



Growing Your Business with Data Sales

by Dave Young

While the Internet is often praised for its ability to create a level playing field for businesses on a global scale, the reality is that growing an organization in web hosting, managed services, or cloud computing is an expensive process. For a large majority of hosting companies, data centers, and Internet Service Providers (ISPs), the most significant obstacle to growth remains the expense of crucial IT hardware. For companies without the capital on-hand to expand their business, it can be difficult to find reputable sources of financing that do not require parting with equity and relinquishing a degree of control.

Data Sales Co. (DSC) offers special leasing agreements that give growing web hosting providers and data centers access to the equipment they need, without requiring an up-front capital investment. From servers to networking equipment, DSC has played a significant role in the growth and success for dozens of leading hosting companies. Recently, I had the chance to speak with Bob Breckner, Vice President of Data Sales Co., to learn more about how the company's unique leasing arrangements support IT providers.

IT leasing from a provider with more than 40 years of experience

"We come from an IT hardware background and know the equipment that we deal with," says Breckner. "Having been in business for 40 years and providing leases for three decades, we also understand the hosting, service provider, and cloud computing sectors. By bringing those areas of expertise together, we are uniquely positioned to develop custom lease options that work for our clients based on our understanding of their operating environment, the services they provide, and the hardware they need."

Since the company first began offering IT equipment leasing, Data Sales Co. has expanded to cover a variety of related services. DSC includes a large refurbished Hardware Sales division a Business Technology Services division to supply value-added services, including transportation, IT equipment recovery, and data destruction. However, at the core of the business, DSC's Full Service Leases remain a flagship solution that gives customers an alternate way to source and pay for IT hardware and equipment.

Asset-backed leases that enable service providers to retain business equity

"For companies in their early years or growing rapidly, it can be difficult to obtain traditional capital at the same rate they are able to grow," says Breckner. "Many are forced to look at venture capital or private equity options, which can be useful, but usually require giving up equity or control. These options can be very expensive when looking at exit strategies. Maintaining equity is extremely important when the time for the exit strategy approaches!"

In order to purchase IT equipment, web hosting providers, data center owners, and service providers routinely turn to external sources of capital. In most cases, these arrangements offer a specific sum of

IT Equipment Leasing

financial investment in exchange for an ongoing share of the business. Unfortunately, this means that if an investor wishes to withdraw, or the founders want to reclaim full control of their organization, large sums of money are repayable to the investor. Leasing is an alternative approach that allows companies to pay for hardware on an ongoing basis as an operating expense, rather than as a large-scale capital expense.

“The lease option is often overlooked by companies who need equipment,” says Breckner. “But leasing is an effective way to acquire financing without giving up equity. Choosing DSC for leased IT equipment means allowing the owners of the company to remain the owners of the company. What’s more, our asset-backed lease is secured by the IT hardware itself, so it does not require personal guarantees, lines of credit, or restrictive covenants.”

“Our approach is unique,” says Breckner. “And that uniqueness allows us to write deals that others can’t or won’t do. We are privately owned and operated, and that lets us be more responsive and create custom lease solutions.”

Custom IT equipment lease solutions from a full service lessor

Often, organizations that appear to offer IT leasing are, in fact, acting as brokers between their customers and external investors. Many of these brokers lack the specialized expertise and facilities to create lease agreements explicitly designed for the IT industry. DSC is one of few companies that not only hold all leases for its own account, but offer a full comprehensive support program.

“We have our own truck line with technical, reconfiguration, refurbishment, and resale capabilities,” says Breckner. “This reflects our overall approach to what we do, offering an end-to-end solution that allows service providers to deal with us directly at every stage of the process. We focus on relationships, service, and support, and believe that this in-house approach makes it possible to maintain those three values.”

DSC’s customer-focused approach to leasing IT equipment has led to the formation of strong relationships that have helped growing web hosting providers reach new levels of success. ServInt, a leader in managed hosting services, and HostDime, a provider of global web hosting solutions, have worked with DSC to source the servers and network hardware that they required to maintain growth.

“We have many success stories of companies who have financed their growth with a lease from DSC, kept all of their equity, and had wonderful exit experiences,” adds Breckner.

Getting started with Data Sales Co.

For any company that provides services over the Internet, access to quality IT hardware is vital to growth. DSC can offer a customized leasing solution to businesses that are growing at a fast pace and want to preserve their cash flow while getting the hardware they need as soon as possible.

“The first thing we do is provide a free review of the customer’s IT hardware needs,” says Breckner. “We believe in building relationships with businesses so that we can provide an out-of-the-box solution or grow with customers over time. Once we get to know the business, the current financial picture, and the plans for new hardware, we work to determine what type of lease structure will work for everybody involved.”

If you are looking for an alternative source of capital to expand your hardware, leasing presents an attractive solution. With such extensive experience in the field of IT hardware and a flexible, open approach to leasing, Data Sales Co. can help make your ambitions for growth a reality. **PZ**

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