

PITCH END-USER LEASING AND CLOSE THE DEAL

by Scott Tillesen



Virtually every person on the planet is aware of or has been affected by the “credit crisis” impacting the world’s economies

Undoubtedly, there will be many books and numerous college courses devoted to this topic over the coming decades. The effect on the IT industry has been a softening of demand as end users have lost both confidence and financing. Many VARs report that they too have had their bank credit resources reduced.

The recent U.S. government economic stimulus package (see related article on page 24) is an attempt to address both issues. However, it isn’t an immediate fix, so VARs should consider other options that can immediately stimulate end-user IT spending. Alternative financing like end-user leasing is a tool every VAR should have in their sales arsenal.

Resellers are already experts when it comes to educating their customers on the ROI potential of the latest IT solutions. Given the current state of the economy, however, resellers also need to familiarize themselves with all the financing options available to

them and their customers to help overcome cautious spending behavior. A solid proposal that demonstrates real ROI and makes sound financial sense is hard to ignore in any economic situation.

To help, Tech Data has partnered with a number of third-party financing companies that specialize in end-user leasing. A VAR who offers leasing solutions to their customers is more likely to earn the business because they can provide credit that otherwise might not be available and help end users obtain credit that they otherwise would not qualify for.

Here’s how it works. It’s easier than it sounds with Tech Data and our leasing partners doing most of the work on your behalf.

- As you begin to provide quotes or prepare bids, always mention to your customers that you can offer a lease financing solution.
- If they express an interest, immediately contact one of Tech Data’s leasing partners through your Tech Data sales representatives.
- Tech Data’s leasing partner will analyze the transaction and provide an initial approval, generally within a few hours.

- If the end user qualifies and wants to use leasing as their means to acquire the software or hardware that you're selling, the leasing company will then put a formal agreement in place. Once the agreement has been finalized, they will notify you and Tech Data.
- A split funding document will be signed that directs the leasing company to pay Tech Data directly for the products and they will pay you for profit, services, sales tax and any other items included in the invoice.
- The order is then released for shipment by Tech Data.

This approach can provide a VAR with virtually unlimited credit, which we know is currently quite scarce. There is another benefit to offering leasing; the leasing partner will generally award VARs a one percent commission for having helped to originate the lease. That amounts to increased profitability for transactions financed in this way.

The key to promoting leasing is to introduce the concept early in discussions with your customers. The leasing process is easy and quick. It provides a significant competitive advantage and will provide a much-needed stimulus during the current credit crisis.

To learn more about leasing from our partners—CIT Technology Financing Services, HP Financial Services and IBM Global Financing—visit www.techdata.com/credit.



About the Author

Scott Tillesen is Tech Data's Director, Credit—SMB Accounts. Scott has been with Tech Data for 10 years and has 35 years of financial management experience.