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Sword Apak

## Lombard Asset Finance Case Study

*“In just three years, Lombard has built a £670m portfolio volume, generating 33% growth year on year. We could not have achieved this success without Sword Apak”.*

Keith Hayward, Head of Unit Stocking- Lombard Asset Finance

### Background

Lombard is the asset finance division of The Royal Bank of Scotland Group, which operates in the United Kingdom, Europe, the Americas and Asia, serving more than 40 million customers. Established as the leading provider of asset finance in the UK, Lombard offers a broad range of funding options across multiple industries.

### Lombard's vision

In 2006 Lombard identified a potential market opportunity in the **automotive finance** industry that could generate significant income and rapid growth within a very short time period. Lombard recognised that many large dealership groups wanted to become more independent by moving away from manufacturer vehicle funding. This would give them greater bargaining power over the manufacturer when negotiating stock level volumes and pricing, as well as the freedom to select the best finance deal from an independent stock funder once the manufacturer's interest free period has ended. Dealer Groups would also no longer be tied to any reciprocal 'retail' business with the manufacturer captive finance provider.

By providing wholesale floorplanning as a separate stand alone facility, Lombard could help the top tier UK dealerships realise their ambitions and at the same time gain a key competitive advantage over its closest 'floorplanning' rivals.

### The challenge

For Lombard's business model to become successful, a specialist and robust wholesale floorplanning system was required that would support fully automated, high volume unit processing with sufficient control to mitigate risk. This would allow Lombard to target the top 100 UK dealer groups that require stock funding with the objective of building a portfolio volume of over £500m.

Importantly, any solution provided must interface seamlessly with the dealer's DMS (Dealer Management System) so that the user does not need to re-key information from one application to the other, eliminating any extra administrative burden for the dealer.



### Benefits

Significant Income generated

33% Growth year on year

Key Competitive Advantage

Standalone Stocking Facility

Automation with Control

Minimal Back Office staff

Dealer Self Service

High Volume Unit Processing

Workflow Management

Reduced Cost Overheads

'On Demand' Service

Asset Tracking

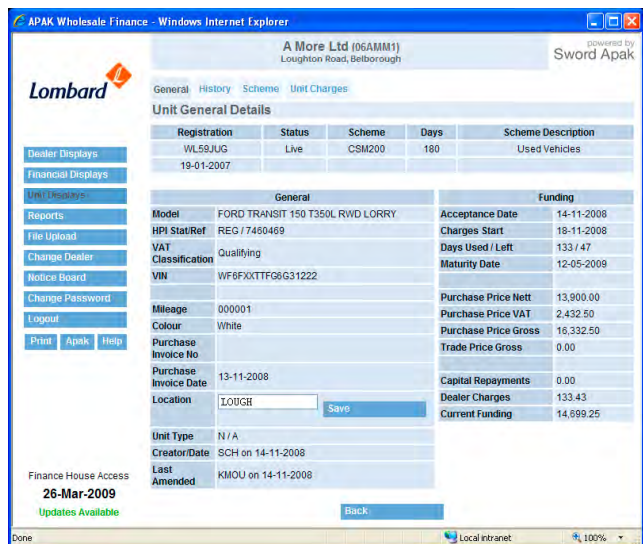
Risk Mitigation

Online Credit Checks

## The solution – ‘Automation with Control’

After carefully screening the market-place, Lombard concluded that Sword Apak’s system, ‘WFS’, offered the best business and technical functionality compared to rival floorplanning applications. WFS would allow Lombard to provide a tailored ‘stand alone’ floorplanning service to support large Dealer Groups with their stock funding.

Sword Apak’s system was implemented within 5 months and is provided to Lombard on an ‘On Demand’ basis. WFS is fully automated and streamlined to facilitate the high volume unit processing required to support large, top tier Dealer Groups.



WFS is highly secure, with parameterised controls in place so that any potential risk to Lombard is minimised. A real-time interface to HPI or Experian allows for fast retrieval of vehicle and finance information for credit checking and underwriting.

## System Integration with DMS

Integration with Dealer Management Systems (DMS) has been smooth, removing the need for ‘double keying’ between software applications by the dealer. Vehicles are flagged for funding in the DMS, extracted in volume on a daily basis and fed automatically into WFS which applies business rules, taking into account vehicle valuations and financial history data to get an automated credit decision on a unit by unit basis, with only the occasional exception handled manually.

## The Results

“Lombard’s rapid growth to become one of the leading, independent automotive ‘Stocking Finance’ providers is a remarkable success story which can be largely attributed to the successful implementation of Sword Apak’s ‘WFS’ system and support provided by its dedicated staff,” commented Keith Hayward, Head of Unit Stocking for Lombard. “In just three years, Lombard has built a portfolio volume to the value of £670m funding 31,000 vehicles across 51 Dealer Groups, generating 33% growth year on year. We could not have achieved this success without Sword Apak.”

Only a small number of Lombard back office staff are required to support Sword Apak’s highly automated system, ensuring overhead costs are minimised and profitability maximised. By implementing WFS, Lombard has been able to differentiate itself from rival ‘Wholesale Finance’ suppliers by offering ‘stand alone’ corporate stocking facilities that meet the specific requirements of large Dealer Groups, who wish to gain greater control and bargaining power in their market-place.



Keith Hayward, Head of Unit Stocking - Lombard Asset Finance

“We have been delighted with the results, especially in these more challenging times” added Hayward. “It’s worth emphasising that despite the current economic climate, Lombard remains very much ‘Open for Business’ and will continue to serve and support the Dealer Group community with what we consider to be a highly competitive Dealer Group stock funding service”.

## About Sword Apak

Sword Apak has over 30 years’ experience of providing proven specialist financial systems to the global asset-based finance industry. All of Sword Apak’s solutions are carefully designed to match our customers’ exact requirements, providing software which is robust, secure and flexible so that clients can rapidly respond to changing business conditions.

As part of the **Sword Group**, Sword Apak has access to a worldwide infrastructure of offices and hosting facilities in 37 countries, providing financial institutions with a local presence as well as flexible On Demand and in-house delivery options to support their worldwide funding operations.

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