



The Voice of Leasing and Automotive Rental in Europe

Future

GROUP

2015

Table of Contents



1 Foreword	3
2 Acknowledgements	4
3 The Future Group Programme	5
4 2015 Future Group Innovations	8
EasyLease	
Residual Value Funding Platform	
Circular Economy Product Label	
QuickLeasing	
We are Innovation	
Easylease Use Platform	
Personal Asset Management	
Complex Mobility Provider	
Leasing API	
SecondLease	
Asset Management Centre of Excellence	
SocialLease	
International Quality Standard for Private Leasing	
GreenTravel PRO	
Real Estate Leasing 2.0: Image Campaign & Software	
Other Future Group Member	
5 Projects Selected for the 2015 Annual Convention of the European Leasing and Automotive Rental Industry	55
6 The 2016 Future Group	57
7 About Leaseurope and Invigors	58



Foreword



In 2013, Leaseurope established, in partnership with Invigors EMEA, a unique and creative programme in order to provide young industry talents with a truly European platform and an environment in which they can develop innovative ideas to the benefit of the entire industry. The first two years have been a huge success and we know that many of the 2013 and 2014 participants ended up either implementing their innovations in their respective leasing firms or were promoted shortly after taking part in their programme. Leaseurope is undoubtedly extremely proud of the past Future Group classes and is pleased at the positive reaction we have received from across the European industry. Due to the great success of the Future Group initiative, it is no surprise Leaseurope decided to make it a permanent fixture in its annual calendar and to go ahead with the 2015 Future Group class.

The 2015 Future Group class is composed of sixteen bright, young lessors from different geographical and functional backgrounds as to truly represent the European industry, all of whom were nominated by the heads of leasing companies from across Europe. While retaining the overall philosophy and spirit of continued innovation, which characterises Leaseurope's Future Group Programme, each member of the 2015 class was tasked with coming up with an innovative idea that would either harness or integrate the potential of a disruptive innovation into the leasing business.

The Group presented their individual ideas, which were then analysed for their development potential by the Group, together with Invigors and Leaseurope. The ideas with the most development potential were then selected from the pool and were further developed by Future Group members working in teams. The resulting top three projects were presented to the industry in a special session at the 2015 Annual Convention of the European Leasing Industry in Cascais.

One of Leaseurope's mandates is to encourage information exchange and the sharing of best practices amongst the wider industry. As such, we felt it would be important to showcase not only the three selected projects presented in Cascais, but as many of the other great ideas put forward by the young talents as possible. To round up the work of the 2015 Future Group, we are therefore releasing an overview of all fifteen of the individual innovations originally presented. We hope that the wide variety of concepts developed by the 2015 class will provide the European industry with food for thought when it comes to their own businesses.

At Leaseurope, we were very impressed with the 2015 Future Group participants and we would like to thank all of them for their ideas, enthusiasm and valuable feedback and contribution to the programme. With their input in mind, we are already in the process of creating the 2016 edition. The continued spirit of innovation will no doubt be at the forefront of the 2016 Future Group class, with a few new surprises in store, of course! We look forward to seeing what the new class will contribute to the future of the industry.



Enrico Duranti
Chairman
Leaseurope

Acknowledgements

Leaseurope would like to thank everyone who made this publication possible:

The 2015 Future Group participants for their passion, commitment and original insight. We wish you all the best in your future careers!

The heads of European leasing firms who nominated the young talents and supported the Future Group programme.

Chris Boobyer and Richard Ryan from Invigors for moderating the Future Group meetings and supporting Leaseurope with the Group's organisation.

John Mitchell, Leaseurope's Regulatory Affairs and Real Estate Leasing Adviser, for coordinating this publication.



The Future Group Programme

The Future Group

*An interview with Chris Boobyer
Senior Partner
Invigors EMEA LLP*



How did the idea of the Future Group come about?

The Future Group developed from a discussion at Leaseurope's 2013 CEO Business Council, the platform where European CEO's discuss their day to day concerns about the industry and the most pressing strategic questions on their agenda. The main topic of that particular CEO forum was 'Delivering the Future'.

As all senior executives know, their main competitive advantage and highest cost is their people. However, investment in developing existing staff suffered during the recent recession and it is very clear that the industry needs to attract new talent in competition with potentially more exciting industries. Therefore, the discussion turned to what can be done immediately to develop some of the brightest existing stars in their respective companies and channel their thinking into identifying and developing innovative products and process developments for the asset finance industry.

These forums tend to mostly be talking shops, so what concrete steps were taken next?

The difference with Leaseurope's CEO Business Councils is that there is some real energy and enthusiasm for change. The immediate action was for each CEO to identify and nominate one person to form part of what became the first Future Group. The CEO meeting was in March, the nomination process and agreement to proceed was completed around Easter that year and the first Future Group meeting was held in Brussels on the 13th of May 2013!

How have the groups been managed; how do you drive and inspire a disparate group of young leasing professionals?

The CEO's do a great job in the selection process. In late spring, the Leaseurope team, my Invigors colleague, Richard Ryan, and I meet a group of bright, enthusiastic, willing to learn – if somewhat daunted leasing people. They are briefed on what is expected of them and we explain how the outcome of their work over the next 5 months will be presented in a special session at Leaseurope's Annual Convention.

This is central to the Future Group story and helps focus all of us on strategic and practical outcomes – there is no hiding place in front of several hundred leasing industry professionals!

How do the projects come to life – how do you choose the topics; what is the selection process?

The general theme for the Future Group is to develop an innovative idea in the area of customer value propositions; products, channels to market; funding or resources. Each member develops his/her own ideas on a competitive basis for presentation to his/her peers in July. At that time, through a peer group voting process, three 'best' ideas are selected to be then further developed by the Group, which was split into three teams during the summer.

In September, the three selected ideas are represented to the Group and suggestions for further research, development and 'polishing' are agreed. Final submissions are made by end September and the programmes are presented at the Convention in October, most recently in Cascais in October 2015.

What do the Future Group participants get out of it?

The most common reaction from them is their new found sense of identity and community. Something that some of us take for granted, but for these young managers it is great to see them identifying with other colleagues in different companies and countries. I am certain lifelong friendships are being borne within this industry group as it has for many of us previously.

Also, their strategic and commercial skills are being sharpened and for some, their presentations are being further developed. The other main ingredient is of course FUN! - we all enjoy this programme.

What reaction have you had from the industry?

We have received a brilliant reception from the industry. The first session in Rome was really well attended and the audience gave the young teams a lovely welcome and some really tough questions! The Barcelona session was a sell out – more chairs required –and Cascais was also a very well attended event, despite there being two competing sessions. The industry press has showed a lot of interest and are following up a number of the ideas for publication.

However, for me, the real proof of the value of the programme is these two things:

1. Some of the ideas created by the Future Groups have been selected for commercial development by some companies in the industry; and
2. The CEOs have supported another Future Group for 2016.

We are really looking forward to how we can build on the incredible successes of the past three years. This is a showcase for young talent – we must harness their ideas, their attitudes and their onward enthusiasm for the industry.

It has been a privilege to work with Leaseurope and the three Future Group classes so far and we look forward to the class of 2016 with great anticipation.

The objectives of the Leaseurope Future Group Programme are to:

- Provide promising individuals with an environment in which they can express themselves freely and develop innovative ideas which may benefit the entire industry
- Help them discover the multiple facets of the industry beyond their daily activities
- Establish a talent pool from which future industry leaders may emerge
- Allow the young talents to engage with the wider industry, giving them exposure to senior industry practitioners and visibility at the Annual Convention

Members of the 2015 Future Group

- Giorgia Cacciapuoti,
Senior Credit Analyst at Corporate Affairs Division, Iccrea BancalImpresa Spa
- Veronica Freyne,
International Programme Manager, SGEF
- Tom Fordyce,
Business Analyst, Investec
- Michael Heyer,
Business Development & Account Management, De Lage Landen Leasing
- Simone Maccaferri,
Head of Bank and Products Development & Management Office, Unicredit Leasing
- Przemyslaw Mocek,
Finance Office Manager, BZ WBK Leasing S.A.
- Sebastien Philippin,
Zone Manager for the Walloon Region, ING Lease
- Bastian Rüger,
Expert Subsidiaries & Participations, Deutsche Leasing
- Ondrej Strnd,
Head of Procurement, SkoFIN
- Arkadiusz Talun,
Senior Analyst, Controlling Team which is a part of the Financial Department, mLeasing
- Olivier Tombeur,
Lease Manager, Belfius Lease Services
- Reinout Vente,
Relationship Manager – Wholesale & Structured Finance, ABN AMRO
- Suhale Vorajee,
Head of Marketing and Communications, BNP Paribas Leasing Solutions UK
- Eric Westdorp,
International Product Development Manager, LeasePlan
- Stefanie Wild,
Executive Assistant to the Regional Director, ALD International
- Sandra Windbichler,
Key Account Manager, Sales Projects and Special Financing, Raiffeisen-Leasing

Future Group Facilitators



Chris Boobyer
Senior Partner
Invigors EMEA LLP



Richard Ryan
Partner
Invigors EMEA LLP





Future

GROUP
INNOVATIONS
2015

Giorgia Cacciapuoti

*Senior Credit Analyst
Corporate Affairs Division
Iccrea Bancalmpresa Spa*



Giorgia Cacciapuoti graduated with an honors in Business Administration at the University of Rome Tor Vergata in 2010 after a Bachelor's degree in Business Management in 2007. She then began working as a financial statements audit assistant for KPMG Spa working in the industrial sector.

Her career in the leasing industry commenced in 2011 at Iccrea Bancalmpresa Spa as a Corporate Credit Analyst moving through different offices between Florence and Rome. She currently works in the Corporate Credit Department. She is involved in lending activities providing support structured deals and financial leasing operations for all asset categories. Her key responsibilities and activities have included: financial information analysis, development of leasing transactions regarding commercial real estate, structuring of finance leases of all asset type (both automotive and equipment), structuring and execution of medium to long term corporate loans and refinanced loans and the risk assessment of various types of lending proposals.

What is the current challenge and/or opportunity to be addressed with your innovation?

In recent years, different issues have challenged the three parties traditionally involved in financial leasing. Firstly, lessees typically require quick and easy access to suitable assets. Secondly, lessors try to better manage their relationships with manufacturers, improving their margin on services rather than the net interest income vis-a-vis the lessee. Finally, manufacturers try to gather a greater market share by providing both finance solutions and asset support services.

The current established business model is based on the choices of the lessee. In real terms, the first point of contact is between the lessee and manufacturer. To summarise, the customer chooses the asset that meets their requirements and the one which offers the best conditions (considering payments, delivery, assembly and secondary services). After this the lessee introduces the leasing company which considers the offer made by the manufacturer and then decides whether it wants to finance the proposition. From this point, the lessor is committed to making an agreement with the manufacturer, once it has fully considered its own requirements and has analysed the client's ability to repay.

Accordingly, every asset is leased pursuant to defined conditions that are based on the positive rating of a client and the value of the assets. However, often each party is unable to satisfy certain requirements.

What is your innovative idea to address this challenge or opportunity?

This traditional model assumes that when there is a need to finance an investment, a customer will choose the ideal manufacturer, and after that the leasing company gets involved in the process.

The leasing industry could modify this traditional model. The lessor could act in what could be a more genuine intermediate role. My concept illustrates how the traditional business model could be altered by using an online equipment store. This I call “EasyLease”, which is a platform that is managed by the lessor where lessees can begin their search for the particular asset they wish to lease.

The principle is to agree headline issues upfront with manufacturers considering items such as asset type, terms of sale, payment, delivery, assembly, testing, and detail regarding any additional services that the customer may be looking for that are made available by the manufacturer. After that the lessor will manage a showcasing of assets online, where it will advertise the assets that are available for leasing (from various manufacturers), pursuant to standardised contractual terms.

Only the customers that register with the platform would be able to enquire further about the assets uploaded and advertised on the platform. Any request will then be processed between the lessor and manufacturers so they can agree a price. Each manufacturer will detail its final offer in the pre-defined form and in line with an existing trade agreement between the leasing company and the manufacturer. The lessor will then suggest, anonymously, certain offers from which the lessee will be able to choose. At the end, the lessee will choose the most suitable offer and communicate it to the lessor, the lessor will complete the credit analysis process and put the chosen manufacturer in direct contact with the prospective lessee.

What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Strengths

- Manages the overall selection process, thanks to the new central role of lessor
- Increase productivity by cutting time
- Increase services margin, based on a percentage fee and success fee
- Ability to reach a wide geographical area
- Possibility of creating manufacturer ranking through customer feedback

Weaknesses

- Difficulty in establishing the relationship with manufacturers, by reason of its need to be in control of the customer selection process
- Cost of continual asset assessment
- Possibility of negative credit outcome

Opportunities

- Getting ahead of the competition
- Improve industry image
- Increased transparency

Threats

- Country regulations
- Attacks on datawarehouse
- Misuse by clients: they could use the platform to learn more information without closing contracts

Present in more detail the benefits and expected impacts of your idea including quantification in order of magnitude

“EasyLease” enables customers to:

Cut search time

Customers will need to use one platform only, where there will be many assets advertised for various sectors (i.e. machine tools, woodworking machinery, engines and turbines, agricultural machinery, tracks and others). Thanks to a personal account, the customer would manage its requests and the uploading or downloading of documents. In this way the stream of information will move more quickly and easy than it currently does.

Reach vendors further afield

The web site will allow customers to connect with manufacturers that are located in other cities, regions or even states without having recourse to sales agents.

Have transparency regarding the leasing contract and asset

The idea is to provide a dedicated section where the customers could find information about:

- standard general conditions of the leasing contract;
- the range of commissions and interest they will need to pay, based on rating classes;
- potential timing of closing;
- quality and detail of assets.

In this way the concept could improve the trustworthiness between the three parties to the leasing agreement.

What are the benefits for the leasing company?

Increases returns

Margins should increase due to the benefits provided to manufacturers. Through EasyLease's involvement, competitive pricing is managed by a leasing company. For this reason, in addition to commissions and interest paid by lessees, the lessor will gain:

- a percentage fee paid by manufacturer on a given deal;
- a success fee on manufacturers annual budget.

Additionally, EasyLease's automated communications between the lessee, the lessor and the manufacturer (managed by web site, emails and pre-defined forms) enable the leasing company to reduce customer service costs (e.g. cost savings in marketing, back office, etc.).

Increases the know-how

The leasing company would need a department specialised in regular asset appraisal and an annual assessment of manufacturers. As a result, specialised knowledge will improve.

Drives increased customer acquisition

As EasyLease centralises customer finance requirements in one single location, it becomes an essential business management tool which not only increases customer loyalty, but improves the perception of the leasing industry. It is a new tool for marketing that will assist higher customer acquisition.

Enhances the perception of leasing industry

This is a result of providing customers with a user-friendly, asset-focused solution.

Finally, the most important additional benefits for the producer are:

Development of new markets

The manufacturers could focus on new channel sales, based on a relationship with the leasing company, rather than initial direct contact with prospective lessees.

Moreover, thanks to the ranking of manufacturers available through the platform, customers could give feedback about every manufacturer. Conversely, receiving relevant feedback and information concerning a customers' behaviour, every manufacturer will be able to anticipate future lessee needs.

- Acceleration of customer acquisition is possible by a platform that is designed to connect a potential lessee with many manufacturers.
- Managing the platform, the leasing company will be at the heart of a new business model. This should lead to improved earnings and better margins.
- Increasing transparency, the leasing industry will be able to better assess manufacturers.
- EasyLease represents a solution to pair the needs of clients with manufacturers.

Residual Value Funding Platform

Tom Fordyce

*Business Analyst
Investec*



Tom Fordyce joined Investec in May 2011. His regular position is in Investec's middle ticket asset finance team as a sales person/transaction but alongside those core functions he has also been able to work on the acquisition of businesses and portfolios and the integration of those acquisitions, and to engage with the whole life cycle of transactions from initial client discussions through documentation and payout to addressing collection issues.

What is the current challenge and/or opportunity to be addressed with your innovation?



The context for my idea relies on three core concepts:

1. That there is demand from consumers (our clients) for Residual Value (RV)-based leases.
2. That many European lessors (especially in the UK) don't have an appetite to meet that demand.
3. That there are other entities that would like to provide RVs but aren't currently in a position to offer them.

That first point relies on a confluence of various factors; financial (customers want transactions with lower rentals and off balance sheet solutions), cultural (in that there has been a shift from a focus on ownership to one on usage) and societal (there is an increased focus on business's environmental and corporate social responsibility agendas).

The entities I'm thinking of in point 3 are the likes of dealers in the second hand market (e.g. car/forklift dealers providing buybacks), remanufacturers, exporters, specialist RV providers and investment funds – these businesses are involved in the leasing industry already, but are not as prominent as they could be.

What is your innovative idea to address this challenge or opportunity?

My idea is to bring these parties together through a single online platform in order to produce operating lease transactions for clients. The proposal is for lessors to continue to hold the credit risk on the customer, with the various RV providers taking the residual value risk in the asset.

The images below describe how I envisage the platform working. The basic mechanism for getting a transaction written is as follows:

1. RV providers indicate their appetite by filling in a matrix online. That matrix would include:

- Assets they will consider
- Volume they will consider.
- Return conditions they will consider.
- Tenderers that they will consider
- Client sectors they will (or won't) consider.
- Client profiles they will (or won't) consider.
- Pricing for the above.

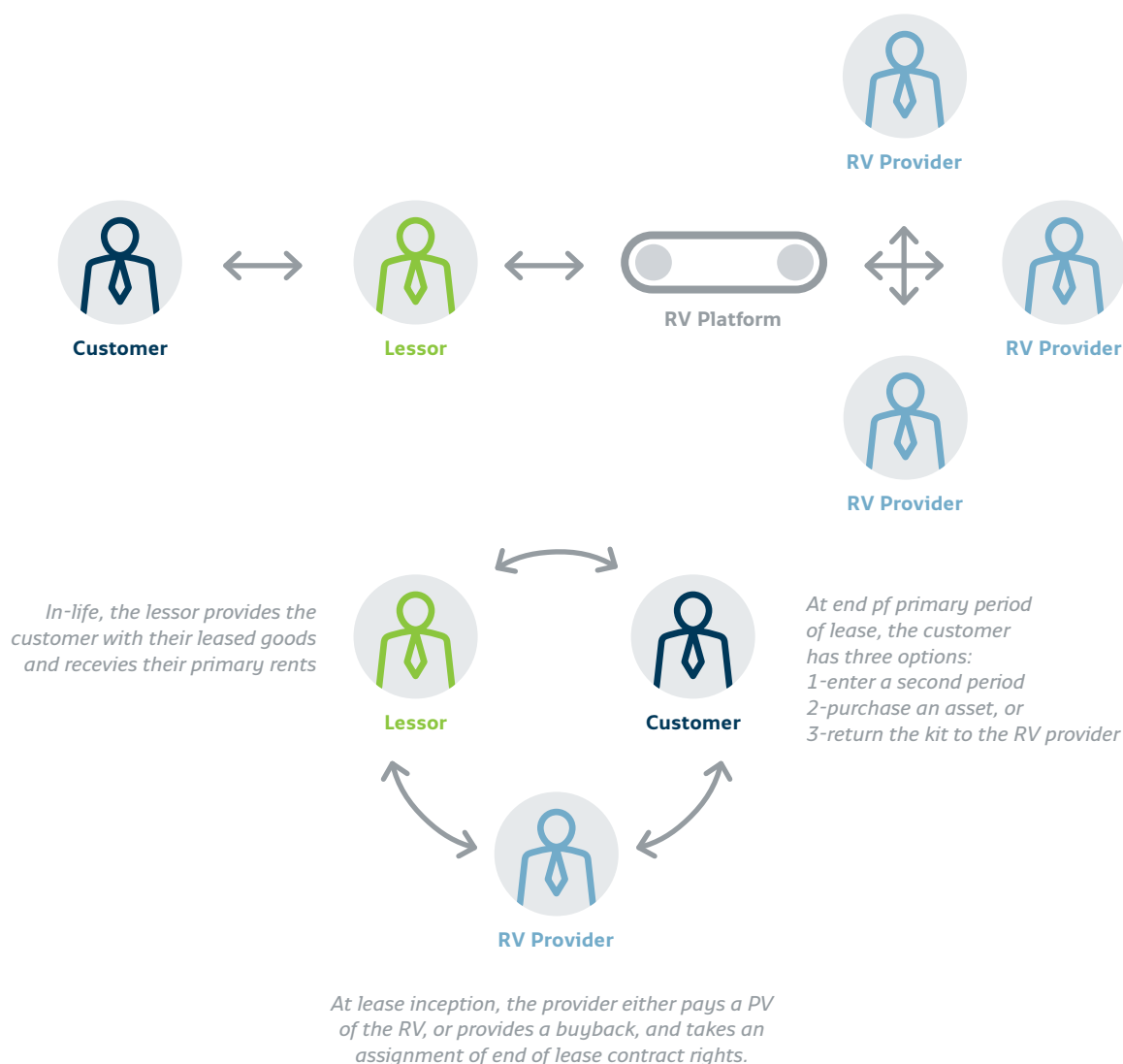
These appetite descriptions are then stored in a database.

2. The lessor starts presenting deals, including all of these variables.

3. The platform matches a deal to the most appropriate RV provider using the database and contacts them to confirm that they want this particular deal.

4. The RV provider confirms acceptance of the terms presented, an email is sent to the lessor to confirm their acceptance of it. Both parties are then bound into the transaction.

5. The lessor then writes the deal in line with the agreed terms, signs documents with both the client and the RV provider, and a normal lease begins.



What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

The core strengths of the idea are that:

- It builds on existing market practices and seeks to make it easier for those practices to become commonplace; and,
- It gives parties what they want, be it lessors and RV providers seeking more business or clients seeking cheaper rentals.

At a practical level, it is also scalable and transferable to other jurisdictions. That presents a big opportunity once the model has been proven to work.

The biggest challenge is going to be finding and persuading RV providers to join the platform. They could feel that by opening up the market they're losing a competitive edge and devaluing existing lessor relationships. The pitch to RV providers relies on the fact that many of them are not fully participating in the market as they lack the volume of RV transactions for that to form a core part of their business. That issue is directly resolved by the platform, as it provides a large clear pipeline of future assets coming through.

In more detail, what are the benefits and expected impacts of your idea?

There are benefits for all three main parties to the platform:

- The client gets cheaper rents in all cases, and in some cases, will also get an off-balance-sheet solution.
- The lessors should see an increased volume of transactions, and may well get higher returns, as a RV can mask a higher yield.
- The RV providers get clear sight of a pipeline of future business and an easy channel for acquiring assets.

At the outset, the intention is for the platform owner to make their money by charging the lessor a small fee (1-2%) on all transactions written through the platform. I produced a financial model to prove that the concept is attractive from a financial perspective by making some very conservative assumptions about costs and the volumes of business coming through and seeing what profit would be produced. Taking a single UK small-ticket lessor's current new business data as a base, I assumed that 5%-15% of the deals written could be written through the platform. After taking development, sales and employment costs, the model shows the platform generating profits of €1m+ p.a. within the first five years. With set-up costs of less than €500k, that's a very attractive return on investment.

I imagine the platform would initially be set up in partnership with a single lessor. This could be a team within that lessor setting it up, or it could be a group like a private equity firm working alongside a lessor. The private equity model would work nicely in terms of allowing the platform to open up so that it sees deals from different lessors without concerns about sharing customer information with competitors.

Once the platform is of sufficient scale to generate a large database of transactions, there is room to consider offering data analytic solutions to RV providers, in order to leverage that database and earn additional income. A further opportunity once that scale has been reached would be to gather sufficient data in relation to the performance of RVs over time to develop a financial product by packaging and selling RVs as a security. A securitisation model would require significant scale and would need a lot of data, but would allow the platform to access investor capital markets and no longer rely on RV providers' appetites. That would greatly improve the platforms' profitability, opportunities for growth, and sale value.

There are other complimentary applications for a product like this, for example, it could become a marketplace for lessors with RV appetite that have end-of-lease assets to sell as all the necessary parties sit on the platform anyway.

- Applies risks to those best capable of dealing with them
- Gives all parties what they want
- Straightforward, practical and easy-to-deliver



Circular Economy Product Label

Michael Heyer

*Business Development & Account Management
De Lage Landen Leasing GmbH*



Michael Heyer works for DLL Germany and is responsible for the EMC wholesale program as well as Office-Technology Business Development. Additionally, he is the acting Account Manager for EMC Mid-Market, Canon Run-Down Process and provides support for the Ricoh program. His service in DLL started in 2012 as an International Management Trainee.

He previously worked at the Societaet CHORVS as a consultant involved in the planning, coordination and setting up of meetings between executives of leading German and international companies and top-level politicians in Germany, Europe and the UAE. He was also engaged in the development and assessment of new business opportunities. He completed his Master of Science in Financial Economics at the University of Maastricht. His Bachelor in Betriebswirtschaftslehre (Business Management) was obtained from the University of Hamburg. Prior to attending university he undertook a 2-year apprenticeship at Commerzbank in Hamburg, which concluded with the title of Bankkaufmann (certified banker).

What is the current challenge and/or opportunity to be addressed with your innovation?

This idea is set in the context of a major political and economic upheaval:

"In a world with growing pressures on resources and the environment, the EU has no choice but to go for the transition to a resource-efficient and ultimately regenerative circular economy."

European Commission's manifesto for a resource-efficient Europe issued in December 2012

The circular economy is characterised by an economy that is restorative and regenerative by design and aims to keep products, components, and materials at their highest utility and value at all times¹. Financing solutions, notably leasing, renting and sharing, can play an integral part in the circular economy. The finance industry should therefore initiate the development of the Circular Economy Product Label (CEPL). This label aims to solidify the industry's role in the circular economy and contribute to consumer awareness regarding the model. In doing so, the finance industry ensures its relevance, will benefit from market segmentation, as well as actively champion a 21st century concept for manufacturing.

What is your innovative idea to address this challenge or opportunity?

Four focus areas are highlighted to enable the economic transition²:

- Learn how value is created in a circular economy to better design and optimise products for multiple cycles of disassembly and reuse.

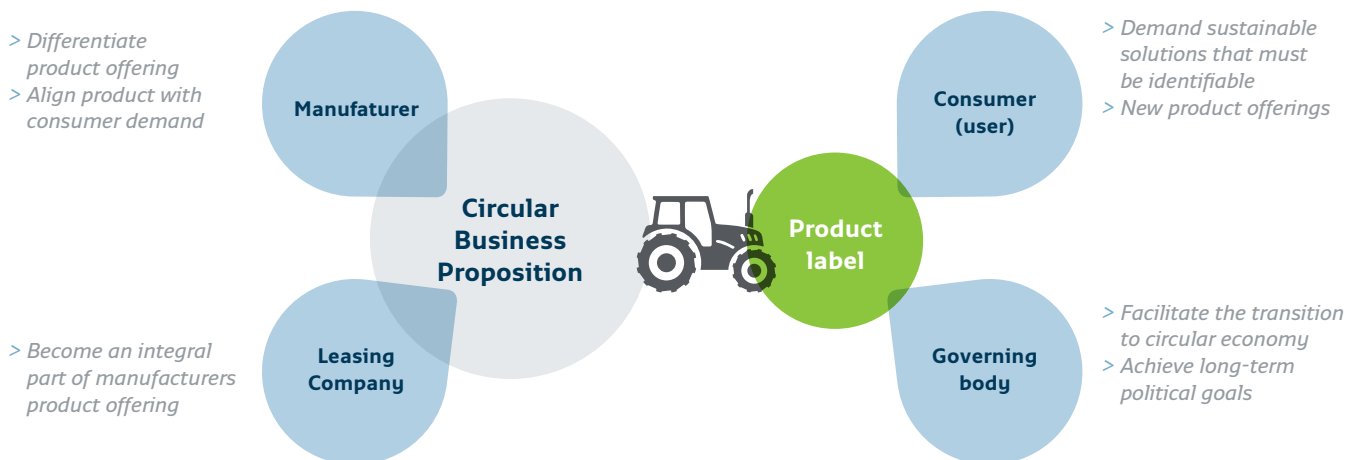
1) Growth within: A circular economy vision for a competitive Europe, June 2015, The Ellen MacArthur Foundation, the McKinsey Center for Business and Environment, and SUN.

- Create new relationships with customers to ensure materials are returned.
- Focus on the economics and logistics of turning products into materials, not just the other way around.
- Cooperate with other companies in the precompetitive sphere in order to create scalable markets for complex materials.

Suitable financing solutions can support the circulation of equipment and materials. A strong factor inherent to leasing is the retention of ownership by the finance company. In doing so, the finance company facilitates multiple feedback loops within the circular economy. To name a few, the mechanics of the relationship can incorporate use, repair, redeployment, reuse, take back, remanufacturing and scrapping. The term “recycling” cannot adequately capture this whole system. As such, it is also clear that product labels focusing on recycling fall short of conveying a comprehensive message to the consumer.

Product labelling provides basic information of the product and achieves compliance with existing legislation and internationally recognised standards. It also serves a marketing purpose, either by highlighting inherent characteristics or by association and certification of external product labels. The adoption of external labels is seen as an opportunity for increased sales through product differentiation, increased accountability, or increased choice for consumers in the retail environment. Valuable examples are CE, Blauer Engel, FSC, Energy Star and the European Commission Label on Energy Efficiency. Many product labels serve societal and political priorities.

Economic theory states that consumers maximise the perceived utility, subject to their consumer budget constraints. This idea assumes that there are a significant number of consumers that would find it desirable, if products are produced in the context of a circular model (this assumption is argued in the next section). If this context can be identified on a product level, the desirability of this product will increase, which in turn would increase potential for sales at higher prices. The CEPL Label would serve this purpose.



What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Product labels represent the satisfaction of fixed criteria, which need to be earned and audited. The first challenge is the development of the necessary criteria. Secondly, studies suggest that regulated or government-sponsored labels are generally favored over others³. Strategy and goal setting is also critical. A successful CEPL Label requires third-party endorsement. To maximise recognition, the label would need sufficient market penetration. The leasing industry's main players should communicate the circular economy with aligned messaging. The labels would need to enter the market with manufacturer endorsement, preferably also through their sales channels. The systemic nature of the barriers means that individual corporate actions will not be sufficient in order to create a circular economy of a suitable scale. The real payoff will come only when multiple players come together to reconceive the life cycle of their products.

In more detail, what are the benefits and expected impacts of your idea?

Why is it desirable for consumers that the product they buy is part of the circular business model?

1. The circular economy offers a plethora of new earnings models. These include pay-per-use models, second-life models, service models and many more. Michelin's tire management and Ricoh's "Green-Line" are frequently quoted examples⁴. Their common denominator is that the circular economy enables new market segmentation. New market definitions allow for a more specific product offering to the customer resulting in higher utility and competitive advantage.
2. A growing consumer-base derives added utility from supporting political or social priorities. Perceived value comes from the interplay between clearly communicated challenges and viable solutions. Excellent product label examples exist, such as the Marine Stewardship Council (MSC) supporting sustainable fishing or the Fairtrade certification covering a range of commodities. Consumers understand that in buying a MSC-certified can of tuna, they are supporting a sustainable means of fishing, which in turn provides an intrinsic utility. While a nice example, the idea is not only about promoting sustainability. This added-value to consumers can also result in higher prices. Galarraga and Markandya (2004)⁵ find an 11% premium in the UK market for fair trade coffee over regular coffee. Lin et al. (2008)⁶ and Smith et al. (2009)⁷ show that organic labeling in the US yields price premiums between 15% and 60%, depending on the food product and geographical market within the US.

Market segmentation is the bedrock of successful marketing and within this context, consumer perception is critical. Next to the potential asset price benefits highlighted, it is not practical to quantify the potential volumes resultant from new product offerings. The context of the circular economy is too vast and differentiated, that such numbers are accurate or actionable. Many of the new product offerings will stand on their own merit due to their differential advantage, without needing a CEPL Label. Nonetheless, the label will replicate many of the dynamics that existing product labels fulfill.

- The world has to evolve into a circular economy.
- This will create new markets and novel product offerings.
- A great opportunity arises for the finance industry to become an integral part of this circular economy.
- To maximise perceived consumer utility from these product offerings, we propose the development of the "Circular Economy Product Label (CEPL)".
- This label has to be supported by a multi-player effort, including manufacturers, the finance industry, consumer organisations and a powerful sponsor.

3) Limits to labels: The role of eco-labels in the assessment of product sustainability and routes to sustainable consumption, *International Journal of Consumer Studies* 33 (2009) 175–182, R. Horne. 4) Scoping study to identify potential circular economy actions, priority sectors, material flows and value chains, European Commission, Funded under DG Environment's Framework contract for economic analysis ENV.F1/FRA/2010/0044, August 2014. 5) Galarraga, I. and Markandya, A. 'Economic techniques to estimate the demand for sustainable products: A case study for fair trade and organic coffee in the United Kingdom' *Economía Agraria y Recursos Naturales*, Vol. 4, (2004) pp. 109–134. 6) Lin, B. H., Smith, T. A. and Huang, C. L. 'Organic premiums of U.S. fresh produce', *Renewable Agriculture and Food Systems*, Vol. 23, (2008) pp. 208–216. 7) Smith, T. A., Huang, C. L. and Lin, B.-H. 'Estimating organic premiums in the U.S. fluid milk market', *Renewable Agriculture and Food Systems*, Vol. 24, (2009) pp. 197–204.

QuickLeasing

Simone Maccaferri

*Head of Bank and Products Development & Management Office
UniCredit Leasing*



After a brief experience in Monte dei Paschi di Siena Group with retail front office tasks, in 2013 Simone Maccaferri started his career in the Corporate Bank of UniCredit Group as a relationship manager (Corporate, Real Estate and Large Corporate customer) and worked in seven different cities in the Emilia Romagna region. During 2012, he worked as Executive Assistant to the Network Center South Director in Rome and after, as Head of Corporate Branches in Campobasso and Latina. Since November 2013 he has worked in the commercial department at UniCredit Leasing S.p.A. in Milan, before being the Head of Bank Channel Italy and afterwards as the Head of Bank and Products Development & Management.



What is the current challenge and/or opportunity to be addressed with your innovation?

To work on at least these three items:

- To create customer needs
- To further develop online banking sales and other sales channels
- Impulse sales and Instant lending

Overall, there is an opportunity if we focus on these challenges to grow our business.

What is your innovative idea to address this challenge or opportunity?

We can take advantage of a Bank's customer base to develop 'Quick Leasing' which will be a simple way to sell goods and related loan products via online banking.

Another tool at our disposal is the Credit Worth Evaluation (CWE) system, a credit engine that provides a better analysis of the customer than the more usual scoring methods, but with the same response time.

In this way, knowing our customer, we can identify the repayment capacity of the customer and directly propose selected products online (i.e. vehicles or small ticket equipment).

The instant financing is also matched with an online signature and provides a live order mechanism for the supplier.

What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Strengths

- Technology is available and so is easy to adapt
- Large (bank) customer base and bid data is already at our disposal

Weakness

- Cost related to investment
- Integration of new data sources in traditional credit underwriting process

Opportunities

- Additional service related revenues due to economies of scale
- Better knowledge of customer (lifecycle applicability)
- Dis-intermediation of sales, enlarging profit share

Threats

- A “me too” strategy from competitors
- The fallacy of online or social profiling
- A change in mobility behaviours or choices

In more detail, what are the benefits and expected impacts of your idea?

Take the existing car market, for example, it has grown and will continue to grow, in the macro context. The real business challenge is to work on ‘online’ sales penetration, and in our own way, stimulate certain needs in our customers. Online Banking sales penetration has a huge potential for growth, especially in country like Italy, Poland, Germany.

Some KPIs of the Italian market:

- The UniCredit market share in Italy is 16% ca. in the retail market,
- There are 30mn bank accounts o/w 25% digitalised in Italy,
- The automotive market in Italy is 1,5mn ca. o/w 4% leased.

- Create needs and improving customer experience.
- Grant credit quality (no scoring, but a ‘quick and deep’ credit analysis).
- Offer instant lending.
- Disruptive impacts in cost income/ratio, especially or bank/leasing companies.



We are Innovation

Przemyslaw Mocek

*Finance Office Manager
BZ WBK Leasing S.A.*



Przemyslaw Mocek started his professional career in the banking industry as a corporate relationship manager. He later sought to diversify his experience including time in product development, project management and business support. His current role, since 2012, is as Finance Office Manager in BZWBK Leasing.

What is the current challenge and/or opportunity to be addressed with your innovation?

The world as we know it is changing very rapidly. However, even if it is sometimes difficult to predict exactly where changes are taking us, one thing remains absolutely certain, if we want to remain in control of our businesses, we have to react.

What we currently observe are multiple, fast-evolving behavioural trends, a result of which, there are numerous threats to our current market environment. Trends today include “on demand” services, big data, collaborative funding (or P2P funding), usage over ownership, increasing transparency and many more.

Despite the fact that all these disruptive factors are very different they have two things in common, they come from the same source, the advent of new technologies, and have the same result, which is the increased pace of our lives and heightened expectations. Nowadays, people don't want to wait and abhor unnecessary administration. They expect to get a better service but with less personal involvement.

To keep up we need to be serious about innovation.

What is your innovative idea to address this challenge or opportunity?

When we search for inspiration on how to achieve success through innovation we usually look at companies like Apple, Google, Amazon and other IT giants. What we usually see is their fabulous, glossy success. However, achievements themselves tell only part of the story. The other part, the more important part, is the road that these companies had to travel in order to succeed. The first step is the idea. However, the idea is only the beginning as it can only be exploited when supported by hard work, dedication, the right people and sufficient resources. These are the critical factors for efficient innovation.

In order to manage these different factors a proper strategy for innovation is required. In the current business and IT environment such a strategy should be based upon two principle foundations: being proactive and collaboration.

Being proactive can be as simple as seeking to innovate here and now. Innovation, like everything else is best fostered through repetition and practice, even through smaller projects. There are a multitude

of ideas that can be adopted by our industry today. To name a few, current IT platforms allow customers to control their asset portfolio, using data already helps facilitate back-office processes, voice recognition technology is used for after-sales services etc. We should not wait for a big idea which may never come. The big idea is almost always just a beginning, it is then enhanced and refined through an evolutionary process. In other words, innovation is achieved step-by-step, in an incremental manner.

The other important foundation for innovation is collaboration. We use the word a lot, however, actual collaboration at the industry level rarely occurs. That appears to be a mistake because if we look at how innovation is encouraged, we come to the conclusion that it can be very expensive and too time-consuming to want to do it alone. Collaboration is critical today for most all businesses. A great example is the car industry where the use of the same modular platforms by different car producers is practically uniform. In the IT industry, there are also plenty of examples of collaboration, particularly in the field of patent sharing. The biggest market players, including Apple, HTC and Samsung share their solutions and ideas which saves time and money.

What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Strengths

- There are identified customer needs and expectations that can be met through innovation today.
- There are only winners in fair and honest collaboration. Joint resources mean a better outcome for less.
- It's the right time for being innovative. It's widely expected.

Weaknesses

- Being innovative requires dedicated resources. Something that may affect short-term business goals. It can be addressed by an incremental approach or by creating a long-term strategy.

Opportunities

- Increased competitiveness and better industry image.
- In the mid to long-term creating an innovative culture will lead to a gradual increase in the scale and quality of new, innovative offerings.

Threats

- Collaboration, if it's not well managed, may lead to an excessive outflow of resources or knowledge from an organisation. It can be addressed by a collective agreement and proper supervision.

In more detail, what are the benefits and expected impacts of your idea?

Active innovation and collaboration are equally important activities that have complementary benefits.

As already mentioned, being proactive can simply mean fostering a methodology for innovation i.e. doing customer research, starting small projects or just recruiting the right people. All these experiences are important to develop know-how and the right attitude for innovation.

Each and every organisation is in a slightly different position as regards the resources it can dedicate. Therefore, individual strategies have to be tailored made to reflect investment as well as expected results. As history shows there will always be market leaders and the rest that follow. However, the key here is to set a strategic goal regarding innovation, and a realistic one. A goal which should then be supported by planned actions that will provide the basis for the incremental process of innovation.

Being an active innovator will not only create value for our customers but will inject a culture of innovation into the corporate bloodstream.



Among the necessary resources are money, know-how, experience, the right people and time. As new technologies in general tend to be rather expensive and sometimes unpredictable, it is advisable to join forces with organisations that share similar goals.

A major challenge in every collaboration is to strike the right balance between gains and giveaways. It is not always possible to cooperate to the full extent. It is often wise to start small. This provides better control with regard to the possible impact on competitiveness. A collaboration could begin by a facilitation of national industry associations that may:

- assess the state of innovation in the industry,
- collect data for internal benchmarking,
- create a platform for exchanging ideas and observations regarding innovations.

With increasing trust in a collaborative forum, organisations may join forces to implement innovative solutions that have common use. In practice, collaboration may start with exchanging internal experiences and know-how, finding the right people and creating collective agreements with external software houses. The overall desired result would be to have a better quality product, that is quicker for less.

- We already have everything it takes to foster innovation
- Innovation is about real action, dedication and energy. The big ideas will follow
- Finding a way to collaborate is critical in order to promote responsive innovation
- Building an innovative culture will change our organisations and our industry for the better



Easylease Use Platform

Sebastien Philippin

*Zone Manager for the Walloon Region
ING Lease*



Sebastien Philippin studied accounting and the taxation at the Belgian Chamber of Accounting. After his studies, he started to work directly for ING Bank Belgium as an Intensive Care Officer. He then had the opportunity to work in several other functions such as being a Professional Adviser, Starter Adviser and Business Developer. He moved to ING Lease Belgium 3 years ago to take up a position as Zone Manager for the Walloon Region (Southern part of Belgium).

What is the current challenge and/or opportunity to be addressed with your innovation?

The world is constantly evolving and the pace of change is increasing. Time is becoming an increasingly invaluable resource. We are constantly having to do more in less time.

Most of our customers are multi-branded banks. When they submit their request for leasing, we must try to simplify the information between the various financial partners.

Imagine a platform which will automatically manage leasing requests and also be of a great assistance for your financial partners. This platform will select the best offer for you and this service will allow you to spend your valuable time elsewhere.

What is your innovative idea to address this challenge or opportunity?

I propose the creation of a digital platform that enables our European clients to request a quote on-line from its financial partners (typically banks or leasing companies).

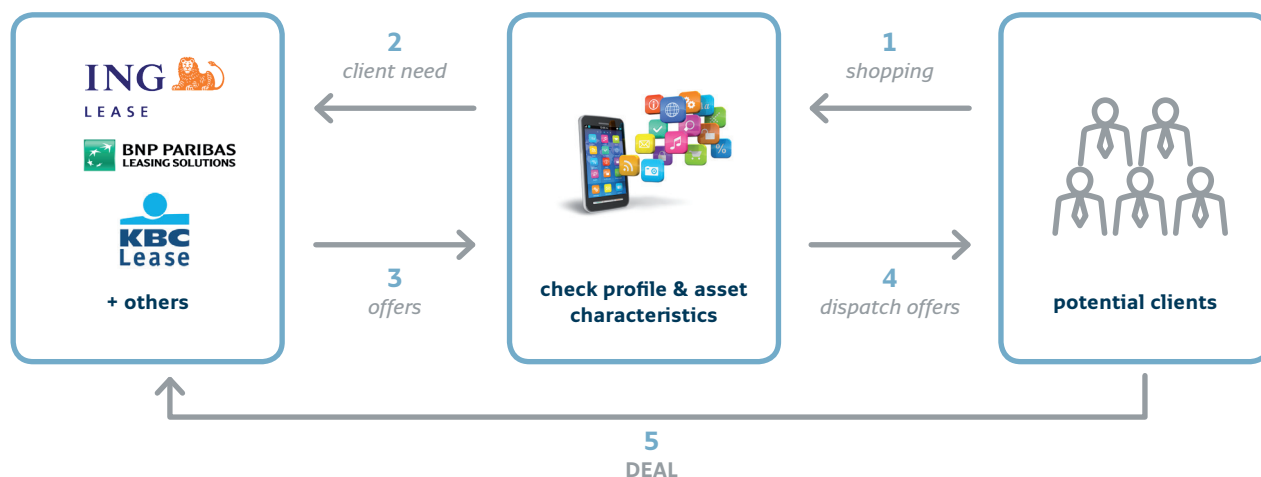
Target: A one stop-shop that allows a client to receive better value for money.

More specifically, the customer will connect to the platform where he will create his «customer profile» and his «asset profile»:

Corporate client name	Asset requirements	Special request / query
<ul style="list-style-type: none">> VAT number> Account number of his different banks> Legal address> Administrators' names authorised to commit the firm	<p><i>Cars:</i> on balance duration: 3 years RV: 5%</p> <p><i>Trucks:</i> off balance duration: 4 years RV: 16%</p> <p><i>Equipments:</i> on balance duration: 7 years RV: 1%</p>	<ul style="list-style-type: none">> Offer sent to the financial partner identified by the client.> For car: alternative for full pay out leasing.

For each leasing request, we then consider the characteristics of the asset in the “asset profile” and will make a group request to various financial partners selected from various banks or lessors.

Once offers are made available via the platform, there will be a selection of the best offer and it will then be put to the customer for approval. On the basis of their agreement, the selected financial partner will issue a contract to finalise the deal.



What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Strengths

- Availability (24/7)
- Mobile/agile
- Global approach (but with some local touch)
- Choice in execution
- High performance
- Customer focus
- Reporting
- Easy (one-stop shop, one-time data input)

Weaknesses

- Heavy one-off investment
- If independent, will the client pay for its use?
- Maintenance; need to be regularly updated

Opportunities

- Small tickets handled E2E
- Increase leasing penetration within financing possibilities
- Better E2E service
- Save time (first time right)
- Disruptive business model (product not new but direct channel is)

Threats

- Lower pricing due to competition
- Other possible entrants/platforms

In more detail, what are the benefits and expected impacts of your idea?

Benefits for the customer:

It is easy to use. The customer benefits from a fully automated platform for their credit requests. Using this handy tool, the client will receive the best offer on the market.

Benefits for the leasing industry:

This innovation will allow us to get ahead of emerging FinTechs with their own ideas and know how. This idea might require the development of a type of special purpose vehicle where the leasing companies would cooperate in order to manage the platform. The leasing sector should benefit generally from an increase in volume and market share compared to traditional or classic finance.

Although margins are expected to drop slightly, this is already the case (witness the Belgian market), and so the fees that we charge for use of the platform could compensate for the negative impact of existing market trends.

The advantage of the system is that it can be easily implemented using the existing infrastructure of each financial institution.

Other sources of revenue may also be possible as a result of the further development of the platform:

- Digital dynamism as a result of this new channel
- Lease community (sharing of experience)
- Reporting
- Marketing with suppliers/producers

- Easy Lease Use Platform can provide an efficient management tool for all leasing requests.
- Easy Lease Use Platform ensures a customer gets the best offer on the market.
- It's a one-stop shop, requiring only one instance of data entry.
- We are one step ahead with our Easy Lease Use Platform!



Personal Asset Management

Bastian Rüger

*Expert Subsidiaries & Participations
Deutsche Leasing*



Bastian Rüger joined Deutsche Leasing in 2013 as expert for the companies' Subsidiaries and Participations team. In this function, Bastian is working on M&A as well as on internal restructuring projects. Besides that, he handles the full spectrum of corporate secretarial work for both national and international subsidiaries.

Prior to joining Deutsche Leasing, Bastian worked in the Corporate Clients Division of Nassauische Sparkasse in addition to his studies at Frankfurt University where he graduated with a M.Sc. in Finance and Accounting.

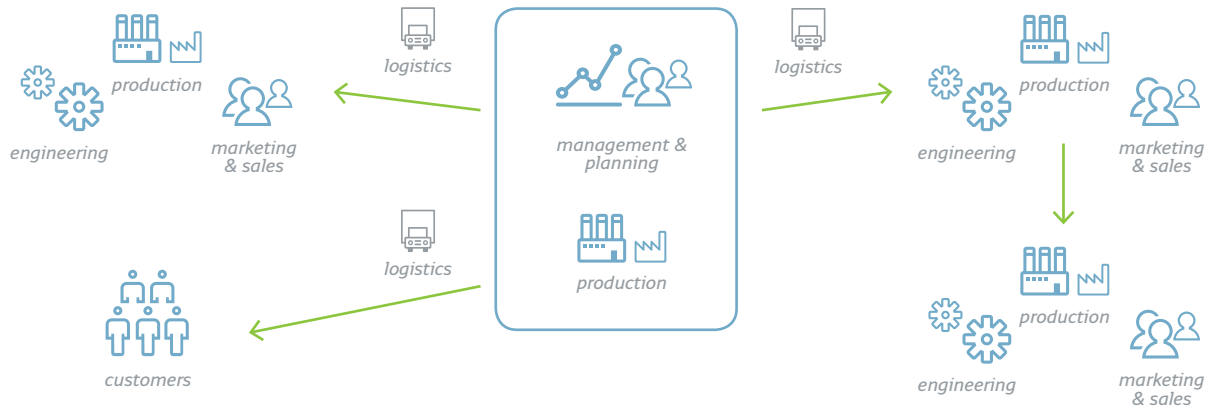
What is the current challenge and/or opportunity to be addressed with your innovation?

Over the past 15 years, the internet has focused on consumer applications that have changed business models in the media, retail and financial services industries. Over the next 10 years the Internet of Things will transfer the consumer side revolution to manufacturing, energy, agriculture, transportation and other industrial sectors of the economy by connecting objects, data and services. According to a World Economic Forum paper the short term opportunities of the Internet of Things lie in operational efficiency and gains in productivity. Over the long-term, new business models such as products-as-a-service, pay-per-use models and the monetisation of data will eventually emerge. One American IT company, Hewlett-Packard expects that the Internet of Things will enable a multitude of disruptive business model innovations in manufacturing featuring highly flexible production, the integration of clients and partners in business and value chain processes, and the joining up of production and high value services. To address these challenges, the German government has launched the "Industry 4.0" platform to take advantage of the potential of this digital revolution in order to boost prosperity and quality of life for all. For Germany in particular, it is crucial that SMEs are integrated in global value networks based on a broad transfer of knowledge and technology.

What is your innovative idea to address this challenge or opportunity?

Leasing companies can actively contribute to this process by using data generated for sales activities and risk management. The idea is inspired by personal finance management solutions provided by other internet start-ups and banks in recent years. Other than the usual income and spending analysis or budgeting, these solutions will also allow online banking users to anonymously compare their financial behaviour with their peers.

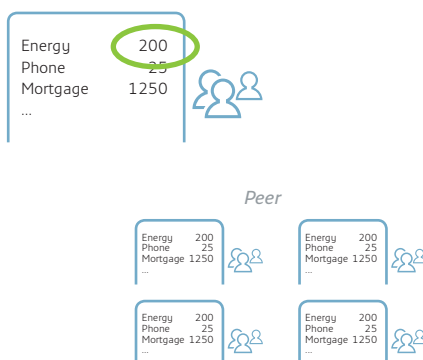
Horizontal integration



- > Large parts of the value chain will be covered by collaborative manufacturing networks across companies and other participants.
- > The integration of SME in global value network is based on a broad knowledge and technology transfer

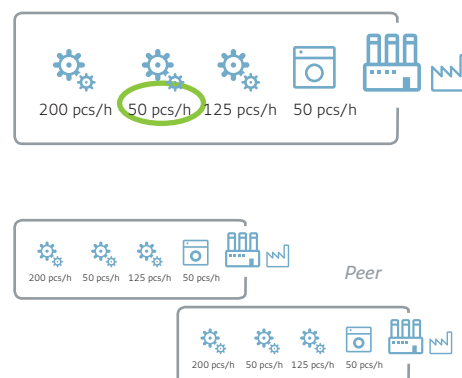
With a combination of devices and software systems (connected via the Internet) that produce, receive and analyse data, the individual leasing company, as owner of the asset, can use this data for purposes other than asset valuations or pay-per-use models. Based on the information they collect, leasing companies could also analyse the usage of a leased asset for different customers. A less than average usage can be an early warning indicator of a customer in financial distress but it can also be the result of output restrictions or the result of parts or the poor functioning of other machines involved in the production process other than the leased asset. Regardless, it is a cue for leasing companies to get in touch with the customer and evaluate its current situation. If the latter is the case, the provision of new parts or machines (in cooperation with specialised partners or manufacturers) could increase the overall production capacity of the customer and enable the leasing company to sign up greater quantities of new business.

Personal Finance Management



- > Personal Finance Management analyses current account data
- > Comparison with peer group shows optimisation potential

Personal Asset Management



- > Leasing companies in the future will generate data from assets for pricing and maintenance purposes
- > Data could be used for peer groups comparison and optimisation advice

What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Strengths

- Usage of existing data (in the future) for tailored sales activities
- Anonymous and independent identification of optimisation potential

Weaknesses

- A large data set is required for peer group analysis
- A skilled sales force needed to properly identify potential

Opportunities

- By 2020, 80% of all businesses will have digitised the entire value chain
- The Internet of Things is built on close cooperation between suppliers and users (production, services, analytics, forecasts)

Threats

- Keeping intellectual property safe and sound
- Industry-wide standards are not yet agreed

In more detail, what are the benefits and expected impacts of your idea?

Operational efficiency and productivity gains can be easily achieved by sharing best practice solutions in production clusters. An example from German manufacturer TRUMPF demonstrates that, considering electronic market places, expertise is not only spread within different production sides of one company but also within different companies. However, solutions available today are provided largely by manufacturers and, as a consequence, do not show the potential that could be gained through a combination of machines or by using different parts from different manufacturers.

By contrast, in 2014, total new leasing volumes for manufactured assets worth €6.3bn were granted by companies in the German leasing market alone. Even if the penetration rate is only circa 10%, leasing companies can generate massive data from various kinds of assets that can be subject to usage analysis and consider how they can optimise their customers productivity. Leasing companies could see from the data gathered whether a machine in a production line produces less than other machines of the same type in different settings. By discussing potential increases in productivity through the combination of new machines or parts, the leasing industry might profit disproportionately, considering the investment, for example, in the German industry of a total of €40bn for "Industry 4.0" by 2020. By actively providing valued customer services and demonstrating asset expertise, new leasing volumes could increase by as much as 12%, taking an assumption of a share of 20% of the additional investment input in each single year.

Furthermore, increased sales data that is generated might also be used for asset monitoring, for pay-per-use models or for risk monitoring purposes (e.g. that low usage could be a result of weak demand indicating future repayment issues for a customer).

- The Internet of Things connects objects, data and services.
- Integration of companies in global value networks based on a broad knowledge and technology transfer becomes more important.
- Leasing companies can contribute to this process by using data generated from leased assets for tailored sales activities and risk monitoring.
- By demonstrating their asset expertise leasing companies can expand the penetration rate and differentiate from being just another type of financial service provider.

Complex Mobility Provider

Ondrej Strnad

*Head of Procurement
SkoFIN*



Ondrej Strnad graduated in economics from the Czech University of Agriculture and its Faculty of Management and the Economy. Ondrej started his career in 2006 as the Product Manager in a small IT company. He later took on several roles in purchasing, first as a junior purchasing specialist in a waste manufacturing company, then as the purchasing specialist for the Czech Republic and Slovakia regions in an international pharmaceutical company. Finally, he took on his current position, as Head of Procurement at SkoFIN (VW Financial Services). His main role is the organisation of tenders for all departments and to manage the entire procurement process.

What is the current challenge and/or opportunity to be addressed with your innovation?

I focused on the car leasing industry, and its challenges, which I see as being critical in the medium to long term. As we know, there has been a consumer driven shift that has seen the growth in demand for products that prioritise usage instead of ownership. This is particularly the case for cars, and is particularly desired by the younger generation. Surveys show that the future for our business will be guided by the principle of mobility and business models must be shaped around flexible on-demand services. For example, an upcoming challenge will be presented by self-driving cars, and innovative technology companies are already testing such cars and plan to enter the market with this new, undoubtedly disruptive, product relatively soon.

What is your innovative idea to address this challenge or opportunity?

My idea is to extend the product scope of existing car leasing companies. Nowadays they only lease cars, and provide some additional services like tires, fuel cards, GPS tracking and so forth. In the future, companies should provide entire mobility packages, and become a holistic “complex mobility provider”. My warning is, if leasing companies do not do this, others will.

What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Strengths

- Strong car business knowledge
- Wide customer base

Weaknesses

- Low margin potentials in early stages
- The complexity in connecting different types of services

Opportunities

- Early entrant
- Potential for additional margins, such as extra fees from accommodation, shopping, entertainment etc. that are bundled into the mobility services provided

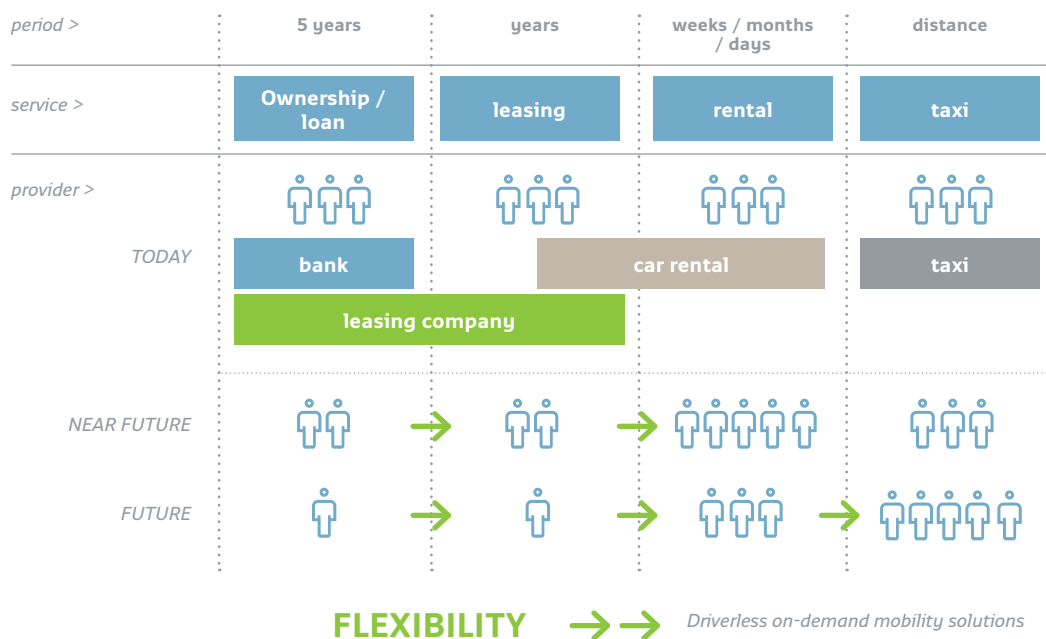
Threats

- Fresh and new mobility services offered on the market
- Bad timing

In more detail, what are the benefits and expected impacts of your idea?

My idea is to include all car-based services in a single product offering of a leasing company, to cover a medium term contract period. This product would include a number of services such as car-rental, car sharing and taxi services. After this consolidation of services, a leasing company could begin to provide and organise complex mobility solutions for their customers. This will include short rides, car sharing and other forms of flexible short-term, or indeed longer term, mobility. In the long run, after self-driving cars become available and are licenced to operate, such complex mobility solutions providers could very easily extend their service to include self-driving cars or the expected autonomous taxi. My idea will represent a genuine on-demand mobility service. This kind of service, I believe, will replace most of today's private or company owned cars, which remain inactive for 95% of their life-time, simply sitting in parking spaces or in somebody's garage.

Mobility services



- The leasing company as a complex mobility provider
- A shift from long-term lease/ownership of cars to flexible on-demand services
- Complex coverage of mobility services, that are:
 - Effective - pay per use
 - Interactive - online
 - Flexible - pay per use
 - Clever - single or shared ride option

Leasing API

Arkadiusz Talun

*Senior Analyst,
Controlling Team which is a part of the Financial Department
mLeasing*



Arek Talun graduated from the Warsaw School of Economics obtaining a master's degree in the field of economics, with a strong focus on quantitative methods and information systems. After graduation he started his career as a consultant at Deloitte where he worked in the CIO Advisory Team. There he advised top Polish companies on how to optimise their use of information technology for maximising returns on investment (ROI) and reducing TCO's. For the last four years he now works at mLeasing as a Senior Analyst. His responsibilities include all sorts of business reporting, data analysis and providing data for the management. He is also responsible for developing the company's IT systems in areas of credit risk, cross selling and management information reporting.

Currently Arek is a PhD candidate at the Warsaw School of Economics and his science interests cover areas of graph theory, social networks, machine learning and big data analysis. He is passionate about data and process optimisation. He developed or co-developed several tools that provide an insight into the current situation for companies and sees great potential in how both data analysis and the increased adoption of IT technology can be transformative for the leasing market.

What is the current challenge and/or opportunity to be addressed with your innovation?

The world we live in is rapidly changing. The internet and smartphones are an important part of our lives. More and more sectors of our economy are becoming driven by new technologies and by new business models that are becoming ever more viable thanks to improving connectivity as well as cheap and energy efficient CPUs. The era where the internet is only a storefront for business is passing. The internet is becoming a tool which drives the strategies of most financial companies. Moreover, the worldwide economy is increasingly more dependent on machines. The number of connected devices is growing 5 times faster than the number of connected humans. About 75% of all stocks in the USA are traded by an automated system. Self-driving vehicles, in the near future, might dominate our streets. The change that we are witnessing is sometimes referred to as the second digital revolution, the first revolution having been the advent of the personal computer.

We need to ask ourselves if there is a place in this new commercial environment for the traditional lessor. Should we see it as a threat or can we use those global trends to our advantage?

What is your innovative idea to address this challenge or opportunity?

The world is becoming ever more connected and if we want to be part of this new wave we need to speak the same language. The lingua franca of the new connected economy is the API (Application Program Interface) which allows machines (usually IT systems but also cars or other equipment) to communicate with each other in an automated manner. For example, APIs allow us to "like" pages on Facebook, or they allow us to pay for things online. According to current estimates, in 2016

more than 50% of all global B2B interactions will take place using an API. Financial institutions are witnessing this trend and currently there are more than 1400 financial APIs available and, according to programmaticweb.com, financial APIs continue to be one of the fastest growing categories of API.

APIs are the building blocks for online platforms, allowing for the development of new business models, helping to generate new revenue streams and making partnerships easier and cheaper to build. Due to APIs the “API Economy” has emerged and the finance sector is an important part of it. However, the leasing sector is practically absent from this part of the economy. There are some leasing related APIs that allow for the automatic leasing of equipment, without human interaction, however they are not being provided by leasing companies (typically by IT companies) and are still in their infancy. I see it as a great opportunity for our sector and as something that could potentially transform our industry.

If we take a look at the core of our business, we are basically a middleman. We connect people with



assets and the asset providers with money. Building relationships and people skills are at the core of our competencies. How can we be a middleman in an economy without humans to interact with? We should embrace the new paradigm and use APIs as the backbone of our business relationships.

What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Strengths

- We are in the right strategic position to provide APIs to third parties as we are already the middle man.
- We have a good understanding of assets and customers are demanding even more information regarding the use of assets (the rise of “smart assets”).
- We are part of the financial industry and we can leverage the experience of banks that are already part of the API economy.

Weaknesses

- We don't have any experience in the area.
- IT projects have mixed outcomes across our industry.

Opportunities

- The API economy is a growth sector of the economy.
- Customers are demanding more information regarding the assets they use.
- API's might improve our corporate strategic position and improve margins.
- API's can improve industry image and attract fresh thinking to the sector.
- Be a leader in providing IT solutions by adopting standards and learning from partners.

Threats

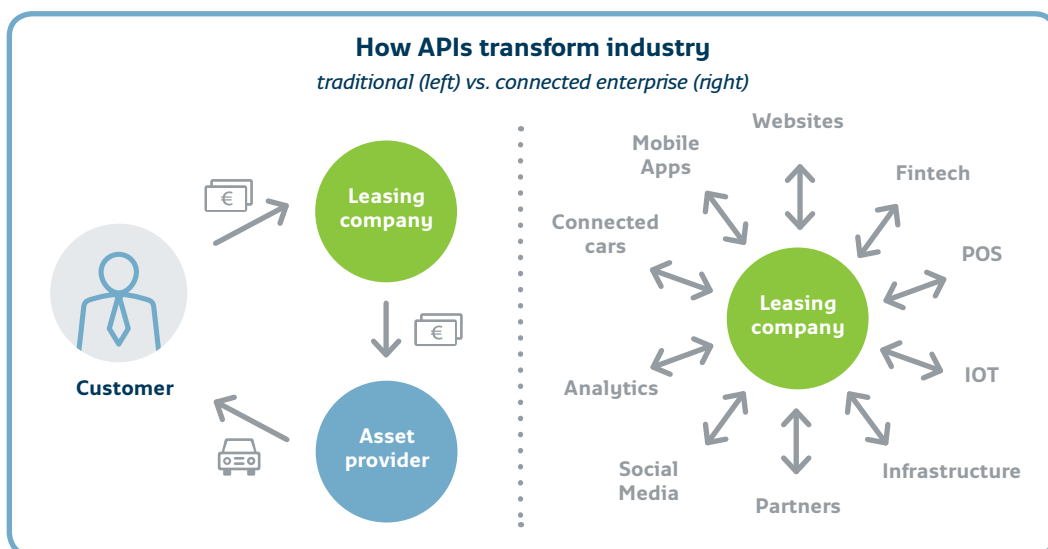
- An unknown start-up could develop such a solution ahead of us rendering our efforts obsolete.

In more detail, what are the benefits and expected impacts of your idea?

There are many ways APIs can be used by our industry. We could use APIs to lease assets online, however, we can also foresee a possible situation where third-parties might sell our products to their own customer base. APIs should assist with the accessing of new markets. We know our business well, but we don't know everything. It is very possible that our products could be brought to the market differently and, thanks to the API, partners may be inclined to try new business models.

So how would this be different to a regular partnership? First of all, the barrier to entry and the cost of engaging new partners is lower. We can provide APIs and give particular permissions and our partners will be able to use the platform straight away. Moreover, they can do this automatically. They could integrate our APIs into their core IT systems without any work on our part. But we don't need to stop there, we could provide APIs that would allow access to the data generated by the assets we lease and also add value by becoming a provider of asset intelligence for our customers. Thanks to APIs we don't need to develop smart asset solutions by ourselves, our partners can incorporate them together with our APIs, which can both increase our value proposition for our customers and lower research and development costs on our part (by outsourcing it to partners willing to develop those new applications).

In practical terms, the project doesn't need much investment since it would be mostly an effort of standardisation. The end product would be a set of specifications that would allow lessors to create solutions that can communicate with each other and that allows third-parties to use the available APIs. There is a similar project that we can learn from which is called OpenBankProject (openbank-project.com) which aims to provide rules that would allow the banking sector to provide standardised APIs across the industry.



- A lower cost of doing business - by lowering the cost of managing partners, externalising research and development, and automatising business functions and an easy integration with other platforms.
- Higher volume - by opening new distribution channels, on-site partnerships, innovative business models, network effects.
- Improved margins by additional cross-selling opportunities – through additional cross-selling opportunities, higher product differentiations, customer lock-in due to network effects and better bargaining position vs asset providers.
- New partners and a change in perception – by partnership building, externalised R&D, data sharing and automatised relationship management.

SecondLease

Olivier Tombeur

*Lease Manager,
Belfius Lease Services*



After studies in international relations and a master in finance, Olivier Tombeur began his career in Risk Management at Belfius Bank as a country risk analyst where he was in charge of a country portfolio (Eastern countries and paradise tax). Subsequently, he was an analyst regarding business credit for SMEs.

He later became involved with the industry as a lease manager and analyst for Belfius. He has set up a monitoring tool for the production of Belfius agencies and other initiatives to improve productivity. His current role is to support the branch network, make decisions regarding their records and to promote financial leasing through conferences and training with agents and agencies and other business partners.

What is the current challenge and/or opportunity to be addressed with your innovation?

It can be difficult to sell an asset recovered through bankruptcy or returned at the end of the lease agreement. It can be a challenge to find a company willing to take a lease for a used asset or to rent one on a short term basis or to simply purchase it outright without accruing a loss of capital. These are some specific issues for leasing companies.

For a customer, it is not always clear who is a trusted provider in the market. There are a multitude of sites for the remarketing of assets.

It is also true that the average customer lacks sufficient knowledge of the second-hand market, particularly for certain goods. Additionally, there is often a lack of awareness of a customers purchasing capacity.

Furthermore, the circular economy is playing an increasingly important role for future economic policy. As a leasing company, we are well placed to have an impact on this development, particularly when considering the following elements of the circular economy proposals:

- Recycling: This can be one of the main objectives of leasing companies. A condition regarding recycling can be specified in contracts making leasing companies active on this issue.
- Sustainable development: We could impose, through the client, sustainability standards from our suppliers.
- The economy of functionality: this has already been developed previously by others through the pay per use for example. We can also imagine an asset leased by several lessees.
- Lengthening the duration of use: improving remarketing so better facilitating a second life for leased equipment.
- Responsible consumption: We can give a preferential rate for an asset which is environmentally friendly.

What is your innovative idea to address this challenge or opportunity?

So take into account all of the above, the risk of capital loss when reselling an asset, the lack of awareness of market opportunities by customers, coupled with the associated risks, and finally the impact of the political drive toward a circular economy and the role a leasing company may have within it. My idea can be summed up in one word – “Secondlease”

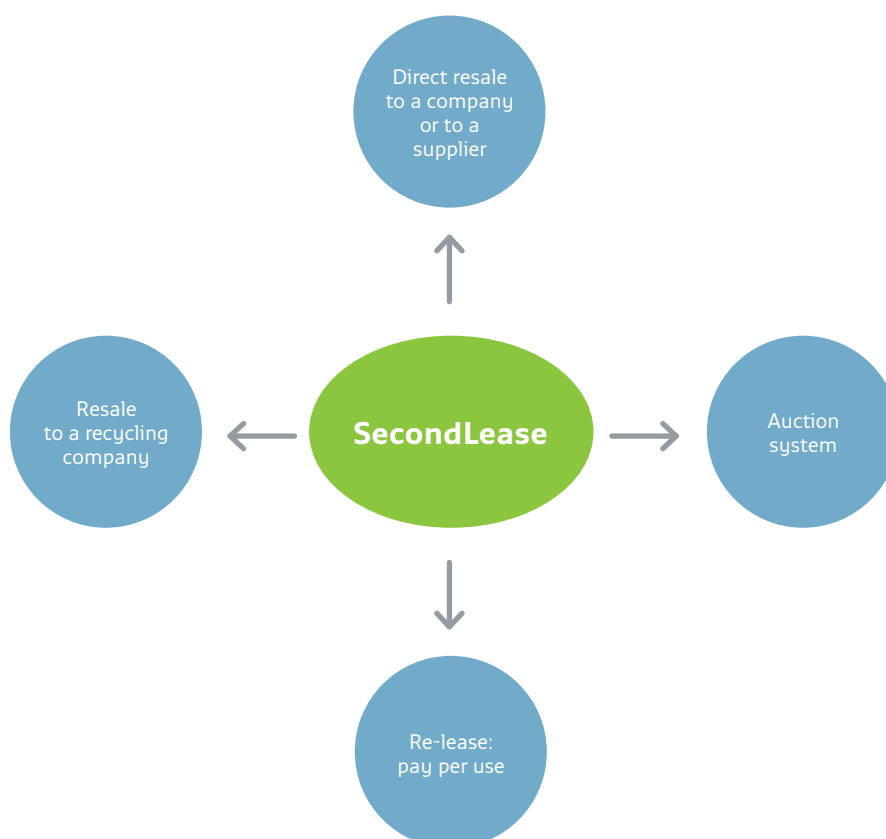
Secondlease would be a common platform for all leasing companies that wish to participate. It would offer several different possibilities:

- Direct resale of the asset to a company x or y or to a supplier
- The resale of the good to a company that is specialised in recycling
- It would also be possible to set up an auction system by involving interested players
- To re-lease the equipment using the leasing company that owns the property or via a leasing company chosen by the client.
- Finally, the leasing company is always free to choose whether to put the asset for sale on this site or not.

This website would grant an access to everyone in Europe (leasing companies, customers, suppliers, recycling companies). For each asset, we will have a complete description of the asset by the leasing company (working hours, the specifications of the asset, the maintenances, conditions of use, picture) which offers an assurance for the purchaser. Other assurances that we can imagine for the buyers are a standard method of payment and general conditions of sale that will harmonise different practices in various jurisdictions.

This will also facilitate a greater recognition for leasing companies across Europe, so that if a leasing company is present on the site, suppliers will be automatically reassured. With Secondlease, we can facilitate a kind of quality labelling of leasing companies across Europe.

Considering the circular economy, we foresee leased assets, at the end of their lives under lease, being placed on the Secondlease platform. The leasing company can then identify a willing customer who will take this asset on a new short-term contract. After this period, the leasing company will reload the asset onto the platform in order to find a company or a recycling company willing to purchase it.



What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Strengths

- Increase resale opportunities
- Customer retention
- Labelling of leasing companies
- Reduce the risk of capital loss when you sell

Weaknesses

- Some leasing companies already have their own resale networks such as companies specialising in a particular market or in Vendor
- Implementation period (because the regulations for resale are different in each country)
- No direct benefit to cost ratio

Opportunities

- Allow leasing companies to find a quick solution
- Similar to a quality label, we are introducing leasing companies to suppliers from different countries and so provide recognition

Threats

- Difficult to start with the risk that leasing companies will not use this system
- Excessive cost of delivery or cost getting the goods compliant with foreign regulations which would reduce the system's advantages

In more detail, what are the benefits and expected impacts of your idea?

What are the benefits that leasing companies can obtain with Secondlease?

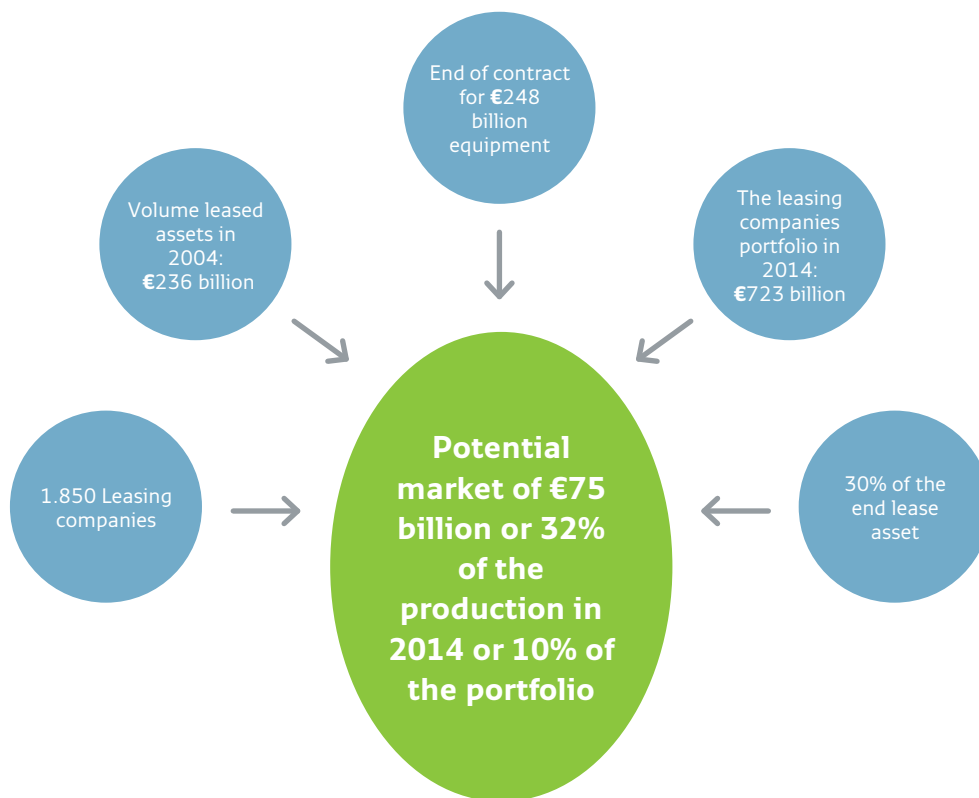
- It will allow us to increase our resale opportunities by broadening our potential resale market but it will also allow other leasing companies to use the network for other companies to sell the asset more easily.
- We can recycle the asset as part of our social commitment.
- We may also obtain new sources of cash flow by raising the income realised from the sale of the asset, and also via the option to re-lease the used assets.
- It will reduce the risk of capital loss when reselling.
- It will highlight our partners and associates.
- When selling or releasing, the leasing companies can exchange their experience with the client.

We can identify four particular customer benefits:

- It would provide new opportunities for customers thanks to direct proposals for re-leasing, pay per use or purchase.
- The creation of this site makes things a lot easier for our customers. They will not need to go to numerous sites to find what they are looking for.
- For clients, it will offer a more secure environment for transactions (less fraud since knowledge of the counterparty)
- The customer will be able to purchase an asset at a fair price and often even below its market value.

Returning to the circular economy and points mentioned above, we realise that this idea fits well within the concept. If we highlight on our site all the assets of leasing companies that are for sale and available for all our customers and suppliers, this clearly allows for the recycling of the asset (recycling in the pure sense but also the reuse of the asset). Most durable goods will automatically be highlighted because, given their different qualities, they will automatically have a better resale price. Thanks to reselling and the possibility of re-leasing, the platform increases the service life of the leased asset, which fits perfectly within the concept of the circular economy. Finally, we can highlight the functional worth by detailing necessary payments and the assets potential commercial value. Furthermore, there is the possibility to reuse the asset because it is not always necessary to have the most advanced equipment for certain work.

Considering the figures involved, in 2014 the volume of leased assets in Europe was about 236 billion, and approximately 248 billion equipment came out of contract in 2014. Further consider that the total portfolio for European leasing companies in 2013 was 723 billion and you can already see the size of the potential market. If I take into account 30 % of those goods, you will get a potential market of 75 billion or 32 % of production in 2014 and 10 % of the total portfolio.



Secondlease is a new way of thinking about the end of the leasing contract, since it:

- Reduces the risk of capital loss at the end of the contract
- Increases resale opportunities
- Allows customers to find a suitable asset at the right price
- Creates a potential market of €75 billion for leasing companies

Asset Management Centre of Excellence

Reinout Vente

*Relationship Manager
Wholesale & Structured Finance
ABN AMRO Lease*



Having studied Economics and Business at the University of Utrecht and writing a Master's thesis on entrepreneurship at the University of Indiana, Reinout Vente joined ABN AMRO Lease in the Netherlands in the autumn of 2012. After spending approximately 6 months in an assistant job at their credit department, he joined the International team in April 2013 as a Junior Account Manager for the UK. He then became responsible for acquiring new customers in the UK, as part of a team of 5 relationship managers and 4 support officers.

He then moved to the London branch last year and has since assisted in building up the local sales resource and as relationship manager is responsible for acquiring customers in the London and Scottish regions. After one year he joined the London-based Wholesale and Structured Finance Team as a relationship manager, which is his current role.

What is the current challenge and/or opportunity to be addressed with your innovation?

The leasing industry missed a huge opportunity during the recent financial crisis to become the most important type of financial institution in the corporate market, particularly for the SME sector. Frankly, the industry could have filled the funding vacuum for assets vacated by the banking sector but has instead become an industry that is building on tradition rather than looking to bring an added value.

The industry is under threat from a number of disruptive factors in the market and, if you take an extreme view, the future of the leasing market is in doubt. One of the main disruptive factors is the reduced attractiveness of the lease as a product due to the introduction of new IASB lease accounting frameworks. In short, the new standard will place a significant administrative burden on companies that are using increasingly popular and efficient operating leases.

In addition, alternative sources of finance are becoming more common. The industry is facing a major threat from crowd funding platforms as well as other non-traditional financial institutions such as Apple, Google and Amazon. Also, leasing companies are experiencing greater competition from captives and vendor partnerships that supply packaged finance solutions for their own products and offer customers freedom from concerns over maintenance, asset replacement and the remarketing of old equipment.

What is your innovative idea to address this challenge or opportunity?

The leasing industry needs to move away from being just another source of funding and become a business partner, involved in all asset purchasing decisions. In doing so, it will position leasing as an added value proposition and strengthen its relationships with its customers. To achieve this goal, lessors need to become an "Asset Management Centre of Excellence".

Lessors can create an online/tablet accessible customer environment, to provide customers with a broad range of information including data concerning active contracts; payment dates; notifications regarding usage and end-of-lease options. These would include renewal facilities together with the ability to sign and complete documentation digitally and the provision of tailored offers on new and used equipment.

This will help customers to manage the asset lifecycle and provide them with additional information to inform their investment decisions. The foundation of this innovation in customer service is an app with easy to use features such as a digital database of active contracts; payment dates and detail of the current location of assets. In addition, it could provide real-time data to monitor if an asset is within the permitted usage specified in the lease return conditions.

Furthermore, earlier involvement in the end-of-lease decision making process for customers who are using the app, could provide them with custom made, pre-approved offers for new equipment that matches their particular requirements. In addition, this can be a useful channel to communicate potential opportunities for used assets in the "returned asset pool", either on a short-term or long-term basis.

Such new activities in this sector will create tangible benefits and will strengthen our relationship with customers to the extent that the industry can move away from being just a funding partner towards becoming a business partner who genuinely adds value.

What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Strengths

This creates a personalised customer environment detailing active contracts; payment dates; outstandings; notifications on end-of-lease profiles and servicing requirements. Utilisation of the available data can provide pre-approved and tailor-made offers for new and used assets and remove the administration burden for customers, especially considering new lease accounting standards.

Weaknesses

Incorporating the data in the application and moving from data to information will be the main challenge, principally because some of the useful data sits with the OEM's. This would require a work around and we could gather information directly from customers using questionnaires or partnering with a select number of OEM's.

Opportunities

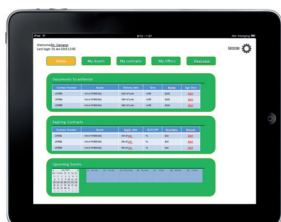
It will improve the attractiveness of leasing as a product and will create a long-term business relationship including regular contact between business partners. Easy to use functions are readily accessible as the information already sits with the leasing companies.

Threats

Data security and new entrants to the market that have a first-mover advantage. They are restrained by a traditional business model and have a clean slate.

In more detail, what are the benefits and expected impacts of your idea?

The application is tablet based and the functions are spread out over 5 tabs:



- Home

The home screen shows the outstanding tasks for the customer such as documents that require approval for new deals and expiring contracts. Also shown is a calendar where servicing dates and expiring contracts are scheduled.



● My Assets

Provides an overview of all assets currently under contract. A variety of data is presented in a number of columns, such as location, current mileage, allowed mileage, book value and CAP value. Full transparency is crucial



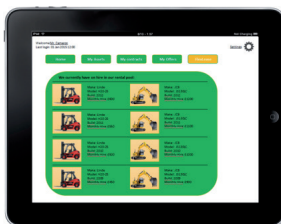
● My Contracts

This tab shows the details of the contracts for the assets and provides information such as term, rental amount, payment date and a link to a PDF copy of the contract is provided, as well as an amortisation schedule per contract



● My Offers

This is a personalised environment for tailor-made offers for new assets to the customer using available data on use, brand preference, replacement cycles and applications. These offers are pre-approved and pricing is provided using internally available information such as risk ratings and historic margins. Working together with partners, special offers can be pushed towards customers for specific models and outfits.



● FlexLease

In this last tab, used assets are offered to customers on either a long-term or spot hire basis. This provides an opportunity for leasing companies to generate cash from assets that were previously hired in the event of a default or at the end of a lease agreement.

It is difficult to state the benefit of the application in monetary terms, as this is largely influenced by the perception of the market of the lease product when considering the changing environment resulting from existing threats. The initial benefit for lessors will be strengthened ties with their customers and an increased involvement in the asset lifecycle. As a result this will increase business volumes through an additional distribution channel for new assets and also new revenue realised from a used asset pool. Last but not least, the leasing company will be able to generate higher margins due to the added value service being delivered to the customer. The extent of these benefits are different depending on how big a lessors customer base is and how many assets emerge from contract annually. Key to understanding the magnitude of the benefits is understanding how this idea changes the way we, as leasing companies, become more involved in asset management and remove this burden from our customers.

As regards the cost of building the application, most of the data is already with the leasing companies, albeit the transition from it being simple data to becoming useful information needs to be addressed. Data on usage and location needs to be gathered using (GPS) transmitters, which is quite a significant investment, particularly because existing assets will have to be fitted with these retrospectively. For new assets, the costs can be included in the original financing agreement. In addition to the aforementioned, business processes for the leasing company will need to be updated. This will, for instance, allow offers to be credit approved. This is relatively easy for offers that come within an approved facility limit, but less so for customers where there is either no headroom or no live facilities. The largest cost will be building the entire application where the data is gathered and to ensure that the proposed rental offers are accounting for up-to-date risk ratings, cost of funds and prices, which requires real-time data feeds.

For a company with 25,000 assets eligible for GPS and usage transmitters, the cost of fitting the assets will be a one-off investment of approximately £2.5M, with an estimated annual cost of £100,000 for data contracts. This is the biggest cost and the choice can be made to share this cost with the customers. The re-routing of some of the business processes has a one-off cost of approximately £150,000 involving consultancy fees. The cost to run this app will be approximately £200,000 per annum. Finally, building the app will cost approximately £500,000 and maintenance is likely to come down to around £75,000 per annum. Overall, the one-off investment will be approximately £3.15M with an annual cost of £375,000 for running the application.

- Lessors strengthen their relationship with their customers and move away from being purely a funder to being a business partner
- Lessees get a better insight into their inventories (and their contracts) and are assisted in managing the asset lifecycle
- Lessors have an additional distribution channel for new assets and the opportunity to generate additional profits from their used asset pool
- Lessees can choose from tailor-made offers that are pre-approved and can be signed digitally using fingerprint biometrics



SociaLease

Suhale Vorajee

*Head of Marketing and Communications
BNP Paribas Leasing Solutions*



An almost lifelong leasing professional, Suhale Vorajee has worked in the vendor leasing sector for almost 13 years starting at GE Capital in an operational role. He then moved in to a project management role and oversaw the rollout of CRM (customer relationship management) whilst also developing one of the first online partner/vendor facing portfolio management systems back in 2004 when this technology and concept was still relatively nascent.

In 2007 he took on a role at CIT as Head of Market Research and Development and then in 2008 joined BNP Paribas Leasing Solutions to grow their market presence in the technology sector. In 2012 he was promoted to Head of Marketing and Communications for the UK business overseeing marketing and communications across seven markets: IT, telecoms, print, farm, commercial vehicles, construction and materials handling.

What is the current challenge and/or opportunity to be addressed with your innovation?

Behind SociaLease is a vision where we believe there is a fundamental challenge facing humanity, that of sustainability and climate change, and that the leasing industry could help to solve this challenge by taking advantage of a revolution that is changing the way we buy and consume many things: entertainment, transportation, business services etc. The revolution we are referring to is the subscription economy, which some rightly argue could also present a threat to the traditional leasing model.

What is your innovative idea to address this challenge or opportunity?

Planet earth is facing unprecedented challenges such as climate change, growing population and resource scarcity. The leasing sector is directly responsible for over €300bn of equipment investment so it's in a unique position to influence the supply chain by promoting viable, sustainable solutions like the circular economy. This is a framework that sets out to maximise the product lifecycle through better component design to facilitate re-use and remanufacture, extracting maximum value from the resources we take from the planet.

Then we have the rise of the subscription economy. The world is moving towards a pay per use model in almost every facet of everyday life. SociaLease attempts to couple the subscription economy to the sustainability cause by offering a unique, profitable model that can ensure resource optimisation and minimise waste, by adopting the circular economy framework. For this to work, we proposed a 3 step plan.

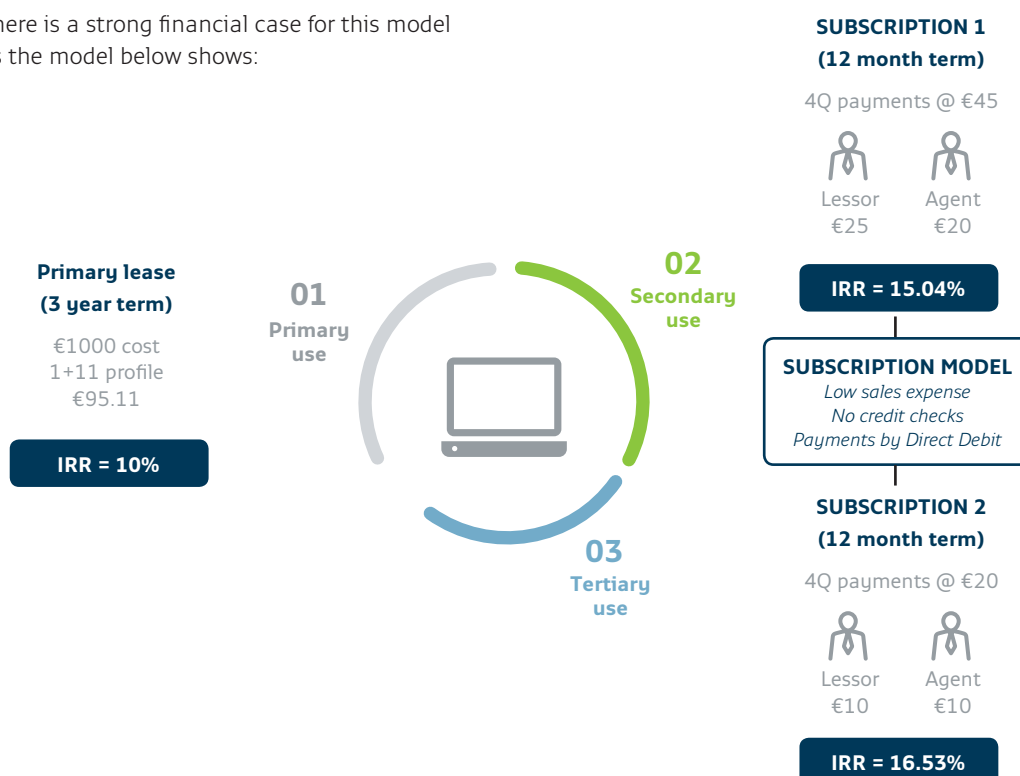
The first step is for leasing companies to establish integrated models with equipment manufacturers to determine key factors such as end to end product lifecycles and agree that leasing is the route to market in the primary use of the asset. The business case for this is simple, we must act now to secure our future and that of our planet.

The second step is to incorporate the subscription model after the primary lease term. We can do this by establishing networks of resellers who can originate customers for these assets on a subscription basis and they are paid a share of the subscription fee in return for doing so.

The third step is for the lessor to facilitate the return of asset components for reuse to the manufacturer via specialist recycling and refurbishment agents. In delivering this process, we establish a true cradle to cradle economic process, made possible only because of our role as the ultimate owner of the asset. It's about asserting our influence within the supply chain and not being merely viewed as an ancillary service provider.

What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

There is a strong financial case for this model as the model below shows:



SocialLease could boost the perception of the leasing sector and help it to compete more effectively in the media space against trendy Fintechs that seem to get so much coverage and yet achieve little in comparison to leasing.

In terms of weaknesses, we acknowledge that the networks required to make SocialLease work will need to be developed and this will require resource and an investment in developing the shared vision across all entities. Furthermore, to enable the tracking of assets in their various lifecycles will require the use of telematics which are largely in place already but the lessor will require integration into lessor systems. Finally, residual value assets are out of scope given SocialLease does not currently solve the matter of open residual positions. However, SocialLease does offer an excellent solution to increased profitability from tech assets.

In terms of opportunities, we believe a well-implemented SocialLease strategy could be a huge draw for the talented millennial generation who are increasingly looking for a wider meaning and context in their professional lives. And with the extended asset lives in play, SocialLease would generate vast amounts of marketable customer insights for manufacturers to help them identify new revenue streams.

In terms of threats, some manufacturers may feel they are losing the primary relationship with the customer and so they may wish to undermine this by cloning the model. But in actual fact, that isn't a bad thing in the context of sustainability!



In more detail, what are the benefits and expected impacts of your idea?

The key benefits of SocialLease are:

Image: Leasing can move away from its reputation as an asset finance operation to a genuine solution provider for some of the world's toughest challenges. And if we succeed, we open the doors to bright talent that our industry could attract who would want to work for a sector that is working hard to secure their prosperity, and that of future generations, whilst embracing new technology.

SMEs are often referred to as the lifeblood of the economy accounting for 99% of businesses across the EU and account for 67% of all employment. SocialLease will offer these businesses access to affordable assets to help them grow their businesses.

Sustainability: The whole idea of SocialLease supports the notion of sustainability and securing a better future.

CRM: We believe advanced CRM could be a huge benefit with SocialLease especially for the manufacturers as they will be able to see and analyse usage patterns of their assets from start to finish. This in itself opens up opportunities to upsell and cross-sell additional services to a wider customer base.



SocialLease is about integrating the subscription economy with traditional leasing to enhance the positioning of our industry, redefining its role and making it current and viable in this new world. But more importantly, SocialLease will allow our industry to play its role in securing the future of our planet. Our industry is responsible for investment worth billions every year and it plays a central role in promoting economic growth. With SocialLease we're not only continuing this agenda but adding a further dimension – one that will allow us to look back in 20 or 30 years' time and say we played our part in helping to solve the greatest challenge we face today.

International Quality Standard for Private Leasing (iQSPL)

Eric Westdorp

*International Product Development Manager
LeasePlan*



Eric Westdorp has worked at LeasePlan for nearly thirteen years. In 2002, after graduation as a Bachelor of Automotive Engineering, he started to work for LeasePlan Netherlands. His first job was to set up LeasePlan Rental, which is LeasePlan's own rental department, providing rental and short term leases to clients. From 2004 to 2006 he was part of the cost price management team, involved in research and the establishment of basic lease parameters i.e. residual value, maintenance and time in use on the road. From 2006 until 2011, Eric was a consultant at LeasePlan's consultancy department Mobility Result, and he held different roles through this time including a two and a half year secondment to the Dutch government aiming to improve their fleet management. From 2011 to 2015 he was a product development manager, developing new products and market propositions for the Netherlands and he currently works as international product development manager at LeasePlan Corporation.

What is the current challenge and/or opportunity to be addressed with your innovation?

B2B + B2C = B2User

When my child goes to primary school in a couple of years, his school will not provide him with textbooks or printed papers. He will use digitalised and online information, and his school will provide him with software including the expectation that he will bring his own device to read and use this information and to do his homework.

A device, similar to a tablet or notebook, can be bought in local stores. But in an economy where rapid technologic developments are taking place, it will become more sensible to simply pay for usage instead of paying for ownership (considering Uber, Salesforce, mobile apps, etc).

Similarly, we are seeing now that the role and voice of the consumer is becoming more important. We see the emergence of websites which help consumers compare products and to find the most suitable devices, using testimonials detailing user experiences tailored to your search. The consumer essentially assists in the sale of other similar products while also being an end user.

Combining those facts, ever more financial service providers are developing products and services for this new "end user" consumer target group. However, we are aware that new and unforeseen entrants are joining the competition, using their own knowledge and data and their established positions to access the traditional lessor market.

Financial service providers currently offer a variety of products and services to the consumer, from simple loans for smaller assets, like a laptop, to full operational lease arrangements for vehicles. But who ensures that the best interests of the consumer are being protected considering the vast amount of financial product offers available to the consumer, where each product has its own particular terms and conditions?

Consumer rights are governed by a complicated legal framework, particularly when it comes to a financial product. So what is the situation as regards our product, the private lease? Our current image, within the consumer understanding of general banking services, is unhelpful.

In this new paradigm, where we have consumer leasing and new subscription models involving vehicles, computers, smart phones, tablets and so on, as yet there appear to be no clear rules. Consumers remain exposed and may be confused due to the quantity and complexity of the products available and the different terms and conditions. Therefore, the industry should try to find a way to provide more clarity.

What is your innovative idea to address this challenge or opportunity?

In recent years, standardisation is becoming the ordinary way of things, from having a standardised plug for plug-in Hybrid vehicles to a quality label for web shops, a quality mark for fair trade products and a “save online banking” label to manage your personal bank account via your smart phone. All of these labels create confidence and help to remove uncertainty for the uncertain customer, so they can assure themselves that they making a reasonable decision.

A quality label tells the customer that the product is good, and it can help him or her to distinguish products from the competition on offer. Consumers are sensitive to these labels. Consumers use them to either reduce their impulse purchasing, or as part of the decision making process for more well-considered purchases. In either scenario, the confidence they find that is provided by the existence of a quality label is definitely beneficial.

In order to protect the consumer against product offers that they might otherwise find a little unfair, particularly lease or subscription products, the leasing sector could design an international standard for consumer leasing and subscription products, independent of the asset type.

"The International Quality Standard for Private Leasing (iQSPL)"

As a result of the introduction of the iQSPL we will create much needed clarity for our customers. The iQSPL will help the consumer to better understand lease and subscription products, to secure their rights and comply with our duty to protect them from vague terms, unpredictable costs, unclear settlements and high risks during and at the end of the contract.

Acquiring the iQSPL will mean that the terms and conditions of each lease product provider must be described in an accurate, transparent and consistent manner. The iQSPL will also inform the consumer of the inherent rate of risk particular to any specific lease product.

Therefore, if a leasing company wishes to offer a lease product to its customers, the iQSPL certification makes their offer more reliable and much stronger.

What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

	<i>Identifications</i>	<i>Added value of iQSPL</i>
Strengths	<ul style="list-style-type: none">● Getting the basics right● Consumer protection● Easy to automatise	Not a platform or complex system, but simple and easy to understand leasing principles
Weakness	<ul style="list-style-type: none">● Perceived doubtful business model of leasing and subscriptions● Current propositions● Banking image	A consumer protection label like iQSPL will improve the image of banking and leasing (products)

Opportunities

- Upcoming lease and subscription solutions for consumers and end users
- In the Netherlands already started for vehicle leasing (Private Lease OK of the VZR). iQSPL is applicable for all type of assets
- Growth potential

iQSPL will help us, start-ups and new entrants in “our” market to develop and offer fair and distinguishing propositions

Threats

- Image of standards (like IFRS)
- Long way to create a standard for a broad market range
- Local legislations

Due to iQSPL the consumer focus on price, terms and conditions moves to the product itself

In more detail, what are the benefits and expected impacts of your idea?

The iQSPL will only be reliable and powerful when the leading and managing organisation:

- is independent from lease product suppliers
- gives consumers’ associations the possibility to participate in the determination of certification requirements
- executes tests of lease products by independent professional inspectors, and
- provides the consumer with a reliable complaint and conciliation board.

The product range of the suppliers must be tested and approved periodically in order to keep their iQSPL quality mark certificate.

Finally the iQSPL will help both consumers and private lease providers to connect customer needs with reliable products.



Fair products

Customer protection

No small caps.
Focus on the product

Growth potential

International Quality Standard for Private Lease, makes it easier to lease!

GreenTravel PRO

Stefanie Wild

*Executive Assistant to the Regional Director
ALD International*



Stefanie Wild has been Executive Assistant to the Regional Director of ALD International in Germany since July 2012. She assists the Managing Director in strategic assignments and within the operating business. She drafted and implemented a sales plan for the ALD branches in the Czech Republic and Slovakia and holds responsibility for adequate monitoring. In March 2014, she was made responsible for the rental department supervising a team of five employees. Prior to her work at ALD, she served as a business consultant for Daimler. She completed a Master degree in Management / Leadership (University of Göttingen, Göttingen, Germany) in 2011 and a Bachelor Degree in International Business Studies (University of Paderborn, Paderborn, Germany) in 2008. Her bachelor thesis was awarded by the DGFP e.V.

What is the current challenge and/or opportunity to be addressed with your innovation?

Sustainable mobility of people is one of the greatest challenges for society and is considered a key trend for the fleet and automotive leasing industry. With transport accounting for one quarter of greenhouse emissions worldwide, and increasing ecological awareness, the demand for sustainable mobility solutions has been increasing. The current mobility model is deemed unsustainable as it is fundamentally vehicle-centered and mainly focused on motorised transportation. Yet, sustainable mobility aims to have a positive impact on the environment, integrate the collective interest of current and next generations, and improve economical performance by efficient use of transport modes.

The trend towards sustainable mobility is accompanied by the increasing digitalisation of the fleet industry. Mobility in the future will be smart, integrated and available on demand. New players, such as IT companies, are entering the market intensifying competition and accelerating the focus on individualised user-driven solutions. In addition, changing demographics and social preferences require the incorporation of the sharing economy into future business models. Public transportation and other transport modes will gain importance and demand will increase for multi-modal mobility solutions with an integrated information, booking and payment system.

In order to respond to these fundamental changes, automotive leasing companies are increasingly required to become multi-mobility service providers offering holistic, connected and flexible solutions over pure vehicle leasing. Services provided are further demanded to be sustainable, comfortable and cost-efficient.

What is your innovative idea to address this challenge or opportunity?

The idea behind GreenTravel PRO is to provide a platform on which sustainable transport modes are integrated to one optimised mobility chain (e.g. e-mobility, car sharing, local public transportation, etc.), thus simplifying and promoting the use of sustainable mobility. The solution fulfils the market demand for sustainable and integrated mobility services and is based on digital solutions following

the user's demand for integration, comfort and efficiency. It functions as one-stop solution towards the end user and provides real-time information, easy booking, centralised invoicing and customised reporting.

GreenTravel PRO offers various features:

It enables users to plan mobility according to sustainable criteria. Every time a travel request is submitted, GreenTravel PRO displays the emissions that the travel would generate along with suggestions for climate-friendlier alternatives for the proposed trip. The route can be easily optimised with regard to mobile preferences, duration or further ecological aspects given the most flexibility as possible.



The user gets real-time information on traffic disruptions, availability of seats, sharing offers, or departure times consolidated from various sources on one platform. After choosing the optimal route, GreenTravel PRO offers the integrated booking of all selected providers via one application. The user gets an electronic or mobile ticket valid for all transport modes.

During travel, GreenTravel PRO actively informs the user about disruptions or late changes anywhere and anytime. If applicable, rebooking or cancellation is possible. GreenTravel PRO offers a centralised billing system integrating different payment methods or existing mobility cards. Separately, mobility packages or flatrates including selected mobility services can be defined for different user groups.

Clients will receive one collective invoice for all mobility services being used and the platform can be adjusted to the individual corporate accounting system allowing cost center assignment. With GreenTravel Pro companies and users get access to real-time and easy-to-understand reporting of mobility services being used, costs and related emissions. The application ensures transparency for cost savings and to assess environmental impact.

GreenTravel PRO provides certification on emissions saved via a certified CSR report or an environmental balance sheet. Emissions could then be compensated by participation in defined environmental projects. The costs can be assigned to cost centers increasing competition among employees or enabling a monitoring of sustainable performance.

What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Strengths

- Positive contribution to the environmental balance
- User-oriented mobility 24/7
- One-stop shop mobility solution
- Daily interaction with user
- Comprehensive source for data collection
- New streams of revenues

Weaknesses

- IT system – technological solutions already partially in place
- Set up costs – collaborate with partners already developing or operating such platforms
- System level collaboration between all suppliers – increasing trend towards cooperation among IT companies and mobility providers anticipated
- Universal identification and billing system – pilot projects already in place
- Critical mass – use elements of gamification, rewards, special offers or the promotion of health care and environmental aspects for motivation

Opportunities

- Image
- Access to new customer segments
- Profiling of customers for developing new services
- Flexible integration of new partners

Threats

- Data security and transfer
- Legal and regulatory issues – the promotion of integrated mobility and sustainability is increasingly encouraged by governmental institutions and regulators

In more detail, what are the benefits and expected impacts of your idea?

GreenTravel PRO is a self-service solution that makes sustainable mobility easy. Sustainable transport modes are integrated for an optimised one-stop mobility experience with access 24/7. Users get a tailor-made application addressing their individual travel needs while being encouraged and directed to use the least polluting and most efficient modes of transport. The optimisation of travel according to sustainable criteria reduces mobility costs and emissions. GreenTravel PRO promotes reliability and comfort, enhancing the user's experience.

Being used as an added service to pure leasing, GreenTravel PRO allows automotive leasing companies to broaden their range of services exponentially. With GreenTravel PRO an automotive leasing company adapts to changing customer behaviour and meets the increasing demand for becoming a mobility provider, thus protecting the existing customer base and improving customer loyalty. The application is not limited to users having a company car, but can be used by all employees; therefore, it provides access to new customer segments and generates additional revenues and margins. The daily and direct interaction with users strengthens customer proximity and enhances the understanding of mobility patterns for future additional services.

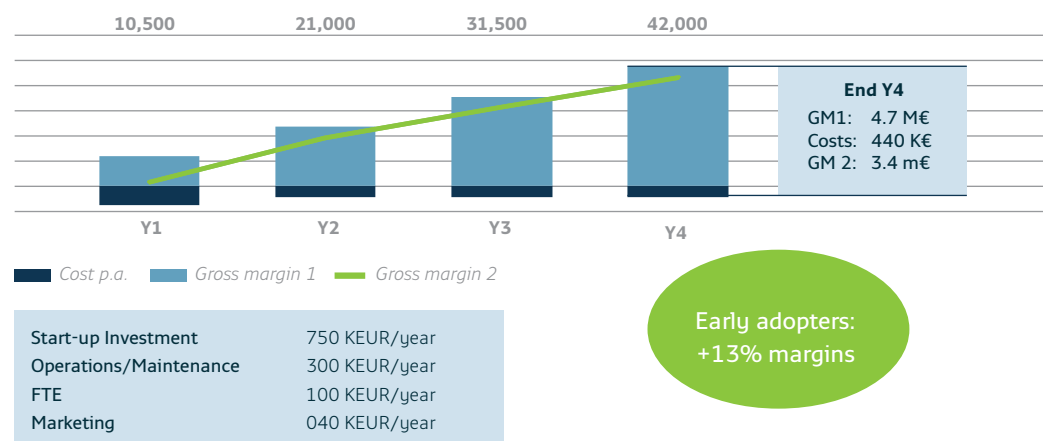
With GreenTravel PRO, an automotive leasing company moves itself from being a vehicle-centered proposal to a user need-driven mobility solution that addresses the issue of sustainability. And in today's highly competitive landscape, more and more companies are realising that being sustainable is more than an environmental gesture, but makes long-term economic sense. In addition, differentiation from competition by offering innovative mobility services is critical to strengthening market share and to defending against new market entrants.

The primary target group for GreenTravel PRO are business travelers, since business trips are often the main source of a company's total emissions. Companies are facing an increasing need to plan business mobility ecologically and efficiently to reduce negative climate impacts. Alongside the promotion of environmental friendly mobility, the proposal will reduce costs, reduce accidents by using safer transport modes, motivate employees and promote health. In 2014, there were 10.1 million business travelers in Germany generating 49.2 billion of expenses. 65% use online tools to book their trips, 5% use mobile devices. By expanding the target group by all working people, the market potential increases to 43 million people. 1% are considered to be early adopters, enlarging the target group by almost half a million.

Assuming that a German company with 3,000 customers launches GreenTravel PRO, the company has initial start-up costs of around 1 million EUR for the platform, Human Resources and marketing. Planned annual operating costs are around 440,000€. Costs are covered by monthly fees of 2€ per

user and a 5% commission on travelers revenues is paid by 3rd party suppliers. With a customer base of 150.000 and 80% active users in Year 4, the company achieves a gross margin of 4.3 million after costs. By launching GreenTravel PRO to all employees targeting early adopters, the gross margin increases by 13%.

Exemplary business case:



- The automotive leasing market is transforming into a mobility market challenging leasing companies to revise their value proposition
- Future business mobility will be driven by digitalisation, the integration of transport modes, and the development of sustainable solutions
- GreenTravel PRO shifts the focus from a vehicle-centred approach to an user need-driven integrated mobility approach with the concept of sustainability being embedded
- GreenTravel PRO simplifies the use of sustainable mobility modes by integrating them via one platform to one optimised mobility chain

Real Estate Leasing 2.0: Image Campaign & Software

Sandra Windbichler

*Key Account Manager
Sales Projects and Special Financing
Raiffeisen-Leasing*



Sandra Windbichler is the Key Account Manager at Raiffeisen-Leasing in Vienna in the company's Sales Projects and Special Financing Division. Sandra started her career at Raiffeisen-Leasing in 2010 as Project-Manager in the area of Infrastructure, Energy-Efficiency and Operational Models. In 2012, Sandra became Key Account Manager for the Sales Projects and Special Financing Division, first with a focus on financing for municipalities. Her focus now is on real estate transactions for corporate customers within Austria and project-finance (International and Austria). Furthermore, she is responsible for public tenders and plan calculations for spin off companies.

Sandra has a diploma in Public Management at the Carinthia University of Applied Sciences and besides working, she has a master degree in Real Estate Management from the University of Applied Sciences for Management & Communication in Vienna.

What is the current challenge and/or opportunity to be addressed with your innovation?

A closer look at the real estate leasing market shows that real estate leasing is quite popular in certain European countries, while in other countries there are hardly any real estate leasing transactions. So what are the reasons for this unequal distribution of real estate leasing? Are there legal, tax or administration reasons? The fact is that real estate is traded, newly built and rescheduled like every other asset. So there is potential to target real estate business for more leasing financing.

Furthermore, for standard leasing products like vehicles and movables, the available software on the market meets the requirements but in the special case of real estate the software currently on the market is inadequate and fails to meet the special requirements connected with real estate. Where it does exist, the licences for the existing software will soon expire and therefore that software would not be serviced by the software providers any longer. Many real estate leasing companies face a similar challenge.

With Real Estate Leasing 2.0 the resolution of the above mentioned challenges can make real estate leasing more attractive in countries where it is already offered and it can also raise awareness about the attractiveness of real estate leasing in other countries. Furthermore, Real Estate Leasing 2.0 should ensure simple and cost-effective administration of real estate leasing contracts over the life of the finance agreement.

What is your innovative idea to address this challenge or opportunity?

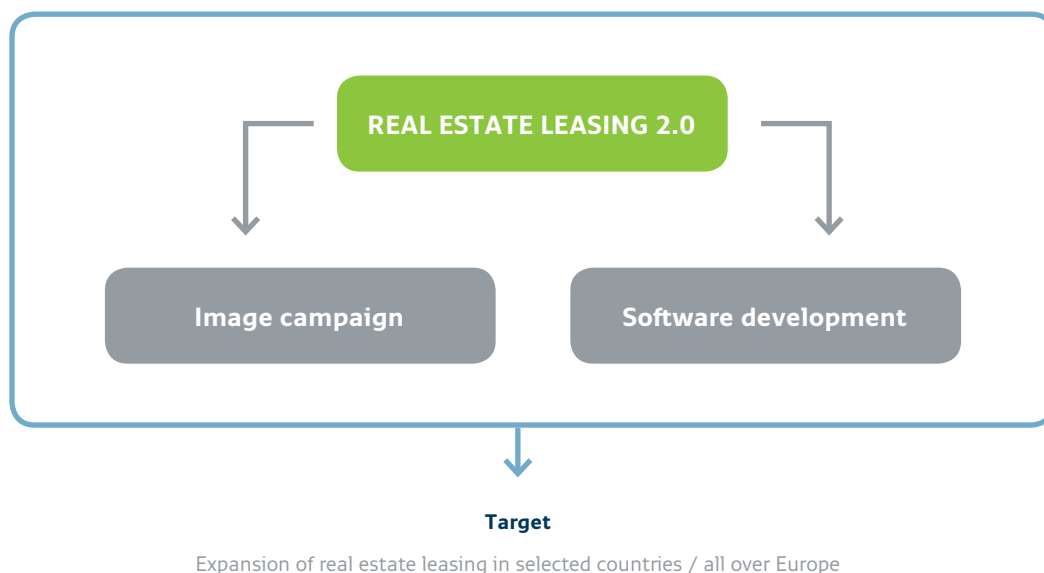
Real Estate Leasing 2.0 addresses the challenges in two different phases. Phase 1 consists of an image campaign for real estate leasing and phase 2 consists of the development of the necessary software catering to the special needs of leased real estate.

Before we can begin these 2 phases, a necessary preliminary step is market research and analysis to establish who the big players are in the real estate sector (in terms of countries) and to establish what the reasons are that the leasing of real estate is more popular or more common in certain countries.

The image campaign for real estate leasing (phase 1) is then addressed to customers, potential customers and refinancing partners (e.g. parent companies) through national or transnational leasing associations. In this context, leasing companies are best placed to use their specialist know-how, the reason being that a real estate leasing company is very familiar with the end to end details of a leasing transaction. A typical lessor has far more focus on the suitability of the asset than when compared to an ordinary creditor (e.g. capacity, turnover and corporate success in combination with the property to fulfil the debt service). This specialist knowledge benefits the customer as leasing specialists have a better understanding of the asset types.

New software suitable for the particular needs of real estate leasing can then be developed (phase 2). As existing software programs for real estate are inappropriate or not suitable considering the particular needs of real estate (as it is focused on a larger quantity business (vehicles and movables) or the existing programs are becoming obsolete), in phase 2 a cooperation of leasing companies in the big countries with a vibrant real estate leasing market is undertaken to find a suitable software solution. Such a cooperation would have advantages (better handling over the life of the agreement, cost savings) for all and the development of the software could be used for other purposes and would obviously also be suitable for the other real estate leasing companies that wish to co-operate.

The target of Real Estate Leasing 2.0 is the expansion of the real estate leasing market in selected countries and all over Europe and the development of more suitable software for the handling of real estate leasing contracts.



What is the SWOT of your idea? Where relevant, please also include ways to overcome these challenges.

Strengths

- Big Players with quite stable markets for real estate leasing
- Demand for real estate leasing is a given
- Existing market with a volume of EUR 15,443 mil. (2014)

Weaknesses

- Image campaigns costs money but may not provide the desired output
- Companies have to invest time and money for the development of the software
- Cooperation of different real estate leasing companies will be necessary to be successful and to have a sufficient budget for the image campaign and the software development

Opportunities

- With cooperation -> create something big and innovative
- Image campaign through national or transnational leasing associations with a bigger marketing budget through the contributions of all interested real estate leasing companies having a bigger impact than a single company
- Invest time and money to generate a suitable software than one alone could not do and so creating new opportunities
- Promote real estate leasing through an image campaign aimed at all its target groups
- Bring more stability to a fluctuating real estate leasing market

Threats

- Refinancing partners will see the high capital costs of leasing and credit might therefore be preferred
- Leasing companies may only want to sound out competition
- Other forms of finance are more attractive or more in demand
- The image campaign doesn't bring the expected effects

Solutions on how to overcome the mentioned threats and weaknesses

- Use selected media as partners for the image campaign to reach target groups and to invest money with added value and benefits for the leasing industry
- Establish a suitable software for real estate leasing that makes handling easier and more cost-efficient
- Convince refinancing partners of the advantages of leasing and therefore get better rates
- Establish an agreement or letter of intent between the interested leasing companies or other bigger players to ensure their involvement in the project
- Coordination of the above mentioned steps through a representative, a spoke's person or a patron to ensure a coordinated approach and to reach our objectives

In more detail, what are the benefits and expected impacts of your idea?

The goal of Real Estate Leasing 2.0 is to expand the market in certain countries (such as France, Germany, Italy, Spain, Portugal, Belgium, United Kingdom and Austria). To do this an image campaign should be undertaken to convince wider target groups. The image campaign should lead to higher demand, increased transaction volumes and better refinancing conditions. The development of better software aims to make the handling of real estate contracts much easier and more cost-efficient. The software development will be an improvement in conditions for leasing companies but will also lead to cheaper handling fees for the customers.

Benefits for the leasing companies & the leasing industry

Real Estate Leasing 2.0 will increase demand for, and improve the acceptability of, leased real estate with customers, potential customers and refinancing partners. Furthermore, more efficient administration leads to cost savings throughout the entire financing period.

Benefits for the customer

The customers benefit from the existence of a bigger market and, if more suitable software is introduced, cheaper handling fees. Furthermore, due to the improved standing of leased real estate, refinancers' will be able to increase available funds and provide a cheaper rate to leasing companies and this will indirectly benefit customers.

In 2014 the market volume for leased real estate was EUR 15,443 million. By implementing Real Estate 2.0, an increase in business of 5 % in the first year and of a further 10 % in future years should be possible. Within a five year period this should be achievable and would strengthen the real estate leasing market significantly. Furthermore, with the development of more suitable software, the administrative costs of an ordinary contract will drop by up to 10 %. These savings will lead to an improved cost-efficiency for the lessor and lower administration costs for the lessee.

So in total Real Estate Leasing 2.0 brings benefits for all target groups, both lessors and lessees.

- Real estate leasing is quite popular in certain European countries while in some others there is very little. Real estate is traded, newly built and rescheduled in all countries, so there is an opportunity to convert much existing business into leased finance.
- Real Estate Leasing 2.0 consists of 2 phases. Phase 1 is an image campaign for real estate leasing that should be addressed to the customers, potential customers and refinancing partners. In phase 2, a suitable software will be developed and tailored to meet the particular requirements of leased real estate so to make the administration of real estate leasing contracts more simple.
- The aim of Real Estate Leasing 2.0 is to make real estate leasing more attractive, to raise awareness in general and to secure a simple and cost-effective administration for real estate leasing contracts.
- Real Estate Leasing 2.0 leads to an increase of the real estate leasing volume within a five-years-period of EUR 6,948 million and also leads to a reduction of the administrative costs up to 10 %.

Other Future Group Member

Veronica Freyne

*International Programme Manager
Societe Generale Equipment Finance*



Veronica started her career in Equipment Finance with a leasing company called RentWorks, at their head office in Sydney, Australia. After working there for 2 months, the company offered her a four year business sponsorship visa. She initially was Customer Issues and Settlements Manager for their retail business. She later moved internally to an operations co-ordinator role and after that acted as a Business Support co-ordinator for the account management team who covered corporate and government accounts. After this she accepted a role as Account Manager at Societe Generale Equipment Finance (SGEF) in Sydney where she managed their local broker and vendor relationships. In 2010, she moved to the SGEF head office in Paris to manage the global program for Microsoft. She spent two and a half years in Paris before moving to London where she now holds the position of International Programme Manager and manages three global vendor programs.

Projects Selected for the 2015 Annual Convention of the European Leasing and Automotive Rental Industry

The individual ideas presented in the previous chapters were discussed and developed in a series of meetings in 2015 at the European House of Leasing in Brussels. Once each Future Group member had pitched his or her idea to the Group, Leaseurope and Invigors selected the most promising concepts, taking into account the results of a Group vote. The three ideas selected in 2015 were:

RV Funding Platform

by Tom Fordyce, which was further developed in his team with Olivier Tombeur (Belfius Lease), Reinout Vente (ABNAMRO UK), Sebastian Phillipin (ING Lease) and Giorgia Cacciapuoti (IccreaBancaImpresa).



SocialLease

by Suhale Vorajee, which was further developed in his team with Michael Heyer (DLL Germany), Bastian Rüger (Deutsche Leasing), Eric Westdorp (LeasePlan), Przemyslaw Mocek (BZ WBK Leasing S.A) and Sandra Windbichler (Raiffeisen-Leasing GmbH).



GreenTravel PRO

by Stefanie Wild, which was further developed in her team with Arkadiusz Talun (mLeasing), Ondrej Strnad (SkoFin), Simone Maccaferri (Unicredit Leasing) and Veronica Freyne (Societe Generale).



These three ideas were presented in front of an audience of European industry practitioners at the Annual Convention in Cascais in October 2015, with the audience providing their feedback through live voting and a series of questions on how the ideas would work in a real business environment. Our Future Group participants did extremely well and we look forward to seeing whether the release of this publication will lead to more European leasing firms taking up ideas that originated with the 2015 Future Group as was the case in 2014 and 2013.



The 2016 Future Group

Leaseurope and Invigors will be facilitating a new group of young talents in 2016.

The class of 2016 will kick off in May and will carry on in the same philosophy and spirit focusing on innovation, with a slightly different format.



About Leaseurope and Invigors

Leaseurope brings together 46 Member Associations representing the leasing, long term and short term automotive rental industries in the 33 European countries in which they are present. In 2014, these associations represented more than 1,400 leasing firms and over 500 short term car rental companies. The scope of products covered by Leaseurope's members ranges from hire purchase and finance leases to operating leases of all asset categories (automotive, equipment and real estate) and includes the short term rental of cars, vans and trucks. It is estimated that Leaseurope represents approximately 91% of the total European leasing market in 2014, with total new leasing volumes worth €276 billion being granted by the firms represented through Leaseurope's members.

The Federation's mission is to represent the European leasing and automotive rental industry, ensuring the sector's voice is heard by European and international policymakers. Leaseurope also seeks to promote the leasing and automotive rental products and produces European level statistics describing the markets it represents.

Visit www.leaseurope.org



Invigors EMEA provides a broad and comprehensive array of strategic support services that include consulting; corporate restructuring; strategic marketing; research; legal support services; mergers and acquisitions; tax, regulatory and accounting services; business process re-engineering; sales performance management; learning and development; and vendor and captive programmes. The Firm comprises highly experienced, senior executives with many years of practical and strategic experience across the equipment leasing and asset finance spectrum and who are recognised as some of the most knowledgeable and thoughtful experts in the global industry.

Visit www.invigors.com







The Voice of Leasing and Automotive Rental in Europe

Leaseurope

Blvd. Louis Schmidt 87

1040 Brussels

Belgium

T +32 2 778 05 60

F +32 2 778 05 78

www.leaseurope.org

Responsible Editors

John Mitchell

Advisor, Regulatory Affairs

& Real Estate Leasing

Leaseurope

Anne Valette

Head of Communications

Leaseurope

Published by Leaseurope

April 2016