

What Dealers Want You To Know

The old adage that “time is money” couldn’t be more true for dealers and lenders when processing payoff and title release requests. Whether the vehicle is a trade-in or a total loss, the right digital tools expedite the entire process, saving time, money —and reducing errors that are common when manual calculations and payment methods are involved.

Cox Automotive Loan Service Expert Deshaun Sheppard interviews Robert Newman, Director of Performance Management & Product Consulting, Retail Software Solutions, to explore ways Accelerated Title helps dealers and lenders alike move fast in the face of ongoing challenges from inventory shortages, the economy, political environment, and natural disasters.



Deshaun Sheppard: Hello everyone, and welcome to my quarterly vodcast. I’m Deshaun Sheppard, loan service subject matter expert at Cox Automotive — and ever since my last session with our Vice President of Titling Solutions, Kait Gavin, I wanted to explore more of what’s impacting dealers, since we know how symbiotic the dealer and lender relationship is to our industry. What I can’t believe is how I never met Robert Newman before this. As I’m told, he’s a legend within the walls of Dealertrack and the go-to source when you want to understand how dealers think and ways they can leverage all of our Cox Automotive solutions for success. So, Robert, why don’t I let you introduce yourself?



Robert Newman: Thank you Deshaun. My name’s Robert Newman, I’m a Director of Performance Management for the Cox Automotive Group. We handle all of the software side. That would be Dealertrack Xtime, vAuto, and VinSolutions. We basically promote the dealer to be able to use the software to its fullest and get the most out of it. Now, background-wise, I’ve been 30 years...30 plus actually...in the car business, about 15 or 16 on the dealer side and I’ve done 20 years now with Cox Automotive and the Dealertrack side. You know, we go in and try to educate dealers on the technology that’s available to them — and how to use it in its most

productive way, changing processes and trying to achieve their goals.



Deshaun Sheppard: Well, this sounds like you and your team certainly hold a vital role in Cox and our industry as a whole. And you couldn’t have set yourself up for my first question any better with the last thing you mentioned about achieving those dealer goals, right? So, as we all follow Jonathan Smoke, who predicted the chip shortage a few years ago would eventually lead us to a period of used inventory constraints, and we see that playing out now... Then there are affordability issues that have a lot of people holding on to the cars they already own longer than the average we’ve seen in years past... Let’s not leave out impacts of Mother Nature, right? Several areas in the south are still recovering from two devastating hurricanes, and our hearts go out to all those impacted. I know Helene hit close to home for you in North Carolina; and also with Melvin I saw pictures of Florida dealerships’ lots and their inventory submerged under water. I also read that losses are estimated in the billions, which is certainly not going to help those used inventory situations.



Robert Newman: That’s correct.



Deshaun Sheppard: And lastly, we are literally recording this right after a contentious election where a lot has been promised to lower food prices, interest rates, the cost of healthcare, etc., but for the foreseeable future, affordability is still going to impact who is buying cars, what types of vehicles, and in what time frames. Tell us, as someone with feet on the street, what are the dealers saying about their ability to find used inventory? How are they going about it, and are they finding it difficult?



Robert Newman: That's a whole lot. Let's see if we can't break that down into a couple of things.



Deshaun Sheppard: I got you, Robert, I'll break down my questions for you. The first one: how are our dealers feeling about used inventory? Are they telling you they're struggling or adjusting their strategies to obtain the types of used vehicles they want to sell? I don't think a week goes by where I don't see a Carvana ad showing me how easily they can buy my vehicle from me. And all this time I thought they were in the business of selling cars.



Robert Newman: And they have to get the cars, and it's funny you mentioned Carvana. They are national, they have the reach with TV to put their commercials out, and that actually ends up helping dealers to some point. But for the big groups and local franchises, they're just doing it more on a smaller scale. You know, the validation from Smoke's prediction

is exactly right. The chip shortage now, the natural disasters, all of that is going to affect the used car market. It's going to affect new cars to an extent, but not as bad as the used car market. You know, one of the things that dealers are trying to do is "how do I source inventory?" And sourcing inventory, whether it be a small independent or a franchise, if I can't get the vehicles on the ground to sell... I can't sell from a bare cupboard, right? I've got to have something on the shelf.

Well, the problem that they also have is if they're not buying and getting the cars correctly and they sit, there's a cost for that car to be sitting there. So, you know, on a per day basis, if a car is sitting on the lot that's say a roughly \$30,000 to \$40,000 value it's going to cost the owner \$36 to — in some cases depending on the market, \$85 — a day to have that car there.

From a standpoint of "why does it vary so much?"... it just depends. If you're in New York City and you're stacking cars up with an elevator versus out in Kansas City where I've got plenty of room, it's a little less expensive in Kansas City to stack the car up. But you still have to have it on the shelf in order for you to sell them. So back when I was doing the F&I piece, you know, we'd leverage BlackBook and NADA Book to get the values and we'd go maybe through Manheim Market Data to get those values as well. And going to the auction to buy cars and watching people run around, looking at a BlackBook and deciding what the value of the car is based on a BlackBook that might be two or three days to three weeks old.

Now you have all of the software at your fingertips. So you have: from service, you have Xtime where you can source cars through. You have KBB ICO where you can

source cars directly from consumers. You can also do it naturally within your current structure of selling cars. All of that, though, I need to know how much the car is worth. But I also need to know who's on the title. I also need to know how much is the payoff. And that's where Cox Automotive and Dealertrack Accelerated Title comes in to help us. And I've seen it used in stores and I've used it in stores myself when I'm helping dealers out. And they find it quite valuable when they look at the Book and see what the value is. But then they see there's two people on that title — and all of a sudden it slows down [the process vs] when there's only one person there.



Deshaun Sheppard: Yeah. Well, you know, I've spent all of my career on the loan servicing side, so you gave quite the education on how we streamline the dealer process and their side of things. So thank you for that. I'm sure many in our audience will find this helpful. So let's connect some dots for them. The customer comes in willing to trade their vehicle, but they are three years into their five year loan. This is where Dealertrack comes in, at least for our lenders tuning in.



Robert Newman: Correct. Typically with the dealership, what they're going to do is they're going to start working a deal. They'll get a credit application. They will work it through their CRM or through whatever desk software they may have. But at some point, if they have a trade, I know about it — but I need to know what they owe on that trade upfront because it helps me structure the deal better.

So I can go in and pull a payoff; that's perfectly free, doesn't cost anything within the Dealertrack platform for any dealer in the United States. The plug in here is for Accelerated Title if it is attached. I now know who's on the title, is it a single lienholder or a multi-lienholder? That changes how I might end up needing to structure and work this deal. Because the outstanding loan has to be paid off in order for me to try and take that car in. So when we see that the lien-holder detail is there, the second registered owner is on the title, well, that could lead to an unwound deal after we contract and put the car on the street because we didn't look at the Accelerated Title. We send it off to get the payoff and they're like, "well, you don't have enough signatures". That causes an unwind. When we have to unwind deals, it affects the lender and the dealer reputations. It affects our reputation with the consumer. And nowadays with social media, it could hurt us in the market.

It's better off that we have everything buttoned up at the beginning of the deal and throughout the deal — and make sure everything is done correctly, so that we can resolve that car and optimize our profit in a short period of time. It's not uncommon for titles to take a month to reach a dealer. If you're doing it through paper and on average, if it's costing you \$40 bucks a day, times 30 days, that's \$1,200. Where does that money go? Well, that's floorplan cost. It's also going to go basically directly to what the value of the car is that you have sitting on your lot.



Deshaun Sheppard: Yep. Very costly stuff. I love the way you brought the dealer challenge to life with your example. Our audience has been hearing me say for quite some time that there are

so many benefits to Accelerated Title, but this one really emphasizes the dealer relationship, which is key. And I presume it gains even more importance when there is less inventory and buyers to go around.

Not only are dealers competing for less sales opportunities, but that in turn means lenders are also competing for less loan opportunities. So it's important to be the partner that consistently delivers what they need to stay top of mind. And it sounds like Accelerated Titles saves the dealers a bunch of costs that you just pointed out with the vehicle sitting on the lot day by day.



Robert Newman: Yes, it does. It's no doubt that it saves the dealer a lot of time and a lot of money. I don't understand why all lenders aren't on it yet. Maybe you can help with that.



Deshaun Sheppard: Yeah, I wish I knew. And trust me, I'm working on it. We actually just passed our milestone of 150 lenders available on Accelerated Title, and I'm hoping this conversation propels anyone that's holding out to start moving forward.

We do have over 16,000 dealers that have subscribed to Accelerated Title, so it's obviously very popular, as you mentioned, amongst the group of dealers. So we want to match that energy on the lender side as well and make sure that we have as many on the product as possible.

But let's transition to total losses because that's also a functionality of Accelerated Title that lenders can take advantage of — and from everything that you just said about "time is money," that's pretty much what it boils down to when it comes to the dealer side of things. When you think about total losses, that can be a very lengthy process that can also be expedited and streamlined through the Accelerated Title program.

The latest report that we're seeing from CCC indicates that total loss accidents are starting to climb, as is total loss. And of course, natural disasters — like we mentioned, the recent hurricanes, tornadoes, things like that — are helping those numbers grow, unfortunately. Especially with all the technology that's in vehicles today as well. I know there's not much any of us can do when a natural disaster strikes, but what kind of toll does that take on a dealership when your lot is under four feet of water or storms are doing damage to the cars that are on the lot?



Robert Newman: As far as dealers go, if it's physically on their lot, they typically have garage and liability insurance that covers that type of incident. And most dealers, if they see something coming, they're moving cars up to higher ground or into shelter. But it does happen. But the dealers really aren't too involved with a total loss other than trying to sell that next car or potentially giving advice to a consumer that doesn't know what to do because they bought five cars from me. But I'm not exactly sure how Accelerator Title plays into that. Can you expand on that?



Deshaun Sheppard: I'm so glad you asked that, because it's something different we didn't offer when Accelerated Title first came out, but we recognize the important role it has in expediting the payoff and title release between the insurance provider and lender. Many of our lenders on Accelerated Title have actually upgraded already, and I think everyone on board should set themselves up to handle both. It's a free upgrade for our lenders also, which should make it a no-brainer.

But we're seeing the rise in total loss because of the higher prices of vehicles overall and the sensitive technology that they come with. A fender bender of ten years ago could be a total loss today just because of the cost of the repair versus the market value of that year, make and model. And so many people have had their cars flooded and totaled by hurricanes, floods, tornadoes. If they still owe payments on that vehicle, the insurer often tries to negotiate the payoff payment with the lender — similar to what dealers were doing before Accelerated Title: where they were calling in for quotes and negotiating payments, mailing in checks, all of the stuff that delays the process of completing whatever needs to happen with the loan of that vehicle.

We are actually connected with Accelerated Title — where we have a connection with IAA, which is one of the largest salvage auctions — to streamline the payoff and title release processes, much the same way as we're doing it for dealers and the trade-ins. With the total loss functionality, it's allowing insurance companies to provide payoff and title release instructions streamlined... instead of sending in manual paper checks and making those phone calls. It's shortening the

total loss process from an average of 90 days to 30 days or even less. So, we're definitely helping with the "time is money" concept there.



Robert Newman: Deshaun, that's great to hear because not only is it that "time is money," it's also credit: because a consumer's credit, if it takes 90 days to pay my car off, they're still following up, "*hey, you didn't make a payment.*"... Now you're 90 days behind on a loan, and that can affect a consumer's credit, which affects their ability to go in and buy another car. Bad experience for the consumer.

What other tricks do you have up your sleeve for Accelerated Title?



Deshaun Sheppard: No tricks, just treats! I'm sorry, I had to... it's the week after Halloween, we just bought a bunch of candy for some trick or treaters, and no one knocked on our doors so I've been eating candy every day for the past week. But just treats for our lenders out there...and the dealers obviously from this conversation.

I typically end with reiterating and reinforcing all the benefits of Accelerated Title for our lenders. But I think you hit on a benefit that I probably haven't highlighted enough, and that's how much it promotes positive dealer relationships. So this time I'll simply end here by thanking you for your time. I'm so glad we got to connect and that you shared so much of your dealer knowledge and experience in the short time that we had together. I know I learned a lot.



Robert Newman: Thank you, Deshaun. I learned a lot, too. I didn't know that you did that type of thing for the total losses.



Deshaun Sheppard: Yes. So we'll be talking... you let me know what lenders the dealers want to see, and I'll reach out to the lenders to get them added if they're not already.



Robert Newman: That sounds like a plan. And hey, see you at NADA in New Orleans in January.



Deshaun Sheppard: One of my favorite places. I'll be there. Thank you.