

# Cost Savings Benefits of Financing SaaS Solutions

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Software-as-a-service (SaaS) is becoming the option of choice for organizations looking for the accessibility and versatility of software solutions without the need to rely on installing and running applications on their own computer systems and data centers. By 2020, SaaS will [account for roughly 60 percent](#) of public cloud spending. Moreover, 73 percent of organizations [state that almost all their apps](#) will be SaaS-powered by 2020.

While many services are offered on a monthly or annual pay-as-you-go basis, increasingly providers are offering substantial incentives to pre-pay for such services. In fact, most enterprise deals now offer a discount for prepaid multi-year contracts. This practice, which is now ubiquitous in the industry, gives businesses an opportunity to lock in lower prices if they can come up with the cash/funds to pay for it.

## Budget challenges with SaaS

Many businesses have financial constraints. Your business may be facing significant challenges to your IT budget. You likely need a strategy to manage or even shrink expenses while you simultaneously pursue growth. Managing cash flow and matching costs to anticipated benefits are essential to delivering a strong return on investment on your IT initiatives.

How can this be accomplished? IBM has devised an innovative way to balance your need to manage cash flow with the desire for the best possible per-seat pricing on SaaS. Specifically, IBM Global Financing offers an option to finance a SaaS

prepaid purchase. This way, your business can structure payments (monthly or quarterly) for the SaaS solution, but at a lower level than would be possible on a month-to-month plan.

For example, let's say you are interested in a \$100,000 per year SaaS solution that you intend to deploy over a three-year horizon. If you pay this amount upfront, the total cost for the three years is \$300,000.

What if you cannot afford or do not want to pay the \$300,000 upfront? Many providers offer a monthly installment plan, for a higher rate. If you opt to pay by the month, the total paid for the 36 months could be about \$330,000. So, you will spend \$30,000 more over the course of the deployment versus paying the full three-year amount upfront.

If, instead, you finance the \$300,000 at a competitively low rate from IBM Global Financing and make structured payments, the total paid over three years would be about \$304,000. In this example, that's a savings of \$26,000 for the term of the deal or roughly \$9,000 per year that you can spend on other projects.

Depending on where you are located, you may qualify for a 0% rate on a multi-year deal, with attractive rates for longer terms when you finance your prepaid SaaS structures.

You can pay month-to-month or with a custom payment schedule for IBM offerings like analytics, artificial intelligence (AI), cloud, Internet of Things (IoT), security, customer engagement, and Watson solutions. These financing offers are an excellent way to lock in great value for prepaid

SaaS and help preserve your cash with a flexible payment plan.

IBM Global Financing likes to say, "We finance possibilities." Its financing programs help you accelerate value from technology. The benefits of working with IBM include reduced upfront payments, improved cash flow, and those who have budget constraints can get started on new projects sooner. IBM Global Financing routinely works with a range of organizations, from small businesses to most of the Fortune Global 100 companies.

## Enhanced Benefits with IBM Financing

IBM Global Financing can help achieve flexible low-rate financing for businesses using IBM SaaS services who want the pricing benefit of annual/up-front billing contracts but prefer extended payment terms.

The benefits of partnering with IBM Global Financing include:

- IBM Global Financing can help with payment plans when the SaaS contract is for annual or up-front terms, allowing you to pay month-to-month, or with a custom payment schedule.
- You can take advantage of the best price from IBM while preserving cash with a flexible payment plan from IBM Global Financing.
- Predictable payments help match costs to expected benefits and lower up-front expenditures.

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- Financing can help preserve your cash and credit lines for other business priorities.

For more information on IBM SaaS financing programs, please visit [IBM](#). It's time to explore your options. The cost of waiting is high.

[www.ibm.com/financing/solutions/it-financing-solutions](http://www.ibm.com/financing/solutions/it-financing-solutions)