



1625 Eye Street NW
Suite 850
Washington, DC 20006
202.238.3400
www.leasefoundation.org

Request for Proposal 2018

Banking on the Non-Banks

Industry Background:

The [Equipment Leasing & Finance Foundation](http://www.leasefoundation.org) publishes research for and about the \$1 trillion equipment finance sector. Equipment leasing and financing companies represent important sources of finance in the U.S. economy, contributing to capital formation and providing additional critical tools that enable all types and sizes of commercial businesses to acquire the equipment they need to conduct their business operations.

Equipment finance not only contributes to businesses' success, but to U.S. economic growth, manufacturing, and jobs. Each year, American businesses, nonprofits, and government agencies invest over \$1.584 trillion in capital goods and software (excluding real estate). Some 68% is financed through loans, leases, and other financial instruments. America's equipment finance companies are the source of such financing, providing access to capital. Equipment finance includes loans, leases, and lines of credit secured by plant or equipment assets.

Examples of equipment financed include: commercial and corporate aircraft; rail cars and rolling stock; trucks and transportation equipment; business, retail, and office equipment; IT equipment and software; manufacturing and mining machinery; agricultural equipment; vessels and containers; construction and off-road equipment; and medical technology and equipment.

Problem Statement:

Despite funding cost disadvantages in a highly rate sensitive environment, independents have continued to thrive (e.g. Stonebriar, Encina, AerCap, Ascentium, GATX, Currency, Verdant), attracting new capital and addressing the needs of segments underserved by bank and captive lenders. Certain areas of equipment financing, such as aircraft and rail operating leasing, are dominated by non-banks. What is the domain of the Independent financing company today? Do independents provide innovation and benefits to the industry beyond taking credit risks? Do independents provide a better experience for the customer driven by business decisions vs. process decisions? How has this changed since the 2011 Foundation Study "The Place of the Independent"?

Purpose of the Study:

The study will examine the role independents play in the industry today and how this may change in the next 5 years with technology advancements and increased risk considerations in larger organizations. The researcher will analyze qualitative and quantitative data to identify the characteristics that differentiate independent financing organizations from banks and

captives on a spectrum from product offerings to delivery systems. The researcher will analyze independent financing organizations within the ELFA and those that are not members of the association such as aircraft leasing companies, rail leasing companies, container leasing companies, and other companies not covered by ELFA data.

Issues to be addressed in the Study:

- Assess the size of the independent finance industry including all equipment financed for all capital goods such as aircraft, rail, ships, containers, trucks.
- Identify characteristics that separate independents from banks. Evaluate how these conditions may change in the future and how that may impact the role of the independent in the industry
 - Credit/Risk
 - Products
 - Client profiles
 - Market niches
 - Technology investment
 - Delivery systems
 - Access to Capital
- Determine if advances made by independent financing organizations derived from larger institutions or if they were organic?
- Identify the key differences between public independents and private independents?
- Define what types of innovations independents are providing to differentiate? Have yesterday's innovations become commoditized over time? Is the cycle of innovation accelerating?
- Identify what disruptions the independents may bring to more static players in the industry?

Suggested Researcher Resources

The Foundation and its sister organization, the Equipment Leasing and Finance Association (ELFA), provide a variety of resources that are relevant to this study, including:

- The Annual State of the Equipment Finance Industry (SEFI)
- The Annual Survey of Equipment Finance Activity (SEFA)
- Monthly Leasing and Finance Index (MLFI-25)
- MLFI-25 & Beige Book Quarterly Review

Additionally, the Foundation also has two major databases accessible to researchers:

- PayNet database of select equipment leasing transaction information from a statistically valid sample of equipment leasing companies
- Industry analysis database used to prepare the two annual ELFA overview publications noted above (SEFI, SEFA)

The Foundation website (www.leasefoundation.org) provides additional information on the large variety of resources available to its researchers.

About the Equipment Leasing & Finance Foundation

The Foundation strives to be the “Eye on the Future” through the development of future-focused research, studies, and articles regarding the equipment financing industry. Since its

formation, the Foundation has commissioned and endowed over \$3 million in primary and secondary research projects, doubling the body of knowledge available to equipment finance organizations and those that work with these financing organizations. There is no other forum that independently seeks to study key issues facing the industry with a view on future trends and conditions.

The Foundation is an affiliated organization to the Equipment Leasing and Finance Association (ELFA), a trade association established in 1961 to represent the equipment finance industry. Organizations within the equipment leasing and finance industry are the primary users of research developed by the Foundation. These organizations represent financial services companies and manufacturers engaged in financing capital goods, including independent and captive leasing and finance companies, banks, financial services corporations, broker/packageers, and investment banks, as well as manufacturers and service providers.

Foundation Operating Budget: \$750,000 for fiscal year ending December 31.

IRS Classification – 501(c)3

Staff – 3

Website: www.leasefoundation.org

Required Deliverables

It is the expectation of the Foundation that the final study will be delivered in no more than five months from contract date.

Specifics include:

1. All deliverables should be written for the lay reader and should be well-written
2. Monthly progress reports should be submitted via email to the Foundation's Executive Director
3. The final Research Study Paper should be provided in Microsoft Word and PDF version. Charts and graphs should be provided in Excel or PowerPoint, and should include source data. Study page count is variable: 30-50 pages. See Graphic Requirements for more details
4. An article of approximately 2,000 words must be submitted for publication in the *Journal of Equipment Lease Financing*. Author guidelines may be found at <https://www.leasefoundation.org/wp-content/uploads/2017/11/Journal-Author-Guidelines-2017.pdf>
5. An abstract of approximately 250 words of project results must be submitted along with the first draft of the project. The abstract will be used to report the study to a general audience. The abstract must be written for the lay reader.
6. Upon request by the Foundation, you shall be available to present findings live and/or via web seminar.

For additional information on the grant process and to download the application and grant guidelines visit: www.leasefoundation.org/grants.

Timeline and Contract Terms

Proposal due: By the first of the month – contact the Foundation for specific dates

- Proposal selection generally occurs within 30 days. The review committee meetings the third Thursday of each month.
- Once approved for funding, the First Draft report is expected within 8-10 weeks (2-3 months) of contract date.
- Final report and all deliverables expected within 12-16 weeks (3-4 months) of contract date.
- Though not a requirement, it would be ideal if the study could at least be partially completed by June 4, 2018 as the ELFA Credit & Collections Conference in New Orleans includes a session specifically on this topic. If the researcher were to be able to make a presentation at that conference, that would be ideal.

The proposal should be based on original research about a future-focused topic benefitting a major segment of the equipment finance industry and include a detailed methodology for the proposed research project.

1. Experience in similar assignments
2. Resources/capacity to perform the required work
3. Experience with associations
4. Qualifications of the individuals who will perform the work
5. Knowledge of the equipment finance industry
6. Quality of the proposed study design
7. Price
8. References
9. Intangibles

Response Details

Submit your electronic response to Kelli Nienaber at knienaber@leasefoundation.org.

Information Required

1. Researcher (or Firm's) history and background
2. Experience/knowledge with lease finance research
3. Experience with nonprofit associations
4. Overview of the study design
5. Credentials and qualifications of staff to be assigned the project
6. References/client list, with written permission to contact
7. Description of similar studies performed by the researcher
8. If appropriate, description of how staff time and other costs are billed

Staff Contact:

Kelli Nienaber
Executive Director
Equipment Leasing & Finance Foundation
1625 Eye Street, NW
Suite 850
Washington, DC 20006
202-238-3400
knienaber@leasefoundation.org
Website: www.leasefoundation.org