



TOPIC: TECHNOLOGY ROUNDTABLE  
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## Overview

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**Purpose:**

We want to provide our readers with insight into how the use of technology can improve performance as well as enhance the customer experience. Scheduled for inclusion in the 2015 Top Bank 50 & Technology issue of the Monitor, we are inviting four of our soft/systems providers to participate by offering a unique opportunity to engage with our audience.

**Introduction:**

Based on recent assessment of feedback from our 2015 Monitor 100 surveys, much is being said about process improvement, operational efficiencies, minimizing costs, improving the customer experience, adapting to change, security, regulation and compliance. These challenges are “top of mind” because U.S. banks are finding it increasingly more difficult to improve profitability as net interest margins and earning asset yields continue to shrink.

Perhaps, a top 5 bank equipment finance company said it best by summarizing its wish for 2015 as follows: “Continue to focus on improving technology to: a) enhance the customer experience, b) create internal efficiencies, and c) help ease the burden of the increased regulatory and compliance requirements.”

## Improving Internal Processes to Gain Efficiencies

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In today's competitive marketplace, it is critical that businesses take a look at their internal processes and identify opportunities for efficiency gains and ways to offer a better customer experience. To achieve this, bank equipment finance companies are turning to their lease/loan management system to help streamline and automate their processes. They are configuring automatic workflows, automating tasks and defining the data that is required at each stage of their processes.

Having the ability to automate and track workflows also provides visibility into any bottle necks and streamlines the decision process by ensuring accurate data is available when it is needed. Automated workflows also reduce errors, improves internal and external communications, and provides important tracking and analytics that help define more streamlined and relevant processes to meet regulatory requirements and high levels of customer service.

## Improving the Customer Experience to Remain Competitive

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The Equipment Finance Industry has evolved and so has its customers—today’s customers are digital and mobile, and have more influence than ever before. In order to thrive, you must have a solid understanding of your customers’ motivations and expectations. You need to position yourself to predict, not merely react, to your customers’ needs and preferences. Because customers today are more technically savvy, they expect vendors to invest intellectually and financially in understanding and consistently meeting their evolving expectations. They expect their vendors to anticipate their needs and streamline their processes, providing an experience that is relevant to their business and a process flow that fits their individual requirements. They expect accessibility and multichannel communications. They also expect transparency into their data, enhanced reporting, and seamless integrations with business partners, suppliers, and vendors.

As bank equipment finance companies look to align their business with these new requirements, they are also discovering that there isn’t a one size fits all approach. And even though customers may have the same requirements, how they define success in meeting those requirements can vary from customer to customer, adding another level of complexity. In order to address these growing needs and improve their customer engagement, bank equipment finance companies are looking to leverage the technology of their lease/loan management systems to develop a business strategy that focuses and redefines business processes with the customer’s viewpoint in mind. This is where intuitive automated workflows, faster processing, visibility into data and reporting become crucial. This is important because at each customer touch point, the customer learns something that will either strengthen or weaken the relationship, defining their desire to return, spend more and recommend your business.

## Compliance, Regulations & Security Challenges

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The right technology solution can play an important role in helping financial institutions comply with regulations, while increasing efficiency and reducing the costs associated with compliance. Banking and equipment finance companies are using their systems to ensure accurate data capturing, tracking and reporting of information, and tasks necessary for compliance. By setting up rules and adding automation into their processes not only are they ensuring they have the right data and reporting needed for compliance, they eliminate redundant information and minimize the chance for compliance errors. Implementing a flexible technology solution that can be easily adapted to inevitable regulatory changes in the future is critical to provide a foundation for complying with regulatory requirements now and in the future. From a security standpoint it is also important to have a clear, well-planned policy that encompasses device use and how to dispose of secure information, as well as policies around where confidential data is stored, how it is updated and disposed of, and who has access to it.

## Advice on Choosing the Right Partner

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The obvious is that the software provider must be able to provide a solution that meets your technology and business process needs, which is where understanding your current and “to be” processes are critically important so you can ensure the provider meets your needs through the various interactions (such as RFPs, demos, etc.) However, a software provider must be more than just great products and services. They must understand your business, your growth objectives and your operational challenges in order to truly be a partner. This is achieved by partnering with an organization that employs great people with industry knowledge, technology knowledge and a commitment to finding innovative solutions to difficult problems to ensure your future success. In the end, you are partnering with an organization of people, so one of the most important things you can do is understand the culture of the organization that you are going to partner with. Some other things to be mindful of when selecting a partner include:

- Ensuring technology expertise that can provide cutting-edge solutions and therefore a competitive advantage.
- Organization of thought leaders who are involved in the industry and keep a pulse on how it is evolving in order to provide the right solutions at the right time.
- Employees who have worked in the equipment finance industry and understand the operational challenges as a means to derive best practice solutions and help you eliminate inefficiencies.
- A true focus on being your partner, whereby every aspect of the organization, from development to support, is focused on providing solutions to your most important problems and helping your business reach new heights.
- Ensuring that your software provider is doing business with companies not only similar to yours, but also ensure that the software provider has a diverse install base that represents a wide array of portfolios and ticket sizes, business types and financial products within the equipment finance industry. This will ensure that the provider and the system have the experience and flexibility to support your growth strategies that may entail different business channels than what you are in today.

## Lease Accounting Under the New FASB

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Keeping abreast of the accounting changes, and how it will impact your business and your systems, is critical. It is important that you engage with your provider to ensure they understand how the changes will impact the accounting in the system, the timeline for completion, and the potential costs and process to migrate in order to be compliant with the new accounting rules. However, equally important is taking the opportunity to speak to your customers about the lease accounting changes to educate them and also discuss what information you will need to provide to your customers so they can appropriately account for leases on their side. Interacting with your customers and arming yourself with this information is a great opportunity to be viewed as a partner to your customers.

Likewise, having this knowledge allows you to not only approach the lease accounting changes in your system from an accounting perspective, but also from a customer service perspective. You should be challenging your software providers to look beyond the accounting ramifications, and also look at the data and process requirements needed for you to provide excellent customer service under the new lease accounting changes.

## Provide Insights into how to Approach Technology-based Issues

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The first step in addressing technology-based issues is to look beyond the technology to identify the root of the problem. The problem may not be technology itself; it may be that your technology is no longer aligned with your business processes. Or that you've had some turnover and your employees need to be educated on the best use of the technology. Or maybe the technology platform simply doesn't provide the functionality your business now needs. It's important to ask the right questions, because each challenge requires a different approach, and sometimes issues can just be manifested in the use of technology.