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# Future of Asset Finance

DLL, a global provider of asset-based financial solutions, is active in more than 35 countries and plays an influential role in guiding the equipment leasing industry towards future relevance by investing in the circular economy.

Images courtesy of DLL

When William (Bill) F. Stephenson was appointed CEO of DLL in 2014, it wasn't a normal, run-of-the-mill announcement. The Netherlands-founded and -based company, wholly owned by the Dutch multinational banking giant, Rabobank Group, had never appointed a non-Dutch national to the top job. The appointment of Bill, an American, made history for the international finance company, which employs over 5,000 people in more than 35 countries and manages a portfolio exceeding US\$40 billion.

For Bill, who has been with DLL since 1987, and whose appointment was subject to the approval of the Dutch National Bank (the Dutch

equivalent of the US Federal Reserve), the relationship with Rabobank has been beneficial to both organisations. "Rabobank have been an excellent parent in providing DLL with all the necessary tools, funding, and support to enable us to execute our strategy and business plans. Having a long-term relationship with a very supportive and stable parent is extremely powerful in our business. Our clients place a significant premium on stability, consistency, and resilience. We have stood by our clients through market cycles, in good times and in bad, and we have been able to consistently deliver on that promise when many of our competitors have not," Bill says.

According to Bill, "Banks are very important in the sense that they

provide the necessary funding for leasing companies to be successful, but there can be more. Take a quick look at the strategy of Rabobank, including the primary industries they support and their client base, and you will see that our relationship runs far deeper than Rabobank being a mere provider of capital. For example, a significant portion of our asset base is in the food and agricultural sector, where the bank started over 100 years ago and boasts a rich history as a specialised lender for that sector. Further, we support a number of Rabobank clients in the Netherlands as well as internationally.

"Most importantly, DLL is one of the most profitable subsidiaries of Rabobank Group. Our financial performance and contributions to the bank are repaid by the >

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confidence they have in us, the sizeable investments they make in the continued growth of our business, and the relative autonomy with which we are allowed to operate. I am really proud of that outcome, and I would be remiss if I did not attribute this success to the hard work put forth by each one of our employees. People who know me, hear me often say, 'Our people are the most valuable assets in our portfolio'. I really believe in that statement. They manage the customer experience and service our customers each and every day."

Bill has a long history with DLL, having worked in various key senior positions through the company for the past 28 years. With a degree in business from Florida State University, as an alumnus of the prestigious Advanced Management Program of Harvard Business School, and a highly successful tenure as Global CCO and board member during a period in which DLL enjoyed some of its most profitable growth, he certainly has the credentials for the top job. However, Bill quickly points to his origins as a local account manager as being his most significant key success factor.

"Coming up through the ranks of sales from local to regional, national to international, it really has given me a perspective and understanding of the needs of our customers," Bill says. Putting culture and language differences aside, you can find several universal truths in the needs of our customers, no matter where they are located. I have spent most of my career working with our clients around the point-of-sale experience, understanding how they sell to their end customers, and the role that DLL can play in enabling that process. That lifetime of experience plays a key role and helps inform and guide the decisions I need to make as CEO."

It is this focus on the customer that has driven DLL to create awareness on the business and environmental opportunities driven by the 'circular economy' model. "Renewable energy and a smarter



use of the planet's resources is at the heart of the circular model, with re-manufacturing, recycling, and re-use methods now being adopted in greater numbers by society and business, including many of our current manufacturer partners. It is no longer safe to assume that certain raw materials, such as rare earth metals, will be available on an unlimited basis to construct components for a digital colour copier, MRI machine, or even a tractor.

"When our partners start talking about securing more visibility toward their installed base of equipment, and want to better

understand how the equipment is being used, and want a higher degree of control of the secondary [used] markets so their equipment comes back to them for recycling, that is when DLL's products such as leasing and rental programs become a perfect vehicle to enable solutions. We have regular discussions with our partners about new 'circular' approaches where goods are refurbished and remarketed to >

*"DLL has long been a trusted partner and accommodating in their approach to look for innovative ways to make things work. Having the largest global footprint, DLL's global support is robust and we look forward to expanding our relationship with them." - Rick Taylor, President and COO, Konica Minolta Business Solutions*



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new customers, extending the life of the product and building new revenue streams.”

DLL is really trying to be a thought leader in many facets of this model; for example, by triggering dialogue with partners and getting them to think about the individual components of every asset they produce, and whether it can be re-used or looped back into the manufacturing process for the next generation of products. As Bill noted, “If we can use leasing to ensure those products are closely monitored over their entire life and then are redirected back to the manufacturer at the right moment, we can close the loop of the circular economy. That type of ‘life cycle asset management’ [LCAM] capability delivers significant value to our partners and their end customers.

“The LCAM discussion really elevates our dialogue with customers to an entirely new level, focused on long-term sustainable growth for their business, as well as ours. In that sense, DLL is bringing much more to the table than just capital or financing. We are developing new business models with our clients, and providing marketing materials, tools, technology, training, et cetera to support it. Our company’s brand promise is, ‘See What Counts’ and when we say that, we mean that we bring so much more than just money. It is all of these things in totality that we deliver to our customers, and it makes DLL quite special.”

These concepts are essentially transforming how businesses see their products, and showing them how their assets can be used more effectively into the future. However, as Bill explains in his World Economic Forum blog posts, it’s not without difficulties, particularly in convincing

*“DLL is more than a partner; they are an extension of EMC’s Financial Services organisation. They help EMC provide the financial solutions that our customers need. DLL is both knowledgeable and professional. Most importantly, they’re a pleasure to work with.” - Bill Connell, Managing Director, Global Financial Services, EMC*



**“Renewable energy and a smarter use of the planet’s resources is at the heart of the circular model, with re-manufacturing, recycling, and re-use methods being adopted in greater numbers by society and business, including many of our current manufacturer partners.”**

- Bill Stephenson

business of the economic value behind making these changes. “One of the challenges in making this transformation is adapting the value chains that connect the world’s commerce networks to better enable the circular process. People will have to start thinking differently about assets, where value is not created by ownership, but rather the ability to use the asset in a more economical way, and at the right moments in time where it can create maximum value.

“People’s attitudes are changing, albeit slowly. We can begin to see a world in which the users of expensive, vital equipment in the construction industry, for instance, will be willing to rent out their machinery to other companies when they don’t need it. Asset-sharing concepts, where multiple companies have an option to access and use a single asset, will continue to emerge. We find that working closely with our partners on how to unlock the circular economy leads to solutions. In one case, our automotive leasing and mobility business Athlon initiated ‘the green tyre debate’, where members of the tyre supply

chain—NGOs, customers, and other stakeholders—were brought together to increase the percentage of recycled tyres, redesign the material composition of the future tyre, and set the stage for future discussions.

“DLL is now involved in some research and development activities with our partners, including engagement with their design and engineering teams, dissecting products and asking what raw materials will be used in those products five to seven years from now. We are using this data to identify which products coming off lease contracts are best suited for routing back to the manufacturer to be dismantled, so these resources can be obtained and used again.”

Some of DLL’s customers also understand the importance of being ahead of the game in this sector and are investing in this alongside Bill and his team. “We have certain partners who wanted to be first movers and are investing heavily to change their supply-chain management and manufacturing processes. You will see this in the products they introduce in the coming three to



five years. At first, it may only be 10–15 per cent of their total product sales, but that will eventually scale to a larger number. For DLL, we have a goal that in 10 years time, at least 50 per cent of the assets we finance should have remanufactured, re-used parts. I believe that’s a goal that can definitely be achieved and that will really differentiate DLL from other leasing companies that just provide money and loans.”

Bill is quick to point out that although the circular economy and LCAM dialogue is powerful, it will only be successful if DLL maintains good partnerships with its clients. To make this happen, the most important factor is understanding each customer’s unique situation and building a

relationship and strategy based on that knowledge. Bill notes that DLL enjoys very close relationships with many of its partners, which works to both parties’ advantage. “Our entire strategy is based on anticipating the needs of our clients,” Bill explains, “and the only way that you can do that is to have an open relationship where they allow you to have an intimate understanding of their business models, their mid-term plans, where they see their company in five years time, their competitive landscape, their challenges—the things that really keep them awake at night.

“They invite us to their strategic planning sessions and we contribute to their strategies because, at the end of the day, we have earned a position as a trusted adviser and long-term partner who can play an integral role in their distribution and sales model. In many cases, this level of integration is built over years of working together and is a direct result of our global account management teams and both our regional and local sales and relationship management staff. I came from that world, so I am biased, but it all starts with the commercial team and I think ours is world class. When we survey our customers, they tell us the same thing. For the past four years, our customers have rated the effectiveness of their salesperson, the trust factor, and their specialised knowledge as the top three reasons why they do business with DLL.”

Keith Beeman, General Manager Microsoft Financing, fully supports this, stating, “Microsoft Financing and DLL have worked hard to build a strong partnership that has spanned more than 10 years. We have been impressed with DLL’s ability to meet the evolving needs of our business and to provide a full suite of financing products adapted to fit Microsoft’s ‘cloud first, mobile first’ strategy. Microsoft Financing recently chose DLL as our exclusive financing partner in the Nordics, growing our financing partnership to 13 countries across the world.”

Bill says, “I encourage the entire leadership team, including managers in jobs like accounting or IT that are not traditionally ‘customer facing’, to ride in the field with our salespeople. Those experiences, where you spend a day in the life of a sales representative and meet with clients, observe a point-of-sale transaction between our partner (the equipment supplier) and their end customer; they are invaluable. That is where you see our products and services in action, and you can see how our processes and technology can either help or hinder the sales process. It is an eye-opener and where the real magic occurs, where innovation is really seeded and comes from.”

In the end, it is this focus on the customer and DLL’s investment in the future that sets it apart from its competitors. DLL will continue to invest with its manufacturer partners in the circular economy, which Bill says is the future for all businesses, regardless of industry. At the core of this view is not just environmental sustainability, but also business success. All of DLL’s clients will need to become quite adept at evolving their business models to stay competitive and prevail in a world of scarce resources. Bill believes that DLL can be their trusted guide and partner on that journey.

“The economy will have ebbs and flows, but customers will always need innovative solutions in order to remain competitive and deliver value to their customers. I think the challenge that we are going to have is ensuring that we constantly stay in front of this curve, so that we have the right technology, the right systems, and the right products to support our clients. I think the future is extremely bright. We are going to transform ourselves from primarily a vendor finance leasing company to more of a life cycle asset management consultant and provider of financial solutions. This is going to be a unique differentiator for DLL and a powerful proposition for our clients. I really get a boost when I think about the potential for both us and our customers.” ●

