

Single solution serves all

At the end of last year Dutch-based Business Lease Group finalised the successful implementation of the Bynx vehicle leasing and fleet management system across their European operations. From that moment all Business Lease countries operated on the same software platform. Eric van Kessel, Business Lease ICT Director, speaks to Nic Evans about the roll out, and how systems need to be the bedrock of expansion in asset finance

They say it's a Dutch habit that if we think something is very good we export it immediately," says Eric van Kessel, ICT Director of Business Lease. "All our over 35,000 car lease contracts across Europe are managed with the support of one unique ICT platform."

Business Lease, established in 1989, is the seventh largest Operational Leasing company in the Netherlands, and unique as an independent leasing company not owned by a Bank or Car manufacturer. In 1996 it decided to make the jump to Central Europe where Business Lease is, now, considered as one of the pioneers in Operational Car Leasing in the Czech Republic, Slovakia, Hungary and Poland.

But success can also have a down side. As a result of its successful quality approach, by 2000 the Dutch business had grown from five thousand to ten thousand lease contracts, and had reached the limits of its in-house system. In addition, Business Lease was facing the move to the Euro which their system could not manage. In searching for a solution to maintain quality, and continue the growth in the Netherlands business, they looked beyond local software suppliers and partnered with Bynx, a successful new technology player in the vehicle leasing market from the UK.

In 2005, shortly after Eric joined Business Lease, "We put our current processes on paper and saw how we could standardise these. Until that moment each country business



had their own systems: Our company in the Czech Republic used a modified version of Navision small business accounting software, with Slovakia using a different implementation of Navision, and in Poland we had developed our own system, but each country having its own IT department was not cost effective. Therefore we decided to centralise servers and IT services."

Bynx technology helped the multi-national deployment. "Citrix and PowerFuse allowed us to have all countries running off same platform. Bynx was state of the art with a

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NEXT MONTH: Legal Roundup

How to mitigate Risk when using multiple Back Office systems

Melissa Orsburne, Rapport Product Specialist at International Decision Systems, identifies the challenges and ways to overcome them

More and more asset finance organizations are relying on real-time data to mitigate risk. Because of this requirement, integrated systems are becoming increasingly critical. Although a seamlessly integrated, real-time system would help meet this goal, many companies in actuality use disparate multiple back-office systems to service their customers and portfolios.

Organizations can have multiple back office systems for a variety of reasons:

- Multiple product types – Some companies have deployed separate back office systems to support different lines of business or product types. Due to different business requirements, these separate back office systems may have been implemented to meet these various unique needs.
- Acquisitions – Other organizations end up with separate back office systems following an acquisition. Due to resource constraints, back office systems sometimes run in parallel for months or years following an acquisition, even if they are running the same software solution.
- Global deployments – Many companies have separate back office systems deployed in different countries or regions. This is because separate country offices are independent organizations or they selected products based on regional requirements.

Multiple Back Office Systems = Multiple Challenges

With these multiple back office systems, organizations have challenges in making credit decisions that involve data across these disparate systems. Keeping customer data synchronized and harmonized between them is a formidable task. This typically involves:

(i) Spreadsheets or offline consolidation databases just to get an



enterprise view of customer exposure.

(ii) Manual and duplicate data maintenance in multiple back-office systems to update something as simple as a customer address

(iii) Additional staffing to do it all

These steps increase costs and turnaround times, monopolize precious IT resources, and all too often cause critical credit and risk decisions to be made based on incomplete or inaccurate data.

Synchronizing for Success

To address these challenges, an optimum solution would be one that provides simultaneous and real-time access to multiple systems. A system with this type of access allows organizations to leverage the strengths of their back office systems while gaining the following benefits.

(a) Consolidated and Synchronized Data – When data is consolidated from all back-office systems and synchronized, the result is real-time and accurate information. When customer information is updated in the origination system, those updates should in turn be automatically passed to each back-office

system. Conversely, maintenance performed directly in the back-office systems should be automatically broadcast to the origination system and all other back-office systems. This eliminates the need for next day batch updates and reduces error-prone rekeying of data.

(b) Improved Risk Management – To reduce risk, a credit analyst should be setup to make fast and informed decisions by viewing consolidated data about outstanding contracts, payments, delinquencies and more. Also important is the simultaneous access to exposure from multiple back office systems without needing to log in to each system separately.

(c) Increased Flexibility and Configurability – Recognizing that not all systems require the same data is imperative in a solution. Configuring your system to allow the data to trigger which back office system will be automatically selected for booking or boarding takes the decision out of the user's hands. This functionality allows users to get the right data, at the right time, in order to move deals through the origination workflow, and booked properly into the appropriate back office system.

(d) Decreased Cost – By synchronizing data, companies can limit resources that are managing integration with various back-office systems. Front-office origination users will save time by eliminating the need for separate access to multiple systems and avoiding duplicate data entry. This can also provide a single point of originations processing while at the same time maintain the flexibility and uniqueness required by different portfolios, product types and private label arrangements. In addition, exposure and risk are greatly decreased which ultimately benefits the bottom line.

Capitalizing on a system that provides these benefits requires an assessment of internal credit adjudication procedures today. The following questions can be analyzed during such a review:

1. What manual steps are credit analysts taking today in order to obtain the information they require to make sound decisions?
2. How many disparate systems does the user need to login and search for data required for approval?
3. How often does your analyst review day-old payment and exposure data?
4. What other outside information can be retrieved and stored into the system

to increase productivity for analysts?

In addition, a detailed review of procedures can result in areas of efficiency improvements when comparing against a new system where data entry is streamlined and consolidated. For example, by reviewing where change requests are made to customer information, a pattern will emerge that will identify key areas of business that require said information modifications. When a system is in place that can route change requests to all other systems, it greatly reduces the amount of error and duplicate data entry

that is currently taking place.

Organizations with multiple back office systems face several challenges – data accuracy, staffing requirements to manage systems and increased risk. With a focused effort on improving processes and systems, an optimum solution can be achieved to streamline your originations across all your back office systems. ■

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Achieving efficiency across the dimensions

Nic Evans, a leading independent systems consultant, shares some interesting new systems concepts

My introduction to pan-European finance technology came on the day Europhile Tony Blair became prime minister. After casting my vote, I drove to my company's newly opened Paris office to struggle with installing a French version of Windows 95 from 24 floppy disks. Since then I have become well versed in the benefits and practice of multinational finance systems.

So I feel a neat parallel as we enter a new era of domestic coalition politics in the UK, that there is an increasing realisation that in the current climate more untapped, and immediate, efficiencies might be gained from a coalition of commercial finance lines of business within country.

First, let's first have a look at some trends:

Through the slump at the start of 2009 just about the only new UK finance business activity was Private Equity investor Anacap's creation of Aldermore. This combined the banking licence and source of funding from Ruffler Bank, Base Commercial Mortgages, newly formed leasing operations, and then the acquisition of Cattles – now Absolute - Invoice Finance, and portfolios from Heritable Asset Finance

Santander, which already has Abbey and Alliance & Leicester's leasing operations within its Corporate and Industrial Banking unit also added Liquidity, a specialist factoring and invoice discounting provider.

While Lloyds TSB Commercial Finance has continued its merger of commercial finance operations including Bowmaker and Alex Lawrie, it acquired further operations with its acquisition of HBOS.

And in continental Europe, during the last month, Credit Agricole Leasing and Eurofactor have merged.

So how does technology support the synergies that are obviously being sought here? Well, on the whole, from the software vendor side the answer to that question has to be "not immediately". In the UK the majority of packages remain aligned with one or two of the traditional silos of commercial finance.

Laurent Tabouelle, Product Manager for the iMX Commercial Finance solution at Codix (who supply software to both sides of Credit Agricole Leasing and Factoring) told me, "We have two flavours of iMX: one for commercial finance and one for debt collection. Regarding commercial finance, you hear

a lot about products - Invoice discounting in the UK, Inhouse Factoring in Germany, supply chain finance, commercial finance – but to me these are mainly marketing terms. When you really look at the details of those products, they are broadly the same but with different names in different details, and legal constraints.

"From a systems standpoint you don't want different systems to handle different products. If you have thought of those products in a flexible way up front then you can very easily handle them in the same system, even in the same contract for the same customer. Today, I am speaking to prospective clients who have two or three systems. Why? They might say, "One for my invoice discounting, one for my financing of receivables, one for my leasing and other types of commercial finance." And why? "Oh...because they are so different." But the bottom line is that you have a creditor and collaterals, then all products are variations around those key concepts. By having several systems you spread your risks over systems, which is not what is wanted. It increases the operational risk because you don't see it. Handling all these products on a single