

IDENTIFYING PRIVATE SECTOR BUSINESS PARTNERS

ATTRACTING AND PREPARING FOR PRIVATE SECTOR INVESTMENTS

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4 IMPORTANT FACTORS

1. Know and prove you current and potential market.
2. DBIA/GMAX contract to build
3. Address Risk Factors early
4. Revenue

Know Your Market

- Demonstrate your current market's viability
 - Container, Bulk, Break Bulk
 - Revenue Streams, profitability
 - Can do in-house
- Validate your proposed/future/anticipated market with an independent third party validation

DBIA/GMAX Contract to Build

- **Investors hate uncertainty-never say “about,” “around,” “approximately,” or “beats the heck out of me”**
- **Most port facilities are not rocket science
-cost of docks, cranes, equipment, etc are reasonably common**
- **Identify a “known” contactor to give you a DBIA/GMAX contract**
 - **Does not cost much to produce**
 - **May be a little high, but has contingency built in**
 - **Have incentive clauses to encourage economies and ultimately reduce cost.**

RISK FACTORS

- Investors have seen a million deals and can recognize risks that you may not see.
- Market Risk-Is it what you say it is?
- Competitive Risk- that business is already somewhere else, what can they do to keep it?
- Technology Risk-Doing something new?
- Operational Risk-Will it work as advertised?

ULTIMATE RISK: REVENUE

- Ports are not toll roads, parking garages, or utilities. Revenues rarely guaranteed
- Most Investors want to see the revenue from the investment or from existing continuing operations (debt and equity investors)
- Most Important to address
- Match your potential investors to your revenue risk.