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Mid-Year Industry Update

2016 Survey of Equipment Finance Activity

Annual Convention Preview: Oct. 23–25

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EQUIPMENT FINANCE COMPANIES contemplating the purchase of a new IT system will find the 1939 Western "Stagecoach" strangely familiar. In it, an Apache warrior leaps from his mount onto a galloping horse pulling a stagecoach that holds John Wayne.

Horse-switching amid a gun fight while trying to outrace the competition is not that different from choosing and implementing a new system. The old system has to keep running while the new system is selected, designed, built, tested and gotten up to speed. Glitches along the way can spur sudden moves to different components or processes as everyone rushes to finish on time and within budget.

But finance firms face a quandary that never worried cowboys and Indians: which "horse" to jump onto when tech that is state-of-the-art today could be trail dust tomorrow? Kristian Dolan, Co-Owner and Solution Architect at Tamarack, Inc., a Minneapolis-based technology consultancy, says it's impossible to predict which technologies being used now will become obsolete or mainstream tomorrow. "That's why companies need agile platforms that can adjust and grow as their business grows," he says. "You might need to integrate electronic signatures today, but tomorrow you may need biometrics. You want to be confident that your software can evolve as technology evolves."

Ahead of the ELFA's Operations & Technology Conference, Sept. 12-14 in Baltimore, Dolan and other members of ELFA's Operations and Technology Committee weighed in on the IT challenges and opportunities facing the equipment finance industry.

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BY SUSAN L. HODGES

THE FLOW

Creating the Roadmap

To stay focused amid the "noise" made by each rising technology, Dolan believes lessors also need a plan to help them move toward long-term goals. That's why he and other industry experts are developing sessions for the Operations & Technology Conference that can used to help build technology "roadmaps."

"A roadmap lays out the direction in which a company wants to go and guides the company's technology investments accordingly," says Dolan. "Your map won't be static; it will be an evolving artifact. You'll need to adjust it as technology evolves and your business changes. But it will help you make investments that keep you on track to where you want to go."

Jeff Emrich, Vice President of Information Technology at Blue Bridge Financial LLC in Buffalo, lists three things companies should consider when creating their roadmap:

- The expanding breadth and depth of financial information,
- The Internet of Things (IoT) and
- The strategic application of technology to improve customer experience.

"There's so much financial information out there now that the challenge is how to sift through it to get at trusted-source data, which used to come only from a few places, like Dun & Bradstreet and credit reports," he says. "Today, new companies like Plaid provide secure data aggregation and intelligence, especially about credit, that hasn't been available previously."

"If we look at our industry, we can see that it's ripe for disruption... If we're willing to forget what we think we know, we can ride new technology to a revolution in our industry."

—Deb Reuben, Reuben Creative, LLC

Providing data of a different kind is The Internet of Things, which Emrich describes as "devices that are phoning home." These devices can be attached to or installed in equipment to help finance firms better understand their costs. "Just as a copy machine records the number and types of copies made, sensors can be installed on or in equipment to make smart assets that note how often and in what manner they are used," he says. "Smart assets help companies understand their costs at a more granular level and tailor programs to better reflect those costs." Lessees benefit, too, when usage is less than expected. Says Emrich, "IoT is already allowing companies to make smarter residual calculations and offer more creative usage-based financing."

Emrich's third consideration, applying tech to customer service, has less to do with what's trending and more to do with ease of doing business. "A lot of technology looks cool and interesting, but when you strip back the layers, it may not support your process," Emrich says, adding, "Resist the urge to over-engineer. Keep it simple and make sure any new technology, approach and implementation actually improve your customers' experience." Example: improving by days if not weeks the time to process a customer's credit application, turn around a funding decision or address an issue can mean a lot. "It speaks to a customer's experience when you can respond quickly and accurately the first time," he says.

Banish Chaos

Such counsel holds high value if Jennifer Martin is correct. Martin, who is Vice President, Vendor Program Development and Operational Controls at Key Equipment Finance in Albany, says many ELFA-member companies are now shopping or preparing to shop for a new IT system. "That's why we're working to build out a session on RFPs (requests for proposals) at the Operations & Technology Conference," she says. "If you can frame your RFP questions effectively, you can learn about innovation that could offer solutions to many of your operational and even strategic challenges."

Key Equipment Finance began the RFP process last year and took 10 months to complete it. "We issued it with 500 questions and gave vendors three weeks to respond," Martin says. The questions were high-level, asking respondents to describe their capabilities, procedures and processes.

But an RFP is just the start of the process. "In addition, you have to get industry feedback about vendors," says Martin. "Look at their current customer base and talk to them. Internally, spend a lot of time talking with all of your stakeholders about what's important to them tactically and strategically while staying high-level enough to allow the solutions provider to suggest change tactics that allow for potential efficiencies."

A good RFP should weed out some providers quickly, due to cost or, among other things, technical mismatches when weighed against the business need. "Boil it down to, say, the top two or three," says Martin, "and ask them to do a deeper dive into their responses through demonstration."

Throughout the selection process, keep in mind that the vendor you choose will become a vital partner in many of your company's decisions. "There's so much change that happens in an organization, and you need to include your technology partner when you respond to those changes," Martin says. "You want to be able to approach both short-term and long-term tech-and-ops decisions with your partner with an end goal of constant alignment."

Katie Emmel, Senior Vice President of Product Management and Product Marketing at International Decision Systems in Minneapolis ,says technology partners should be able to share best practices. "You want to know that the platform you select today will be able to support your business tomorrow," she says. "It's important to know that your partner's solution is configurable and retains your ability to achieve your competitive advantage."

Emmel says a new system should also be extendable across a company's entire enterprise. Extendable web services, for example, provide the ability for real-time integration to connect your applications and support integration with your customer's systems. "Whether you're supporting self-service capabilities for end lessees or for partners doing vendor programs, extendable architecture can really help you determine where you'll go in the future," she says.

Invite Fresh Thinking

Determining where to go can be hazardous when everyone in your firm thinks alike, however. That's one reason First American Equipment Finance, a City National Bank Company in Fairport, N.Y., maintains a focus on emerging talent. "For us, emerging talent is not only early-career professionals, it's talent from outside our industry," says Mark Tomaselli, Chief Information Officer. "We try to balance an

Learn more about this topic at the ELFA Operations & Technology Conference, Sept. 12–14 in Baltimore. Get the details at *www.elfaonline.org/events/2016/OTC/.*

infusion of young people with an influx of people like me, who joined the industry later in our careers."

First American has hired emerging talent since its start in 1994. "I believe in the very early days, as a start-up, the company looked to hire young individuals from outside the industry, as it would have been very expensive to recruit and retain experienced talent and because they wanted to build something different," says Tomaselli. "Over the years, however, it was recognized that those outside perspectives, unencumbered by limiting expectations of what's possible, had proven a huge strategic advantage for the company. Today we recruit almost exclusively from outside the industry."

To mix traditional and new thinking, First American establishes formal mentoring relationships and organizes employees into small, cross-functional teams. "We see great collaboration and employee growth in these teams because they're empowered to make decisions for our clients," Tomaselli says. "Our culture is designed to empower all of our colleagues and make innovation a key responsibility of every individual."

Another firm now focused on emerging talent is LeaseTeam, Inc., a 27-year-old software company based in Omaha and in Overland Park, Kansas. "One reason is that our growth necessitates we do this," says Dan O'Malley, President and COO. "Second, we find that new graduates have no fear of technology and are able to navigate through innovative hardware and software with ease. We also see an infusion of fresh ideas and renewed enthusiasm with new graduates or new hires from outside of our industry."

LeaseTeam has yet to master the merging of new and more experienced talent; O'Malley says mentoring can be challenging when new hires outnumber longer-term employees. But since the company's biggest projects tend to be awarded to the best-suited employees, the projects themselves create a mentoring environment. "Those who've been here for several years are often integrated with those who've been here for a short time," he says. "This gives everyone, regardless of experience, background or tenure, an opportunity to help meet our company goals. If every employee feels like he or she is contributing and making a positive impact, we consider that a success."

Expect Creativity

Clearly, the definition of success itself is changing. "Innovation used to be cutting-edge; now it's a requirement," says Deb Reuben, Chair of ELFA's Ops & Tech Committee and Founder and CEO of Reuben Creative, LLC, in Minnetonka, Minnesota. To foster innovation, Reuben says one of the most valuable skills equipment finance professionals can have today is the ability to "unlearn" what they've learned previously so they can stay on top of all the change. "Don't build for what you've always done or what you've always known," she suggests. "Take a fresh look and ask why something is necessary."

To illustrate, Reuben tells of a client who insisted that a certain report had to be maintained in a system upgrade because another department depended on it. "They didn't know why the report was needed, only that they always provided it," she recalls.

Bringing the two departments together to discuss the issue was eye-opening. "We found out that the department receiving the report never actually used it and was throwing it away," Reuben says. "Had we not sat down and discussed it, this report would have become part of the scope of a system upgrade, and part of the long-term management and maintenance scope of that system for years."

ELFA's 2016 Operations & Technology Conference seeks to inspire fresh thinking. To be held September 12-14 at the Hyatt Regency Baltimore on the city's Inner Harbor, the event will include sessions on sales automation, smart assets, RFP considerations, emerging talent and technology that can improve the accuracy of credit adjudication.

"Everything is changing so quickly that we must step back and realize that what made us successful in the past may no longer apply," says Reuben. "Yes, it's impossible to predict the future. But we can build for what we know is certain: that customers want goods and services at the best price and as fast as possible—and that's not going to change."

What might change is equipment finance. "Whenever you have a complex experience in which trust has been broken, intermediaries are redundant and access to product is limited, there's an opportunity for industry disruption," says Reuben. "If we look at our industry, we can see that it's ripe for disruption. Are we reinventing the way we do business, or are we simply creating faster horses? If we're willing to forget what we think we know, we can ride new technology to a revolution in our industry." ■

Susan Hodges writes about equipment finance and other business topics from her office in Wilmette, Ill.