PAYING CASH VS MONTHLY PAYMENT

FOR TECHNOLOGY EQUIPMENT

Whether you are selling technology or acquiring it for your organization, knowing the key differences between a cash purchase and your monthly payment options is important for strategic decision making. Here are a few noted differences:

Large Capital Outlay

Requires large capital outlay that . . .
- May stifle further customer consideration
- Is often not the best use of capital, particularly for depreciating assets
- Will always require some minimum time frame to realize an ROI

Manageable Monthly Payment

Provides manageable monthly payment that . . .
- Is typically a more palatable payment option
- Preserves capital for better use such as financial emergencies, shorter term needs, and revenue producing assets or projects
- Will often produce an immediate return on cash flow

Difficult to Sell Multiyear Support

Makes it difficult for customers to agree to multiyear support commitments. Only 10-12% of cash sales include multiyear support.

Easy to Sell Multiyear Support

Makes it 6x more likely to secure multiyear support when it is bundled in a monthly payment. As much as 60-65% of sales include multiyear support.

No Payment Flexibility

Provides no flexibility with timing of payment for customer because vendors typically need payment in full by the time the install is complete.

Payment Flexibility

Vendors still receive payment in full by the time install completes (possibly sooner), but customers have a great deal of flexibility on the timing of payments with options such completes (possibly sooner), but customers have a great as…

- Monthly payments
- Annual payment
- Deferred payments
- Step up payments

No Benefit To Credit History

Hinders customers' ability to build credit. In fact, the depletion of capital resulting from a cash purchase can actually affect their credit standing negatively.

Helps Build & Maintain Credit

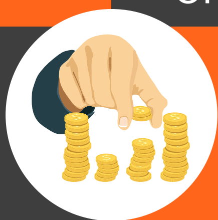
By financing and staying current with payments, customers build and maintain their trade history and establish a verifiable, usable credit rating.

Rarely the Lowest Cost

Even when customers want to own the equipment, a cash purchase is often not the lowest cost method of acquisition.

Often Lowest Cost

Because of the timing of payments and the financial implications of the time value of money, financing is often the lowest cost method of achieving ownership.



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