

Proposed 2025 Research Topic

Evolution and Adoption of Equipment-as-a-Service (EaaS)

Industry Background

The Equipment Leasing & Finance Foundation publishes research for and about the over \$1 trillion equipment finance sector. Equipment leasing and financing companies represent important sources of finance in the U.S. economy, contributing to capital formation and providing additional critical tools that enable all types and sizes of commercial businesses to acquire the equipment they need to conduct their business operations.

Purpose of the Study

Equipment-as-a-Service (EaaS) business models (also referred to as usage-based equipment financing) have gained significant traction in recent years, driven by evolving customer preferences, technological advancements, and the broader shift towards servitization and subscription-based models. These trends align with the increasing demand for access to equipment without the burden of ownership, coupled with services such as maintenance and support. Despite growing interest, the adoption of these models is still not fully understood, particularly regarding market demand, operational feasibility, financial considerations, and the long-term sustainability of these offerings.

To address these knowledge gaps, we seek to commission a study that combines updates to the 2016 ELFF publication “Managed Solutions: Revolutionary or Evolutionary” with new insights.

The primary objective of this study is to assess the current state, adoption trends, benefits, challenges, and growth potential of EaaS. The research should provide actionable insights for equipment finance and leasing industry stakeholders to evolve their offerings, capitalize on emerging opportunities, and address key barriers.

Problem Statement

The equipment finance industry is experiencing a paradigm shift as Equipment-as-a-Service (EaaS) and usage-based equipment financing models gain prominence. These models align with customer demands for flexibility, access over ownership, and data-driven contracts, fueled by digital transformation and servitization trends. However, the widespread adoption of these models raises critical questions about market demand, operational feasibility, financial implications, and long-term sustainability.

How are equipment finance and leasing companies evolving to integrate EaaS and usage-based financing into their offerings? What are the variations in implementation across industries, and what challenges need to be overcome for these models to succeed? This study seeks to provide a comprehensive analysis of these issues, offering actionable insights to guide industry stakeholders in adapting to this transformation.

The study should address the following key topics:

1. Market Demand and Customer Preferences
 - Assess the current demand for EaaS and usage-based financing models.
 - Explore evolving customer expectations for flexible financing, data-driven contracts, and access over ownership.
2. Operational Feasibility
 - Examine the operational challenges and requirements for implementing EaaS and usage-based models, including technology, data management, and support services.
 - Identify asset types that are better suited for EaaS – consider rapid product lifecycles (i.e., a customer who always wants the latest version) vs. long product lifecycles and variable vs. consistent usage patterns.
3. Business Models
 - Understand the various business models that can be employed and how the outcome that the manufacturing company is looking for may impact the role that the finance company can plan.
 - Analyze financial implications, including cost structures, revenue streams, and risk-sharing mechanisms.
 - Compare these models to traditional equipment finance products.
4. Technology and Data Management
 - Evaluate the role of technology in enabling EaaS and usage-based financing, including IoT, data analytics, and contract management systems.
 - Analyze the relationships between manufacturers, finance companies, and technology providers to understand the value of the data to manufacturers related to things like predictive maintenance, product development, lifecycle management, or data monetization strategies.
5. Regulatory and Compliance Concerns
 - Identify regulatory considerations and compliance challenges associated with these models.
 - Discuss the implications of the “Hell or High Water” clause and other contractual elements.
6. Risk Management
 - Assess risk factors, including credit risk, asset utilization, and market volatility.
7. Customer Experience and Satisfaction
 - Evaluate customer satisfaction with EaaS and usage-based financing models and identify areas for improvement.
8. Long-Term Sustainability
 - Explore the sustainability of these models, including environmental and economic factors.
9. Competitive Landscape and Industry Analysis
 - Analyze how industry players are adopting and differentiating their offerings.
 - Include case studies or examples of successful implementations.
10. Future Outlook and Growth Potential
 - Assess the growth potential of these models and their impact on the equipment finance industry.

Suggested Researcher Resources

- ELFF's 2016 "Managed Solutions" report
- SEFA data
- Industry connections to companies offering EaaS or usage-based financing
- Trade associations and expert interviews

Required Deliverables

The Foundation expects that the final study will be delivered in no more than five months from the contract date. Specifics include:

1. All deliverables should be written for the lay reader and should be well-written.
2. Monthly progress reports should be submitted via email to the Foundation's Executive Director.
3. The delivery of the final Research Study will be selected by the researcher and subsequently approved by the Research Committee. Potential delivery vehicles include but are not limited to:
 - A formal, in-depth study with an estimated page count of 60 pages.
 - An informal, short-form study that features valuable insights but with slightly less rigor than a formal study. The page count for this option is 25-30 pages.
 - An executive summary-styled study that includes related charts and graphs with an estimated page count of 5-10 pages.
 - A webinar whose prepared remarks can be transcribed, and relevant charts and graphs can be turned into an executive summary-style study. The prepared remarks would be submitted to the Foundation's Executive Director before conducting the Webinar.
 - A video whose outline and script would be submitted to the Foundation's Executive Director for approval before commencing the videography.
4. The final Research Study should be provided in Microsoft Word and PDF versions. Charts and graphs should be provided in Excel or PowerPoint and should include source data. See our Report Guidelines for more details.
5. Upon request by the Foundation, you shall be available to present findings live and/or via web seminar or podcast.

Response Details

Submit your proposal to Kelli Nienaber, Executive Director of the Foundation, at knienaber@leasefoundation.org

Information Required

1. Researcher (or Firm's) history and background
2. Experience/knowledge with lease finance and clean energy research
3. Experience with nonprofit associations
4. Overview of the study design
5. Credentials and qualifications of staff to be assigned the project
6. References/client list, with written permission to contact

7. Description of similar studies performed by the researcher
8. If appropriate, provide a description of how staff time and other costs are billed

Timeline and Contract Terms

- Proposals are due by the first of the month – contact the Foundation for specific dates.
- Proposal selection generally occurs within 30 days. The review committee meets on the third Wednesday of each month.
- For further information regarding contract terms, see our Research Grant Guidelines.

Selection Criteria

The Equipment Leasing & Finance Foundation is an equal opportunity employer, and submissions are considered without regard to the age, religion, ethnicity, gender, sexual orientation, marital or veteran status, political affiliation—or any other classification protected by law—of the author. The Foundation encourages the diversity of perspectives and experiences that result in a holistic view of the ever-evolving challenges and opportunities that face the equipment finance industry. As such, all interested researchers are welcomed and encouraged to submit their proposal for consideration.

The proposal should be based on original research of a relevant topic with a forward-looking lens, benefit a major segment of the equipment finance industry, and include a detailed methodology for the proposed research project. The Foundation’s Research Committee evaluates all proposals on the following criteria:

1. Quality of the proposed study design
2. Qualifications of the individuals who will perform the work
3. Knowledge of the equipment finance industry
4. Experience in similar assignments
5. Resources/capacity to perform the required work
6. Experience with associations
7. Price
8. References
9. Intangibles

For additional information on the grant process visit: www.leasefoundation.org/grants

ABOUT THE FOUNDATION

The Equipment Leasing & Finance Foundation is a 501c3 non-profit organization that propels the equipment finance sector—and its people—forward through industry-specific knowledge, intelligence, and student talent development programs that contribute to industry innovation, individual careers, and the advancement of the equipment leasing and finance industry. The Foundation is funded through charitable individual and corporate donations.

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