

# The Fair Market Value leasing Advantage

---

## 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
- 

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.\*

## 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

## 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.

## Why IBM?

IBM Global Financing has been in operation for more than 35 years and serves clients in over 60 countries, spanning more than 20 industries. With a global reach and expertise in IT financing, working capital and credit, IBM Global Financing offers flexible payment plans and leasing solutions for IBM software, services and IT infrastructure including pre-owned servers and storage. Non-IBM content which is part of an overall IBM end user client solution may also be eligible for financing through IBM Global Financing.

## For more information

To learn more about FMV Leasing from IBM Global Financing, visit [ibm.com/financing/it-infrastructure](https://ibm.com/financing/it-infrastructure) or contact us at [ibm.com/financing/us-en/connect-with-us/contact](https://ibm.com/financing/us-en/connect-with-us/contact)

---

© Copyright IBM Corporation 2019.

IBM, the IBM logo, and ibm.com are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the Web at <https://www.ibm.com/legal/us/en/copytrade.shtml>, and select third party trademarks that might be referenced in this document is available at [https://www.ibm.com/legal/us/en/copytrade.shtml#section\\_4](https://www.ibm.com/legal/us/en/copytrade.shtml#section_4).

This document contains information pertaining to the following IBM products which are trademarks and/or registered trademarks of IBM Corporation:

No registered trademarks



IBM Global Financing offerings are provided through IBM subsidiaries and divisions worldwide to qualified commercial and government clients. IBM Global Financing lease and financing offerings are provided in the United States through IBM Credit LLC. Rates and availability are based on a client's credit rating, financing terms, offering type, equipment and product type and options, and may vary by country. Non-IBM content which is part of an overall IBM end user client solution may also be eligible for financing through IBM Global Financing. Non-hardware items must be one-time, non-recurring charges and are financed by means of loans. Other restrictions may apply. Rates and offerings are subject to change, extension or withdrawal without notice and may not be available in all countries. IBM and IBM Global Financing do not, nor intend to, offer or provide accounting, tax or legal advice to clients. Clients should consult with their own financial, tax and legal advisors. Any tax or accounting treatment decisions made by or on behalf of the client are the sole responsibility of the client. For IBM Credit LLC in California: Loans made or arranged pursuant to a

California Financing Law license.

All statements regarding IBM's future direction and intent are subject to change or withdrawal without notice, and represent goals and objectives only.