

# BEYOND FINANCE

CUTTING EDGE RESEARCH AND INSIGHT FROM BNP PARIBAS LEASING SOLUTIONS

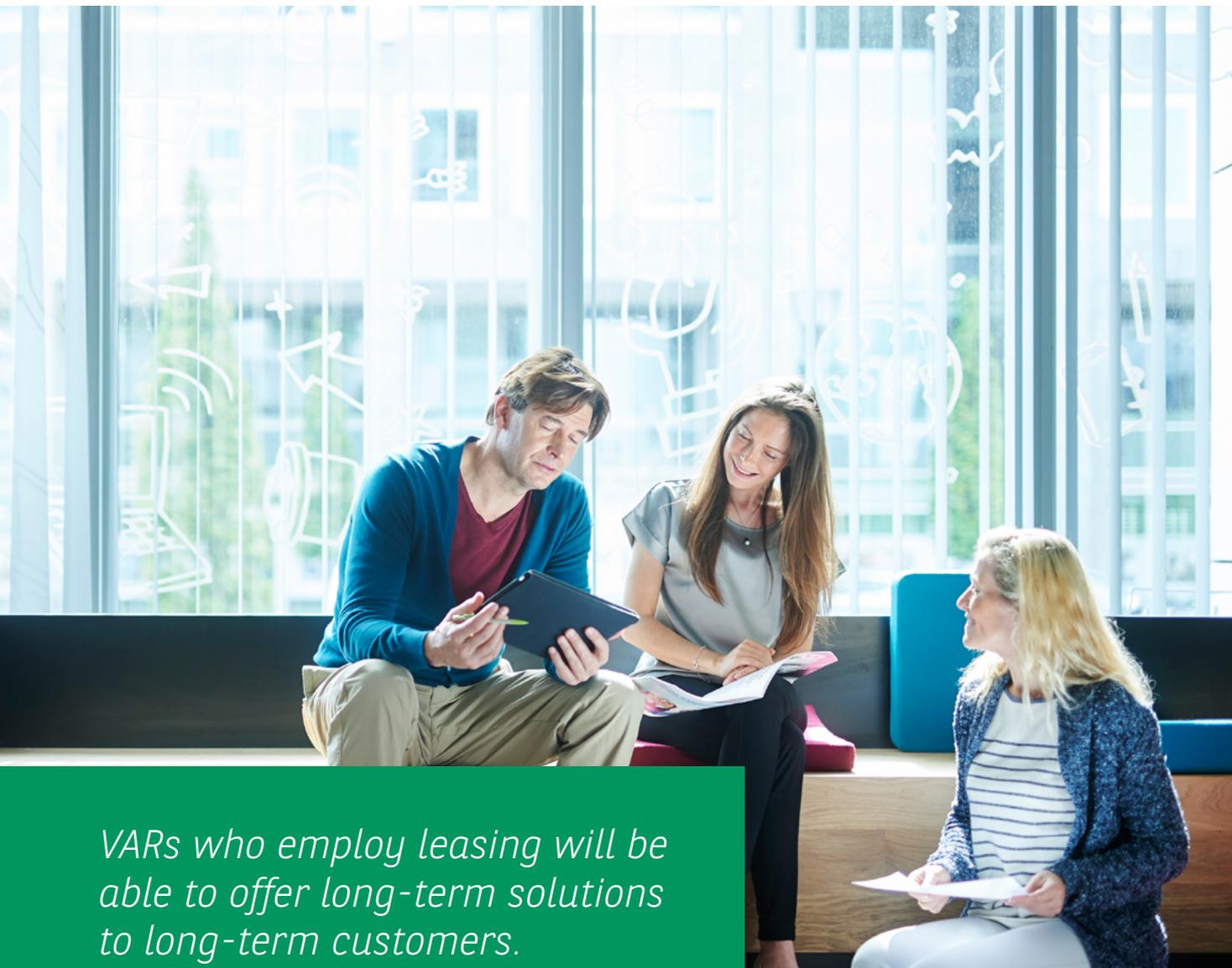
## ACCESS OVER OWNERSHIP: LEASING IN THE TELECOMMUNICATIONS INDUSTRY



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*VARs who employ leasing will be able to offer long-term solutions to long-term customers.*



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Leasing is an accepted method of procuring expensive assets in industrial environments – if you need a truck, a combine harvester, or a forklift, you can deploy one with a regular payment plan very simply. The benefits are obvious for customers: they can access the best equipment without committing to a considerable upfront cost – and without breaking the bank.

Leasing is less common in the telecommunications industry, but it will likely grow in stature. The leasing market for business equipment has grown by over 35% in one year, according to the Finance and Leasing Association – and is now valued at approximately £30 billion. It can be applied to telecommunications with relative ease: when different protocols and hardware and software platforms need to be unified, it represents an appealing, cost-effective option for businesses looking to bolster their infrastructure.

## 1. HOW VARS CAN USE LEASING

A value-added reseller (VAR) in the telecoms market is meant to understand a customer's budgetary and operational requirements – and cater to them by devising solutions that align with their deployment plan.

When VARs can supply solutions on a cost per month basis, they are empowered to offer customers much more. Soft costs can be rolled into the contract, so if end-users are wary about implementation or ongoing maintenance, you can assuage their concerns more easily. If a business is rapidly growing, you can offer the flexibility and scalability they need to accommodate an ever-increasing number of users.

The 'as a service' subscription-based model is common in the world of enterprise software: if a business needs access to the Adobe suite, or to Sage's accounting tools, it will likely do so by paying a flat monthly fee. If resellers can confer similar benefits across product portfolios, they can more easily please their customers and develop long-term business relationships.

Businesses are backing away from large upfront payments and moving towards access, rather than ownership. VARs employing a leasing model can directly benefit from this in these three key ways.

## 2. COST AND AFFORDABILITY

Leasing makes the latest telecommunications technology available to any business by avoiding large, upfront payments that have historically been a deterrent to new investment.

When the fundamentals of the telecommunications system have been implemented additional solutions can be bolted on with relative ease. If CRM functions are needed, they can be supplied; if mobile connectivity and call centre integration are needed, they are available. VARs always benefit when they offer more affordable solutions, as it makes customers more likely to sign up.



## 3. INCREASE AND IMPROVEMENTS

Technology is iterative, and a solution that works for a business one year may be out of date the next. Leasing can help your customers maintain a competitive edge and stay scrupulously current.

Upgrading their solution effectively becomes a matter of refreshing their plan when it suits them. This prevents the business from being stuck with obsolete or inadequate telecommunications equipment that doesn't suit the company's needs – and prevents competitors from stealing a lead on the business.

VARs who employ leasing will be able to offer long-term solutions to long-term customers.

## 4. INCREASING TECHNOLOGY INVESTMENT

The telecommunications market is advancing rapidly: telephony runs through desktop and mobile computers, and CRM systems make sure the maximum value is extracted from each customer interaction. But expertise, training, and consultancy are needed to make the most of this technology.

A recent report from IDC highlighted this, finding that 51% of companies expect a solution provider to offer a technology roadmap. End-users don't want telecoms VARs to supply one-off products: they want them to meaningfully improve their business, and they want a degree of flexibility about it – IDC's report also suggests that 51% are looking for convenient consumption models such as pay-per-use, and that 31% are actively considering new leasing and financing options.

Providing leasing options broadens the scope of what a reseller can do. It makes them more appealing to customers and incentivises those customers to buy. Telecommunications VARs would be well-advised to explore it.

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