

An Intersection Technologies, Inc
White Paper



Intersection Technologies, Inc
235 West 7th Street
San Pedro, CA 90731
1-310-241-1500 EXT 2123
WWW.FandIExpress.com

A Common Platform for E-Contracting

*For the common good of all
F&I aftermarket administrators*

By Brian Reed

*President/CEO
Intersection Technologies, Inc.*

Introduction

Intersection Technologies Inc. has its ear to the market and has determined that the F&I aftermarket industry is ready to strategically move to e-contracting. Furthermore, the majority of administrators clearly understand that the #1 critical success factor is... ease of use by the dealer. If e-contracting is NOT an easy process, dealers will default to how they have been preparing aftermarket F&I contracts for the last 30 years. An easy process for the dealers has several key components:

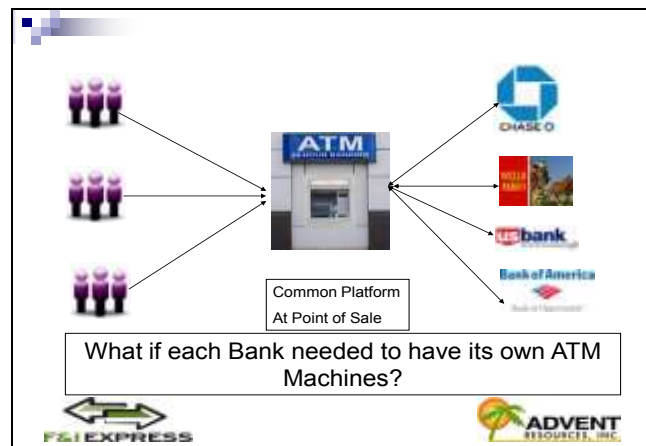
- Integration of data from their Dealer Management System (DMS), Sales Menu, or F&I System.
- One place to go to e-contract all of their aftermarket products.
- Processes and technology in place to ensure that when a contract or registration is completed and signed by the customer, that it is correct.
- Flexibility on how the process can take place at the dealership because each dealership is different.

The key to moving the industry is not technology, but the implementation of easy work flow processes at the dealership. The technology is in place today for e-contracting; the benefits to all stakeholders are well understood.

Finally, most administrators have experimented with different approaches and have determined that "Common Platforms" are a better

solution than dealer facing company specific proprietary systems.

The Common Platform approach has been used by many different industries to solve similar type problems. The airline industry recognized the benefits of sharing a common system for reservations resulting in the formation of Sabre Systems. The ATM market place initially had each bank having its own ATM's and networks. Now you can access almost any bank from any ATM worldwide. The notion that an aftermarket administrator can have a competitive advantage by a proprietary dealer interface is flawed when the U.S. administration marketplace is fragmented with hundreds of administrators and dealers utilizing 5-10 administrators for the sale of their products.



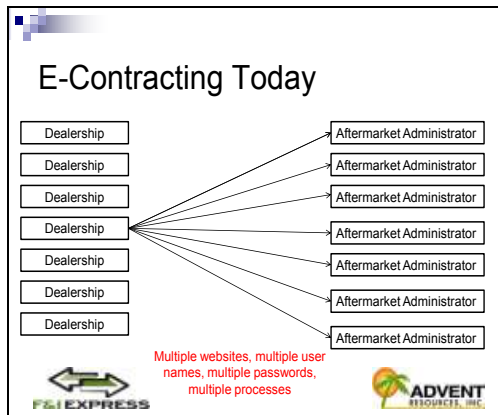
The only way for any one administrator to get 100% of its contracts prepared fully electronic is if the industry gets to 100%. A company that has the best individual dealer interface can achieve its goal of 100% e-contracting only if the industry as a whole achieves 100% e-contracting.



The Problem

As aftermarket F&I administrators have been attempting to move their business from a manual form based process to an electronic contracting process, most have been focused on the development of proprietary dealer interfaces via their web site. The problem is that most dealerships do business with multiple administrators which results in dealers having to go to multiple web sites and have multiple user names and passwords in order for them to e-contract their aftermarket products. Dealers do not like this process and furthermore, the agents that sell to the dealers do not like the process.

The net result is a complicated process that dooms them to the use of existing processes of paper forms into impact printers rather than completing e-contracts.



This also means that many of the administrators, in an attempt to make it an easier dealer process, implement their own integration into the dealers DMS/Menu which creates an added cost and additional

operational challenges. In reality, if a dealer does business with 5 different administrators they are all basically trying to get the same 50 data fields. Integration to dealers DMS is costly, difficult or both. Do aftermarket administrators really want to have resources focused on DMS integration or manage a third party to do it for them?

Everyone Uses the Same Data – Why Pay for it 6 Times?

Dealer # 1	# of Products Sold	Integration Costs	Cost/Product Sold
Aftermarket Administrator # 1	50	\$ 50.00	\$ 1.00
Aftermarket Administrator # 2	30	\$ 50.00	\$ 1.67
Aftermarket Administrator # 3	60	\$ 50.00	\$ 0.83
Aftermarket Administrator # 4	60	\$ 50.00	\$ 0.83
Aftermarket Administrator # 5	25	\$ 50.00	\$ 2.00
Aftermarket Administrator # 6	10	\$ 50.00	\$ 5.00
Total	235	\$ 300.00	\$ 127.65
Dealer # 2	# of Products Sold	Integration Costs	Cost/Product Sold
Common Platform	235	\$ 100.00	\$ 0.42



Why not be a part of a common platform that pulls the data once for all administrators to use?

The other challenges represent the processes, resources, and costs associated with how business is done today related to forms printing, forms distribution, data entry, risk management, etc. There is a much better way for administrators to do business than how it is done historically.



The Benefits of E-Contracting

Administrators benefit more than any other stakeholder if the aftermarket F&I product market could move to an e-contracting solution. There are soft benefits and very tangible, quantifiable benefits. In fact, in using just the tangible benefits, it would result in a positive ROI for administrators. Benefits include:

- Eliminates the printing of forms.
- Eliminates the distribution costs of forms and allows for real time “pull and replacement” of forms.
- Eliminates data entry.
- Reduces error rate of contracts to be processed.
- Allows for Administrator/Agent to know when a dealer sells a product to a customer – real time!
- Allows Administrator/Agent to minimize losses by having transparency into dealer receivables.
- Has the ability for online payment remittance.
- Robust real time customized reporting.
- Enhances dealer and end consumer CSI.

For most aftermarket F&I product companies in the US, agents are utilized as the distribution strategy. The agent really becomes the main interface between the dealer and the administrator. For an e-contracting solution to be effective, agents have support and buy into the program. For agents to buy in they have to see

benefits. F&I Express has had extensive discussions with agents and have garnered their full support of the F&I Express platform. Agent benefits include:

- Real time reporting to know what product is being sold at each dealership.
- Reduced error rates, which means less time having to solve problems
- Eliminate forms delivery which means smaller car trunks needed.
- Greater dealer CSI comes from a better, more streamlined process for the dealer.
- Allows agent to focus on more “value added” activities such as training on product knowledge and sales presentations.

Ultimately the dealer and acceptance by the F&I manager is the #1 critical success factor. If the dealer does not buy in it does not matter what the benefits to the administrator and agent are – the program will not work.

The e-contracting process does not only have to be better than the process today for a dealer, but much better. Dealers are a creature of habit and even positive changes take a while for some dealers to accept.

Benefits to a dealer of an e-contracting solution on a common platform include:

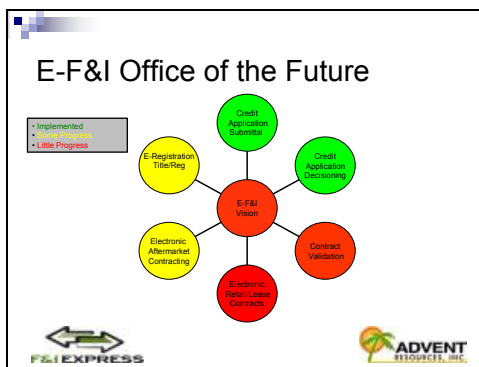
- No more paper forms to worry about or having to call the agent/administrator to “overnight” a package of forms because they cannot find any.
- Always using the right form for the right product being sold.
- Streamlined work flow process that allows dealers an easy e-contract process



- Reduced error rates on contracts which mean eliminating the calls from agent or administrator to re-contract the customer or to collect more money.

As much as e-contracting of aftermarket products on a common platform results in better processes for the dealer, it is only a part of the final solution for the dealer.

Technology is in place today to create the new E-F&I Office of tomorrow where everything is done electronically. One of the greatest benefits of e-contracting of aftermarket products is a precursor to what the F&I office will be moving to in the future.



If the F&I office at a dealership is moving to all electronic processes, the questions for administrators are:

- When, not if, do electronic processes get implemented?
- Do I want to have a proprietary dealer interface or participate in common platforms in the market?

Based on the feedback from most of the aftermarket administrators, the answer is to really achieve 100% e-contracting in the market place. The

concept of a common platform needs to be implemented and accepted in the market place assuming it addresses all the key components of an ultimate solution.

The Solution

A common platform for e-contracting needs to address and solve a number of issues including:

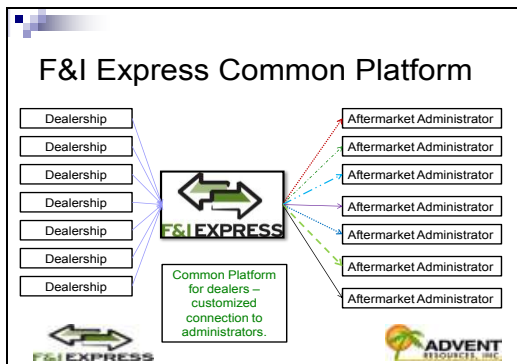
- Dealer goes to one place for ALL aftermarket products.
- Data to pre-populate the forms is pulled from dealers DMS/Menu.
- Dealer has a common place to access each aftermarket product, but each aftermarket company has logic in place to ensure process is in place to minimize error rate.
- Platform is menu/DMS agnostic
- Easy User Interface for dealer
- Recognizes role of agent and provides value to making the agent's job easier.
- The benefits of electronic contracting are at least double the costs of implementing solution.

This common platform approach allows for consistent and easy dealer processes while allowing each administrator to differentiate itself via its distribution, products, services, and pricing.

The critical success factor is developing flexible and easy processes for dealers that allows for the fact that dealers do business differently and you cannot lock a dealer in to one process or one specific sales menu.



The end result is a process that allows the dealers a common access point for all administrators while allowing for customized connections to each administrator as depicted below:



Transition to Final Solution

An aftermarket administration company that wants to move from a traditional form based process to a full e-contracting model needs to look at the move strategically versus “another IT project.” There is not a magic bullet that can make business go to 100% electronic over night. The key is to make a company strategic decision to move from wherever you are in your forms process and map out an action plan to begin the journey.

Things to keep in mind in moving forward:

1. Whatever you are doing today that works, keep doing it.
2. Ensure that the process is an easy process for the dealer – having a dealer go to multiple web sites to prepare contracts for their administrators is NOT an easy process.
3. Develop a strategy for your company based on where your processes are today and to clearly calculate the economic benefits of e-contracting and ensure that you have accountability within your organization to achieve your benefit projections.
4. Develop your tactical plan of the steps to get to e-contracting, including participating in common platforms such as F&I Express.
5. Ensure employees and agents understand the company’s commitment to e-contracting.
6. Recognize that the biggest challenge is not from technology but from a change management process on behalf of your dealers, agents, and employees.
7. Be patient – and always listen to your customers as you transform your business from a manual form based process to 100% e-contracting.



F&I Express is very flexible in how it works with various administrator. We have the ability to work with companies who have invested heavily in e-contracting processes as well as those who are exploring how to best do e-contracting. The company offers various models in how it works with administrators including:

- **Turn-Key Solution** – F&I Express can handle all parts of e-contracting from development of ratings processes, creation and management of forms, electronic contracting, reporting, and PDF contracts with “wet” customer signatures.
- **F & I Express Direct** – Leverages fully the ratings and e-contracting capabilities that an administrator might have today. The F&I Express platform acts as the common dealer interface, collects the data, validates the data, and then via web services, send data to the administrator who then in turn, creates a e-contract/PDF and sends back to the dealer via F&I Express.
- **Private Label** – Provides various technology and technical services to administrator on a private label basis.
- **Consulting and IT Development** – Custom work with administrators in solving business challenges by the use of process redesign and technology.

Any aftermarket administrator, agent, or dealer who is interested in learning more about the F&I Express platform should call 1-888-923-8368 X 2123