The Top Three Challenges with Vendor Programs

Vendor programs have been a leading revenue generator for successful equipment finance companies for over **25 years**.

$900B

in **new lease originations** in the U.S. over the past few years have been sourced through vendor programs.

Source: The Equipment Leasing and Finance Foundation. "2019 Equipment Leasing & Finance Industry Horizon Report."

This productivity of vendor finance has brought with it some significant challenges, mostly associated with their complexity. We have had conversations with hundreds of equipment finance companies, and these are the Top 3 challenges they face.

Complex to Build and Manage

The typical vendor program has nine important components with over 100 variables resulting in thousands of variations that must be set up, maintained, updated, and monitored for compliance and performance reporting—all in a dynamic and competitive marketplace.

Labor Intensive

A typical lessor with a successful vendor program has a team of up to 12 people using up to nine disparate spreadsheets and software applications to support the programs. Updates can take up to two months and require unwanted staffing increases for manually produced results that generate losses resulting from non-compliance of programs while these updates are being made.

Lack of Automation

Lack of vendor program automation means inefficiency—and this translates into inadequate margins for lessors offering them. A lessor could have between 600 and 3,000 vendors, and each is added and maintained manually, and updates take months to complete. Homegrown siloed systems and workarounds add to the operational and business risks that could be eliminated through automation.

These challenges are certainly not insurmountable.

Learn more about the automated solutions Q2 is implementing for its vendor program clients.

LEARN MORE ABOUT Q2'S VENDOR SOLUTION

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