



Comparing the Technology Subscription

When placed side-by-side with a traditional lease/loan or a simple cash purchase, a technology subscription has significant financial and qualitative advantages that make it the best way to get to 100% adoption of new, advanced energy systems in your space.

	Technology Subscription	Lease or Loan	Cash Purchase	Explanation
Monthly Project Cost ^{1,2}	\$1,762	\$1,615	\$1,968	A technology subscription includes financing & ongoing service; cash purchase includes upfront cost & opportunity cost from inability to invest elsewhere in the business, averaged over project term.
Monthly Project Savings	\$2,300	\$2,300	\$2,300	Savings include reduction in lighting energy use, reduced maintenance material and labor needs, and ancillary HVAC savings.
Monthly Tax Benefit ^{3,4}	\$529	\$185	\$156	Technology subscription payments are 100% deductible as OpEx over the contract term; lease or loan can deduct depreciation and interest; cash purchase can deduct only depreciation
Underlying Interest Rate	8.50%	8.50%	N/A	Includes all closing costs and other associated fees. Does not include ongoing service payments for a Technology Subscription.
Effective After-Tax Interest Rate ⁵	5.79%	6.06%	N/A	Technology subscription cost of capital includes underlying financing & ongoing service payments.
Net Benefit ⁶	\$63,962	\$63,371	\$36,740	Net Lifetime Benefit includes all monthly costs (including opportunity cost), monthly project savings, and monthly tax benefits over the term of the project.

Note: Balance sheet use in a lease/loan also carries an opportunity cost, which can be calculated as the difference between the return at hurdle rate and the interest rate paid on the debt

Assumptions

- Hurdle Rate: 10.00% Annual
- Underlying Interest Rate: 8.90% Annual
- Depreciation Schedule: 7-Year Straight Line
- Corporate Income Tax Rate: 30.00%
- LaaS cost of capital includes underlying financing & ongoing service payments
- Project term is 60 months
- All values are in absolute dollars and have not been time adjusted using a discount rate

Disclaimer: These tax and accounting calculations are for presentation purposes only and are not intended to be precise calculations for your business. Please ask your tax advisors for further guidance.