

LEASING LIFE

March 2006 Vol 13 No 150

www.leasinglife.com

CROSSING CONTINENTS

How Europeans can tackle the leasing challenge

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The global market for technology equipment leasing is worth around \$25 billion a year and continues to grow rapidly. However, the market is much more mature in the United States than it is elsewhere. So, what is holding back leasing in Europe, and how can this be overcome?

Dealing with diversity

The complexity of the European leasing market is often underestimated. One of the biggest mistakes many US-based businesses make in addressing it is to establish one central hub, usually in the UK, and to use this as a distribution point to roll out new products across the whole region.

“Financial solutions providers operating in Europe need to treat individual countries as distinct entities.”

Such a ‘one-size-fits-all’ approach may suit the homogenous US market. However, it is entirely inappropriate in Europe, which encompasses a wide range of different countries, languages, business cultures as well as different legal and accounting environments.

Financial solutions providers operating in Europe need to



treat individual countries as distinct entities. They must tailor their collateral to the requirements of each market and make it available in the local language. Yet, even more critically, they should have a presence on the ground in all key countries and employ local salespeople who can understand the local business culture and discuss local issues.

Making leasing part of the culture

If Europe is to match the US in its understanding of the practical benefits of leasing, a process of education needs to take place. Most European businesses are not aware either of the scope of solutions available or of how these can be tailored to their specific needs. Leasing is not

strongly ingrained in the European culture.

Americans are much more familiar with the concept. It is tangible to them because they can often draw on their personal experience as consumers. In the US, renting is a popular way of acquiring everything from property to cars or even furniture. And, because it is so much a part of the mainstream, US businesses are much more receptive to the leasing message than their European counterparts.

Consequently, it is particularly important that leasing companies operating in Europe make these benefits tangible to potential lessees. To be successful, they must provide high-quality training to their vendor partners’ sales teams in order to ensure that the end-customer benefits from the highest possible levels of consulting expertise.

The main objective of this consultancy is to demonstrate to companies, who have historically serviced their spending from their capital budgets, that there is a financially more advantageous way of acquiring equipment.

By opting not to lease, companies risk losing ground to competitors who are already using this approach to fund asset growth. To be successful in the European

technology equipment leasing market, companies must also develop financial products, which are tailored to the needs of each individual country’s market.

Looking to the future

Though the acceptance of leasing in Europe continues to lag behind the US, the gap is narrowing. And it is the way that US companies, including Key Equipment Finance, are addressing this market that is helping to close it.

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The secret of a successful strategy in Europe lies in having respect for the diversity and complexity of the marketplace and in ensuring that the right people and products are in place to address these issues. If this type of approach is consistently followed, there is no reason why technology equipment leasing in Europe should not emulate the success it has achieved in the US.

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