

# Finnish lessor takes three steps forward

**Carmen Ene's** career saw her lead IBM Global Financing in Europe, then running IBM's risk analytics services business. She then became CEO of 3 Step IT, a Finnish-based financing company – from industry giant to fledgling. Six months later, she outlines the changes in leasing and financing

I have been in the IT business for more than 20 years and I know that this is a unique moment for leveraging the change that is now happening. 3 Step IT is a company with the right breadth and agility to adapt to rapid changes, so I took on the challenge.

IT leasing is just the tip of the iceberg. Only around 10% of IT investment is financed today – companies used to own IT rather than lease. So we have huge scope to grow by increasing lease penetration.

Today's IT challenges are helping to change the corporate mindset – the transition to the so-called third platform, the move to cloud computing, to 'as a service' – this happens in mini-steps, rather than giant leaps. And leasing, rather than buying, is the perfect vehicle for that transition.

Companies are making this technology change, and in the mid-market they still find it difficult to borrow from banks. That's why IT financing is growing – in the UK, for example, the growth rate is 35%, whether you look at quarterly or annual figures. That's dramatic growth. That's an exciting market to work in.

My second point would be that leasing is dead without services. And that's especially true for IT, where effective use of equipment can have a dramatic impact on the end-user. So a leasing company that helps both manage the IT life cycle and deliver a better IT service really has something special to offer.

Finally, the circular economy is an idea whose time has come. It's affecting the way companies think about sustainability. There is a lot of waste in IT: the latest Eurostat statistics show that only half of electronic waste is collected, and it seems that less than 10% of what is collected is eventually reused. So the reuse percentage is under 5%. That's really poor, and it's a great opportunity for us.

And while it's not really understood yet, I think we know that the 'Internet of Things' will produce an order of magnitude more devices. PCs gave the world hundreds of millions of devices, with phones it's become billions, and the Internet of Things will give us tens of billions. So the sustainability challenge will grow, and the reuse opportunity for 3 Step IT will grow with it.

Without differentiation, leasing becomes a cost of money competition. And in the race to the bottom, many lessors recover costs with deceptive end-of-lease conditions. That's a real source of customer dissatisfaction.

3 Step IT avoids that by offering relevant services with the lease. Many companies have difficulties managing their IT assets: hundreds of laptops, thousands of phones, and untold numbers of sensors for the Internet of Things. 3 Step IT provides a very helpful asset management tool that helps companies to keep a track of their investment.



To help manage mobile phones, we offer an app monitor that combines real device data with lease data. This tells the lessee which devices are active, inactive or missing, when to return devices, and how to adjust replacement plans.

While the devices are being used, we offer IT management services to manage desktop support and help prevent disruption. This simplifies IT administration and saves users' time. And as the end-of-life approaches, our asset management tool helps plan the refresh.

Finally, when the time comes to replace all these devices, their data is sensitive. So we clean them to erase the data securely.

We certify erasure, and then we reuse the item.

We get 90% of the leased equipment back and with our reconditioning and resale process, we re-sell 95% of the used equipment.

Taken altogether, 3 Step IT offers a complete IT desktop and device life cycle service: cash for the initial investment, efficient installation and support, and eventually a secure, sustainable replacement process.

3 Step IT is an ambitious company. It plans to grow, which is why I joined it and I see growth coming in three ways. First, we'll grow with the industry, helped by the increasing lease penetration that is driving up IT financing volumes in general.

Second, 3 Step IT has great potential to grow internationally. Today, nearly half our turnover is in Finland, and our businesses in Norway, Sweden, Denmark, the UK and Malaysia are each about a quarter of that. I expect those smaller businesses to grow fast, both organically and by acquisition.

Already we've made three acquisitions in the six months I've been here. First there was Nevtor, an IT outsourcing specialist. This was a complementary expertise that has helped us offer new services. Then came Tec Finance: it brought financed customers and configuration and project rollout skills. Finally, we acquired IT Move, which has provisioning skills, and also a special expertise in recycling plastics and cardboard.

So there's synergy in each acquisition: they bring new customers, some already financed, others not yet; all our customers can benefit from a broader service offering; and we should be able to improve recycling rates and sustainability for our customers too.

I'm so happy to be back in the industry, and this is such an exciting place to be: 3 Step IT is a great company with so much ambition, and huge potential. We have a vision for where we want to be in 2020: the vision exploits our core competencies, our agility, and industry trends. The board backs this plan and is happy to invest in it. We have made three acquisitions in only six months, with more to come. And so far, we're delivering the results expected. ■