Czech Property Investments

IBM Global Financing helps increase funding flexibility for strategic IT projects

Based in Prague, Czech Property Investments (CPI) is a leading Czech Republic property group engaged in the investment, development and management of real estate in central Europe. The group comprises approximately 350 companies. Under CPI's acquisition strategy, this number continues to grow.

Business Challenge

Czech Property Investments (CPI) wanted to finance IT infrastructure and development projects through loans but found most banks were only willing to fund hardware under inflexible terms.

Transformation

The company turned to IBM Global Financing. Through its services, money that CPI would have to spend on IT is available to develop other projects that have a direct economic impact on operations, including the core business.

Results

By contracting with IBM Global Financing, CPI has convenient access to financing for rapidly changing operating IT needs and can release capital for IT projects that support strategic business initiatives.

Business benefits

Supports infrastructure growth and enhancement without shortchanging operating IT needs

Eases budgeting with access to lines of credit offering attractive rates

Frees up funds to support strategic business acquisitions and initiatives

"IBM Global Financing is much more flexible than banks. It is not a problem to negotiate individual conditions and exceptions."

— Radovan Picek
Chief Information Officer, CPI

Share this
IT project financing issues

Czech Property Investments (CPI) ranks as one of the most important investors in Czech Republic office, retail, residential, hotel accommodation and logistics center properties. Within Prague, major projects include the multifunctional Quadrio complex at the Národní třída metro station, the Meteor Centre Office Park C and the historic former Živnobanka. CPI also invests in projects outside the Czech Republic, such as the luxury residential Palais Maeterlinck in the French resort of Nice.

The CPI property group currently manages assets with a value exceeding CSK 123 billion. This asset value offers wide access to capital and various financing methods. “For many projects, the banks are actually competing to offer financing,” says Jan Burian, Spokesperson and Communications Director at CPI.

However, the situation is different for IT funding. “Banks do not want to finance software, and even if they fund hardware, they are often inflexible and conservative,” says Radovan Picek, Chief Information Officer (CIO) at CPI. “For example, one bank offered us attractive terms for financing the purchase of servers but required the serial numbers of all equipment in advance. This was not possible, because the manufacturer does not produce servers until it receives payment.”

There are also terminology issues when negotiating IT financing. “IT is an alien concept for banks,” says Picek. “If you say you want to buy data storage, they think USB drives. It is basically impossible to explain to them that this is something completely different.”

To address such financing challenges, CPI turned to IBM. “With IBM Global Financing, we have greater flexibility and support because it specializes in IT financing and is therefore known by those in this field and well aware of the established rules,” says Picek.

The right financial partner

CPI’s relationship with IBM Global Financing began in 2013, when CPI was looking for a partner to finance IT projects through loans. “We found that IBM Global Financing offered the best conditions, considerable flexibility, quality service and ability to meet our funding requirements,” says Tom Novotny, Business Application Manager and Deputy CIO of CPI. Picek agrees. “IBM Global Financing is much more flexible than banks. It is not a problem to negotiate individual conditions and exceptions. When we say we need something, it is able to adapt.”

“With IBM Global Financing, we are still within IBM,” continues Picek. “Its people have extensive experience in IT. They know exactly what you mean, what you need and what that entails. In addition, all of our suppliers have signed contracts with IBM Global Financing. We simply buy what we need and forward the invoices to IBM Global Financing. It reimburses the vendors.”

Peter Ščepánek, Channel Sales Leader for the Central Region within IBM Global Financing, adds: “We also offer financing as a loan, as well as leasing, which can be adapted to suit specific clients. Of course, there is a postponement of the maturity up to 90 days. We provide not only funds for the purchase of hardware or software but also comprehensively to the whole project, including implementation, training services and other necessary services.”

Enhanced flexibility

Over multiple years, IBM Global Financing has helped CPI finance IT infrastructure and strategic projects. During that time, IBM Global Financing helped CPI release the capital needed for expansion. It also provided quick and convenient access to financing for rapidly changing operating needs of the CPI IT group as a whole.

For increased flexibility in funding, CPI benefits from open IBM Global Financing credit lines that cover small and large outlays. To date, such credit lines have supported a range of CPI projects from network infrastructure — including integration services — to offices in the Quadrio building, in addition to funding countless minor operating costs such as an antivirus software license for 1,400 Symantec terminal stations. “A key argument for using IBM Global Financing services is the ability to finance mainly software products, without further conditions,” says Novotny.

In addition, CPI used the IBM Global Financing services for financing capital-intensive projects such as construction of a new data center and investment in a comprehensive corporate information system. “IBM Global Financing can finance anything — software, hardware and IT services — from any supplier,” says Picek. “For example, we established a data center where we used no IBM solutions. Yet the offer from IBM Global Financing was still more favorable than the offer of funding directly from the manufacturer of servers and data storage.”

“I experience less stress when I am planning an acquisition or temporarily need to use money elsewhere. I just open a credit line with IBM Global Financing and I have the necessary funds available immediately.”

— Radovan Picek, Chief Information Officer, CPI
Freeing up funds for development

By teaming with IBM Global Financing, money that CPI would have to spend on IT is available to develop other projects that have a direct economic impact on operations, including the core business. CPI’s IT infrastructure is fairly extensive, including 1,400 end stations, 320 servers, hundreds of active network elements, extensive data storage and a tremendous variety of software tools. With each new acquisition, the number of managed elements increases, putting tremendous pressure on IT budgets and cash flow. “I personally use financing from IBM Global Financing because it is much easier when negotiating budgets,” said Picek.

Moreover, the price of money offered by IBM Global Financing is lower than the return we make in the meantime on investment and development of our core business,” adds Burian.

Moving forward

“After 2.5 years of working with IBM Global Financing, we did not experience any negative deviation from the quality of service,” say Novotny. “It was thus a logical choice for us to finance our large-scale Microsoft Dynamics AX solution implementation project in collaboration with IBM Global Financing Certified Partner WEBCOM.”

The Microsoft Dynamics AX information system is a solid solution for multinational companies such as CPI that manage various types of real estate business for many organizations in multiple countries. “Our solution supports the entire rental process and all needs related to maintenance, repairs and renovations. Another module manages all activities for the construction of new buildings,” explains David Vajda, a member of WEBCOM.

CPI expects the Microsoft Dynamics AX solution to be integral in helping achieve its objectives because it will be the single platform across CPI group companies, replacing various information systems often operating on different platforms. “CPI expects to benefit by reduced costs of internal processes. Thanks to extra funding from IBM Global Financing, CPI can position the company future savings, without expending considerable investment resources up front.”

About IBM Global Financing

IBM Global Financing is the world’s largest provider of funding for IT, software products and services. Its main objective is to provide flexible and attractive financing to help clients effectively invest in enterprise applications and related services.

About WEBCOM

WEBCOM became an IBM Global Financing partner with the title “Top Contributor for the Czech Republic.” Commended for its innovative approach to helping customers, WEBCOM brokered more than CSK 50 million in funding for implementing IT solutions for customers in 2014.

Solution components
- IBM Global Financing
- IBM Certified Partner WEBCOM

Take the next step

To learn more about IBM Global Financing, please visit: ibm.com/financing

For more information about IBM Global Financing Certified Partner WEBCOM, please visit: www.WEBCOM.cz

© Copyright IBM Corporation 2016, IBM Corporation, IBM Global Financing, Route 100, Somers, NY 10589, U.S.A.

Produced in the United States of America, May 2016.

IBM, the IBM logo and ibm.com are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the web at “Copyright and trademark information” at www.ibm.com/legal/copytrade.shtml.

Microsoft is a trademark of Microsoft Corporation in the United States, other countries, or both.

This document is current as of the initial date of publication and may be changed by IBM at any time. The performance data and client examples cited are presented for illustrative purposes only. Actual performance results may vary depending on specific configurations and operating conditions. It is the user’s responsibility to evaluate and verify the operation of any other products or programs with IBM products and programs. THE INFORMATION IN THIS DOCUMENT IS PROVIDED “AS IS” WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY OR CONDITION OF NON-INFRINGEMENT. IBM products are warranted according to the terms and conditions of the agreements under which they are provided.

IBM Global Financing offerings are provided through IBM Credit LLC in the United States and other IBM subsidiaries and divisions worldwide to qualified commercial and government clients. Rates and availability are based on a client’s credit rating, financing terms, offering type, equipment and product type and options, and may vary by country. Non-hardware items must be one-time, non-recurring charges and are financed by means of loans. Other restrictions may apply. Rates and offerings are subject to change, extension or withdrawal without notice and may not be available in all countries.