

Understanding IT Leasing

Strategic insights into how organizations manage and finance their technology lifecycle

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The IT Leasing Landscape

A high-level overview of the technology leasing landscape

IT Leasing: At 11.4% of the overall equipment finance market, IT equipment and related technology services was the fourth most-financed equipment type in 2024 (after transportation, agriculture, and construction equipment).

- PCs and workstations accounted for approx. \$50BN of leased equipment in 2024.
- Followed by networking equipment (\$35BN), mainframes and servers (\$6.7BN), storage (\$2.7BN), tablets, smart phones and other mobile devices (\$1.35BN), and POS, banking systems and ATMs (\$1.3BN).

Prevalence: More than 8 in 10 U.S. companies use some form of financing when acquiring equipment.

The Impact of AI: 42% of equipment and software end-users said they currently use generative AI in their businesses, with an additional 42% saying they were likely to do so in the next two years.

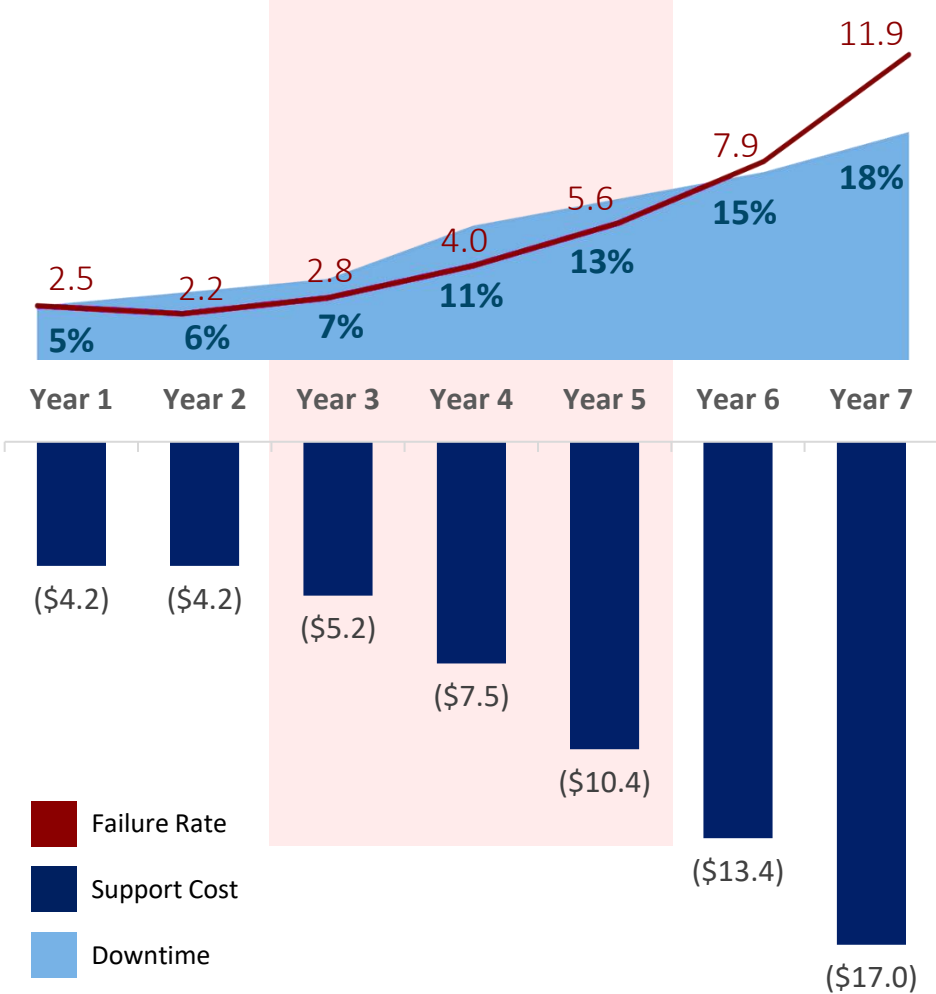


Leasing Alleviates Infrastructure Costs

Save money by leveraging a strategic technology refresh

- Increase in failure rate, downtime and support costs in transition from 3-year-old to 5-year-old infrastructure.
- Older systems break down more frequently as average failure rates increase from 7% to 18%.
- Operating system software and application software designed for three-year optimal life spans experience more issues.
- That's why it is important to have a refresh plan in order to have the right technology in place.

Effects of Time on IT Infrastructure Costs



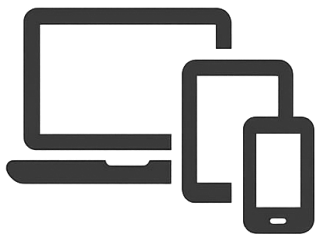
Source: IDC, Flexibility: Agility as a Strategic Business Imperative, 2024



Commonly Leased IT Equipment

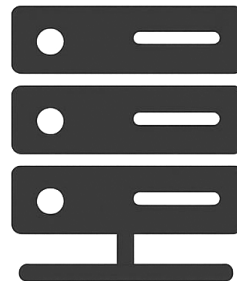
A look at the range of technology commonly leased

End User:



- Laptops
- Desktops
- Tablets
- Smartphones
- Printers/Copiers

Data Center:



- Servers/Mainframes
- Storage Arrays
- Networking Appliances
- Firewalls/Security
- Hyperconverged Infrastructure

Conference Room (A/V):



- Cameras
- Projectors
- Interactive Whiteboards
- Video Walls/Displays
- Control Panels

Security and Miscellaneous:



- Access Control Systems
- Security Cameras
- Point of Sale Devices
- Barcode Scanners
- Digital Signage/Kiosks
- ATMs/Cash Dispensers

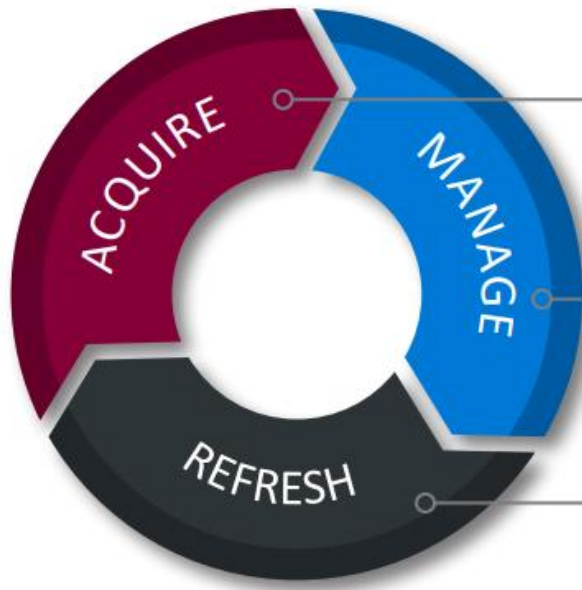


Lease vs. Purchase

Choose the model that's best for your organization

FMV Leasing (aka Operating Lease):

- Leasing equipment for a pre-arranged time with a fixed payment is ideal for assets that depreciate quickly.
- Provides greater flexibility to make changes throughout the lease term.
- At the end of the lease term, you can choose to purchase, return, or extend some or all of the equipment.
- Match the useful life of the equipment/warranty period with the lease term.
- VALUE IS IN THE USE, NOT THE OWNERSHIP.
- Disposal costs are typically covered by the leasing company.
- When done properly, FMV leasing costs less than purchase.



Get the technology you need on your schedule, control your budget, and free up cash flow.

Gain control of your IT infrastructure with reporting tools and integrate with existing systems, such as ServiceNow and Coupa.

Upgrade your IT infrastructure to ensure the latest technology is in place so your organization is always running at maximum efficiency.



Lease vs. Purchase (cont'd)

Choose the model that's best for your organization

Capital Leasing:

- Also called a \$1 buyout or \$1/out; similar to a loan (e.g. from BofA)
- Best used when obsolescence isn't a concern
- Results in higher monthly payments compared to an FMV lease
- Customer is responsible for disposal costs

Purchase:

- Best used for long-term assets
- Large upfront cash outlay
- Little flexibility to change your mind
- Customer is responsible for disposal costs
- Easy to put off refresh, leaving you with outdated equipment

	FMV Lease	Capital Lease	Purchase
Initial Equipment Cost	\$1,000,000	\$1,000,000	\$1,000,000
Lease/Loan Term	36 months	36 months	-----
Estimated Monthly Payment	\$26,830	\$30,480	\$0
Total Cash Outlay	\$965,880	\$1,097,280*	\$1,124,864*

Based on surface-level cash outlay in this example, an FMV lease costs the user **\$131,400 less than a capital lease and \$250,773 less than purchase.**

Assumptions: FMV and capital lease cost assumes a 6.5% interest rate. Cash cost assumes 4% lost compounded annual interest.

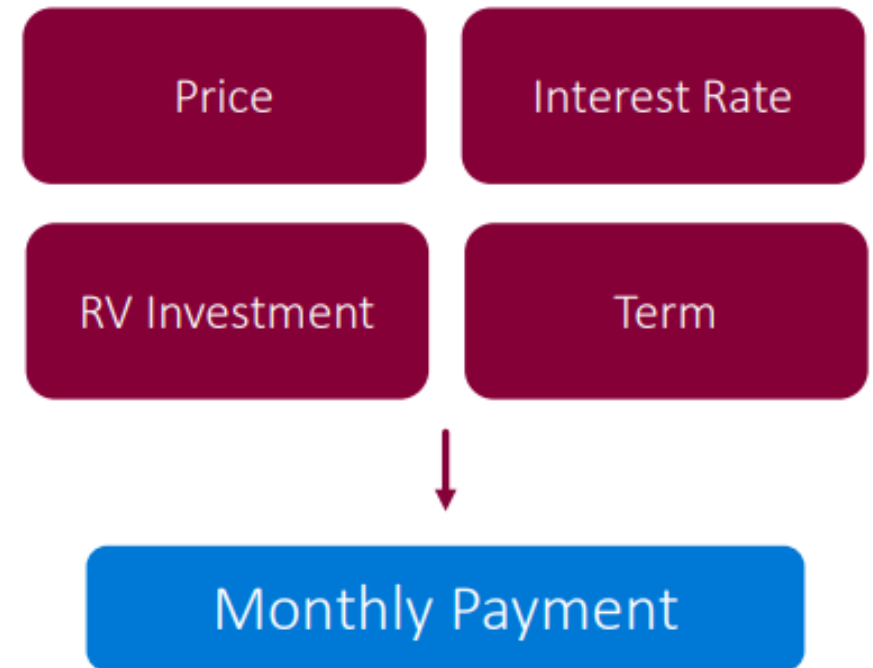
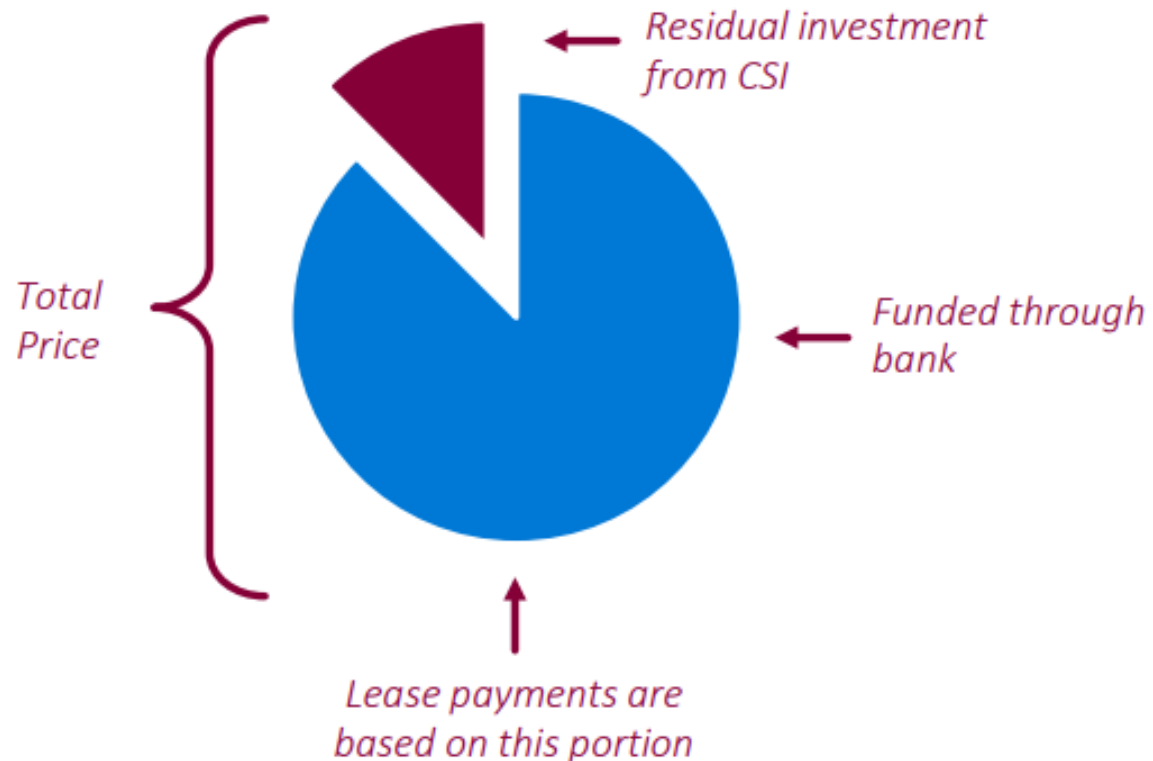
**Does not factor in the cost of services typically included in an FMV lease structure (data destruction, equipment disposal, etc.).*



How FMV Leasing Works


Understanding the Mechanics of FMV Leasing


- Lessor makes a residual value investment in FMV transactions, resulting in a lower overall costs. Leasing equipment that depreciates, frees up cash flow and lines of credit for other opportunities.
- Leasing provides a level of automation, flexibility, and simplicity that gives customers a strong IT asset management plan and reduces total cost of ownership.




Strategic Benefits of IT Leasing


Flexibility, capital efficiency, and alignment with your evolving business and technology needs


 **Capital Preservation:** Leasing reduces upfront costs, preserving cash for core business investments instead of tying it up in depreciating IT assets.

 **Predictable Cash Flow:** Fixed monthly payments make budgeting easier, with no large capital outlay surprises.

 **Technology Refresh:** Leasing cycles align with technology lifecycles, making it easier to upgrade regularly and avoid aging, inefficient equipment.

 **Scalability:** Organizations can add or upgrade equipment as needs evolve, without being locked into outdated infrastructure.

 **Operational Flexibility:** Leasing often includes bundled services like installation and support, reducing overhead.

 **Risk Mitigation:** Shifts risks of obsolescence and residual value to the lessor, rather than your business.



Thank You

Q&A

