

At the dawn of the 21st Century, U.S. and Canadian small- and medium-size enterprises (SMEs) were undercapitalized. U.S. commercial lending was highly compartmentalized with large banks offering only one form of asset-based lending and private lenders more inclined toward factoring. The divide between lending instruments depended on ownership or the granting of an official loan. Following the recession of 2008-2009, the walls between lending services softened as lenders departed from their one-size-fits-all playbooks and instead offered financing options tailored to specific client needs.

The economic environment represented a challenge to Bibby Financial Services, a subsidiary of the 200-year-old Bibby Line Group. The firm, the largest independent provider of cash flow financial services in the UK, had established a presence in the U.S. in 2001 offering accounts receivable factoring, asset based lending, and purchase order financing. Like most lenders, Bibby Financial Services relied on a patchwork of legacy portfolio management software to control its \$9 billion in receivables funding to more than 7,000 businesses worldwide.

It did not take long for Bibby to realize that the evolving business environment in North America would necessitate a change in its core systems.

The Challenge: Segmented Portfolio Management

Historically, commercial portfolio management systems have been as compartmentalized as the lending industry itself, with separate applications for each lending type. Moving clients from one lending product to another typically involved keying data from one system to another. Worse yet, the disparateness of the applications made it impossible to get a clear picture of a client's entire credit history.

As the lending market grew more complex, Bibby Financial Services became increasingly dissatisfied with the limitations of this segmented approach. Since each lending product resided within discrete applications, vital information was hidden from view or unavailable. Meanwhile, the rigidity of legacy solutions excluded certain financial instruments, forced company-wide inefficiencies, and prevented adaptation with market opportunities. Additionally, rudimentary reporting obscured the borrower's full credit information, increasing Bibby's risk and potential exposure.

The Solution: A Cohesive Management Platform

Recognizing the limitations of a segmented approach, the lender began seeking an alternative in 2005. Following an extensive review of key market players, Bibby Financial Services chose a new system for its U.S. and Canadian operations to provide a single point of control over the lender's portfolio and the flexibility to keep up with a growing market. The company selected the CADENCE portfolio management system developed



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by Bayside Business Solutions, of Birmingham, Alabama. The new platform enabled Bibby to move clients along a lending spectrum, essentially adjusting the amount of oversight and control to fit the level of trust, while keeping the client in the same portfolio management system.

The Outcome

Since implementing the new system, Bibby has experienced enhanced efficiency and risk management and increased its line of financial services.

“The new system accommodates all of our lending products within one application,” said Kris Varley, Bibby Director of IT and Change for the Americas region. “As we are not only a factoring company, the ability to deliver our full spectrum of services on a single platform is essential.”

“Additionally, we can see all information about a client on a single screen, clearly and easily,” Varley added. “That’s critical for risk mitigation when making lending decisions.”

An online portal gives clients realtime, 24/7 account access, which eliminates the need for the lender to field account inquiries. With the previous system, the lender’s personnel had to enter each and every client invoice by hand, but with the integrated system, approximately 85 percent of clients use the portal to upload their invoices. “The ability to have an online portal is huge,” Varley said. “Operationally, it’s all automated so we are not dealing with calls and sending out reports and statements. This saves massive manpower and provides a better client experience.”

Security has been key to growth. When Bibby Financial Services first arrived in the U.S., it limited hiring to experienced staff. But as the lender grew, it needed to widen its scope of employees. To minimize the risk posed by hiring qualified but less-experienced applicants, the lender used its new system to set varying lending authorities by employee. “We can set stricter authorities for new, inexperienced employees to reduce lending errors and relax authorities for more experienced personnel,” Varley said. “That is a big point for us.”

Another important attribute for Bibby has been the ability to tailor the platform through system preferences. “We can innovate new products and not worry about whether our system can deliver,” said Varley. “Without that flexibility, we would not have been able to accomplish all that we have today.”

Bibby ultimately opted to have Bayside deliver the CADENCE solution as a service. The cloud-based version of the system runs on the Bayside infrastructure and provides the lender with secure, 24/7 anywhere access with zero administration. Stewart Allan, Head of IT Services at Bibby’s UK headquarters, said, “The CADENCE platform has proven to be the perfect solution for efficiency, adaptability, and scale. The SaaS option saves on IT resources and contract costs and frees us from having to worry with infrastructure planning and deployment in such a high growth division.”