

# Driving A Pro-Active Network Investment Strategy With **EasyLease**



Cisco Capital EasyLease program is a unique offering that allows you to finance the entire networking and IT solution, manage cash flow and take advantage of new technology with maximum flexibility and low upfront cost.

With straightforward, simple terms and competitive rates, our financing options enable you to deploy state-of-the-art networks.

Cisco Capital offers a wide array of financing options, ranging from 2 to 5 years. Our key offering consists of rental plans aimed at providing maximum flexibility to your network as well as finance leases focused on ownership.

### Should I Rent Or Should I Lease?

Both rental and a finance lease allow you to spread the solution cost over time to manage cash flow and IT/networking budget but the major difference lies the flexibility features.

A **rental facility** gives you full use of an asset while allowing you to avoid the burden and risks typically associated with ownership — such as depreciation in value, obsolescence and asset disposal. Rental plans are designed for businesses which seek access to the latest technology.

Buy, return, upgrade or renew. It is up to you. At the end of your initial rental period, your business and network needs could have changed dramatically. That's why Cisco Capital rental programs offer you a wide choice of end of term options:

- **extend:** If your current equipment is still fulfilling your business needs, you can simply renew the lease.
- **purchase:** If it makes financial sense for your business, you can purchase the equipment outright at its fair market value.
- **upgrade:** If you need to take advantage of new technology platforms, you can upgrade your equipment at competitive rates.
- **return:** Don't need the equipment any more? Simply return it with no further obligation. We will even manage the end-of-life disposal process for you.

A **finance lease** allows you to combine some of the benefits of leasing with those of ownership. At the end of the lease term, you have the right to purchase the equipment for a fixed nominal sum.

Benefits	Rental	Lease	Purchase
Cash Flow Management	✓	✓	X
Working Capital Optimization	✓	✓	X
Flexible End of Term	✓	X	X
Technology Refresh	✓	X	X
Protection Against Technology Obsolescence	✓	X	X
Off Balance Sheet Financing	✓	X	X



### Tax and ROI Benefits of Cisco Capital EasyLease

Let's assume

Solution Cost	\$30,000
Tax Rate	30%
Monthly Rental Payment	\$897
Rental Term	36 months

#### Example of Tax Savings:

Payments made under a rental are typically tax deductible which makes this type of financing extremely attractive\*.

Option 1: Cash Purchase		Option 2: Cisco Capital Rental Plan	
What you pay upfront:	\$30,000	What you pay upfront:	–
What you pay every month:	–	What you pay every month:	\$897
Depreciation Tax Claim:	\$3,000 p.a.	Depreciation Tax Claim:	\$3,229 p.a.
Your Solution cost today:	\$22,310	Your Solution cost today:	<b>\$20,348</b>

Best of all, with EasyLease, your working capital stays in your business for alternative uses.

In addition, deferring payments over time with a focus on usage offers significant advantage in terms of return on investment.

#### Example of ROI Benefits:

Based on widely accepted market standards, leading research firms advocate that a typical company must earn an average of 12% ROI on money it invests itself. In other words, every dollar you invest today should generate at least 12% in return for your business.

Given that information, let's compare whether your cash is better utilized by paying upfront for the networking solution you need, or whether you should finance it with a rental plan and use this cash instead to address other business requirements.

Rental Payment	\$897 p.m.. This is equal to a total cost of \$39,026 at the end of the rental term
What would the cash outlay used to pay upfront for the solution be worth in 3 years?	\$30,000 at 12% per year for 3 years would be worth \$42,148
The Math Is	$\$30,000 \times 1.12 \times 1.12 \times 1.12$
The difference between this and the stream of lease payment is	$\$42,148 - \$39,026 = \$3,122$ <b>in favour of leasing</b>

In conclusion, you will get a higher return by financing your networking solution with EasyLease and using your cash for other business requirements than paying upfront.

\* We recommend customers consult their tax advisor or accountant.