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Innervision
Harnessing the value of leasing

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Charles Taylor Consulting – a case study

Innervision, a lease portfolio management organisation, saved Charles Taylor Consulting (CTC) £150,000 over 3 years and improved the flexibility of their leasing arrangements. The key to a successful relationship between CTC and Innervision is the thorough understanding of business and financial requirements, trust and communication.

Charles Taylor Consulting plc was floated in 1997 on the London Stock Exchange. Almost everything that CTC do relates, one way or another, to the business of insurance and, with the creation of the new Run-off division in 2005, it is fair now to say that they are involved in most parts of the insurance management process:

- creating and managing both mutual insurance companies and captive insurance companies
- providing investment management services on behalf of clients
- managing claims through adjusting activities
- managing the orderly run-off of both property and casualty and life assurance companies, some of which are owned by the group

Gary Willis joined CTC in June 2003 as Group IT Director and amongst other challenges, inherited legacy leasing contracts with one of the major leasing providers with an average annual spend on leasing of around £500K. Initially, there was no reason to suspect any problems as the leases had all been running for some time. However, following a change of leasing account manager, a review of the leasing contracts was conducted as the leasing costs didn't seem to be reducing even though the levels of IT spend were getting smaller.

At this point in the story luck and fortune came into play. Gary was walking across Tower Bridge when he received an unsolicited telephone call. The caller said that many IT Directors felt they were paying too much for their leasing and a company called Innervision had already helped to reduce leasing costs for similar kinds of organisations. Gary admits that under normal circumstances he would have said 'Thanks but no thanks'. However, due to the serendipitous timing he agreed to a meeting to discuss the matter further.

Gary says that one of the things that most impressed him about Innervision during their first few meetings was that there was no hard sell. Lots of questions were asked and the answers were listened to carefully by Innervision Director Vince Baczor. He didn't talk in jargon but patiently explained leasing structures and terminology in a way that made Gary feel very comfortable.

'Complicated things were explained in simple ways. I'm an IT professional not a finance expert'

Slowly, over a number of meetings, Innervision gained a thorough understanding of the leasing situation at Charles Taylor and Gary developed a trust in Vince's knowledge and judgement, but also in his motivation.

Meetings then progressed to include the Group Finance Director, George Fitzsimons, who, inevitably, had much the same initial suspicion as Gary. Innervision worked with the finance team to identify, very specifically, the problems with the existing leases.

Once full analysis was complete and firm recommendations made by Innervision, a decision was taken to unstick Charles Taylor from the existing leases. This, in itself, was no mean challenge but Innervision assumed full responsibility for all necessary action and negotiations working with and on behalf of CTC.

'The background and experience-base of Innervision means that they speak the same language as the leasing providers and they know all the tricks.'

Innervision then set about finding an alternative leasing provider, and three possible contenders were identified and each invited to present to a team from CTC and Innervision. Because of existing business contacts, CTC chose to progress early negotiations with their preferred provider, but negotiations led by Innervision revealed critical commercial pitfalls that might have not been spotted without specialist help. This led to the selection of a new preferred supplier and all negotiations and arrangements thereafter were again handled by Innervision on behalf of CTC. After fees, Innervision saved Charles Taylor Consulting a net figure of approximately £150,000 over 3 years. In this case, Innervision's agreed fees were based on a percentage share of the savings. However, to offer CTC greater value for money, Innervision immediately suggested the alternative of their full portfolio management service for a slightly higher overall fee over three years, and have been working on that basis ever since.

'You can't know everything, if you can find people you trust, it is more effective to let them do it'

As well as sorting out the existing leasing situation Gary had another challenge, the complete replacement of the core system for the P&I Mutual Management part of the business. This included underwriting, claims, reinsurance, safety and loss and finance! Having looked at packages the decision was taken to develop a bespoke solution in .NET and SQL Server. The total cost of the solution was £4.2 million and the timescale was two and a half years. The project was delivered in July 2006 only 2 months later than originally planned and under budget.

The project contained £1 million of IT equipment and lots of software. After discussions with the finance team and George Fitzsimons, Innervision negotiated project leasing with the flexibility that CTC required. All leasing related issues including some initial administrative problems were handed straight to Innervision who sorted them out.

'The impressive bit is that Innervision doesn't just set up the lease but gets involved with the whole thing'

Gary Willis runs a very successful IT organisation for Charles Taylor Consulting. He considers that as a result of Innervision's involvement he:

'..saved money, got a better service and de-mystified the area of leasing'

Innervision are very proud to have Charles Taylor Consulting as a client. Innervision are leasing consultants whose business is to improve their client's leasing portfolios in terms of cost and flexibility. The leasing business is very complex and many leases are signed with the lessee not really understanding the future implications of some of the terms and conditions. The long standing nature of the Innervision client base is testimony to the fact that they consistently demonstrate the benefit of their involvement.