



# State-of-the-art in front and back office systems

State-of-the-Art front and back office systems for the leasing and asset finance industry, whether they be for supporting a salesman on the road, a five man broker team or a twenty-five country international operation, have been developed to a higher pitch than ever before. New words appear, like Cloud, and Silo, and the new expertise is in integrating across national and cultural boundaries, and extracting more informative insights from the mass of data that is being accumulated. The ability to marshal your data is becoming increasingly

important, even if it is just to deal with the regulatory and compliance tides, Basel III for example requires quantitative inputs, and new lease accounting proposals can be simulated on existing portfolios to make impact assessments. This is all in addition to the more exciting possibilities of discovering secret profit enhancers through intelligent mining of your business data. Increased spending on systems is with us to stay, and here are the views of some of the world's top leasing systems providers to help show the rest of us the way . . .

# How worldwide organizations can circumvent common globalization pains

Melissa Orsburne, Rapport Product Manager at International Decision Systems, explains how to get customer data flowing freely throughout a worldwide organization to boost worldwide deal volumes and reduce risk



Melissa Orsburne

In boardrooms all across the globe, many asset finance management executives are enthusiastically touting the benefits of “going global.” Everyone seems eager to readjust corporate growth strategies to rapidly move beyond their existing geographic boundaries. The resounding theme is often that business is good, but it could be so much better! Many dream about the possibility of

rolling out global financing offers to all the company’s worldwide offices simultaneously. Some even imagine their credit analysts empowered with “super vision” – the ability to see a consolidated view of customer financial risk information from a single screen across all business units before making a credit decision.

Such capabilities are now indeed within reach, thanks to new technology available today that helps circumvent the language, currency, and incompatible system barriers often encountered as companies expand. However, before your asset finance organization marches boldly down the global enterprise path, it’s wise to anticipate some awkward growing pains along the way. Indeed, for true global commerce to happen, companies need to make sure they have the right asset finance solution in place to steer them around some common “go global” stumbling blocks. Globalization Speed bumps

The Internet has flung the doors of worldwide commerce wide open. Sales teams can now easily participate in meetings at 7pm in Philadelphia with colleagues enjoying their morning tea halfway around the world in Beijing at 8am. But, in the quest to broaden a company’s worldwide reach, even the best growth strategies will hit some early snags.

One of the first obstacles you will most likely encounter as you establish a global presence is the obvious challenge of overcoming language differences and currency conversions. Without assistance from an experienced asset finance management provider, many companies simply cannot handle such conversions automatically. Therefore, even when business development goals succeed, all too

often the return on investment is slow to come.

Language and currency constraints often force companies to operate within regional silos, providing financing options or incentive programs to its sales teams or to its partner networks on a country-by-country or region-by-region basis. This type of juggling causes a great deal of redundancy and overhead to the company, and limits the potential for the company to boost sales volumes. Many companies simply want more flexible conversion options. For example, they’d like users to be able to enter deals in one currency for invoicing purposes, but report on them in another currency to do post-deal financial analysis. Most asset finance solutions are simply not flexible enough today to accommodate the way global business needs to be conducted in the future.

## Informational Road blocks

One of the most frequent gripes heard following global expansion is the business pain associated with system incompatibility. Each time a company makes an acquisition, or opens a worldwide office, it often inherits yet another front and/or back-office system to originate and process its leases and loans. In particular, companies striving to establish a pan-European market presence are often challenged with business units utilizing different back office systems on a country-by-country basis, due largely to regulatory and tax requirements. Over time, IT costs can skyrocket, requiring a huge investment in time and resources to continually maintain and support these different incompatible systems.

Such a maze of multiple disparate systems often causes informational roadblocks for credit departments. Usually, customer financial activity can only be viewed for one business segment at a time. Without the ability to see a customer’s financial history across the entire global enterprise, credit analysts are paralyzed to perform accurate corporate-wide risk assessments. Users in the UK considering a new credit application might be blind to the extent of that same customer’s payment delinquency in its Singapore sales region, simply because the information could not flow through its entire asset finance system. Approving that customer’s lease application in error could result in the company taking on too much credit risk.

Before asset finance options can be sold and deals processed efficiently, incompatible systems need to be bridged so that critical

## → A clear market need exists for a flexible front-office origination system that can sit on top of different country-by-country back office systems

customer data can flow unobstructed. To ensure credit decisions are made based on the most accurate information possible, changes to customer information also need to be updated in real time. If not, data will quickly become out of date and poor credit decisions could be made that hit the company where it hurts the most—its asset value ratio. As more and more finance companies find themselves servicing multiple platforms, data accuracy has suffered and the need for some kind of “smart synchronization” of customer information across business unit boundaries has grown.

### The global solution

The secret to achieving a faster return on your international expansion plan is to find an asset finance management solution that can integrate disparate back-office portfolio management systems, and enable critical customer risk information to flow freely through the entire global organization. A clear market need exists for a flexible front-office origination system that can sit on top of different country-by-country back office systems and communicate with them simultaneously to transmit critical data such as exposure and bookings back and forth. With this type of overall umbrella origination system in place, customer data could stay in sync between systems (and countries) and deals could be booked into multiple back office systems using different currencies.

By investing in an asset finance management solution that can facilitate language and currency conversions and integrate disparate asset finance systems, global enterprises stand to reap significant benefits such as:

- Lower risk due to better informed credit decision making.
- Reduced IT costs from less maintenance and fewer personnel needed to support disparate systems.
- New revenue streams and efficiencies created from rolling out comprehensive marketing, sales and incentive programs.
- Higher customer satisfaction as a result of faster response time no matter where the deal originated geographically.

Whether offering financing options direct or via a dealer network, a fast answer to a financing application means customers get faster access to the capital they need to grow their business. When those approvals are based on accurate, comprehensive customer risk data, companies can position themselves to gain a sizable competitive advantage in the industry.

### Conclusion

With the promise of smooth information flow, reduced costs, dramatically improved credit decisioning, and new potential revenue streams, it's no wonder that many executives are anxious to grow internationally. The key is to partner up with an experienced and trusted solution provider who can help you cross the so-called “system divide” by automatically converting languages and currencies, and linking together different asset finance systems so they can communicate effectively. That is when the real payoff of global expansion can be realized in terms of reduced risk and increased sales volumes. If, however, your technological plan hasn't quite caught up with your global ambitions, you might be more in the process of “getting more global” rather than really “going global” full out for time being.

Considerations When Formulating a Growth Strategy:

- Can your decision makers view total customer financial data, particularly those related to risk and exposure, across all your global business segments?
- Does your asset finance solution allow analysts to enter a deal in one currency and automatically convert it into another currency when making a credit decision?
- Can your company view customer deals from your back office system regardless of the currency or country in which the deal was booked?
- Can your company roll-out special financing offers or incentives to all your partners and dealers around the world?

If you answered “No” to any of the above, contact an asset finance solution provider who has experience and expertise in helping companies achieve these types of enterprise-wide goals. ■

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