



MANAGED SERVICE AGREEMENT FROM CAPITAL SOLUTIONS GROUP

Our unique and bespoke Managed Service Agreement (MSA) is an all inclusive, cost effective solution for equipment provision, encompassing and including additional services and support.

Our MSA ensures that the Trust and staff benefit from continuing, cost effective access to the latest technology for maximum clinical efficacy, together with the advantage of additional financial benefits for the Trust.

Operational Benefits

- The MSA offers greater flexibility to budget planning, as it is based on a revenue payment stream and not a budgeted amount. This allows for any unexpected additional spend to be seamlessly managed within the revenue payments, thereby removing any demands on other budgets to fulfill any unforeseen additional costs.
- Correctly managed our MSA is able to ensure that any of your equipment whether it is intangibles such as IT, Hardware, Software, or Telecoms or critically needed Medical Equipment and Training, is readily available via our simplified equipment upgrades. Regular maintenance and prompt expeditious repairs, ensure continuous operating, reduces waiting times and increases overall efficiency.
- Many Vendors wish to utilise Managed Service Models but have previously been restricted as it gives them revenue recognition, which can restrict all important cash flow. A MSA from Capital Solutions Group 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.



Financial Benefits to the Trust:

- Substantial financial benefits can accrue to the Trust. MSA payments are made from the Trust's revenue, not capital budget. This nullifies Capex charges, depreciation and inflation.
- Capital Solutions Group is able to assist the Trust with VAT management and in the majority of cases can achieve a full reclaim in association with the MSA payments.
- Existing legacy equipment, whether owned outright or perhaps tied into another mode of finance agreement, can simply be added to the MSA. This allows the Trust and its equipment to be managed efficiently under our MSA, which is tailor-made to your requirements.

Risk Transfer:

The Trust can transfer a substantial amount of the risk of equipment acquisition and use to the Private Sector via a MSA:

- Installation, commissioning, operation and decommissioning of equipment
- Maintenance, servicing, and repairs
- Residual Value and technology obsolescence management

Discussion Points

Why not purchase as part of Capital Expenditure?

The unprecedented financial conditions and our current economic climate have impacted on budgets and is anticipated that it will continue to do so in the foreseeable future. Controlling cash flow is particularly important whilst 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 in the Trust whilst transferring a great deal of the risk to a third party in return for a (generally) 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. In addition, the VAT associated with Capital expenditure is not usually reclaimable.

Why not lease?

Standard leases have similar issues as capital expenditure; whilst cash flow is improved there is minimum risk transfer and VAT is not reclaimable on rentals. Many financiers are averse to upgrading equipment within the lease term which obviously impacts on clinical performance and efficiency. A MSA allows for simple upgrading thereby future proofing the Trust and securing further equipment usage costs. Whilst not a finance agreement as such, our MSA is off balance sheet funding, which typically is a preferred route for the trust.



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