

HOW TO

IMPROVE CASH FLOW



**Leasing nesting software
to improve cash flow
and control expenses.**

Manufacturers can manage cash better to improve the bottom line. By buying nesting software through a lease instead of making a capital purchase they can improve monthly expenses. This approach has several advantages over making a capital purchase.

LEASE ADVANTAGES

- **Reduced Initial Expenses** – As is typical in any lease – automotive, equipment – a nesting software lease dramatically reduces the initial cash outlay for the purchase. Instead of covering the full cost of the licenses, the down payment covers only the initial costs of installation and training.
- **Preserved Capital Budgets** – With a lease, monthly payments are simply taken from operating expenses. Capital funds may be reserved for other investments.
- **Net Reduction in Ongoing Expenses** – The monthly lease expense can be seen as a deduction from the net material savings each month. The manufacturer can experience a net reduction in expenses when the cost of the lease is less than the savings in raw material generated by the nesting software.
- **Example:** Acme Company spends \$500 per month leasing nesting software. Acme has a monthly material expense of \$50,000 in material; however 25% of the cost is scrap amounting to \$12,500 per month in wasted expense. Acme was able to reduce the scrap rate by 10% or \$1,250 with nesting software. Deducting their lease payment of \$500/month, they have a net cost reduction of \$750/month.

► Always consult your tax professional before making any decisions regarding the tax implications of a capital purchase.

WHAT TO LOOK FOR IN A NESTING SOFTWARE LEASE

1. No additional collateral required. The software should act as its own security for the lease.
2. Software Maintenance included. Your leased product is maintained and upgraded, keeping your operation current with the changes in technology.
3. No personal signatures required as guarantee for the lease.
4. Minimal down payment.