Innovative and flexible sales financing models „pay per use“ and „Equipment as a Service“
for manufacturer/dealer, also start-ups/young companies)
of technical capital goods, production machines/plants
solutions for the energy and transport transformation (infrastructure, vehicles)

Requirements/demands/wishes from customers
More and more customers want usage-based forms of payment.
The utilisation risk should be reduced. (Declines in orders, customer cancellations, delivery bottlenecks, production stoppages, other internal and external negative factors).
Investment budgets, liquidity and equity capital should be conserved.
Borrowed capital should be avoided as far as possible.
Return on investment (ROI) should be achieved quickly.
IFRS-16 Compliance: off-balance instead of on-balance and opex instead of capex

Requirements/demands/wishes of the manufacturer/dealer
Interest of customers in new/innovative technologies must be aroused.
Market entry must be facilitated, barriers to entry must be removed.
Customer decision-making must be simplified and accelerated
Customer loyalty should be deepened (full-service-package, all-round carefree package)
Recurring business with same customers should be achieved
Even offering utilisation or rental models to customers requires a lot of liquidity, working capital and equity. In addition, the supplier bears the utilisation risk in these cases.

Leasing as a financing instrument
Leasing companies tend to be risk-averse and always need a lot of security(s). Innovative, flexible and dynamic financing models are very rarely offered by leasing companies. Leasing companies prefer to offer only fixed and also non-cancellable terms (basic or minimum term) with constant monthly leasing instalments.
Leasing for new technologies is verx difficult due to product and market risks as well as residual value problems (missing or rudimentary value tables). The creditworthiness of customers/lessees (default risk) is very often still the central criterion for leasing companies, which means that start-ups and young companies are usually not accepted as lessees. In addition, there are the requirements for the supplier, as the leasing company wants to avoid subsidiarity liability (warranty, guarantee, service, etc. by the supplier). Finally, the issues of mobility and internationality very often play a major role for the leasing company. In order to have access to the property (asset) at all times, the leasing company must/wants to know where the leased asset is located so that it can be accessed immediately, just in case. Production goods that are too "mobile" - let alone abroad - are usually difficult to finance here.

pay per use („ppu“) and Equipment as a Service (EaaS) models
As an independent consultant, business developer, "transformer" (transformation of a previous sales model into a usage model), and intermediary, I have accepted the challenge eliminating this shortcoming. After very long and several years of research, search and discussions, I found financial service providers who fulfil my requirements and offer „pay per use“ and „Equipment as a Service“-models.

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The financing rates depend on the utilisation of the machine/line/plant and are therefore flexible and dynamic. Thus, the customer himself decides which instalment he will pay. The distribution of risk is divided between the supplier, the customer and the financier. **The financier bears up to 75% of the utilisation risk**. The margins are then also distributed according to this risk distribution. Supplier can decide on an initial rebate/discount, a buy-back agreement/commitment and a combination of both. If the supplier does not want to bear any risk, the supplier receives 100% of the sales price. In return, however, he does not participate in the additional proceeds.

opex/capex resp. off-balance/on-balance
The flexible/dynamic monthly instalments in this „ppu“ and „EaaS“-solution are to be valued by the customer according to IFRS 16 as operating costs (opex) and no longer as capital expenditure (capex). Thus, „ppu“ and „EaaS“ creates an off-balance solution. Non-cancellable leasing contracts with fixed leasing instalments generally (with a few exceptions: low asset value, short terms) lead to an on-balance valuation/accounting obligation, as they are valued as capital expenditure.

The following sectors/products belong to the portfolio of these partners:
Technical capital goods: including industrial machines, equipment, charging infrastructure, batteries/storage/energy solutions, clean technology and 3D printers. Other product categories will be explored as needed.

Asset values: lower limit: 40,000 euros, no upper limit, target ticket size: 100,000 - 1 million euros.

Contract terms: Minimun: 1-2 years, Maximum: 9.5 years.

Usage data: Sufficient historical utilisation data (utilisation, operating hours, output quantity, etc.) must be available.

Fungibility:
As with leasing ("special leasing") or similar financing solutions), care must also be taken with the "ppu" and „EaaS“ model that the "asset" is "fungible". Fungibility in this context means that the investment/economic asset must be "third party usable" and thus exchangeable. This is to ensure that the financial service provider can still utilise the investment/asset "if the worst case comes“. „Customizing" should therefore only refer to the individual composition of the individual standard components that can be reused. If the investment/economic good is customised to the needs of the lessee in such a way that this asset can only be used in a commercially viable way by this one lessee, then this lessee is the economic owner of the asset and "ppu" and „EaaS“ financing is not possible.

Geographical coverage: EU/EFTA/EEA with a few exceptions (a.o. Italy, Norway). Other geographies will be considered as required.

Greetings from Germany.

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