

Case Study: Driving Efficiency, Managing Credit Risk



Company Overview

Based in St. Louis and owned by Berkshire Hathaway, **XTRA Lease** is the leading provider of over-the-road trailers for rent and lease in the U.S.

With more than 50 locations, XTRA Lease offers a fleet of about 75,000 trailers for rent and lease, including dry vans, flatbeds, reefers, local cartage vans, storage trailers, and specialty equipment.

Challenges

The XTRA Lease Credit department has a decentralized structure with 53 branches, four regional offices and a central support team at company headquarters in St. Louis, MO. With a very small team, they support over 15,000 companies annually. When they first came to Cortera, they were looking for ways to streamline and automate their processes for efficiency and accuracy. Since 2003, they have been Cortera customers and currently use eCredit®, Cortera commercial data, and Cortera Pulse®.

Results

Since integrating eCredit, Cortera's credit scoring and credit automation platform, they have been able to reduce their headcount by 40% due to process efficiencies realized by leveraging the solution. Additionally, their processing time for credit requests has gone from days to seconds. Once a customer completes the online application, the branch location enters the application into the system, presses submit, and the application is seamlessly routed from the XTRA Lease in-house system to eCredit. Using data from multiple sources – defined by XTRA Lease – the system instantaneously scores the customer's application and returns a decision to the branch location. According to John Pomilio, Vice President, Customer Financial Services, "eCredit is a big part of how we manage our business on a daily basis."

Pomilio explained, "Almost two-thirds of our business is short-term rentals. Fleet managers come to us because they have freight to move and they need a trailer immediately. Most rental decisions are made in 24 hours or less. The rental business is a fast paced industry and our customers can't wait. So, we use eCredit automated scoring to manage the rental side of our business. When our branches need a credit approval they simply make a request via our internal software system, click submit, and eCredit takes over. Then the customer's application gets processed using the data and scoring models and eCredit delivers a response to the branch in less than 30 seconds. If it's not approved, eCredit automatically places the application into a work queue for the

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- John Pomilio, Vice President, Customer Financial Services, Xtra Lease

credit manager to review. By automating this scoring process, our credit managers can use their time more productively to manage the more involved credit requests for our other business segment, long-term leasing.”

In addition to eCredit, XTRA Lease uses Cortera Pulse for monitoring their customers. One feature Pomilio uses is the Alerts that the system generates on a daily basis to notify him and his team of changing payment behavior, risk scores, financial news, public record filings, purchase behavior, and more on each customer. Cortera aggregates data from thousands of sources and delivers predictive analytics into the likely future risk of their customers. Pomilio said, “I look at the Alerts every day, and all my people do as well. I like it very much. It’s a quick way to keep on top of any changes.”

As a Cortera Pulse subscriber, not only does XTRA Lease get their portfolio monitored daily but they also receive a monthly CFO Report that consolidates the Alerts and provides summary-level information in easy-to-read graphics. The CFO Report includes charts and tables on XTRA Lease’s Accounts Receivable (A/R) health, trends on KPIs such as Days Beyond Terms (DBT), risk scores on customers with the largest account balances, and a list of the top 20 accounts that represent the highest risk. The system determines the risk by analyzing amount past due and changes to their Cortera Payment Rating (CPR) and Cortera Score. “The CFO Report is a nice management tool. It provides a nice snapshot of our accounts,” said Pomilio.

Todd Feigenbaum, Risk Services Manager concluded with, “Overall, we rely on Cortera. We don’t have physical files. We use eCredit as our electronic credit file and it is extremely stable and very flexible. The Cortera team is easy to work with and responsive to our changing needs. We lease transportation equipment and must turn cash every month, while keeping our service levels high. With Cortera we’ve improved our efficiency to do just that.”

About Cortera®

Cortera provides analytics and cloud-based workflow solutions that enable companies of all sizes to better understand their customers, suppliers and business partners. Our comprehensive solutions increase visibility into the financial health of your B2B customers while keeping you informed of important changes that traditional credit reporting tools miss. Thousands of companies across diverse industries use Cortera’s solutions to increase revenue, improve sales effectiveness, and reduce risk.

For more
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