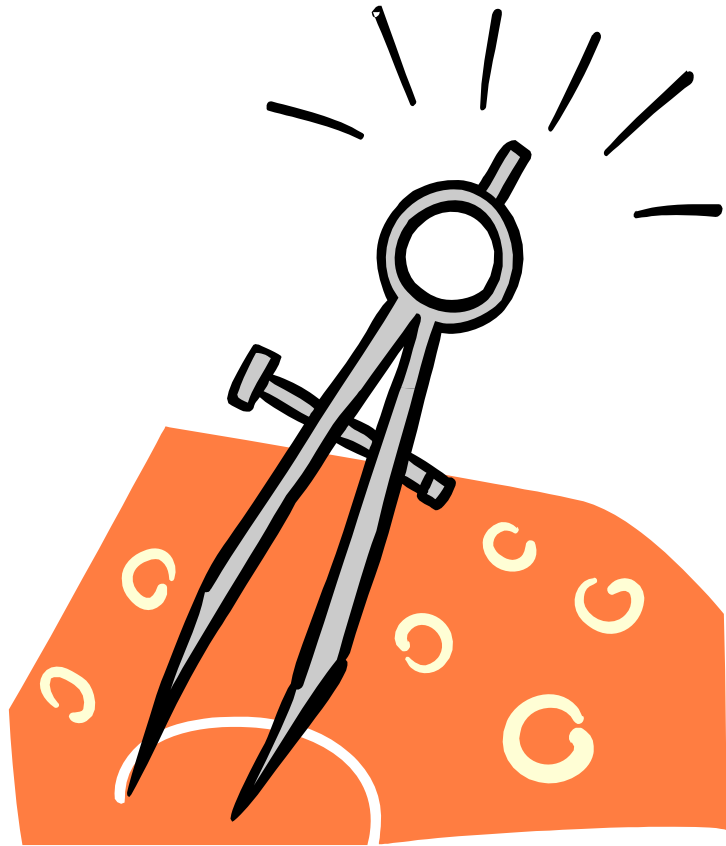


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# CapInvest



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Role of CapInvest in Enterprise

Information Technology, as relating to Leasing operations, can be seen as consisting of two distinct phases, each of which requires a different tool set:

- **TRANSACTION STRUCTURING / PRODUCT DEVELOPMENT PHASE**

This phase of leasing operations requires the assistance of analytical tools such as those offered by CapInvest. A powerful toolset enables a financial institution to develop user-friendly, market-driven, financial and savings products.

- **TRANSACTION CAPTURE PHASE / MIS**

The Transaction Capture Phase (or MIS) captures a transaction after it has been developed; for example: a system developed on DB2, Oracle, Access, Paradox, Sybase, SQL Server, and so on.

In an ideal world, Transaction Structuring and Transaction Capture phases would be rolled into a single solution. Presently, there is no solution offering this capability for the following reasons.

- The architecture of a product such as CapInvest makes it superb for analysis but not for data storage and reporting. Thus, after a transaction has been developed using a toolset such as CapInvest, the transaction needs to be captured by the database solution in use in an enterprise.
- On the flip side, the architecture of a database product is designed for data storage and not for analytics - if analytics is to be part of a database solution (as could be the case with some solutions), analytical tools are essentially supplied by an 'add-on' program that is created to address pre-defined, rigid situations and such a solution can never be open-ended (like CapInvest is). Thus, an analytical solution that is 'soldered' onto a database is costly, rigid and inflexible that is difficult to maintain. More importantly, such an analytical solution can never come close to the power of a stand-alone Transaction Structuring and Product Creation software such as CapInvest.

Incorporating World-Class Financial Modeling Techniques and sophisticated mathematical routines that incorporate Discounted Cash Flow and Leasing Concepts, CI is an analytical tool set that provides superb transaction structuring tools to enable financial institutions to move forward aggressively in a crowded financial market place – CapInvest assumes that the transaction it develops will be captured / stored in a database backend and to facilitate this CI outputs the transaction in several forms any of which is amenable for data capture by a database backend.

Thus, an optimal IT leasing solution will need to employ both components as part of the solution (Transaction Structuring and MIS) and these components need to cooperate with each other. CI is designed to work with existing backend systems and can be customized to reflect specific product related or backend related requirements. The table on the following page reproduces typical requirements for an 'integrated' solution along with VTA's comments.

Simulation – simulation of lease rentals (quotation). Lease rentals can be bullet payments or equal installments e.g. monthly, bi-monthly, quarterly, semi-annual and annual. The key parameters to be considered are the amount financed (cost of asset less deposit plus the VAT charged), tenor, rate of interest and the residual value.	<i>There is no analytical toolset in the World that comes close to the power offered by CI in structuring transactions. In addition to addressing all of the requirements mentioned here, CI comes with several other features and portals, to enable a financial institution to develop user-friendly, market-driven products.</i>
Booking – this includes capture of the customer basic details, asset details, financing details and supplier details	<i>This is a data capture activity that is carried out by the database backend.</i>
Prepayments – re-calculation of rentals where an advance payment is made	<i>CI has a 'RePricing' portal (along with several other portals) that carries out this task.</i>
Extension – re-calculation of rentals to accommodate arrears where such a request has been approved and also re-calculation of rentals where tenor has been increased/decreased.	<i>CI has a 'RePricing' portal (along with several other portals) that carries out this task.</i>
Escalation/de-escalation – where a rate change occurs, module should be able to handle mass rate changes based on prevailing rate of lease.	<i>This is a database feature that applies to transactions that have been developed and are stored in a database.</i>
Status Tracking – account status tracking i.e. active, expired, closed, reversed.	<i>This is a database feature that applies to transactions that have been developed and stored in a database.</i>
Classification – based on arrears aging i.e. pass, special mention, sub-standard, doubtful or loss.	<i>This is a database feature that applies to transactions that have been developed and stored in a database.</i>
Accounting Entries/journals – ability to process journals to effect changes on leases e.g. reversal of overdue interest, transfer of payments etc. There should be a linkage to GL accounts.	<i>This is a database feature that applies to transactions that have been developed and stored in a database. Transaction data is retrieved and presented via reports.</i>
Correspondence – generation of event due letters e.g. arrears letters, extension letters, and rate escalation letters.	<i>This is a database feature that applies to transactions that have been developed and stored in a database. Transaction data is retrieved and presented via reports.</i>
Reports – income generated by business, balances outstanding for leases, arrears outstanding for leases, arrears aging analysis, events due report, limit tracking report.	<i>This is a database feature that applies to transactions that have been developed and stored in a database. CI provides reports on several dimensions of a transaction at the time it is being developed.</i>
Statements – generation of customer statements	<i>This is a database feature.</i>
Debit Orders/stop orders – automatic generation of debit orders	<i>This is a database feature.</i>