

BEYOND FINANCE

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HOW SOFTWARE LEASING CAN BENEFIT THE NEW WAVE OF DIGITALLY NATIVE BUSINESSES



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The must-haves for previous generations of SMEs aren't as important for the new wave of digitally native companies. Spurred on by a stream of Millennials entering the workplace, many smaller businesses are putting off major purchases – or avoiding them entirely.

Starting your own business is an exciting and challenging venture. For many entrepreneurs it's a first-time foray into a world of spreadsheets and budgets, HR and office overheads, all of which can be daunting – and very expensive to get right.

However, advances and innovations in technology have changed how we do things, both in our personal and work lives. We now have greater access to affordable experiences and assets; from holiday accommodation via Airbnb to collaborative workspaces that share resources.

The shift towards access has meant the emphasis on outright ownership is dwindling. People want to lease, rent or pay monthly for products and services, and the younger generation, raised on subscription-based business models such as Netflix or Spotify, is driving this trend into the workplace.

More and more business owners are considering subscription-based agreements that enable them to spread their costs over a longer period of time. This means you can afford the software and supplies you need to run your company, without putting pressure on your capital and operating budgets. It's a business model you are already very familiar with: by paying monthly for your mobile phone, you can afford the handset of your choice, and upgrade to the latest versions as they're rolled-out, staying up-to-date and connected.

1. GET MORE BANG FOR YOUR BUCK

Let's further consider the example of mobile phones. Buying a phone with a contract is essentially the same as leasing an asset over the course of an agreed period. The payment terms are predictable, and upgrades are offered as technology improves and the asset declines in value. Now, apply this model to your office printers, computers and software systems. Instead of having to make a large upfront payment – drawing heavily on your capital – you can spread your annual budget even further and lease what you need, for as long as you need it.

2. STAY AHEAD OF THE CURVE

Any product, whether it's a new mobile phone, a car, or CRM system, has a shelf-life. These technologies come with built-in obsolescence; their value deteriorates in time and newer versions are constantly being launched. It's an expensive business keeping up – unless you opt for leasing rather than owning. This way you'll always have access to the latest products on the market, without breaking your budget.



3. FACILITATE BUSINESS GROWTH

As a company grows, the needs of its people grow too, challenging the products and services already in use to work harder and faster. Unfortunately, no matter how much you crack the whip, your bandwidth won't be able to support the weight of 50 new employees. Leasing contracts can be adjusted to suit your needs as they change, finding the right fit for your business requirements, as well as your budget.

4. BENEFIT FROM ADDITIONAL SUPPORT

Integrating the latest software into your existing systems and processes is not always easy. Often, follow-up services are needed to get the programs up and running with as little stress as possible, but these add-ons are not necessarily available to you when making an upfront payment. If you procure your software via a leasing agreement, extras such as hardware, training, consultancy and set-up assistance can be included in the contract.

Leasing assets in today's subscription economy is a huge opportunity for businesses that want to experience the benefits and competitive advantage presented by the latest technology, and aim to do so while maintaining a positive, well-managed cash-flow and planning for long-term business growth.

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