

Strategic Advisory

Why Macquarie Equipment Finance?

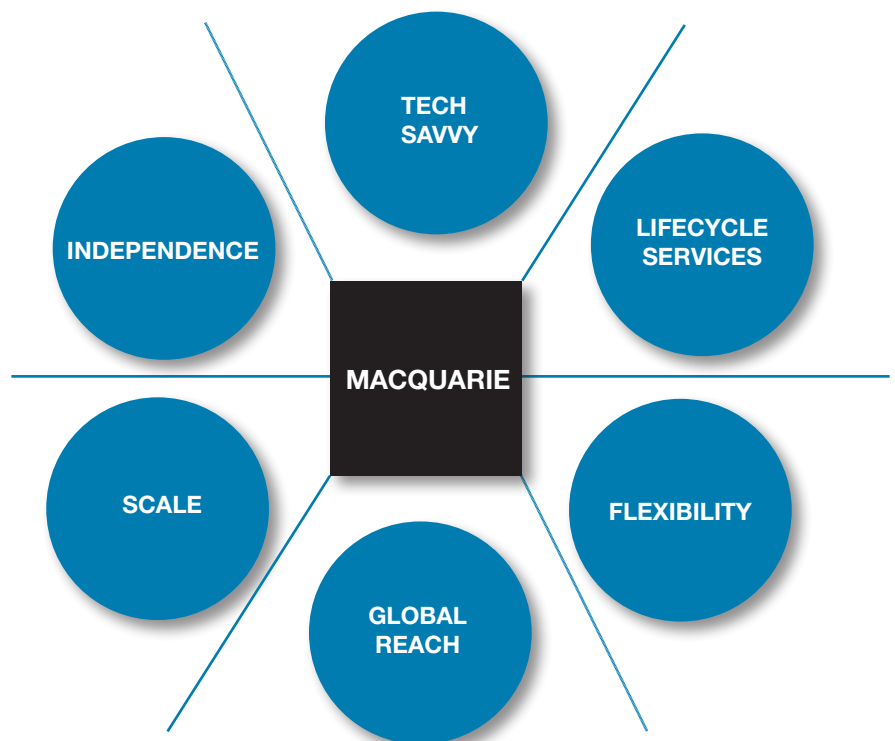
Discover why our customers are our customers

Many companies choose Macquarie Equipment Finance as their partner for IT leasing and leasing-related needs. Leading finance companies also choose Macquarie to provide IT leasing programs to their customers.

So what is it about Macquarie these customers and finance partners find valuable and reliable for their business needs and opportunities?

Macquarie is a preferred equipment lessor because we hold a unique market position at the intersection of six important capabilities.

Each of these capabilities has proven to be important to our customers and important to IT and finance executives within our customers' organizations. Let's look at each capability in more detail.



Tech savvy

Macquarie looks at each potential lease asset as an IT asset first, and then as a financial asset. This means we take a systems approach, an architecture approach, and an IT management approach when evaluating these assets.

Macquarie maintains a staff of technology experts, researchers, and former senior IT executives who continually monitor technology shifts, trends, risks, and options. This team—the Strategic Advisory Services group—meets with customers, vendors, and other research groups to track changes in technology, that may affect our customers' IT decisions.

In addition to providing IT-savvy commentary and analysis on industry events and new products, they track trends in:

- technology
- architecture
- industry relationships
- regulatory needs
- actual customer usage
- lifecycle costs
- equipment pricing.

Customers consistently tell us this is a unique service in the marketplace today—not offered by equipment vendors or other leasing companies.

Value to IT

- Assists IT executives by helping them reduce risk in decision-making and keeping them aware of new options and tools for their operations.
- Offers an important 'reality check' for our customers through feedback on what's working and what's not working in customer sites—even facilitating customer-to-customer meetings at times.
- Provides information on new products, options, vendors and issues that are essential to the CIO's management mandate.

Value to finance

This service can provide important pricing guidance on acquiring equipment. Macquarie's visibility into billions of dollars worth of BAFO (best-and-final-offer) price quotes from manufacturers gives us an information position that is perhaps unrivaled by industry analyst groups (eg Gartner, Meta Group), and by manufacturer-owned leasing companies.

Our team can offer alternative suggestions to both finance and IT—where possible—relative to product substitution options, 'build' strategies to reduce costs and/or the availability of lower-cost used equipment options.

Independence

Macquarie is not owned by any of the equipment manufacturers. As such, we are independent of their organizational needs and market goals. Because we do not have a financial bias toward any specific vendor, we are free to recommend products and alert customers to 'issues and challenges' with a particular manufacturer's offering.

Our evaluation and feedback to our customers about these products are based solely on their probable optimum usefulness for a customer need and on their continuing viability in terms of industry support. Customers consistently tell us that this is an important part of their trust in us.

Value to IT

Unbiased, yet experienced, advice on architectural choices is difficult to come by today. Access to such expertise and senior IT perspective on a vendor's future/new products is increasingly important.

For example, vendor-independent guidance on wireless infrastructure, server architectures, desktop options, and SAN configurations helps a CIO reduce risk in technology decisions. The multi-vendor nature of this

independence ensures that it matches the very heterogeneous 'real world' of today's IT shops.

Value to finance

Independence means there are no extended end-of-lease issues with an incumbent equipment vendor. Too many CFOs (and CIOs) have their own 'horror stories' of trying to change architectures at the end of a lease—only to find that the vendor resists that change. The equipment vendor has an economic interest to keep the customer within their product line—even when the situation is best served by a change of technology. The incumbent vendor often has a product that is entirely adequate for the customer's need—it is not an ethical issue—but, there might be a more optimal solution available elsewhere. This scenario is entirely precluded in an independent lessor scenario.

CFOs also like the added 'balance of power' this creates in negotiating future deals with that vendor. Even if they intend to stay with that brand of equipment, the mere fact the customer has an 'out' with the independent (ie has separated the financial control of the assets from the vendor/manufacturer), creates additional negotiating power with that vendor—often making for a better deal.

Scale

Macquarie is arguably the largest, fully independent IT lessor in the market. The scale of Macquarie's operations allows us to fund additional high-quality lifecycle services, state-of-the-art asset tracking offerings, Strategic Advisory Services, advanced remarketing capabilities, more lenient asset return provisions, and additional resources for customer service.

This capability has three specific benefits which enables customers to:

- increasingly consolidate their leasing projects into fewer partners without fear of 'outgrowing' Macquarie

- outsource more of their front-end and back-end lifecycle tasks to Macquarie
- rely on the internal processes of Macquarie to be ‘industrial-strength’.

For example, twenty years ago, a \$4 million IT asset turnover might have only involved 50 or fewer serial numbers in a mainframe data center. Today, that same \$4 million might represent 6,000 serial numbers of desktops, monitors, printers, and file servers.

To efficiently handle projects of this scope requires all the processes be robust, mature, manageable, and well-designed. Macquarie has had to develop such processes in the course of its growth. This means these processes can be leveraged by our customers to their business advantage.

Value to IT

Scale allows the IT executive to maintain fewer business relationships without sacrificing transaction quality, service levels, or vendor independence. Creating an overall leasing business framework, into which new projects are added as old ones are decommissioned, can greatly simplify and reduce the non-technology tasks invariably associated with all technology upgrades, refreshes, and migrations. This enables the CIO to focus more on the technology aspects of those systems, rather than on the financial or lifecycle aspects of them.

Value to finance

Scale allows Macquarie to be ‘in the ballpark’ on most high profile financing projects and this allows the CFO to leverage a single business relationship across a large number of initiatives. This reduces paperwork and the costs associated with labor, quality, liaison, and relationship maintenance, without reducing the benefits from Macquarie.

Lifecycle services

A decade ago, leasing was essentially about getting an asset to the loading dock. Today, it’s become a rather timely and complicated process which includes many other events in the lifecycle of the asset. These events include making decisions on the:

- technology to change or adopt new
- timeframe in which to move to the technology
- interim technology which may be required (eg test or staging systems)
- best way to fund such technology staying within the financial context of decommissioning the previous strata of technology.

In addition, you need to:

- negotiate the equipment price with the manufacturer (in which an independent can offer guidance)
- acquire the asset from the vendor and place it into service
- log and track the financial and organizational attributes of that asset during its life
- evaluate mid-life refresh alternatives
- decide on the end of lease and/or end of life path
- perform operational decommissioning
- identify, prepare and package the asset for return
- transport the asset to the lessor
- reconcile the financial aspects (e.g., missing and damaged returns)
- perform full-compliance disposal or remarketing.

Of course, many of these steps were implicit in earlier times, but they have become very pronounced—and labor intensive—as the number of assets per leasing project increased significantly. Macquarie becomes more of a business partner the more it is involved in the pre-acquisition and post-usage periods of this sequence.

For example, the Strategic Advisory Services group offers assistance in the decision-advice process, the mid-term re-evaluation process, and the end of life path discussions.

Our portfolio group and our technical services center provide support with mid-term, end-term, and post-term events. Increasingly, customers are calling upon Macquarie to assume greater responsibility for planning, tracking, transportation, disposal, and remarketing of their assets.

Value to IT

IT executives value the services of the Strategic Advisory group including technology briefings, research summaries, and selected joint research projects. The Macquarie Account Executives responsible for supporting the business are constantly applying their experience and expertise to evaluating mid-term alternatives, interim technology needs, and end-term technology options—all with a view to assisting the CIO leverage each asset to the fullest, while keeping the architectural landscape current.

Value to finance

There are several advantages for finance of this ‘cradle-to-cradle’ involvement of Macquarie: access to the online asset tracking tool, availability of mid-term and end-term financial options, peace-of-mind over the highly-charged asset disposal environment, and pricing guidance for vendor negotiations.

Flexibility

While Macquarie’s size creates economies of scale with benefits flowing to our customers, we are not so large as to be inflexible or unresponsive to the changing needs of our customers.

In the fast paced world of IT, important partnership watchwords are flexibility, nimbleness, and responsiveness. These require a customer-oriented culture, of course, but beyond that, programs and policies must exist to allow ‘controlled flexibility’ in this mixed operations/finance arena.

Macquarie has a number of flexible programs designed to provide our customers with a range of options. Some of these programs include relaxed missing and damaged policies, partial-only returns, overlapping and staged lease projects (especially important for desktop tech refresh projects), like-for-like returns, and customized payment schedules. The Account Executives supporting our customers are polished, responsive, creative, and committed individuals, focused on creating tailored programs and configured lease projects in alignment with customer requirements, needs, and constraints.

Macquarie has a significant range of specialty options for difficult and/or ‘emergency’ situations: sale and leasebacks, remarking services for customers, and specialized disposal procedures. In times past, perhaps a ‘one size fits all’ approach was all that was needed. In today’s demanding IT, financial, and regulatory environment, however, a flexible set of options has become essential to business success.

Value to IT

There are many situations in the life of an IT executive where such services can make-or-break success: having to turnover a ‘bad’ architecture quickly, needing to overlap rollout/retirement phases in a tech refresh, not being able to devote the labor or attention to finding ‘every last PC’ at end of term, and being able to configure a payment stream more closely aligned with the benefit stream.

Value to finance

The CIO appreciates this flexibility for operational reasons, generally, but the CFO recognizes the ‘hard dollar’ benefits of partial-only return and softer missing and damaged policies. These benefits have direct financial impact on profits, as would customized payment streams.

An additional concern is the proper disposal of post-term assets. Increasing regulation and public ‘outcry’ at lapses in effective disposal processes are facts of near-term life. As a result, CFOs are beginning to depend on Macquarie for environmentally-compliant disposal instead of using their internal disposal processes, which were generally designed for low security risk assets such as cars and furniture.

Global reach

All of these customer benefits—tech savvy, independence, flexibility, lifecycle services, and scale—mean nothing if they cannot be applied to where the business operates. Today’s multinational firms need these values brought to bear on their operations worldwide. The inefficiencies of having to ‘do it yourself’ in a couple of international locations can sometimes negate the advantages of having these benefits in a firm’s country of origin.

The ability to apply these advantages to each international location with consistent quality, centralization benefits, specific geography-tuned financial instruments, and streamlined standard processes can have a major impact on the financial success of competitive multinational companies.

In today’s market, Macquarie offers this multinational capability. With the widest organizational footprint in major countries in the global marketplace, Macquarie is the only corporately-owned, large-asset financing firm

offering this full range of services. Our offices are not ‘franchise operations’ or global ‘programs’, but are centrally owned, uniformly measured, and carefully managed—permitting uniformity of processes and the ability to implement centralized processes effectively. Our depth and experience in the various geographies translates into flexibility, adaptability, expertise, and lower risk which translate into customer savings, efficiency, and leverage.

Value to IT

Similar to the advantages of scale, global reach allows the IT executive to maintain fewer business relationships, take advantage of economies of scale and larger volume discounts, and implement global architecture rollouts and refreshes with lower administrative costs.

Our global reach can also greatly assist the IT executive in implementing global architecture standards by making standards compliance much easier for the remote offices through easier and less expensive refreshes and the streamlined processes of Macquarie.

Value to finance

In addition to the benefits of scale, global reach allows the finance executive to know that cross-border and geo-specific risk and legal issues are being handled expertly. And streamlined international processes make for lower costs, higher quality, fewer exceptions, standard financial instruments, easier compliance reporting, and shorter implementation times.

Meeting two sets of needs with one business partner

IT leasing occurs at the intersection of two worlds: IT and finance. Macquarie brings a unique mix of strengths to bear on the shared challenges facing both the CIO and the CFO, but with different benefits.

CIOs prefer Macquarie

Macquarie's unbiased vendor independence and tech savvy are indispensable—we assist you in keeping up with the technology opportunities and risks presented by the market when you simply do not have the time to review all the options. Macquarie is a trusted, unbiased, and experienced source of information.

When it comes time to change technology—sometimes in an 'emergency' mode—Macquarie's flexible programs enable you to achieve the operational goals you could not accomplish under normal budget and financial processes. Macquarie helps you get in and get out of a technology when you think it's the right thing to do, instead of being captive to a spreadsheet somewhere.

CFOs prefer Macquarie

Macquarie's vendor independence and tech savvy help to maintain a better balance of power with equipment vendors and, coupled with Macquarie's knowledge of pricing trends, often lead to concrete financial savings in negotiated equipment acquisitions.

Macquarie's flexibility as a partner also has measurable benefits, especially in our partnership-friendly end-of-term policies. You can save working capital for strategic investments and safely rely on Macquarie to fund your basic IT infrastructure needs.

Why Macquarie Equipment Finance?

Because we have become what our customers told us they needed: a large, flexible, vendor-independent, tech savvy lessor providing leasing-related services throughout the lifecycle of shared IT assets, and throughout the international world of business.

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