



AAA ATM INC

ATM BUSINESS STARTER KIT

What follows below are 10 simple steps to get started in the ATM business. Each step is condensed and explained in simple terms, money saving ideas, and profit generating ideas of the ATM business are available if you choose to partner up and do business with AAA ATM, INC.

1. OPEN A BUSINESS BANK ACCOUNT / NAME YOUR COMPANY

To handle daily recurring ATM deposits and transactions you will need a business account at your bank. Try to select a bank which has many branches in the areas of your ATM network and one which will not charge you for numerous itemized transactions on your account as you will have one or more transactions posted to your account per day per machine. To open a business account you will need a business name. Go to your state's fictitious name registration website and obtain a company name of your choosing that is not already in use. Choose a name, check to see if it available via an online search on the fictitious name website. If it is available you will need to pay a small fee to register the name, it will then be available immediately upon completion of the registration. You can then use this company name to open your ATM business

bank account. We recommend opening a linked checking and savings account. You can use your own social security number as your tax ID number. If you decide to change the business tax ID after the fact to a corporate tax ID number it can be done easily.

2. FINDING THE LOCATION

This is the most important aspect of the business. It is the part that can make or break your business. A good ATM location can generate several thousand transactions per month resulting in thousands of dollars of positive cash flow from a single machine. Find one of these locations and you can almost retire on a single ATM location! Typically, however, most of your locations will conservatively generate approximately 150 - 300 transactions per month. Multiply this number by your surcharge fee (this is the usage fee the ATM user pays to withdraw money from the ATM owner) # transactions x surcharge = monthly gross income. You may get discouraged as you begin your search for top notch ATM locations as many of the "good" locations already seem to have ATMs in place.... do not despair, great unclaimed locations are

popping up every day. You just have to be there first with your ATM offer. If the location is an apartment complex or large office building you want to try to sell the convenience aspect of having an ATM on the premises. Present the owner with an "Agreement", you may want to modify it to reflect your own company name, logo, and any other specific terms you wish to have. If you do wish to modify the agreement beware.... KEEP THE AGREEMENT SIMPLE. Do not try to use lots of legal terms or fill it with verbiage that may scare the location owner off. It might also be a good idea to have a business card and brochures made up to present to the location owner in your first meeting. Although just the contract and business card should suffice, brochures are an excellent prop to leave with the location if the owner cannot decide during that first meeting. Make sure that along with pictures, the brochure contains all the selling aspects of the ATM you discussed with the owner. Final Note: your best odds of making the sale are in that first meeting, do your best to close the deal right then; but if you cannot, be sure to always follow up with a personal visit within a few days.

2A. LOCATION FINDING SERVICES

You may not have the time or desire to canvass your area for ATM locations. If this is the case, like most aspects of the business you can hire someone who is specially trained to do this part of the job for you. The fees for such a service typically run \$250 - \$1000 per location, think of the location fee as a finder's fee, the locators get a "finder's fee" for each store/business owner they bring to you that want to put an ATM in their location. These business owners typically want an ATM but don't want to deal with the service, maintenance, and filling of the machine. The larger the locator business you deal with the more expensive the fees but they offer more reliability and in many cases will guarantee the location will generate a decent income or will refund half of your fee back to you in the form of a credit. Typically how it works is you pay the

locator company half the fee up-front for a set number of locations (in many cases the locator company will require you to purchase a minimum number of ATM locations before they will dispatch a locator to your area). A locator will then be dispatched to your area where you will set up a meeting to go over the areas you want him to canvass and specifics of your contract. It is very important that you DO NOT GIVE THE DISPATCHED LOCATOR ANY MONEY IN

ADVANCE FOR ANY REASON. You have already given your advance to the locator company, the locator himself gets the balance for each location ONLY AFTER he has found you a suitable location, you have a signed contract, and you have met with the location owner and signor of that contract and gone over the terms of your agreement. BEWARE: often times these locators will attempt to pressure you to "sign off" and pay for an ATM location that probably won't do well just to get their commission. Use your common sense! If the location doesn't get a traffic flow of 100+ people per day in foot traffic chances are the location will not generate the income required for a good return on your investment.

3. NEGOTIATING THE LOCATION OWNERS COMMISSION

Part of the process of finding the location and signing the location agreement is the negotiation of the commission fee you pay the location owner for their allowing you to place your ATM in

their business. Ideally you want to keep this as low as possible. You do this by selling him on the other benefits the ATM has on his business and the convenience it offers to the residents or employees of an apartment or office location. Some locations you may not have to pay any commission as the owner just may want his customers to pay in cash... providing him with an ATM greatly helps him in that endeavor. In the rest of the cases the owner wants a cut of the incomes generated by your machine. Typically paying the location owner 25cents per surcharge withdrawal is reasonable with up to 75cents on higher volume locations. In almost no case where you own, maintain, and fill the machine with your cash should you ever give more than 40% of the total surcharge. You may choose to structure the commission you pay on a sliding scale; for example offering to pay the location owner 20cents on transactions if the machine does 0 - 200 per month, 50cents if the machine does 201 - 400 transactions per month, and 75cents if the machine does 401+ transactions per month. You can pay the commission to the location owner every month or every six months or whatever you negotiate. When paying the commission to the location owner always include a detailed report of the transactions completed during that period. One final note: it is very important that the location owner fully understands the agreement **before** you install the machine, this will save you many headaches and expense in the future due to misunderstandings.

4. SETTING THE SURCHARGE

To maximize your income potential you want to maximize your surcharge amount without driving off customers from using the machine. To do this you must consider the following:

- The location owner's wishes
- Proximity of other ATMs in the area
- Surcharges on other ATMs in the area
- Convenience of using your machine, ask yourself will the users pay more for that convenience

Once you have taken these factors into consideration you can set your surcharge amount. Surcharges typically range from \$1.25 on the low end to \$3.00 on the higher end with \$1.95 being a national average surcharge amount. Believe it or not, certain locations can command more than \$5 per withdrawal and still do hundreds of transactions per month... these obviously are the locations you would like to get.

5. ATM PHONE LINE / CONNECTION TO THE BANKING NETWORK

All ATMs must connect to the banking network to complete transactions; most ATMs connect via phone line. Since the ATM is not on a full time connection (it only dials a toll free number, connects for a few seconds then disconnects) you really don't need a dedicated phone line for the ATM. If the location has an extra line that doesn't get a lot of use, such as a fax line or credit card machine line, you can share the line with your ATM connecting to it with a splitter (phone line splitters are easy to install and are available in any store which sells phone equipment). This saves considerable new phone line installation charges and monthly phone line expenses. Try to avoid using the same phone line for your ATM that is shared with the **ONLY** phone line of the store or location. If that phone line is in use when your customers are trying to use the ATM they will continue to get "system unavailable" error messages and you will continually lose out

on ATM surcharge commissions. In those cases it is best to have your own dedicated phone line for your ATM. Call your installer at least 2 weeks in advance to install your ATMs phone line.

A second option that is becoming more and more popular and is highly recommended is the *wireless option*. Wireless router equipment takes the hassles out of phone line installations and sharing of phone lines. You can purchase a wireless router, it is somewhat more expensive than phone lines on initial costs, but monthly payments are roughly \$15/month less than dial up which makes up for the initial costs in the long run. It also has the benefit of making relocation of the machine that much easier.

6. ATM PURCHASE

ONLY AFTER steps 1 thru 5 are completed are you ready to purchase your ATM. It is best to have the location and contract before you buy the machine. There are countless stories of people buying machines only to have them sit in a garage for months gaining dust and wasting warranty months while waiting for a place to put the machine. Manufacturer's warranties begin the day the ATM is shipped to you. Most models being purchased are the stand-alone models. This type of machine will handle 99% of all ATM requirements.

Wall mount machines that are physically built into a wall are recommended for kiosks and very high volume locations (1000+/month). The industry standard machines recommended for ease of use and medium to low volume locations are the Triton 9100 or Tranax 1700. Once you get comfortable with a certain brand and model chances are as you grow your network you will remain with the same brand. Experimenting with other brands after some time might also be helpful. In any case, all the warranties and customer service provided by the manufacturers are very much the same across the board. Prior to delivery of any machine you will need to complete a few ATM forms. These forms provide the **required** information that the banking networks need to enter your ATM into the bank processing network. You **will not be able to use your ATM** without having this paperwork processed. Along with the paperwork the processor will provide you or your installer the proper encryption codes which are required to be programmed into your ATM to allow access to the banking network. You will also need to provide a completed Wireless Activation Form if you will be purchasing a wireless router.

7. INSTALLATION AND PROGRAMMING YOUR NEW ATM

For your first ATM purchase it is highly recommended that you hire a manufacturer's technician to program, install, and teach you the operation of the ATM. You can get the name of a certified technician in your area by contacting your sales agent at AAA ATM, INC. After the first installation you should be comfortable enough to do any future installations yourself if you choose to do so. All ATMs come with a user's manual that details operations, setup, installation, and programming. A typical installation and programming by a manufacturer's technician will cost in the neighborhood of \$250 to \$450. In the programming portion of the installation the ATM is updated with secure encryption codes. The programming also provides information into the ATM software to customize such things as the screen messages, receipts, surcharge amounts, withdrawal limits, passwords and many other options. The entire installation and programming process could easily take 2 or more hours even for a professional technician.

8. FILLING THE MACHINE WITH CASH

Initially, the best advice for a new ATM owner is to fill the machine with the least amount of money possible to cover several days' usage. Depending on the location this could be \$1000 or \$5000. Start on the low end and monitor your transactions online with the online account you will be set up with after completing your ATM paperwork. Try not to ever let the machine run out of money as this makes for bad business with the ATM user (he or she might never come back) and the location owner who has to deal with the complaining customer who has come to use the ATM. Good rule of thumb...never let the machine get below \$500. Many machines hold the cash in removable cassettes that can be removed at the end of the business day (good for the store owner who owns and fills his own machines), these cassettes can also facilitate refilling your machines. You can have a spare cassette that can be safely and securely filled in a secure location then merely "swap out" cassettes when you arrive at the location thus limiting the amount of time spent in front of the ATM loading cash into the cassette. When retrieving money from your bank to get the ATM cash to fill the machine (in nearly all cases \$20 denominations) be sure to call your branch a few days in advance for any amounts over \$4000 so that they can plan on having the required amount of \$20s available. Most bank branches will not have more than \$5000+/- in available \$20 denominations to give to one customer. For amounts in excess of this they need to order it in advance. Always ask for "ATM cash" when ordering the money. New bills are typically coated with excess inks that cause the bills to stick together and may jam up your machine.

8A. OTHER FILLING OPTIONS

As an option to filling the machines yourself you can hire "vault cash" companies to fill your machines for you (Brinks, Wells Fargo to name a few). Do a Google search on "ATM vault cash" to find the names of other companies. Vault cash companies are licensed and bonded for this type of work and guarantee to safely fill your machine(s). The cost for such a service is nominal, however, for low volume locations this may not be very cost effective. Services available from these "vault cash" companies include servicing and maintenance of your machine, filling it with cash (you pay a onetime fee each time they refill your machine), loaning of ATM cash (you essentially borrow the money that goes in the ATM and pay interest on it, interest paid

is based on the daily balance remaining in your machines....example; if you had 10 machines and filled each with \$5000 totaling \$50,000 borrowed; your daily charge would be $\$50000 \times 10.50\% \times 1/360$). Each day as cash is dispensed your daily charge will be less.

9. MONITORING YOUR MACHINES

After completing the ATM forms you will be given access to a website where you can monitor your ATM's usage. This account which is real time up to the minute information will show each transaction as it is completed on your ATM allowing you to sit back from the comfort of your home or office and watch your income pour in. The website also gives balance information on your ATM so you can prepare for the machines next refill. It also will report any errors that your machine may be experiencing...you can know there is something wrong with the

machine even before the location owner does!

10. MONITORING YOUR BANK ACCOUNTS

Once your machine starts processing transactions you can monitor your machines usage online but you can also monitor your bank accounts via online banking. You will have 2 deposits in your bank account for each ATM on each transaction day. One will be “settlement money” this is the actual amount withdrawn from the machine that particular day. For example if \$400 is withdrawn from your ATM, the next banking day you will see that \$400 “settlement money” automatically deposited back into your account PLUS you will get a second deposit of “surcharge money” which is the surcharge collected for each withdrawal. For example, if your surcharge was \$2 per withdrawal and 4 withdrawals of \$100 each were made you would see an additional and separate surcharge deposit of \$8 automatically deposited into your account. Many ATM owners have the settlement money deposited into their checking accounts and the surcharge deposited into a linked savings account. This helps them to better see and track their profits.

As mentioned these steps are very basic, AAA ATM tries to offer our customers a **consultative approach** to doing business, as we know if you are able to generate profits using our ideas and equipment you will continue to do business with us. After purchasing an ATM from AAA ATM you can feel free to speak to any of us to ask further questions or get advice on growing your business.

Sincerely,

AAA ATM, INC