

IT Finance Market – Structure and Basics

Type	Main Items Of Possible Value to Clients	Limitations that can restrict Value to Clients	Best Usage	Volume & Scale Leader
OEM-owned Lessors ("Captives")	<ul style="list-style-type: none"> Insider information on OEM products and futures Influence on OEM parent about OEM products and services Access to parent financial resources (sometimes) 	<ul style="list-style-type: none"> Bundled pricing often hides higher prices OEM-only, IT-only focus Business goal is to sell OEM and only-OEM product: Difficult to move to alternative OEM both during and at the end of a lease commitment Limited ability to generate client value from products from rival OEMs Less interested in Operating Leases Limited, OEM-centric client-side asset management tools 	<ul style="list-style-type: none"> OEM-only product rollouts in clients mostly investing in that OEM's products (e.g. a '100% Dell shop'); Cases of proprietary technology (e.g. IBM mainframes; HP Superdomes) 	<ul style="list-style-type: none"> IBM Global Finance
Banks	<ul style="list-style-type: none"> Can connect with other aspects of existing relationships with the bank Can incorporate large non-IT assets (e.g. buildings) Corporate Finance is sometimes already comfortable with them as a funding source Has appetite for high-dollar transactions (but without making cash investment in the assets though) 	<ul style="list-style-type: none"> Not 'hands on' and with very limited knowledge of the technology Can seek to control outcomes by leaning on other relationships within the client Limited-to-no client-side asset management tools Limited working relationships with hands-on service providers (e.g. VARs) Limited-to-no ability to write Operating leases (will not take equity position/residual risk) 	<ul style="list-style-type: none"> All-in-one financing (e.g., building + equipment + delivery vans + furniture) In situations where the banking relationship must be enhanced (note: this can also be accomplished using the HYBRID approach below) 	<ul style="list-style-type: none"> Banc of America (in U.S.); Royal Bank of Scotland (non-U.S.)
Independent Lessors	<ul style="list-style-type: none"> Multi-OEM expertise and OEM-neutral Best overall pricing, due to unbundling of OEM and financing transactions Asset management expertise and tools More experience with IT-connected devices (e.g. POS, digital signage) Preference for Operating leases Best choice for large customized solutions 	<ul style="list-style-type: none"> Limited insider information from OEMs Less experience with proprietary products Limited history of funding low-tech, non-digital, stand-alone equipment (but generally has connections with a bank partner with groups who do such assets) 	<ul style="list-style-type: none"> Large, multi-asset, multi-OEM distributed projects with long-term asset management needs and perhaps customized financing Projects needing operating lease treatment (for both savings and cash deferral). 	<ul style="list-style-type: none"> Huntington Technology Finance
Hybrid: Bank plus Independent Lessor		Often the best mix of value to existing bank relationship and distributed project success		