

Annexure 8 - Sales process for relevant products and services

1.1 Overview of the sales process for CIT markets

1. In the national markets for the supply of integrated end-to-end wholesale and retail CIT services and full-service CIT services to retail customers, the Applicants generally compete for the provision of these services to the Major Banks or larger retail customers by invitation to participate in a market 'Request for Proposal' (**RFP**) or 'Request for Tender (**RFT**) process, which is generally initiated through the Major Banks' or retail customers' internal procurement divisions. Some customers utilise third party procurement companies to facilitate this process.
2. After the initial RFP or RFT submission is made, there may often be a requirement to provide a revised submission(s) and one or more rounds of Best and Final Offers (**BAFOs**). This process is necessitated by the Major Banks, who have been placing increasing downward pressure on prices via the RFP or RFT process. For example, in recent years, it has been increasingly common for customers to ask CIT providers to revise and re-submit responses to an RFT as well as to provide more than one BAFO. Such customer power stems from downward pricing pressure, which is dictated by the need to stay competitive and 'win' the tender.
3. Following this process, the successful service provider then works directly with the Major Bank customer on delivery of the agreed scope of works, which is formalised through the establishment of a Master Services Agreement (or similar contract). Further information regarding Armaguard's experience with the negotiation of Major Bank contracts is set out in the Confidential Witness Statement of Rodney Mills, which can be found at Annexure 37.1.
4. In the cash transport only market, the Applicants typically approach smaller customers across a number of industries, including finance, hospitality, government and retail. Throughout this process, the Applicants seek to meet with key stakeholders from these businesses to demonstrate their capabilities and service offering. This engagement may lead to a pricing submission and eventual transition of services, or subsequently drive an invitation to participate in a procurement exercise.

1.2 Overview of the sales process in the markets for the provision of ATM services

5. In the markets for the provision of ATM services, the Applicants engage with the industry participants, namely:
 - (a) financial institutions with cardholder bases, to offer access to their respective ATM networks;
 - (b) negotiations with landlords in relation to the deployment of ATMs at certain premises / locations.
6. In relation to (a), the negotiation process is typically initiated directly with the relevant financial institution or through a market engagement process initiative by the prospective financial institution. The Applicants face significant competition throughout these processes from leading competitors such as Next Payments, NCR and Cardtronics (which was recently acquired by NCR).

7. In relation to (b), the negotiation process typically involves engagement with prospective landlords, who assess multiple offers from the market to award a placement opportunity. As above, the Applicants face significant competition throughout these processes from leading competitors such as Next Payments, NCR and Cardtronics (which was recently acquired by NCR).

1.3 Overview of the sales process for ATM maintenance services

8. The sales process in the national market for the supply of specialist ATM maintenance services is typically initiated through a competitive RFP or RFT process where prospective suppliers are invited to respond to the RFP or RFT opportunity.¹ The successful supplier then embarks on a negotiation process to formalise the agreed scope of works. The Applicants compete against a number of specialist ATM maintenance services providers, including NCR/Cardtronics and Diebold Nixdorf.

1.4 Overview of the sales process for precious cargo transportation services

9. The sales process in the national market for the supply of full-service precious cargo transportation solutions is ad-hoc in nature. The process of selecting service provider generally involves customers requesting quotations from multiple parties. Where customers have an exclusive/preferred service provider, selection of the exclusive service provider is generally undertaken through a competitive RFP or RFT process.
10. The Applicants compete with a significant number of competitors in this market, including Brinks / G4Si, Ferrari Logistics, Malca-Amit/Authentic Security, Security Specialists, Sadliers, Loomis International and AVA Global.

¹ Witness statement of Rodney Philip Mills [27].