

Equipment rentals helping companies to find investment capital

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The current phase of the economic cycle, recovery from a slowdown, is always difficult and frustrating, as Mark Ingham of Sensor Technology identified:

"Companies are seeing their markets improve, but don't have the reserves to finance all the activities that will kickstart their sales. What money there is has to be used carefully, which usually means funding some projects but not others. As a result opportunities have to be missed."

Typically projects may include verification or reverification of a product range to an international standard, development of a new sized unit within a product range to address an emerging market requirement, modification of a design or a whole new development.

Ingham also commented: "The devil is in the details: enterprising companies can usually see new gaps in their markets and envision a product to suit. But these need to be tested and proven, and that often involves acquiring sensors and test equipment."

Having survived more than one downturn and recovery, Sensor Technology already has a rental option in place for its TorqSense range of torque sensors. Potential users can choose to rent the equipment, rather than purchase it, thus circumventing the bottleneck of raising capital purchase approval.

Furthermore, to help companies along, if they decide that they want to hold onto their TorqSense for longer than they had anticipated, Sensor Technology are happy to convert the rental to a sale, with a percentage of the hire fee already paid offset against the purchase price.

Mark also noted that rentals are a popular option at all times: "Many of our customers have a project where they need to measure torque, but know that when the project is concluded they will have no further need for a TorqSense. For them, renting is very attractive."

This is particularly true in academia and the high tech industries. Brunel University has used Sensor Technology's rental service on a developmental project for a motor sports client, while Oxford University is a regular user. Another is a West Country satellite technology developer which had a need to test ballscrews to the point where they could be confident that they would work once blasted into orbit.

Ingham added: "A regular comment we hear is that customers would like to rent equipment from other suppliers too. There is definitely a fundamental need in the market; it probably increases in the recovery phase of the economic cycle and tails off later on, but it is always there. I am aware that some other companies are following our lead in this. Others are finding other creative ways to seed their markets, for instance energy saving equipment can be paid in instalments at a rate related to the reduce power bills."