Financier-led asset lease model

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Financier-Led Asset Lease Model

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Nowadays, the business globalisation trend drives organisations to spread their business worldwide, which in turn generates vast asset demands. In this context, broader asset channels and higher financial capacities are required to boost the asset lease sector to meet the increasing asset demands [1, 2]. In this background, with the reliable financial sources and extensive information channels, financiers are expected to take the pivot role in integrating world-wide asset information with the help of advanced cooperative information systems [3, 4]. As reported by Leasing World [5], the mass market possesses vast asset lease demands that are unexplored by current lease industry. Different from conventional lease customers, the customers of the mass market prefer to lease assets with a limited volume for a short period. Furthermore, these requests substantially vary in terms of geographic locations, desired asset packages, bundled services, financial assistances, etc. Unfortunately, these customer requests do not match with the business of traditional asset lease industry. To cater for the asset demands of the mass market, this section presents a financier-led asset lease model and the operations of the employed virtual asset network. In this model, the financier acts as the proxy for customers to access the various assets and services of the virtual asset network. By integrating the asset information and asset related services of these companies, a virtual asset network can be established as a pool of various assets and related services. Through an open-access ‘portal’, customers can choose and design their service requests from a wide range of asset types, pick-up locations, usage periods, asset modifications, payment plans, etc. The financier is responsible for analysing and aggregating these requests, as well as seeking optimal service outsourcing solutions. Thus, this model offers customers the access to world-wide distributed assets with flexible customisation options. Different from traditional finance lease models, customers bypass the contact with asset vendors yet receive the integrated services from the financier.

The virtual asset network creates a highly dynamic business environment, where different companies can join or quit the network from time to time, and the provided services and assets are also changing frequently. Such dynamics call for substantial supports for information and business integration supports, such as electronic contracting, cross-organisational monitoring, dynamic service publishing and integration, etc. As the asset information proxy and service integrator, the financier fully depends on the assets and services of the virtual asset network to serve customers’ asset lease requests through service outsourcing. Yet, the environmental dynamics make it very difficult for the financier to predefine service outsourcing plans. Thus, the financier

has to continuously adjust the service outsourcing schedule to adapt to environmental changes. Besides, such service outsourcing selections are further complicated by diverse asset configurations, service dependencies, etc. Choices of current service outsourcing selection may result in various consequences to future selections, and this makes that each service outsourcing selection a chain of a series of selections. Aiming to tackle this issue, we have analysed the service outsourcing behaviours in this new asset lease model, and proposed an adaptive scheduling mechanism. This mechanism enables the financier's decision making system to learn the environmental dynamics automatically and use this knowledge to arrange and adjust service outsourcing schedules.

This financier-led asset lease model considerably shifts up the asset availability, accessibility and scalability with the help of the virtual asset network. Compared to traditional asset lease models, this financier-led asset lease model benefits the financier, customers, asset vendors and related companies in different aspects.

In this model, the financier gains a dominant position in the asset leasing market. The direct financial support and abundant asset services, provided by the financier, will attract a large number of clients from the mass market. This large client group in turn helps the financier achieve more profits, higher asset utilisation, better finance flow efficiency, more rebates from vendors, etc.

The virtual asset network provides customers with a convenient access to world-wide available assets. In addition, with its strong financial capability, the financier can offer very flexible lease schemes, payment plans, etc., such as pay per use, hourly rental, relay rental, etc. (in addition to conventional long-term lease contracts with purchase option). Further, a customisable payment method (e.g., unified currency for the payment of multiple leases in different countries) is another example for the potential benefits for the global business extension of small companies.

Asset providers and service providers can benefit from the extra customer group attracted by the financier. This will certainly enhance the turnover of asset providers and service providers. In addition, the reliable financial guarantees from the financier consolidate the capital liquidity of asset providers and service providers.

The reported work is conducted in the context of collaboration between the Information Systems Group, Department of Industrial Engineering and Innovation Sciences, Eindhoven University of Technology, and De Lage Landen, a global provider of asset-based financing services.

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