

“How To Grow Money On Trees”

Alternative Procurement Solutions



Active 09 Conference

Murray Jorgensen
Chief Executive Officer



Are These Some Of Your Challenges?

- ❖ I know my customers/patrons want better facilities/services than I can provide
- ❖ I have great ideas to improve facilities/services but have no budget
- ❖ My budget bids seem to take second place to other “higher profile” portfolios
- ❖ I have trouble in building and selling to management a “business case” for capital expenditure
- ❖ I am accountable for the operating loss but have no control over the necessary spend to upgrade facilities
- ❖ I lose market opportunities because upgrades are delayed through bureaucratic processes – difficult to compete with private sector
- ❖ Basically, I get a budget and that's that – I don't get much flexibility.
- ❖ If only I could do???? Then the revenues will go up.....





No Excuses

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Think Differently





Potential Solutions

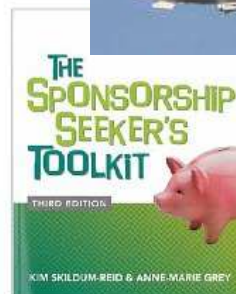
Want to do more???

- ❖ Increase revenue
- ❖ Reduce costs
- ❖ Consider other initiatives



Potential Solutions

- ❖ INCREASE REVENUE
 - Install new equipment/improve facilities = increased patronage/use = increased revenue
 - Sponsorships/Pre sales
 - Fund Raising Events
 - Advertising





Potential Solutions

❖ REDUCE COSTS

- Acquisition and Disposal Costs can be avoided by leasing/renting – e.g. cost of going to tender use State & LG preferred supplier panels
- Bulk Buying/Collective purchasing power
- Look at alternative acquisition methods



Potential Solutions (Continued)

❖ OTHER INITIATIVES/CONSIDERATIONS

- Lease and Rentals are treated as Opex not Capex
- Warranties and Warranty Extensions (only keep asset for useful life)
- Build a business case that justifies the investment & sell it



Leasing/Renting

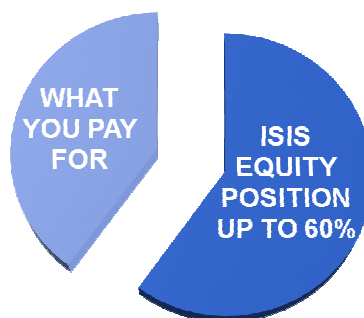
- ❖ Types of equipment that can be leased/rented eg:
 - IT & Communications – Phone systems and Two way radios
 - Security Equipment
 - Gym Equipment
 - Library Scanning equipment
 - Plant such as tractors, mowers
 - Audio/video equipment



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LEASE / RENT AND SAVE



Why pay for the full cost of an asset when you only want it for the most efficient part of its life?

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Leasing/Renting

- ❖ No upfront outlay – tailored repayments to suit your needs
- ❖ Revenues can offset “pay for use” – spreads cost over useful life
- ❖ No obsolescence risk or asset acquisition/disposal costs
- ❖ You can have it now (not the next budget)!!
- ❖ Can often include “soft costs” e.g. Installation, Training, Service Agreements.
- ❖ Use the supplier of your choice
- ❖ Sale and Lease Back
- ❖ Understand your “core business” and do you really need to own the equipment?
- ❖ Flexible “during term” or “end of term” options
- ❖ Trusted – WALGA preferred supplier to LG, State Government Panel



Questions

ISIS CAPITAL and ISIS LG Finance
Phone 1300557443

Murray Jorgensen, CEO

0408914863

mj@isiscapital.com.au

or

Brad Hunt , Business Development Manager

0438921058

bh@isiscapital.com.au

