Your Guide To Selling Payments, Not Price
Overview

Ingram Micro Preferred Leasing
Want to increase your sales and margins?
Leasing can be an effective tool for both. When your technology customers are stymied by price tags, leasing can help you close deals by changing the focus from price to payment.

With leasing, you can:
- Overcome price objection
- Sell more product
- Upgrade the solution choice
- Provide protection from obsolescence
- Build in a refresh cycle
- Decrease downward price pressure

Unique Program
Ingram Micro Preferred Leasing is an innovative program designed for the IT market and managed by Ingram Micro. We offer a single point of contact for almost any transaction. Because we represent the combined volume of all Ingram Micro Resellers, we have access to the best funding sources. That means more financing choices for you and your customers.

Plus, because we have relationships with multiple lenders, Ingram Micro Preferred Leasing clients receive higher approval ratios and better terms, whether they have good or limited credit, regardless of company size.

We also offer personal support. Our dedicated team of leasing professionals can answer your questions, work with you and your customers to structure the best possible lease, and manage your transactions from development to funding.

This kit will show you how and why you should add leasing to your financial-services lineup. Topics include:
- Reseller benefits
- End-user benefits
- Leasing sales tips
- Lease vs. buy comparison
- Ingram Micro Preferred Leasing Benefits
- Leasing 101
- FAQs

Leasing Tools
You can find a number of tools on our website at www.ingrammicro.ca including a lease calculator, information on the value of leasing, resources to help you build leasing proposals and much more. Ingram Micro Preferred Leasing also provides hands on training for you, our reseller, and your sales staff on the benefits of leasing, how to build your own Leasing Program, how to sell it, how to increase margins by leasing and other tools to help add value to every sale. As an extra value to our customers, we also offer a transparent, private labeled leasing solutions for your website that promotes your company's brand recognition and gives you the power to create, control and close your own leasing deals and create professional lease quotes – in a matter of minutes and at no cost. For more information on this power tool, contact the Ingram Micro Preferred Leasing Desk at 1-800-668-3450 ext. 55202.

Whether you serve small-ticket, large corporate or government customers, Ingram Micro Preferred Leasing is the only leasing partner you’ll ever need.
Reseller Benefits
Close More Sales And Cash In On Higher Margins

In the current economy, many customers don’t have the capital to invest in technology, although they need new equipment to compete effectively. Leasing can help your customer make the purchase and help you make the sale.

When you change the focus from price to payment, you help your customer overcome price objections and limitations - $1,500 per month is a more manageable expense than $50,000 up front. Also, upselling is easier when it means a small increase in the monthly payment. Leasing helps you enhance margin by reducing downward price pressure.

Additional Benefits

**Technology refresh cycle** | When companies purchase technology, many try to lengthen the useful life of their equipment by upgrading systems, cascading older equipment to less needy end users, or just making do with what they have. With leasing, however, there is a high probability that customers will replace their equipment at the end of the term. Terms average 24- or 36-month terms, so sales occur frequently.

**Greater customer loyalty** | You can begin the next sales cycle when your customer’s lease is about to mature, then close the deal before the lease ends. This decreases the chance of a competitor capturing your business. Furthermore, when you introduce a value-added service such as leasing, you establish long-term relationships with your customers.

**Trend leadership** | Leasing is the way technology should be sold. Many other industries have adopted leasing with great success, including photo copier, automobile and heavy-equipment manufacturers, even though this equipment has a long useful life. The same benefits apply to computer technology, which is better suited to leasing. Because of its short life cycle, computer technology facilitates frequent replacement.
End-User Benefits
Leasing is just one tool for financing the acquisition of assets. At the same time, it provides significant advantages over other acquisition strategies. J. Paul Getty stated, “Buy what appreciates, lease what depreciates.” With the relatively short useful life span of IT assets, leasing makes sense for end-users.

**Preservation of capital** | Companies need capital to fund receivables, inventory, payroll and technology equipment. Small businesses may not have access to bank loans or supplemental sources of income. Often, especially in a down economy, a shortage of capital can develop. Leasing can help prevent this by requiring little capital output each month.

**Low up-front costs** | A conventional bank loan usually demands more money at initiation than leasing and often has restrictive covenants. Debt financing may require a 10 percent to 20 percent down payment.

**Overcome budget constraints** | Most companies operate under budgetary constraints - the result of a formal planning process or the availability of funds. With formal planning, companies can use leasing to bypass capital budget constraints, as lease payments are usually accounted for as expenses. If the budget is based on capital resources available and the company can’t fund the full purchase price, a payment option is often the answer.

**Keep on top of new technology** | Leasing helps keep technology up to date by facilitating periodic update of technology assets, and permitting replacement even if capital resources are not available. Some leasing structures allow the end user to return the equipment, which makes it easy for them to upgrade at regular intervals. Also, if the end user needs an upgrade but lacks capital, a lease makes it possible to acquire new technology without a large cash outlay.

**Solves disposition issues** | When customers reach the end of their leases, they can return the equipment to the leasing company. This relieves them of the hassles, costs and liabilities involved in disposing of technology equipment.

**100-percent financing** | In most cases, the lease covers all expenses: the full cost of the equipment, service, shipping, installation costs and maintenance.
How To Sell Leasing
How To Take Advantage Of Leasing

Now that you understand why you should adopt leasing as part of your sales strategy, you need to know how it works. Simply follow these steps:

**Quote a lease payment with every proposal |** It's that easy. No one has ever lost a deal because they provided a lease quote. The worst a customer can do is pay cash, and that's highly unlikely.

**Prepare a quote |** Ingram Micro Preferred Leasing has provided an easy-to-use leasing calculator to help you generate leasing proposals. If you need assistance, our team is available to answer questions, guide you through the leasing process or provide you with a quote and proposal.

**Understand leasing |** The Ingram Micro Preferred Leasing staff can answer all your questions, provide training material or conduct a training session for you. Upon request, we can also speak directly with your customers. Just call your Ingram Micro Sales Representative at 1-800-668-3450 ext. 55202.

**Submit an application |** Once your customer has decided to lease, you have three options to file your application:

- Submit it online through our website
- Have your customer complete a hard-copy application and fax it to us
- Ask us to prepare the application.

The choice is yours.
Ingram Micro Preferred Leasing
Now that you understand what a valuable sales tool leasing can be and how to sell it, you must choose a leasing partner. Ingram Micro offers the most innovative and powerful leasing program available to the channel: Ingram Micro Preferred Leasing.

Ingram Micro Preferred Leasing is unique | We have developed a unique multi-lender program administered through a single point of contact within Ingram Micro. Because Ingram Micro Preferred Leasing represents the combined volume of all Ingram Micro channel partners, we attract the best funding sources the leasing market offers, many of which your customers would not be able to access on their own.

Higher approval rates and better terms | By combining the capabilities of multiple funding sources into one program, we provide a multi-lender platform that can effectively serve all segments of the market. You are no longer limited by the capabilities of a single lender.

World-class service | Our team will manage the entire process for you, from developing a quote to preparing the documents to closing the deal. We can help as much or as little as you want. Either way, we provide the same high-quality service you expect from Ingram Micro.

Tools to help you sell | On our website you will find a Web-based tool that provides quotes, generates proposals and submits applications. You will also find information on how to use leasing, why you should use leasing and how to brand your own solution to your customers. We also provide a comprehensive training program and point of sale material to help you promote financing. For immediate assistance, contact our Leasing Desk at 1-800-668-3450 ext. 55202.

Short sales cycle | Our program is an integrated part of Ingram Micro, so you experience the shortest cycle possible.

Credit line is not affected | When you use Ingram Micro Preferred Leasing, your Ingram Micro line of credit is not affected because our program includes a feature called split funding, which sends your order to a separate line of credit.

Lease the entire purchase | With Ingram Micro Preferred Leasing, you can lease equipment, software, services and freight. Our goal is to provide a value-added program to support your business.

Easy qualification | If you are an Ingram Micro approved Reseller, you are eligible.

Fast sign-up | To access Ingram Micro Preferred Leasing, call 1-800-668-3450 and dial ext. 55202, or visit our website at www.ingrammicro.ca for more information.
FAQs

Frequently Asked Questions
Frequently Asked Questions

What kind of equipment can I lease?
Ingram Micro Preferred Leasing can fund any kind of equipment, including software only.

Are there any items I can’t lease?
Yes, but very few. Some software companies do not permit the temporary assignment of their license agreements, which is exactly what leasing is.

Is there a minimum lease amount?
The minimum we can fund is $1,000.

How do I apply or get help?
Easy. You can apply online, or have an Ingram Micro Preferred Leasing consultant fax or e-mail an application to you. Call 1-800-668-3450 and dial ext. 55202 to contact a leasing consultant.

How much does leasing cost?
The actual rental payment depends on the equipment you select and how long your customer wants to pay for its use. Leasing is not expensive. The savings in accounting costs, better use of capital, and revenue realized on additional business will justify the payments.

How is the monthly payment calculated?
The monthly payment is determined by a Lease Rate Factor, which is a periodic rental payment to a lessor for the use of assets. The lease rate factor is multiplied by the equipment cost to determine the monthly payment.

Will my customer get a competitive rate?
Yes. The Ingram Micro Preferred Leasing multi-lender platform provides some of the most competitive rates in the country.

How accurate is the quote calculator?
The quote calculator arms you with a conservative estimate to help your customer specify their desired terms.

Is approval guaranteed?
We cannot guarantee every deal will be approved; however, our multi-lender strategy gives your application the greatest chance of approval.

Does my customer need to supply financial statements?
For transactions totaling less than $30,000.00, Ingram Micro Preferred Leasing requires only a completed application. For larger transactions, financial statements will be required. However, if your customer is a public company or government entity, financial information may be available from public sources.

Why is a personal guarantee required for some company leases?
Many different criteria can affect credit, including time in business, prior bankruptcies and payment history. When the credit risk is high, a personal guarantee can help secure the investment. The benefit of a personal guarantee is it may lower the lease rate because it lowers the risk.
When will I know if my customer is approved?
At Ingram Micro, credit decisions on deals totaling less than $30,000.00 are guaranteed within four hours and usually received within minutes. Decisions on deals totaling more than $30,000.00 are guaranteed within 48 hours.

What is required for my order to ship?
As with any lease, certain documents must be completed. First, you must be an authorized Ingram Micro Reseller and apply for the lease. Second, Ingram Micro Preferred Leasing will send your customer lease documents that cover the legal aspects. Your customer should read them carefully and sign them. We can accept a fax copy of documents with your customer’s signature, but the originals must be returned. Upon receipt of the documentation and verifying that they are correct, Ingram Micro Preferred Leasing will request an invoice – at which point you can release the equipment to your client. Contact your leasing representative for complete details.

When does the lease start?
The lease starts upon delivery and acceptance of the equipment by the customer. A leasing representative will ask for a verbal confirmation when your customer has received the equipment and determined it is in good working order.

What are my customer’s responsibilities?
Your customer must maintain the equipment, obtain insurance, make the monthly payments, and, if they decide to return the equipment at the end of the lease, return it in working order.

Is insurance required for the equipment?
Generally, insurance is needed on every lease. Most business insurance also covers equipment leases.

What if the equipment is defective?
Because Ingram Micro Preferred Leasing is part of Ingram Micro, you can expect the same level of service you are accustomed to when it comes to returns, warranty and repair provisions.

What happens at the end of the lease?
An Ingram Micro Preferred Leasing representative will contact you prior to the expiration date and explain the options. Depending on the type of lease chosen (Fair Market Value (FMV), 10%, $10 buyout), your customer then has the option to return the equipment or buy it.

Can my customer end his lease early?
If your customer chooses to end the lease early, they may. However, a lease is a legally binding contract and Ingram Micro Preferred Leasing will require them to fulfill their financial obligations. Your leasing specialist may suggest other leasing options.

What if my customer wants to seek his own financing?
You might lose the sale or even your customer’s ongoing business. By providing the value-added service of financing, you are more likely to complete the solution. Customers always value convenience, and our program provides the fastest deal cycle and smoothest process available.

Should I wait for my customers to request financing?
No. Customers will assume you do not have a financing program unless you offer it. That’s why it’s important to include leasing as part of your sales proposal. With financing, you will be able to present a more affordable purchasing alternative, which will help you close more sales.

Who do I contact for help?
For support, call the Ingram Micro Preferred Leasing team at 1-800-668-3450 and dial ext. 55202.
Leasing 101
A lease is a contractual arrangement in which a leasing company (lessor) gives a customer (lessee) the right to use its equipment for a specified length of time (lease term) and payment (usually monthly). Depending on the lease structure, the customer can either purchase, return, or continue to lease the equipment at the end of the lease term.

**Types Of Leases**

**Operating/True Lease** | A fair-market-value lease option offers the lowest available payment. When equipment is leased for business use, the payments are usually 100-percent tax-deductible. At the end of the lease term, the customer may purchase the equipment at its fair market value or return it with no further obligation.

Characteristics of this option:
- Usage agreement
- Offers lower monthly payments
- Good for equipment that will be used three years or less
- Strongest tax benefits
- Not reported on balance sheet

**Capital/Finance Lease** | Leases structured to a $10 buyout are considered to be a Capital or Finance Lease. There may not be as much of a tax advantage as an Operating Lease. This option offers end-of-lease flexibility and a pre-determined purchase price.

The $10 purchase option transfers ownership of the equipment to the customer at the end of the lease term. The lease payments must be deducted as a capital expense (depreciable asset). This option protects cash reserves, helps customers manage their cash flow and simplifies budgeting with fixed monthly payments. This purchase option is best if the end user plans on keeping the equipment for more than five years.

Characteristics of these options:
- Higher monthly payments with a fixed buyout
- Best when ownership of the equipment is the goal
- Fewer tax benefits than operating lease
- Shown as long-term asset on balance sheet

**Tax Structures**

For the small-business owner, there are two primary types of leases that determine tax benefits: operating or true leases and capital or finance leases. A lease is usually considered a true lease if, at the end of the lease term, the lessee has the option to purchase the equipment at fair market value.

Conversely, if the lease agreement contains a bargain purchase option, such as $10, it would be treated as an installment sale. Check the lease buyout terms and Your customer may wish to consult a financial advisor for advice on which lease structure is most appropriate for them.
The Ingram Micro Preferred Leasing Process

Doing business with Ingram Micro Preferred Leasing is easy. Just submit a completed application and we do the rest. Here’s how it works:

1. Complete a Credit Application for the End User and return it to Ingram Micro Preferred Leasing with the equipment list.

2. Application is submitted for approval. For requests up to $30,000.00, you’ll receive same-day turnaround. For more than $30,000.00, expect 48 hours for confirmation.

3. Once the end user is approved, you will receive a confirmation by e-mail.

4. Lease documents will be sent to the end-user within 24 hours of approval. He or she will sign the lease agreement and send it back to the Lease Desk with the first and last months’ lease payments.

5. When the signed documents are received and accepted, Ingram Micro Preferred Leasing will issue a Request For Invoice (RFI), and the equipment will be ordered.

6. Your cheque will be sent within 48 hours after Ingram Micro Preferred Leasing has verified delivery and acceptance of the equipment.
Leasing Comparison Chart
BUY OR LEASE - A COMPARISON SAMPLE

Uncertain how leasing stacks up against other financial strategies? Check out the chart below for comparison.

**ASSUMPTIONS:**
- Capital Cost: $25,000.00
- Term: 36 Months
- Corporate Tax Rate: 24%
- Depreciation Rate: 15% First Year 30% Remaining Years (declining balance)

<table>
<thead>
<tr>
<th>LEASING</th>
<th>BANK FINANCING</th>
<th>CASH PURCHASE</th>
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<tbody>
<tr>
<td></td>
<td>Rate Factor: 32.81/thousand</td>
<td>Finance Cost @ 8%</td>
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<tr>
<td>Monthly Payment: $25,000 x .3281</td>
<td>Total Cost of Bank Financing</td>
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<tr>
<td>$820.00</td>
<td>Tax Expenses:</td>
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<tr>
<td>Cost: 36 x $820.00 = $29520.00</td>
<td>Depreciation Yr 1:</td>
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<td>Net Cost of Cash Purchase:</td>
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**LEASING: THE BEST ALTERNATIVE!**

If Your Tax Rate is Greater Than 24%, Your Savings are Greater

E.O. & E. Please Consult with Your Accountant

**WHY LEASE INSTEAD OF BUYING?**

- Equipment Leasing frees up your operating lines and working capital so you can use them for running your business to meet inventory, marketing and operation requirements.
- Equipment Leasing allows for equipment to pay for itself – as it operates.
- Equipment Leasing allows you to trade up to new equipment or new technology – at any time during your lease term.
- Flexible payment structures are available to help you manage your cash flow during seasonal revenue fluctuations or start-up periods in your projects.
- Certain tax advantages may be available to your company (consult your accountant).