

9 Tips for Schools to Use to Evaluate Leasing IT Equipment for 2012/2013

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With the 2011/2012 school year winding down, many schools are working on finalizing their capital expenditure budget plans for 2012/2013. Michael Lockwood, president of TEQlease Capital, a nationwide provider of equipment lease financing solutions, recommends schools carefully weigh leasing necessary IT equipment versus buying it in order to stretch their budgets.

"Many of our school customers come to us because they want to provide their students with technology solutions such as laptops, tablet computers, and desktops that these students need to use in a technology oriented world," said Lockwood. "The problem we solve is that these schools realize their budgets can't cover an outright purchase of all they need, but with equipment lease financing they can get what they need right away."

Here are nine tips Lockwood recommends schools consider in the lease-versus-buy analysis:

- Understand your cost of money component. Today leasing is certainly affordable for many schools. With interest rates at historic lows, a school districts cost of funds is also very low, making the decision to lease often even more attractive.
- Leasing is a good way to stay current with technology advancements. But before deciding what kind of lease to secure, you need to weigh whether your IT equipment will need to be refreshed at end of lease. With a \$1 purchase option lease, the IT equipment tends not to be refreshed. But with a fair market value purchase option lease, the refresh decision has to be made.
- Understand your credit and organize your financial information before contacting an equipment financing provider. Don't assume your bank or the equipment manufacturer's captive finance company will offer the best terms. Compare rates, lease terms, fees and options.
- Consider a fair market value lease (which tend to be cheaper) for equipment with a limited useful life (for example laptops and tablet computers), but \$1 purchase option leases for IT infrastructure (for example networking equipment).
- Negotiate an end-of-lease option that allows a purchase option for some items but not others. Make sure to work with a lease provider that allows you to defer the decision so you can truly evaluate the equipment throughout the lease term.
- Negotiate a fixed price end-of-lease option. We find that many students want to buy their laptops at the end of the lease rather than return them, even if the laptops are 3 to 4 years old.
- Be careful of extended warranties. Some don't cover liquid spills, cracked screens and drops. Check to see if your lease provider has their own repair program.
- Consider bundling multiple equipment acquisitions from different vendors under one lease with an independent commercial equipment lessor. Rates tend to be higher for smaller transactions. Bundling generally results in lower rates, and also minimizes processing fees.
- Customize lease terms. Only work with a leasing company that provides a leasing solution customized for what your school needs.

ABOUT TEQlease

TEQlease Capital is a nationwide provider of equipment lease financing solutions across all industries, including manufacturing, education, distribution, financial services, healthcare, and retail organizations. TEQlease Capital customers include Fortune 500, medium-sized, and small businesses. Founded in 2000, the company is based in Calabasas, California. For more information visit <http://teqlease.com/>, call 1-818-222-1006, or email sales@teqlease.com.

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