

## ANALYSIS

# No time like the present

Now is the time for lessors to get good prices on systems, say software companies

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The battle cry coming from the leasing industry at present is: "Spend money now if you want to save money later."

Unsurprisingly, it is the leasing software providers which are leading the chant. They argue that, despite the recession, 2009 is a good year for lessors to invest in new systems. After all, it is during a downturn that the benefits of improved systems become evident.

According to Andrew Denton, sales and marketing director at CHP, there is "an issue of a lack of confidence, which affects lessors just like everybody else in the economy".

He added: "But the reality is that this is a very good time to invest, because now lessors have the opportunity to understand what their system really does and see how they can improve it."

## Tactical play

According to Denton, this is particularly relevant in delinquency management, where a technology investment in a downturn is simply "tactical play".

"If you have an arrears problem, it is important to have a leading-edge arrears system, and if you delay that, you risk the problem becoming larger," he said.

Sale of delinquency management systems is booming at CHP – it is installing systems in four places at the moment – and the same applies to its proposal management systems, the software company said.

Meanwhile, White Clarke Group said it has become "extremely busy" dealing with enquiries and invitations to tender from large lessors.

Investments, according to its CEO Dara Clarke, are coming primarily from "hot sectors", particularly large banks which are under political pressure to lend to SME-sized



■ Investing in technology now could lead to important improvements in efficiency for a business

companies, or simply see investing in new technology as an opportunity worth seizing.

"Many banks that have asset finance subsidiaries are finding that their traditional IT departments aren't flexible enough, so they are looking at how they can be more commercially-oriented," Clarke said.

This unexpected trend derives from lessors having experienced the risks involved with the downturn, as well as having more time to focus on non-business activities, such as technology, than during boom times, he added.

## A question of resources

But not every lessor is inclined to invest in new technology. Smaller lessors and captives, for example, might not have the resources to implement new systems, according to Clarke.

One option available to such companies is to outsource their activities. According to LPM Outsourcing managing director Philip Davies: "For some companies the last thing

they want to think about is investing in new systems, unless they have total confidence about expansion".

But LPM has received several enquiries from companies looking at improving productivity within their existing platforms or in "peripheral" areas of their activity.

"Although many lessors don't seem to be buying completely new platforms, they are working very hard to improve productivity around what they have," Davies said.

However, he highlighted that with enough confidence to buy, lessors could get very good deals in terms of pricing, although "investing in new platforms should not be driven only by price".

"There should always be a business case in terms of what a lessor can deliver from the market," he said.

But given the business case, the lower prices on offer and the view to maximise the not-so-big amount of good business out there, investing in new systems does not necessarily seem so unwise.

## In brief

### LPM in Triple Point win

LPM Outsourcing has won a lease portfolio management contract with Triple Point, a lessor specialising in public sector finance. The Pinner-based company will assist Triple Point in managing individual leasing agreements for its clients and in providing associated lease accounting services. It said it worked closely with Triple Point over the last six months to establish a framework for growing the portfolio.

### Jaama scoops two cost-saving deals

Jaama, a fleet management software specialist, has won two deals with Key2 vehicle management. One was for the provision of a resource that highlights discrepancies relating to vehicle registration documents, road fund licences and MoT certificates, expected to save customers around £6,000 a year. The second deal is expected to slash the company's fleet administration time by one day per week.

### Sword Apak lands Swiss deal

Sword Apak, the Bristol-based software specialist, has been chosen by Mazda for its wholesale finance operations in Switzerland. Mazda is to finance its dealerships in Switzerland, while in the UK it is being provided by Santander Consumer Finance. Sword Apak said dealers will be able to use the software to maintain and manage their accounts online through views of their inventory, available credit, vehicle details and history.