

The Shifting IT Paradigm

AS PUBLISHED IN THE WORLD LEASING YEARBOOK 2006

LeaseSoft[®]

Seamless Efficiency

Ensure that your business goes down the winning route

Maximising the opportunities in a changing and challenging leasing environment. The importance of achieving an integrated software solution. Striving for global quality. The marriage of offshore development with a strong onshore team.

There is no room for complacency in the quest for success when transacting business in the 21st century. This is especially so if you provide leasing or finance and your systems are mission critical to the business with heavy reliance on the functions, features and innovations of your software systems and software and services suppliers.

What will leasing mean to your business five years from now? For any enduring business strategy, a sustainable competitive advantage - differentiating your business from your competitors, improving your business processes and offering a compelling reason to customers to put business your way, and to keep putting it your way - is a must have in a constantly changing world. But when change affects all leasing companies, you also need to ensure that you are ahead of the pack in implementing it. Like it or not, you must harness the opportunities presented by technology.

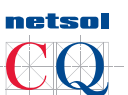
To maintain and enhance margins, leasing companies must embrace technological change to improve their front to back-office administration and accounting processes. Quality software helps you to work more efficiently and to handle more customers but with fewer staff. It can make a new way of

transacting business possible and can also give you confidence that you will be up to date with all the latest legislation and regulation affecting the leasing industry.

Integrated solutions are pivotal. All leasing companies have one function in common, namely portfolio management. There are three ways of controlling a portfolio: manually, a combination of off-the-shelf software packages or an integrated software solution. Manual systems are unsatisfactory and uneconomic because of the time spent in calculating, administering and accounting and they are, of course, prone to human errors. Off-the-shelf packages have the disadvantage of data duplication and a lack of integration. They can force leasing companies to adopt rigid practices, which limit automation and smother innovation - leaving little to compete on but rate.

By contrast, an integrated solution provides total administration and control, reducing time, minimising errors, improving financial accounting and providing accurate management data. In an integrated solution, an integrated single database means a single end-to-end solution where the entire transaction is managed from cradle to grave with multi-currency and multi-lingual capabilities. A single integrated solution provides a superior insight into customer exposure, asset concentration and credit risk - key business areas where you need ready information and control of your business. Crucially, a quality system must be sufficiently flexible to accommodate leasing's

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complexities and external influences and change and it should also be capable of implementation globally.

The first task is to identify sufficiently robust core functionality, which mirrors industry fundamentals. The second exercise is to find software solutions that are designed to allow customisation, integration and future adaptation to support the unique position of the leasing company. The final component is to seek a partnership approach with the software and services company to exploit the dynamics of this ever-changing leasing market to the full.

The solutions approach to system integration enables your software and services company to propose improvements to your current processes in addition to providing new software systems, such as relationships with introducers or borrowers. The solutions approach will help you to maximise business development opportunities and enhance automation without having to compromise on the quality of service you provide to your customers.

In both new and mature leasing markets, systems efficiency is clearly a core consideration. Whether it is a matter of “automation enhances deal times and drives down costs in the small ticket market” or “asset management is crucial for maximising whole-life asset returns in the middle market”, integrated solutions are at the heart of today’s leasing industry.

The holy grail of global quality

How is global quality achieved? There are a number of key and diverse business factors to address to arrive at a comprehensive solution. They include accounting, control, resilience, a proven track record, production of management information, end-to-end seamless integration, auditability, new product flexibility, multiple channels to market, scalability, automation, multi lingual

and supportability – the crucial factor is that the integrated solution meets all these criteria regardless of location, but allows flexibility for individual regions from a single platform.

But are software houses delivering this global quality, or are they being a hindrance, appearing complacent, reliant on existing products and avoiding large-scale new developments? New versions of software are more often than not insufficiently innovative, struggling to keep pace with new business concepts and on occasion failing to deliver genuine benefits let alone seamless integration. Software houses have traditionally relied on client-funded enhancements to move their products forward, wandering from client request to client request. Why is this, are software houses complacent or are other dynamics constraining innovation and development?

The simple answer is that in more recent times onshore software development has been prohibitively expensive and the proposed 48 hour working week directive can only increase this cost and make European-developed software even less competitive.

There are no two economies any more and no barriers to trade. We now form part of a global market and the winners among software providers will be those that recognise the paradigm shift and those that are willing and able to metamorphose, with a low cost base, and have successful, proven quality initiatives with a vision to deliver next generation products. The losers will be those that fail to see the shifting paradigm and resist the change.

Global economies are now in place and the time is right for change, to focus on innovation through true research and development and to deliver new products that help drive the market. But how is this achieved? The answer: remove the constraints and allow software houses to do what they do best – create innovative integrated solutions.

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Constraint 1 – Cost of development

By leveraging offshore development facilities, new ideas can be explored for a fraction of the cost of onshore research. With unconstrained resource, ideas can be brought to fruition quickly and adapted or rejected with less pressure to live with a compromised solution.

Constraint 2 – Lack of quality resource

With successful offshore technology parks able to recruit the cream of technology graduates streaming from the many universities and unconstrained by European employment directives, new resource can be brought online quickly and output can be rapid.

Constraint 3 – Quality

There is a standard that is internationally recognised, having been sponsored and developed by NASA and the American Defence Agency to ensure software houses undertake operations and develop software to the highest standard. The Carnegie Mellon

Software Engineering Institute Capability Maturity Model (CMM) sets a scale of standard from 1-5 and is a model for judging the maturity of the software company's business and development processes, for identifying the key practices that are required to increase quality and efficiency. By following these international standards a company has a competitive advantage in the market by offering the following: better delivery capability, reliable cost estimation, reduced time to market, increased productivity, defects prevention rather than defects correction and increased customer and employee satisfaction.

To achieve CMM level 4, a company must have proven processes that are regularly enhanced. A customer working with a level 4 software house can be assured of the products' design and build quality and of the software house's commitment to project success. A software house with level 4 can stand proud when competing in the global marketplace.

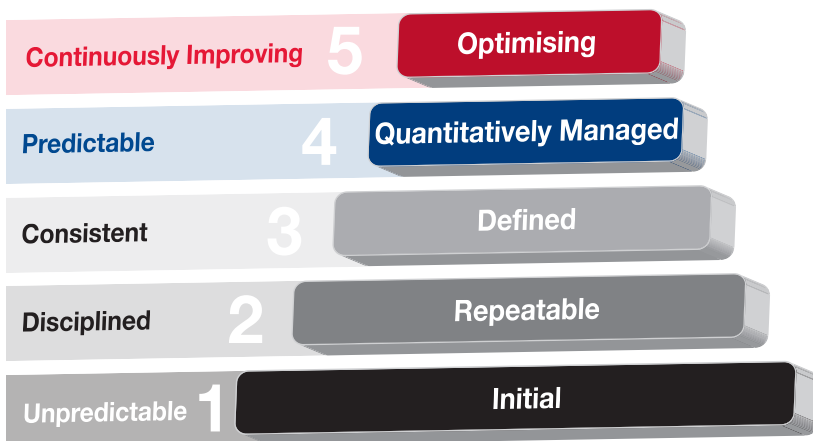
Marriage of offshore with onshore

Now the clever bit. The dynamic for success is to marry offshore development with a strong onshore team and at the same time maintain complete lifecycle control. Economic pressures have driven many companies to outsource major elements of new developments, but in many cases this has proved to be a disaster as control is lost and projects grind to a halt or don't deliver the correct solution. The most successful projects tend to be derived from the following models:

a) Employ your own offshore team and manage the remote location.

b) Form a jointly owned company with an established offshore software house where both sides are motivated to succeed, share in the rewards and have performance improvement measures as part of the measurement metrics.

Software CMM Levels



The Carnegie Mellon Software Engineering Institute Capability Maturity Model (CMM) sets a scale of standard from 1-5. CMM is a model for judging software company's business and development processes.

Special permission to use Key Practices of the Capability Maturity Model Version 1.1 Figure 2.3 © 1993 by Carnegie Mellon University, in 'The Shifting IT Paradigm' article is granted by the Software Engineering Institute. The SEI and CMU do not directly or indirectly endorse NetSolCQ work.



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c) Contract a software house that has a significant local presence and track record but which also has internally operated and controlled offshore capabilities.

Now is the best time to maximise the benefits from an offshore development model and bring to fruition the innovative ideas you seek to release.

The paths to success

To summarise, choose the integrated solution path to help you to maximise the business opportunities, enhance and achieve seamless efficiency.

Global economies are now in place and the time is right for change, to focus on innovation through true research and development and to deliver new products that help drive the market. Remove the constraints and let software companies create innovative integrated solutions.

Should you require for more information please contact NetSolCQ Marketing.

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