



Buy Here Pay Here & Lease Here Pay Here Software Buying Guide

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Guide to the Buy Here Pay Here Software Checklist

Using the Guide:

There are a couple of ways to use this guide. The simplest is to just check 'Yes' if your software or the software you are looking at has a feature or 'No' if it doesn't. Another way to use it is to create a scale of 1-5 or 1-10 and rate each item the software has in the 'Yes' column. You could rate each feature on the strength of that feature in the software. You might also use the checklist to rate how important each feature is to you in your operation.

Below is a brief explanation of each feature listed on the checklist:

General:

Easy to Navigate & Logical Flow: These are pretty self-explanatory but do not underestimate their importance. Many companies change software because their old product is too difficult for their employees. The easier it is to navigate and understand the software, the more features and capabilities your employees will use.

Integration with Dealer Accounting Software: Dealership management software is not intended to provide all the functions your bookkeeper or accountant might require; however, it should be able to integrate with an accounting program so that the required information seamlessly flows from the DMS program to the accounting software. This eliminates a great deal of duplicate manual entry and eliminates the mistakes that can occur in having to re-enter everything.

Integration with Payment Protection Devices: Well over half of all BPH and LPH dealers use some form of payment protection devices. You should not have to go to a separate software program and re-enter payment information to generate a new code or register a customer's payment. Integration between the software systems can make this process seamless and automatic.

Inventory:

VIN Decoder: A VIN Decoder will take the VIN you enter and automatically fill in the year, make, model and other information that is coded in the VIN, saving you time and effort manually entering this information. Perhaps even more importantly, it will help catch any errors in entering the VIN.

Tip:

Many companies change software because their old product is too difficult for their employees.

Vehicle Source Information: Good software will have fields where you can enter where you acquired the vehicle from along with the purchase price. This allows for the ability to produce reports detailing vehicle purchases by supplier.

Post Expenses to Vehicle: You want the ability to post any and all reconditioning or other expenses after purchase to each individual vehicle. If you do not have this capability, you will never be able to properly determine the exact profit for each vehicle.

Print FTC Buyer's Guides & Window Stickers: The ability to print these forms from within the software saves time and effort over having to go to an outside program or fill these out by hand. They will also be much more readable and look more professional.

Ability to Enter Equipment & Notes for Vehicles: A quality software product should give you the ability to record the options & equipment on a vehicle so you can quickly answer any questions about that vehicle. It should also give you the ability to enter any notes about that vehicle for quick reference. Good software will have the ability to print these notes on some of the inventory reports, such as an inventory price list, that you need to share with your staff.

Ability to Segment Inventory by Status: You have different categories of vehicles in your inventory. Make sure your software does too. You probably maintain vehicles that are ready for sale (Retail), vehicles that are not going to be financed or are still in the recon process (Wholesale) and vehicles you have repossessed but cannot yet dispose of (Repos). You may have more than one location and need the ability to designate which lot a vehicle is on. Make sure your software meets these needs.

Ability to Push Inventory to Website: More and more BHPH dealers have websites. Your software should have the ability to store pictures and upload inventory to your website. If you have to do this manually, you are unnecessarily spending valuable time that could be used selling more vehicles or collecting more money.

Sales:

Pull Vehicle from Inventory: You should not have to re-enter vehicle information in order to process a sale. That information should automatically load into your sales module from the inventory module, saving you time and effort.

Flexible Payment Schedule (W, BW, SM, M): In order to match your customer's pay schedule, you should be able to structure loans with payments due Weekly, Bi-Weekly, Semi-Monthly or Monthly. This is critical in the BHPH business.

Tip:

You have different categories of vehicles in your inventory. Make sure your software does too.

Ability to Roll Payments & Term: BHPH software should have the ability to calculate a payment for a specific term or calculate a term for a specific payment. This gives you the ability to structure the deal that best fits your customer's needs, improving their chances of successfully completing repayment of the loan.

Multiple Payment Streams / Special Payments: All BHPH software has the ability to calculate 1 payment stream (120 weekly payments of \$60) but the best software has the flexibility to create more than 1 stream. This allows you to make the first several payments higher in order to collect any down payment amount the customer might have been short and collect interest on them (unlike deferred downs). They are also listed on the contract as part of the payments, making enforcement easier. An example might look like; 8 weekly payments of \$100 followed by 112 weekly payments of \$60. You might also want to collect a larger payment at some point in the loan such as tax time or if the customer expects a settlement or bonus. That might look like 24 weekly payments of \$60 followed by 1 payment of \$500 followed by 86 weekly payments of \$60. This kind of flexibility allows you to structure deals in such a way that you can approve more deals and collect more money while meeting the needs of your customers better.

Calculate Multiple Levels of Sales Tax: Most states collect sales tax. Often, counties and municipalities have additional tax rates added on top of the state rate. Your software should have the ability to break down where each part of the total sales tax goes and be able to print reports with these different categories separated.

Customizable Fee Fields: Some dealers add doc fees to every sale and some have other different fees associated with a sale. Your software should have the ability to add several customizable fees to each sales transaction for the greatest flexibility.

Ability to Record References: Most Buy Here – Pay Here dealers collect personal references from their customers. You should be able to enter and store this information in your software program. This allows you to readily access this information when you need it rather than spending the time necessary to find the customer's file and look for the reference information there.

Ability to Pull Credit Bureau Report: With quality BHPH software, pulling a credit bureau report should be as easy as pushing a button. You should not need to leave your dealership management system to go to a separate program and re-enter all of the customer's information to pull a credit bureau report.

Ability to Print Plain Paper or Multi-part Forms: Some software programs will only print on pre-printed, multi-part forms while some will only produce plain paper forms. Good software should do both as some states require certain documents to be printed on their forms but you may wish to print retail installment contracts and other dealership forms on plain paper.

Tip:

All BHPH software has the ability to calculate 1 payment stream (120 weekly payments of \$60) but the best software has the flexibility to create more than 1 stream.

Ability to Process Sales for Outside Lenders & RFC: Not every sale will be financed by your car lot. If you sell some loans to outside lenders or have your own Related Finance Company, your software must be able to handle these transactions correctly.

Automated OFAC Compliance Capability: Federal Law requires that every potential customer must be checked against the Specially Designated Nationals list to make sure it is OK to do business with them. It also requires that you check your customer database against the SDN list every time that list is updated. It would take considerable time to do this manually and you would have no record that you did so if you were ever audited. A good software program will do this time consuming function for you automatically, in mere seconds.

Red Flags Compliance Solution: Federal law also requires that you take certain steps to verify a customer's identity prior to selling them a vehicle. A first-class software program will have the ability available to assist you in maintaining compliance with these laws.

Account Center:

Ability to Sort by First Name, Last Name or Acct #: A good software program will make it quick and easy to find the proper account to post a payment to. Most programs sort by Last Name but sometimes dealers remember the customer's First Name or even Account Number. Good quality software should have the ability to find a customer's account using any of these.

Quickly Take Payments: Taking a car payment is something BHPH dealers do hundreds of times every week. The process should be quick and easy, not long and complicated.

Process Debit Cards and Credit Cards: Superior software programs will have the ability to process debit card and credit card payments integrated into the program. Having to leave your dealer management software to go to a separate software program to process these payments then come back to your DMS to record the payment is time consuming and cumbersome.

Ability to Make Payments Online: More and more financial transactions are taking place online, even in the BHPH market. The easier it is for them to pay, the more likely it is they will do so. Some of your customers cannot pay during the hours you are open so giving them the ability to pay anytime from anywhere, saving them time and gas, makes it much more convenient for them. High-quality software will have this capability.

Tip:

More and more financial transactions are taking place online, even in the BHPH market. The easier it is for them to pay, the more likely it is they will do so.

Ability to Sell Notes to Related Finance Company: If you have a Related Finance Company, your software should have the ability to sell the note to your RFC at whatever discount rate you employ in a simple process. It should also be able to make the necessary adjustments to close out the account on the dealership side in a logical process with little additional effort.

Ability to Process NSF Checks Easily: Posting an NSF check should be an uncomplicated process and should automatically make the adjustments to the account balance and delinquency status of the account.

Simple Process to Rewrite Accounts: Dealerships often need to change the terms on an existing account to match payment dates to new paydays or to add a repair to the account. High-quality software should be able to do this quickly and easily with options for payment schedule and the ability to include multiple payment streams.

Easy to Enter & Track Customer's Vehicle Insurance: Tracking your customer's vehicle insurance is an important part of the Buy Here Pay Here business in order to make sure your collateral remains adequately protected. Your software should be able to track your customer's insurance carrier and expiration date and provide reports so you can monitor those customers where you need to verify coverage continues.

Collections:

Ability to Assign Accounts to Collector Queues: Many dealer controlled financing dealers assign particular staff members to collect past due accounts. Many have more than 1 collector and assign accounts to particular collectors. You should be able to do this in your software and produce reports showing the results and efficiency of each collector.

Easy Access to Reference Info for Skip Tracing: When you need to locate a customer, it is important that you be able to access any of the information you might need to do so. Your collectors can work more quickly and easily if this information, such as employer, landlord and references, is readily available in your software.

Ledger Card to View Account Details All in 1 Place: Before software designed for the BHPH business was widely available, dealers kept all the information about an account in one place - on a ledger card. It should not be more difficult to find all the information you need with a computer so your software should have a Ledger Card where everything you know about an account is accessible in one place. This also makes it easier for a collector to work an account without having to continually access the customer's deal jacket.

Tip:

Before, dealers kept all the information about an account in one place - on a ledger card. It should not be more difficult to find all the information you need with a computer.

Ability to View & Print Maps: With the wide availability of maps via the Internet, your software should be integrated to pull one of these maps, such as Google Maps, should you need a map to visit the customer's residence for collections or repossession purposes.

Easy Access to Previous Notes on an Account: Most dealerships take notes detailing every collection contact with a customer. Not only should your software have a place to enter and store these notes, but you should also be able to quickly access previous notes on an account so you can view the collections history for that account.

Ability to Search Customers for Like Addresses or Employers: In the BHPH industry, many customers tend to live near each other or work together. Your software should have the capability to search and find customers who live on the same street or list the same employer. This can aid you in collecting an account or locating a skip.

Ability to Report to Credit Bureau: First-rate software should be able to report to the credit bureau. More BHPH dealers are reporting every day. Some do it to market the fact that they can help their customers improve their credit and some do it to make sure a customer that has burned them has difficulty finding another lender to help them buy a vehicle. Whatever the motivation, quickly and easily producing the Metro 2 format file necessary to send to the credit bureaus should be a simple process your software can handle.

Reports:

Complete Inventory Cost & Pricing Reports: A quality software program should be able to produce reports showing you how much money you have invested in each vehicle. You should also be able to produce a report that shows how much reconditioning money you have spent with each of your vendors for a particular period. And, of course, your software should be able to produce a report showing the retail price and any financing terms for vehicles in your inventory.

Detailed Profit & Loss Report: You should be able to generate a report that shows you the financial health of your operation that includes all facets of the dealership including sales, payments collected, charge-offs, recovered loss, etc.

Recency Report: Many dealers feel the Recency Report is even more important than delinquency reports. A Recency Report shows when customers last paid. Most dealers would rather have more customers paying on a regular basis even if they remain contractually delinquent. Make sure your software can provide that information.

Tip:

A quality software program should be able to produce reports showing you how much money you have invested in each vehicle.

Short, Long & Aged Delinquency Reports: Delinquency is still the single most monitored statistic in the BPHH business. Your software should provide multiple reports giving you different amounts of information or looking at the data from various angles.

Static Pool Reporting: A Static Pool Report looks back at a particular pool of business, like all cars sold this month 2 years ago, and how that business performed. It can tell you how many accounts paid off, how many are still active and, most importantly, how many were charged-off. It is a great tool for evaluating changes to your business model or specific promotions. For example, let's say that 2 years ago you ran a \$99 down sale for the entire month. You financed twice as many cars as normal and are considering doing that promotion again. You look at the Static Pool Report for that month and discover that 60% of the loans that month were charged-off. Your software should be able to provide this sort of report so you can monitor your portfolio's performance.

Payment Forecasting: The amount of payments you collect every week is the lifeblood of your dealership. It is impossible to project and plan what you are going to do without knowing how much money you are supposed to collect each week and each month. Your software must be able to give you a report with this critical information.

Detailed Bank Deposit Report: Like the forecasting report above, you must also know how much money you actually take in every day, every week and every month. The Bank Deposit report generated by your software must be detailed enough to provide you with information on the source of the income and the method by which it was paid along with details on any money that was paid out of the cash drawer.

Business Summary Report w/ all transactions: This report is a kind of summary of data available in other reports in greater detail. It outlines every transaction that occurred for a specified period – vehicle purchases, expenses posted to vehicles, sales, etc. Your software should be able to provide such a report.

Ability to Generate Custom Reports: No matter how long the list of reports is that are pre-programmed into the software, they will not cover everything you want to know. High-quality software will give you the ability to produce custom reports with the data you want to see.

Ability to Export Reports: First-rate software will also give you the ability to export your reports as a .pdf or to Excel for further review and manipulation of the data. This gives you great flexibility in viewing and utilizing your data.

Tip:

No matter how long the list of reports is that are pre-programmed into the software, they will not cover everything you want to know. High-quality software will give you the ability to produce custom reports with the data you want to see.

Cash Drawer:

Multiple Bank Drops: Large BHPH operations can collect thousands of dollars in cash during a busy day. Your software should have the capability of recording multiple bank drops during the course of the day. This will allow you to take excess cash to the bank periodically and still balance your cash drawer at the end of the day.

Audit/Reconcile Drawer: For better cash control, your software should give you the capability to audit and reconcile your cash drawer to monitor that you have the correct amount of money at anytime during the day.

Close Day Function with Balancing Requirement: The best software program will have a specific function for closing the software for the day. That function should force you to count your receipts for the day and balance that amount against the amounts posted in the software. This will assist you in finding any mistakes and is important in monitoring your receipts and controlling your cash.

Security:

Secure System Requiring Log-In to Gain Access: Access to your customer data must be controlled to comply with numerous federal regulations. It should be necessary for your staff to have individual user access names and passwords to get into your software. Software that anyone can access is probably not compliant and should be avoided.

Ability to Control Functions by Employee: Superior software will allow you to control what functions in the software each employee can perform. For example, you do not want any employee to be able to charge-off or delete an account. Software that has multiple layers of security and function control can allow you to decide which employees can perform each particular function. This is an important feature in controlling employee theft.

Audit Trail for All Transactions: First-class software will keep a record of every transaction performed, the time it was performed and what employee performed it. This gives you documentation of what is going on in your dealership. It helps keep honest employees honest.

Off-Site Data Back Up Solution: Loss of your customer and account data can be catastrophic to your dealership. Depending on your employees to back up the data nightly can be a risky proposition. Good software will have an off-site backup solution available to protect your data.

Tip:

Superior software will allow you to control what functions in the software each employee can perform.

Support:

Industry Trained Support Staff: No software company is any better than the quality of their support. Talking to a support tech who understands software but knows nothing about the BHPH business and how you use the software can be frustrating and time consuming.

Live Support Monday – Saturday: Having to email in support questions or enter them online can be equally frustrating and take much longer to get an answer or solution to your problem. High-quality software companies have live software support just a phone call away. Most software companies do customer satisfaction surveys for their support. Ask about their survey scores to make sure you are getting the best support available.

After Hours Emergency Support: Unfortunately, all software issues do not occur during regular business hours. This is especially true if you are open some evenings or Sundays. Make sure your software provider can provide you with after-hours support in the case of emergency.

Support Calls Resolved on 1st call: Not getting your issues addressed properly the first time can also be annoying and waste time. Make sure your software provider resolves a high percentage of support issues on the first call. They should know that number.

Evaluating your existing software to make sure it provides the functionality you need or evaluating other software programs to decide which is best can be a complicated process. Hopefully, this guide will be of value to you during that process.

The more features a software product has, the more expensive it is likely to be. That just makes sense. When you are considering the price vs. the value, however, make sure you take your future needs into account. You may be small and just starting out now but plan on getting larger, opening additional locations or starting an RFC in the future. Make sure your software can grow with you.

About Constellation Automotive Software

Constellation Automotive Software delivers a complete set of tools that mid-sized BHPH car dealers need to manage their entire business from anywhere anytime. Management System Plus (MSP), the company's core hosted product, serves as the backbone for the dealership operation and helps dealers automate many of the tasks that slow down dealership down, improve collections efficiency and increase profit of each deal.

*** Everything you need to manage your BHPH dealership**

Management System Plus (MSP) delivers a complete set of tools that you need to manage your BHPH business in one ease to use package. MSP's suite of tools work together seamlessly (including integration with QuickBooks, industry-leading credit bureaus, UFAC, payment protection device providers, VIADA, and Autotrader), letting you focus on streamlining operations and improving performance. This saves you countless hours that's typically wasted with double-entry into multiple programs.

*** Securely accessible from anywhere**

MSP is a hosted solution which means you have full secure access to your software 24 hours a day, 7 day a week. This allows you to easily:

- Work from home
- Significantly decrease hardware costs
- Implement in a matter of hours, not days
- Utilize your software from the moment its purchased

*** The industry's most comprehensive customer care program**

With Constellation Automotive Software, you're buying more than just software. We will be with you every step of the way by providing you with instant access to our free on-going training, support services and DCF Consulting Program, to ensure that you are getting the most out of your system.

*** Our dealers get results**

With MSP, dealers see significant improvements on their bottom line:

- Early fraud detection
- Increased collections efficiency
- Lower charge-off rate
- Increased profit for each deal

For more information, contact us at 1-800-654-4955 or visit www.constellationauto.com.