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FieldSolutions

Probe

Product Overview

Field Solutions Ltd

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Probe Product Overview

What is Probe

Probe is an extension of the idea of a 'lease-v-buy' comparison. Its purpose is to compare, from the customer's after-tax point of view, any of the alternatives he may have for financing the acquisition of an asset.

So, for example, it might compare a finance company's lease or hire purchase option with the customer's outright purchase using debt (overdraft or fixed term), to determine which is least expensive after tax. But it can also compare a finance company's lease option with its own hire purchase option, to ensure that the customer is being offered the optimal product. Or again it can compare one finance company's offering against another company's, to establish which prospective lender offers best value for money (which, if the payment profiles differ, cannot be judged simply by looking at the interest rate).

Probe can compare as many different options as you want, so might compare the lender's lease and hire purchase offerings against each other and against the customer's debt alternative.

Aimed at

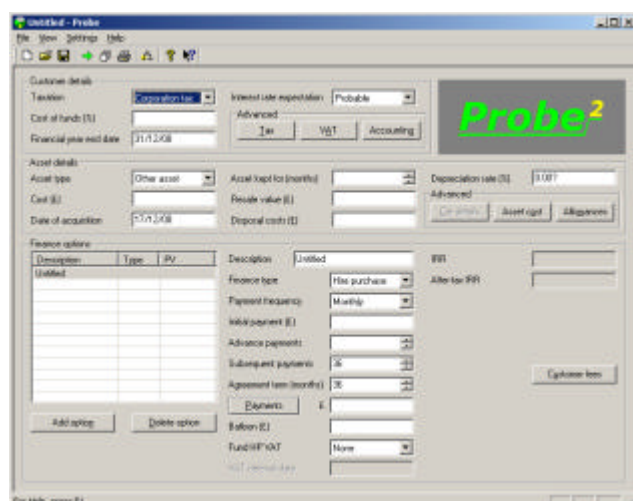
Probe is designed to be as easy as possible to use, and is suitable for use by the customer's finance staff, accountants or advisers. It is also suitable for use by staff in small and middle-ticket lenders who (a) want to ensure that they provide their customers with the best possible products and (b) want to ensure that they are providing good value compared to other lenders, in order to maximise the possibility of a sale.

Benefits

Probe is easy to use, with simple intuitive data entry screens.

Probe allows the customer to compare the real after-tax costs of acquisition of different finance strategies, facilitating meaningful dialog with lenders' representatives.

When used by the lender, Probe helps ensure that the sales representative has sufficiently understood his customer's requirements ("Know your Customer") and has identified the most appropriate finance product to offer to the customer. Focussed use of Probe allows the sales representative to home in on those issues which actually matter to the customer, and so avoid getting sidetracked onto issues which the customer may *feel* interested in, but which are not significant to the financing decision.



Probe's [Sensitivity Analysis](#) helps the user focus on the factors which significantly affect the financing decision, such as how long assets may be kept (asset replacement cycles), expectations of future interest rate movements, and so on.

Probe is fully compliant with the corporation tax changes in FA2006 and FA2008 and, to the extent currently known, with the business car tax relief changes (emissions basis) expected in FA2009.

Scope and Features

Probe handles the following different types of finance:

- Hire purchase
- Finance and Operating leases
- Debt (fixed or variable rate)
- Customer's own cash

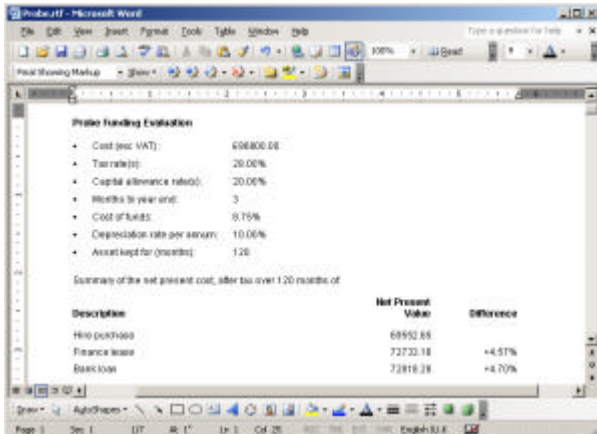
and includes the following features:

- Corporation tax or Income tax payer
- Cars and non-car (commercial vehicle, plant) assets
- Different accounting treatments
- VAT payment timing
- Simple or structured repayment/rental profiles

Reports

Probe provides a number of reports and outputs:

- Summary of calculated results, showing ranking of finance options.
- Simple cashflow reports comparing after-tax cash costs of the different options.
- Formatted reports suitable for presentation to customer.



The screenshot shows a Microsoft Word document titled "Probe Funding Evaluation". It contains a list of parameters for a funding evaluation, followed by a summary of the net present cost after tax over 120 months, and a table comparing three options: Hire purchase, Finance lease, and Bank loan.

Description	Net Present Value	Difference
Hire purchase	68952.85	
Finance lease	73733.18	+4.57%
Bank loan	72816.38	+4.70%

Sensitivity analysis

Sensitivity allows the user to investigate the dependence of the results on the accuracy of the potentially least reliable estimates used in the evaluation, including:

- Discount rate
- Customer's marginal tax rate
- Period for which asset would be kept
- Asset acquisition date
- Asset value when disposed of
- Future interest rates

Probe automatically calculates the points at which changes to these assumptions causes the ranking of the finance alternatives to change, which indicates whether the accuracy of these assumptions actually matters. For example, we might find that the only close sensitivity is to the period for which the asset is kept, indicating that the most fruitful topic of conversation between customer and sales representative is on asset replacement cycles, not on interest rates or even, particularly, finance structure.

Methodology

From the input data, Probe works out all of the cash flows associated with each of the financing options, including hire purchase/loan repayments, lease rentals, corporation or income tax reliefs, VAT timings, and asset sale proceeds/rental rebates.

Discounting all of these at a common discount rate, Probe then establishes the after-tax whole-life present-value cost of the asset for each of the finance alternatives, and ranks these in order.

Clearly, many other factors, including profit & loss and balance sheet effect, ownership aspirations and risk factors will influence the customer's financing decision, but by providing a monetary evaluation of the whole-life after-tax cost, Probe establishes firstly whether there is any significant difference between the financing options, and if so which is, on this basis, least expensive.

Platform

Probe runs on any 32-bit Windows-based PC, from the original Windows 95 up to Microsoft Vista. The program can be installed locally on the user's laptop or desktop PC, or can be installed on a central network for shared access.

Interfaces

Where both are installed on the same PC, Probe automatically imports quotation calculations performed using Field Solutions' [Freehand](#) system.