



# HARNESSING IT

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## INTERVIEWS

Mark Smith

EXECUTIVE CHAIRMAN

**THE CAR FINANCE  
COMPANY** 

we care about your future, not your past

**Taylor Made**  
COMPUTER SOLUTIONS

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## INTERVIEWS



In a series of interviews with Taylor Made Computer Solutions, directors reveal what they perceive to be the issues if IT is to deliver key objectives.

**The interviews will be brought together as a report to be published by DECISION magazine and then as a digital book.**

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## INTERVIEWS

**REMEMBER THE Matrix, the science fiction film about a sophisticated virtual reality system? Mark Smith, executive chairman of The Car Finance Company, says he's reminded of that every time he looks at their computer screens and realises how sophisticated IT has become since he founded the business in 2007.**

"At the time we had a zero budget for just about everything we did, so we used off-the-shelf packages which we could adapt," he recalls. "That meant we had different systems and nothing was interlinked. Even basic things like auto-fill of addresses were expensive and didn't work well."

Smith says the company, set up to provide car finance to people who had been denied access to mainstream loans, got a "wake-up call" two years in when it saw payday lenders offering borrowers money which would be in their accounts within thirty minutes. "That created an expectation from the end user of instant everything," he explains. "So we did a lot of work internally as well as using outside resources and managed to deliver a system that did end-to-end processes like credit bureau checks, card data, customer look-up and underwriting parameters."

It all meant the systems could now handle everything seamlessly, from customer acquisition to providing the loan, to managing the customer account and recognising payments coming in different forms, for example credit card or direct debit.

The company continued to buy in some software where that would give better results technically and

give the business more control, particularly in the area of collecting money, but everything is linked. Customers could now do everything online, from loan applications to making payments. And they get a text when their next payment is due.

The huge volume of data now available gives The Car Finance Company a great deal more information. "We have a team which just analyses data," says Smith.

"They can deliver all the measurements we need. How many applications, how many have become loans. And then something more important is the performance data of the cohorts. We can tell accurately last month's loan portfolio parameters on a like-for-like basis and can see variances in the number of people missing their first payment, or quality issues with car dealerships."

The latter is important because, he says, 95% of complaints are about the car, not the loan product. The customer chooses their car from the dealership, The Car Finance Company pays the dealer for the vehicle and lends the money to the customer.

It would be impossible to run the business – indeed, any such business - without this degree of

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intrinsic IT, Smith suggests. “We would grind to a halt otherwise. We could never process the data quickly or accurately enough. It would have to be input three or four times; it would be incredibly painful.”

However, The Car Finance Company aren’t automating for the sake of it, and ensuring there is a degree of human interaction is important, Smith says. “Our focus is on ethical and responsible lending which means we want the customer to stop and think and not be persuaded by a silver-tongued salesman that this is the greatest car they could buy. So before someone decides to make the purchase, we want to talk to them. Historically this was always done by a face-to-face meeting; somebody would meet them to validate their identity, rule out identity fraud and so on. Now that can be done via Skype, which adds more streamlining and reduces costs.”

It’s that human element that in some ways is the most important, Smith believes. “The computer can tell you the person is who they say they are, this is what the car is worth, whether the deposit stacks up, their credit history. All the boxes are ticked but unless you have met or talked to the customer, the final piece of the jigsaw isn’t in place.” Having people rather than just the computer reviewing the

customers’ applications enables the company to consider any extenuating circumstances.

“It means we can view the customer as an individual, not just a number,” explains Smith. “Our company motto is ‘We care about your future, not your past’. We never judge solely on history. Instead, we base our decisions on whether the repayment schedule will be manageable within an applicant’s current financial situation. A customer might have got themselves into their situation through a divorce, or a lost job, or because they’ve been off sick. Just because something happened four years ago doesn’t mean they are bad people. Even triple A-rated people sometimes pay their loans late. We talk about what happens if something goes wrong. Going into ostrich mode, having radio silence, is not helpful to them or us.”

The business is in competition with other lenders, but Smith says the sheer volume of people who want to borrow money means there is plenty of business for everyone. “At one point we were getting 28,000 applications a month for what was then our capacity for 2000 spaces (loans). There is only so much money available to lend at any one time. So lenders adjust their credit criteria to balance the number of successful applications to the available funds. Applications can fail for various

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reasons, such as having too many points on their driving licence. Other applicants change their minds about wanting a loan. Only 10% of all applicants end up as a live loan and if a lender wants more they can simply loosen the underwriting criteria.”

So it is possible that an application might fail but a subsequent application by the same person might be successful at a later date. The widespread belief that making multiple applications itself damages your credit record is somewhat of a myth, Smith says, unless there are so many applications that it looks desperate or that it could be a case of identity fraud. “But if someone has a normal credit history, a few searches won’t make much difference.”

One of the issues for IT-reliant businesses, he says, returning to his analogy with science fiction, is how to manage the technical knowledge they deploy. “There will be times when a company has absolutely no idea how to validate what IT people are telling them. I have been in meetings with IT teams and it’s like trying to performance-manage a group of scientists. The only thing you can measure them by is results.”

Another, broader, issue is that the constant ‘on’ mode of technology within a business creates a temptation for people to work all hours. Smith says that before he sold to private equity investors and became chairman, he used to make a point of turning off his phone at weekends. “Some chief executives are complete workaholics, but the danger of having an anytime, anywhere ‘Martini’ approach is that as the CEO you’re setting a bad precedent for your staff. They will feel obligated to work even longer hours and not take their holidays.”

Regardless, he recalls, there will be staff who feel they should be constantly monitoring the systems. “I used to see that people had been logging on at three or four in the morning, especially towards the end of the month, because they had responsibility for the quality of the accounts and they would be worried about collections and so on. Some of that was actually out of their control but they still wanted to know.” Smith didn’t approve. “Do I think someone is going to turn up to work and perform as well as they should if they’ve been up until four in the morning?”

The Car Finance Company system is hosted off-site. “I think there’s more of a risk otherwise,” says Smith, “because in theory, somebody could break in and physically steal your server. The thing about having a hosted system is that you’re passing responsibility for cyber security to a third party who will have resources we could never dream of.”

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I N T E R V I E W S



**Established in 1994, Taylor Made Computer Solutions are one of the largest and most highly-ranked IT service and support organisations in the south, currently employing over 110 staff.**

Taylor Made are the first technology company in the region to have gained a third consecutive gold award from Investors in People. Taylor Made are also ISO 9001:2008 certified.

The company has been ranked in the top 10 managed service providers in Europe the Middle East and Africa (EMEA) in a leading annual industry survey from MSPmentor since 2012.

Taylor Made are a Microsoft Gold Certified Partner, HP Preferred Partner and a NetApp Silver Partner.

#### **Services include:**

IT support, IT strategy, IT consultancy, hosted telephony, project management, Securo online back-up, hosted solutions, remote management and monitoring, cloud solutions, disaster recovery, remote access, outsource engineering, security, service desk support.

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