



# Financial **FEASIBILITY**

IBM Global Financing designs customized solutions for technology investments

**I**n the quest to harness the power of big data and analytics, organizations across all sectors face a similar challenge: how to keep pace with evolving IT needs without breaking the bank. Increasingly, CIOs and CFOs work together to get the job done. According to a study by Ernst & Young ([bit.ly/29gOFW9](http://bit.ly/29gOFW9)), 61 percent of CFOs reported increased collaboration with CIOs in the past three years. As a result, the way organizations acquire technology is changing.

**Susan Lawson-Dawson** is a freelance writer who covers technology solutions, trends and strategies.

One person intent on finding cost-effective solutions for acquiring mission-critical technology is Bradford Graham, vice president of North America client financing, IBM.

After nearly a quarter century with the company, Graham has witnessed firsthand how technology innovations have transformed the modern business landscape and the financing models needed to support the transformation.

“Allowing for technology investments while reducing total cost of ownership is a win-win for

organizations,” he says, noting this is in line with a growing trend among CFOs to shift away from capital expenditures for fast-changing technology. Instead, CFOs see advantages to treating IT investments as operating expenditures.

## Financing Options

Technology financing has undergone major changes since the early days of computing in the 1960s. Following two decades dominated by a rental model, the '80s saw a move toward a purchase model. Since then,

another shift has taken place: captive leasing.

Recognizing that each customer brings unique needs and goals to the table, IBM Global Financing offers a full suite of financing options for business solutions and services, including:

- Analytics
- Cloud
- Healthcare
- Mobile
- Security
- Social
- Commerce
- IBM Watson\* technology

At the center are leases and loans involving simple contracts, quick approvals and flexible payment structures, such as:

- The fair market value lease, which enables companies to build IT infrastructures with

predictable payments over a fixed term, with options to add capacity or functionality mid-lease for select IBM systems. When the lease term ends, companies can purchase or return the equipment. Otherwise, they can choose to renew or extend the lease.

- The full payout lease, which involves a payment plan over a fixed term, after which companies

retain ownership of the leased assets

- Loans covering hardware, software and services, allowing companies to take advantage of alternative funding sources—from single-source financing to using equity in current technology to finance upgrades—to reduce upfront costs and link payments to deployment milestones
- Open infrastructure payment plans, giving companies added flexibility with a payment plan based on fixed capacity but with the option to temporarily upgrade for short-term needs

In addition to these financing options, IBM Global Financing provides special offers ranging from 0 percent interest rates for software, hardware or bundled deals to deferred payments for all platforms, worldwide. Deferred payments can help customers overcome end-of-fiscal-year budget restrictions. In addition, customized deferred payment plans enable customers to align payments to forecasted project milestones, improving project cost metrics.

Complementing this range of financing options are IBM's Global Asset Recovery Solutions. "The asset recovery program shows the strength of our business and sets us apart from other leasing companies," Graham says.

Organizations can take advantage of asset buyback and disposal services for marketable IBM and non-IBM IT equipment, or negotiated fixed-price buybacks of late-model IT equipment. IBM also offers a service to ensure data is sanitized and replaced with non-sensitive random data before equipment re-enters the market. Because the equipment is reused, remanufactured or

recycled, taking advantage of IBM's Global Asset Recovery Solutions also helps companies meet sustainability goals in asset recovery practices. IBM receives an estimated 38,000 assets per week, worldwide, according to 2015 IBM Global Asset Recovery Services operational data.

## Why Choose IBM Global Financing

Graham advises organizations preparing to make IT investments to consider IBM Global Financing because "IBM offers smart, attractive financial solutions because we understand all aspects of IT."

While traditional lenders are comfortable with asset-backed lending, they're less enthused about unsecured lending for services and software. IBM recognizes that hardware, software and services represent a symbiotic relationship, and clients must finance IT infrastructure to meet the demands of doing business in a fast-paced, competitive digital landscape. IBM Global Financing lives up to expectations: A majority of Fortune 100 businesses have taken advantage of IBM financing options, Graham notes.

Clients that work with IBM Global Financing to acquire hardware, software or bundled solutions realize myriad advantages. IBM Global Financing helps lessors:

- Have predictable monthly expenses, making it an attractive option for CFOs who want to manage IT as an operational expense to reserve capital to meet other strategic business needs
- Achieve improved asset lifecycle management and sustainability in asset recovery practices, allowing CIOs to focus on business goals rather than maintenance, upgrades and retirement of IT assets

## More Information

Get started with IBM Global Financing, learn about solutions and read case studies: [ibm.com/financing/us-en](http://ibm.com/financing/us-en)

Learn about IBM Global Asset Recovery Solutions to improve sustainability in asset recovery practices: [ibm.co/2cmF6er](http://ibm.co/2cmF6er)



IBM receives an estimated **38,000** assets per week, worldwide, through its Global Asset Recovery Solutions program

- Manage large projects more cost-effectively by back-end loading the payment structure through leases and deferrals (e.g., arranging a payment plan that maps the money spent to the timing of a rollout of point of sale systems to multiple stores)

Having spent decades putting together financing options for customers, IBM Global Financing helps customers through the financing process quickly. For smaller transactions, an app enables business

partners to generate a contract in one hour. More complex projects take more time, and IBM Global Financing works in close concert with clients to develop the best plan to meet their IT needs for financial terms that also satisfy the CFO.

Businesses face many obstacles when it comes to keeping up with evolving technology. IBM Global Financing recognizes those challenges and designs customized financing solutions to help organizations build out agile IT environments that empower them to achieve their business goal. **Z**