Request for Proposal
2024

The Practical Application of Artificial Intelligence (AI) within Equipment Leasing and Finance

Industry Background

The Equipment Leasing & Finance Foundation publishes research for and about the nearly $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.

Purpose of the Study

The purpose of this study is to identify and analyze Artificial Intelligence (AI) tools within the equipment leasing and finance sector and examine strategies that can be tailored to the industry, including, but not limited to use cases around the following areas:

- Fraud Detection
- Credit Underwriting
- Collections
- Asset Management

Other areas may also be covered by use cases referencing third-party studies where available.

- Application Entry
- Document Generation and Management
- Portfolio Servicing
- Compliance (e.g., KYC, Disclosure, OFAC, etc.)
- Lease Accounting
- Sales & Marketing
- Customer Service

The commissioned study should aim to:

- Present use-case-based evaluations specific to equipment finance.
- Investigate how AI is utilized in other industries (Lending and Other) to enhance similar functions.
- Offer pragmatic AI applications that are both feasible and relevant to this sector.
- Provide <u>actionable</u> implementation strategies that could lead to cost reduction, revenue increase, improved response times, and improved decision-making processes. This would include providing 3rd party vendors that have relevant SaaS or other software services.

Problem Statement

In the equipment leasing and finance industry, there is a disconnect between the potential of Artificial Intelligence (AI) and its practical, value-driven application within the industry. Despite AI's pervasive influence, its direct impact on improving business operations and decision-making in equipment finance has not been fully realized. The industry is currently facing several pressing challenges. Here is a partial list of challenges:

- Increasing occurrences of sophisticated fraudulent activities.
- Time-consuming and often inaccurate Credit Underwriting processes.
- Challenges in predicting asset depreciation and residual value for better portfolio valuation.
- Early-stage collection activities are laborious, and information is limited.
- Inefficiencies and errors in Application Entry due to manual processing.
- High costs and complexity in Document Generation and Management.
- Overdue need for enhancement in Portfolio Servicing efficiency.
- Rising pressures for strict compliance with evolving regulations. Difficulty in accurately tracking and managing the lifecycle of leased assets.
- Inefficiencies in asset performance analysis and cost optimization.
- Administrative overhead associated with lease accounting and financial reporting.

These challenges contribute to operational bottlenecks, increased costs, and suboptimal credit decisions, ultimately impacting revenue and market competitiveness.

The study shall include:

The research should address the following key questions/topics to identify and evaluate the role of AI in transforming the industry.

1. Brief definition of AI and identify how it is unique among other predictive technologies.
2. How can and where has AI streamlined operational processes to minimize errors and expedite approvals?
3. What SaaS or other AI services are currently available for the areas identified above, and how can they be integrated into existing systems?
4. In what ways can AI contribute to making more accurate and faster Credit Underwriting decisions?
5. What are the best practices for implementing AI in Document Generation and Management to ensure compliance and efficiency?
6. How can AI be leveraged to improve Portfolio Servicing activities and outcomes?
7. What compliance challenges could be mitigated through AI, and what strategies should be employed to achieve this?
8. In what ways can AI improve the accuracy of depreciation and residual value predictions to optimize portfolio valuation?
9. What AI solutions can simplify the adoption of and compliance with new lease accounting standards?

Suggested Researcher Resources

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

- [Specialized Apps, Software, and Information Services for the Equipment Leasing & Finance Industry](#) (2023 report)
- [The Equipment Leasing & Finance Industry Horizon Report](#)
- [The Archives of Annual State of the Equipment Finance Industry Reports (SEFI)](#)
- [Monthly Leasing and Finance Index (MLFI-25)](#)

- MLFI-25 & Beige Book Quarterly Review
- The Foundation Research Library of Reports.

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

- Equifax 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 (SEFA).

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

Required Deliverables

The Foundation expects that the final study will be delivered in no more than five months from the 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 delivery of the final Research Study will be selected by the researcher and subsequently approved by the Research Committee. Potential delivery vehicles include but are not limited to:
   - A formal, in-depth study with an estimated page count of 60 pages.
   - An informal, short-form study that features valuable insights but with slightly less rigor than a formal study. Page count for this option is 25-30 pages.
   - An executive summary styled-study that includes related charts and graphs with an estimated page count of 5-10 pages.
   - A webinar whose prepared remarks can be transcribed and, along with relevant charts and graphs can be turned into an executive summary-style study. The prepared remarks would be submitted to the Foundation's Executive Director prior to conducting the Webinar.
   - A video whose outline and script would be submitted to the Foundation's Executive Director for approval before commencing the videography.
   See our Report Guidelines all prepared content.
4. The final Research Study should be provided in Microsoft Word and PDF versions. Charts and graphs should be provided in Excel or PowerPoint and should include source data. See our Report Guidelines for more details.
5. An article of approximately 2,000 words must be submitted for publication in the peer-reviewed Journal of Equipment Lease Financing. Please review our Author Guidelines specific to the JELF.
6. 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.
7. Upon request by the Foundation, you shall be available to present findings live and/or via web seminar or podcast.

Response Details

Submit your proposal to Kelli Nienaber, Executive Director of the Foundation, at knienaber@leasefoundation.org.

Information Required:

1. Researcher (or Firm's) history and background
2. Experience/knowledge with lease finance and clean energy 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

Timeline and Contract Terms

- Proposals are due by March 10, 2024.
- Proposal selection generally occurs within 30 days. The review committee meets on the third Wednesday of each month.
- For further information regarding contract terms, see our Research Grant Guidelines.

Selection Criteria

The Equipment Leasing & Finance Foundation is an equal opportunity employer and submissions are considered without regard to the age, religion, ethnicity, gender, sexual orientation, marital or veteran status, political affiliation—or any other classification protected by law—of the author. The Foundation encourages the diversity of perspectives and experiences that result in a holistic view of the ever-evolving challenges and opportunities that face the equipment finance industry. As such, all interested researchers are welcomed and encouraged to submit their proposal for consideration.

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

For additional information on the grant process visit: www.leasefoundation.org/grants

Staff Contacts

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About the Equipment Leasing & Finance Foundation

Established in 1989, the Equipment Leasing & Finance Foundation is a 501c3 non-profit organization dedicated to inspiring thoughtful innovation and contributing to the betterment of the equipment leasing and finance industry. The Foundation propels the equipment finance sector—and its *people*—forward with its industry-specific knowledge, intelligence, and programs. Through free studies, internships, and academic opportunities, we help people navigate the changes coming up and make better business and personal career decisions. 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.

Foundation Operating Budget: $780,000 for fiscal year ending December 31.
IRS Classification – 501c3
Staff – 3
Website: www.leasefoundation.org