

New Enterprise Services Technology Leasing Program

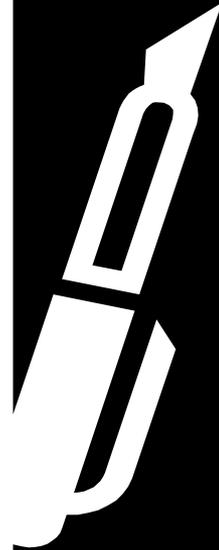


Washington State Department of
Enterprise Services

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DES Leasing Team

- * Jim Morgan – Accounting Services Manager
- * George Schuetz – Tech Leasing Consultant
- * Aaron Pittelkau – Business Operations Mgr.
- * Chris Dickinson – Asset Procurement & Mgt.
- * Brandy Evans – Fiscal Analyst, A/R & Billing



What is a lease?

A contractual arrangement between the Lessee (the customer) and the Lessor (DES Financial Services).

DES purchases the equipment from technology suppliers (i.e. Dell, HP, or IBM) and leases it to the agency for a fixed, regular payment.



DES Capital Lease

- * A continuation of the leasing program agencies have used for years.
 - * DES acquires PCs for the agency and arranges COP financing with the State Treasurer.
 - * Agencies can take ownership of PCs or return them at the end of the lease.
- * DES is responsible for asset management and holds title to the equipment.
- * Warranty coverage is included in the lease. It coincides with the useful life of the PC
- * The agency chooses whether to deploy and decommission PCs with their own staff or acquire this life cycle service via master contract for an additional fee.
- * The agency makes monthly lease payments to DES through the term of the COP



DES Capital Lease cont...

- * The maximum COP financing term equals the useful life of this asset class in the SAAM manual.
 - * DES must obtain OFM written approval for a shorter or longer term.
- * At the end of the lease term, the agency can choose for DES to:
 - * Remove the PCs. DES can replace them with new PCs through a new lease, or the agency can otherwise acquire new equipment as needed. DES transfers the used PCs to the Computers for Kids Program.
 - * Transfer ownership of the PCs to the agency. No further acquisition related payments are due.
 - * Extend the lease for an agreed period of time. Lease payments do not continue but service fees remain through the extension.



Accounting for the DES Capital Lease

DES owns the equipment and is responsible for accounting for the assets.

Agencies records lease payments as operating expenses.



Accounting for the DES Capital Lease

The DES Capital leasing model will minimize operating budget “spikes” due to equipment refresh requirements



Why Do Washington State Agencies Lease Equipment?

Leasing is flexible

Leasing is practical

Leasing is cost effective

Leasing helps conserve your operating capital

Key advantage: DES Leasing Program permits 100 percent financing, and the term of the lease can be matched with the useful life of the equipment.



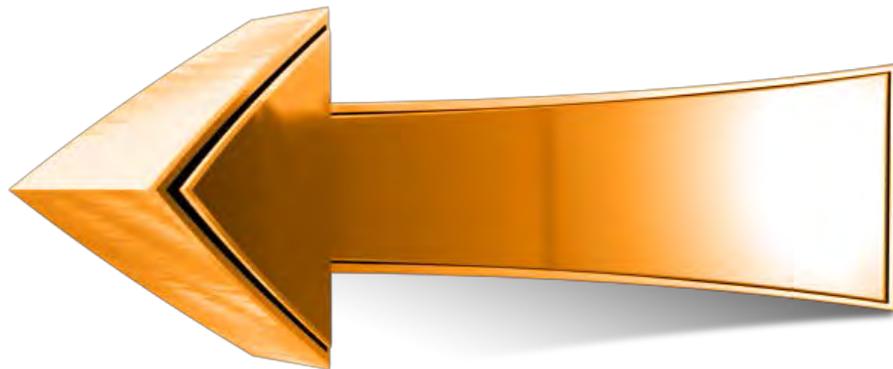
Pros-DES Capital Lease

DES Capital Lease

- Easy to refresh equipment every three to four years
- Avoid large lump sum cash outlay
- Expenditure predictability for budgeting
- Agency has flexibility in services and equipment leased, within COP criteria
- Ownership can be transferred to the agency at the end of the lease
- Agency could get more life out of equipment after lease expires
- DES provides asset management
- Tax exempt financing
- Spreading equipment costs over the useful life meets Federal regulations
- Warranty service through equipment vendors or manufacturers, therefore reducing IT cost.

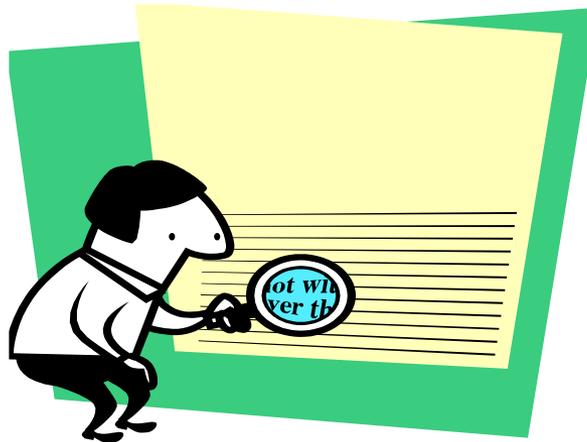
Benefits to leasing other than financial

Leasing can help expedite equipment replacement and modernization creating a positive impact across all aspects of an Agency.



Can I cancel my lease?

A lease is by design, a **non-cancelable** contract. Agencies are responsible for all payments throughout the course of the lease.



Why Leasing Makes Sense for Your Agency

- * Leasing saves time and money.
- * Leasing assures your equipment is current



Advantages to leasing

Pricing advantages through participation in the Western States Contracting Alliance (WSCA)

Predictable expenses month-to-month, that facilitates budget reporting and planning.

Equipment that complies with state configuration standards matching the right capacity with the productivity needs of staff.

Technology obsolescence is avoided.

Safe and environmentally sustainable end-of-life disposal practices.



Leasing FAQs



Who are eligible to participate?

All

Washington State Agencies
may participate.



What can I lease?

Desktop and Laptop computers

Servers plus Network Switches and routers

Printers & Scanners from several manufacturers

Tablets

* Equipment must have value of \$5,000.00



Can I order equipment with custom configurations?

The OCIO may grant request for custom configurations based on clear business case

DES will forward request for custom configuration to ICIO for approval.



What happens to returned equipment?

The DES Leasing Program redistributes returned computers to Washington school districts and schools through the C4K program.



Technology Leasing Services Master Lease Agreement

**Number T12-LSE-XXX
for
Information Technology Equipment
and
Related Services Between the
Department of Enterprise Services
(Lessor)
and
Lessee's Name (Lessee)**

Effective Date: _____



Who are Current customers?

- * *Board of Industrial Insurance Appeals*
- * *Department of Corrections*
- * *Department of Fish and Wildlife*
- * *Department of Agricultural*
- * *Department of Labor and Industries*
- * *Department of Retirement Services*
- * *Department of Social and Health Services*
- * *Board of Volunteer Fire Fighters*
- * *Health Care Authority*
- * *Liquor Control Board*
- * *Military Department*
- * *Veterans Affairs, Department of*



Intrinsic Value of DES Leasing

Your Agency's Lease:

Help's smooth budget spikes

Facilitates rapid technology deployment

Facilitates standardization efforts

Provides an effective disposal strategy

Reduces Acquisition costs

Reduces Asset Management costs

Reduces IT Support costs



<http://www.k12.wa.us/c4kids/default.aspx>

COMPUTERS

4kids



School buildings and districts we served in past years

School District	City/County	# Computers Received
SD 112	ESD 112 Special Ed Coop	72
SD 112	Multiple Schools in Ridgefield	96
SD 112	Clark County Skills Center in Evergreen	24
SD 112	Multiple Schools in Camas	312
SD 112	Klickitat High School in Klickitat	24
SD 112	Multiple Schools in Willapa Valley	48
SD 113	Multiple Schools in Montesano	48
SD 113	Multiple Schools in Toledo	48
SD 113	Multiple Schools in Olympia	288
SD 113	Multiple Schools in Hoquiam	144
SD 113	Multiple Schools in Kalama	48
SD 113	Multiple Schools in Rochester	24
SD 113	Multiple Schools in North Beach	72
SD 114	Multiple Schools in Sequim	72
SD 114	Clallam Bay Elementary in Cape Flattery	24
SD 189	Highline CHOICE Academy in Highline	24



Feedback from Schools



“Just wanted to let you know what a great success story the Laptops you gave from surplus to Tenino High School were.”



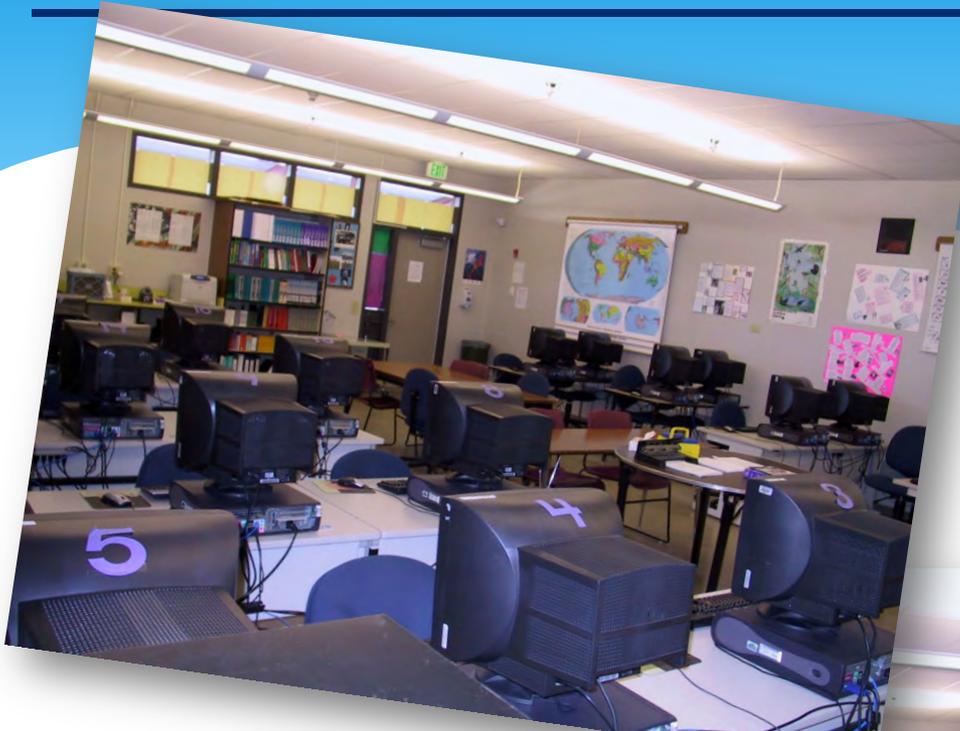
Feedback from Schools



“We have them in a cart, and wheel them from classroom to classroom. They are in continuous use and have been used for 120 straight school days! Thanks again!”



Yelm Community Schools



Thank
you!



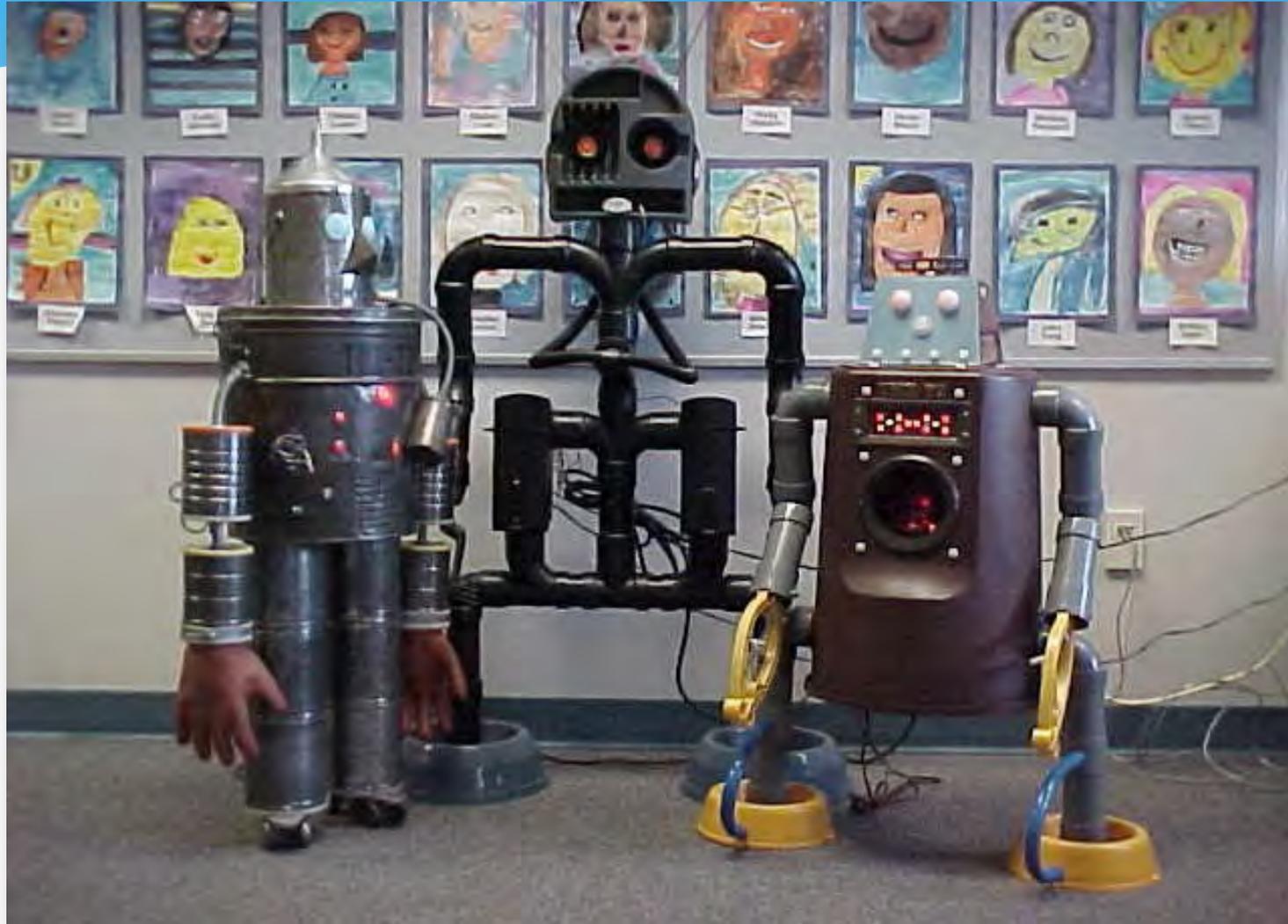
Liberty Lake Elementary Central Valley School District



*“All equipment is computers for kids.
Thank you so much for what you have done for
Central Valley School District.”*



Meredith Hill Elementary School



Thank you

Questions?

