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Upgrading to 3E? Financing and Leasing Is a Strategic Advantage

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In the next 12 to 24 months, users of the Elite Enterprise® platform will have to decide what is the best way to smoothly transition to 3E by the planned end-of-service date. This means that your firm will need to find ways to accelerate implementation in order to get the most return on investment for the long term—and you will need to find the best option to absorb the cost of the new software. This type of decision also impacts other technology solutions within the firm and could require some expensive hardware upgrades and tertiary software upgrades.

What Is the Most Financially Strategic Way to Procure 3E?

There are several paths to successfully navigate this major change. Firms can purchase the 3E software outright or decide to finance the software which can significantly alleviate the financial and cash flow burden of what would otherwise be a significant capital outlay. Not only will financing cover the software's licensing expenses but also related expenses such as training, implementation, maintenance, and other soft costs, along with the costs of other related or non-related projects.

Should Firms Finance or Buy This Software?

For some firms, cash can be a viable option; however, financing can simplify the decision cycle, circumvent a request for a large capital outlay, and convert the multiple aspects related to the project—from services to hardware—into one monthly expense. Firms also find that it's economical to spread out the costs for up to a 60-month period so that partners who are present at the firm benefit throughout the lease term while sharing the costs through a monthly expense. Purchasing could materially impact the partner distributions which some firms would prefer to avoid. Doug Doerfler, chief strategy and pricing officer at Stinson Leonard Street, echoes these advantages:

"It's about cash flow. With leasing, there are no large outflows of cash during the year; leasing allows us to keep the payment stream/cash outflow steady. On the partner side, since leasing does not drain our cash reserves,

this allows us to make partner distributions on a regular basis throughout the year, and the partners really appreciate that benefit."

The ability to finance 3E makes for a good, predictable business model. As margins tighten, partners prefer predictability. Furthermore, as technology continues to rapidly change, firms are reminded that it's not the ownership of software or hardware that delivers ROI, but the utilization over the useful life of that software or hardware. lawyers to stay equipped with top-notch tools, like 3E, while your firm has the advantage of a budgeted, fixed monthly payment.

In addition to financing 3E, firms can finance other associated soft costs over a 24 to 60-month period. These soft costs can encompass almost anything involved in getting the software up and running, including:

- Software licenses
- Training
- Pre-paid maintenance
- Implementation
- Consulting
- Other professional services

The firm can also lease related or unrelated hardware or equipment such as:

- Laptops
- Desktops
- Tablets
- Apple® phones
- Copiers
- Servers
- Storage
- VOIP
- Audio visual equipment
- Furniture

Financially, this means financing beneficially increases cash flow, keeps bank lines of credit open for working capital use and acquisitions, and can help with unforeseen costs such as security upgrades while still enabling the firm to keep its projects in the budget and partner distributions predictable. These combined financial strategies allow for flexibility and quick decision making which are distinct advantages.

Additional benefits that make financing a strategic choice includes:

- Maintain a flexible technology procurement process, with quick decision cycles and a built-in mechanism for upgrades
- Convert large cash outlays into a budget-friendly or cash flow related monthly expense
- Finance term can be based upon budget or the firm's projected cash flow.

Financing 3E can be a strategic solution that will allow your firm to increase cash flow, keep bank lines of credit open for their intended short-term use, potentially allow more partner distribution, and help with unforeseen costs such as upgrades while enabling other new projects to fit into the budget. Combined, these financial strategies allow flexibility and rapid decision making, distinct advantages in this rapidly evolving and dynamic software market.