

STREAMLINED TITLE RELEASE

Boosting The Buying Ecosystem

The title release process touches the entire automotive buying ecosystem, from wholesale to retail. Electronic Lien & Title (ELT) processing offers new opportunities for efficiency for lenders throughout this ecosystem.

Cox Automotive's Deshaun Sheppard discusses the title release process from a variety of angles with James Canepari, Senior Director National Commercial Accounts at Manheim. James and Deshaun share stories from the "front lines" and point to ways Accelerated Title and a move to ELT help solve the challenges they have seen.



Deshaun Sheppard: Hello, everyone. This is Deshaun Sheppard. I'm a lender solutions expert at Cox Automotive, and I have a very special guest with me here today, James Canepari from Manheim Auto Auction. We had an opportunity to meet just almost a year ago where we were dealing with one of the same clients. And I think that we're both living proof of how at Cox, we like to promote being the power of one, right, where he deals with the Manheim stuff, where I'm more on the title management side with Dealertrack. But James had the opportunity to actually visit one of our facilities in Wilmington, Ohio, so he got to see how the millions of titles for all of our lenders out there are stored in our very secure vault. All of the technology behind it, the amazing staff and I'll never forget your eyes popping out your head at what you saw at our at our office. But I told you, you owe me and I want to learn more about Manheim, so I'm glad you were able to join us and just tell us a little bit more about yourself and what the process is like at Manheim.



James Canepari: Thanks, Deshaun. Well, thanks for having me. I'll kind of go a little bit about myself and then a little bit about Manheim, if that's okay. I've been in the automotive business about 20 years. I started at the largest used car retailer here in the United States as a buyer. And then about 15 years ago, I started at the auction at Manheim Nashville in dealer sales, and now I'm working out of the corporate office in Atlanta and managing

some of the large commercial clients that we have. And for those of you who don't know, Manheim is the largest auto auction in the United States and we have the largest digital marketplace in the United States as well. And something interesting is, during COVID, we were the only one that was able to transact 100% digitally, right off the bat. Many of our competitors had to shut down, had to pivot, had to change the way they do business. But we were able to service the needs of our clients all the way through, 100% digitally. And because of this, many of our buyers and sellers have become very comfortable in a digital environment. And I think that's something that will help and something that you want to talk about today, Deshaun.



Sheppard: Yeah, absolutely. And I think that that's a huge role that Dealertrack plays with our title management is our ability to digitize certain processes. I'm sure we'll talk a little bit about Accelerated Title and how that plays such a huge role in what it is that you guys do. But you saw how our titles are managed and you were very impressed by it. It seems like you wish that every title was stored at our Dealertrack facility, so could you just tell us why it's so important that titles are properly managed, like what you saw at our Dealertrack facility?

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Canepari: Yeah well, let's talk about what we saw at the client first, because you guys do it so well, keeping everything safe, in order.

And as we talked about, I mean, titles are cash. It's a dealer or a consignor, that's money in hand. It's just a piece of paper that's worth a lot. And because of that, if you don't manage it properly, you lose it or something happens, you're losing out on that car. So what we saw at the client, there were, what, thousands of titles that were in a closet.



Sheppard: Yeah. It looked like there should have been brooms inside of that closet.



Canepari: Do you remember, your eyes when you walked in that closet, you looked at me like, oh no, this is not going to be good. So the importance is that we know that when we're selling the car, we have a title and we have it secure and we have on hand and ready to transact. That poor client, they didn't know what they were doing. So I'm glad that you were able to come in and help and show us what it really means to manage a title process.



Sheppard: Gotcha. So could you touch on that a little bit more? Knowing that a vehicle has a title when it's crossing the block for you guys, it could mean the difference between a selling / no sale, right? So, can you stress the importance of what that means?



Canepari: Yeah, so, and this is kind of the tagline that we could probably use from now on, every time we go to see a client together.

We're not going to say that a car won't sell without a title. But what we will say is that it will sell much quicker with one. So let's put a little context around it. Imagine you're a seller, consignor, whether commercial or dealer, bringing a load of cars in from wherever, at great distance and at great cost to transport them in. Then you get them to the auction, you're going to do recon on them, whether it's details, condition reports, imaging, all the things that we have to do at the auction to sell the car properly. You run it across the block, whether in lane or online. And the car doesn't sell because it doesn't have a title. You put all that investment, all that time, all that energy, whether you're a small dealer or a big dealer, a consignor, a bank, whatever, only not to sell the car because it doesn't have a title. It doesn't make any sense. So why not take advantage of the technology like Accelerated Title?



Sheppard: Exactly. And you know, to your point about that, that's actually one of my favorite features of Accelerated Title is that not only are you able to see the real time payoff quote, but you're also able to see an image of the title. So you know that there's a lien perfected, you know that the title is securely stored at Dealertrack and you can expect to receive the release of that title very quickly. So I think it kind of gives confidence to the dealers to go ahead and submit payment and they know that they're going to be receiving the title.



Canepari: Well, you remember that the client that we visited, that was a huge selling point to them to be able to see the title, to know that it was ready when they needed it, it

was so much better than what they had, digging through a pile of titles on the floor.



Sheppard: Absolutely, absolutely. And then there's this recent article actually posted by Cox about the trends shaping the vehicle moving business. And I thought it was interesting that number one is growth of consumer digital retailing, creating new expectations. And one of those expectations obviously being what we're talking about here and that's everything being done in a speedy manner, right? Everyone wants everything done pretty quickly, which always brings us back to Accelerated Title because we're expediting the release of these titles.



Canepari: Yeah. You're making the money available way faster than any other way possible, right? So that just makes sense again.



Sheppard: Absolutely. And there's also another thing that I wanted to touch on, because this is an additional feature of Accelerated Title as well. And that's total loss. There's a most recent LexisNexis report showing that one fourth of all accidents at this at this point result in total loss, which is something that Accelerated Title covers. We're granting insurance companies the ability to not only see the payoff quote, but negotiate the settlement value, streamline that whole negotiation process between lender and insurance companies for these type of scenarios. Could you touch on that a little bit? And, you know, the importance of total loss scenarios being taken care of quickly.

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Canepari: Well, it is necessary. We have a segment of our business called TRA, total resource auction. And it deals in many of

the vehicles that are total loss. So that would absolutely play right into many of our dealers and some of our commercial consignors that have that as well. We don't have a large insurance business right now, but we do have lots of dealers and lots of commercial consignors that deal in the TRA business or total loss business. And don't you guys do something with CPO, too? Because I know a lot of the cars that come through our auction, especially the late model stuff comes in. Franchise dealers buy it, they put it through the CPO process at their stores and they sell the car probably as quickly as possible. Those are the most desirable cars in the marketplace. Doesn't Accelerated Title do that as well?



Sheppard: That really shows our synergy there, because basically all of the vehicles for the titles that are being released through

Accelerated Title are CPOs. We're talking vehicles being traded in or vehicles that have been through a total loss scenario. And there's actually a new CPO study that that was just released in the market. You can actually see it on our lender insights page where one of the key insights is that OEMs are expanding the age of CPO vehicles and half of buyers in the study were okay with certified vehicles up to six years old because affordability has more shoppers looking at CPO as a better bang for their buck, right?



Canepari: Yeah, absolutely. I mean, with interest rates, with everything going on right now, it just makes sense.



Sheppard: Absolutely. And then, after everything that we just discussed, again, it just always brings me back to the benefits of

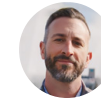
Accelerated Title, because we're expediting and streamlining this entire process from start to finish, whether it be a trade-in situation, a total loss scenario, even with the huge increase in total losses, a lot of consumers are looking at CPOs as a replacement to their vehicle that was just in a total loss scenario. So obviously, this is a huge market that's increasing. And then another thing that I usually hear from lenders is that they want to have better relationships with their dealers, right. And Accelerated Title only elevates that relationship, particularly with used inventory acquisition still being a challenge. So I think it just goes to show, you know, what it is that I do, what it is that you do. We're just totally supporting the ecosystem. From a very high overview when we talk, how the importance of our titles getting over to you guys.



Canepari: If you think about the more ways that we can partner together between Manheim and Dealertrack, it's just going to benefit our clients.



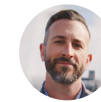
Sheppard: Absolutely. Absolutely. And most of the titles that are being released from Dealertrack, it's going to Manheim.



Canepari: Well, I hope so.



Sheppard: Yeah, right? I hope the titles are coming from Dealertrack. But I just wanted to thank you again for joining us today. I really appreciate you helping explain how Cox Automotive connects the entire auto retailing ecosystem for our lender audience out there. And I hope they were able to learn from that.



Canepari: Thank you. Thanks for having me. I appreciate it.



Sheppard: Thanks, James.