

Q2

**Agile leasing
solutions for
modern businesses**



Reduce costs, reduce risks, and appeal to today's tech-savvy customers

Traditional leasing organizations must transform their operations to become more cost efficient and control risk. Equally important they need to deliver the experiences customers expect today. This includes offering online applications that automate underwriting, decisioning, and servicing functions to make it easier for customers to initiate new leases and manage their accounts. Meeting customer needs includes improving data systems to better manage contracts and assets, along with creating web portals and mobile apps to simplify the lease servicing lifecycle—from inception to completion. The business goal is to streamline processes, automate workflows, and consolidate data to better understand customer needs. This type of versatility can only come from the cloud.

This paper describes how you can deliver a better customer experience with cloud technology while lowering costs.

Executive summary

But staying competitive with new products while lowering costs and risk is increasingly dependent on modern technology. Unfortunately, for many leasing firms, legacy information systems have become a major hindrance to progress due to inflexibility and ongoing high costs. As business expands, lessors may lose visibility into the equipment they have on lease, compromising their ability to optimize value for customers. With data scattered across multiple systems of record, it can be difficult to obtain a comprehensive view of an individual contract, let alone to develop timely insights into each customer's utilization and needs.

According to the Equipment Leasing and Finance Association (ELFA), customers want ease of access and process improvements, along with alternative methods of financing and more efficient paperless transactions.¹ Lessees with large portfolios want partners who can proactively provide asset management data to deliver the most value with the least down time for leased assets.



Opportunities abound in today's
US \$1 trillion
equipment leasing industry.

The rise of new leasing models

Market leaders look to cloud-based services to deliver same-day approvals, paperless transactions, flexible lease terms, and usage-based pricing. Direct lenders that utilize private funding for equipment leasing and financing have greater flexibility for credit and collateral. They gather new sources of data to inform their decisioning processes, changing the dynamics of origination and servicing processes. Moving approval and servicing processes online makes it easier to offer competitive features such as unlimited usage of equipment on lease and flexible return policies.

Financial technology (Fintech) companies are disrupting lending, leasing, and many other parts of the financial services industry. These companies have a wide variety of business models, but they all spring from a similar premise: use mobile, cloud, and analytic technology to power innovative customer experiences and usurp incumbent companies. They gather insight from alternative data sources to build nimble credit models and risk models, and they tap into new sources of funding to expand their services.

Deploying a comprehensive cloud-based leasing solution is the key to competing against these nimble upstarts, opening the door to new products with faster lease approvals, seamless transactions, and new sources of data to inform underwriting and credit risk models.



Leasing companies aren't alone with this pressure to innovate. All industries are confronting some version of the "**Uber phenomenon**," in which nimble upstarts leverage technology to disrupt entire industries. Uberisation is an operating model that maximizes capacity, reduces costs, and improves the customer experience. Within the equipment leasing industry, new leasing models such as unlimited usage, early returns, and usage-based metering are transforming established markets through streamlined interactions between customers and suppliers.

Meeting customer expectations

There's another reason to transform your technology platform: customers demand it.

Today's tech-savvy professionals expect prompt, knowledgeable service, forcing lessors to upgrade their capabilities. Engaged customers want to actively participate in the leasing process, and they are looking for lessors who can offer online contracts, electronic signatures, mobile dashboards, and sophisticated analytic tools. These customers want real-time information about their accounts, ideally delivered through mobile apps that let them directly influence lease origination and servicing processes. Adding or removing assets, verifying terms, and accepting payment dates should be as easy as checking the weather app on a phone.

The good news is, these upwardly mobile customers have fostered a new mindset about "renting versus owning." Whether it's a vacation rental or a ride to the grocery store, they are predisposed to lease rather than own—and that pertains to equipment, buildings, and vehicles, as well. However, you must meet them on their terms, and they often have a different set of expectations than those of previous generations. They don't want to be locked into rigid contracts, and they want the flexibility to opt out of features they don't need. They like to conduct research online and then talk to someone when they are ready to make a decision, either by picking up the phone or launching a chat session.

Having a comprehensive understanding of customers helps ensure loyalty and generate revenue. However, when internal operational systems don't work well together, lessors may lose visibility into complex customer relationships, or have a hard time tracking the equipment they have on lease.

It's difficult or impossible to discern customer preferences when information is scattered across multiple systems of record. Surveys show that as many as 58 percent of equipment leasing organizations view customer intimacy as their key value discipline, and yet only 35 percent have a 360-degree view of customer data that makes good customer relationships possible.²

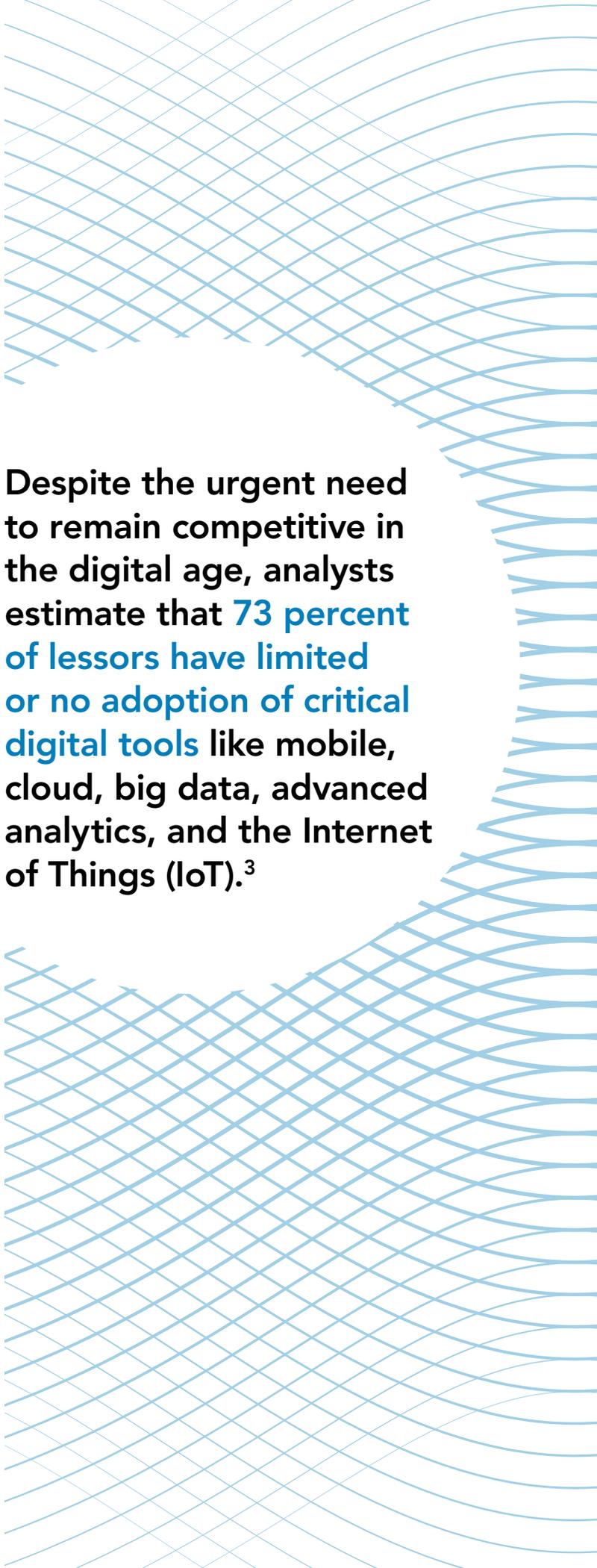
A modern leasing solution should provide a complete view of customer relationships by leveraging information from multiple touch points within the organization, including email, web, social media, chat, and call center interactions. Most importantly, it must draw from a single system of record that makes it easy to view accurate customer records.



Cloud-based technology can help lessors expand their opportunities and reduce costs while providing a modern experience that today's customers expect.

A cloud-based platform enables lessors to orchestrate the customer experience—to cross-sell and upsell new services and introduce new products throughout the leasing relationship. Smart lessors are deploying integrated systems that take advantage of the latest cloud technologies so they can lower operating costs, speed time to market, and proactively manage customer accounts, even as they lower support costs. Lessors that fail to adopt these systems will soon lose market share as they fall behind competitors.

With so much at stake and better options at hand, it's time for leasing companies to consider a new approach.



Despite the urgent need to remain competitive in the digital age, analysts estimate that **73 percent of lessors have limited or no adoption of critical digital tools like mobile, cloud, big data, advanced analytics, and the Internet of Things (IoT).³**

Introducing agile leasing from Q2

Q2s' agile leasing software enables equipment lessors to respond quickly and easily to customer needs in changing market conditions. It is a complete solution for lease originators, self-financed lessors, externally funded leases and leasing for captives. It can handle the entire leasing lifecycle from origination and underwriting to servicing, collections, and asset disposition.

The goal of agile leasing is to put operations in the cloud and tie them to a unified, centralized system of record. This helps you ensure the integrity and validity of customer data and provides insights to manage customer relationships and their contracts and assets. With information extracted from a single authoritative source, leasing accounts will always be consistent, accurate, and up-to-date.

Configurable, cloud-based solutions enable lessors to get to market quickly with new products and services. And because there are no up-front investments in hardware and software, you can obtain significant process improvements quickly and with very little risk. By subscribing to online services that instantly modernize your processes, you can efficiently manage equipment leases, from origination and termination to asset disposition.

Agile leasing from Q2 integrates the work of dealers, brokers, collection agents, repossession agents, and equipment resellers. It is an integrated family of solutions that includes three major components of lease origination, servicing and collections:



Cloud-based leasing solutions for multiple lease needs

Q2's agile leasing line of cloud-based solutions has been designed for lease originators, self-financed lessors, externally funded leases, and leasing for captives.

Lease Originators

Lease Originators that work with a variety of credit underwriting rules can use Q2's agile leasing solutions to expand into new financing models and offer new leasing products, resulting in more deals, greater revenue, and better management of credit risks. You can easily add new funding partners and leasing products in response to market needs.

- Track financing requests, record applications, and manage documents
- Generate broker document packets
- Track submissions, approvals, rejections, and document signing processes
- Generate, bill, and track commissions

Self-financed leasing

Lessors who originate, fund, and service their own leases can use agile leasing to accommodate many different financing products including finance lease, operating lease, single pay lease, zero percent lease, rental, rental with equity, and EFA.

- Track financing requests, record applications, and manage documents
- Integrate 3rd party credit data, with analysis and scoring
- Determine residual positions and pricing
- Propose multiple financing options such as finance leases, operating leases, and rentals

- Generate proposals, documents, and electronic signatures
- Generate payment and income schedules
- Automate operations such as funding, disbursements, billing, and payments
- Manage contracts throughout the lifecycle, including location changes, restructures, early termination, and buyouts
- Track returned or repossessed assets

Externally funded leases

Agile leasing for Externally Funded Leases is for Lessors who sell off rent and residual, but maintain customer relationships and manage lease-servicing activities. Agile leasing can manage complex accounting, billing and servicing associated with externally funded leases including contract modifications, early termination, payment schedules, terms, and fees. You can easily add new funders and accommodate unique underwriting and servicing terms. Advanced reporting allows you to track debt for each lease.

- Track financing requests, record applications, and manage documents
- Submit applications to funders for credit evaluation
- Determine residual positions and pricing
- Generate proposals, documents, and electronic signatures
- Generate payment, income, and debt schedules
- Service contracts after sale and track residual positions
- Automate operations including funding, disbursements, billing, payments, and investor payouts

- Manage contracts throughout the lifecycle including location changes, restructures, early termination, and buyouts
- Track assets being returned or repossessed

Agile leasing for captives

Agile leasing for Captives is designed for captives that originate and service their own leases. It's ideal for companies that want to digitize the leasing experience as part of a flexible, comprehensive solution.

- Track financing requests, record applications to market needs.
- Integrate with 3rd party credit data, data analysis, and scoring
- Determine residual positions and pricing
- Propose various financing options such as finance leases, operating leases, and rentals
- Generate proposals, documents, and electronic signatures
- Create contract on asset delivery, acceptance, and installation
- Generate payment schedules and income schedules
- Automate funding, disbursements, billing, and payments
- Manage contracts throughout the lifecycle including location changes, restructures, early terminations, and buyouts
- Track returns and repossessions

Lease Origination

With Agile leasing, you can easily originate deals and record contracts. You can set up online leasing portals and automate lease origination processes as you collect decisioning data from multiple sources including identity, credit, banking, and used equipment valuation services. You can also manage multiple equipment assets on a lease contract, including setting up flexible payment schedules, accounting for both operating leases and finance leases, and applying monthly maintenance and insurance charges.

Lease Servicing

Agile leasing makes it easy to automate lease-servicing operations including billing and ACH transactions as well as to collect payments, fees, and late charges. You can manage exceptions, track assets, and set automatic payment alerts and notifications throughout your portfolio, with automatic income recognition in the general ledger and calculation of evergreen rent for equipment used after lease term. This allows you to consistently manage returns, repossessions, and resale of equipment. The system tracks equipment throughout the contract lifecycle, including insurance coverage, buyouts, returns, repossessions, and delinquencies. You can manage equipment after a contract reaches maturity with attention to inspections, refurbishments, scrap, sale, and release.

Lease Collections

Agile Leasing allows you to proactively work with delinquent accounts to minimize collection risks. Agents can create automated collection strategies for an entire portfolio, or segment these strategies by lease type. Collection tasks include automated emails, letters, and messages.

You can create custom collection queues for delinquent contracts that accommodate attributes such as days delinquent, loan type, and loan value. Collection agents can use these queues to manage customer interactions, process immediate payments, and record promises to pay.

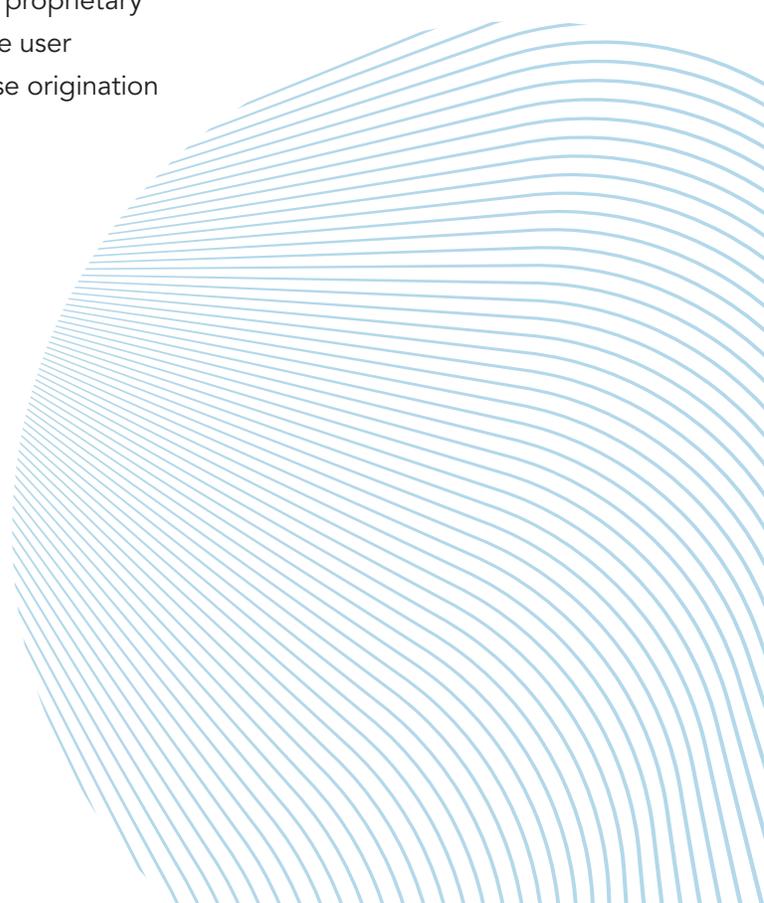
Configurable technology gets you to market fast

Agile leasing is highly configurable, allowing you to easily create new credit-underwriting processes by channel, funder, or leasing product. You can setup credit and underwriting requirements including required documents, workflows, credit scoring, pricing, and approvals. You can also set up various servicing products for finance, operating leases, and rentals. Each product can have its own accounting rules, making it easy to add multiple funding or resale options.

The value of the cloud

Q2 handles maintenance and upgrades, eliminating technical administration. Built-in security and unlimited data storage improve reliability and scalability. Your leasing processes will always be current with financial regulations, simplifying the work of auditors and compliance officers. Configurable dashboards make it easy to track an extended organization of collection agents and dealers.

Q2's open architecture allows you to customize the solution to meet your business needs. You can add new data fields, enforce proprietary business rules, and orchestrate unique workflows. A flexible user interface and open APIs simplify integration with other lease origination platforms such as CL Originate.



Move your business forward with an agile approach

Increasing competition in the traditional leasing market is motivating lessors to modernize their information systems. The limitations of older technologies and manual processes make legacy solutions unsuitable for today's leasing companies.

To increase revenue and provide tech-savvy customers with the leasing services they expect, lessors need online lease-servicing platforms that efficiently manage equipment leases throughout the lifecycle.

Agile leasing from Q2 can help you streamline processes and workflows, integrate disparate applications, and consolidate data so you can spot opportunities and effectively serve customers. The cloud offers virtually unlimited data storage as you automate origination, underwriting, contract management, and asset management activities, as well as introduce new financing models and account management options accessible via web-based portals and mobile apps. Q2's agile leasing line includes CL Originate, CL Lease, and CL Collections. These cloud-based solutions enable same-day approvals, paperless transactions, and flexible payback terms, and they build customer loyalty by actively engaging borrowers in the leasing process. You can collect third-party decisioning data from multiple sources including credit data, tax data, banking, and used equipment valuation services.

Contact Q2 to learn how you can get to market quickly with modern leasing services that help you gain complete control of your business.



The fastest path to success is to partner with an industry leader that can help you configure a cloud-based solution that matches your needs.

Footnotes

¹ <http://www.equipmentfinanceadvantage.org/rsrscs/articles/10trends.cfm>

² 2016/2017 Capgemini Business Technology Performance Index study of Asset Finance organizations

³ ELFF's 2017 Industry Future Council report

About Q2

Q2 is a financial experience company dedicated to providing digital banking and lending solutions to banks, credit unions, alternative finance, and fintech companies in the U.S. and internationally. With comprehensive end-to-end solution sets, Q2 enables its partners to provide cohesive, secure, data-driven experiences to every account holder – from consumer to small business and corporate. Headquartered in Austin, Texas, Q2 has offices throughout the world and is publicly traded on the NYSE under the stock symbol QTWO.

For more information, go to [Q2.com](https://www.Q2.com) or call (833) 444-3469.

