Why leasing makes sense

COLUMN BY RICHARD R. VENSEL



You can get it right now. When the newest technology is crucial for your productivity, waiting for the funds to be available isn't always an option. With a lease, you won't have to put forth a hefty upfront payment and won't have to worry about using up cash on hand that is needed for other expenses.

You will know what you're paying each month. With the prices of technology always increasing, the option of being able to plan and budget for a predictable monthly payment will be a huge benefit for you. With a lease, there will never be any surprises or variability and the payment can be worked around almost any budget.

You will have a competitive advantage. Leasing the newest or fastest technology will allow you to get ahead of the competition that might not have access to the same equipment. At the end of the lease, you'll be free to move on to the most recent release of the equipment—allowing your business to always stay ahead of the curve and giving you the perfect opportunity to sell an upgrade.

You will keep your cash reserves free. Paying for the equipment over time with a lease agreement means that there is no huge cash burden for you. You will be able to keep your cash reserves clear for other expenses or emergencies.

You won't be afraid of obsolescence. Many businesses fear the ever-changing nature of technology. They're worried that they'll get stuck with something that becomes out-of-date the second they buy it. With the option of a technology lease, you'll be able to hand your purchase back when the lease is up and move on to your more up-to-date version.

You can bundle in soft costs like training and support. With any technology or hardware purchase, there are always unforeseen expenses like training or delivery. With a lease agreement, you'll be their finance hero, as these costs can often be rolled right into the purchase price.

You won't have to worry about disposing of it later. When the IT assets are no longer needed, you will not have to dispose of them—a process that may be more complicated and costly than many realize. IT components must be properly recycled according to local and federal environmental regulations. With a lease, you won't have to worry about it.

You will reap some serious tax benefits. The entire lease payment, unlike a loan payment, can be deducted as an operating expense in the period in which it's paid, hence reducing the overall cost of the lease. On top of this, payments are treated as expenses on the income sheet. So, there's no need to worry about depreciation.

You can have flexible payment options. Some lenders will offer the benefit of deferred payments, so you can begin to use the hardware before you have paid a cent for it. You will even be able to create a "stepped" payment plan, meaning the future payment can be higher or lower as needed.

You won't have to hassle with the bank. Getting a loan from a bank is often not an easy process, as there are usually a number of regulations and restrictions, especially when it comes to financing technology and hardware. With a lease through an alternative lender, you can avoid the bank and rest assured that the financing process will be simple.

Adapted from techys.com/leasing.html.

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