WHY BUSINESSES DON’T LEASE IT EQUIPMENT
And why they should

As businesses compete and grow in a continuously changing environment, many still struggle with the right way to finance IT equipment. But they often revert back to the familiar yet limiting methods of the past, such as purchasing the equipment outright or acquiring a loan. However, simply because that’s how it’s always been done, doesn’t mean it’s the best way. The time is now for companies to consider equipment leasing as an opportunity to better manage their cash flow and manage the accelerating pace of technology change.

The Most Common Reasons Businesses Don’t Lease

1. **Cash** – Often, businesses don’t lease because they have the necessary cash on hand to make an outright purchase. However, IT assets typically depreciate over time, so saving your cash to invest in higher yield, revenue-generating assets and activities can bring a better return on your investment.

2. **Bank Line** - Alternatively, businesses tend to leverage a bank line that has already been established. This method would seem like the most logical, but the interest rate typically varies with the market, so you can safely assume that your rate will increase. That’s when your initial economic analysis and the financial benefits of a bank line can become a moot point.

3. **Not on the Radar** – Because businesses may have not leased in the past, they simply don’t think of it as an option. For customers who haven’t considered equipment leasing, now is a great time to learn more.

Powerful Reasons Why You Should Consider Leasing

Choosing to lease is the smart way to acquire IT equipment. Rates are still at historic low levels and are likely to rise, while leases offer financial terms that will remain steady over the life of the agreement. In addition, the term of a lease often coincides with the upgrade cycle of the equipment being financed, keeping lessees at the forefront of innovation. Combined with the fact that the sum of all of the lease payments is often less than the purchase price, the leasing option becomes even more attractive.

The Facts Speak for Themselves.

- Banks can charge you a fee on your line of credit, even if you never use it. Leasing companies charge only for the financing you use.
● To secure a loan, banks require a down payment, in some cases as much as 20% to 30%. This can eat away at your working capital. Leasing companies don’t.

● Banks are not as flexible as leasing companies. Equipment leasing companies can create an individualized lease arrangement for you such as no payments for 90 days to give you time to get your new equipment up and running. Banks can’t.

● If you borrow too much from a bank, this can limit your ability to get future loans and provide fewer options during crises. Leasing allows you to expand and diversify your funding sources.

● Banks won’t give you 100% financing. Leasing companies will. In fact, when you lease from a reputable leasing company you can get 100% financing for not only the cost of the equipment, but for labor, installation and even training or consultation.

● Banks can put liens on all of the assets of your company including receivables and inventory. Leasing companies only put a lien on the equipment.

● Leasing allows businesses to fully expense lease payments as a rental and provides valuable tax deductions for your business.

Reputable leasing companies work closely with equipment companies. They know the equipment business and can advise you on the terms that work best for your business. In addition, leasing companies offer a variety of options that banks simply can’t match.

These options include:

✓ Lease Purchase ($1.00 buy-out) - allow you to buy the equipment at the end of the lease term for a nominal amount of $1.00

✓ Operating Lease (fair market value buy-out) - provides you with the option to purchase the equipment at the end of the lease for its fair market value, continue leasing the equipment based on its Fair market value or return the equipment

✓ Leases can be structured as either OpEx or CapEx based on your preferences and financial goals

✓ Venture Leases - a perfect solution for start-up companies with venture capital backing

Deferred Payment - ideal for companies in which the equipment will be used for a project that won’t generate revenue for a period of time, so that the initial months have minimal or no payments

✓ Seasonal Payment - designed for those businesses with seasonal cash flows so payments might be higher when business is good and lower during the slow season

✓ Step-up/Step-down payments structured to match a company’s cash flow needs. Payments can start low and then increase during the later years of the lease, or payments can start high and then decrease, minimizing finance charges
✓ Municipal Lease - available to all city and state agencies such as public school districts, municipal hospitals, police and fire departments. Due to the tax-exempt status of the lessee, rates are much lower than standard commercial rates

Leasing will get you the IT equipment you need at the best price.

Contact Veristor Capital today and we can get you the information you need to make the right decision for your business. Visit veristor.com/capital for more information.