

BEYOND FINANCE

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THE SUBSCRIPTION ECONOMY: THE IMPORTANCE OF ACCESS NOT OWNERSHIP



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As featured in **CHANNELNOMICS™**



Leasing software to businesses in a model that enables them to choose the add-on services they need to successfully implement the software company-wide, is an attractive proposition.



Businesses are under increasing amounts of pressure to stay ahead of the curve and remain consistently competitive in their use of technology. Software systems and tech tools are constantly being developed and updated which means keeping up can be a costly exercise. Influenced by the success of monthly subscription services such as Netflix and Spotify, many smaller businesses are now signing up for software services that only require them to pay for what they use, with the option to upgrade when their needs change, or the technology improves.

The pay-as-you-go software movement is part of a wider shift that is informing how consumers access the services they need, and more importantly, how service providers are structuring their businesses to offer competitive pricing models.

By Tristan Watkins
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1. SUBSCRIBING TO THE SUBSCRIPTION ECONOMY

Given how quickly technology becomes redundant, access to it, rather than ownership of it, is fast becoming the preferred choice for modern consumers. Why buy the whole album when you can use Spotify to stream the songs you want to hear? Why pay for a DVD when you can watch all the movies you like, whenever you like, on Netflix? Most of us don't own our mobile phones outright, we subscribe to a service that spreads the cost over time and includes value adds such as regular handset upgrades.

It's no surprise then that the subscription economy now includes software too, enabling business owners to spread their costs over an agreed length of time rather than forking out a large upfront payment.

2. EVERYONE WINS

Software-on-finance enables resellers and service providers to supply their customers with affordable access to the latest, most relevant products, whilst keeping their businesses cash-flow secure. The payment terms are predictable and include regular upgrades as the technology improves and the asset declines in value; it's an attractive offer that almost always guarantees repeat business.

3. RELEVANCE

When it comes to technology, there is no one size fits all solution. This is especially true when it comes to enterprise software where factors such as company size, installation needs and training requirements need to be taken into consideration before any deployment. An outright purchase typically requires a huge financial investment which rarely includes ongoing support and consultation to meet any needs over and above the actual product.

Let's consider the mobile business model as an alternative: networks offer customers a diverse range of plans to choose from that are tailored to their different needs. Yes, the actual product, or handset, is important, but if you use your phone mostly to browse, you can increase your data package. Or, if you prefer texting to calling, you can opt for a plan that includes more texts than minutes.

Software resellers could benefit hugely from taking this approach. Leasing software to businesses in a model that enables them to choose the add-on services they need to successfully implement the software company-wide is an attractive proposition. Resellers that can offer their customers what they need, when they need it, are immediately more relevant.



4. FLEXIBILITY

The lease model has more built-in flexibility and enables businesses to upscale at will, adding extra support services such as training and maintenance to the agreement as and when required. It means customers are never paying for what they don't need, only for what they use.

Or, the company in question may only need access to specific elements of an enterprise software package and isn't willing to commit to an outright full purchase. A subscription-based license offers the ultimate bespoke solution, enabling the business to only access what they need, and only pay for what they use.

5. BEST PRACTICE

The subscription economy presents a huge opportunity for both resellers and businesses looking to stay relevant as technology updates and improves. That said, every lease is a commitment and does come with terms and conditions that businesses need to know and clearly understand as they will be tied into a recurring payment scheme. The best, most ethical approach is for resellers to ensure that their customers have consulted their finance departments or accountants before putting pen to paper.

Whether businesses choose to lease their software needs over a regular period of time, or access them over a defined short-term with a subscription payment model, the value for them is undeniable. Resellers would do well to get on board quickly and widen their audience reach by offering relevant services designed and delivered for the modern consumer.

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