

b t p i

Business Technology Performance Index

2017/2018



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Preface

We are proud to present the **2017/18 Business Technology Performance Index** in collaboration with the ELFA. This 15th annual edition of the BTPI provides insight into the technology trends and forward-looking initiatives that Equipment Finance companies have begun, are anticipating, or have recently completed in efforts to drive their firms into new markets, new opportunities, and more efficient operations.

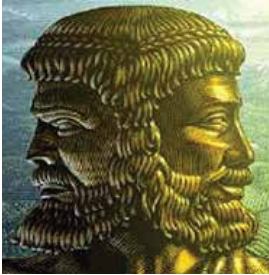
This year we introduce insights into new technologies such as Artificial Intelligence (AI) and Robotic Process Automation (RPA), Blockchain and Smart Contracts. We believe the findings in these pages can help inform the construction of Equipment Finance business plans and the creation of new technology strategies to support those plans.

Cordially,

Michael Donnary

Michael E. Baez

1. Executive Summary



In Roman mythology, Janus was considered the god of beginnings and transitions looking at both the past and the future. In a similar manner, this report looks both backward and over the horizon year on year.

Advances in technology have a way of catalyzing rapid change and this report focuses on three trends we feel the industry must address proactively. Artificial Intelligence (AI) and Robotic Process Automation (RPA); Blockchain and Smart Contracts. All three of these have become familiar names over the past several years but, until now, have remained interesting but infant initiatives.

This is no longer so. We believe these technologies have now reached a level of maturity that will trigger a tipping point for their adoption. In our outlook, we examine the history, the future state and the cost vs. benefit of each and recommend an approach for their evaluation.

The look behind us at this year now passed reveals the continuation of a number of **long-standing** trends.

- The rate of adoption of Agile project methodology remains on the increase as firms look to realize targeted benefits earlier than SDLC or waterfall methods have been able to deliver.
- The ability to deliver on-line document signatures and customer payments histories remain high priorities.
- Mobile access for customers and other stakeholders in the leasing process is still a relative rarity and a priority for the industry firms.

Principle barriers remain:

- Competing priorities.
- Budget constraints where keeping the doors open consumes the great majority of funds devoted to technology.
- Access to expert resources.

The technologies we highlight are all relevant to the past, the present and the future. Let us carefully examine how they can be used to our advantage.

2. New Technologies

Artificial Intelligence and Robotics

It is simple. We only want our people engaged in a process where our customers demand it, a decision is required or where they can add value.

Increased automation has been a high-profile objective in most organizations for years now. Recent advances in technology are about to make this more achievable than ever, and it is the right time for the equipment financing industry to pay close attention. The BTPI survey results indicate that one third or less of the industry is actively reviewing the benefits of these technologies. We believe market expectations, regulatory restrictions and cost pressures will drive the need for automation.



One third or less of the survey respondents are actively reviewing the benefits of these new technologies

The excitement surrounding Artificial Intelligence (AI) is accompanied by measures of uncertainty and fear. The fear that technology is going to replace us or that we're going to be engineered out of usefulness, and that machines will rule.

However, we predict this is not the end of anything. It's the start of something new and exciting, holding untapped potential for not only businesses, but consumers as well. Furthermore, workers will be freed from repetitive and dull duties as tasks become automated—enabling humans to concentrate on more complex aspects of the business.

The Five Senses of Artificial Intelligence¹

Humanizing Automation

There's nothing new about automation: it started during the Industrial Revolution, of course. But what is new is intelligent automation that harnesses digital technology to replicate cognitive processes, adapts to new circumstances and elicits appropriate responses. It is a development set to change the way the world works.

Global enterprises already have IT platforms, and equipment finance organizations may be unaware of the benefits AI can bring. However, taking advantage of Artificial Intelligence isn't merely a question of layering it on top of existing infrastructure, legacy lease and loan accounting systems or a current business process. AI is not an add-on. Like human intelligence, it is a combination of senses, experiences, and knowledge.

Harnessing AI's potential involves not just thinking about technology toolkits, but the processes to which it is applied along with the human purposes you are aiming to serve. Properly implemented, AI should play a core role in the functioning of your organization.

Bridging humanity and AI to transform your business

We view AI as a combination of senses—and it is paramount that you seek out an automation provider that understands this and how AI applies to your equipment finance operations. The five senses of AI combine to create a solution that is similar to our perception of human intelligence.

The five senses—Listen/Talk, Watch, Remember, Think and Act

The five senses of AI should work together to form automation solutions that deliver responsive, relevant, and intuitive user experiences. These attributes are a fusion of smart processes and intelligent automation, and they each have a corresponding human sense.

1. Listen/Talk—Interact

Interactivity is the most human-like part of AI, because it is the area in which technology engages with people most—listening to them, reading what they say and responding—either aloud or in writing. Chatbots and voicebots are common examples, augmenting or replacing staff-run service desks or managed-service call centers. It is technology that needs to feel natural. It is integral to the customer experience, so it needs to keep people happy.

¹ The Five Senses of Artificial Intelligence, Capgemini 2017

2. Watch—Monitor

Technology has been used to keep track of and record data for some time, so people can watch over it and take appropriate action. But what's new is the extent to which monitoring can now happen, and the manner in which data is captured. Standard metering and telemetry are being joined by CCTV, IoT sensors, and other forms of digital data capture. Organizations can assess the health of their IT systems, the assets they finance, their customers' experiences and expectations, market trends, and more.

What's also new about monitoring is the application of AI. Self-healing routines are being built into processes to automate remediation, and AI techniques will make them completely self-adjustable and self-manageable. Before, monitoring captured data—now, it generates knowledge.

3. Remember—Knowledge

Information only becomes knowledge when we can remember it and when it is relevant in solving a problem or answering a question, which is why data storage and retrieval are so important. Managing this knowledge typically involves the use of a central repository. AI turns knowledge management on its head. Instead of being driven by the data and systems in which it resides, AI is driven by the needs of the business and the value it brings in shaping future direction. Knowledge is power—and AI can help to release it.

4. Think—Analyze

Just as human minds apply thought to knowledge, AI detects patterns, recognizes trends and applies algorithms to information to determine appropriate actions or predict future consequences. What's more, AI can do this at scale. Deep Neural Networks (DNNs) can perceive patterns humans would miss because the data sets within which they're operating are simply too large for any one mind to accommodate. For example, we believe in the next two years, most major businesses will redefine their processes and products to deliver enhanced customer experiences with AI-based technologies. These will have derived courses of action from vast data sets of customer interaction.

5. Act—Service

If the other four senses described in this section are about processing information in various ways and engaging with people, this one is more dynamic. It is about using technology to complete processes and tasks. Even though these robots aren't physical—you don't see them spray-painting car bodies on assembly lines—they are no less useful and no less tailored to the tasks they perform. **Robotic Process Automation (RPA)** is the set of technologies that uses software as a 'virtual worker' to manipulate existing application software in the same way that a person completes a process. Common current examples of RPA include resetting a password, originating a customer transaction or processing a vendor invoice. In the future, RPA will be extended by AI: Deep Learning algorithms will learn from historical data and decide appropriate processes and approaches to take in the delivery of services.

Weaving in AI and intelligent automation to transform your business

What conclusions should we draw here? First, of course, that AI is set to enhance and transform the way major enterprises and their employees manage their processes and serve their customers; second, that AI reaches its fullest potential when it is approached with equal intelligence. AI and intelligent automation need to be woven into your organization, not bolted onto it. This means taking time before any implementation to understand the exact needs of your business, the efficacy of your processes, the extent of your current technology, and the capabilities of your workforce.

Implementing AI and RPA

How should one approach this? We advise you start small and learn. Select the right processes, standardize these before you automate them, modularize to minimize downtime, build iteratively, carefully control technology releases and, above all, emphasize the importance of engaging the organization.

Credit

Chris Stancombe
Capgemini, Head of Industrialization and Automation.

Blockchain

The Emerging Use of Blockchain for Financial Services

Why Blockchain will become a way for consumers to lease products rapidly, easily and safely.

Today the number of banks using Blockchain remains small, but is growing. These early adopters are expected to have Blockchain in production in 2017. They represent some 15% of the banking industry. Their focus is in consumer lending, retail payments and reference data with the objectives of creating new business models, reaching new markets, and reducing cost, risk and processing time. Other areas of Blockchain investment include trade finance and corporate lending in addition to mortgages, deposit taking, international payments, other cash management, consumer and corporate lending. Blockchain's foot print in equipment financing has yet to be established.

Early movers have found success where they have been able to identify areas where Blockchain can provide substantial benefits.



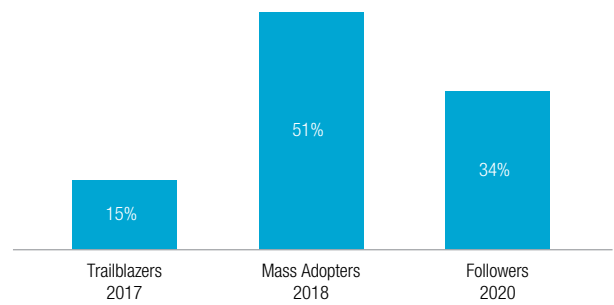
The number of banks using Blockchain remains small, but is growing

The first time international payments on a Blockchain crossed the wires, the transaction was completed in a matter of seconds instead of hours. Blockchain and distributed ledger technology (DLT) is a long-term prospect. Three years ago it seemed potentially revolutionary but the consensus premise behind the technology was more public than banks were comfortable with. However, private ledgers could help close the information gaps that make multi-stage settlement a problem. With DLT, each bank could potentially verify the payment information simultaneously and, if all parts of the chain provide validation, the transaction could settle instantly, making for a more binary— and thus less uncertain— cross-border process.

In the future, Blockchain and DLT could see increased use for many other transactions—such as inter-company payments or certain high-value treasury settlements that are now typically dependent on large pools of liquidity.

In spite of the current low level of adoption, Blockchain is expected to grow rapidly in 2017 and exponentially in 2018 to 51%.

Expectation of when Banks will have Blockchains in Commercial Production and at Scale

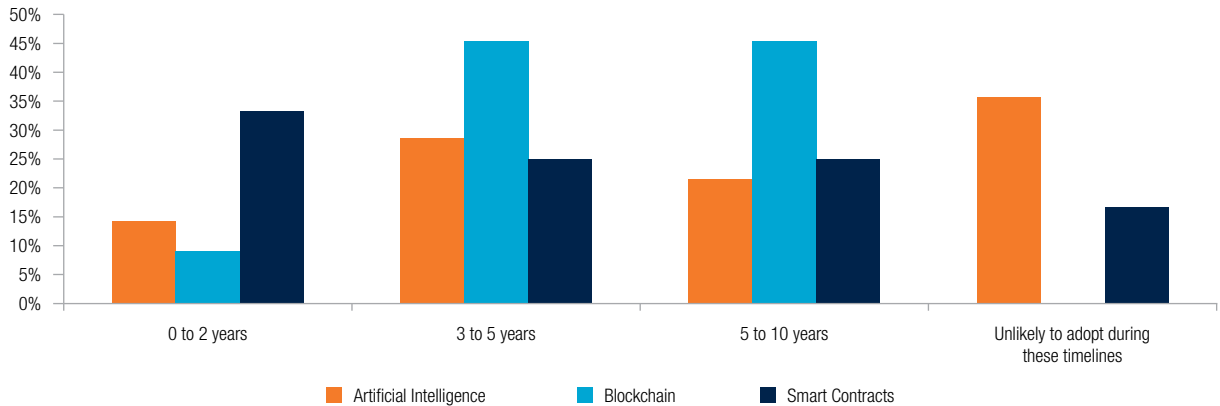


The initial 15% is made up of medium-sized financial institutions, but larger firms are prepared to move fast when faced with market change. How the Blockchain market shapes up over the next few years will depend on each firm's situation, capabilities, the benefits they see going forward, and how regulators support the change.

Banks appear to have concluded that Blockchain provides benefits in every aspect of banking. The greatest benefits so far are identified in consumer lending, retail payments and with reference data being captured in real time. Reference data has demonstrated the highest benefit, eliminating reconciliations, enabling real time analysis and creating verifiable audit trails.

Our survey indicates many companies are using their innovation centers to see what Blockchain can do for their business without investing a lot of time and money. Financial services firms are hosting such things as Hackathons or internal contests to see what their staff come up with without committing to the Blockchain industry. Among most companies polled, Blockchain will not be a focus for another 5 to 10 years.

Timeline to adopt new technologies: Artificial Intelligence; Blockchain; Smart Contracts



36% of companies are looking to adopt new technologies in the next 2 years

The inherent risk for these companies in waiting 5–10 years to embrace Blockchain technology is significant. We believe millennial customers are going to expect to conduct banking and financing with Blockchain combined with Smart Contracts. This upcoming generation expects financial services companies to adopt these technologies when buying, leasing, or starting a new loan to ensure their experience is secure, fast and reliable.

The Trend: No longer just an Idea

When Blockchain first emerged there were many skeptics who thought the technology would not stay the course. As the technology develops further, we see that it has become a trend, not just an idea. The development path of Blockchain shows us this.

Blockchain 1.0²

Focused on basic currency aspects (a.k.a. cryptocurrencies), covering:

- Currency Transfer
- Bank Transfer
- Digital Payment Systems

Blockchain 2.0

Focusing on tasks that are more than just plain cash transactions, covering:

- Banking products like stocks, bonds, futures, loans, mortgages and syndication
- Smart Property (= ownership controlled via Blockchain)
- Smart Contracts

Blockchain 3.0

Focusing on applications beyond currency and financial, for example in the fields of:

- Culture, Art and Literacy
- Health, Science and Government

Within Blockchain 2.0 there are many use cases where a bank with a successful Blockchain implementation will encourage customer adoption.

Customer Experience

Vendors and their clients look to financial service companies supporting equipment financing transactions to provide secure, seamless, and efficient processes. We believe this is the way of the future. Blockchain helps reduce the back and forth of non-standard contract paperwork. It is a framework where all prudent security checks live within the network or distributed ledger. The identity of an asset, a party, an entity or the terms of a contract are known and trusted within the

² https://www.safaribooksonline.com/library/view/blockchain/9781491920480/preface01.html#blockchain_1dot0comma_2dot0comma_and_3do

Blockchain, therefore there is no need for back and forth between the vendor/client and their financial services provider to get the financial transaction completed. In principle, this could be done within one meeting.

As a practical example, a realistic use case has emerged within the auto-leasing sector. A customer can actually test drive their selected car, and, while sitting in said car, complete a lease transaction via the Blockchain. Their credit history along with financial information is available via the Blockchain; the transaction is finalized and they are able to drive the car right out of the dealership.

Options for Equipment Financing Firms

Blockchain offers an attractive accelerator, enhancing efficiency and reducing risk in situations where long established and well controlled relationships exist. In specific industry sub sectors, equipment finance firms and their dealers and clients asset types are well known and the terms and conditions of lease contracts well understood. Here, equipment lessors can take small steps to test their markets and then expand as they choose to realize the full benefits of the technologies.

In order to do so effectively, firms will need to explore the third of the new technologies we examine in this report.

Smart Contracts

How Can Banks Realize the Full Potential of Smart Contracts?

The negotiation and settlement of complex financial arrangements often involves the preparation and negotiation of weighty documentation. Even relatively simple transactions usually require plenty of paperwork. This often leads to extended time to close, fund and syndicate such leases and loans. Recent developments have led to a renewed focus directed at Smart Contracts.

(The following is an excerpt from Capgemini's **Smart Contracts in Financial Services**³ report, which takes a broad look into the various ways distributed ledger technology (Blockchain) is currently disrupting the way financial organizations approach their markets.)

What is a Smart Contract?

Smart Contracts—programmable contracts capable of automatically enforcing themselves upon the occurrence of pre-defined conditions – have been gaining increasing attention from the financial services industry. Particularly, Smart Contracts enabled by Blockchain or distributed ledgers have been projected as a magic solution to many problems associated with traditional financial contracts. We wanted to demystify this build-up and find answers to several questions that it raises.

We believe that there are inherent benefits to smart contracts and that their true value will be unlocked



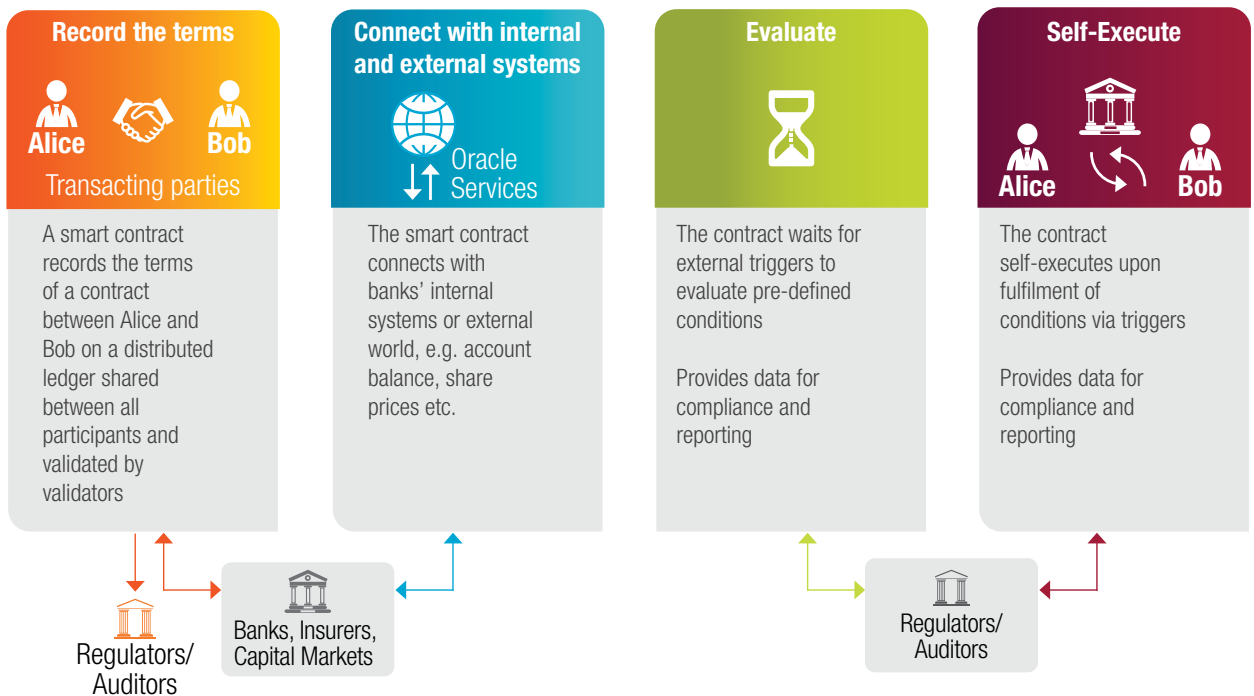
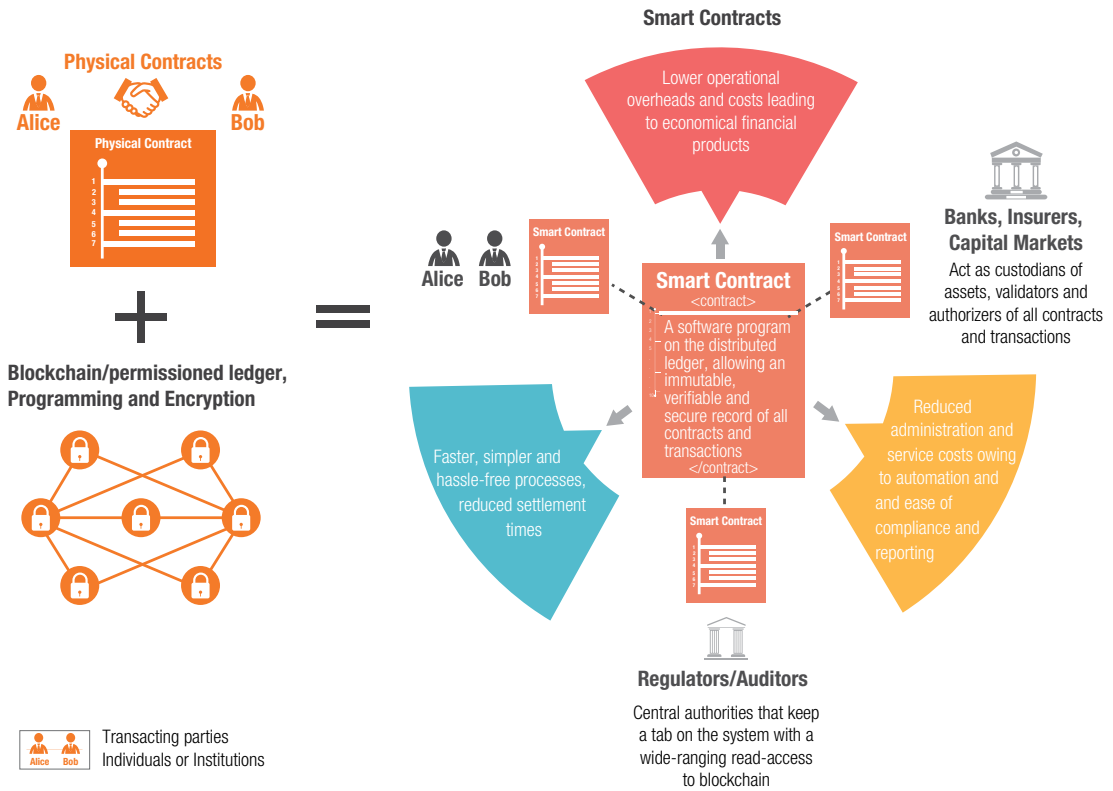
Blockchains are one type of such distributed ledger systems that, when sufficiently secured, make it impossible for a single party or group of parties to reverse transactions once recorded on this database. This eliminates the need for trusted intermediaries to authenticate and settle transactions. As a result of these properties, Smart contracts on distributed ledgers could have a high degree of immutability and security, guaranteeing execution based on coded terms. While Nick Szabo coined the Smart Contracts concept in the 1990⁴, implementing Smart Contracts on distributed ledgers came to the fore with the advent and maturing of the Bitcoin Blockchain post 2009.

We believe that there are inherent benefits to Smart Contracts and that their true value will be unlocked by clearly differentiating between the hype and the reality. Smart contract applications will lead to reduced risks, reduced administration and service costs, and more efficient business processes across all major sections of the financial services industry. For consumers, it will translate into discounted financial products, such as mortgage loans and insurance policies, along with simpler and hassle-free processes. There are substantial benefits in several specific use cases, some of which we examine below.

3 Smart Contracts in Financial Services: Getting from Hype to Reality. <https://www.capgemini.com/consulting/resources/blockchain-smart-contracts/>

4 Nick Szabo, "The Idea of Smart Contracts", 1997

How Smart Contracts Work in a Permissioned Blockchain System



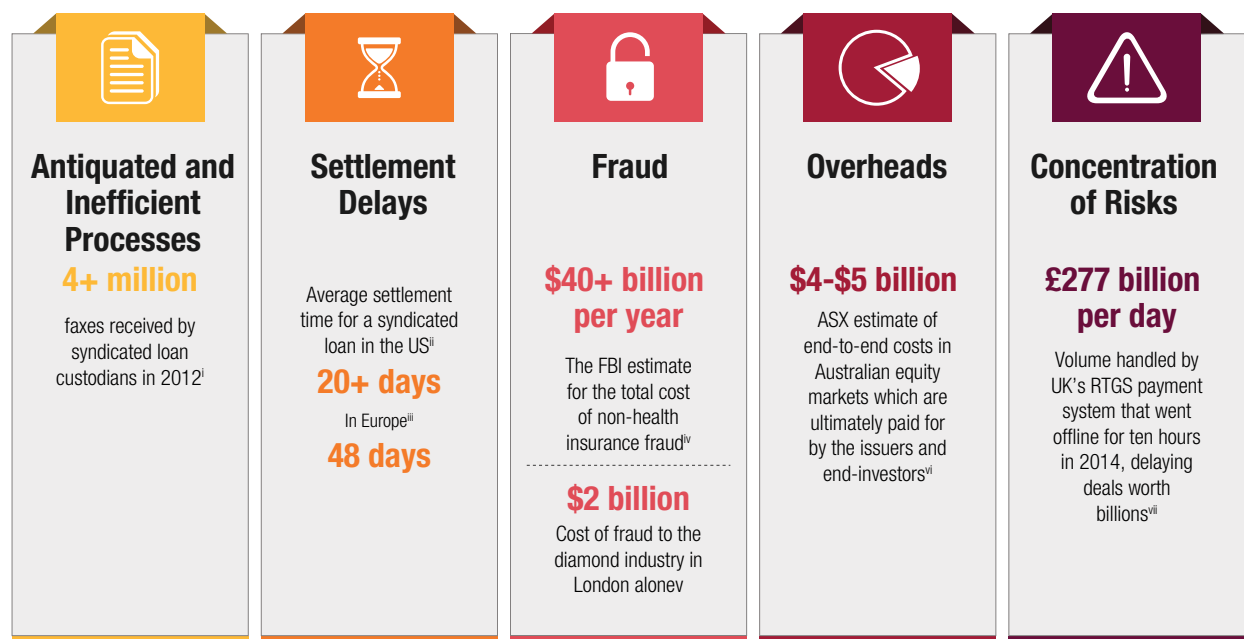
Smart Contracts, enabled by Blockchain or distributed ledgers, have been held up as a cure for many of the problems associated with traditional financial contracts, which are simply not geared for the digital age. Reliance on physical documents leads to delays, inefficiencies and increases exposure to errors and fraud. Financial intermediaries, while providing interoperability for the finance system and reducing risk, create overhead costs for and increase compliance requirements.

The benefit of this model will extend to all major segments of the financial services industry, across value chains, and drive significant value in three key areas: risk reduction, cost savings, and enhanced efficiencies.

Distributed ledgers offer a higher degree of trust and reduced risks for Contracts or records stored on the Blockchain or permissioned ledgers, eliminating the need for a central intermediary to provide trust in the system. For markets that do not use intermediaries, it still adds a higher degree of trust than current operations:

- Corporate Finance and Investment Banking: Distribution of private equity of small and medium businesses in a crowdfunding or an IPO sale.
- Structured Finance: Trading and settlement of large, collateralized loans such as syndicated loans between a group of banks, mutual funds, and pension funds.
- Insurance: Automated processing of travel insurance claims in case of events that can be automatically verified, such as flight delays or cancellations.

Examples of Rising Problems with Traditional Financial Contracts



ASX = Australian Securities Exchange located in Sydney; RTGS = Real-Time Gross Settlement – a fund transfer system where the transfer of money between banks takes place on a real-time basis.

^{i.} Bloomberg, "With Loan Market Still Using Faxes, Settlement Times Trail Goal", April 2015; ^{ii.} Bloomberg, "Dirty Secret of \$1 Trillion Loans Is When You Get Money Back", September 2014; ^{iii.} Markit, "Markit European loan volume survey", October 2015; ^{iv.} FBI, "Reports and Publications: Insurance Fraud", Accessed May 2016; ^{v.} TechCrunch, "Everledger Is Using Blockchain To Combat Fraud, Starting With Diamonds", June 2015; ^{vi.} J.P. Morgan, "Australia Quantitative and Derivatives Strategy", March 2016; ^{vii.} The Telegraph, "Mark Carney launches investigation after real-time payment system crash delays house purchases", October 2014.

Smart Contracts in Motion: A Look at Three Use Cases

Smart Contracts: A Loan Syndication Use Case

The leveraged loan market faces acute settlement issues. While high-yield bond trades are settled in T+3⁵ days, the settlement period for leveraged loans often extends to almost 20 days.⁶ This creates greater risk and a liquidity challenge in the leveraged loan market, hampering its growth and attractiveness. Since 2008, the global leveraged loan market has witnessed negative growth, whereas the high-yield bond market grew by 16%.⁷ We believe that Smart Contracts could reduce the delay in processes such as documentation, buyer and seller confirmation and assignment agreement, and KYC, AML and FATCA checks, with the help of a permissioned ledger.⁸ The settlement period for leveraged loans could thus be reduced to the range of T+6 to T+10 days, making the leveraged loan market more liquid than it is currently.

We estimate that with the reduction in settlement times, if the growth of leveraged loans can be at least a third of the high-yield bond market growth (i.e. between 5% and 6%), it would amount to an additional \$149 billion of loan demand in the market. These loans typically carry 1% to 5% arranger fees, translating into additional income of \$1.5 billion to \$7.4 billion for investment banks.⁹ In addition, operational costs, regulatory capital requirements and costs associated with delayed compensation payments during the settlement of leveraged loans will be reduced with the shortening of the settlement cycle.¹⁰

Smart Contracts: Mortgage Industry to Benefit from Adoption of Smart Contracts

The mortgage loan process relies on a complex ecosystem for the origination, funding, and servicing of mortgages, adding costs and delays. Roberto Mancone, MD and Global Head Disruptive Technologies and Solutions at Deutsche Bank AG, says that it is high time that some of the systemic issues in mortgage processing are resolved. “The loans are one of the main drivers of growth, but at the same time also of operational complexity in the retail banking industry,” he says. “This creates an enormous need to enhance the efficiency of internal services and processes.”¹¹ Smart Contracts could reduce the cost and time involved in this process through automation, process redesign, shared access to electronic versions of physical legal documents between trusted parties, and access to external sources of information such as land records. Our earlier research on banking back-office automation suggests that mortgage lenders can expect savings between 6% and 15% from Business Process Management systems, core banking platforms, and document management systems.

These numbers, coupled with our experience and discussions with industry experts, helped us estimate expected savings for each of the processes involved in loan origination. For instance, in the US housing market, nearly 6.1 million homes were sold in 2015.¹²

Based on historical averages, 64% of these were purchased by home owners with a mortgage. We estimate that minimum savings of \$1.5 billion could be achieved by loan providers through the automation of tasks within their organizations (see Figure 5).

5 Van Eck Global, “An Alternative to Bank Loans”, Accessed August 2016

6 Bloomberg, “With Loan Market Still Using Faxes, Settlement Times Trail Goal”, April 2015

7 Stone Harbor Investment Partners, “The Globalization of the High Yield Market”, March 2015 Update; CVC Credit Partners, “SUB-INVESTMENT GRADE DEBT CAPITAL MARKETS”, Accessed August 2016

8 Know Your Customer (KYC), Anti-Money Laundering (AML) and Foreign Account Tax Compliance Act (FATCA)

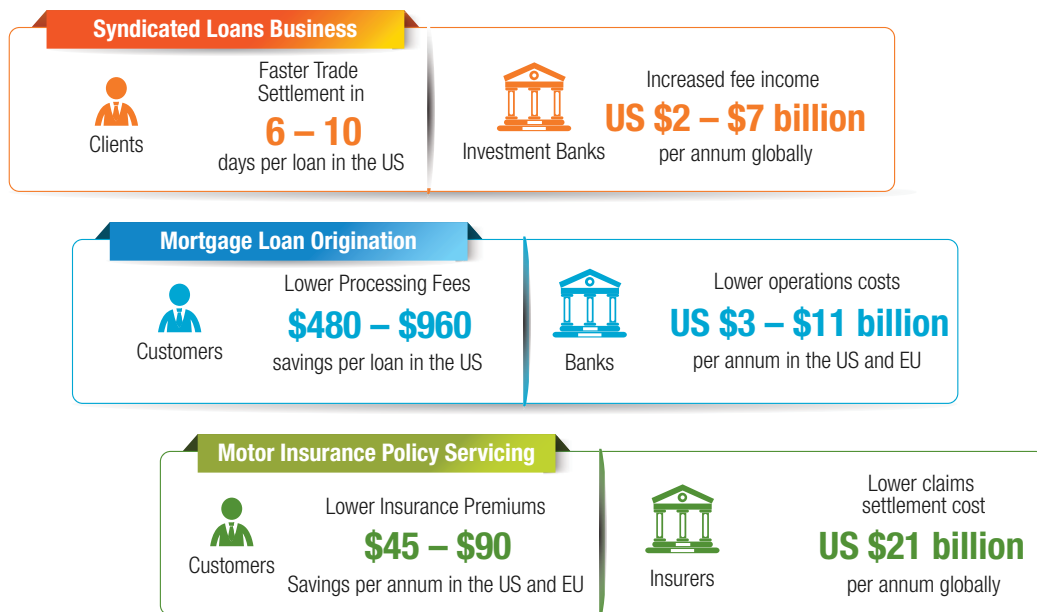
9 Expert estimates, Leveraged loan, <http://www.leveragedloan.com/primer/#/whatisaleveragedloan> S&P Report, “A Guide To The U.S. Loan Market”, September 2013

10 Lexology, “LSTA Imposes New Rules for Par Trades in the Secondary Bank Loan Market”, July 2016

11 Capgemini Consulting Interview, June-July 2016

12 Wall Street Journal, “U.S. Housing Market Tracker”, Published October 2014, Accessed June-July 2016

Smart Contracts Could Offer Substantial Benefits to Customers and Financial Services Firms



33% of respondents indicated they believe their organization will adopt Smart Contracts within the next two years

Further, savings of \$6 billion could be achieved once external partners such as credit scoring companies, land registry offices, and tax authorities become accessible over a Blockchain to facilitate faster processing and reducing costs. We also estimate that mortgage customers could expect an 11% to 22% drop in the total cost of mortgage processing fees charged to them in case Smart Contracts are adopted. In absolute terms, this amounts to savings of \$480 to \$960 on the average processing fees of \$4,350 on every mortgage loan. The total of outstanding mortgage loans across the United States and European Union countries in 2014 was valued at \$20.98 trillion. Based on the U.S. mortgage market case, Smart Contracts could potentially save between \$3 billion and \$11 billion in the new mortgage origination process across the US and EU.

Smart Contracts: Claims Processing Cost Savings in the Motor Insurance Industry

We believe that in the motor insurance industry, Smart Contracts that bring insurers, customers and third parties to a single platform will lead to process efficiencies, and reduced claim processing time and costs. Also, third-parties such as garages, transport providers and hospitals – once they are part of the distributed ledger— will be able to provide quicker support against claims to customers and can expect faster settlement of claims.

The UK motor insurance industry processed 3.7 million claims and spent \$13.3¹³ billion in claim costs and expenses. We calculate that approximately \$1.67 billion, or 12.5% of the total costs, could be saved by adopting Smart Contracts.

Based on the UK motor insurance market, we estimate that annually \$21 billion could be saved by the global motor insurance industry through the use of Smart Contracts. A percentage of savings could be passed on to the customers via lower premiums on motor insurance policies. We estimate that the cost savings amounts to a reduction of \$90 on average on every premium payment

if the insurers pass on all of the savings generated from Smart Contracts adoption to consumers, and \$45 per premium in case the insurers choose to pass on only 50% of savings.

Conclusion

The financial services industry is following developments in the Smart Contracts space with a keen eye. Innovators among banks and insurers have started experimenting with Smart Contracts and several of them are optimistic about the evolution and mainstream adoption of Smart Contracts within the next few years.

It does not take much imagination to see that the use cases examined here could quickly be extended into the equipment financing industry and provide similar benefits.

It is imperative that financial institutions move beyond challenges related to talent and smart contract innovation by forging strategic partnerships with experts in the space. To make an informed decision on partnering with the smart contract start-up ecosystem, it is crucial that banks and insurers develop an understanding of the smart contract landscape.

Smart Contracts present an exciting, transformative opportunity for the financial services industry. However, as with all breakthrough innovations, organizations need to be careful about differentiating between what is hype and what is reality in the Smart Contracts space. By focusing time and energy on understanding the potential of Smart Contracts, and plotting a long-term, robust and pragmatic strategy, organizations can realize the potential on offer to reimagine financial contracts for a digital age.

Benefits to the Customers

[New Technologies - Benefits to the customer](#)

Three new technologies are emerging in the industry, each bringing new abilities to our organizations. Of course, the technology must have some impact on our customers as well as our internal organization. So how does the introduction of these emergent technologies affect our customers in the modern equipment finance world? In many ways we're only scratching the surface

of all that can be done so far. The benefits will continue to evolve and become greater and more visible, however the impact is already evident.

While we may not equate technologies like Artificial Intelligence including Robotics, Blockchain and Smart Contracts as simpler ways of doing business, the truth is that behind the scenes, this is exactly what is occurring with these emerging technologies. Customers appreciate a simpler and more efficient process, it is logical that the more difficult it is to do business with an organization the less a customer wants to deal with such an organization. Complexity is often caused by too many players involved in too many steps for a given transaction. How is the speed and efficiency realized?

- Artificial Intelligence allows for the logical interpretation of data and rules available to organizations and the industry today. There are a large number of options available to any consumer today—from asset types, financing products and pricing options among other decisions a customer must make before finalizing any contract. AI can assist in narrowing down this abundance of information to a subset that suits the customers' needs. This customer profiling and product matching can be performed with industry data, asset data, data available to the organization internally and help initiate and guide a transaction quicker and more efficiently.
- Blockchain reduces or eliminates the need for third parties and brokers to authorize transactions. For example, identities, credit history or financial statements can all be validated by the ledger system of the Blockchain. This eliminates the need for third parties and increases the speed at which a transaction can be authorized.
- Smart Contracts can allow for the automated processing of a contract based on a set of rules and verify and execute contracts without intervention. The Smart Contracts can even leverage the Blockchain ledger system to aid in satisfying the rules required to initiate and execute the transaction. Take for example, the fact an asset could be shipped immediately upon a payment being received. The efficiency and speed at which the customer would receive their equipment could be greatly increased.



46% of respondents indicated they are either building capabilities around or are exploring potential uses of Artificial Intelligence

Of course in speedier and more efficient transactions cost is impacted positively for all involved. For example, The Economist magazine estimates banks charged us more than 1.7 trillion dollars to process payments in 2014. Costs can be saved by reducing complexity and parties involved in a given transaction. This will reduce the expense passed through to our customers as we adopt such technologies.

The reduction in players in any given transaction and use of technology allows for a more consistent, reliable, and transparent process for the consumer. By implementing such technology into our organizations we can provide more information to a customer and more consistently meet and exceed expectations. Consider the smart contract's ability to abide by specific payment rules and the Blockchain's ability to track the financial transaction. Discrepancies in payment amounts, timings and sourcing should be greatly reduced as we eliminate human error or additional parties involved in servicing a transaction. In the event issues or queries arise a universal ledger from the Blockchain can quickly track where funds came from and where they went while Smart Contracts can tell us the 'why' in such events.

What if we had an asset's complete history available to us to share with any future customer? The Blockchain could help us provide customers with reliable and trusted details such as manufactured date, maintenance history, prior owners and sale dates. Much of this may be available today but in a variety of formats and locations. This information gathering can be made simpler and coupled with AI to assist in placing assets and in pricing as well as maintaining assets. The customer realizes a substantial gain in understanding and evaluating the asset they are obtaining.

Security is also a benefit to the customer as the new technologies become more prevalent. Considering the current landscape and focus on cybersecurity, this is an area which will be highly scrutinized as these technologies mature and become more widely adopted. Blockchain in particular is built on a network of cryptography allowing for the information produced and provided in the process to be reliable and secure. As this data becomes more widely available and secure, the ability for AI to use the data and enhance the Internet of Things should continue to increase. In addition the use of Blockchain ledger systems within Smart Contracts will enhance the security of such contracts to the customer. However, while Blockchain does appear to increase the security to customers, it must be closely and consistently monitored. Cybersecurity must constantly evolve and take into account all contemporary threats to customer's data.

Enhanced speed, cost, reliability, transparency and security will be realized by customers exposed to these technologies. Customers will continue to be exposed to new and exciting benefits as the technologies mature and adapt to the industry. Based on the BTPI survey responses we publish below, the majority of respondents have only "some awareness" or are "not aware at all" when it comes to artificial intelligence, Blockchain and Smart Contracts - 57%, 78% and 71% respectively - which indicates benefits will continue to increase as adoption increases.

3. Study: Next-Generation Business

Artificial Intelligence (Robotic)

Business management consultant **McKinsey & Company** forecasts that **by 2025**, automation technology innovations will assume control over tasks that are now performed by **250 million** knowledge workers worldwide, freeing the remaining work force to devote their time and energy to more creative pursuits.

According to **IDC**, by 2018 **half of all consumers** will interact with services based on cognitive computing on a regular basis.

The CIO Insight Survey, indicated that:

- **78%** of CIOs said delays within IT support negatively impact productivity.
- **60%** of CIOs describe their interactions with IT support as time consuming.
- **48%** of CIOs said these interactions are frustrating.

Enhancing automation offers a robust solution to address these issues.

The spectrum of smart automation started with the desktop and moved on to Robotic Process Automation (RPA) where software acts as a 'virtual person', operating existing applications and systems and providing rapid but scalable task automation. We are now in the phase of Cognitive Automation, where software uses pattern recognition and machine learning, potentially combined with natural language /'human' interfaces.

RPA is most effective in processes involving:

- Data entry and validation, data consolidation
- File and data manipulation
- Automated formatting
- Multi-format message creation
- UI manipulation and
- Web scraping

The software can undertake structured, repeatable computer based tasks, undertake complex decisioning based on algorithms and will be productive in teams involved with text-mining, uploading and exporting information, downloading and importing data, workflow acceleration, currency/exchange rate processing and reconciliations.

Good candidate processes for RPA involve a significant number of people using several applications in structured, repeatable tasks where neither processes nor supporting applications change too often.

Along the evolution journey, several valuable lessons have been learned. Key success factors include:




- **Standardize and stabilize processes prior to automation.** Never automate a process that is not stable. Stabilize and streamline prior before automation – lifting and shifting a process from a human to a robot will reduce FTE costs but will not optimize your processes.
- **RPA must be close to the business.** RPA should be considered as an operational asset –Business stakeholders and support from IT, subject matter experts and process efficiency experts is important - grow in house RPA capability by building Center of Excellence made of a mixture of Operations and IT people.
- **RPA is a journey, not a project.** Plan to build a skyscraper, Build internal RPA capability to evolve, leverage scale and increase business value.
- **Multi-skill the robots.** Don't be tempted by the prospect of quick wins, deploying RPA in individual and distinct units –fragmented and difficult to scale. Always start as an Enterprise rollout.

- **Bring IT on early.** Bring on IT onboard early. RPA deployment has an impact on infra, security, business continuity and disaster Recovery. Make sure your infrastructure grows together same pace with automation. RPA must comply with the technology function's governance and architecture policies.
- Success depends on senior sponsorship. RPA needs an institutionalized robotic team led by a sponsor who initiates the idea of automation, underwrites resources and protects progress into business adoption and by an RPA Champion, an evangelist in charge of the successful deployment of RPA within the organization.
- Communicate, communicate and communicate! As we mentioned at the start, this technology brings excitement accompanied by fear and uncertainty.
- Engage a dedicated Change and Communication team to raise awareness in the business of the benefits of automation and always keep the relevant stakeholders up to speed with the progress of the automation journey.

We believe RPA should be looked at as an emerging technology with a growing list of use cases. One that enables faster realization of targeted benefits, does not require heavy upfront investment and imposes a minimal impact on a firm's existing IT landscape. When led by the business, RPA will increase an organization's ability to change, adding flexibility where none existed before.

Process Automation for a Large Regional Bank in the US

Overview: Large Regional Bank (Attended work & Unattended Work). One of the top 50 publicly traded U.S. bank holding companies. Leading banking franchise, offering a full range of financial products, and private and commercial services in over 200 banking locations serving more than 100 communities in the US.

Business Scenarios	Cag Gemini's Approach	Benefits / Results
<ul style="list-style-type: none"> • A number of processes required time-consuming manual customer and account history reviews, validations, and operations. The manual steps in agent processes also led to inconsistencies in decision making. • The following processes left room for optimization: <ul style="list-style-type: none"> » DD Fee Refund » Call center Customer Care – customer authentication » Customer Care Journal Notes » Regulation Check Clearing Holds » WLS FedEx note shipping process (300–400 shipments/day) » Commercial Loan Payoff Quotes » Commercial Loan Subsequent Funding » Deposit operations stops, suspects, and hits 	<ul style="list-style-type: none"> • Analysis, design, and implementation of automation for the processes using Open span • Automation of business processes eliminating the need of manual data entry • Various systems involved in the automation: Mainframe-, Windows-, and Excel-based applications • Eight automation robots in live operation – both automation of attended work and unattended robots 	<ul style="list-style-type: none"> • Improve agent response time to customer requests • Eliminate human error when copy and paste journal notes to different sessions • Considerable reduction in process time (up to 75% processing time reduction) • Reduction of needed workforce for selected processes • Save time for the agent who today has to search for the customer and account details manually 

4. Connections

Robotic Processing by Automation

Our world is changing

The expectations of our customers are higher than they have ever been. They seek individual attention at the best available price point—more for less!

In the USA, customer attraction is a near-zero-sum game. New customers must be taken away from the competition and the loyalty of existing customers must be earned and fought for. The days are ending when equipment-financing and asset-finance products are aimed at a broad demography. We must look at our customers and prospects as a Market of One. Not only that, but we must satisfy their need for near-instant gratification. They want their answers and the product now!

How Should We Respond?

Our people, processes and supporting technology must all be re-focused and coordinated to deliver the experience demanded of us. Most of us rely on processes and technology that has become purpose specific; often hard or slow to change and now imposing constraints where it once enabled us.

We must loosen these bonds.

Our customers and prospects must be able to come to us by any means they choose and at any time of day. They should be free to switch from one channel to another at will without a hitch, leave and come back again when they wish, re-joining at the previous point of departure.

We need to interact with them in ways that allow us to assess their current **individual** status as well as their probable needs and match those with offerings or combinations of offerings that are specific to that individual.

Customer Profiling and Product Matching

All the while, we will need to gather metrics that allow us to track our successes and failures as we go so that we can adjust our responses near real-time to deliver the customer what they want when they want as we optimize our risks.

We can expect the required capabilities will include:

- Omni-channel access in real time.
- Processes and systems that deliver a 360 view of our customers.
- Customer profiling AND product matching.
- Optimization of our people – keeping people in the process only where the customer demands it, a person must make a decision or clear value is to be added.
- Agility – so that responses to our customers' needs and changes in the market are rapid and new or changed risks are properly captured and assessed.
- Customer focus – at all times and all places. People, processes and reward systems and supporting technology all aligned to ensure this.
- Sound execution – Complexity often defeats our well intentioned change initiatives. Organizations must be change enabled to focus on what matters.
- Open yet secure – making it easy to work with those stakeholders we want yet excluding those with whom we have no business.

All this capability must be delivered in-flight and at the best available price with the lowest acceptable risk. Easy to say, harder to realize.

The technologies that we have highlighted in this report will be key enablers in providing the technologies and support our businesses will soon be requiring.

5. BTPI Survey Findings

Over the past few years we have begun to take a look at prior-year surveys to call out notable trends. In this latest edition of the BTPI, we examine the current customer focus trend, overall project deliveries, identified system limitations, as well as new technologies.

Customer Focus

Last year we reported that companies are moving toward a more customer-focused and friendly way of doing business. This year is no different and we expect the trend will continue as more and more data becomes available to organizations.



33% of respondents view a “360 degree view of the customer / CRM” as a key area of focus which is nearly double the percentage from our prior report

One particular trend that equipment finance organizations are pursuing is a 360-degree view of the customer. This has been a trend for a number of years but a notable uptick is evident in the current respondent data. When asked about the current delivery capability of their organization the responses showed that half planned to address this in the future and just 7% had no intention of pursuing. We can see that it is a focus and still yet to be fully implemented into the industry. In 2016 and 2017 when asked if “360-degree view of customer / CRM” was an initiative that companies would pursue in the next 18 months the response was just 15% and 17% respectively. However, in 2017 the response has jumped to a third of respondents stating they are considering this in the next year and a half.

This is largely in line with the financial services industry as a whole. The better organizations understand their customer, the more effective new technologies can be in strengthening relationships with the customer and in further enabling the business as a whole.

New Technology Awareness

The new buzz words in the technology realm are Artificial Intelligence, Blockchain, and Smart Contracts. Equipment finance companies for the most part are still being introduced to these technologies. The outline below indicates respondents’ level of knowledge at the current time of the respective technologies.

0% of company respondents have new technologies implemented today



Note we saw that zero respondents had any of these technologies implemented and in use today.

Technology	Some to no awareness	Exploring or building capability
Artificial Intelligence	53%	47%
Blockchain	73%	27%
Smart Contracts	67%	33%


Organizations are in the early stages of learning about these technologies and no respondents have implemented them to date. Smart Contracts seems to be the most likely to be implemented, as one third of candidates said they would consider implementation within two years. Although in the long term, it is Blockchain that is likely to be most widespread considering no respondents said it was not being considered within 10 years.

The trend is starting and companies could be in a different place this time next year regarding new technology. Obviously organizations are faced with many challenges of providing new products and technology to the customer and to the company. The financial cost is a struggle for many organizations as they look at new technologies, or replacing existing systems.

Importance of Robotic Process Automation

Robots are here to stay. The faster you harvest their potential, the faster you create a competitive edge for your business. Robotic Process Automation delivers direct profitability while improving accuracy across organizations and industries. Designed to perform on a vast range of repetitive tasks, software robots interpret, trigger responses and communicate with other systems just like humans do. Only substantially better: a robot never sleeps, makes zero mistakes and costs a lot less than an employee.

Reponses from organizations around what top three benefits they are looking for to get from incorporating RPA is to reduce risk, increase productivity and to re-assign human resources to more value added projects. This will shape the future of processing in organizations allowing for more accurate data and reduce risks.



The top 3 benefits of Robotic Process Automation as viewed by our respondents are to reduce errors, reduce cost and reassign human resources to more value-added projects

Project Delivery

What tools and frameworks are organizations using to speed up the time to market and deliver more efficient results for their IT projects? There are a few notable call outs from our current and past data set, but one thing in particular is the rise in the use of the Agile methodology in Program/Project Management and Software Development.

In the three years that we have posed this question to respondents it has seen a rapid growth in adoption. For instance, in 2015 40% of respondents indicated they had never used Agile methodology. Over the last two years,

only 20% said had not applied Agile. But over the last three surveys, the number of respondents who indicated the use of Agile has grown from just 9% in 2015 to 20% in 2016 and now we are seeing that more than a third of organizations are applying Agile at 36%.

There is still ample room for this to grow and in an age where quicker cycle times and visible results are targeted, our expectation is that growth is imminent. Other notable areas of increase in project delivery can be seen in the table below. The move onto the cloud is also an expected change as more technologies are trending towards this platform. The jump in innovation teams and dedicated project teams could also be seen as part of the general move to Agile with organizations expecting results on shorter term.

% Replying "Always" Leveraging	2017	2016
Use of Agile methodology	36%	20%
Organized innovation teams	29%	4%
Cloud solutions	21%	4%
Dedicated project resources vs. using staff with day-to-day responsibilities	21%	0%

System Deficiencies

In 2016 we noted that two of the top three features indicated as "missing from front end systems" were data analytics/data management and mobile capabilities. Interestingly, these same two features were marked the same by respondents in 2017. In fact, in 2016 these three characteristics fell just behind "integration to a CRM", but in 2017 were indicated as the top two features missing. Data and mobile will likely be a key focus in the near future as these deficiencies are tackled by organizations.

Holistically we asked organizations "What is being demanded that currently cannot be provided as a functionality of your existing tools?". Responses were as follows:

% Respondents Indicating they are Unable to Provide	2017	2016
Online execution of documents	46%	42%
Ability to view payment history information	38%	13%
Support for mobile devices	31%	17%

Again, in the statistics we see mobile capabilities being marked as missing from the IT infrastructure of the responding organizations and a climb from 2016. This is further evidence it will likely take priority in the near future. However, executing documents online did not see much change year-over-year. So will it become an industry priority or will other technologies and initiatives win out?

Here is an area to keep an eye on as organizations address their needs heading into 2018. We asked "What are the primary barriers to completing the initiatives and capabilities that are known gaps in the current systems of organizations?". As expected the issues are vast, however it is noteworthy that we could see almost each category being an increasing force in limiting the organizations' ability to address such projects. See figures in the following table from the past two years indicating identified barriers:

% Respondents Indicating they are Unable to Provide	2017	2016
Financial cost	62%	33%
Resource availability	54%	42%
Other competing priorities	77%	75%
Inability to integrate with current technology	31%	17%
Lack of business support	15%	13%
Limited and/or lack of internal expertise	15%	17%
Overall complexity	31%	21%

Note that in nearly every instance the percentage increased in 2017. The one exception was a very minor change in terms of lack of expertise. The uptick indicates the difficulty introducing change in an organization. However the biggest change/delta was in the overall cost. Certainly budgets will forever impact the ability for an organization to execute a project. When adding cost to the barriers above, these increasing obstacles limit the ability for any organization to implement change. Therefore, business and IT teams must make decisions on the demands of the market vs the needs of their organization.

6. Capgemini Point of View

New technologies are emerging fast and adoption will be more rapid than in the past. It is critical for equipment finance companies to become educated on these new technologies and understand how they can be leveraged to obtain a competitive advantage in the market place.

In our prior BTPI report, we took an in-depth view into customer intimacy in the age of digital innovation. Our findings in this year's BTPI are consistent with what we have seen over the last several years and suggest a continued uptick in the number of customer-focused equipment-finance companies.

We clearly see Artificial Intelligence (AI) and Robotic Process Automation (RPA); Blockchain and Smart Contracts as technologies to be explored by equipment finance industry organizations. As our respondents have indicated, we also see these emerging technologies as helping to improve efficiency, reduce costs, reduce error rates and place value added work in the hands of the right resources which will have a direct and positive impact on the customer.

We see significant opportunities in two key areas –

1. Development and continuation of ways to better understand the customer through a 360-degree view.
2. Understanding how to leverage these new technologies to provide new and better service offerings and capabilities that will keep customers loyal.

This year's survey data suggest that equipment finance organizations view process improvement initiatives and back-end servicing system replacement as key initiatives in the next 18 months. In addition, the average age of front and back end systems are running at 10.2 and 12.5 years respectively. Technologies such as AI and RPA can and should be considered as ways to address these key initiatives head on.

In terms of the other new technologies discussed in this report, Blockchain and Smart Contracts are also viable candidates for consideration and are clearly emerging. Although current usage is relatively low, Blockchain is growing and we see that growth trend continuing into 2018 and beyond. We also believe that there are inherent benefits to Smart Contracts that will lead to a reduction in risk, administration and service costs, and lead to more efficient business processes across all major sections of the financial services industry.

The days of "wait and see" to understand and adopt new technologies are long gone. Equipment finance organizations will need to understand, consider and adopt new and viable technology options such as the ones presented in this year's report sooner and faster than ever before.

7. BTPI Survey Response Statistics

The following section of the report provides a summary of responses to the 2016/2017 BTPI survey. Since respondents did not always provide information for each question, each table in the survey may have a different number of respondents.

Profile of 2017/2018 BTPI Survey Respondents

*Due to rounding, tables may not add up to 100%

	Response Percent
Bank	55%
Captive	17%
Independent, Financial Services	27%

	Response Percent
Micro Ticket	0%
Small Ticket	33%
Mid Ticket	61%
Large Ticket	6%

Current IT and Operations Capabilities Ratings

The following thirteen (13) questions (4a. through 4m.) focus on the respondents' rating of internal capabilities in terms of IT and Operational abilities. The respondents were asked to rate each area based on the following table of maturity definitions:

Initial	Ad-hoc processes. Systems not industry standard and do not cover the entire leasing lifecycle. Widespread use of Excel and stand-alone, nonintegrated systems and tools.
Repeatable	Core processes established, although inefficient. Duplication of data entry prevalent. Core systems integration with supporting systems is non-existent or poorly executed. Front-end and back-end platforms have limited interface. Reporting is manual and ad-hoc. Organization is dependent on good people, not good processes and systems.

Defined	Processes are documented, standardized and well integrated with core systems. Some consideration of processes and systems is given prior to new market entry or new program development. Workflow drives processes. Two-way integration between front-end and back-end platforms. Partners are linked in through the web for new business origination.
Managed	KPIs and metrics established for processes. Systems and processes drive financial offerings. Web presence extends to partners and customers and covers a wide range of front-end and back-end capabilities. Manual data entry is minimized or outsourced, focusing internal resources on analysis and customer serving activities.
Optimizing	Continuous processes improvement. Processes and systems have become a competitive advantage for business. Financial products are highly integrated with processes and systems and some aspects of them are difficult to duplicate by competitors. Customers and markets drive system investments.

4a. How would you rate your company's customer relationship management (CRM) capabilities?

Rating	% of Respondents
Initial	19%
Repeatable	19%
Defined	13%
Managed	19%
Optimizing	30%
Not Applicable	0%

4b. How would you rate your company's new business processing capabilities?

Rating	% of Respondents
Initial	0%
Repeatable	31%
Defined	19%
Managed	25%
Optimizing	25%
Not Applicable	0%

4e. How would you rate your company's customer self service capabilities

Rating	% of Respondents
Initial	19%
Repeatable	19%
Defined	13%
Managed	25%
Optimizing	7%
Not Applicable	19%

4c. How would you rate your company's back-end portfolio servicing capabilities?

Rating	% of Respondents
Initial	7%
Repeatable	20%
Defined	20%
Managed	32%
Optimizing	20%
Not Applicable	0%

4f. How would you rate your company's customer and partner mobile capabilities?

Rating	% of Respondents
Initial	25%
Repeatable	0%
Defined	38%
Managed	13%
Optimizing	0%
Not Applicable	25%

4d. How would you rate your company's collections and customer service capabilities?

Rating	% of Respondents
Initial	13%
Repeatable	13%
Defined	13%
Managed	50%
Optimizing	13%
Not Applicable	0%

4g. How would you rate your company's core accounting (general ledger, accounts payable, payroll) capabilities?

Rating	% of Respondents
Initial	0%
Repeatable	13%
Defined	31%
Managed	44%
Optimizing	13%
Not Applicable	0%

4h. How would you rate your company's business intelligence / reporting capabilities?

Rating	% of Respondents
Initial	7%
Repeatable	25%
Defined	44%
Managed	25%
Optimizing	0%
Not Applicable	0%

4i. How would you rate your company's compliance and controls capabilities?

Rating	% of Respondents
Initial	0%
Repeatable	13%
Defined	31%
Managed	44%
Optimizing	13%
Not Applicable	0%

4j. How would you rate your company's enterprise risk management abilities; liquidity, operations, credit, residual value, reputation, and market risk?

Rating	% of Respondents
Initial	0%
Repeatable	25%
Defined	19%
Managed	44%
Optimizing	6%
Not Applicable	6%

4k. How would you rate your company's cloud technology capabilities?

Rating	% of Respondents
Initial	32%
Repeatable	11%
Defined	11%
Managed	7%
Optimizing	11%
Not Applicable	29%

4l. How would you rate your company's integration of systems (internal and/or 3rd party)?

Rating	% of Respondents
Initial	6%
Repeatable	31%
Defined	38%
Managed	13%
Optimizing	13%
Not Applicable	0%

4m. How would you rate your company's partner portal capabilities?

Rating	% of Respondents
Initial	25%
Repeatable	7%
Defined	7%
Managed	31%
Optimizing	13%
Not Applicable	19%

5. Please identify the top 3 key IT-related initiatives you will undertake within the next 18 months:

Service	% of Respondents
Front end (originations) system replacement	20%
Business intelligence improvements	27%
Electronic signature solutions	31%
Back end (servicing) system replacement	40%
Integration of systems (internal and/ or 3rd party)	27%
Consolidate multiple front end platforms	0%
Build or improve systems integrations	27%
Process efficiency improvement initiative	47%
360-degree view of customer/ CRM	33%
Consolidate multiple back end platforms	15%
Business Process Management (automation of workflow)	20%
Customer self-service (including web, mobile, phone, etc.)	13%
Compliance improvement initiatives	12%
Portal for partners	13%
Integration of systems (internal and/ or 3rd Party)	13%
Buy or build business specific applications	7%

6. The following are new technologies which are described below:

Artificial Intelligence (AI)	The ability of a digital computer or computer-controlled robot to perform tasks commonly associated with intelligent beings. The term is usually applied to the development of computer systems to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision making and translation between languages.
Blockchain	A Blockchain is a decentralized and distributed digital ledger that is used to record transactions across many computers so that the record cannot be altered retroactively without the alteration of all subsequent blocks and the collusion of the network. This allows the participants to verify and audit transactions in a cost effective manner. The use of Blockchain promises to bring significant efficiencies to global supply chains, financial transactions, and asset ledgers and decentralized social networking.
Smart Contracts	Smart Contracts are computer protocols intended to facilitate, verify, or enforce the negotiation or performance of a contract. The computerized protocol and the agreements contained therein exist across a distributed, decentralized Blockchain network. Smart Contracts permit trusted transactions and agreements to be carried out among disparate, anonymous parties without the need for a central authority, legal system or external enforcement mechanism. They render transactions traceable, transparent and irreversible.

What is the level of awareness within your organization of these new technologies?

Answer Options	Not Aware at all	Some awareness	Exploring potential uses	Building capability	Already in use
Artificial Intelligence	7%	47%	33%	13%	0%
Blockchain	13%	60%	27%	0%	0%
Smart Contracts	33%	33%	33%	0%	0%

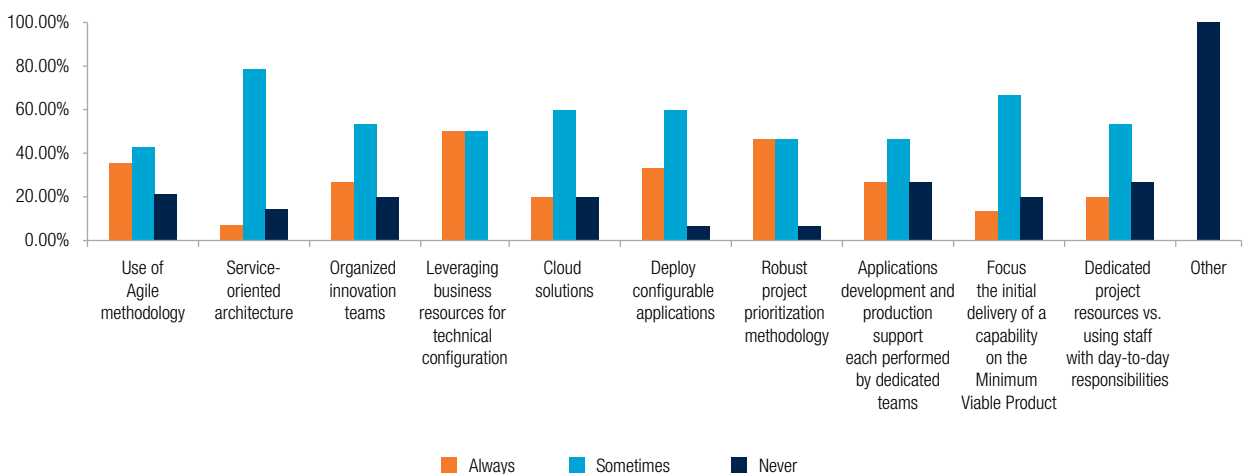
7. Based on your knowledge and awareness, what is the timeline during which you believe your organization will adopt these new technologies?

Answer Options	0 to 2 year	3 to 5 years	5 to 10 years	Unlikely to adopt in these timelines
Artificial Intelligence	14%	29%	21%	36%
Blockchain	9%	45%	45%	0%
Smart Contracts	33%	25%	0%	17%

8. Robotic Process Automation (RPA): Removes the need for employees to perform repetitive work and enables that work to be processed digitally with greater speed and accuracy. Robotic automation fully automates end-to-end business processes to accelerate work outcomes, removes opportunities for errors and enables organizations to scale quickly for spikes in volume without adding additional resources. If you were to consider RPA for your organization, how would you rank the following in terms of order of importance? Select and prioritize your top 3 responses

Answer Options	% of Respondents
Re-Assign human resources to more value-added work	40%
Increase in productivity	7%
Reduce Cost	13%
Reduce Risk	0%
Reduce Errors	20%

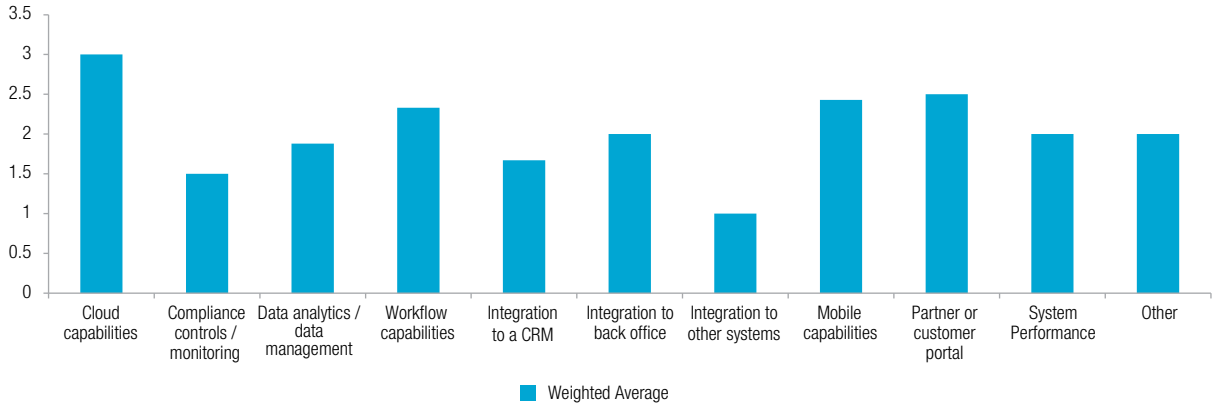
9. Which of the following do you leverage as tools to deliver IT projects and solutions faster in order to reduce time to market?



10. Number of years using front-end system

Average	10.2
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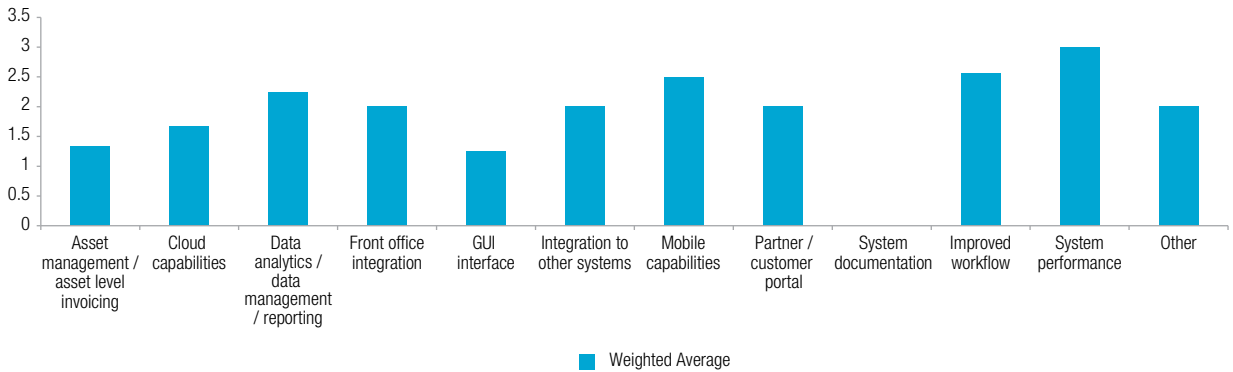
11. Please identify the top 3 features missing or most highly deficient in your front-end systems



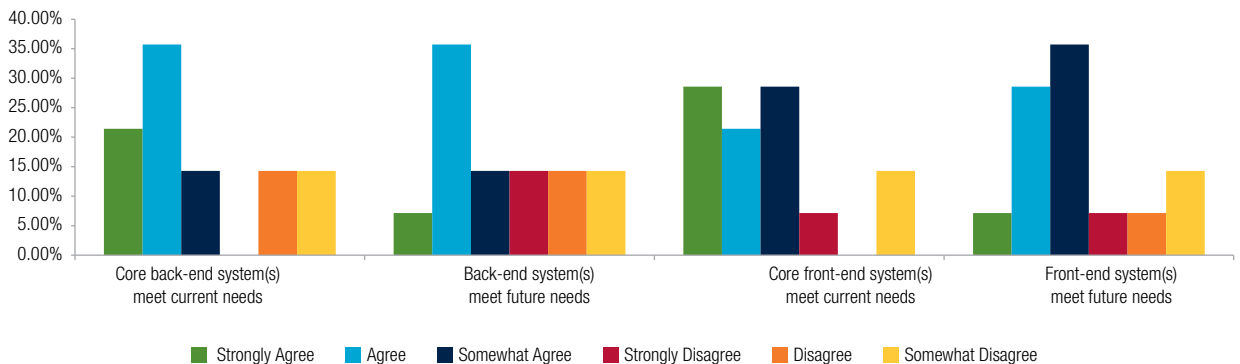
12. Number of years using back-end system

Average	12.5
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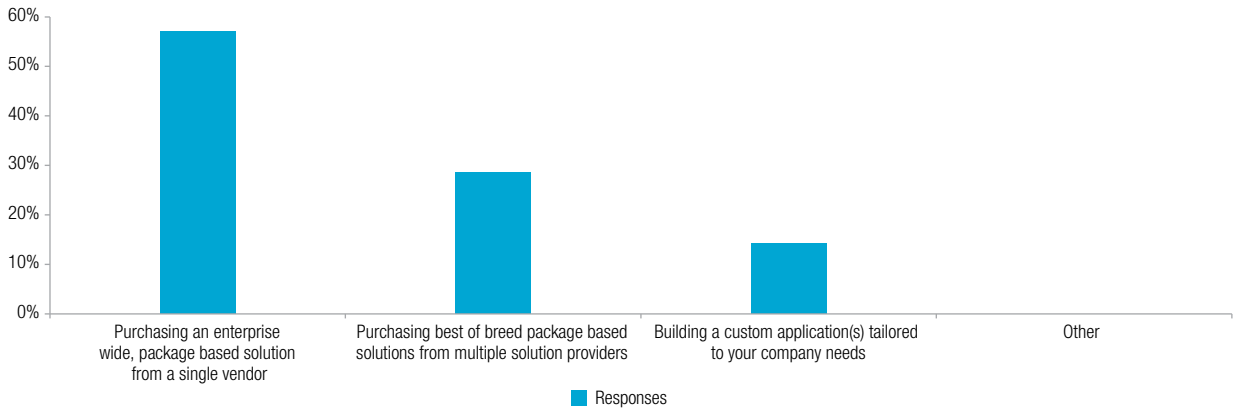
13. Please identify the top 3 features missing or highly deficient in your back-end systems



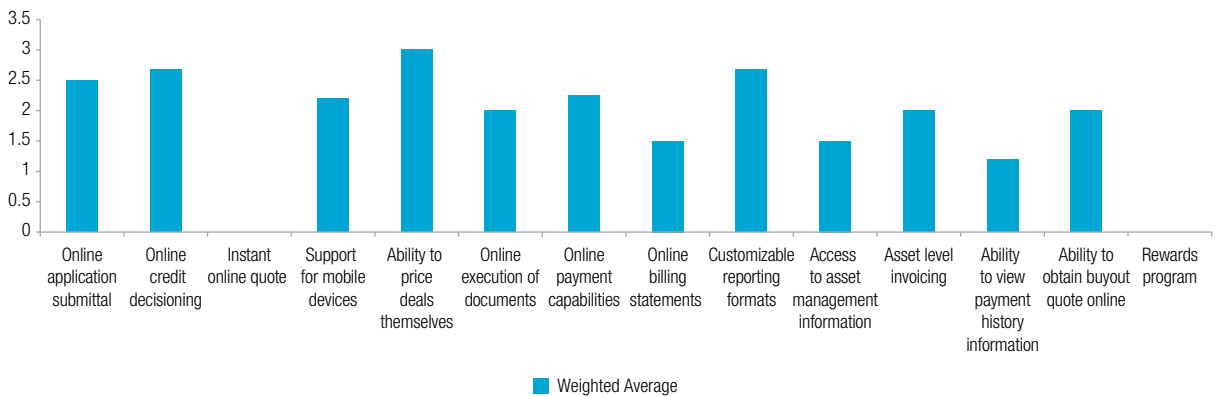
14. Please specify your level of agreement or disagreement with the following statements as they pertain to your organization



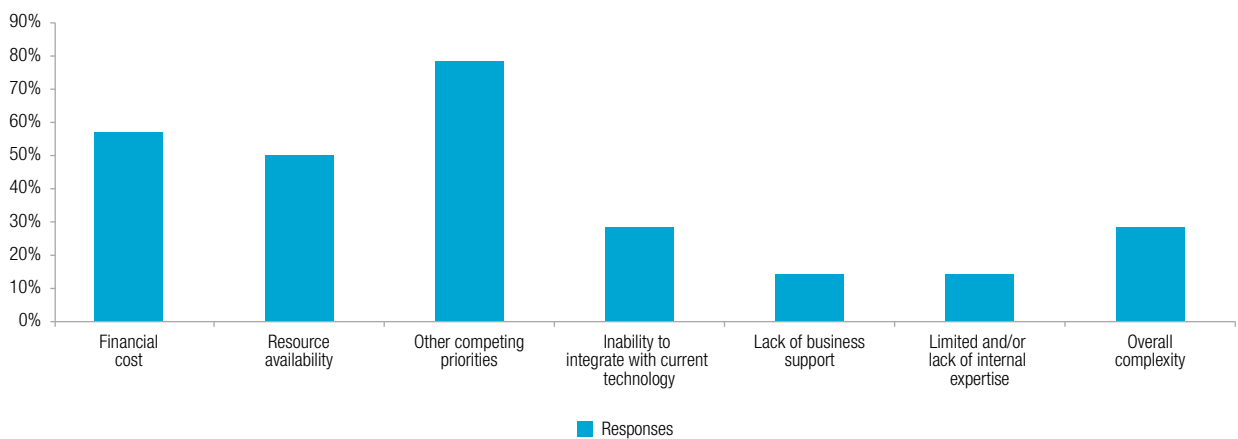
15. For your core, front-end origination and back-end servicing system applications, your company preference tends toward: Select only one response



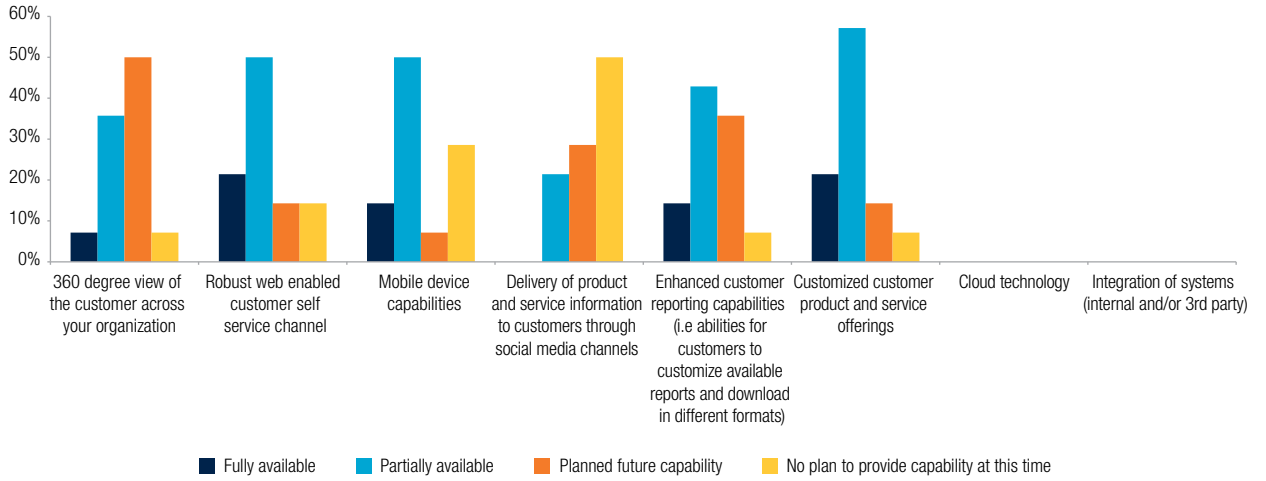
16. What are the top 3 offerings/capabilities that your customers are demanding but you are unable to provide at this time:



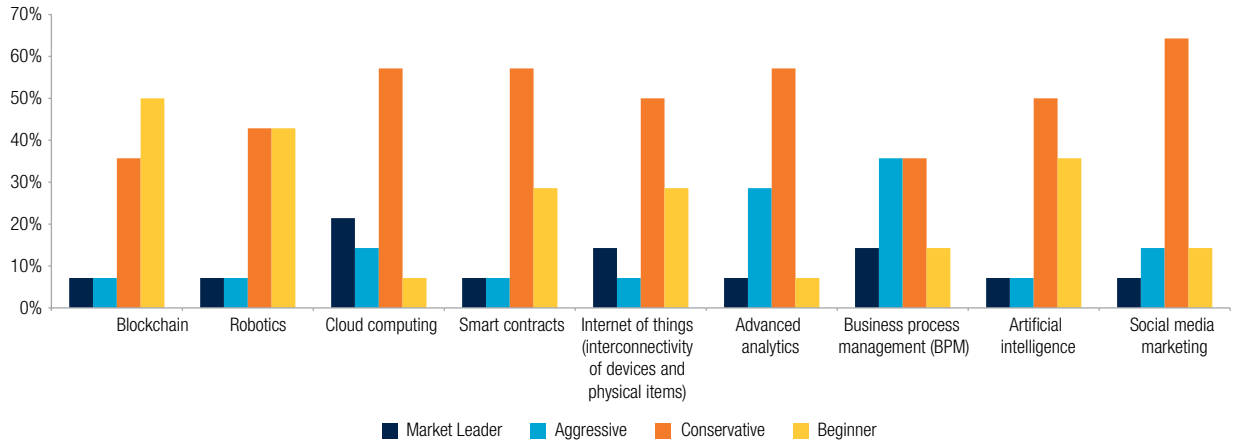
17. What barriers are you encountering in fully providing these offerings to your customers? Please select all that apply



18. Top organizations in financial services have enabled certain capabilities in order to deliver “best-in-class” service to their customers. Please identify your current delivery capability for each of the following:



19. Where does your organization fall on the technology adoption life-cycle for the following new technologies?



About the Report

The 2017/2018 BTPI is the latest report in a series of publications on business trends, systems and technology available through the ELFA, the Equipment Leasing & Finance Foundation and Capgemini. Focusing specifically on trends in technology and operations and in the adoption of these trends, the BTPI serves as the equipment finance industry's benchmark for information technology, operations direction, and spending in both areas.

Presented in the report is a summary of BTPI survey responses and a discussion of key findings. Also provided are insights into the continuing evolution of technology in the equipment finance marketplace collected from outside research.

The BTPI was written and compiled by Capgemini from August through October 2017. It is based on industry research and responses representing bank, captive and independent finance companies across a spectrum of ticket sizes, market approaches, and geographies. Most respondent companies are members of the ELFA. Other ELFA resources were also used to support the research, analysis and conclusions found in this report.

Participation in the BTPI is voluntary and free of charge. All equipment finance companies were welcome to participate and were invited to provide survey responses through an online survey. The report will be formally introduced at the 2017 ELFA Annual Convention in October and will be digitally available at: www.capgemini.com/btpi.

About the Authors

Authors of the 2017/2018 BTPI are members of Capgemini's Banking and Diversified Financials practice. This group focuses on the equipment financing and finance market, working daily with companies to help them create more efficient and profitable operations. With more than 190,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services, reporting 2016 global revenues of €12.5 billion.

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Josh Bridge is a Delivery Manager with Capgemini America, and a subject matter specialist in the originations process. For the past decade, he has worked in the equipment finance industry and with an extensive number of diversified finance clients to help deliver complex business and technology projects. He is a current member of the ELFA's Operations & Technology committee.



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