

Leasing IT equipment is increasingly recognized as a strategic imperative for organizations, offering financial flexibility and operational efficiency, especially when lessors provide value-added services to streamline asset management.

# From Ownership to Optimization: Why IT Leasing Spend Is on the Rise

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## Introduction

In today's rapidly evolving IT landscape, the decision to lease IT equipment has become a strategic imperative for many organizations. In this IDC Analyst Brief, we delve into the critical benefits of leasing IT assets and examine the considerations for selecting a lessor for IT assets, including datacenter equipment, on-premises cloud solutions, and end-user devices. As businesses strive to conserve capital and maintain operational flexibility amid volatile economic conditions, understanding the key leasing value drivers becomes essential. This document provides insights into how leasing can serve as a financial strategy to optimize resource allocation, mitigate risks, and adapt to changing market demands, ensuring that organizations remain agile and competitive in the face of uncertainty.

### Business Case for Leasing IT Assets

The ROI in IT leasing is multifaceted, encompassing financial flexibility, technology management, sustainability, and service quality. These factors collectively drive the decision-making process for IT leaders who consider leasing as a strategic procurement option. According to the respondents of IDC's April 2025 *IT Leasing and Financing Survey: Understanding Customers' Top Requirements and Key Drivers*, some of the key business case drivers for leasing IT assets are the following:

- » **Budgeting and financial flexibility:** More than one-third (37%) cited budget/payment flexibility as a top reason for choosing leasing over purchasing IT hardware and devices.
- » **Technology refresh and obsolescence protection:** About two in five (42%) indicated that ensuring tech refresh was the primary reason underscoring the business case for leasing IT assets.

## AT A GLANCE

### KEY TAKEAWAYS

- » IT equipment leasing allows business leaders to conserve capital, manage risks, and adapt to changing market conditions, aligning IT procurement with broader business goals.
- » Leasing agreements often include provisions for regular technology refreshes, protecting against tech debt and maintaining a competitive advantage.
- » By transferring the risk of IT asset value depreciation to the lessor (provider), leasing offers significant advantages in rapidly changing technology environments.
- » Value-added services, including integration with asset management solutions, enhance organizational efficiency and transparency.

- » **Sustainability and circularity benefits:** More than one-third (36%) acknowledged better sustainability outcomes as a significant business-case benefit of leasing IT assets.

### *Trends in Leasing*

IDC's research on IT leasing and financing trends shows the growing influence of the C-suite, particularly the CEO, on the decision-making process for leasing IT equipment. This trend underscores the strategic importance of leasing decisions, which now encompass considerations across IT, finance, and sustainability. The rising influence of the CEO reflects a broader shift toward integrating leasing strategies with overarching business goals, ensuring that IT procurement aligns with the company's vision and operational needs. This alignment is crucial in maintaining agility and resilience in an increasingly volatile economic environment.

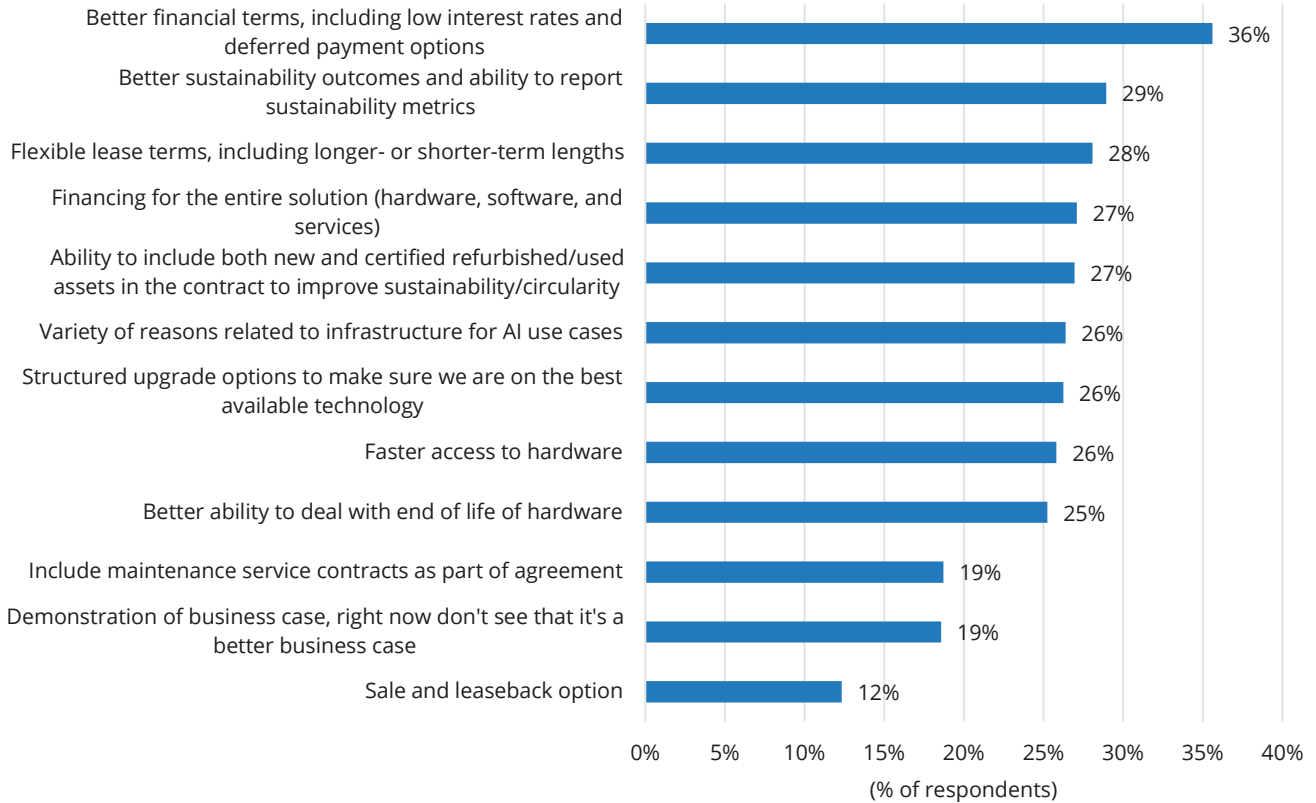
The decision to adjust lease terms is a critical aspect of IT procurement strategy, with 52% of organizations expecting their IT equipment lease terms to remain the same while 45% anticipate an increase (source: IDC's *IT Procurement Trends and Consumption Models Survey*, March 2025). The primary drivers for extending lease terms include meeting budget requirements and securing better pricing, which are vital benefits during periods of macroeconomic uncertainty and recessionary concerns. Longer lease terms can offer financial stability and predictability, allowing organizations to manage costs effectively. Conversely, shorter lease terms can offset the costs associated with IT equipment refreshes, leveraging the higher residual values of equipment. This strategic flexibility in lease-term management enables organizations to optimize their financial and operational performance amidst changing economic conditions.

As shown in Figure 1, when IDC asked IT decision-makers, "What are the top incentives that motivate you to increase your volumes of leasing for IT equipment?" the top 3 answers underscore not only the financial benefits but also the sustainability benefits of IT leasing:

- » Better financial terms, including low interest rates and deferred payment options
- » Better sustainability outcomes and the ability to report sustainability metrics
- » Flexible lease terms, including longer- or shorter-term lengths

FIGURE 1: *Incentives for Leasing IT Equipment*

**Q Which of these financing and leasing incentives would motivate you to decide to lease or finance more?**



n = 705

Base = Respondents plan to procure a finance lease or capital lease/operating lease for IT assets.

Notes:

The data is not weighted.

Multiple responses were allowed.

Source: IDC's IT Procurement Trends and Consumption Models Survey, March 2025

## Benefits of Leasing

Leasing IT equipment offers several benefits that align with strategic business goals, especially in times of economic uncertainty:

- » **Financial flexibility:** This includes tailored payment options and the ability to upgrade or add equipment as needed, aligning with cash flow or budget requirements. Leasing allows organizations to conserve capital, which they can redirect toward other revenue-generating activities and overcome uncertainty during volatile economic times.
- » **Financial transparency:** This includes the ability to separate services from hardware in pricing negotiations and contract terms, helping IT leaders optimize budgets and avoid hidden costs.
- » **Technology refresh:** Leasing helps ensure regular upgrades, which provide protection against technology obsolescence and the ability to avoid tech debt. IDC observes that many organizations see three to four years as the optimal refresh cycle for IT assets that support mission-critical business activity.
- » **Sustainability and circularity:** Leasing facilitates better sustainability outcomes through IT asset disposition (ITAD) services, which ensure responsible recycling and resale of refurbished equipment, contributing to the circular economy.
- » **Reduced risk of equipment value depreciation:** Leasing reduces the risk associated with equipment value depreciation, transferring it to the lessor. If an organization changes direction, decides to upgrade, or no longer needs the assets, in many countries, leasing provides protection against the need to write off the financial depreciation of the asset as would be required if it were purchased.
- » **Operational efficiency and agility:** Organizations can adapt more quickly to changing market conditions with leasing, making it a preferred choice for many enterprises looking to optimize their IT infrastructure while maintaining flexibility and resilience.

## Considerations for CIOs, CFOs, and Other IT Decision-Makers When Examining Leasing Offers

As IT decision-makers look to choose a lessor for IT devices, on-premises cloud hardware, and other datacenter hardware, there are several key considerations to examine.

### Financial Terms

Leasing IT equipment can offer attractive financial terms and incentives, such as lower interest rates or bundled solutions, which can be more appealing than the often higher costs associated with flexible consumption models. This financial advantage allows organizations to optimize their budgets and allocate resources more efficiently. For IT decision-makers that want to negotiate financial terms separately from services, this can be an advantage.

### Technology Refresh and Tech Debt Avoidance

A disciplined and managed refresh cycle is an integral component of leasing agreements, ensuring that organizations have access to the latest technology without extended periods of downtime. This provision is particularly beneficial for

maintaining a competitive advantage and enhancing operational efficiency, as it allows businesses to stay ahead in a rapidly evolving IT landscape. In addition to leasing, other options to avoid tech debt include on-premises cloud solutions and flexible consumption offerings.

### **Sustainability Outcomes**

Leasing contributes to better sustainability outcomes through structured ITAD services at the end of lease, which ensure the secure and environmentally friendly disposal of outdated equipment. This approach aligns with circular economy principles by promoting the reuse and recycling of IT assets, thereby reducing environmental impact and supporting sustainable business practices. It is important to consider the specifics of the included ITAD services to ensure they meet an organization's security requirements.

In addition, IDC observes that customers are increasingly asking their lessors to provide circularity reporting metrics that help them account for the reduction in carbon emissions associated with the responsible reuse and recycling practices that the vendor provides. With the vast majority of survey respondents in IDC's 2025 *IT Leasing and Financing Survey* stating that circularity and sustainability are important for leasing decision-making, IDC expects continued progress in the ability to report on carbon reduction metrics arising from best practices associated with IT leasing.

### **Risk Management**

Leasing transfers the risk of IT asset value depreciation to the leasing provider from the lessee. This can be a significant advantage in rapidly changing technology environments, where the value of equipment can fluctuate unpredictably. Consider the organization's ability to assess fair market residual values and expected installed life of the IT equipment when analyzing the risk management benefits of leasing compared with other procurement options.

### **Value-Added Services**

Leasing solutions typically include value-added services that enhance organizational efficiency and flexibility. At the same time, leasing allows for the decoupling of support and service levels, enabling organizations to drive separate support and service contracts with preferred partners. Consider whether the leasing provider offers online asset management tools that also integrate with an organization's existing IT asset management and AIOps solutions and that provide full end-of-lease capabilities, including logistics, data sanitization, and recycling. Many organizations also require global capabilities to ensure consistency and transparency across all entities worldwide, making this another key consideration for evaluating procurement options.

## Conclusion

Leasing IT equipment presents a strategic advantage for organizations seeking to navigate the complexities of today's economic and IT landscape. By offering financial flexibility, transparency, and sustainability benefits, leasing enables businesses to optimize their resource allocation and maintain operational efficiency. The ability to regularly refresh technology and manage risks associated with asset depreciation enhances the appeal of leasing as a preferred procurement strategy. The integration of online asset management tools with existing systems is crucial for providing real-time insights and seamless management of IT assets, enhancing operational efficiency and decision-making. As organizations continue to prioritize agility and resilience, leasing remains a compelling option for aligning IT infrastructure with broader business goals and ensuring long-term competitiveness.

Leasing IT equipment presents a strategic advantage for organizations seeking to navigate the complexities of today's economic and IT landscape.

## About the Analyst



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Lara Greden leads IDC's worldwide research on IT infrastructure as-a-Service (IaaS) solutions, flexible consumption models, leasing markets, and circular economy sustainability strategies. Her analysis provides insight from both a supply-side and buyer's point of view, with core research coverage including circular economy and sustainability for IT assets and the evolution of procurement strategies for better operating models from purchasing, leasing, and financing to as-a-service models, also known as flexible consumption.

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