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# BUSINESS TECHNOLOGY PERFORMANCE INDEX 2020/2021



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# Preface

We are proud to present the **2020/2021 Business Technology Performance Index** in collaboration with the ELFA. This 18th annual edition of the BTPI provides insight into the technology trends, 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.

We believe the findings in these pages can help in constructing operational business plans and the creation of new technology strategies to support those plans.

Cordially,

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# Executive Summary

In the previous edition of the BTPI report, we introduced an emerging paradigm shift across the equipment leasing and finance industry and identified it as **Connected Equipment Finance**. This architectural concept centers around addressing the capabilities needed by equipment leasing and finance organizations through an ecosystem of platforms and fintech partners to provide robust capabilities to drive growth, operational excellence and customer satisfaction.

Our point of view at the end of last year's report concluded that Connected Equipment Finance will enable a more contemporary model including a modern, digital, open API platform to address future needs and allow equipment finance organizations to remain ahead of competitors in markets served today and new markets in the future.

As we move into 2021, we are indeed seeing that organizations are not only embracing the concept but are further acting upon it. In this current edition of the BTPI report, we discuss the transition of Connected Equipment Finance from the conceptual to the practical. We explore how "traditional" equipment finance organizations will need to become "inventive" equipment finance organizations and the need to transform your core to create a sustainable platform.

The COVID-19 pandemic has reaped significant disruption in all our lives and across the industry. In this year's Connections section, we further build upon Connected Equipment Finance and discuss the impact of COVID-19 on accelerating the urgency around digital transformation.

Our report concludes with our BTPI survey response data which focuses on the respondents' rating of internal capabilities in terms of IT and operational abilities and providing insights into the current thinking of market-leading equipment finance organizations.

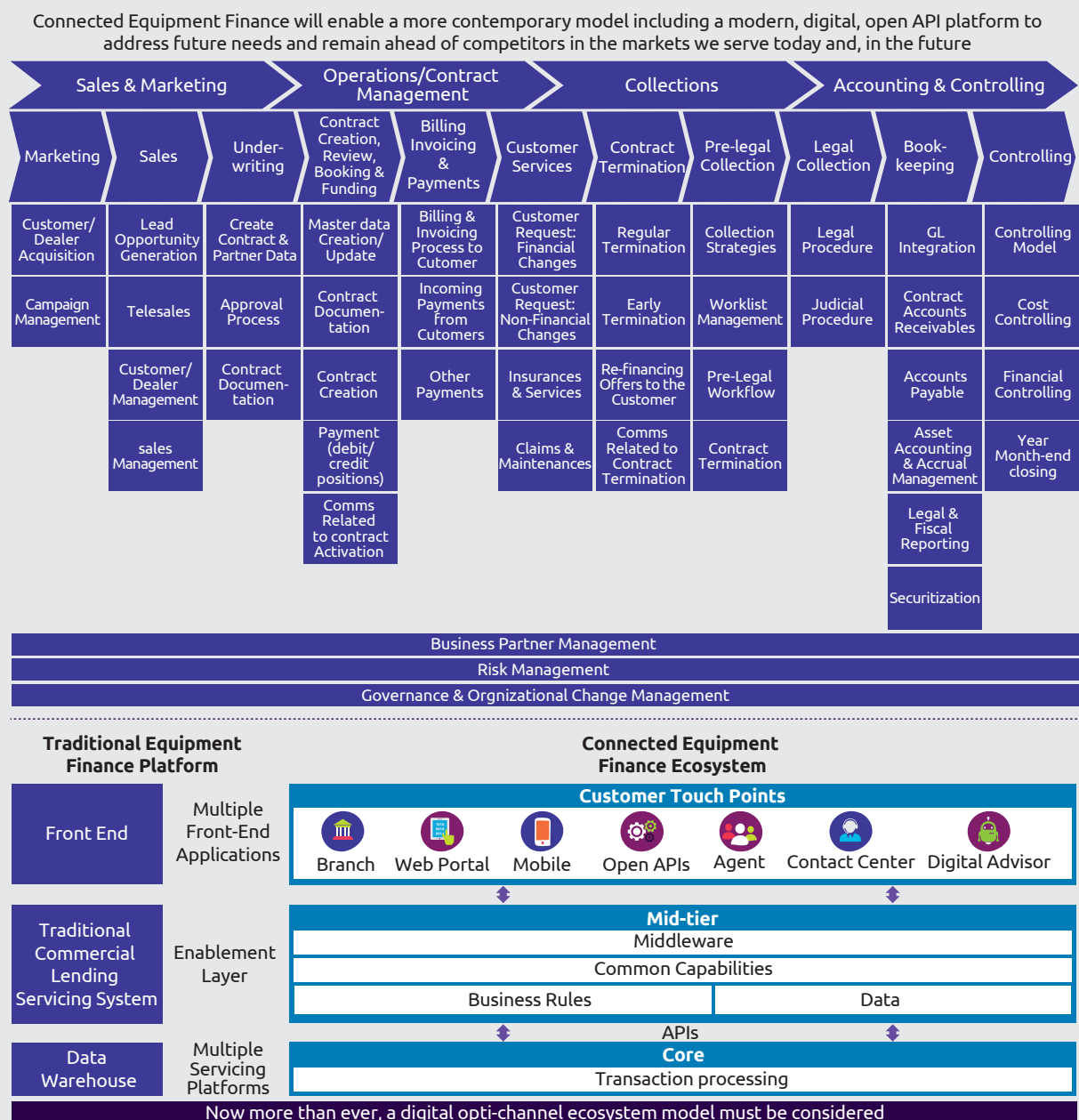


# Connected Equipment Finance

## Background and Context

In last year's BTPI report, we introduced the architectural concept of Connected Equipment Finance. This concept centers around addressing the capabilities needed by equipment finance organizations to drive growth, operational excellence, and customer satisfaction through an ecosystem of various platforms and partners. The days of searching for "silver bullet" end-to-end solutions in a single platform have become a distant memory.

**Figure 1. Connected Equipment Finance Architecture**





*Connected Equipment Finance will enable a more contemporary model including a modern, digital, open API platform to address future needs...*

Our point of view at the end of last year's report concluded that Connected Equipment Finance will enable a more contemporary model including a modern, digital, open API platform to address future needs and allow equipment finance organizations to remain ahead of competitors in the markets served today and new markets in the future. As we move into 2021, we are indeed seeing that organizations are not only embracing the concept but are further acting upon it.

Connected Equipment Finance will also provide your customers with an "opti-channel" customer experience. Over the past several years, the term "omni-channel" has been used to describe providing a seamless customer experience through a multi-channel approach. In an opti-channel experience, customers should be able to engage with you on any device through any channel at every step along the customer journey. With an opti-channel engagement, you determine the optimal channel for each customer at each touch point.

We are seeing that the transition has begun from the conceptual to the practical when it comes to Connected Equipment Finance with the rationale for this capability transformation that includes:

- Providing an opti-channel customer experience
- Improved time to market for new products and services
- Flexibility with appropriate controls
- Regulatory and risk compliance
- Ability to bundle and unbundle products and services
- Ease of integration with third-party systems
- High availability, scalability and performance
- Standardized "out of the box" processes
- Digital self-service

## From Traditional to Inventive

In order to remain relevant and particularly with the added complexities of COVID-19 disruption in 2020, the time has come for traditional equipment finance companies to become "inventive" equipment finance companies. The mindset shift needs to evolve of one that embraces new and improved capabilities which also provides a "last mile customer experience" second to none.

The front-end is important but the same time, organizations need to ensure middle and back-office operations are not ignored. An engaging front-end requires robust and enabling back-end operations. Despite substantial front-end investment, many organizations still fail to offer a seamless and personalized customer experience. Those that ignore middle and back-office innovation can impede the overall experience they offer their customers and, in many cases their core technologies are simply unfit for this brave new world.

Bringing middle and back office operations up to speed can be a daunting task. Equipment finance organizations must map and prioritize the most critical transformational processes toward an open platform through collaboration by design with solution providers and other fintechs.

Inventive organizations are embracing the concept of an Open X platform. Open X is a more open platform approach in which participants of all sizes and from across industries work together and become inventive

organizations that are prepared to adopt specialized roles in the new, open ecosystem with collaborative support from qualified fintech partners and other solution providers.

Many of these fintechs and other solution providers have moved from disruption to maturity and have become serious, globally expanding players that are acquiring lots of customers and a more stable path of profitability. The time has come to consider them as tangible competitors or enabling partners.

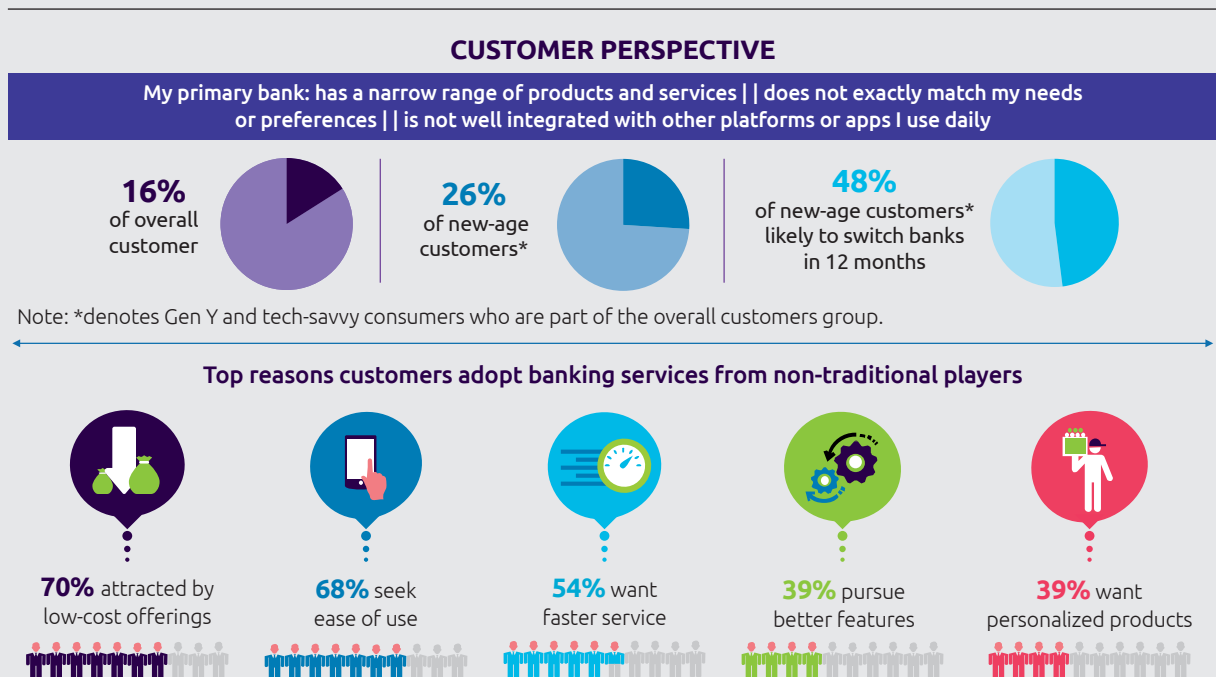
This effective collaboration requires, people, business, and process maturity from all sides.

- Late-stage fintechs and solution providers can deliver productivity driven value based on their “last mile expertise”, data management experience and mobile-only mentality.
- Inventive equipment finance organizations can leverage their reach, trust and business expertise to remain relevant to an increasingly changing customer base. This is especially important given the highly uncertain economic outlook caused by risks never seen before (e.g. COVID-19).

Those that can collaborate at scale to industrialize innovation will shine within the shared Connected Equipment Finance ecosystem. A sharp focus on business outcomes will help equipment finance organizations, solution providers and fintechs move from open innovation (proof of concept) to applied innovation (innovation industrialization).

The gap between what customers expect and what equipment finance companies can deliver has never been wider. All customers, Gen Y and the younger generation in particular, demand a seamless, real-time and hyper-personalized, hyper-digitized experience. They won't hesitate to switch to one that offers hassle-free, relevant products and services.

**Figure 2: Impact of BigTechs and challenger banks on the banking industry**



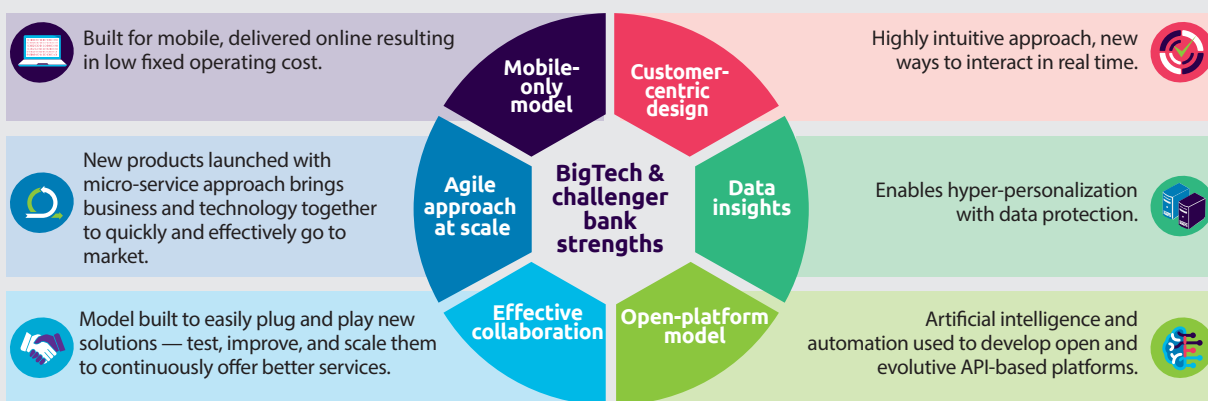
Sources: Capgemini Financial Services Analysis, 2019; World Retail Banking Report 2019 – Voice of the Customer Survey.

To this end, we can make some comparisons and look to the impact that BigTechs and challenger banks have had on the banking industry from a customer perspective. BigTechs are defined as technology giants that dominate their respective client sectors (e.g. Amazon Apple, Facebook).

Even further, we can see how BigTechs and challenger banks leverage high-impact capabilities. By capitalizing on the growing demands for improved products and services, BigTechs and challenger banks are not wasting time when it comes to expanding their offerings and market penetration.

Using an open platform and connected ecosystem, they have strategically evolved and scaled their financial services capabilities and now pose a tangible threat to established banks. They have established their position playing on their strengths, leveraging the wealth of data through open and evolving platforms to offer customers a convenient, personalized experience.

**Figure 3. BigTechs and challenger banks leverage high-impact capabilities**



Sources: Capgemini Financial Services Analysis, 2020; CB Insights, 2019.

Collaborating at scale with solution providers and fintechs will require traditional equipment finance organizations to identify and prioritize the critical customer journeys they need to reinvent and the initiatives they expect to accomplish by working across open platforms.

Along with prioritizing customer journeys, maturity assessment of capabilities is essential. Equipment finance organizations need to consider evaluating their current capability set against where they need and want to be in order to grow existing lines of business and to expand into new markets.

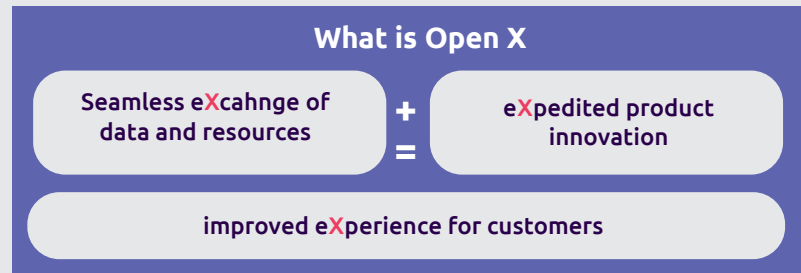
**Figure 4. Capability Maturity Model**

1	None	No capability	1
2	Basic	Limited or Manual Capability with no workflow or business rules	2
3	Stable	Competent Capability includes appropriate workflow and business rules where appropriate	3
4	Proactive	Advanced Digitally Enabled Capability through all channels with intelligent workflow and business rules and operational controls	4
5	Mature	Full digital and automated capability, configurable user experience, workflow and business rules. Standards are best in class, forward thinking and ahead of competitors	5



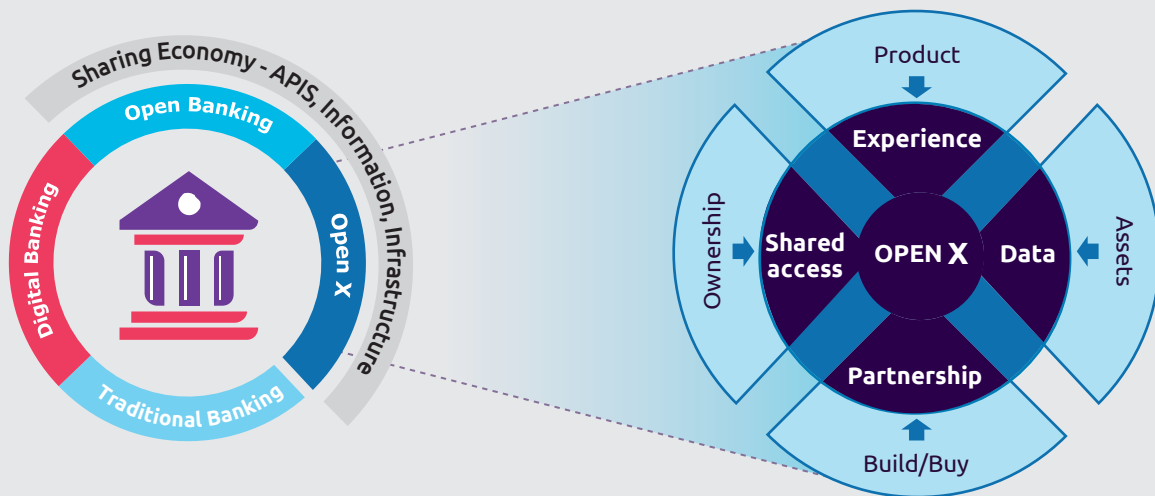
## Introducing Open X

Many of you may have heard of the concept of open banking with third parties through the use of APIs. Although it is a transformational catalyst, open banking is not the financial services endpoint. It is a steppingstone to free-flowing information and a sharing economy ecosystem that is beneficial to all participants as part of the impending era, we refer to as “Open X”.



Open X surpasses the compliance-based approach of open banking and moves to a seamless eXchange of data and resource by an eXpedited product innovation cycle that continuously improves customer eXperience.

Figure 5. Open X for enhanced CX



Source: Capgemini Financial Services Analysis, 2020.



*Equipment finance organizations must evaluate where they can most efficiently and profitably play within this open – and sharing – value creation process*

Equipment finance organizations must evaluate where they can most efficiently and profitably play within this open – and sharing – value creation process. The process begins with collaboration, but that only scratches the surface of the full potential of an open ecosystem. When data and resources are shared, the environment is ripe for innovation, exponentially better products and services, and customer experience that rivals “best-in-class” organizations.

The task ahead is to create open and evolutive platforms that can act as building blocks to produce and integrate a wide range of products and services to accommodate the fast-paced lives of vendors and end-user customers and their wide-ranging financial needs. “Platformification” has become a mantra for successful businesses across different industries.



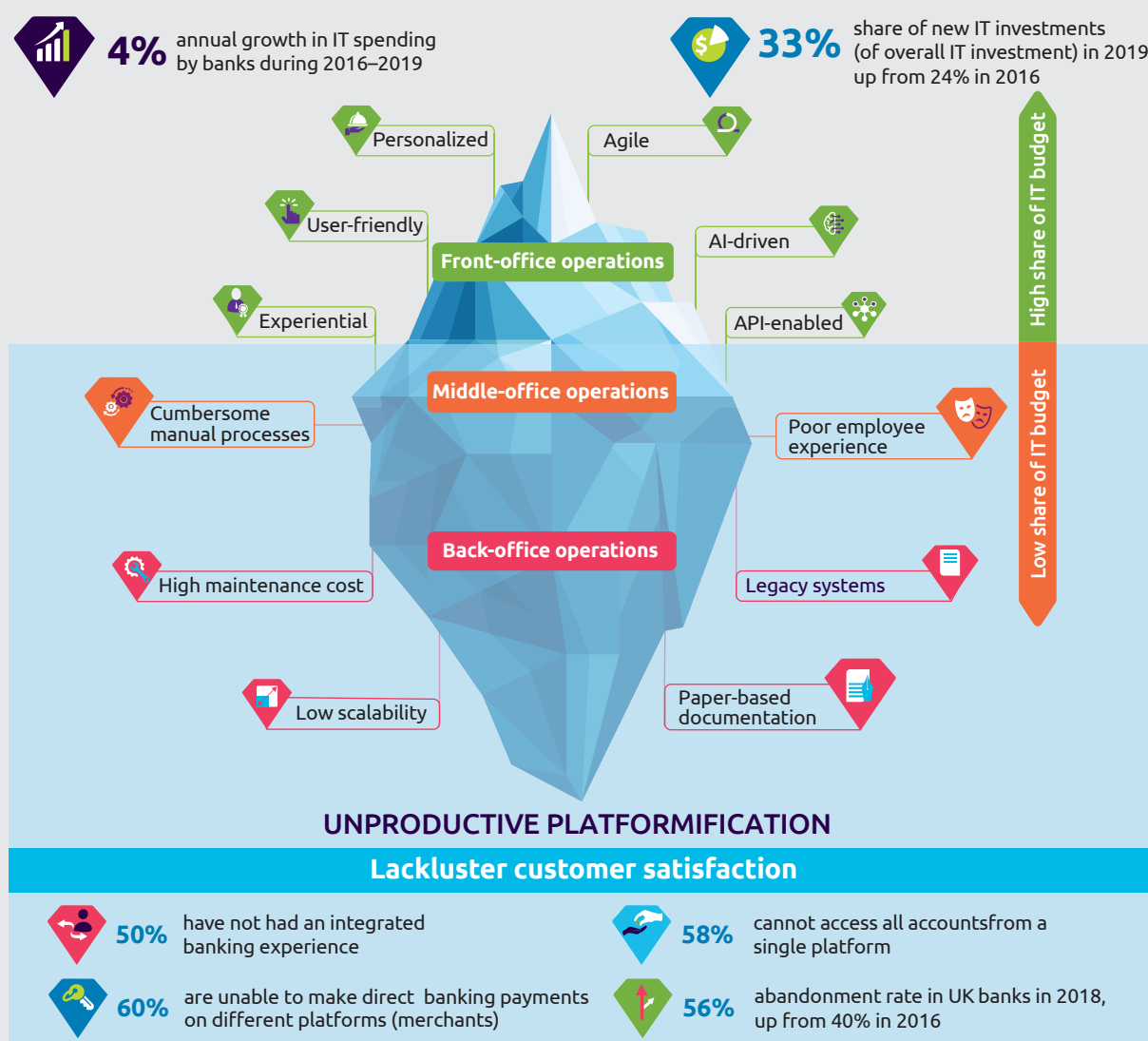
*The lack of perceivable customer experience improvement may stem from lack of attention to middle and back office operations*

## The Forgotten Middle and Back Office

In recent years, financial service organizations have invested heavily in IT to improve customers' last-mile experience. However, customers remain underwhelmed because they say products and services have not grown to the superstar levels they expect and receive from other sectors. The lack of perceivable customer experience improvement may stem from lack of attention to middle and back office operations. These ignored behind the scene processes are further diminishing any positive impact of front-end investments and collaboration. To draw on this further, we also know that the equipment finance sector often lags significantly behind the banking sector.

As data and technology proliferate, organizations are transforming their business models to keep pace with the changing industry landscape and customer expectations. However, continued layering of processes to enable new business models onto legacy infrastructure can hamper efforts to channel investments to drive end-to-end optimization.

Figure 6: Unsupported middle-and back-office operations can freeze last-mile performance



Sources<sup>23</sup>: Capgemini Financial Services Analysis 2020; World Retail Banking Report, 2019; Celent, 2019; The Financial Brand, 2019; Signicat, 2018.



*Front, Middle & Back offices need to be fully integrated and buy into changes so that the organization can deliver products and services to the client.*

Equipment finance organizations will need to funnel resources and attention to the middle and back offices to recalibrate these functions with customers' last-mile experience.

As we have stated, the digital renaissance often superficially focuses solely on the front-end. Yet to succeed with the Connect Equipment Finance ecosystem, equipment finance organizations must optimize and streamline their end-to-end value chain. Manual, disconnected, paper-based and siloed processes and tasks often impede new capabilities and offerings' speed to market and customer response time resulting in a fragmented customer experience.

#### How middle and back-office functions became submerged:

<b>Complex business processes</b>	As a result of their traditional product-centric approach, incumbents often layer new models on top of old, which has led to complicated business processes that are difficult to automate.
<b>Compliance-centric architecture</b>	In response to regulatory demands, typical bank IT architecture is complex and implemented intermittently as quick fixes demand. Redesigning these ingrained systems may take years and cost hundreds of millions of dollars.
<b>Lack of agility</b>	Financial services organizations struggle to find the skills needed to introduce new automated processes. Historically, IT teams have practiced waterfall methodologies (linear project management) that limit middle- and back-office process automation.
<b>Out of the (business) loop</b>	Many IT transformation teams lack visibility to bank business priorities. Therefore, IT project decisions are made within a silo and without thought to the full spectrum of integration options.

## Transform your core to create a sustainable platform

Near-term win versus long-term growth is an age-old dilemma for Equipment Finance Organizations. Generally speaking, firms tend to choose short term benefits. And as a result, they layer new and sometimes less compatible business models over existing systems, which leads to ever increasing complexity and high maintenance costs.

Complex legacy layers limit straight-through processing from the front to the back office. This affects customer experience and operational excellence. Moreover, these existing systems complicate the adoption and integration of emerging technologies such as artificial intelligence robotic process automation and APIs. As an unfortunate and not well-known conclusion, a layered legacy system reduces the overall capability to innovate and improve value for customers and shareholders.

#### Transform and modernize the core and the rest will follow

Core system transformation is a critical future-proofing strategy for Equipment Finance organizations working to attain operational excellence and to retain relevance with the impending Open X ecosystem. A modernized core adds the ability to address top line customer expectations while effectively managing compliance and risk.

Despite the benefits of a modern core, some equipment finance organizations are reluctant or slow to transform aging systems because of expense and time demands. Moreover, transformation risks such as integration failure or implementation instability can negatively affect business continuity.

Of the various approaches to core transformation, progressive modernization supports risk management effectively and is attractive to risk-averse equipment finance organizations that seek a shorter payback period. A progressive approach can be designed to align with business priorities to suit individual organizations - based on their scale and scope of operations. Progressive core modernization is a phased process determined by product type or line of business. Equipment finance organizations often start with the most critical functions to be upgraded and incrementally transform their complete legacy system into microservices.

Benefits of a modern core	
Profitability through innovation	Customer centricity
Optimize IT expenses	Increase digital engagement with customers
Faster speed to market	Reduce onboarding and product origination times
Operational efficiency	Risk and compliance
Faster turnaround time with integrated end-to-end processes	Boost staff productivity with fewer false-positive alerts
Lower cost, higher profits	Mitigate fines and sanctions

#### **Core transformation is a long journey. Start progressive modernization now**

Irrespective of the core transformation approach, the process can take up to five years, depending on its size and complexity. This timeframe creates a more significant challenge for some equipment finance organizations that put other digital initiatives on hold during this period to mitigate unexpected risks that could jeopardize business as usual including innovation. Slow-to-act equipment finance organizations may lose the platformification race to peers and new-age competitors.

To remain relevant now, while also preparing for the future, a two-pronged approach to core transformation and platformification is the way forward.

- Progressively modernize the core system and shift to the cloud
- In parallel, develop an API network that drives collaboration with ecosystem partners, to enable new products, services and revenue streams

# Connections: COVID-19 accelerates digital transformation urgency



*While traditional players struggle with operational challenges and are dealing with temporarily closed offices organizations with open API enabled platform-based models are delivering virtual digital services to homebound customers implemented by employees working remotely.*

COVID-19 is a 'black swan' event, one the world neither expected nor experienced ever before. The impact of this pandemic is already being felt by all industry sectors as they scramble to manage their business amid changing consumer behavior, a steep decline in demand, lower margins and overall business disruption. Financial Services organizations are going an extra mile to limit the impact of the pandemic, while attempting to achieve sustainable growth in the "next normal". Crisis management and business continuity plans are the keys to recovery. Financial organizations now need to rethink their business models and look at non-traditional sources of revenue with a greater focus on customer experience in digital channels.

The future of equipment finance requires a new perspective on how to deliver services more effectively and efficiently to customers who have grown accustomed to advanced digital engagement from non-financial institutions like Amazon, Netflix, Zoom, Instacart and Grubhub.

The need to move to a more digital equipment finance model has been talked about for almost a decade, but COVID-19 has made the need for reduced operational costs and improved digital experiences more important than ever. Equipment finance organizations of all sizes must reassess their existing business models, core systems structure, distribution networks, commitment to innovation and product assortment for a marketplace with more demanding customers, more agile competition and shareholders who are looking for greater efficiencies.

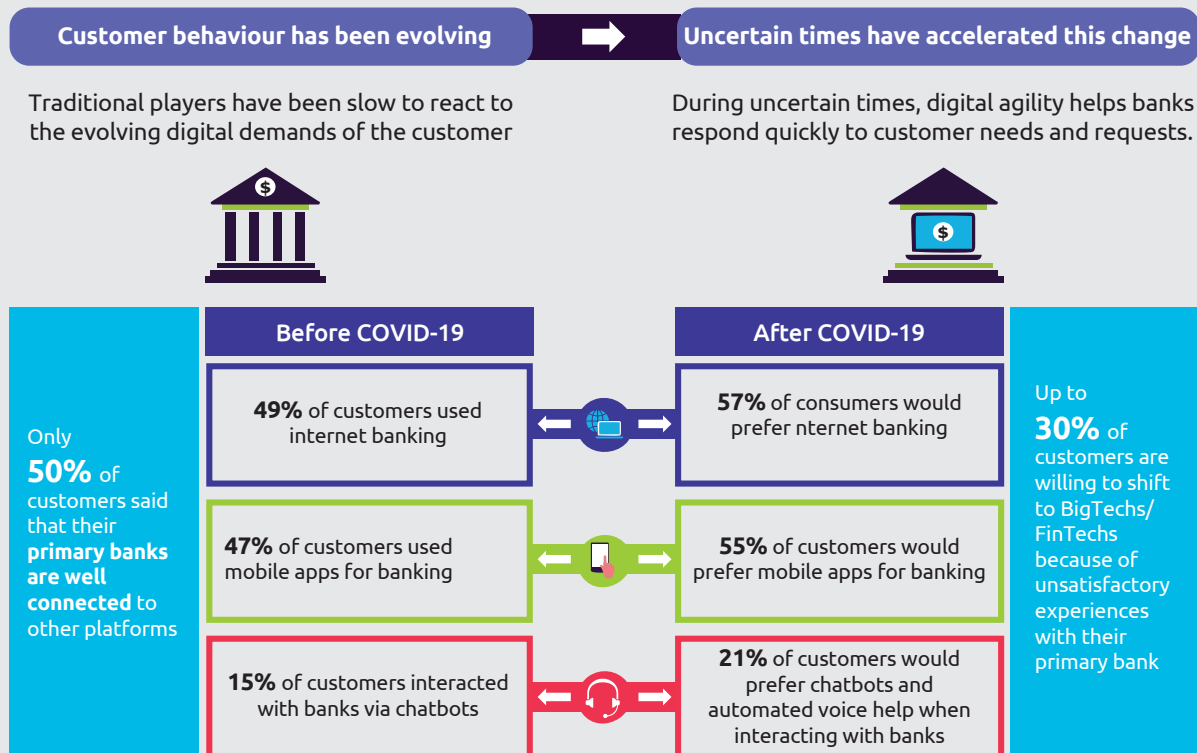
The "next normal" of equipment finance is quickly moving from office based, product-centric organizations with legacy technologies and cultures to customer-centric organizations with more personalized solutions that can be delivered seamlessly. Those firms that can deliver fully digital, platform-based experiences will realize significantly lower acquisition costs, an improved efficiency ratio and much lower costs of distribution.

Inventive Equipment Finance can help organizations minimize business disruptions. It enables the agility to move beyond the Connected Leasing Ecosystem to embrace Open X for adaptability during unpredictable times. Since the pandemic's onset in the first quarter of 2020, organizations have faced disruption that requires long term preparation in the areas of Customer Centricity, Operational Resilience, and Business Awareness.

## Customer Centricity

During today's uncertain times, equipment finance organizations have the opportunity to mitigate customer pain points and deliver unforgettable customer experiences. As customers are using multiple digital channels to access leasing and lending services, digital demand has surpassed the physical demand. However, end-to-end customer journeys are not integrated and digitized. Only 22% of banks offer a save and resume feature in their account opening process, according to a survey by digital customer acquisition and onboarding specialist Avoka. As well, seven out of ten said that having to re-input data when moving between channels

Figure 8. Navigating uncertain times: COVID-19 is driving customer behavior changes



was a major cause of customer dissatisfaction. Banks have been providing multi-channel (more than one mode of interaction but not integrated) rather than omni-channel banking (seamless across all channels, including interaction transition). If that is the story for banks, we expect it is the same or worse for equipment finance organizations.

## Operational Resilience

The current uncertain economic environment may diminish customer spending on equipment and provoked a reduction in interest rates. Resilient equipment finance organizations will consider ways to optimize cost to maintain shareholder trust while shoring up their topline. Equipment finance organizations will have to optimize mid and back office costs while ensuring business continuity. During the COVID-19 outbreak, remote working has affected multiple processes, hampered by reduced workforces and resources. These organizations are overwhelmed by an avalanche of customer inquiries, resulting in significantly higher response times. Inventive equipment finance organizations, however, are operationally ready and prepared to leverage the potential of emerging technologies like smart contracts and intelligent automation to optimize their workflow.



*Agility and preparedness are essential. Digital is the future – it boosts business as usual profits and will help equipment finance organizations remain afloat during uncertainty*

## Business Awareness

During unpredictable times, escalating customer needs requires quick business decisions. Across the US, there are more than 30 million small-to-mid-sized businesses. Even if 10% were to shutter due to an epidemic or

weather emergency, three million businesses would close. This is precisely why compression may have a devastating impact on bank revenues this year. Acknowledging potential risk makes pragmatic business sense and raises the importance of additional sources of revenue. An inventive equipment finance approach encourages organizations to assume the role of supplier, aggregator, or orchestrator and realize maximum value through collaboration and boost quick reliable decision making.

We've seen examples of financial services organizations reaching out to underserved customer populations during crises, which may inspire future customer loyalty. For example, in the UK FinTech start-up Tully launched a network to help those financially impacted by the COVID-19 crisis to provide access to relief payments from lenders and service providers. Creative and innovative Equipment Finance organizations have similar opportunities.

## Our industry's swift response to the disruption

The constantly shifting landscape and the economic shock are impacting the financial services sector in multiple ways — from business continuity issues and operational considerations to the overall financial outlook. But perhaps most in terms of workforce transformation. Many Equipment Finance Organizations had to develop a remote work policy and plan in real time to ensure employee safety.

The infrastructure and platforms on which the company runs on will also need to become more flexible as well. This will increase the need – and appetite – for cloud computing, micro services, APIs, and the “-as-a-service” hallmarks of the emerging equipment finance ecosystem.

Apart from this, Equipment Finance Organizations also need to stress-test their portfolios to better understand the short- and long-term implications of this situation on their businesses. Ronak Doshi of the Everest Group says that his firm is making recommendations to financial services companies to critically evaluate their exposure across each line of business. From this analysis, firms will then need to develop a holistic IT action plan that takes into consideration near- and long-term consequences.

# BTPI Survey Findings



## Less than 10%

*of respondents are not using Agile as a framework to deliver solutions in some form, a 37% change year over year.*

Observing and offering commentary on identifiable trends has become a key component of the BTPI report. In looking through our data gathered for the survey and industry benchmarks, we identify a few trends worthy of a deeper dive. This year we take a closer look at how companies are delivering IT solutions and value to its customers, organizations remote capabilities and Connected Equipment Finance tenets.

## Delivery of IT Solutions & Customer Value

Technology is not new as a disruptive force - but it is accelerating change like never before. More services are offered and accessed digitally, in real-time by the customer. In that perpetual state of evolution, companies want to move quicker from strategic thinking to development and rollout of ideas, offerings and services. To do so and stay competitive while meeting ever-changing customer expectations, companies are moving towards Agile transformation which is now a competitive differentiator in many instances among organizations and industry.

Companies being more nimble in their plans enables them to:

- Help business & IT to be more customer centric
- Break with the rigid long-term plans & improve IT project quality and efficiency:
- Strengthen company's attraction: adopting agility in its culture is an effective way to better attract digital experts

Last year we wrote about the shift to such a delivery framework was moving slow in the industry, yet the desire was high. This year some of the core tenets of such a delivery framework are beginning to take shape among the respondents signalling companies shift and greater degree of confidence in adapting to such a model. The largest shift in how companies indicated they are delivering IT solutions was in the use of Agile, less than 10% of respondents indicated they are not using this as a framework to bring solutions faster to market. This was a 37% shift year-over-year.

Further evidence of a move toward quicker to market delivery is that 35% more respondents in 2020 indicated focusing the initial delivery of a capability on the Minimum Viable Product (MVP). Establishing a quicker to market solution to bring value to customers faster is a core tenet of the Agile framework and even more staggering is that over 90% of respondents indicated leveraging this approach at least sometimes. Here is further evidence that some form of Agile is present in most organizations within the industry.

Furthermore, when asked to identify what factors may be inhibiting delivering value to customer's and being capable of bringing them the solutions, they are asking for there are two noticeable shifts in factors identified.

1. Overall complexity down 44% from 2019 seems to further illustrate the focus on an MVP solution and incremental change going forward. Certainly, complexities have not gone away, rather been mitigated by a change in delivery approach.



2. Limited and/or lack of internal expertise also saw a large decline at just 27% highlighting this as an obstacle to deliver. Dedicated teams and smaller more focused stories of work can be key contributors to such a shift in perceived obstacles.



**70%** of respondents believed connected leasing would be at least partially available within 5 years

## Connected Equipment Finance

Earlier in the report you read about bringing the Connected Equipment Finance concepts from theoretical to practical within the industry of equipment finance. Organizations are recognizing that not only is it possible, but we are starting to see that it is either on the roadmap or at least being considered more seriously amongst organizations. In 2018, no respondents indicated they were a market leader in the technology adoption cycle when it came to interconnectivity of systems, but in 2019 there was a move up of 15% in the category. There is some evidence of practicality in the market albeit slight.

Further evidence of organizations moving in this direction is that in the current year 70% of respondents believed Connected Equipment Finance would be at least partially available within five years, compared to just 50% in the prior year.

Concerns and challenges still need to be alleviated for increased adoption as the majority of respondents still report high levels on both for all reasons shown below. While the concepts are more practical and appear on an organizational roadmap, additional approaches to mitigation must be undertaken to decrease the level of agreement on the concerns and challenges faced by organizations in tackling Connected Equipment Finance. The section above on Connected Equipment Finance speaks to such tangible approaches and components to the concept.

Concern	Agree
Data security	85%
Loss of control of customer data	85%
Lack of homogeneous tech standards	77%
Customer privacy	69%
Brand dilution	62%
Product cannibalization	54%

Challenge	Agree
Process barriers	92%
Cybersecurity concerns	85%
IT incompatibility between legacy systems and fintech systems	85%
Difference in organizational culture/mindset	77%
Cost to implement	77%
Regulatory compliance	77%
Lack of long-term vision and objectives	69%
Lack of executive leadership commitment	54%



**Almost 90%** of respondents indicated their IT initiatives had not shifted due to the pandemic

## Remote Working Landscape

As discussed in the above section on COVID-19, the pandemic has changed the way in which organizations are gathered, where and how. This, of course, effects the ways in which we communicate. We asked respondents to comment on their preparedness and subsequent effectiveness of the remote working environment most all organizations have quickly been forced to adopt at a larger scale. Perhaps not surprisingly in an IT landscape most organizations assessed their preparedness quite high.

Within the IT operational maturity model all respondents indicated they had at least a defined approach and capability to remote work at the current time and most rated themselves as proficient in the model. Overwhelmingly, at 77% of respondents indicated that post-pandemic work location model will be a hybrid approach with some increased work from home options for employees.

Did the delivery of initiatives or projects change for organizations due to COVID-19? It appears very little changed. When asked how specific initiatives changed organizations responded as follows:

Service	% of respondents
No change in plans	88%
Accelerated	10%
Postponed	2%

The lone accelerated initiative indicated by over 60% of respondents was eSignature. Allowing the customers to sign documents digitally is certainly a sensible acceleration considering the inability to be in-person over the last several months.

# Capgemini Point of View

Our point of view at the end of the 2019/2020 BTPI report concluded that Connected Equipment Finance will enable a more contemporary model including a modern, digital open API platform in order to provide the capabilities needed today and in the future. We believe this still holds true and furthermore, see an evolution on the horizon where traditional equipment finance organizations need to become truly “inventive”.

Inventive organizations will be those that can provide an opti-channel digital customer experience, second to none. In order to provide such capabilities, organizations will need to transform core platforms into sustainable ecosystems that are not overwhelmed with complex legacy layers. In this transformation journey, focus should not only be placed on the front-end because it is customer-facing and perceived to be more important. Attention also needs to be placed on the middle and back-office in order to deliver robust digital capabilities across all channels to customers.

The COVID-19 pandemic has accelerated this need for organizations to focus on “best in class” customer experience across digital channels. Equipment finance organizations can no longer settle back and remain traditional. The “new normal” has to become “next normal” where inventive equipment finance organizations must address customer centricity, operational resilience and business awareness in order to remain relevant.



# BTPI Survey Response Statistics

The following section of the report provides a summary of responses to the 2020/2021 BTPI survey. Since respondents do not always provide information for each question, each table in the survey may have a different number of respondents.

## Profile of 2020/2021 BTPI Survey Respondents

1. What form of organization most closely describes your business?

Type of Organization	% of respondents
Bank	67%
Captive	7%
Independent, financial services	26%

2. What market segment most closely describes your business?

Market segment	% of respondents
Micro ticket	7%
Small ticket	46%
Mid ticket	40%
Large ticket	7%

3. According to the definitions of IT / Operational maturity below, how would you rate your company's capabilities in the following areas:

<b>Initial</b>	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.
<b>Repeatable</b>	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.
<b>Defined</b>	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.
<b>Managed</b>	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.
<b>Optimizing</b>	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.

Customer relationship management (CRM)	
Rating	% of respondents
Initial	21%
Repeatable	21%
Defined	29%
Managed	14%
Optimizing	14%
Not applicable	0%

New business processing	
Rating	% of respondents
Initial	0%
Repeatable	7%
Defined	57%
Managed	21%
Optimizing	14%
Not applicable	0%

Back-end portfolio servicing	
Rating	% of respondents
Initial	0%
Repeatable	7%
Defined	36%
Managed	43%
Optimizing	14%
Not applicable	0%

Collections and customer service	
Rating	% of respondents
Initial	0%
Repeatable	7%
Defined	36%
Managed	43%
Optimizing	14%
Not applicable	0%

Customer self service	
Rating	% of respondents
Initial	36%
Repeatable	14%
Defined	21%
Managed	7%
Optimizing	21%
Not Applicable	0%

Customer and partner mobile enablement	
Rating	% of respondents
Initial	21%
Repeatable	14%
Defined	7%
Managed	14%
Optimizing	21%
Not applicable	21%

Core accounting - general ledger, accounts payable, payroll, etc.	
Rating	% of respondents
Initial	0%
Repeatable	7%
Defined	36%
Managed	43%
Optimizing	14%
Not applicable	0%

Business intelligence/reporting	
Rating	% of respondents
Initial	0%
Repeatable	36%
Defined	43%
Managed	7%
Optimizing	14%
Not applicable	0%

Compliance and controls	
Rating	% of respondents
Initial	0%
Repeatable	7%
Defined	36%
Managed	43%
Optimizing	14%
Not applicable	0%

Enterprise risk management - liquidity, operations, residual value, credit, reputation and market risk	
Rating	% of respondents
Initial	0%
Repeatable	7%
Defined	36%
Managed	43%
Optimizing	14%
Not applicable	0%

Cloud technology	
Rating	% of respondents
Initial	14%
Repeatable	7%
Defined	36%
Managed	14%
Optimizing	7%
Not applicable	21%

Integration of systems (internal and/or 3rd party)	
Rating	% of respondents
Initial	0%
Repeatable	15%
Defined	54%
Managed	15%
Optimizing	15%
Not applicable	0%



Partner portal capabilities	
Rating	% of respondents
Initial	29%
Repeatable	0%
Defined	29%
Managed	21%
Optimizing	14%
Not applicable	7%

Use of agile as a solution delivery framework	
Rating	% of respondents
Initial	14%
Repeatable	21%
Defined	21%
Managed	29%
Optimizing	7%
Not applicable	7%

Remote working capabilities	
Rating	% of respondents
Initial	0%
Repeatable	0%
Defined	31%
Managed	38%
Optimizing	31%
Not applicable	0%

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

Service	% of respondents
Back-end (servicing) system replacement	62%
Front-end (originations) system replacement	31%
Process efficiency improvement initiative	31%
Build or improve systems integrations	23%
Customer self-service (including web, mobile, phone, etc.)	23%
Business intelligence improvements	23%
360-Degree view of customer / crm	15%
Esignature	15%
Consolidate multiple back end platforms	8%
Buy or build business specific applications	8%
Portal for partners	8%
Use of robotic processing automation	8%
Outsourcing of processes	8%
Business process management (automation of workflow)	8%
Risk management initiatives focused on credit, residual value, liquidity or interest rate risk	8%
Integration of systems (internal and/or 3 <sup>rd</sup> party)	8%
Implementing the use of agile delivery framework	8%

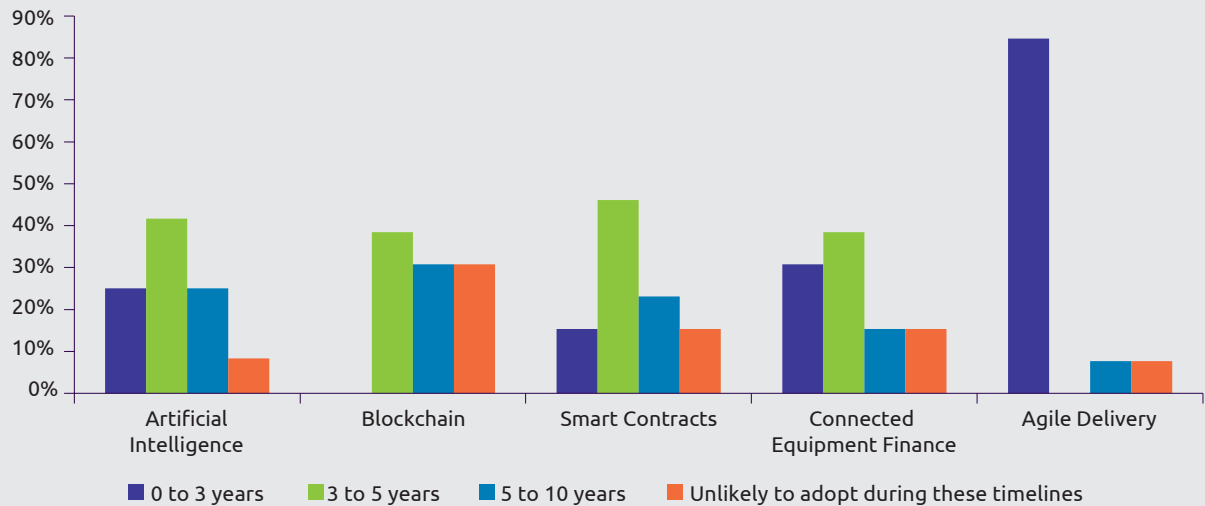
5. Consider the IT related initiatives from the prior question. How has the ongoing COVID-19 pandemic effected your organization's pursuit of the initiative?

Service	% of respondents
No change in plans	88%
Accelerated	9%
Postponed	2%

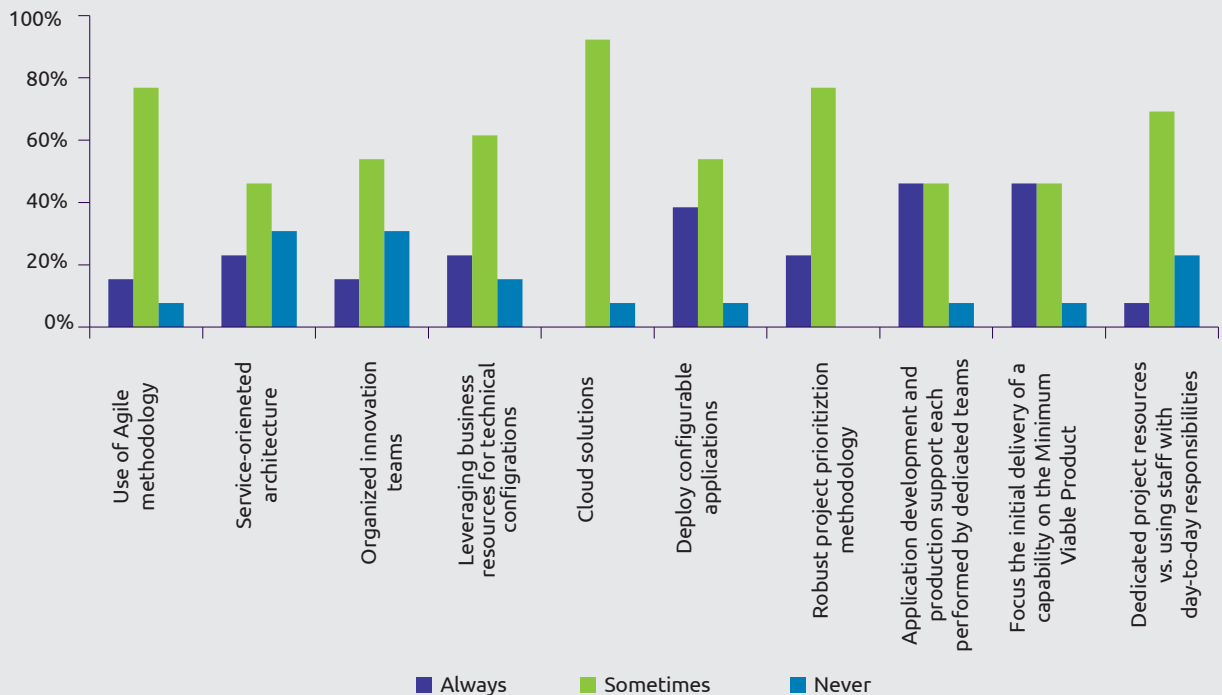
Generally, IT departments have not changed plans based on the pandemic, except for the largest standout being implementing and providing eSignature to its customers.

6. Based on your knowledge and awareness, what is the timeline during which you believe your organization will adopt the following concepts?

Connected Equipment Finance: An architectural concept which centers around addressing the capabilities needed by equipment finance organizations through an ecosystem of platforms and partners. Many companies are no longer looking for the “silver bullet” E2E solution or single front-end and back-end solutions, but rather an ecosystem to provide robust capabilities to drive growth, operational excellence, and customer satisfaction.



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



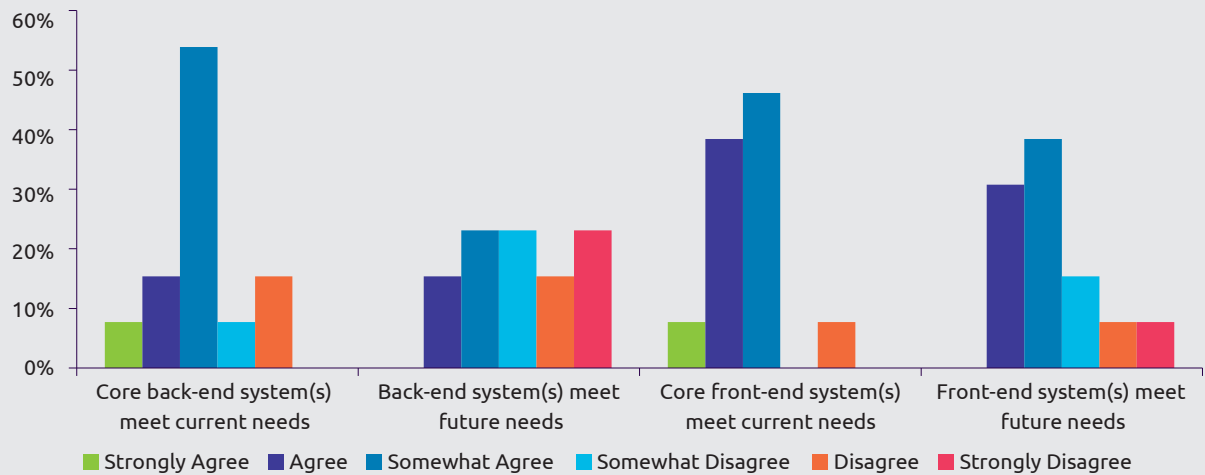
8. Please identify the top 3 features missing or most highly deficient in your FRONT-END systems

System application vendor	% of respondents
Data analytics / data management	53%
Mobile capabilities	40%
Integration to a crm	33%
Cloud capabilities	27%
Integration to other systems	27%
Workflow capabilities	20%
Partner or customer portal	20%
Compliance controls / monitoring	13%
System performance	13%
Integration to back office	7%
Other	7%

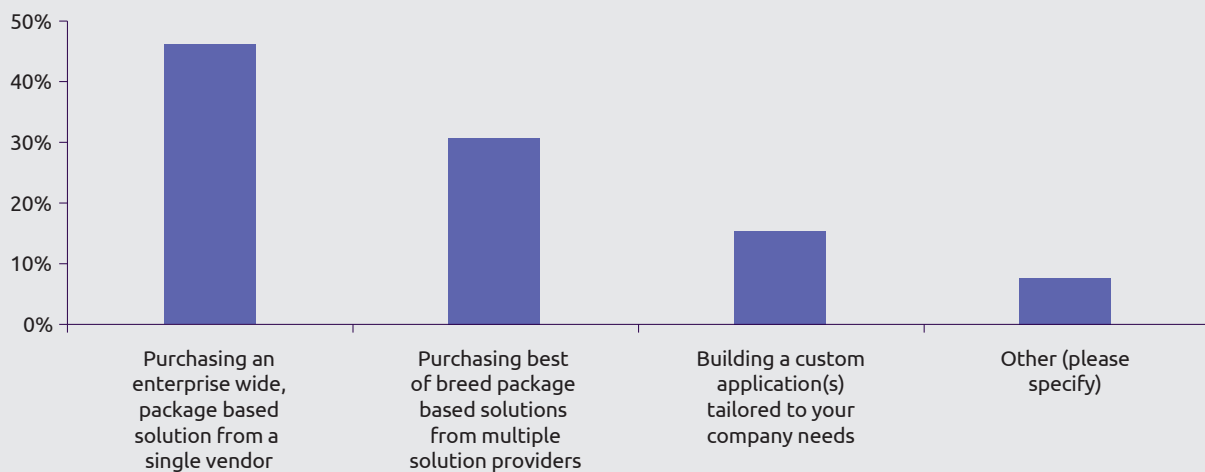
9. Please identify the top 3 features missing or most highly deficient in your BACK-END systems

System application vendor	% of respondents
Data analytics / data management / reporting	47%
Asset management / asset level invoicing	40%
Integration to other systems	33%
Improved workflow	33%
System performance	33%
Cloud capabilities	20%
Gui interface	13%
Partner / customer portal	13%
Front office integration	7%
Mobile capabilities	7%
System documentation	7%
Other	7%

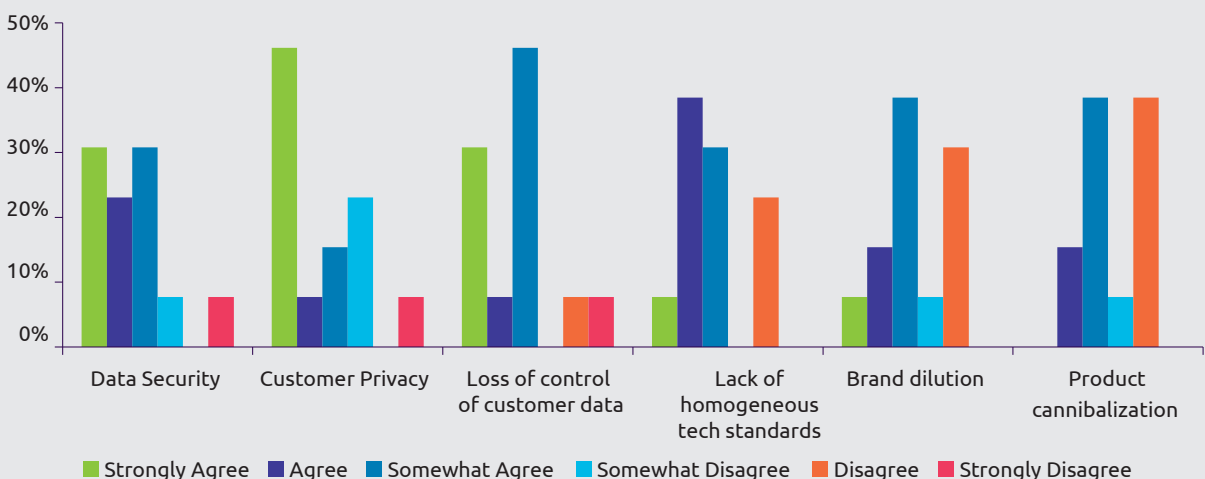
10. Please specify your level of agreement or disagreement with the following statements as they pertain to your organization



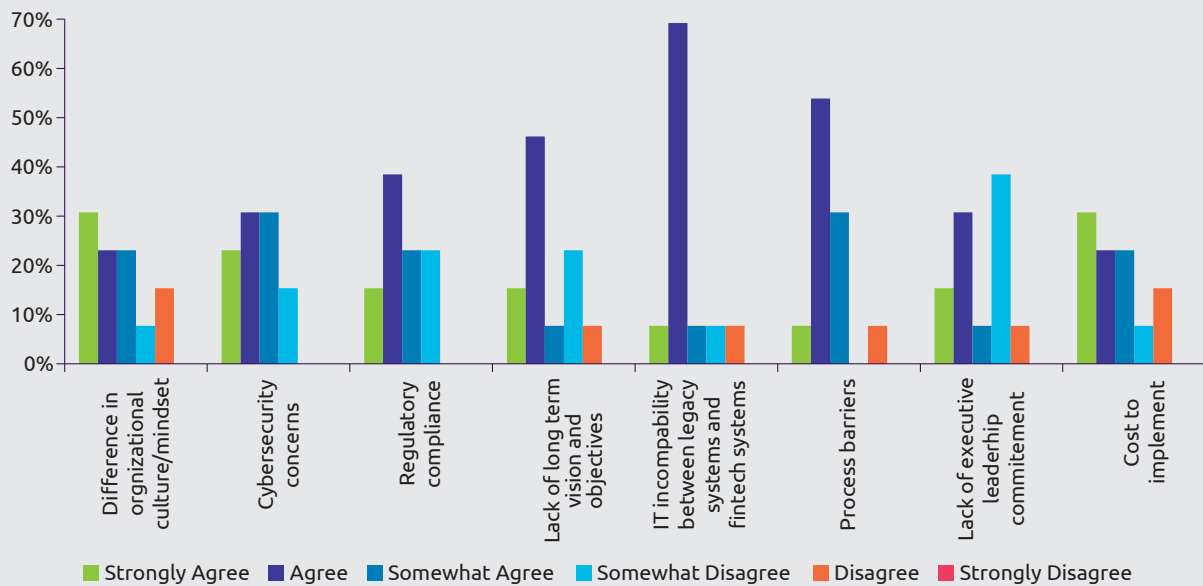
11. For your core, front-end origination and back-end servicing system applications, your company preference tends toward:



12. Connected Equipment Finance: How would you classify the below concerns in adopting the connected Equipment Finance framework?



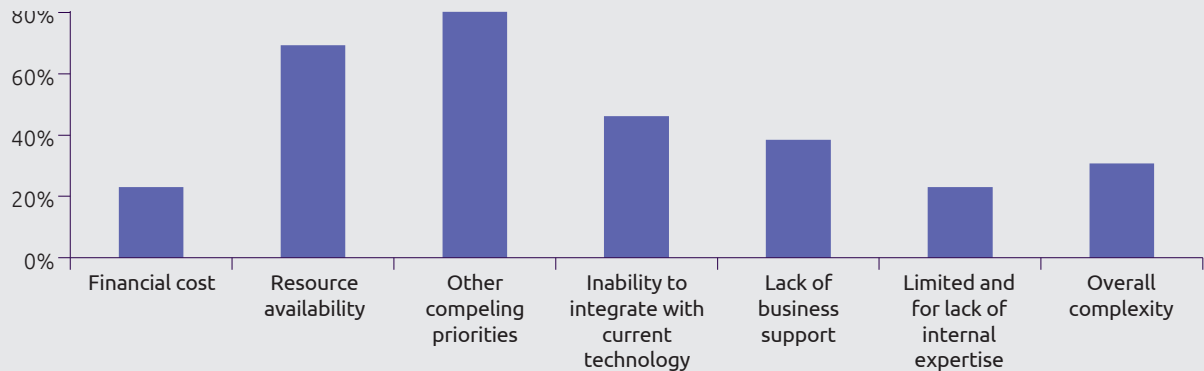
13. What challenges do you foresee in implementing Connected Equipment Finance capabilities to your organization?



14. What are the top 3 offerings/capabilities that your customers are demanding but you are unable to provide currently?

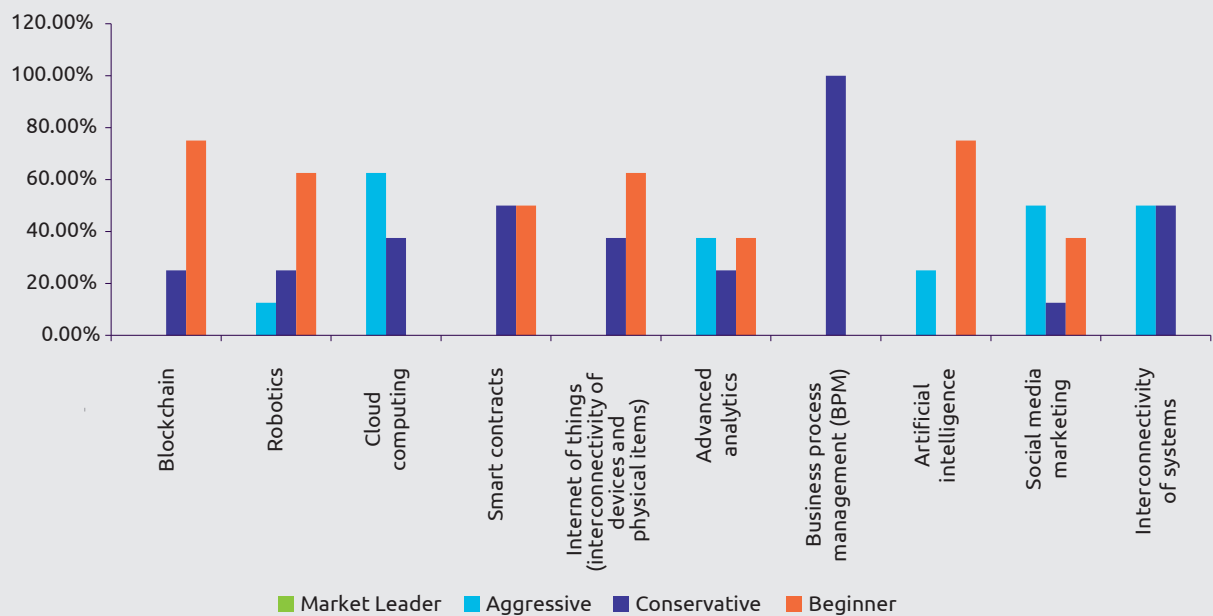
System application vendor	% of respondents
Online payment capabilities	54%
Online execution of documents	31%
Online billing statements	31%
Ability to obtain buyout quote online	31%
Customizable reporting formats	23%
Ability to view payment history information	23%
Online application submittal	15%
Online credit decisioning	15%
Instant online quote	15%
Support for mobile devices	15%
Access to asset management information	15%
Rewards program	15%
Asset level invoicing	8%
Other (please describe below)	8%

15. What barriers are you encountering in fully providing these offerings to your customers?

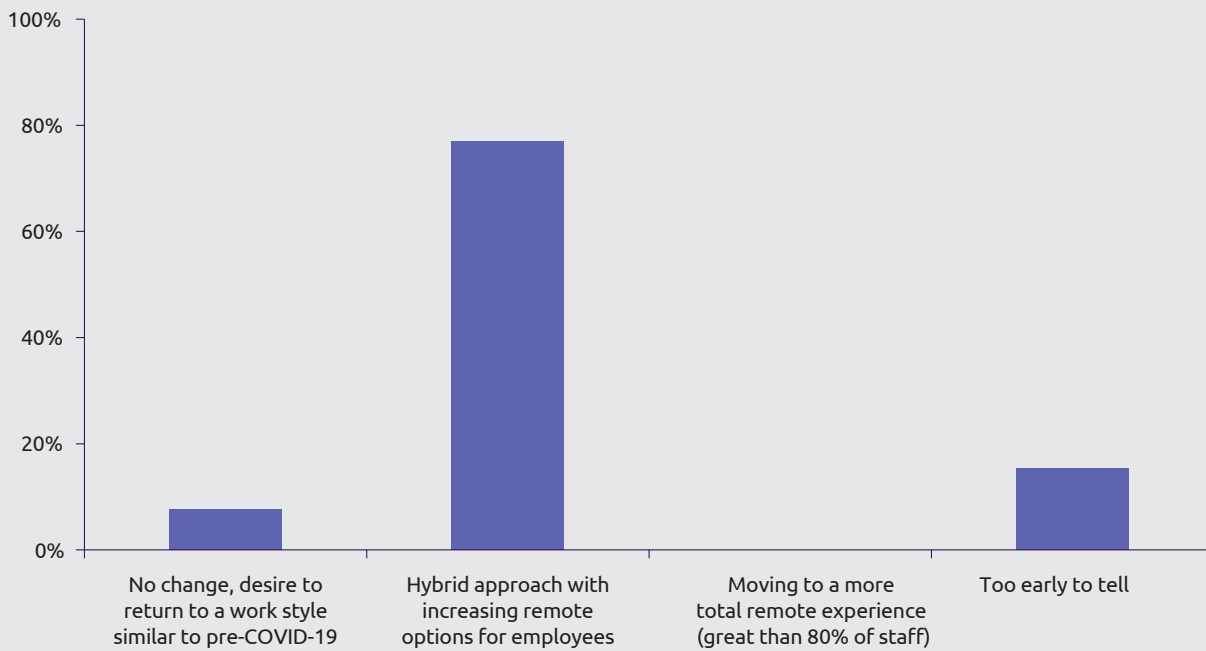


16. Where does your organization fall on the technology adoption life cycle for the following new technologies?

<b>Market leader</b>	Companies that have executives that share a strong vision for what new technologies bring, invest in and manage digital technologies quickly and effectively, and gain the most value from digital transformation
<b>Aggressive</b>	Companies that are very aggressive in adopting new technologies, but do not coordinate well across departments or have an effective vision in place for dealing with the digital business.
<b>Conservative</b>	Companies that deliberately hang back when it comes to new technologies, although their management has a vision and effective structures in place to govern technology adoption.
<b>Beginner</b>	Companies that have probably used email, internet, and various kinds of enterprise software. But they have been slow to adopt, or are skeptical of, more advanced digital technologies like social media and analytics.



17. COVID-19 has changed the way organizations have been working in 2020. Considering the change in working style your organization has experienced, how do you see the future of your work environment changing?





# About the Report

The 2020/2021 BTPI is the latest report in a series of publications on business trends, systems and technology available through the ELFA, the Equipment Leasing and Finance Foundation (ELFF) and Capgemini. Focusing specifically on trends in technology and operations and 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 2020. 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.

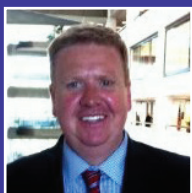
Participation in the BTPI is voluntary and free of charge. All equipment finance companies were welcome to participate and were invited to provide survey responses through an online survey.

The report will be digitally available at: [www.capgemini.com/btpi](http://www.capgemini.com/btpi)

# About the Authors

Authors of the 2020/2021 BTPI are members of Capgemini's Banking and Diversified Financials practice. This group focuses on the equipment leasing and finance market, working daily with companies to help them create more efficient and profitable operations. Capgemini is driven by the conviction that the business value of technology comes from sand through people. It is a multicultural company of over 200,000 team members in more than 40 countries. The Group reported 2019 global revenues of EUR 14.1 billion.

The authors would like to thank all participating companies and Capgemini associates who assisted with this report. They would also like to acknowledge and thank Ralph Petta, Bill Choi, and Amy Vogt of the ELFA for their contributions to this year's report. They were instrumental in ensuring that this effort receives appropriate coverage, exposure and industry participation.



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We would also like to thank Ryan Toa and Brenda Xu, for their added contribution to the production of the BTPI report.



In collaboration with



## About Capgemini

Capgemini is a global leader in consulting, digital transformation, technology, and engineering services. The Group is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. A responsible and multicultural company of 265,000 people in nearly 50 countries, Capgemini's purpose is to unleash human energy through technology for an inclusive and sustainable future. With Altran, the Group reported 2019 combined global revenues of €17 billion.

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