



European Captive Leasing Start-Up

Client: Financing arm of an American HQ conglomerate

The Situation

The Project

Deploy three new country legal entities with new processes and front to back office solution.

The Challenge

Due to the parent conglomerate divesting most of their leasing interests in Europe, new captive leasing companies had to be started up in core European countries, Germany, France and Italy. Time and resources were limited, driving use of an existing back-office solution with a mandate for limited customisation. The new entities had completely new staffing, adding to the challenge of developing the right solution for the business.

The Solution

Design and Implementation of standard business processes covering Origination to back office GL integration, using the foundation of Oracle Lease and Finance Management (OLFM).

The Result

Successful rollout of best practice processes/systems for Germany, France and Italy captive leasing entities leveraging the R12 Oracle E-Business Suite (OLFM).

Due to a structural change in the organisation and divestment of the client's general leasing operations globally, the business strategy included a need for new captive leasing organisations to support their industrial manufacturing divisions, especially healthcare. New regulated business entities would need to be started up in three core European platform countries (Germany, France and Italy). New staffing, a small footprint and budget, with a mandate for minimal system customisation and to leverage standardised processes. The program timeline was to be operationally ready (people, systems, processes) for the first country within a year, with the others following within a quarter after initial implementation.

The Solution

The portfolios and current back-office solutions in the countries were being divested to other financiers alongside the general leasing operations, so a new application was needed. An existing Release 12 (R12) Oracle Lease and Finance Management (OLFM) solution in place by the client and previously used for other European countries was evaluated for suitability, and it was agreed that the new entities would be deployed on this alongside another existing in-house front-office application which had been integrated to OLFM.

As the original implementation partner of the R12 OLFM solution, VIP Apps Consulting were asked to assist in preparing the business for deployment including evaluating the standard application processes, training the users and developing the accounting solution to achieve local and US GAAP native accounting within the OLFM General Ledger.

This would be achieved through a phased approach to ensure that critical dependencies were achieved within a relatively rapid timescale, with less critical functionalities and processes to follow in separate phases. The first phase would be to finalise the creation of the entities, hire staff and deploy origination, billing and payment processes for all three countries within 12 months of project start, so that they could begin conducting core captive leasing business in those platforms. That would be followed by the development of a full dual GAAP accounting solution for each country within 6 months of phase one.

Throughout the phased deployment, and the following phases of end of term functionality, VIP Apps Consulting worked with client staff at headquarters and in each country to assess, formalise and standardise the processes, requirements for Europe as a whole, leaning on our AMOBI methodology to review common pain points, map them appropriately and identify the optimal solution at the European or country specific level.

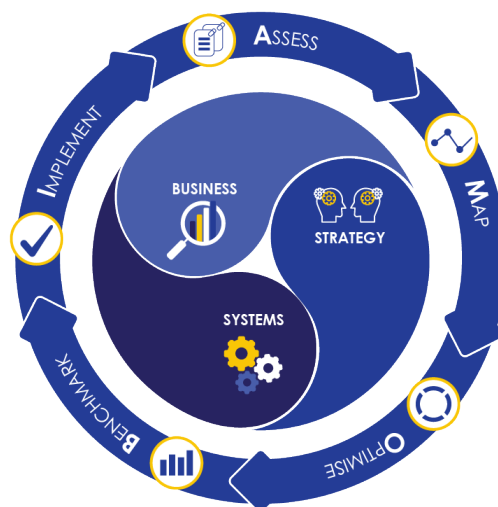
As part of the assessment phase, we were able to review process and discuss requirements with the existing team pre-divestment. This opportunity, combined with our knowledge of best practises, the solution footprint and the 'clean-slate' development of the new entities, enabled a focus on standardised process as well as standardised system functionality. This enabled us to map and optimise the processes to meet the system and resource constraints imposed by the business.

For the second phase dual GAAP delivery, our consultants worked closely with the in-country Finance teams to develop the local GAAP solutions for Germany, France and Italy. This included working with our own in-country or 3rd party local accountancy consultants to develop regulatory reporting solutions for those countries with statutory requirements as each entity was registered locally as regulated (central banks and PRA).

The outcome was a complete dual, or triple GAAP representation of all transactions within the business, enabling the Finance function to remain streamlined and still be able to meet their local in-country and corporate owner reporting needs. The implementation included a migration exercise of the initial single GAAP contracts into dual GAAP to ensure the entire portfolio was properly represented. It also included a full statutory representation of local GAAP, including separate chart of accounts where applicable.

The third phase involved analysis of the specific requirements of the asset management function to identify the scope for early settlement and end of term remarketing, including the approval levels for asset sales and the interactions between the operations and asset management teams. This resulted in a robust process to accommodate a limited number of users and still be compliant with separation of duties in the regulated entities. Functionality was delivered within the standard system framework across all three countries to enable the correct management of contract termination, remarketing and profit and loss assessment.

Whilst system, resource and budget limitations posed challenges to all three phases of delivery we were able to progress each phase within the agreed delivery timescales and properly identify areas that may need to be delayed to a subsequent phase. This iterative approach to deployment, assessing and focusing on the specific areas for each phase and managing timelines around the day to day business pressures for the users, is key tenet of our AMOBI methodology.





Results and Benefit to the Client

Using our expert knowledge of the client's business landscape we were able to adapt our AMOBI methodology to the specific business problems they were facing, working with the stakeholders and end users to develop optimal solutions within the constraints of budget and delivery time. Assessment and mapping of the existing processes pre-divestment enabled the adoption of a standard system process across Europe.

The result was full deployment of all three countries within the agreed project timescales, followed by optimisation of Finance processes and production of full accounting representations in both local and US GAAP in each country (including statutory representations where required). Late life and end of term processes were also delivered to the agreed timescales, enabling the business to meet the end of term and remarketing needs of the portfolio as it aged.

The successful completion of the full program and deployment of a low footprint, low maintenance software solution enabled the business to put their focus into building a leasing portfolio from the ground up and meeting their internal company and external customer needs.