Leasing as a core component of successful IT asset management

"IT leasing can be a key component of a successful IT asset management strategy," says **Jon Davies** of 3 Step IT

Whilst many organisations recognise and understand the benefits of IT leasing there are equally a number who either mistrust it or have had a bad experience. Entering into IT leases without effective tools, processes, and a defined Asset Management strategy, can turn out to be a costly experience.

IT leasing is a core element of a good IT Asset Management strategy as :

You can set the lease term to match the refresh cycles you have for your IT. Many studies have shown that a regular refresh of IT is much more cost effective than just extending the usage for a further period.

The costs of the deployed IT is more transparent when it is paid for on a monthly or quarterly basis. With the right systems organisations can implement cost centre recharging a good discipline in the management and control of assets and their cost. There are some basic good practices for both lessees and lessors when looking at IT asset management and leasing.

Step 1 – it is important that both the lessee and the lessors goals and objectives are aligned. Too often there are situations where the lessor is expecting only a percentage of the assets to be returned at the end of the primary term, say 30 percent to 40 percent, however the lessee maybe assuming that they will return 90 percent to 100 percent. In this situation someone at the end of lease will be disappointed.

Step 2 – having ensured that there is common understanding on what is planned at the end of life, the next key elements are to ensure that there is a clear

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and agreed process for inception of the leases. Often IT assets are delivered over time and structuring the start of use and start of lease dates in a clear and logical manner will ensure that the end of life / lease processes can happen smoothly.

Having a software tool that records and tracks the assets with such information as; description, serial
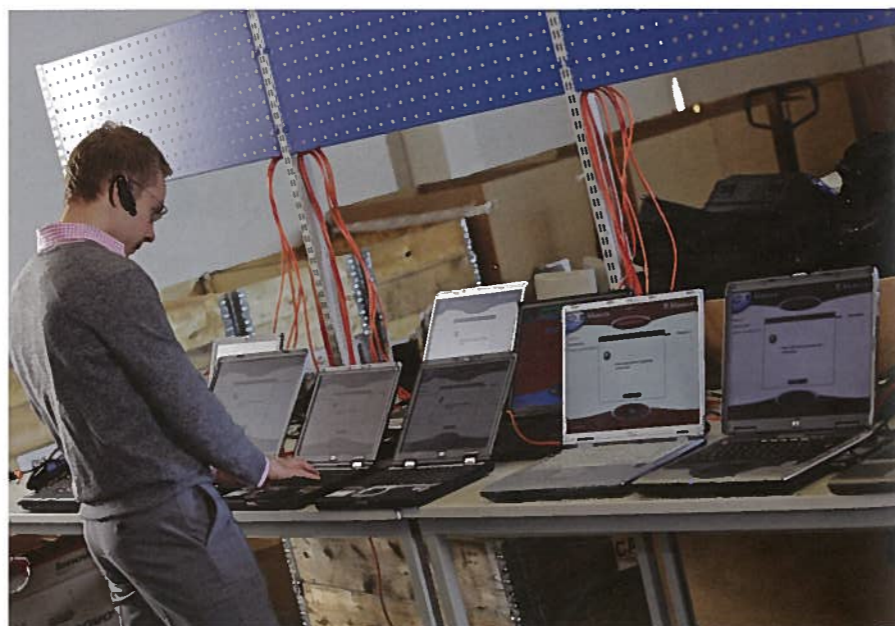
→ Too often residual values have been seen as a way of reducing the rental for the customer and they may not reflect the equipments true expected resale price

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number, location and user is essential. However just having a tool is not enough. You need a clearly agreed process as to what data is on the system, who loads the data and how is it kept up to date. In this regard links in to the clients IT Service desk systems can be a good discipline.

Step 3 – the final element of good IT Asset Management we return to where we started, the end of life and end of lease. It is now common for customers to expect the lessor to take the responsibility for collection of the end of life assets. The lessor will also deal with all the issues surrounding data erasure and environmentally friendly circulation or disposal when needed. Many IT assets not only have a resale value but they often also contain very valuable data that needs to be cleared.

Too often residual values have been seen as a way of reducing the rental for the customer and they may not reflect the equipments true expected resale price. This is a very transactional approach and leads to the customer buying on cost only to often find a penalty at the end. If both the lessee and the lessor are open and transparent in aligning their goals then leasing will become an even more important tool in good IT Asset Management.

At 3 Step IT we believe that a best practice approach to IT Asset Management will help decrease operating costs, and will help to maximise the assets value. ■