HR & Labor Study, and the National Restaurant Association puts restaurant turnover at 72 percent. An easy-to-use interface ensures any employee who can send text messages and browse the web will also be able to enter cash and make deposits.

At the same time, management personnel will need to access more sophisticated functions. To stay secure, your solution should include detailed permissions and access controls. By using login credentials to display only the functions relevant to each employee, you can reduce training costs and user errors while still empowering management to make decisions regarding day-to-day operations.

5. Vendor Support

Implementing a new cash management system isn't easy, particularly when you're transitioning from multiple proprietary programs to a central solution. How will you integrate the software with existing hardware? How will you customize the system to meet your needs? Perhaps most importantly, how will your new program influence the provisional credit terms to which your banks agree?

Competitive providers will address these and other questions with a consultative, solutions-focused approach. By educating your teams and providing hands-on support before, during and after implementation, they can ensure your new system serves your organization for years to come. By partnering with you in negotiations, they can also help you to secure favorable terms and maximize your relationships with armored carriers, banks and other service providers.

6. Measurable Return on Investment

With the right blend of cash management capabilities and vendor support, your solution should lead to a clear, measurable and significant return on investment. If you only compare the ticket price of one solution to another, that ROI can be tough to spot. To see how much you stand to save, consider the following factors:

- **Labor** - How often and for how long are your clerks counting cash? Likewise, how much time is your finance team spending on reconciliation and reports? When organizations switch from traditional to centrally managed RCC solutions, labor is typically their greatest source of savings

- **Bank fees** - Whether your banks charge by number of notes or gross deposits, you may see a reduction in total fees

- **Courier expenses** - Due to better rates and more efficient pickup schedules, your monthly courier costs may drop as well

- **Shrinkage** - Fewer errors, less theft and greater insight into shortages will likely lead to a decrease in shrinkage

- **Hardware and software** - Consider your current lease and license costs. With the ability to purchase from a variety of vendors, your long-term expenses could drastically drop

Additionally, consider the improvements in cash position you'll realize by automating provisional credit posting. By eliminating manual processes and reducing the frequency of cash deposits, you'll be better positioned to leverage your cash on hand with next-day or even same-day credit.

Cash Management Competitive Comparison:
Bank-Led Program Versus Carrier Solutions

	Bank-Led Program	Carrier Proprietary Programs
Options		
Smart safe hardware vendor	Freedom to choose safe and recycler hardware	Proprietary safes
Armored transport provider	Freedom to choose multiple armored carriers	Proprietary armored transport
Safe leasing and purchase options	Buy, lease or lease-to-own	Some offer lease only
Fees	Software-as-a-Service payment model	Monthly fee, maintenance fees and mandatory hardware costs
Management and Reporting		
Armored carrier management and visibility	Centrally monitor multiple providers	Separate platforms for different providers
Cash management	Centrally monitor enterprise-wide cash activity	Separate platforms for different hardware
Reconciliation	Real-time reporting of overages and shortages	Daily reports
Notifications and Alerts		
Fraud detection	Automatic alerts for failed logins and fraudulent transactions	Periodic alerts
Hardware defects	Automatically detect faulty hardware	No automatic detection
Overloaded tills	Alert managers to increase deposit frequency	No automatic detection
User Interface and Permissions		
User interface (UI)	Customizable, intuitive UI	Preprogrammed UI
Rights and roles	Interface restricted by programmable permissions	Limited provisioning capabilities
Central management	Adjust rights and roles from a central portal	Separate account management systems for different providers
Provisional Credit		
Credit posting	Automated daily posting	Manual posting with limited automation
Bank Integration	Existing relationships with 5,000+ banks nationwide	Bank-dependent

Your Next Steps to Smarter Cash Management

Are you ready to make the switch to smarter cash management? To get your implementation started, complete the following steps:

1. Assemble a selection committee with stakeholders from your finance, risk management and operations departments to get input on key business needs and concerns

2. Compute your potential savings with an ROI calculator

3. Discuss savings opportunities, cash management goals and solution requirements

Connect With Us

For more information about choosing a smarter cash management solution for your retail organization, call 800-872-7882, email getsolutions@fiserv.com or visit www.fiserv.com.

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