Lease it don’t buy it

How forward-thinking businesses are slashing hardware costs

vodacom business

Introduction

When you're running a growing business, the wrong spending habits can be detrimental.

And one of the most overlooked culprits is hardware. Buying laptops and devices outright might seem smart on the surface: it's done, you own it, no monthly fees. But it traps capital and locks you into a cycle of diminishing returns.

This eBook offers a **sharper approach**—one that **frees up cash**, keeps your tech up to date, and eliminates the hidden costs most businesses don't factor in until it's **too late**.

vodacom business

1 Why the old way of buying hardware hurts your business

For years, the standard approach to equipping a business has been simple: buy your devices outright, use them until they can't go anymore, and replace them when you have no choice. It feels like the safer option—pay once, own it, move on. But for small to medium businesses, this model is starting to crack under pressure. Here's where it breaks down:

Cash gets trapped upfront.

A bulk purchase—like R300,000 for a batch of laptops—locks away money you might need for hiring, marketing, or handling a slow month. For SMBs, that kind of capital hit can sting.

Repairs add up.

Older machines break more often. Maintenance costs creep in, eating into your budget and pulling focus from growth to firefighting.

And then there's the tax.

Buying hardware outright is treated as capital expenditure, which means that you cannot treat this expense as a taxable deduction immediately.

This isn't about devices failing overnight. **It's about a system that worked in a slower world**—one that doesn't match the pace or pressures of running a business today.

2 The case for contracts

A contract-based model flips the equation. Instead of a lump sum, you pay a predictable monthly fee, and you keep your team running on fresh, modern hardware—without the volatility.

Here’s how it works in your favour:

Cash stays liquid.

No upfront blow to your balance sheet. You spread the cost over time, freeing up capital to invest in growth, operations, or unexpected opportunities.

Better tax treatment.

Monthly contract payments are treated as operating expenses (OPEX), which means they’re fully tax-deductible in the same year. OPEX lowers your taxable income right away and keeps your finances more flexible.

You get a built-in refresh cycle.

With 24- or 36-month contracts, you know exactly when you can upgrade—no surprise costs, no outdated tech dragging your team down. Your staff stays equipped with reliable devices, and you avoid the full hit of buying new gear every few years.

You scale without strain.

Hiring five new people? Just add five devices. There’s no need to delay onboarding or dip into reserves to buy more hardware.

Fewer IT disruptions.

Every hardware issue pulls your IT staff into reactive mode, patching problems instead of planning ahead. With newer tech on a regular upgrade cycle, those disruptions drop.

You get **flexibility and control,** minus the financial strain of using tech that’s past its prime.

3 Let's do the maths

Buying devices outright might feel like a win on day one, but the costs stack up fast.
Let’s run the numbers for 10 laptops:

Buying outright:

R30,000 per laptop = **R300,000** upfront.

Then toss in **repairs** (maybe R2,000 per device over three years), **downtime,** and **replacing** a few that die early.

You’re at **R350,000** or more—plus the hassle of selling or scrapping old gear yourself.

A contract:

R900 per laptop per month = **R9,000/month**, or **R108,000/year**.

Over **36 months**: **R324,000**. That covers your monthly fees, and at month 34, you’re **eligible for an upgrade.**

No repair bills, **no** sudden replacements—and the old devices? They’re yours to **keep, reuse, or sell.**

The total spend might be close—R324,000 vs. R350,000—but the contract saves you from cash flow shocks and keeps your business humming. **It’s less about the final rand and more about what you avoid losing along the way.**

Conclusion

The traditional way of buying hardware—big upfront costs, aging devices, surprise expenses—doesn’t cut it for small to medium businesses anymore. It’s a model that drains cash flow and slows you down, right when you need to be fast and lean.

A **Vodacom Business** contract changes that. If you want to keep your tech current, your costs predictable, and your business ready for whatever’s next – request a call from **Vodacom Business.**


vodacom
business