

## Advancing Technology... Finding New Ways to Meet Today's Challenges

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BY TOM DAWSON

**W**ith the fallout from accounting, legislative, and regulatory changes, equipment lessors face immense pressure to respond to market changes and adjust their business approaches. Add the following to the mix of challenges: shrinking profit margins, increased competition on standard lease/loan products, more intensive reporting requirements, accelerated business cycles, diminishing geographic and business borders, and continued technological advances — and the pressure intensifies.

The scope and range of the changes lessors face are as important as their magnitude. Many companies engaged in leasing today see a need for change in numerous aspects of their operations, systems, policies and sales/marketing approaches. Lessors are simultaneously seeking new ways to raise their profiles in the marketplace, add innovative new products and bundled solutions, and streamline business processes to focus more resources on revenue-generating activity.

We have to find the opportunities hiding among these imposing challenges. Using flexible and powerful technology can help.

For any new technology to be worth its considerable demands of time, risk and cost, it must have a measurable, positive impact on operational efficiencies. Leasing systems must increasingly interface in real time with a variety of internal and external software programs to assist lessors in making good decisions. And, in today's customer-centered markets, the ability to make information directly available to customers and partners, without jeopardizing security, is a critical competitive advantage.

What's more, a system based on open standards and architecture is critical for achieving the efficiencies that come with enterprise-wide information-sharing. For example, today's lease management software must accommodate the incredibly wide range of technology choices made by its users, and be flexible enough to support the following:

- operating systems including UNIX, Windows and Linux
- databases including Oracle and Microsoft SQL Server
- hardware systems including Sun, HP and IBM
- user interfaces including browser or Windows-based options
- Web application servers including Apache and Microsoft Server
- workflow and back-end business rule engines from IBM, Microsoft and others

- application servers, led today by BEA's WebLogic and IBM's WebSphere

Component-based development that loosely couples software modules that are linked based on user needs can achieve the flexibility that many lessors yearn for. Component-based development, in turn, reduces maintenance requirements while simplifying linkage to outside components and services.

Ease of use can also be achieved with the J2EE standard, which is designed to simplify development, deployment and management of multi-tier enterprise solutions. In some cases, leasing companies today use multiple operating systems. J2EE-based development will allow next generation solutions to run on any of the most common operating systems. Similarly, J2EE supports database independence.

For the future, the use of Java as a development language will allow lessors to offer the same system as an in-house solution, or over the Web as an ASP or Web service offering — thereby increasing customer choice of service model. This ease of implementation and interface will help lessors compete in increasingly complex markets.

### Tools Must Help Improve Efficiency & Aid in Decision Making

Perhaps you've recently asked yourself, "Do our current business processes really help us make the best possible decisions? Do we have the information we need, when we need it and the way we want it, to make those great decisions? Are we as efficient as we could be in dealing with our customers and managing our assets?"

These questions are about approaches, tools and solutions. Technology can help address those issues by providing simplicity, efficiency, power, performance and integration. Specifically, today's solutions must have all the following attributes and benefits:

- Simple configuration and use, enabling faster user training and measurably greater staff productivity
- Maximum automation of steps and functions throughout the leasing process, reducing time and costs associated with lease/loan origination and management

- Flexible design enabling businesses to expand and alter their financial product offerings, including loans, more quickly to suit changing customer demands
- Modular design for addition and modification of functionality, without time-consuming consultations with sophisticated programming experts
- Use of industry-standard open architecture, enabling the greatest possible integration of systems and the most efficient communication
- Leverage of today's best available technologies to help create a streamlined, highly automated, high-performance business environment

Just as lessors must change to better compete and maintain a leadership role in today's market, so must their partners and solution providers. The major challenge for the developers of next-generation "tools" is to increase functionality and flexibility while reducing the complexity faced by the user.

### **Component-based development that loosely couples software modules that are linked based on user needs can achieve the flexibility that many lessors yearn for.**

The ultimate vision for any lessor is to significantly streamline the workflow throughout the company—to own the type of single, integrated solution that provides greater flexibility and more control. Lessors need a solution built to operate well with all in-house databases and applications. They also need built-in, easy-to-manage support for all types of document creation, Web-based collaboration with partners, invoicing and collections, and reporting using standard tools.

Let's consider a bank offering a full range of financial products. This operation has many key customers and multi-tiered relationships. With a click, the point person in a customer exchange may want to know many things about the customer: Which loans are active? Which mortgages? Which leases? What is their total exposure with us? Should we consider their brokerage accounts?

Rather than relying on lease/loan management software that requires the development of complex, highly specialized programming interfaces, lessors are now looking for solutions that contain the data and the ability to communicate with other applications and systems in real time. This means the entire staff can respond faster, focus more efficiently on the information needed, meet business challenges and address other non-IT related issues.

Open access, balanced by effective security, is also a major issue today. Any new system should allow access, but only to customers, vendors, secured parties, and other key partners who are authorized.

In addition to a tracking and administration system that streamlines all essential business functions from origination through disposition, it needs to serve as a means of guiding the decisions made throughout the organization. In essence, a system user attempting to enter an agreement knows all available choices, but is not offered any false or unacceptable options pertaining to that agreement. Their access to complete information about the customer, asset and other agreements helps ensure that their time is used wisely and customers are treated appropriately.

### **A Progressive, Asset-Centric Solution**

What could running your business on an "asset-centric" system — rather than one based on the agreement — really mean? Ultimately, it could give fast, ready access to a true return-on-asset (ROA) for every asset in your portfolio. Knowing where you stand, to this degree of specificity, can maximize profitability and minimize risks.

Equally important, all the components feeding into the calculation of true ROA will be readily accessible. A user will be able to easily drill down to locate complete asset information, multiple views of a customer's financial information, and much more. All data and calculations automatically can "roll" both up and down throughout the system, so that business decisions will be based on real-time, absolutely accurate information.

An asset-based system can also give administrators and high-level decision makers maximum flexibility in determining, imposing, and altering business rules for all users of the system.

Asset management capabilities provide a distinct strategic advantage by offering superior inventory and information tracking. It enables assignment of charges, taxes and penalties at the asset level. Assets can also be split, can have user defined features and have standard cost factors based on asset type.

Asset return and inventory tracking (asset history) also facilitate the end-of-lease process, a significant consideration in both operating and finance lease scenarios.

Better decision-making is available through an asset-based system than through anything available in the past for lease/loan accounting. Once lessors are able to readily view customers and assets in a variety of ways and from a range of perspectives, they can truly drive their business from a central location with all the information necessary to seize opportunities and respond to customer needs.

### **Conclusion**

Many of us are focused today on becoming more "partner friendly" organizations — open to solutions available from dependable resources that can truly transform business for the better. In my organization, I know that we are working harder than ever to give our customers the new products, systems, methods and information they need to succeed in the face of ever-increasing competition, market complexity, and customer expectations. Together, I believe our industry can make real progress, and that advancing technology can play a huge role in our success and growth. **m**

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Prior to joining IDS in January 2003, Dawson spent 13 years in the equipment leasing industry and 12 years in the commercial collection industry.