

Regional Leasing

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Newsletter for Leasing Professionals



Introduction of Shared Service Infrastructure Concept at Mercedes-Benz Financial Services Hungary

A CASE STUDY

SSC at large

Shared services concepts (SSC) have been a **viable economical option** for many private businesses for some time. Fast-growing, agile young companies of the developing markets are now starting to **take advantage of this scheme** and even public sector managers are getting to realize the benefits associated with shared services.

SSC is not a new approach in the worldwide market. With the **unavoidable globalization** and **increased market competition** and in line with evolving from transaction processing into adding higher quality services to their business units, many decision makers have been putting up SSC initiatives. With the SSC's success, a company will then be able to reduce costs and increase the finance quality of services to their other business units. Since the mid-1990's this SSC trend has spread from those Fortune 500 companies in the US to the Asia Pacific countries.

The benefits are obvious. Why have for instance several different HR teams looking after many employees, all with the same requirements? Why not merge the different teams, operate out of a single centre and streamline the HR processes? Taking a step back and **recognizing the opportunities** for collaboration would reveal a host of cost-saving advantages.

Basically, an SSC is a solution that handles the **full scale support** functions including but not limited to finance, human resources, information technology, customers services and other low value transactional operations.

What are the advantages of establishing an SSC?

There are two major categories of benefits:

1. financial costs saving
2. improvement in the quality of service delivery

A financial cost saving is possible as a result of:

1. elimination of redundant infrastructure (administrative and hardware as well)
2. lower unit cost per transaction as a result of using self-service automating processes and standardization
3. allowing the business to grow without equal increase of expenses due to economies of scale

Improvement in the quality of service delivery would be in the form of:

1. timeliness and accuracy of data as a result of improved business process or standardized practices
2. provides management with a consolidated view of essential decision-making information
3. flexible and quick assimilation of new acquired business units and new technology

Some of the common traits or **characteristics of SSC** are as follows:

1. Offers low cost services and it is driven by market competitiveness,
2. Emphasizes high quality service standards and measures,
3. Allows for a high level of specialization,
4. Utilizes leading edge technology,
5. Focuses on continuous improvement,
6. Accountability to the business units instead of accountability to the corporate head.

SSC and AdviseSoft–Mercedes FS

In Hungary, Mercedes-Benz Financial Services (MBFS) maintains a strong relationship with its customers and suppliers providing professional financial solutions with a level of excellence that is expected and appreciated by those who commit themselves for the prestige this well-know brand offers. AdviseSoft, as a regional market leader of turnkey leasing and credit management software solutions successfully and efficiently backs MBFS by providing not only feature-complete IT infrastructure from partner management through handling of contract workflows to funding and ERP-oriented business decision support, but a high level of collaboration via support service responding to not only technical issues but to complex challenges.

By utilizing the potentials of the partnership described above, when entering the fast-growing Romanian market, MBFS had decided to implement an SSC approach for the foundation of the IT infrastructure of the newly created entity.

“MBFS set the basic boundaries of this project in a very early stage and by the consequent push of these principles and a very integrated and close development approach from both side the project had successfully achieved its primary goals in a short period of time: within four months.” – said Andreas Lehr, Managing Director of Mercedes Benz Financial Services.

These principles were:

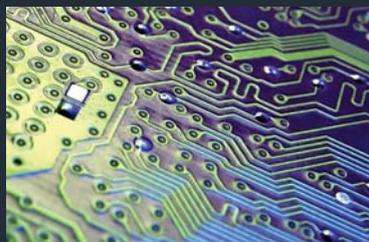
- One single support and maintenance team horizontally and vertically, both at levels of data processing and the levels of setting up the actual business processes
- One single code-base, one common version of software to be able to support seamless, coherent development and maintenance
- Same sales and product model with an absolute minimum level of customization for the compliance to the local regulations by utilizing the benefits of Romania's recent introduction to the European Union
- Aggressive planning in terms of project management with short deadlines with expressed full-scale commitment to the primary goals
- Dedicated project team involving experts with not only theoretical and generic knowledge but viable operational experience in the related matter at all levels

These predicaments are necessary preconditions but the success of this project had a heavy dependency on the technology side as well. This pillar turned out to be the AdviseSoft Core system due to its inherited flexibility achieved by the more than 10 years of business success on the Hungarian market as well as the international experience gained by recent implementations in Eastern Europe, including Serbia and Ukraine.

These attributes were:

- User-customizable multi-language user interface with the ability to switch the presentation language on-the-fly
- Customizable deal patterns enabling the end-user to create financial products and do calculations in any currency (even multiple currencies) without the necessity to change the core code
- Flexible back-office module providing standard IAS17 (IFRS) compliant accounting workflows for each known leasing-like transactions covering not only financial leasing, but operating lease, rent and loan

This level of flexibility brought an additional benefit of homogenous development without the necessity to isolate separate application development threads and to maintain a different, dedicated support team reducing dramatically the overall TCO costs.



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