

## **Stretch Your IT Budget with a Leasing Partner**

### **By Joseph Marion**

If your company is like mine, the expectations of your IT Department continue to grow, while your budget continues to shrink. One way to do more things with less money is to lease rather than own your IT equipment. But what should you look for in a leasing partner?

Today there are hundreds if not thousands of companies out there willing to finance your IT equipment. There is a bank on every corner that would be happy to finance your hardware. But note that I did not say to look for a “finance company.” I said to look for a “leasing PARTNER.” There is a difference.

In today’s rapidly changing high tech world your leasing partner should not just be the company that offers you the lowest lease rate factor. You need to choose a Lessor that will provide you with “value added” services. Find a leasing partner who will understand your goals and provide flexibility which will assist you in achieving those goals.

Before you choose a leasing partner, there are some things you and your partner need to consider before jumping into that relationship.

Do it on your schedule

Most finance companies offer leases for terms of 24, 36 or 48 months. But what if your project doesn’t fall into one of those categories? For example, your project might require a “ramp up” period which requires you to phase in your hardware over a year. So in your case, you might need a leasing partner who will be willing to set up a lease which will phase in and finance your hardware as you receive it and THEN start the lease term when all the hardware is received.

Short term needs

Many times the best way to phase in a new installation is to run your old equipment in parallel with your new equipment for a period of time. This type of arrangement might require a leasing partner that would be willing to purchase your old IT equipment and rent it back to you for a short term, while at the same time finance your new installation. (We call this type of arrangement a “purchase-lease back.”) That will give you the money to spend today on your new hardware while allowing you to continue to use your old hardware at the same time.

Or maybe you need to temporarily rent some hardware for a short term while your new hardware is coming in. In this case you should be looking for a leasing partner who has an inventory of equipment which they are willing to provide to you on a short term basis.

Help!

**Does your leasing partner have any hardware expertise at all?** The leasing company that finances your fork lift trucks is usually not be the right partner to implement a roll out of a complex complicated IT project. A good full service IT leasing partner should understand technology hardware. They should have a hardware trading department that has the expertise to provide you with some additional information about your IT equipment. And their expertise should be on multiple equipment platforms. Lastly they should deal in both new and used equipment. The right leasing partner with these types of resources will become a valuable resource to you.

Most IT equipment manufacturers have leasing departments. But manufacturers primarily are there to move new hardware, not used. Keep in mind that sometimes the solution to your IT needs might call for a combination of used and new hardware. Therefore, it might be a good idea to stay away from the manufacturer's leasing company.

You signed it, now keep it!

Let's face the fact that a leasing company makes money when your hardware "stays in." In fact, the thing a leasing company lives for is seeing you keep your hardware installed well after your original lease term has expired.

You need to choose a **leasing partner who will share your goal of keeping your company IT platforms state of the art.** A leasing partner should be as interested in keeping their lease hardware portfolio "fresh" as you are in keeping state of the art hardware in your IT shop. Some leasing companies will tell you that they are willing to work with you to keep your equipment current. But you need to find out how real they are. Ask the question of your potential leasing partner of "What happens when 20 months into my lease, I decide I need swap out my CPU?" The answer will tell you what their real goals are.

Choose wisely

It always helps when you and your leasing partner are pulling on the same end of the rope. But like in every good partnership, your partner cannot assist you if they are not made aware of your specific long and short term goals. A good partner will ask those questions. The others will just quote you a lease rate. The ASCDI ([www.ascdi.com](http://www.ascdi.com)) and the Equipment Lessors Association ([www.elaonline.com](http://www.elaonline.com)) are good places to start when looking for a leasing partner. While the ELA has a lot of great leasing companies, the ASCDI has greater percentage of companies that lease AND also provide hardware services.

Remember, your IT lease should be a tool that when properly implemented allows you flexibility while at the same time keeps your IT departments state of the art, not a ball and change that ties you down.

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