 **Peter Davison**

WHAT DO AN ANTICIPATED 57% OF ALL TECHNOLOGY HARDWARE & SOFTWARE BUYERS HAVE IN COMMON IN 2014?

You guessed it – they will look to leases, loans, financing solutions as the means to acquire the equipment, software and solutions needed for their business.

Are you prepared and able to offer the value added sales financing solutions?   Below is a reminder of the benefits or offering a point of sale financing solution and the ELFA Top 10 Acquisition Trends for 2014.

Please call Advantage Financial Services or NewWave Technologies if you want to learn more about our sales support solutions.

Equipment Leasing and Finance Association Announces Top 10 Equipment Acquisition Trends for 2014

Press release date: January 13, 2014

Economic Improvement and Favorable Financing Conditions Will Drive Capital Spending This Year

Washington, DC, — The Equipment Leasing and Finance Association (ELFA) which represents the $827 billion equipment finance sector, today revealed its Top 10 Equipment Acquisition Trends for 2014. Given U.S. businesses, nonprofits and government agencies will spend in excess of $1.5 trillion in capital goods or fixed business investment (including software) this year, financing more than half of those assets, these trends impact a significant portion of the U.S. economy. Businesses will need to consider a dynamic environment of economic growth, wider credit availability, and favorable interest rates in their equipment acquisition decision-making.

ELFA President and CEO William G. Sutton, CAE, said, “For a majority of U.S. businesses, equipment financing is a critical source of funding, helping them to acquire the equipment they need to operate and grow. Equipment acquisition plays a critical role in driving the supply chains across all U.S. manufacturing and service sectors. To assist businesses in planning their acquisition strategies, we have distilled recent research data, including the Equipment Leasing & Finance Foundation’s 2014 Equipment Leasing & Finance U.S. Economic Outlook Report, industry participants’ expertise and member input from ELFA meetings and conferences to provide our best insight for the Top 10 Equipment Acquisition Trends for 2014.”

ELFA forecasts the following Top 10 Equipment Acquisition Trends for 2014:

1. Investment in equipment and software will reach an all-time high in 2014. As the U.S. economy and underlying economic fundamentals, including GDP, continue to improve, business investment is forecast to reach a record $1.5 trillion in 2014.

2. **Equipment replacement demand will continue to drive investment.** Stronger economic growth will boost businesses’ confidence and appetite for capital expenditures, but overall, equipment already in place can be used at a higher capacity. Until businesses find they need to expand their capacity to meet operational demands, their equipment investment will be in replacing existing aging or obsolete equipment.

3. Demand for equipment financing will increase due to greater stability in the federal budgeting process.

Businesses will enjoy a greater level of comfort than they have in recent years to make their equipment acquisition decisions for 2014. The two-year budget agreement passed by Congress reduces fiscal pressures and lessens the chance of a potential government shutdown, while a rising tide of economic growth will lift all boats. As equipment acquisitions increase, so will businesses' demand to finance them.

4. The global economy will play a part in the "big picture" impacting businesses' equipment acquisition decisions. The lack of long-term breakout growth and expansion in equipment acquisition has some of its causes beyond U.S. shores. External factors like the stagnant Eurozone, foreign oil prices and the cooling of a hot Chinese economy, which have combined to impede growth, will continue in 2014.

5. Rebounding of some industry sectors will spur varied equipment types. Growth in investment is forecast for numerous equipment types, some of which will be the result of increased activity in the housing and energy sectors. The rebounding housing industry will have spillover effects on equipment verticals, including construction as well as trucking and rail transportation to ship homebuilding supplies. Manufacturers' plans for billions of dollars in investments to take advantage of cheap, rapidly expanding U.S. supplies of oil and natural gas will expand production capacity for energy and downstream products, such as petrochemicals and plastics, and increase demand for industrial equipment.

6. A majority of U.S. businesses will use some form of financing for equipment acquisition. **In 2014, investment in plant, equipment and software in the United States is projected to reach $1.5 trillion, of which 57 percent ($860 billion) is expected to be financed through loans, leases and lines of credit, a slight uptick from 55 percent in 2013.** In a continuing trend, seven out of 10 businesses will use at least one form of financing to acquire equipment.

7. Credit market conditions will remain favorable for long-term equipment financing. In a continuing trend from last year, businesses will generally find an increasing credit supply as they consider equipment acquisitions.

8. A low short-term interest rate environment will continue, while long-term rates will rise but remain below the historical average. **Businesses that want to conserve cash and take advantage of the many other benefits of financing their equipment acquisitions can look forward to the prospect of continued low short-term interest rates until 2015.** Although the Federal Reserve's policy agenda for 2014 will likely result in a rise in long-term interest rates, inducing some companies to lock in lower rates, they will remain low enough by historical standards to keep financing an attractive option for acquiring equipment.

9. Technology innovations will continue to improve the customer experience. While **demand for software and technology equipment is expected to remain strong, equipment finance companies will use technology to optimize their delivery and fulfillment systems around customer service. They will meet a growing demand for cloud and mobile technology as well as access to real-time company data and business intelligence.**

10. Long-awaited changes to the lease accounting standard will continue to be debated. A new draft of proposed lease accounting changes issued by the Financial Accounting Standards Board and the International Accounting Standards Board issued in 2013 generated substantial opposition for being too burdensome and complex. As a result, the Boards will continue re-deliberations into 2014 and will conduct additional meetings to address concerns before changes are adopted.

Credit for article is the ELFA.