Why You Should Choose SaaS for Instant Card Issuance

Immediate Gratification Through the Cloud

HARLAND CLARKE®

Software-as-a-Service (SaaS) may be late to the banking world, but **its merits make a compelling argument for financial institutions to switch** from the traditional model of Software-for-Purchase (SFP).

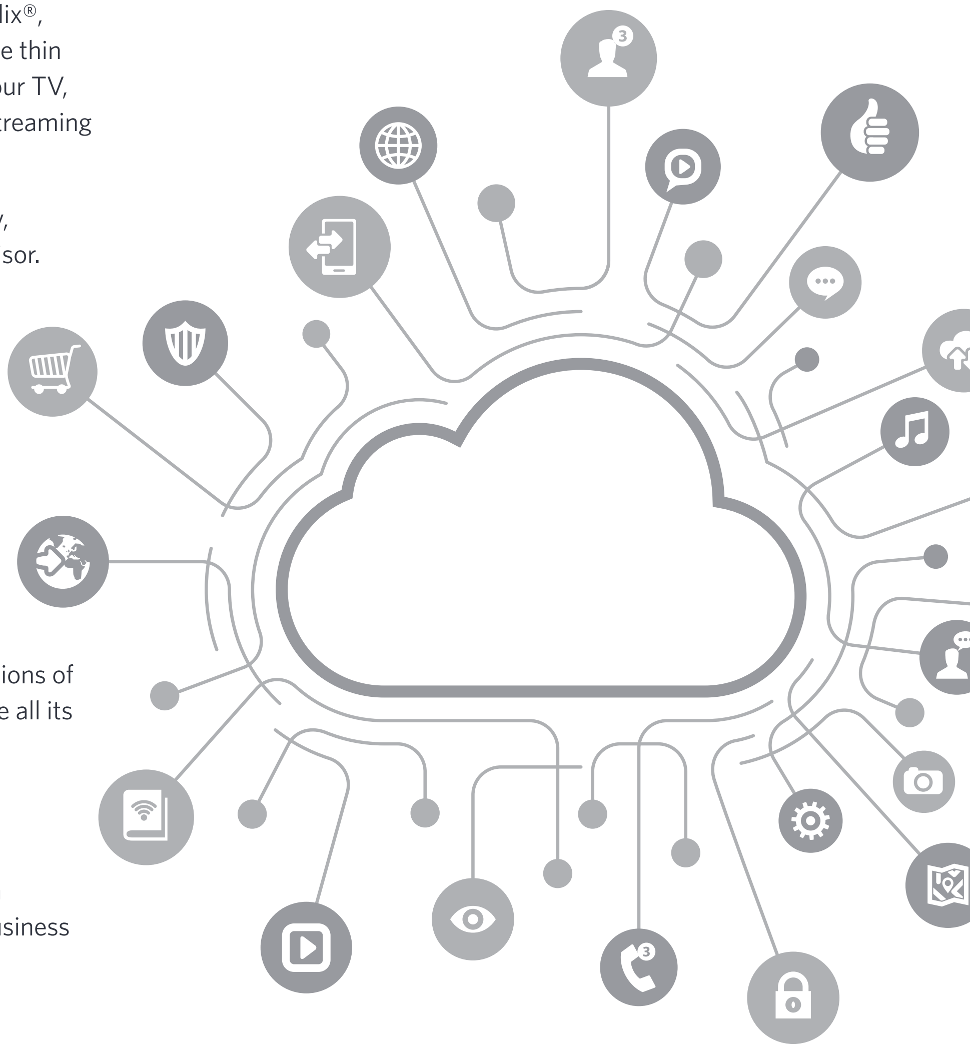
SaaS is a "thin client" user interface where all updates, security and maintenance are handled by the host provider. SFP is hosted onsite where the end users are located, residing on servers and desktops. It requires a significant capital investment at the start and a dedicated IT team to install and maintain.

All Around Us

We're already surrounded by SaaS in our daily lives as consumers. Streaming service from Netflix®, for example, is essentially a SaaS format: the thin client interface is the software loaded on your TV, computer, tablet or smartphone, with the streaming done by the host provider.

Other popular SaaS services include Spotify, Dropbox™, and Betterment®, the robo-advisor. All of these services provide a key SaaS attribute — accessibility from any internet or mobile device.

Apple® and Google® Android smartphones, whose operating systems are updated with a swipe or tap, also have SaaS characteristics. Likewise, Google® Docs, with its word processing, spreadsheet and presentation software resides on host servers. Facebook®, perhaps the most popular example with billions of active users, employs a SaaS format to store all its user data in the cloud.



Business Best Practice

Cloud computing, in general — and SaaS, in particular — is increasingly considered a business best practice. The reasons for this include:

- Affordability
- Convenience
- Scalability
- Accessibility
- Resilience

Overall cloud software sales are expected to hit **$113 billion** in 2019 — up from **$49 billion** in 2014.[1]

Accelerated Adoption

Overall cloud software sales are expected to hit $113 billion in 2019 — up from $49 billion in 2014.[1] The worldwide market for SaaS, specifically, is expected to hit a 20 percent increase in just one year.[3]

This growth is expected across all markets and continues the trend away from legacy IT services to cloud-based ones. Cost savings and competitive advantage are primary drivers. About 41 percent of SaaS adopters report reaching their goal of reducing total cost of ownership (TCO) by "a high degree."[3] Another 47 percent list competitive advantage as their primary reason for using SaaS.[4]

Implications for Banking

Financial institutions have embraced SaaS products to streamline previously disparate functions spread across the enterprise, including customer relationship management (CRM), human resources, reporting, and loan processing. With SaaS, all of these can be combined in a single cloud-based environment, accessible from a variety of interfaces across geographies, making collaboration and the accomplishment of dispersed tasks much easier.

Up Next: Core Banking Applications

Many financial institutions have core systems that go back 30 or more years. Known as "the Achilles heel" of the banking industry,[5] these systems were built when the pace of business was slow and code changes rare. While stable, secure and redundant, they lack the flexibility and agility to compete in the digital age.

In order to keep up with the times, many financial institutions have chosen application service provider (ASP) models — sometimes called "hosting" — to run their core systems. These ASPs have been vetted to comply with regulations for managing, securing, auditing and controlling all information flows. While a useful stopgap, ASPs lack the affordability and flexibility of the SaaS model and can suffer from inconsistent service levels.

As the barriers to SaaS adoption continue to fall, financial institutions will reap the benefits of cloud solutions: performing their core services better, faster and cheaper.

Next-generation SaaS models (sometimes referred to as "Vertical SaaS") embrace the best of both worlds, combining the security and regulatory benefits of ASPs with the superior economics of cloud computing. As the barriers to SaaS adoption continue to fall, financial institutions will reap the benefits of cloud solutions: performing their core services better, faster and cheaper.

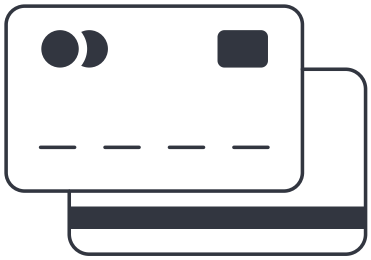
[1] Robert P. Mahowald and Benjamin McGrath, "Worldwide SaaS and Cloud Software 2015-2019 Forecast and 2014 Vendor Shares," International Data Corporation (IDC), August 2015

[2] "Gartner Says Worldwide Public Cloud Services Market is Forecast to Reach $204 Billion in 2016," Gartner Inc. press release, January 2016

[3] "Champions of Software as a Service," IBM, 2014

[4] Ibid.

[5] Jeffrey Pilcher, "Core Banking Systems: The Industry's Achilles Heel," The Financial Brand, May 2016



Why Your Financial Institution Should Use SaaS

Prior to the advent of cloud computing, businesses primarily used software-for-purchase solutions. These systems are expensive and complex to deploy and maintain, requiring dedicated IT resources, time-consuming infrastructure changes and constant upgrades. With SaaS – commonly used at financial institutions for instant in-branch card issuance – the software is updated, maintained and secured by cloud-based service providers. This option requires little IT overhead, eliminates disruptive and expensive software updates and improves security and scalability. This ensures your teams and budget are focused on your core business and engaging customers.

SaaS at Work: Instant Card Issuance

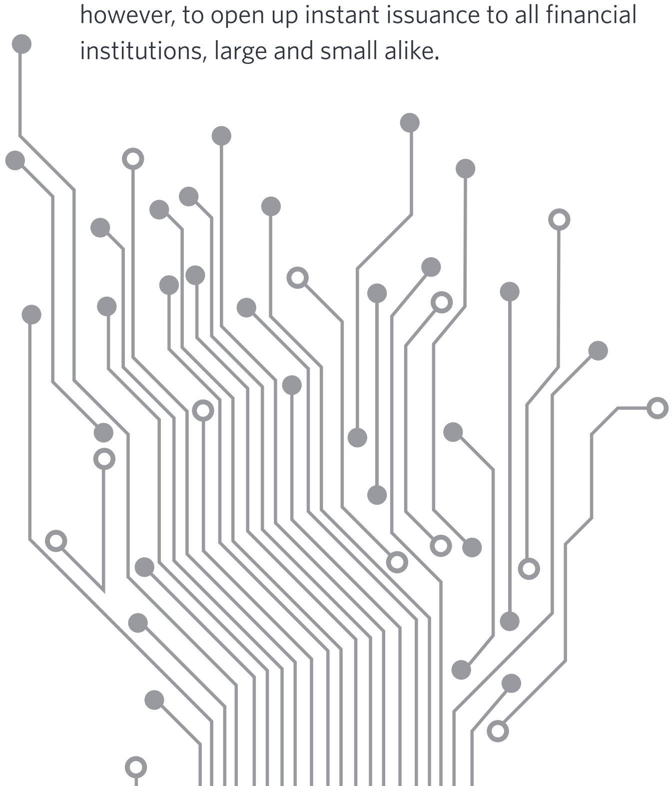
In today's world, walking into a branch to open a checking account and walking out without a debit card in hand fails the customer experience test. SaaS has played a pivotal role in allowing financial institutions to issue debit and credit cards on the spot — and meet the security requirements to be PCI-certified and association compliant.

SaaS provides an affordable solution for in-branch magnetic or chip-enabled card personalization and issuance, delighting account holders and helping your institution reduce expenses and increase card usage.

Instant Issuance's Cumbersome History Via SFP

Years ago, instant issuance required creating new infrastructure and hardware within the branch. Using an SFP format, the bank or credit union had to manage the entire process, including servers and firewalls. The infrastructure requirements were so large that only the biggest financial institutions could afford to implement it, and even they were hampered due to the vast number of their branches.

In the ensuing years, the card market changed drastically. The association approved flat print capabilities in 2009, simplifying the card production process, and signaling card issuers to work aggressively to meet ATM liability shift and EMV conversion deadlines. It took SaaS, however, to open up instant issuance to all financial institutions, large and small alike.



A Logical Path

With a cloud-based platform, even single-branch institutions can afford to implement instant issuance — and in weeks versus months. For larger institutions, using SaaS avoids a drain on IT resources to roll out a system across thousands of branches.

SaaS platforms provide several advantages for instant issuance:

- Speed to market. Instant issuance via SaaS allows financial institutions to go to market quicker than using a SFP implementation model.
- Secure. You'd be hard pressed to find a vendor in the card space today that isn't PCI-compliant. What sets SaaS apart is the security requirements are already in place and verified at time of purchase, making an instant issuance program easier to implement and maintain.
- Simple rollout and program management. The vendor manages the implementation, set up, training and ongoing support. Vendors with customer service hotlines that operate 24 hours a day can help IT troubleshoot problems.
- EMV(R)-ready. Instant issuance printers on SaaS networks are EMV-ready terminals that give financial institutions the ability to replace lost or stolen cards, or open new accounts, with industry-compliant chip cards.
- Transparent. SaaS providers of instant issuance should have annual contracts with no software to purchase or licensing fees.
- Dual Interface. Instantly issue Dual Interface cards securely for the best payment experience for your customers.

SaaS opens up the opportunity for financial institutions to implement an instant issuance like Card@Once® quickly and affordably, to generate immediate cardholder satisfaction, usage and revenue.

10 Reasons Why You Should Consider SaaS for Instant Issuance

1. Easy to install and operate
2. Minimal IT Resources
3. Lower cost
4. Scalability
5. PCI-Compliant
6. Reliability
7. Security
8. Speed to market
9. User experience
10. Competitive differentiation

For more information on how SaaS instance issuance can work for your financial institution, contact your Harland Clarke representative today.

call **1.800.277.7636,**
email us at **contactHC@harlandclarke.com**
or visit **harlandclarke.com/Card@Once**

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