Connecting the lease enterprise through lease management software

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As the lease becomes a service rather than just a financial product, the back-end software managing it can no longer be a repository of disjointed data -- it must actively connect the disparate parties of the lease process

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Information Technology has improved the leasing process, parts at a time. Every company has evolved some manner of maintaining customer information. Accounting software has kept the back-end humming. The sales force has devised methods for maintaining customers and then bridging them with funding sources. The vendor is contacted when an order needs filling. Further down the chain, the collections process is managed independently. And, the savvy leasing business has found ways of retaining customers to keep the process alive.

Limitations of the traditional Lease Management Software

But the permeation of technology has been sporadic, at best. Thus far, the existent lease management software have spot lighted sections of the leasing process, affecting each uniquely, independently and in isolation from the whole lease operation. This has forced companies to tie together the disparate sections of the lease process manually, without using any lease management software. Inevitably, intervening to help one part of the business communicate with another without a technical platform such as lease management software to collaborate both parts creates inefficiencies. While financial data would help the sales-force negotiate with repeat customers, the sales-force may not be privy to the relevant information easily devoid of innovative leasing software. The lessee may be offered an online lease application, but a potential funding source is not intimated of the new request until much later. Unfortunately, the disjointed nature of traditional technology necessitates physical intervention almost every time one link of the lease chain needs to be connected with another.

Improving productivity through consolidated lease management

Here's where concepts like Customer Relationship Management (CRM) and Supply Chain Management, so successfully used in manufacturing and telecommunications, become relevant to lease management . Today, Internet-driven technology such as the lease management software can consolidate the entire leasing process, beyond simply improving its various sections in isolation. Productivity-wise, this consolidation will do to the leasing business what the assembly line did to automobile manufacturing. And, if implemented wisely, the cost of this technology is quickly covered many times over by the resulting synergy - and the quantifiable savings -- that it brings to the leasing enterprise, regardless of its size.

Managing leasing relationships through the Lease Management Software
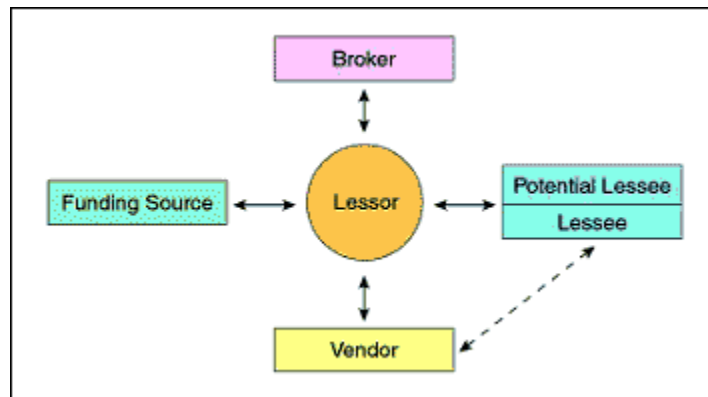
With the Lessor at its center, the schema maps the typical relationships that leasing operations are built around. Each relationship or, to put it simply, each arrow in the diagram, is a source of untapped efficiency that is tapped by the lease management software.

Lessor <> Lessee

The lessee-lessor relationship, for one, fits intuitively into the Internet model of the lease management software, given the high level of interaction it requires. After all, lessees have ongoing and insatiable needs, ranging from the most basic monthly invoice to the more complex asset-dependent property tax management specifics. Lessees with numerous assets under each of their leases, for instance, need a specialized flow of information to track their assets and stay abreast of their accounts by way of an effective lease management system. With a lease becoming a service rather than a mere financial product, lessors have to find ways of catering to the growing customer demand for information. One cannot help wondering why the systems they use for lease management, veritable storehouses of the needed information, don't have CRM functionality. Indeed, CRM is as relevant at point-of-sale as it is during the lease process; it allows lessors to understand a lessee's ongoing needs and even distinguish one customer from another. An online interface by means of lease management software can form the perfect channel of information exchange for the data-starved lessee.

Lessor <> Funding Source

Driven by tight marketing conditions and innovative funding models, the unique investor-lessor relationship can also benefit greatly from the use of technology via lease management software. Typically, lessors sell receivables, in whole or in part, to various investors to fund their leases. In some cases, the residual value is even sold separately with the investor and lessor sharing the proceeds generated from off-lease remarketing, contingent on various realization thresholds. But, regardless of the level of complexity in their relationship, there is one undeniable truth: Information that is already present with the lessor has to somehow travel to the investor. Typically, this entails hours of error-prone report and document preparation, the need for pain-staking clarification and, possibly, re-reporting. Again, these inefficiencies beg a rather obvious question: Why not let the investor get the information it needs, in a controlled, secure and real-time environment, devoid of manual intervention? Shouldn't it be possible, at least in theory, for the investor to view information that lives with the lessor without the latter's direct involvement? With an Internet based lease management system, this becomes a very practical possibility. Once the lessor determines the type and extent of information access it wants to offer, a customizable Web interface can provide the forum that eliminates the traditional inefficiencies of the lessor-investor association.

The Solution - Internet based Lease Management Software

Indeed, owing to the ease of information flow that the Net inherently facilitates, Internet based leasing software technology can tie in the hitherto unconnected parts of the lease process. Through this technology, the lessor can provide its business partners with controlled gateways to information residing in the back-end. In light of optimizing these relationships, the technology used to forge this data exchange must be based on the same technology that is used to maintain the information. If, therefore, the back-end accounting software were Internet based, it would become a minor step to make the relevant information available to investors or lessees online.

The technological consolidation of the leasing process by way of a internet based lease management software begins, then, with the back end. Lease management software is the battering ram around which the rest of the leasing process is built. In fact, Supply chain management and CRM, as they pertain to leasing, are fueled primarily by the data-rich back end. After all, here's where every detail about a lease, from inception through maturity, is maintained. Yet, despite the obvious opportunity to realize these efficiencies, the leasing industry has not recognized the benefits of online lease management software. Most software vendors still earn a living touting systems that are entrenched in the client/server model and that are seriously limited by their legacy origins. This scenario is changing, however, with companies like Odessa Technologies, Inc., based out of Philadelphia, that make Internet based lease management systems.

Through LeaseWave (Lease accounting and management software product), Odessa Technologies provides a cost-effective means to benefiting from the Internet. LeaseWave, at its nucleus, provides for complete asset management and lease accounting functionality, allowing the lessor to efficiently manage any number of lease portfolios. Beyond this core, LeaseWave provides a series of interactive web sites that connect the lessor with business partners including lessees, funding sources and vendors. This allows for the lessor to consolidate the leasing process, tying together

business partners online, on a real-time basis. Through LeaseWave, the leasing supply chain meets CRM around a robust, Internet based lease management software.

Indeed, it was through supply chain management and CRM that Wal-Mart recently revolutionized the retail industry. IT investment "enabled the company to squeeze out every last inefficiency from [their] merchandising chain." By connecting with their suppliers such as Procter & Gamble, Wal-Mart was able to reduce inventory, lower order-processing costs and thereby offer "low, everyday prices." One better than Wal-Mart, Cisco, one of the largest Internet hardware suppliers now boasts a paper free supply chain. Cisco's suppliers only begin assembling components after a customer places an order online, giving "just-in-time supply" a new standard. Why then can't our retail shops (read lessors), their suppliers (read funding sources) and their customers (read lessees) be similarly connected? Don't we also want low, every day prices?

BIOS

Jay Mehra is the COO of Odessa Technologies, Inc. He worked for Ernst and Young, LLP and consulted for the Dispute Analysis and Investigation wing of PriceWaterhouseCoopers, LLP before joining Odessa.

Odessa Technologies, Inc. is the maker of LeaseWave(c), a completely Internet based Lease operations management system for the Lessor. LeaseWave technology, at its core, handles Lease Accounting and Asset Management. In addition, it provides a full eCommerce solution and interactive interfaces for Lessees, Funding Sources, Potential Customers, Vendors and other Third Parties. The technology aims to bring the entire leasing operation online, allowing lessors to conduct business in real time with their business partners. LeaseWave is marketed via an ASP (Application Service Provider) service through subscription or as a fully licensed system residing on the Lessor's internal server. Visit Odessa Technologies online at www.odessatech.com or call 1-888-683-2484 for further information.

Author

Madhu Natarajan is the Chief Executive Officer of Odessa Technologies, Inc. and has been with the company for the past 10 years. He worked for Crowe-Chizek, LLD before joining Odessa and brings extensive experience in software technologies, lease management and lease accounting. He has spoken on a wide range of leasing topics at various national and international forums. He has also written for leading industry publications. Madhu graduated magna cum laude from Monmouth College, USA with a degree in Computer Science and minors in Business Administration and Accounting.