



MANAGED SERVICE AGREEMENT FROM CAPITAL SOLUTIONS GROUP

In essence, a Managed Services Agreement is a service contract, which includes the provision of both equipment and services, between you and your chosen supplier. In the current financial climate there are a number of crucial benefits that you can enjoy when compared to traditional lease finance.

Through experience, CSG has seen how this can assist many companies across many sectors to keep within budgets – something that is clearly on everyone's minds now.

Where does CSG fit in?

Many Vendors wish to utilise Managed Service Models but have previously been restricted as it gives them revenue recognition issues, which restricts their all important cash flow. CSG has recognised this and simplified the whole process by designing a MSA that all Vendors can use which allows them to book a sale and accelerate their cash flow. This then makes using this type of agreement, with its numerous advantages to you, much more attractive to your suppliers.

A MSA from CSG is Vendor independent – we will work with the suppliers you chose and trust and ensure they meet your discerning requirements. We are also able to facilitate new supplier options that meet your funding and complex operational requirements giving you greater choice of equipment and peripheral services.



Operational Benefits

The MSA offers greater flexibility to budget planning, as it is based on a revenue payment stream and not a budgeted capital amount. Equipment purchases can thereby be expensed through your revenue budget as you are not borrowing from a finance company.

To reiterate: your agreement is between you and your supplier.

In addition, the MSA also allows for any unexpected additional spend to be seamlessly managed within the existing agreement, thereby removing any demands on other budgets to fulfil any unforeseen additional costs.

Financial Benefits to You:

- Substantial financial benefits can accrue to you by using a CSG MSA. Payments are made from your revenue, not capital budget. This nullifies Capex charges, depreciation and inflation.
- Existing legacy equipment, whether owned outright or perhaps tied into another mode of finance agreement, can simply be added to the MSA. This allows you to manage your equipment efficiently under one agreement.
- Service and support are all rolled into the agreement and this can give you a negotiating point with your supplier as you are guaranteeing them their future income so they may well be prepared to discount their costs in return.



Why not purchase as part of Capital Expenditure

Controlling cash flow is particularly important so ensuring that funds are readily available for those unforeseen and time critical expenses. Utilising our MSA rather than making a capital purchase ensures that cash is retained by you whilst transferring a great deal of the risk to a third party in return for a fixed and defined regular payment. Purchasing directly from your Capital funds can be restrictive in respect of necessary upgrading and the beneficial acquisition of peripheral equipment, without the need to access alternate over stretched budgets.

Why not lease?

Standard leases have similar issues as capital expenditure; whilst cash flow is improved there is minimum risk transfer and there is a limited appetite amongst suppliers to take residual values on technology assets. Many financiers are averse to upgrading equipment within the lease term which can impact on your ability to keep up to date with the latest technology. A MSA allows for simple upgrading thereby future proofing you and securing further equipment usage costs. Whilst not a finance agreement as such, our MSA is off balance sheet funding, which is a preferred route for many companies concerned with their gearing levels.



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