

EQUIPMENT LEASING

Instead of limping along, BB&T opted for an upgrade

Deal with International Decision Systems aims to improve pricing and give detailed financial performance **By Michael Grebb**

BB&T Leasing Corp. wasn't in crisis mode, but there was a sense of urgency. The database system it had used since 1985 to track leases and manage contracts ranging from \$10,000 to \$10 million was working adequately. But earlier this year, executives determined that wasn't enough. "Times have changed," says Joel Rutledge, president of BB&T Leasing, a wholly-owned subsidiary of Winston-Salem, NC-based BB&T Corp., which has 1,400 branches throughout the Southeast. "It's not just one department that wants to see the data. It's a dozen departments that want to get in my data pocket. Your tools have to become more powerful."

In September, BB&T Leasing signed a deal with International Decision Systems to upgrade from the IDS' InfoLease program, which relies on IBM's UniData system, to the ProFinia accounting program, which works with an Oracle database for broader access. "The benefit is to enable us to re-interface our databases again," Rutledge says. "If we can eliminate duplication of effort, it just adds up. We are really a small-ticket leasing company. What really eats you up are the smaller tickets." After installing ProFinia, he says BB&T Leasing will be able to tailor invoices to clients more effectively and devise more efficient buy-out quotes, among other benefits.

Many banks rely on equipment leasing subsidiaries to create synergies with their commercial lending businesses; the assumption is that a client seeking a loan or other banking service may also need to lease equipment. According to the Equip-

ment Leasing Association, bank-affiliated leasing companies account for 132 of its roughly 800 members. ELA reports that bank lessors' originations grew 4.3 percent in 2003, compared with a paltry 0.1 percent for captive lessors and a 16.6 percent decline among independent and financial-service leasing firms.

Meanwhile, Internet technology, computing advances—not to mention new regulations requiring banks to maintain detailed audit trails—have made it vital to bring software up to date. "The burden has greatly increased for the equipment lessors," says Mike Noonan, who runs Howell, NJ-based Lease Management Consulting. "The handshake deal or the back of the envelope just isn't good enough anymore... People rely on technology as a key component. Everybody is used to accessing data quickly and easily."

All of these factors make it vital for leasing companies to access intricate details about every aspect of their contracts. "The bottom line is you have to be able to go back to the original source of data and make sure it's accurate," he says.

Indeed, IDS has specifically touted ProFinia's "asset-centric" model that enables users to track every aspect of a lease, including every person that touched the equipment from start to finish. Such details allow managers to better determine whether a piece of equipment remains profitable or is nearing the end of its useful life. "It's very important to drill down to that level," says Lori Needham, an IDS sales manager. "You want to know what's going into that ledger." In addition, Needham says that without the ability to quickly track service costs, taxes, fees and other factors, such tasks would fall to individual employees. "Think of the man-

ual effort from a cost standpoint," she says.

Asset-centric software, on the other hand, purports to do much of that work. For example, a leased fork lift might last seven years in a warehouse but only three years in a mine. ProFinia can analyze such factors and tell the lessor how much more to charge for equipment that will endure more wear and tear. "Now it isn't just tracking the assets," says Tom Dawson, IDS' product marketing manager. "If people use the system correctly, they're going to be able to use their portfolios

and even reprice them."

One big question, of course, is how much all of this costs. No terms were disclosed in the BB&T Leasing-IDS deal, and for bank-affiliated lessors, which come in all shapes and sizes, the answer is murky at best "The larger you are, the less you will pay per agreement," says Dawson. Older software such as IDS' InfoLease starts at about \$25,000, but when it comes to newer wares such as ProFinia, he says "you're not going to get it for \$25,000." IDS declines to name

specific price, which can vary depending on the needs of the buyer. But Dawson says a leasing company with fewer than 2,000 accounts probably wouldn't want to look at high-end solutions like ProFinia. Noonan advises common sense. "I don't think buying a Cadillac if a Volkswagen is sufficient is the way to go," he says.

At least for BB&T Leasing, the upgrade decision was easy. "We're finding a lot of growth opportunity in small-ticket leasing," says BB&T's Rutledge. "I think we're ahead of the curve." ■



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