

Business Case for Smart Safes

In today's economy, realizing a cost savings is as important as creating new revenue streams. As a manufacturer, Triton is tasked to find new products and services that can do both. One of the most promising products to emerge is the smart safe. The revenue generating service offering that is driving this product is called Provisional/Daily Credit.



Think of a smart safe as an ATM in reverse. Rather than dispensing money, the smart safe takes money in and validates/confirms the currency. The smart safe then transmits the end-of-day totals to the retailer's financial institution using remote access software. The financial institution is then able to grant the retailer provisional/daily credit for the money deposited in the smart safe.

The key change in this type of program is that the Cash-In-Transit (CIT) Company servicing the retailer does not pick up the cash on a daily basis. The financial institution is giving credit for the money in the vault, but allows the cash to be picked up on a weekly basis, for example, thereby reducing costs for all parties involved. High traffic areas may require two pick-ups a week.

Today, only the largest financial institutions offer these types of programs. We see a vast market in Community Banks and Credit Unions that can begin offering these same services using regional Cash-In-Transit companies to service their retail accounts. Industry experts believe that there are over a million retail locations in the U.S. that are prime candidates for this program. Many are being called on today by the big banks and large CIT companies. To date, Community Banks, Credit Unions, and retailers with less than 250 store locations are vastly underserved.

Financial Institution Smart Safe benefits:

Financial institutions can use this as a sales tool. They can offer this to their retail customers and receive monthly revenue for providing a Provisional Credit program. Plus, once a smart safe is in place, customer retention improves. Retailers won't want to switch to a bank that doesn't offer the convenience of a smart safe placement, once they become accustomed to the benefits. A progressive financial institution could also realize revenue by offering loans to purchase or lease the smart safe.

CIT companies will be picking up fewer times a week per location, which enables them to increase their regional footprint. Now, they can consider a location typically out of their service radius because they are only sending a truck to the location a few times a month. It makes economical sense for them to begin picking up remote areas for their routes in order to grow their businesses. Another benefit from the CIT Company is that they will insure the money in the vault and take full liability for the accuracy of the smart safe. They guarantee to the financial institutions that the funds reported to be in the vault is always accurate.

There are several benefits that retailers can expect with a smart safe:

- Spend less time counting funds and more time on the floor;
- Place the burden of personal safety in the hands of the professionals;
- Optimize their CIT relationship by reducing the number of weekly visits;
- Reduce internal and external shrinkage because funds are secured quickly and accurately with fewer touch points;
- Automate the cash trail, which can increase productivity;
- Generate audit trails with End of Day, shift, and CIT reports; and
- What appears to be a “cost” can quickly become a “profit enabler”. The Return-On-Investment is realized in a short period of time by reducing costs and improving efficiency.

There is one last revenue stream to be realized in this business model. In every Provisional/Daily Credit program, the information gathered from each terminal has to be sent to the corresponding financial institution. There are few back-end programs that do this today, but there are several 3rd party companies developing attractive, web-based dashboards that will allow access to terminal information from any web-access point in the world. Imagine being able to see what’s in the vault via a cell phone from anywhere. This monitoring service will yield valuable monthly fees to the host of these services. Keep in mind that a smart safe does not have to run through processors or networks since there is no card data being exchanged. The smart safe is programmed to contact the dashboard as many times a day as desired. That data would be parsed into a report format that the financial institution has defined with the service provider. The service provider sends the report on a daily basis and is able to charge a premium for these monitoring/transmission services.

A smart safe will ultimately reduce the amount of money lost by theft with too many hands touching the cash. The retailer also gains access to their funds much sooner, thus reducing float. The retailer is no longer using store personnel to take deposits to the financial institution, thus reducing security risks. The money is validated, thus giving the financial institution full confidence in the deposits. The fees for such a program are considerably less than what a retailer pays today for daily CIT pick-ups. The retailer will also benefit from reducing the hours it takes for managers to count money at the end of each shift. As you can see, the true benefits and cost savings make this a very interesting program to offer today.

There are several white papers on this topic, and we’ve also begun to see compelling case studies where these devices are located. I encourage you to research smart safes and Provisional/Daily Credit programs to see if they are a good fit for your company. I suspect you’ll find that there is good business to be developed with this program, and that the potential for working with new business partners and new markets will quickly emerge.

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