AMPIL

ALMO®

TAKE YOUR SALES TO A WHOLE NEW LEVEL WITH THE POWER OF ON-DEMAND FINANCING

WHY OFFER FINANCING?

WHAT'S IN IT FOR YOU?

- Close More Deals
- Close Larger Deals
- Generate Additional Margin
- Improve Client Satisfaction
- Shorten Sales Cycles
- Portfolio Protection

WHAT'S IN IT FOR YOUR CLIENTS?

- Manage Cash Flow
- Bundle Your Total Solution
- Increase Purchasing Power
- Access To The Latest Technology
- Improved Financial Metrics
- Track And Manage Assets

TYPES OF LEASES

Capital / Finance Lease

A capital lease transaction is recorded in much the same manner as a loan, whereby both the asset and the corresponding liability are recorded on the balance sheet. This type of lease provides a fixed payment and end of lease equipment purchase for $1.00. This is also known as a $1.00 buyout, finance lease or full payout lease.

Operating Lease

On an operating lease, they pay for the solution use only, like renting. An operating lease is a contract that allows for the use of an asset but does not convey ownership rights of the asset. Lease payments are considered operating expenses. At the end of the term, they may upgrade, return, or extend the lease on a short-term basis. This is also known as a Fair Market Value (FMV) or non-full payout lease. This is the most common type of lease option for technology since it depreciates and changes so quickly.

As-A-Service Lease

This option allows the customer to bundle their AV and UC hardware with ongoing maintenance and managed services for a carefree solution for maximum business value, all for one fixed, predictable monthly payment. As-a-Service lease gives the option of monthly or quarterly payment options. This lease option is structured very similar to an operating lease, as the customer does not convey any ownership rights of the solution or assets. This option is good for customers that are looking to refresh their assets on an ongoing planned timetable, minimize disposal costs and match payments to the useful life of the equipment.

An equipment lease can usually be qualified as an operating lease or As-A-Service Lease if it meets ALL the following criteria:

- The lease term is shorter than 75% of the estimated useful life of the equipment.
- The Present Value of the stream of committed lease payments is less than 90% of the fair value of the equipment. Typically, new equipment is sold at what could be considered "fair value“, so many accountants assume the purchase price is "fair value“, The discount rate used in determining the present value is typically the customer's incremental borrowing rate - or in other words the interest rate the customer would normally be charged for an incremental borrowing of a similar amount for a similar asset from their bank or lending institution.
- Title does not transfer at the end of the lease and the lease does not contain a bargain purchase option. A "bargain purchase option" is one in which a reasonable person would assume that the lessee would automatically purchase the equipment at the end of the lease term (i.e. a $1.00 purchase option). Usually, with equipment leases there is no stated purchase option or there is a "fair market value" purchase option, whereby both the lessee and the lessor are "at risk" for that undetermined fair value at a given point in the future. The amount may be more or less than what could be anticipated today. A stated purchase option of less than 10% of the equipment cost or fair value at the beginning of the lease is usually considered to be a "bargain purchase option.“
- U.S. accounting standards are generally form over substance, whereby if you meet the tests in the rules it qualifies as an operating lease.

HAVE A CUSTOMER INTERESTED IN A FINANCING OPTION?

Click here to submit a financing program request form

Reach out to your Almo Financial Solutions Program Team at 512.289.4288 or afs@ampil.com