

LifeSize[®] Flexible Leasing

Powered by TAMCO

How to Buy LifeSize Technology

When people evaluate new technology, they often ask themselves the obvious question: What do I buy? But so often, they overlook an equally important question: How should I buy?

LifeSize[®] Flexible Leasing[™] is here to help answer that exact question.

There are three ways to acquire your new technology, two of which you are most likely already familiar with – buying or traditional leasing. While both are legitimate options, LifeSize Flexible Leasing offers a third option that gives your organization unparalleled flexibility. It's called the Smart Lease[™] program.

Option 1: Buying

This means paying cash or getting a loan and making payments to your lender. Buying may seem to make sense. After all, you then own the equipment. But what do you really own?

Technology depreciates quickly so that might not be the best investment you can make. In fact, experienced investors will tell you to buy only that which appreciates and rent or lease everything else.

In addition, a loan cuts into your credit line which you may need in the future. Remember, money in hand today is worth more than tomorrow. Also consider that ownership offers little

to no benefit when it comes time for replacement.

Based on the Rule of 72, investing your capital into your business instead will bring better returns on your money. The Rule of 72 states that if you invest or recycle your capital back into your business, you will not only see a return but also reveal the hidden benefit of renting.

Here's how it works: simply take your corporate rate of return and divide it into 72. The answer is how long it will take to double your money. Therefore, assuming a 15% rate of return and dividing that into 72, you will double your money every 4.8 years.

HOW TO BUY: Food for thought

Capital expense vs. operating expense

Do you really want to treat a depreciating asset as a capital expense?

Accounting treatment

Some programs can be classified as a monthly business expense while others are considered a capital expenditure and treated as a liability.

Protect your credit lines

Taking a loan or drawing against your line of credit will tap into your borrowing power which you may need for something unexpected in the future.

Tax benefits

You may be eligible for fully deductible monthly payments. Check with your tax advisor to learn more.

The time / value of money

Consider how spending your company's cash on equipment today could actually cost you money by not getting a return

Option 2: Traditional Leasing

With traditional leasing, the solution cost is spread out over a period of time creating a monthly payment stream. After the final payment your organization owns the equipment.

This type of leasing is treated as a capital expense from an accounting standpoint. The amount is recorded on the balance sheet, classified as a 'liability', and depreciated over time.

This type of program is well suited for organizations who know upfront that they would like to own the equipment and are simply looking for an option to help with cash flow. The downside is two-fold: 1) you ultimately have the responsibility of the equipment and 2) you are not protected from changing business or technology needs.

Should anything change during the term – your business changes or technology changes – the agreement cannot be canceled. Instead, your organization is obligated to either continue making the scheduled payments, buyout the balance owed, or roll the remaining balance into a new lease for a replacement system.

In truth, traditional leasing is a viable option for some, but it offers no flexibility if your organization experiences change or the technology becomes obsolete.

Option 3: LifeSize® Smart Lease™

So if buying is a waste of money and leasing is a trap, what other option is there?

Introducing the Smart Lease™ program

Smart Lease answers the 'how to buy' question. It is truly unique and was designed to incorporate the best aspects of renting and leasing.

Smart Lease features the *LifeSize Guarantee* which allows you to choose the LifeSize solution that's right for your business today, but if that equipment becomes obsolete for any reason (i.e. your business grows or technology changes) then you can replace your system with a new solution. Your existing Smart Lease contract will be forgiven and a new one issued for the new solution. Period. No balance to rollover, no hidden fees, and no penalties.

Designed as an operating expense, Smart Lease qualifies for "off balance sheet" accounting treatment and includes Act of God coverage if your technology incurs damage due to a natural disaster by providing reimbursement up to \$5,000 for out of pocket insurance deductible costs.

The monthly cost of Smart Lease is not necessarily for eventual ownership; it is simply a "right to use" fee. LifeSize Flexible Leasing, powered by TAMCO, absorbs the risk of ownership, not you.

If you keep your equipment for the duration of the contract, then you are in a position to make a number of choices at the end: renew or extend your Smart Lease and keep using the equipment, buy it for fair market value to own it, return it to us, or replace it.

The LifeSize Smart Lease program allows your organization to save cash, protect your credit lines, preserve your balance sheet, and gives you the flexibility to adapt to changes as they arise.

Which Method is Right for You?

We encourage you to explore all of your options before settling on one. Your sales representative can provide information in the form of a Comparative Analysis that compares cash and Smart Lease side by side.

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