



November 2008

# Is your business ready for the global financial crisis?

*By David Younger, TSM Managing Director*

## Is your business ready for the global financial crisis? Now is the time to act! Be prepared when recession hits!

Sounds rather dramatic doesn't it? Two questions come immediately to mind.

1. What is it all about?
2. How is it going to impact my business?

The first question can be quite simply answered (although the issue is immensely complicated). Putting it simply, US banks lent large amounts of money to people to purchase homes without any regard to the ability of the purchaser to repay the loan.

Now these were not ordinary loans, these were complicated balloon loans that started off with a very low interest rate which jumped up to very high levels after a few years.

So why would anyone in their right mind want to take out such a loans? Because they could! House prices were going up and up with no end in sight and for some reason, many of these people thought that this would continue forever. Many purchased homes in the mistaken belief that they could hold on to them for 2-3 years and then sell them before the loan rate kicker cut in and they would make a killing. The next guy would take out a similar loan and purchase their property and the cycle would continue. And for some reason, the banks went along with this because they too were planning on making a killing.

The entire practice relied on three things, rising house prices, unlimited supply of cheap funds and people willing to borrow and purchase regardless of the price. But what happened? The



### TSM Support FAQ Library

A compilation of support documentation addressing common questions in TSM is now available from <ftp://ftp.proware.com.au/FAQ/FAQ.html>. Issues ranging from the accounting posts to common errors and operating system compatibility are addressed. This project is a direct result of customer feedback and we greatly appreciate user input and welcome any comments on this FAQ library



### We're here to help you!

For any technical support or assistance, please call:

02 8002 2311 Sydney  
03 9010 9011 Melbourne  
07 3102 7511 Brisbane  
08 9467 2911 Perth

upward momentum finally slowed and stopped and house prices started to fall, available funds dried up and the whole mess collapsed in a big heap. The values of these homes tumbled, sales were impossible as credit dried up and the banks started foreclosing left, right and centre as home owners could not meet the ballooning cost of their repayments which they never expected to have to deal with in the first place.

Now remember, we are not talking about a few hundred or even a few thousand loans (and the real people behind them) but millions of these loans affecting mum and pop families across the USA.

So what you say, why should this affect me all the way over her in Oz? Well, the money had to come from somewhere and foreign banks world wide, including some in Australia lined up to make a killing funding these subprime loans to US banks. But not only banks, superannuation funds and all sorts of investment funds also lined up, gambling their investors money on a 'sure thing', and for a while, everyone made a lot of money. It was a win-win-win situation for all.

Unfortunately, people often forget the age old wisdom that 'If it seems too good to be true, it probably is.'

So now you have banks around the world making heavy losses on investments that are now worthless, your superannuation fund has taken a beating and your share portfolio is worth half what it was this time last year (if you are one of the lucky ones). And it has turned into a lose-lose-lose situation. Everyone loses!



You start to think 'I wonder if my savings in the bank are safe because I hear about some banks closing down over this mess'. So you decide that your money would be safer under the mattress and you withdraw all your savings from the bank. But what would happen if everyone decides the same? The banks don't have that sort of cash lying around and rely on what they do have to fund their new mortgages. So the banks run out of money to lend (which is how they make their obscene profits) and they put a hold on their savings accounts, freezing these funds and stopping you from accessing your money.

But what if you are building a new house, investing in a new business or involved in some other activity that is relying on these funds? Well, I guess you are going to be in a spot of bother. And what about the other businesses relying on that next payment of yours? What about their creditors, the manufacturers and service providers? What impact will this have on them?

'The banks will never do that' you say, 'its unheard of, un Australian!'. But just last month, Colonial First State, Babcock and Brown, AXA and Perpetual all froze some of their income and mortgage funds for at least 3 months. Bad luck if you had your money there and needed to spend it. Even worse, bad luck if you had your money invested in Lehman Brothers. They don't even exist any more and neither would your money!

Imagine what would happen if the Commonwealth bank or Westpac or even one of the smaller banks such as St George



## Don't forget about the TSM user forum!

With over 170 members, it is a great place to get support or tips on TSM from colleagues in your industry and others. If you have any features that you would like to see in TSM, please post your idea in New Features Suggestions section of the forum.

You can also find out if others also think this is a good idea!

## TSM Message Board

### Seminar in Melbourne this December 4!

December 4, 2008  
QUEST EAST ST. KILDA  
441 Inkerman Street  
East St. Kilda

Targeted at non-customers, the seminar covers important information on how to improve productivity and profitability in a field service

or one of the building societies or credit unions was to go broke tomorrow.  
It starts to get a bit close to home and worrying doesn't it?

So now if you take all the above into account and put it into a global framework, you can see that the entire international financial system is imploding, all because of a bunch of greedy USA property investors and an even greedier banking system.

Step in governments around the world to prop up the banking system with our tax payer funded dollars and .... well that's a whole other story for another time!

Continued...

*Watch out for the continuation of this article on the next issue!*

## TSM 6.8 is here!

The long wait is over! TSM new version 6.8 is finally here. After months of developments and testing, the new TSM 6.8 is scheduled to be launched this December with multitude of updates and enhancements.

Some of the notable changes in the new TSM 6.8 include the following:



- The new Serialised Inventory
- Checklists
- Tasks
- Easier parts used / ordered bulk entry screens
- Enhanced Email Support
- Report email enhancements
- Employee Chat
- Exchange Link
- Reserved Licences
- Document scanning
- Purchase Unit of Measure
- Enhanced Report selection screens
- Enhanced user field layout options
- Supplier Purchase discounts

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- Automated updates

And heaps more!!

In our next issue, we will start to look in depth at some of the new features of TSM 6.8. Make sure you keep your maintenance updated so you can stay up to date with the latest TSM version. Remember, TSM 6.8 is just around the corner!

## TSM SQL Version

After a number of false starts and much time, we have finally commenced rewriting TSM for SQL. This will be a complete re-write from the ground up, not just a patch to use SQL. This means that TSM will be able to fully take advantage of the latest advances in technologies, support distributed clients (interstate branches) and run considerably faster with much larger databases.

We plan on releasing a Light version by the end of the financial year with the full version to follow.

The rewrite will incorporate all of the existing major features of TSM but we intend to redesign a number of them to make them much more flexible to suit different needs.

As part of this redevelopment, we invite you all to submit your wish lists. We are open to any ideas, both reasonable or fanciful and look forward to your suggestions. Please provide your suggestions in the following format:

1. Describe the request
2. Describe the benefit this will bring to your use of TSM
3. Describe the importance to you to have this implemented in the first release as a rating between 1-5 where 5 is most urgent and 1 is just nice to have.
4. Put TSM Suggestion in the subject line.

We can't guarantee that we will implement all or any of your suggestions but now is the time to let us know before the system is set in stone.

Send your suggestions to [support@theservicemanager.com](mailto:support@theservicemanager.com)

