

Moregate helped the CIO of a Global Oil company to add \$10m to his cash balance

Freeing up funds from working capital is critical. With hundreds of millions tied up in IT assets, can managers use IT assets as a lever to free up cash?

Finance and IT can sign outsourcing deals that include up-front financing, where IT service providers make a large up-front payment in return for higher margins over the course of the contract. They may sell and lease back tangible assets, such as data centre facilities. They may place favourable vendor financing at the core of hardware and software purchasing decisions, as many companies in heavy industry or telecommunications do when they buy equipment.

Successful CIOs will give the senior management team practical ideas on how to optimise cash.

Moregate consultants advised the German CIO of a global oil company how to use Vendor Financing. The German business had just been acquired, and the new parent enforced tough cash targets on the business.

Moregate established the case for Vendor Financing within the organisation and initiated the deal with relevant outsourcing providers who would fit the culture and finance the purchase of assets and staff through a vendor finance programme. The contract value was \$60m. \$10m were paid upfront with the amortisation of this initial investment over three years through higher margins.



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