

# Diversified Financial Turns Goal into Reality with IDS Rapport; Speeds Origination by 25% while Managing Growth

In the words of Chief Operations Officer Mike Hughbanks, Diversified Financial Services, LLC (DFS) is “not a cookie cutter finance company.” Keeping pace with constant change – and a broad mix of markets and transactions — has been key to the transformation of the Omaha-based leasing and insurance company.

DFS was created in 1969 by Valmont Industries as a leasing and finance source for end-user customers in the acquisition of irrigation systems. In 1988, Valmont Industries sold this finance and insurance division to a bank holding company in Omaha, Nebraska.

While irrigation equipment financing continued to be the primary focus of DFS in the early 1990s, the company decided to expand its operations to include other farm equipment financing. This division has grown significantly since that time and today is a vital piece of DFS. Then, in 2001, DFS purchased what became its commercial and industrial equipment financing division, based in St. Louis, Missouri. This division has also seen exceptional growth since its inception.

These financing divisions have very distinct customer bases that require flexibility in the products that DFS

offers. Managing high growth in such a diversified portfolio calls for a highly flexible origination-through-booking system. DFS found its ideal solution in IDS Rapport.

Mike Hughbanks joined DFS in 1998 and has held the positions of credit analyst, IT director, director of operations, and COO. Having worked in both the credit and IT areas, it was clear to Hughbanks that DFS would need a new leasing solution to support its rapid growth.

## Getting in on the Ground Floor

As a long-time IDS client, Hughbanks knew that IDS was planning a Web-based front-end system, Rapport, and saw enormous benefit to DFS being involved in the development process. According to Hughbanks, “We wanted the opportunity to get many of the features we needed as part of the system design.” In turn, IDS recognized that a system developed to meet the complex needs of DFS could also be sufficiently robust to meet the requirements of other leasing operations. Shortly after becoming COO, Hughbanks began talking to IDS about Rapport – a full year before the software company started beta testing.

<b>Type:</b>	Bank-owned Financing Organization
<b>Segment:</b>	Large, diverse portfolio with emphasis on agricultural and construction equipment
<b>Challenge:</b>	Streamline origination-through-booking processes to manage rapid growth without adding staff
<b>Primary Solution:</b>	IDS Rapport™



SUCCESS STORY



Redundant data entry was the greatest inefficiency in the company's operation. DFS receives credit applications via fax, email or "snail mail." Before Rapport went live, every credit application was entered for submission to a third party for credit checking, again into an Excel spreadsheet for use in DFS's proprietary credit scoring model, and a third time into the IDS InfoLease® back-office system when the business was booked. In some cases, the data was entered four or five times in the credit area, and again in the documentation department. For Hughbanks, the situation seemed especially troubling when DFS's seasoned credit analysts spent valuable time entering the same data two or three times.

While it was critical for DFS to streamline and expedite its origination process to handle increased volume, it was just as important that the company retain its capability to provide customized services. For example, the industrial leasing business has many customers in the Northeast section of the U.S., and these customers often request skip payments for the winter months. On the agricultural side of the business, farmers who lease equipment from DFS typically request annual or semi-annual payments, since they want to make their payments after they sell their crops. This need for new efficiencies and flexibility drove DFS criteria for a new front-end solution.

### Picturing Greater Efficiency

Hughbanks invited IDS to brainstorm with his team before the actual system planning began. "So we said, 'Wouldn't it be nice if we had a product where we could enter all of the customer information only once, and then request credit reports, run our scoring model and automatically retrieve the information we need to make a decision on an application?'"

DFS presented its wish list, with major features including:

- Flexibility to accommodate a broad range of leasing terms
- Streamlined, one-time data entry
- One comprehensive customer history
- Integration of DFS's proprietary credit scoring model
- Ease of use.

IDS team members came to the Omaha offices of DFS and immersed themselves in the operation. It took 60 days from the time system work started to the rollout in the Omaha office. In another 90 days, Rapport was rolled out in the St. Louis office. In addition to providing an on-site specialist at each office, IDS facilitated follow-up training at both sites by presenting webinars that would walk users through the application, using key screen shots. Hughbanks also credits internal champions at DFS for

"Wouldn't it be nice if we had a product where we could enter all of the customer information only once...?"



the rapid implementation. One credit analyst spent most of her time on the customization effort. Rapport's front-end functionality makes it easy for users to customize. This capability was paramount for DFS, which handles virtually every type of contract – from floating rates, to variable rates, to prime and standard contracts. Now, 100 percent of DFS's portfolio flows through Rapport.

Another advantage of working with IDS has been the easy interface between its InfoLease back-office solution and Rapport. Because DFS does a lot of repeat business, analysts are able to view payment history on established customers at the application stage, before the new business has been booked. This is a critical capability, since many of these customers have large outstanding balances. Such transactions now take minutes to review, as opposed to the hours required before Rapport. Processing applications for these high-dollar transactions used to entail searching information from sophisticated spreadsheets and printing out payment history. It often meant an analyst had to go to several different data sources to make a sound credit decision.

By the time the system implementation was completed, reports Hughbanks, "IDS had given us everything we wanted in a front-end solution." Today, DFS reports a 25 percent reduction in the time required to process new transactions, with fewer data entry errors, as a result of the new system.

#### Looking Forward to Additional Benefits

Hughbanks anticipates a dramatic increase in DFS's leasing business across the board. He has not had to add staff in the last few years, and with the increased efficiencies from Rapport, he does not expect his staffing needs to change dramatically -- even with projected increases in business.

DFS also has plans to roll out Rapport to its dealer network via the Web, and to add more online functionality to become even more competitive. In the meantime, DFS has a powerful system that can accommodate and streamline the processes supporting its dynamic business strategy.

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