The Fair Market Value leasing Advantage

As new technologies—such as cloud and AI—grow more essential to meeting core business needs, the IT decisions you make matter more than ever before. Integrating servers, storage systems and software into a more efficient and resilient IT infrastructure creates opportunities to accelerate growth, respond quickly to new demands, and reduce your financial risk and lower costs.¹

The Fair Market Leasing advantage

FMV leasing can help you meet today’s IT challenges by providing:

- Lower cost of IT use compared to purchase
- Increased IT flexibility via end of lease options
- Improved cash flow with predictable monthly payments
- Additional capacity with minimal change in monthly payments
- A sustainable approach to IT lifecycle management that also helps reduce costs

Compared to purchase, leasing can help:

- Reduce technological obsolescence risk; lessor assumes the risk
- Avoid disposal risk and landfill waste just return the equipment and IBM will manage disposal in accordance with applicable local environmental laws and regulations

Highlights

- Lower your costs by up to 12 percent* over cash purchase
- Minimize upfront cash expenses and choose from flexible payment terms
- Add capacity and functionality during the lease as you grow

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What is a Fair Market Value (FMV) Lease?

With an FMV lease, you pay only for the use of the equipment during the lease term. Your lease payments take into account residual value: the estimated value of the equipment at the end of the lease. This means that your lease payments are based on the value of the equipment that you will actually use, therefore resulting in a lower payment versus a loan or outright purchase.

During the lease term you can grow the capacity of your system and even refresh technology to keep up with new demand. At the end of the lease decide whether to return the system, buy it, or continue your lease with further growth and refresh opportunities in the future.

Quantifiable Savings

In fact, FMV leasing can result in Present Value (PV) savings of up to 12 percent* over outright purchase.

With continued pressure on IT budgets, leasing can help you lower ongoing operational costs as well. According to Robert Frances Group, “a well structured leasing program could save an enterprise 15 percent or more over five years”. They found that “58 percent of the TCO difference in (lease versus purchase) is related to ongoing charges”, such as software licenses, maintenance, and power and cooling.**

* Represents Net Present Value savings over 36 month period for an IBM hardware Fair Market Value lease from IBM Global Financing with rates based on a client’s credit rating of investment grade and including an assumed value for the client’s cost of capital of the US prime rate.

**The advantages of IBM Power systems In-Place Upgrades, Robert Frances Group. 2011.
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