

# Funding conversions for commercial vehicles

Creating the fleet you need





## Save money and boost productivity by making sure your commercial vehicles meet your business and operational needs from day one.

More than 70% of new commercial vehicles need some form of conversion beyond the standard plywood lining to give your employees a safe, clean and organised environment to work out of.

We work with a range of suppliers who'll make all the conversions you need before you take delivery of your vehicle – making sure you have the right vehicle for the right price and at the right time. This avoids you having to do this in two separate stages, where you receive your vehicle and then have to send it off for any conversions.

Our approach makes even more sense when you realise that any alterations you make can affect the resale value of your vehicle and the overall cost of the lease. It's why we let you finance your vehicle and any alterations together as one complete flexible package.

# Six things to consider when thinking about conversions

## 1. Your funding needs

Leasing companies should be able to offer funding for a range of conversions that can be combined with your vehicle's finance.

This type of funding is more complex than leasing a vehicle without any adaptations and is affected by the following:

**Residual values** Internal racking or workshop equipment may retain some of its value when your lease comes to an end, which can add to the vehicle's second-hand appeal (though it can detract from the value too). This is why it's worth working with an experienced commercial vehicle funding provider when you're choosing your vehicles and outlining any conversions you need – their knowledge of the market can help you choose the most cost-effective financing option.

**Highly specialised equipment** Items such as misfuelling pumps and tanks often lack a second-hand market, so you might not get finance for these through a leasing company. If this is the case, it can be worth paying for this type of conversion outright and then writing its value down to zero over time.

## 2. Choosing a conversion supplier

If you're thinking about financing your conversions through a vehicle leasing company, it's very likely that they'll have a network of preferred conversion suppliers. For example, at Alphabet, we have a contractual preferred network covering a range of national suppliers chosen for their quality of work, locations, volume capability, aftersales support and so on. However, unlike other leasing companies, if you already work with a converter (or manufacturer) and you wish to continue, we're happy for you to bring them into the mix from the beginning.

## 3. The lifecycle of your conversions

Sometimes your vehicle and the equipment you want installed have different lifespans. For example, a good quality modular racking system might last longer than the original vehicle and be used in two or three successive ones.

This can impact the original vehicle's residual value, as some second-hand buyers preferring stripped-out vehicles while others are looking for something fully decked out. The equipment's potential second-hand value may also affect your overall rental cost of the lease.

Your leasing company should work with you and your chosen converter to anticipate how reusable any racking and equipment is. They can then make sure the finance for your vehicle is worked out together with your conversions to give you the most cost-effective lease.

## 4. The impact on operating costs

When thinking about conversions, it's worth investing in systems that increase payload, save fuel and enhance productivity. Lightweight and versatile fit-outs, which can be reconfigured within your vehicles as and when your needs change (and can even be moved between vehicles), are becoming more and more popular for this reason.

Although these systems can save you money in the long-run, the initial outlay can be significant, with fittings running well into thousands of pounds per vehicle. That's why it's so important to work with a supplier like Alphabet who'll include these costs in one single package, allowing you to spread them over the term of the contract.



## 5. What happens at the end of the lease contract?

It's important to note that when you fund a conversion through a leasing company, the leased asset remains the property of the company during the contract – just like when you fund a vehicle. At the end of your lease, depending on the type of funding, the equipment may need to be returned or bought with a final instalment, often called a 'balloon' payment.

It's important to discuss what you'd like to happen at the end of the contract at the start of the process, especially if you're financing the vehicle and conversion together in a single Contract Hire package. And if you're planning to move leased equipment (such as your modular racking) to a new vehicle at the end of contract, you need to be sure that the costs of transfers, repairs and refurbishment are properly taken into account and included in your monthly rental cost to avoid any surprise fees at the end. We can help you with this and simplify the whole process for you.

## 6. Introducing commercial electric vehicles to your fleet

From 2030, new diesel and petrol vans up to the weight of 3.5 tonnes will be banned from sale.

To make sure you're ready for this change, we recommend incorporating at least one or two EVs into your current fleet set-up. This way, you'll be able to familiarise yourself with this type of vehicle, and identify any efficiencies, potential savings, and best practices well in advance.



## Creating a flexible fleet that works hard for your business

Kitting your vehicles out in the most practical way can have a real impact on your productivity and lifetime operating costs. And as the value of vehicle and any new equipment are linked, it's definitely worthwhile financing them as a one single package.

We recommend choosing a leasing company with experience in financing conversions, otherwise they may struggle to accommodate for the different resale value and lifespans of the equipment. At Alphabet, we've worked with thousands of customers, alongside our conversion partners, to deliver the best combination of equipment, funding and lifetime operating cost – always offering a flexible approach, whatever the business needs.

Alphabet's commercial vehicle service

We can help you every step of the way with a highly experienced team who can guide you through the entire process. From coachwork and internal fit-outs to complete bodybuilding projects, we know how to create the most complex fleet mix on time and to the right specification, all with tailored funding to suit your business.



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# Alphabet – dedicated to meeting your expectations without compromise.

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