
Purchasing outright vs leased vs rental?

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A typical digital signage solution is generally expensive and from experience, one of the most critical factors as to whether a client purchases the equipment or not is the final cost (basically the number of zeros in the figure). Even calculating and presenting the ROI may not persuade the client to make that final purchasing decision.

A financial strategy which we believe will help in landing any project, is to also include rental and leased financial options with every quote you submit to your client.

In summary, some of the advantages of rental and leased plans over outright purchases are :

- * preservation of cash flow. The cost of the equipment can be spread over the term of the agreement. This means a full upfront payment is not required enabling the client to spend money running the business.

- * there are many tax advantages. For rental and lease options, both payments are 100% tax deductible. If the equipment was to be purchased outright, only the value of the equipment depreciation is tax deductible. GST can be claimed on monthly payments through BAS claims whereas for outright purchases, GST is only claimed at the time when the equipment purchased.

- * For the rental option, there is a flexibility to upgrade, add or delete the equipment during the term of the agreement. For the leased option, the client may be required to payout the remaining payments and residual value before upgrading to new equipment. For outright purchases, any upgrades or add-ons will need to be required to be purchased by the customer.

- * With the rental option, the client will not be stuck with outdated technology. The equipment can be returned to the Finance company. For the leased and outright purchase options, , the equipment needs to be disposed of by the customer which may prove to be costly.

At Advertise Me, they are able to provide their clients with outright, leased and rental options for all of their digital signage solutions .

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