

GSM White Paper

Funding LED Projects

Where can GSM & leasing fit in?

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LED

Everyone is becoming increasingly worried about climate change and the impact carbon emissions are having on our environment. In the UK, the government is addressing these problems through the introduction of tough new legislation and targeted taxation or tax reliefs. Another real driver to go across to LED is from our large supermarket chains, who are now auditing their suppliers on energy reduction to reflect their own green 'goals' – in effect forcing them to conform to energy savings.

In addition to these initiatives, organisations are struggling to cope with a global energy marketplace which is volatile, failing to meet peak demands, subject to disruption by international events, loosely regulated and increasingly expensive. To meet these challenges business needs to invest in new technology and new ways of working. However, a lack of budget means this important investment is often delayed or constrained.

GSM Finance aim to assist companies to deliver renewable energy, energy efficiency and water saving/recycling technologies for industry, the service sector and government. Implementing these technologies requires investment, which we can help finance and so help you or your customer balance high initial costs with the rewards to be derived from that investment. Our aim is to help customers invest now to save for the future.

Areas of expertise

We specialise in structuring and funding projects in the Technology, Energy and Recycling sectors, where we can arrange finance for either the complete project or individual components i.e. tangible assets, intangible assets or 100% services.

LED and Leasing Solutions

Substantial investment is required in the primary market, and also to support the growing markets for energy savings. These factors can lead to difficulty in sourcing the required funding.

GSM Finance, backed by over thirty financial institutions, have developed expertise in this market which enables us to bring together customers, suppliers and commercial lenders. We are able to fund LED across the board, from small projects from £10,000 to large installations totalling many millions of pounds. Each funding solution geared to achieving the best ROI with neutral cost, and leaving the assets insitu to achieve savings in future years.

Current Market Conditions – Leasing

In a recent article in the financial pages of the Mail on Sunday, it was reported that leasing was the only growth area in the asset finance marketplace - growing at 4% compared to a headline fall of 19%. This news is evidence customers are turning towards lease-type products to fund expenditure. For a supplier this is key, as most acquisitions have to compete against every other business project for scarce capital resource.

Companies from different industry sectors are facing cash starvation. As the banks tighten their credit lines, it is becoming increasingly difficult to find capital budgets – even with the best ROIs, or most compelling business reasons. The response from many vendors is to turn to rental to make it easier for their customers to buy.

Benefits of Lease Products

Leasing or buying- which is better? According to oil Baron Paul Getty, "If it appreciates, buy it. If it depreciates, lease it". Getty's words are sound advice – especially when one considers so many business projects are competing against each other for that scarce commodity, capital. The ten most recognised business benefits are;

1. You pay as you take benefit from increased efficiency or operational savings
2. Businesses can take advantage of today's technology using tomorrow's money
3. Revenue budgets are easier to obtain than capital budgets, both for new projects and technology updates
4. There is less likelihood of compromise of configuration or performance - more likely the right longer term solution is procured
5. The business sponsor will find it easier to find budgets and will also avoid the political infighting that delays their decision Sign off can be sought at a lower level, gaining approval is made a lot easier without interference from unwelcome sources
6. The business sponsor will be more comfortable with one periodic rental, less likely to be embarrassed looking for more capital budget as the project rolls out - this fear factor deters many would be 'champions'
7. Releases capital to finance appreciating assets or working cash flow
8. Leasing is much more tax efficient
9. It provides an alternative, unsecured, funding line to the incumbent bank
10. Fixed rates to ease budgeting

About GSM Finance

Established in November 1997, GSM Finance was formed by asset finance professionals with a wealth of experience and relationships with major UK and European financial institutions. GSM have developed an excellent empathy with our banks, clients and suppliers alike within varying industries to provide innovative solutions to capital acquisitions. We have a very good and aggressive basket of funders with appetite to deal, capable of accommodating transactions between £10,000 and, to date, £7million.

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