

THE COST BENEFIT ANALYSIS OF AN IT INVESTMENT

The equation is simple

In order to make a valid business case for your new IT equipment, a cost benefit analysis is imperative in getting the right stakeholders on board. The analysis is necessary even if an equipment purchase is related to the normal course of business, like needing more PCs for new employees, or a more robust server or a faster router to keep up with the speed of modern business. The level of capital expenditure and operational costs support the decision with the numbers you have, so you make arrangements to obtain a new lease to acquire the IT equipment. Only now you've come to discover that you have more paperwork, unexpected processing fees and someone who needs to take the time to manage these new administrative tasks, all of which can add operational costs to the equation. No matter the size of the investment, cost overruns leading to reduced returns on the project should not be one of the outcomes.

Before you can evaluate the expected return on your IT investments, you need to assess the associated costs, including administrative costs. A cost benefit analysis helps predict whether the benefits of acquiring the new IT equipment will outweigh its costs, and if so, by what percentage. Accurately estimating these indirect costs before you make the investment is easier said than done. But there is another way that takes the variable of indirect costs out of the equation.

How a Veristor Capital PLA Simplifies Your Cost Benefit Analysis

Using a Veristor Capital Procurement Line Agreement (PLA) gives you the flexibility you need to acquire IT equipment, software and professional services quickly, and without any added paperwork or administrative tasks. A typical process is as follows:

1. **Veristor Capital submits a proposal for your review and approval**
2. **Veristor Capital submits PLA documents**
3. **You execute a Master Lease Agreement and PLA document and authorize Veristor Capital to place purchases on a PL schedule**
4. **You order your IT equipment, software and/or services from the vendor of your choice or we can order it for you from the vendor of your choice based on the quotes you have received**
5. **Veristor Capital processes and pays the vendor invoices on your behalf**

6. **At the end of the project Veristor Capital totals all the invoices and calculates the payment according to the terms of your PLA**
7. **Veristor Capital issues a complete set of documents to you for validation and execution**

As evidenced by the agreement process, almost all of the paperwork and administrative functions are handled by Veristor Capital. It's like having an accounts payable person completely dedicated to your IT investment without dedicating one of your own employees to manage the responsibility. As a result, the time that would normally be required is given back to you because of the elimination of these functions from your day-to-day operations. The time and expense savings end up paying for the cost of the equipment and you and your team can spend more time on the activities that drive your business forward. The rewards continue to save time and costs down the road because the PLA agreement handles long-term administrative responsibilities such as:

- **Invoices that are all managed, processed and paid by Veristor Capital on your behalf**
- **Purchase orders that your Veristor Capital representative issues to your chosen vendor**
- **Single source financing for multi-vendor projects with the option to purchase hardware, software and services from Veristor or the vendor of your choice**
- **Financing for rollouts or implementations that require months to finish**

Aside from the time requirement and paperwork that is dramatically reduced, a Veristor Capital PLA agreement provides financial flexibility. You can put all your project costs on a single lease schedule keeping your paperwork, payments and terms simple and predictable. Normally, you pay for the equipment as it is ordered from the vendors. With our PLA, Veristor Capital pays the vendors and you do not make any payments until the project is complete. This way, you can use incremental cash flow generated from the project to make your monthly payments. Now the upfront cost analysis you did still supports the business decision to purchase the new IT equipment and the return on investment is protected.

Contact Veristor Capital today to learn how you can get the IT assets you need, while holding on to more of your time and money than ever before. Visit veristor.com/capital for more information.