

# ACCOMMODATING YOUR TECH REQUIREMENTS FOR 2020



# WITH FLEXIBLE FUNDING OPTIONS, WE'LL HELP YOU IDENTIFY THE ASSET FINANCE STRUCTURE THAT'S RIGHT FOR YOUR TECHNOLOGY ACQUISITIONS.

From rising maintenance costs to the need to obtain the latest changing technologies for better clinical outcomes and to retain high calibre clinical specialists, the healthcare sector is experiencing significant change when it comes to decision making for equipment investments and the associated technology cycles.



## INCLUDED IN THIS GUIDE:

- Tips for your audit process
- A checklist for your assets
- Your finance solutions

With our flexible funding options, Maia Financial can support your health organisation on its journey to purchasing or refinancing tech-based equipment for 2020 and beyond.

Read on for tips on your equipment audit process, an asset management checklist and details of finance options for all your future technology needs.

## Never-ending tech cycle

In a technology consumed and driven society, emerging health equipment solutions, and the associated software, hardware, maintenance and upgrades demand constant attention. This creates a seemingly never-ending cycle and the need to update or replace technology has become an ongoing one.



According to the Equipment Leasing and Finance Association (ELFA), **one of the top 10 acquisition trends for 2019** focuses around the sentiment of preventing obsolescence as a top priority for capital spending.



## Equipment audit

### Why audit your assets?

Equipment **costs increase** if new clinical equipment is not introduced. Costs for supporting increased service calls associated with maintaining out of date technology become expensive.

Health organisations are adopting **user-based models** that allow them to bring new equipment or software into their environment with **less risk** and **more control** over costs.

Procurement managers are tasked not only with sourcing the proper devices, services and infrastructure equipment, but also maintaining it throughout the assets use for life.

# Tips for your audit process

## ^ Tip #1: The audit team

Asset audits usually involve the collation of equipment lists and spreadsheets from across the organisation. This may be led by the finance team or even an internal project manager.

To truly understand how to achieve better clinical outcomes can be supported by your equipment, it may be worth recruiting a broader team. You need people involved who know what's going on operationally, the challenges they face, and how a change in equipment or technology could be most effective in meeting those challenges.

## ^ Tip #2 Consulting with key manufacturers and suppliers

Getting internal stakeholders on board is key however, consulting with key manufacturers and suppliers is also worthwhile. They can provide important updates on new technology available and how expected product developments might shape plans for future upgrades.





### **Tip #3 Considering your options for current equipment**

As industry specialists, the team at Maia Financial can also offer valuable insights to help your organisation get more from your current equipment. We work with you to understand how assets are used, so that we can help you identify opportunities to deploy them elsewhere within the organisation. Sometimes assets are procured for single purpose only, and aren't being used to their full potential as a result. We can also explore options to enhance or upgrade equipment instead of replacing it altogether.



### **Tip #4 What to do with assets at the end of their useful life**

When assets have reached the end of their useful life, there are sometimes important financial barriers to an upgrade or replacement. It takes a certain discipline to decommission an asset your organisation may have sunk substantial funds into. Or maybe the expected life of the technology was eight years and it has only lasted five. A solution from Maia Financial can resolve budget and cash flow problems presented by both these issues. By taking care of disposal, procurement, reshuffling payment schedules and contracts we can limit the practical and financial impact of a necessary asset transition.

# A checklist for your assets



## Effectively managing the lifecycle of your assets

From asset selection and pre-purchase considerations through to maintenance and repurpose, managing the lifecycle of your asset is an important part of getting value from it.

Once an organisation identifies which asset is best for its needs, then comes the decision around funding and aligning the asset with the organisation's strategic and operational objectives. Once financed, the maintenance and service plans are established to ensure the asset performs as expected and the organisation gets the full use and benefit from it. At the end of the asset's life, it is delivered back to the finance company, preferably in a condition that enables it to be reused or repurposed. Assets need to be effectively managed to ensure they deliver to the best of their ability over their lifespan.



### Asset selection

- o Which manufacturer will you go with?
- o What specs are pre-requisites for your assets, versus those that are nice-to-have?
- o Will financier pricing differ based on your chosen manufacturer? Or even your specifications?
- o Is there any specific software required where costs can be included with acquisition of hardware?



### Maintenance

- o Will maintenance be carried out in-house or by a third party?
- o If in-house, what capabilities does the in-house team have to support the required maintenance to ensure the asset will be returned in a condition agreeable to the financier?
- o What service and maintenance cover best fits how assets are used? How will this be managed so all assets are decommissioned or reviewed in line with new technology upgrades?



## Usage

- o Have you conducted a full review of the equipment's lifecycle to determine how it will be used?
- o Is there alignment within the organisation on the type of usage criteria the asset will undertake?
- o Have any conditions that need to be built into the finance contract to protect client and financier been identified? For instance, number of hours a week the asset may be used and how often it will be serviced.

### Are your lease terms aligned to your requirements?

Research suggests it's becoming more critical to align your lease terms with the appropriate life of the equipment. This ensures your organisation keeps pace with technology developments and increased hardware reliability, meaning you are less likely to experience equipment failure during critical periods.





## **Preparing to refresh or return**

- o Have you left yourself sufficient lead time to prepare for a refresh or return of assets? This would involve a systematic review of equipment to assess ongoing functionality and availability for return.
- o Has the manufacturer's maintenance schedule been adhered to? If not, are you able to comment on why?
- o Can your financier assist with facilitating repairs and new manufacturer maintenance agreement at any stage during the lease term?



## **Return and Repurpose**

- o Does the financier offer a return grace period to accommodate for any unexpected delays, where payments are not charged for a period of time?
- o Does the financier provide a service that assists with collection of additional assets owned by the school that can be remarketed on your behalf?



## **Asset decommissioning and collection**

- o Do the assets need to be packaged and can the financier assist with removal and environmental disposal of packing materials associated with the new replacement assets?
- o Do you need assets collected out of normal business hours, or on a weekend?



## **Post returning reporting**

- o After assets have been returned how long before you receive a report detailing receipt of assets?

## Your finance solutions

Fulfilling your technologically driven growth ambitions can be made possible through an asset financing solution from Maia Financial. Tailored finance solutions allow organisations to cost-effectively invest in the useful life of a current technology and then upgrade as more advanced – or lower cost – solutions become available.

Further, utilising a specially tailored financing solution may ensure your organisation avoids the problems inherent in capitally acquiring an asset and then making a financially-driven decision to sweat it beyond its useful life. This often chokes the innovation and development pipeline within the organisation and slows growth.

### **Enhance equipment technology and health facilities with flexible funding options for a range of assets including:**

- Laptops, tablets
- Phone systems
- Diagnostic imaging
- Analysers and scientific equipment
- Patient care and monitoring systems
- Software and related services



### **^ Rental/Operating Lease**

A rental agreement or operating lease is a pay-for-use asset finance product that is structured between two and ten years. This structure is commonly used to avoid technology and asset risk, use OpEx rather than CapEx to fund equipment and to smooth cash flow by agreeing to set payments over a specified term. You are also able to incorporate servicing and disposal costs into your agreed cash outlays. At the end of the agreement, businesses generally have the option to return the equipment, upgrade the equipment or extend the agreement.

## ^ Sale and Rent Back

A sale and rent back transfers ownership of an asset to the lessor and establishes a regular payment structure to use the asset. The transfer of ownership provides a cash injection for the organisation and establishes payments over the agreement period. The product can be structured using a rental, operating lease or finance lease.

## ^ Finance Lease

A finance lease is generally used to fund long-life equipment, or when an organisation wants a possible ownership option with a defined cost at the end of an agreement. Finance leases are tax deductible.

## ^ Hire Purchase

A hire purchase agreement is an asset finance product that transfers ownership of the equipment from the lessor to the lessee, once the final payment has been made. Interest and depreciation are tax deductible and GST can be claimed up-front.

## ^ Chattel Mortgage\*

A chattel mortgage or secured loan, provides ownership of the asset for the purchasing business from the outset. The entity providing the chattel mortgage will have a security interest in the equipment. A chattel mortgage is commonly used to own the asset and avoid a balloon or residual payment or to smooth cash flow by agreeing to set payments over a specified period.

\*Only available in Australia





# Contact us today to find out how we can help you with your assets for 2020 and beyond



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Maia Financial offers an **end-to-end solution** that supports the needs of your health organisation, including:

- Procurement
- Usage
- Upgrades
- Disposal
- Equipment maintenance

Having a **total solution** financing partner is key to **optimise business decisions**, operate with **less risk and greater asset efficiency** to provide better **clinical outcomes**.



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