

ECT (contract termination)

LEO LEASING SYSTEM MODULE

- ▶ **Due payments detection** occurs based on analyses of settlement calculations in combination with the age structure of the dues
- ▶ **Automation** of the process is introduced both within the termination notice preparation stage and at the moment of the termination cancellation after the client makes the payment
- ▶ **Speed** is one of the main advantages of our solution; a complete analysis of a portfolio of ten thousand contracts takes, in typical conditions, only few minutes
- ▶ **Documentation** of the process of taking an action and notifying the client together with the whole mail is registered directly in the system
- ▶ **Business processes** are supported by the module on the level of definable structures of presentation lists

ECT (Early Contract Termination) module is...

a specialised system for monitoring and managing the condition of amounts due for leasing contracts. The module performs an automatic analysis of the age structure of the dues and allows – based on this analysis and established border conditions – to classify contracts as threatened, and next to contact the client, to guide the payment conditions renegotiation, to monitor time results of events and in extreme situations to manage a process of the contract termination and transferring the case to the debt-collection department. Also cancellations of already started debt-collection procedures can be made the system in a process reverse to preparing an early contract termination.

Risk management...

in a leasing company is based on several “pillars”. One of the main elements of the risk management is a process of rapid detection of threatened leasing contracts. Sufficiently early information about potential problems with timely payments by the client is very important, both from the leasing company's an the client's point of view. Many times before early detection of problems allowed for undertaking appropriate actions. Not always those have to be “hard”

actions. Quite often if such a situation occurs there's a possibility of contract renegotiation, cession or early completion.

Age structure...

of the payments due is, because of a significant number of contracts invoiced periodically, a main analysis tool for leasing companies. By studying the content of this comparison chart in the context of client and client's contracts one can study the state of unpaid balances, their structure, number, value and delay. And based on that one can next make a decision to undertake actions to

i.e. terminate the contract. Manual analysis of this comparison chart is a very tedious task. In conditions of a typical leasing company it entails browsing through many hundred of pages long printouts. The ECT system performs this procedure automatically in several minutes.

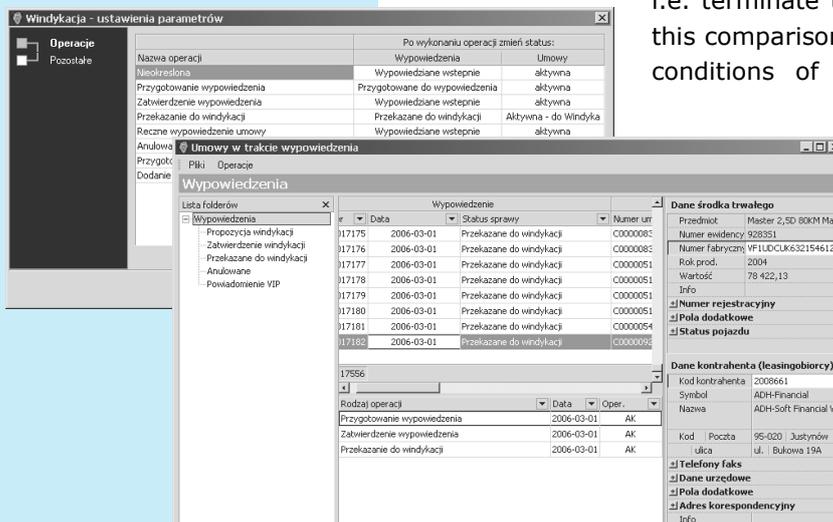


Fig. Module set-up and main window

Monitoring...

of the whole portfolio of the leasing contracts ties-up significant resources of departments responsible for this process. Activities like tedious browsing through settling calculations, contract history records, generating and storing the mail, keeping the mailing timetable and the timetable of next stages of operations are difficult to automate. The lack of a system solution changes the work of the monitoring department into a constant browsing through mountains of printouts and balance sheets. ECT transforms it into few simple operations run from a user-friendly module.

Process of termination...

of a contract does not start immediately after registering a delay in payments. Usually a procedure of contacting the client is started – by sending a notification of payments due. Sometimes it is repeated. Terminating a contract is a last resort. Many companies use this method as an additional pressure and a way to demonstrate the client that the contract is treated seriously. Life sometimes shows that clients more willingly pay invoices from companies that actively show that they efficiently monitor payments. One of the elements of such a policy is undertake such activities consequently and timely. Accomplishing this “manually”, without a specialized system is possible, but in a multi-person team it can be really difficult. ECT manages the whole process, system-wide, ensuring a comprehensive solution for every leasing company.

ECT module facilitates performing the following system operations:

- Automatic preparation of termination notices
- Confirmation of prepared termination notices
- Transfer to debt-collection department
- Manual contract termination
- Cancelling a termination notice (manual)
- Cancelling a termination notice (automatic)
- Adding an additional descriptive information regarding the case
- Demands for payment generation for contracts

Debt collection procedure...

is a last resort. Sometimes other way is not effective and a contract has – after termination – be transferred to the debt-collection department to repossess the leased goods or other dues. This process is also automated thanks to ECT. The module allows performing a “Debt-collection department transfer” operation on cases with predefined status. This operation creates in the debt-

collection module a new case, building it based on the data from ECT. Base data, association with the contract, contractor and the leased goods are created. Employees of the debt-collection department receive in their module prepared list of cases transferred to their department and they start to work on it. The whole process is automated and supervised by the system. Organizing it in the transferring/accepting mode additionally tightens the process.

Implementation...

of the ECT system in typical conditions takes from 5 to 8 days. After installing the module and updating the database structure, a consultant from ADS together with a content-related administrator of the LEO System set up system parameters of the module, set up the view tree structure, select visualisation parameters in displayed lists, define documents, writings and balance sheets generated from the system. Then a necessary configuration of parameters of the booking patterns is performed. After performing tests in the test environment, the configuration is transferred to the production environment and the system is ready to go.

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