

## **Navigating the impact of the new Leases Standards**

A Deloitte Global IFRS 16 and  
ASC 842 readiness survey



## Executive summary

The new Leases Standards issued during the first quarter of 2016 by the International Accounting Standards Board (IFRS 16 Leases) and the Financial Accounting Standards Board (ASC 842 Leases) (collectively the “new Leases Standards”) are mostly converged. For a majority of companies, the new Leases Standards will take effect for financial reporting periods beginning in 2019.

As Deloitte accompanies organizations in their new Leases Standards implementation projects,<sup>1</sup> we identified a need among organizations to share their many challenges and to understand those faced by others in their jurisdictions, regions, and industries around the world. In response, Deloitte Global launched the Global IFRS 16 and ASC 842 readiness survey which ran from 17 November 2017 to 30 March 2018. The survey results—from 207 respondents representing 21 countries—highlight the challenges and complexities facing organizations when implementing IFRS 16 and ASC 842 across the world.

As described later in this publication, it is found that, with a few regional exceptions, many of the challenges and issues identified are similar across all organization sizes and industries, among which are:

- Respondents are anticipating a material change to their financial reporting, but the majority did not know whether the impacts will be consistent with adjustments currently performed by rating agencies and financial analysts.

- The majority of respondents either had yet to begin implementation efforts or were in the impact assessment phase. At the time of the survey, the majority estimated that implementation efforts would peak in the latter half of 2018.
- Key challenges quoted by the majority of respondents include the collection of lease data and gathering complete populations of lease contracts. Resourcing and coordination with other departments are also quoted by a third of respondents.
- Most respondents did not have a dedicated lease software system nor a “plug and play” system to handle the new requirements. The majority of respondents are looking for externally developed leasing systems that can be managed internally, as well as external service providers to assist with a variety of tasks.
- Most respondents expected “limited” or “no” anticipated changes across their business areas as the result of the new Leases Standards (e.g. lease versus buy decisions, debt renegotiations, management and employee compensation structure, etc.). However, nearly half of

them indicated the new Leases Standards would impact their lease contract renegotiations.

- Determining the lease term and the discount rate, assessing which contracts are scoped in, and the implication of lease modifications are considered the most complex areas of implementation of the new requirements.
- A minimal amount of respondents (14 percent) had initially planned to early-adopt the new Leases Standards and many of them were still undecided as to which transition approach they would adopt. Many will be using the practical expedients offered by the new Leases Standards.

These results reflect the views of respondents at the time of the survey and are expected to have evolved as their respective implementation projects progress.

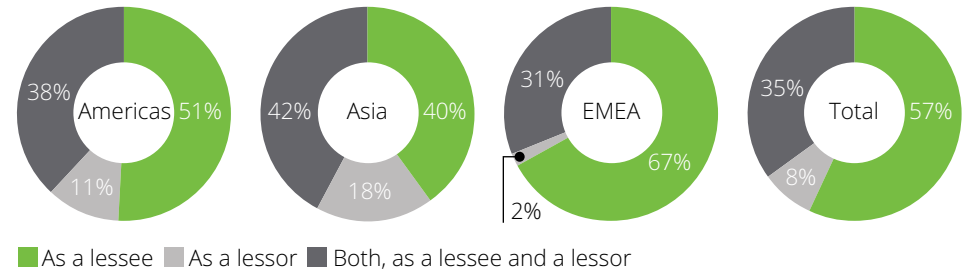


<sup>1</sup> Where permissible under applicable independence and professional standards

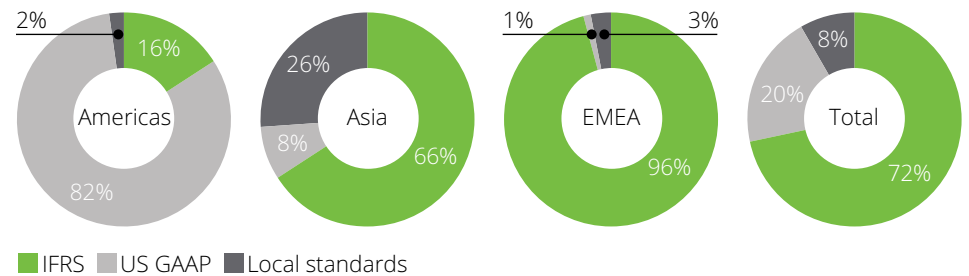
## Participants profile

Deloitte Global collected responses from 207 participants across 21 countries around the globe, including 112 from Europe (Belgium, Cyprus, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Switzerland, UK), 50 from Asia (Armenia, Bahrain, China, Japan, Singapore) and 45 from the Americas (Brazil, Canada, Chile, US). Seventy-six percent of respondents were large- and mid-capitalization sized organizations and were mainly comprised of lessees or both lessees and lessors.

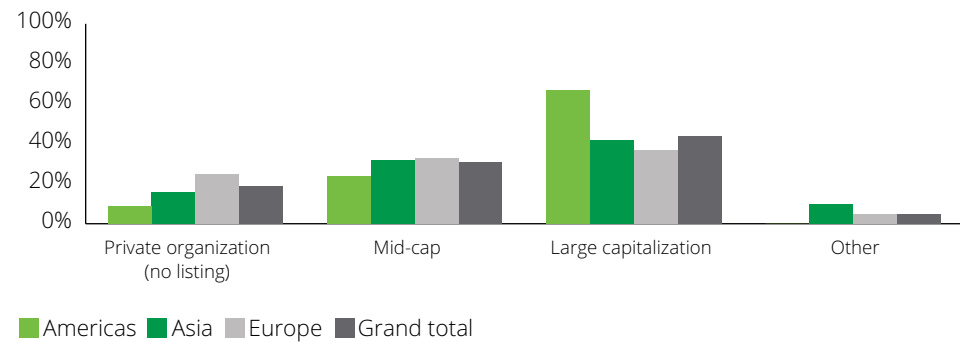
### Do you report as a lessee or lessor or both?



### What GAAP do you report?



### What is your organization's size?



What industry does your organization operate in?<sup>2</sup>



**Aerospace/Defense**

Americas	2%
Asia	—
Europe	4%



**Automotive**

Americas	—
Asia	10%
Europe	4%



**Banking & Insurance**

Americas	2%
Asia	6%
Europe	1%



**Consumer Products**

Americas	9%
Asia	4%
Europe	7%



**Energy & Utilities**

Americas	13%
Asia	2%
Europe	10%



**Investment Management**

Americas	—
Asia	2%
Europe	1%



**Life Sciences**

Americas	7%
Asia	4%
Europe	6%



**Manufacturing & Industrial Products**

Americas	11%
Asia	8%
Europe	16%



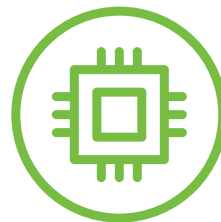
**Real Estate**

Americas	11%
Asia	4%
Europe	4%



**Retail**

Americas	7%
Asia	8%
Europe	21%



**Technology & Telecommunications**

Americas	20%
Asia	8%
Europe	6%



**Transport**

Americas	4%
Asia	2%
Europe	6%



**Other**

Americas	14%
Asia	42%
Europe	14%

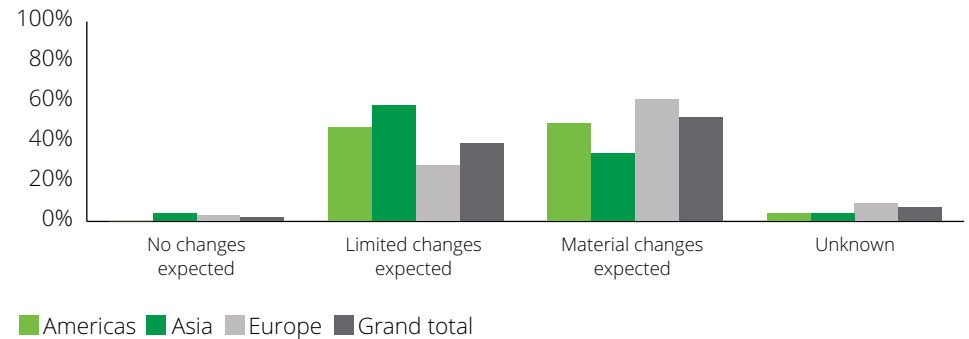
<sup>2</sup> Respondents identified their organizations represent a broad array of industries impacted by the new Leases Standards, including approximately 50 percent from the Retail, Manufacturing & Industrial Products, Technology & Telecommunications, Energy & Utilities, and Consumer Products categories.

## Financial reporting impacts

### The new Leases Standards are expected to affect financial reporting materially

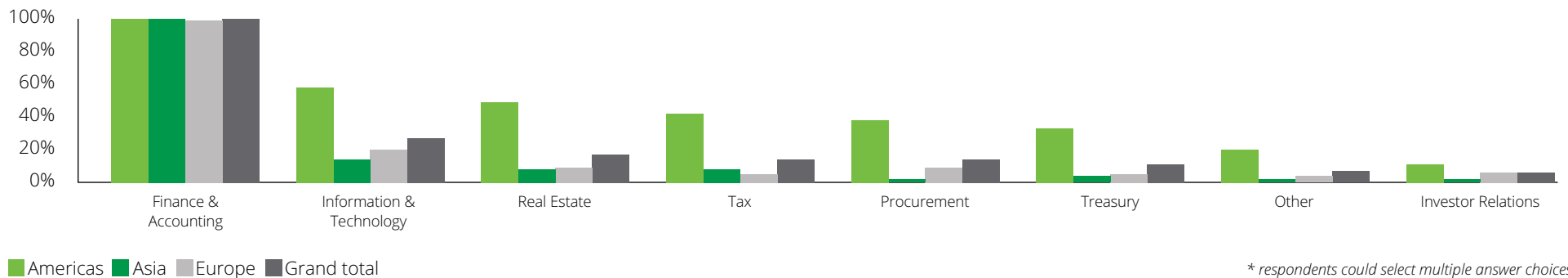
This survey confirms a majority (52 percent) of respondents anticipate material changes in their financial reporting and 39 percent of respondents expect limited changes. It is expected that this latter figure may decrease as implementation projects progress and the impact of the effects of the new Leases Standards become more clear. In implementation projects to date, it has been identified that significant time is required to obtain a complete view of the population of lease contracts affected by the new Leases Standards. As contract assessment progresses, "hidden" leases may be discovered or the application scope of practical expedients may prove narrower than initially expected. Equally, the exercise of judgment during measurement may produce unforeseen results, and preparers might then reconsider the magnitude of the expected impacts on financial statements.

### How will the adoption of the new Leases Standards affect your financial reporting?



## Cross-disciplinary implementation requirements

### Which department is managing the new Leases Standards implementation project at your organization?\*



\* respondents could select multiple answer choices

### Project management is required across the organization over a short timeframe

Given the pervasive impact the new Leases Standards will have on most organizations, a key pillar for success for implementation projects is the introduction of a Project Management Office (PMO) as a joint initiative across departments. Accounting and finance

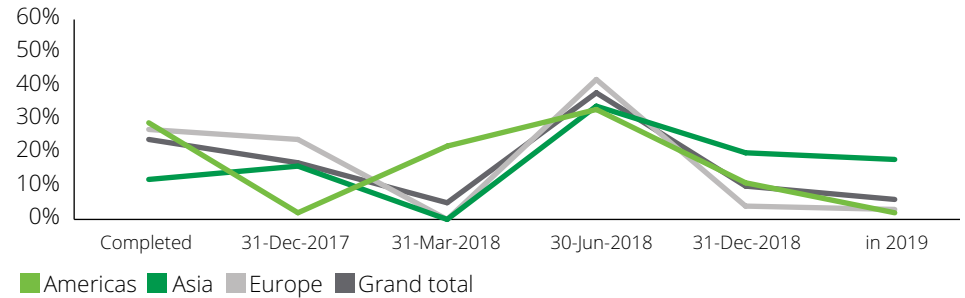
departments are the clear project sponsors of the implementation of the new Leases Standards across most organizations and often work in collaboration with their Information Technology (IT), Real Estate, Tax and Procurement departments.

At the time of the survey, progress of project implementation varied between entities and regions—most European and Americas respondents appear farther along in implementation than Asia. Globally, 23 percent of respondents had not yet started their projects, while 44 percent had started their project but had not completed their impact assessments. Only 6 percent had reached the final implementation phase, and 27 percent were in the design phase of changes to be implemented.

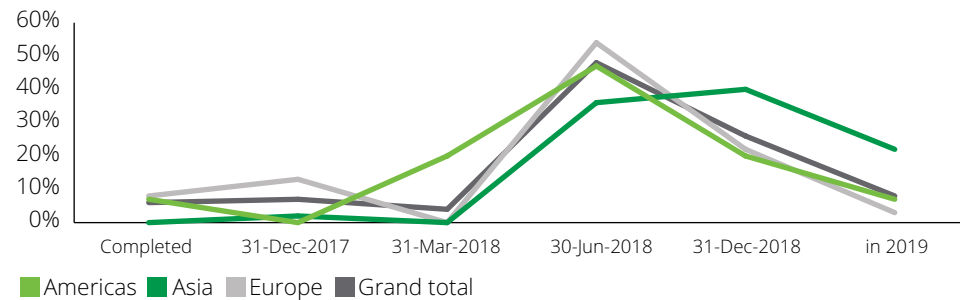
Survey participants identified the implementation of the new Leases Standards as a pressing issue, and there is an expected acceleration of projects in the latter half of 2018. Some factors, such as the predominance of 31 March year-ends (e.g. Japan) and/or IFRS convergence planned over a longer time period in certain jurisdictions, may explain regional discrepancies in the progress of implementations. To note, this kind of major project often requires an iterative or simultaneous approach that may affect the expected timing of completion of various project phases. For instance, the impact assessment may need to be re-performed as an organization establishes more in-depth accounting policy guidance, or IT and internal control specifications may need to be revisited once the contract scope assessment has been finalized.

Most respondents planned to finalize the design of required changes by mid-year 2018 and complete implementation by 31 December 2018. However, a notable proportion of respondents (34 percent) are expected to finalize their implementations in 2019.

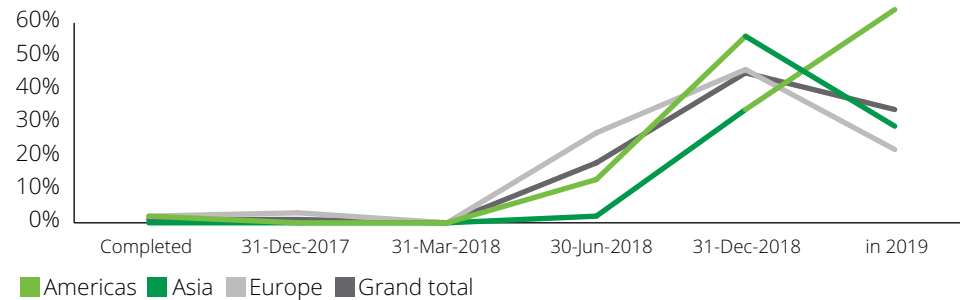
**What are the expected completion dates for your impact assessment?**



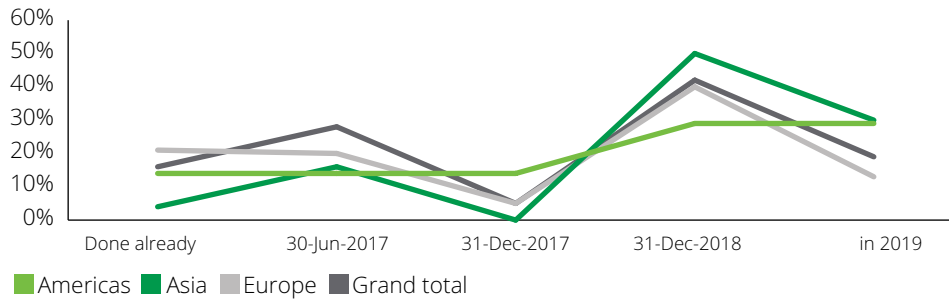
**What are the expected completion dates for your design of changes?**



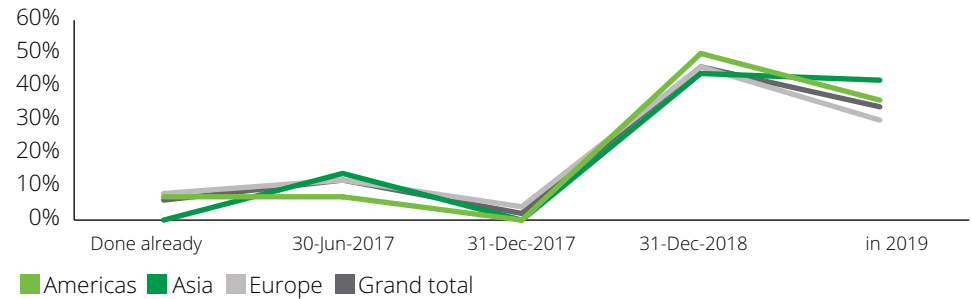
**What are the expected completion dates for your implementation phase?**



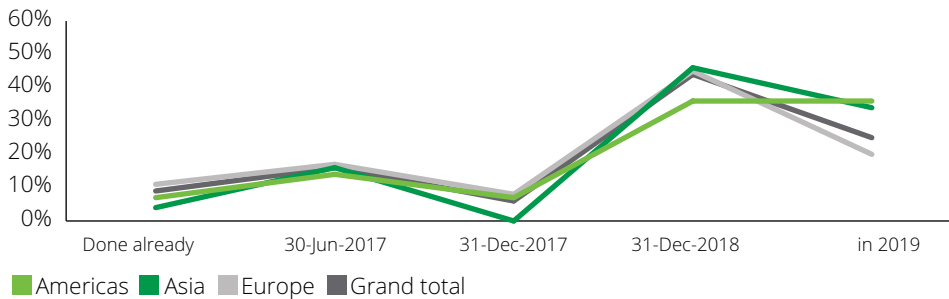
**When do you expect to communicate the KPI impact of the new Leases Standards to the Audit Committee?**



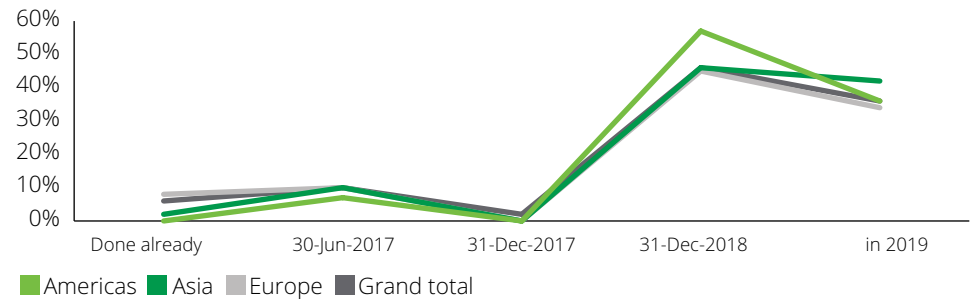
**When do you expect to communicate the KPI impact of the new Leases Standards to Market/Rating Agencies?**



**When do you expect to communicate the KPI impact of the new Leases Standards to Investor Relations?**



**When do you expect to communicate the KPI impact of the new Leases Standards to Regulators?**



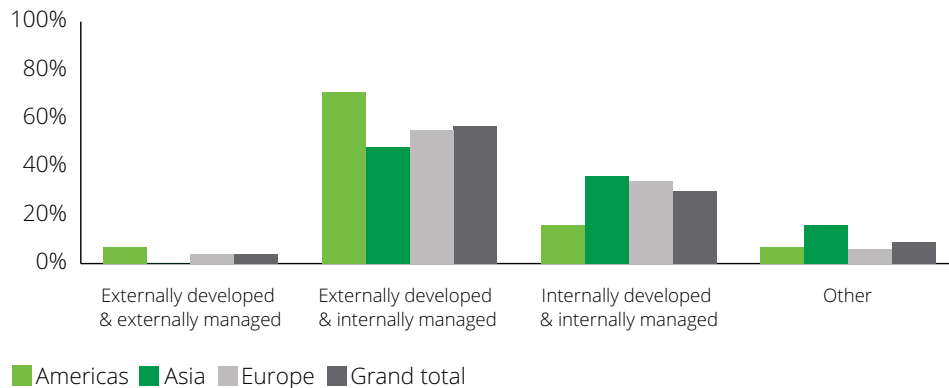
When respondents were asked when KPI impacts would be communicated to various stakeholders, a minimal number responded those communications would take place before 31 December 2018, both internally (to audit committees, investors' relations) or externally (to market/rating agencies, regulators). The majority of respondents plan to communicate these impacts in 2019.



**IT solutions: Searching for an external provider for a dedicated software solution to be used internally**

Organizations face a dilemma. They must assess exact needs, design specifications, and oversee the implementation of new IT solutions. This can be quite time consuming—and in this case, time is running out. Over 70 percent of respondents did not yet have a dedicated software system able to handle the new Leases Standards required changes. Conversely, leasing solutions can be costly, and selecting an IT solution which is not fit-for-purpose may generate significant expenses both short- and long-term. Fifty-seven percent of respondents plan to opt for externally developed leasing systems that can be managed internally. Approximately 20 percent of respondents see no need to change their current leasing software or their lease contract management system, and 26 percent are already equipped with dedicated lease software systems (including 17 percent “plug and play” within existing Enterprise Resource Planning [ERP] systems).

**What kind of system configuration do you intend to use to account for your contracts when implementing the new Leases Standards?**



A leasing solution must satisfy the needs of all business units (lease management, accounting, budget and forecasting, and be compatible with any existing ERP systems). In talks with several external vendors, anecdotally, providers are working diligently on developing their solutions to be ready on time. Organizations selected internal development less frequently, which may be a result of this system configuration requiring highly-specific, in-house cross-functional skills and it may close the door to maintenance and upgrade outsourcing in the future. As new Leases Standards projects have progressed, many organizations have realized the volume of their contracts may exceed the capacity of an internally developed solution, assuming the quality and controls of the solution are to be maintained in-house. This is due to the many parameters and fields that must be accounted for in the collection of lease data by a software solution and the complexity of required analysis to conclude on accounting policies for an organization.

Generally, the impact assessment phase of the project includes a comprehensive analysis of existing lease management and lease accounting systems, their compatibility with the new Leases Standards, and the identification of required changes to ERPs, IT solutions, and internal controls environments.

**Data collection and extraction, project resourcing, and planning are also challenges**

With the new standards being effective for 2019 financial reporting periods, the transition date is fast approaching and the timetable to be ready is ambitious. Organizations report they are facing a wide range of challenges, including data collection and extraction, resourcing, planning, IT issues, and coordinating with other departments.

**What are the key challenges you are facing during transition to the new Leases Standards?\***

	Americas	Asia	Europe	Grand total
Collecting lease data	60%	40%	59%	55%
Gathering a complete population of contracts that may be, or contain, a lease	60%	40%	58%	54%
Coordinating among internal departments (e.g. Finance, Corporate Treasury, etc.)	44%	32%	34%	36%
Resourcing needs (e.g. getting adequate skills/expertise to complete the implementation)	51%	32%	30%	35%
Planning and executing in parallel with other accounting standards implementations (e.g. Current Expected Credit Loss ("CECL"), Revenue Recognition)	44%	34%	32%	35%
Extracting data	38%	30%	33%	33%
Determining information systems capabilities	31%	24%	29%	28%
Understanding finance process design impact	24%	30%	24%	26%
Understanding peer best practices or responses to implementation questions	29%	32%	21%	26%
Finding a vendor with proper IT solutions	31%	14%	26%	24%
Selecting appropriate transition choices	27%	28%	21%	24%
Preparing communication on new lease standard	18%	22%	25%	23%
Revising lease strategy	18%	30%	14%	19%
Other	15%	8%	22%	17%

\* respondents could select multiple answer choices

To assist them with these challenges and to meet their deadlines, many respondents are looking to call on external assistance in the form of support with IT changes (37 percent), analyzing specific accounting treatments (34 percent), and defining new accounting policies (16 percent). Only 17 percent of respondents said they were not looking for any external assistance and 17 percent were unsure of the support they would require.

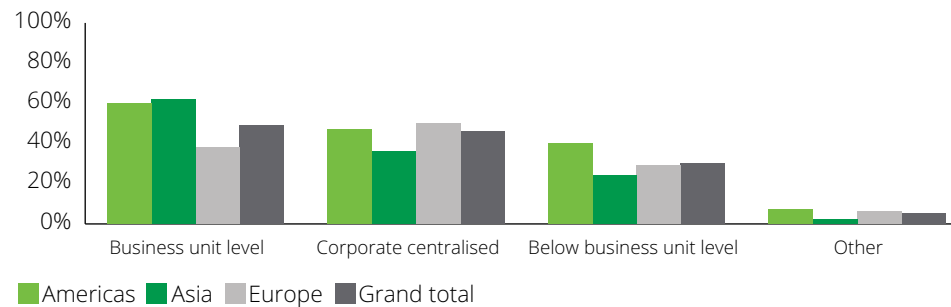
Organizations are seeking help for PMOs, data collection, and lease contract analyses as in-scope contracts are not always centralized at a corporate level and may be executed, and managed, at a business unit level or lower. As a result, lease contracts are generally not standardized and are dependent on local laws, regulations, and practices. Due to these jurisdictional norms and the sheer volume of contracts at most organizations, the new Leases Standards require a significant investment in individuals who can effectively assess lease contracts.

**Which of the following areas are you planning to use external service providers to assist with your new Leases Standards transition?\***

	Americas	Asia	Europe	Grand total
Handling information systems changes	40%	34%	38%	37%
Analyzing specific accounting treatments (e.g. on complex structured transactions)	38%	24%	37%	34%
Collecting lease contract data	40%	14%	20%	23%
Managing the transition to the new standard	29%	22%	21%	23%
None; not seeking assistance from external service providers	7%	16%	21%	17%
Unknown	20%	20%	14%	17%
Defining organization accounting policies	22%	12%	15%	16%
Other	18%	6%	5%	8%

\* respondents could select multiple answer choices

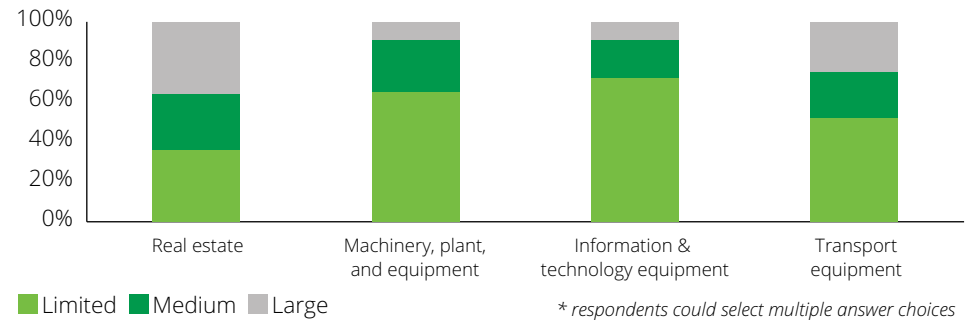
**How is information relating to your lease contracts available?**



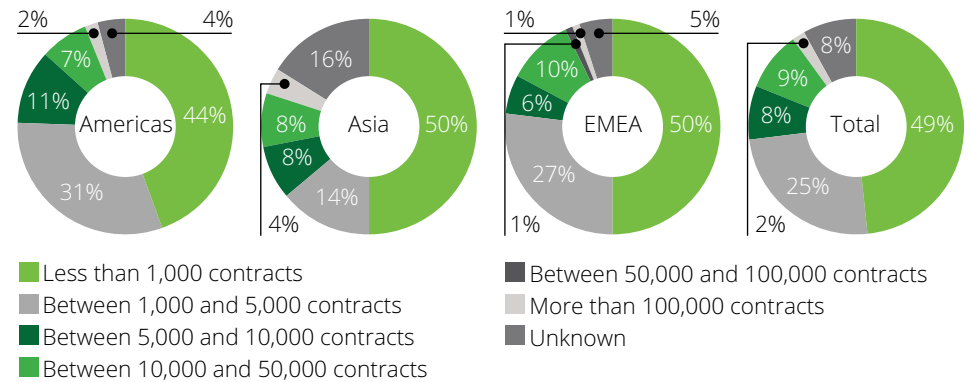
Almost 50 percent of respondents indicated they will have more than 1,000 lease contracts, with many having more than 5,000 lease contracts at hand. Eight percent of respondents were unaware of their lease contract population at the time of the survey. Many respondents had not yet completed a detailed assessment of their lease contract population at the time of survey and as a result these percentages are expected to evolve as projects progress.

The largest volumes of lease contracts identified by survey respondents related to real estate and transport equipment.

**How is the volume of your lease contracts broken down across the following categories of underlying assets?\***



**What is the approximate volume of in-scope lease contracts in your organization?**



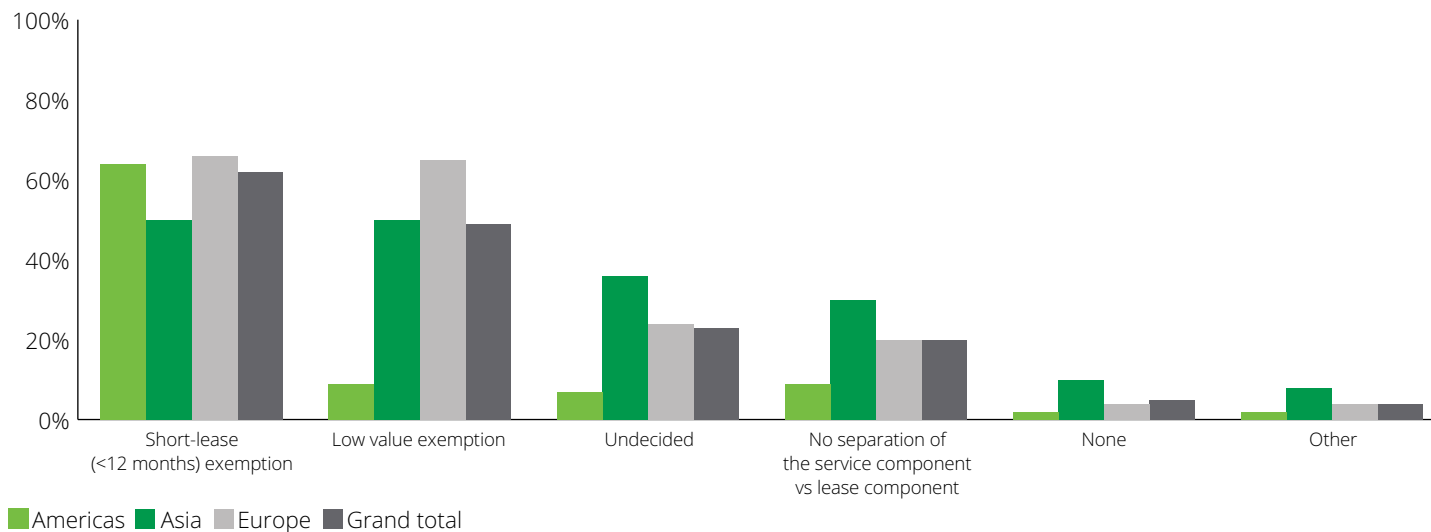
Disclosure: Due to rounding, data may not equal one hundred percent.

# Accounting implementation

## Practical expedients will be used

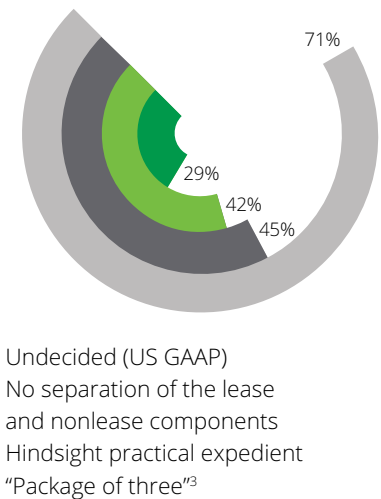
Two-thirds of respondents plan to utilize the exemption from applying lease requirements where lease contracts relate to items of low value (note this exemption option is not available under ASC 842). Approximately 62 percent plan to apply a short-term lease exemption (lease term less than 12 months).

### Which of the following practical expedients might your organization select when adopting?\*



\* respondents could select multiple answer choices

### Which of the following practical expedients might your organization select when adopting? (US GAAP)\*



<sup>3</sup> No requirement to reassess the following upon transition:

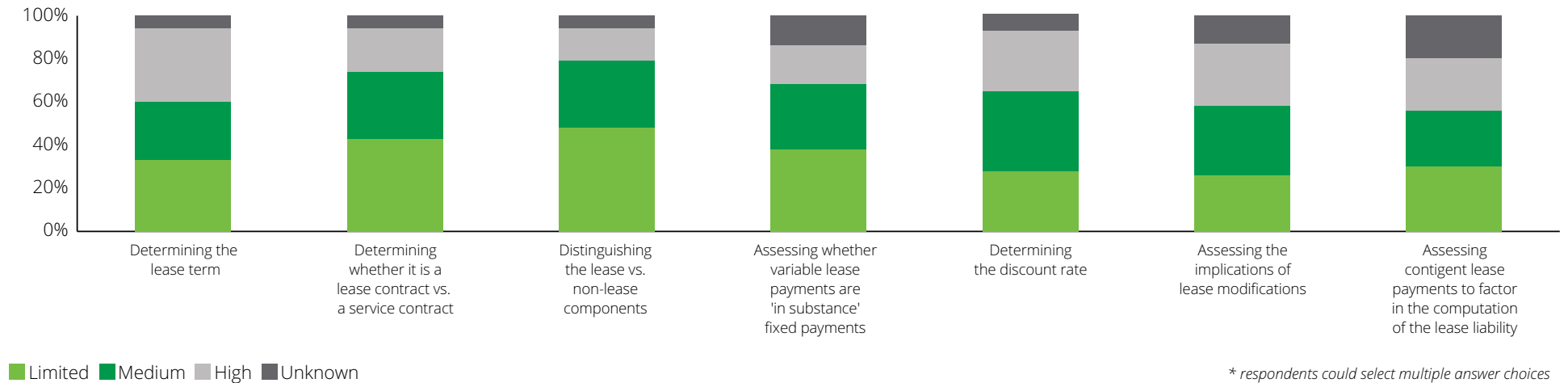
- Whether any expired or existing contracts are leases or contain leases
- The lease classification for any expired or existing leases
- Initial direct costs for any existing leases

**Areas requiring judgment are found to be most complex**

Several implementation areas, often corresponding to areas of judgment in the new Leases Standards, ranked in the higher range of complexity. Among others, complexity quoted by respondents related to assessing whether a contract is scoped in (as opposed to being treated as a service contract), determining the lease term and the discount rate, and accounting for the implications of lease modifications.

As lease contracts are generally governed by different legal and contractual frameworks influenced by jurisdictions, time is required to analyze them. It will be important to determine an appropriate framework for exercising judgment to be applied throughout an organization. More often, organizations can only truly measure the complexity and difficulty of implementing new Leases Standards as they progress through their implementation project.

**How do you rate the complexity of the following new Leases Standards implementation areas?\***



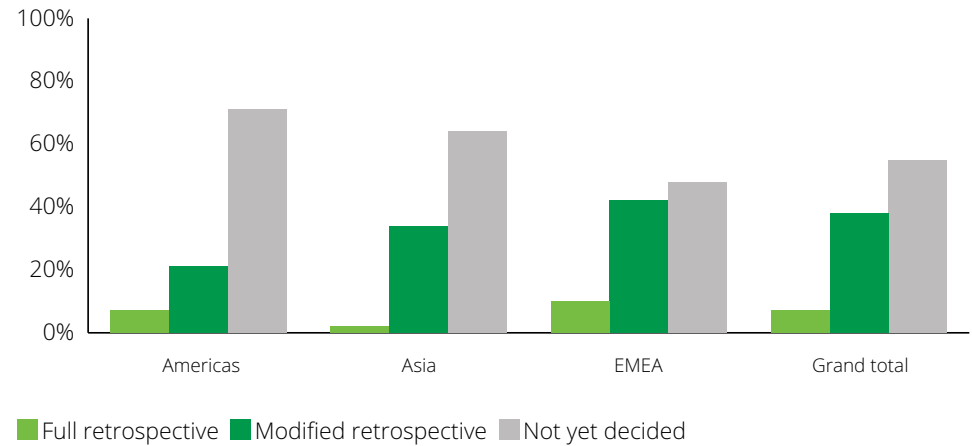
\* respondents could select multiple answer choices

**Transition methods are still undecided**

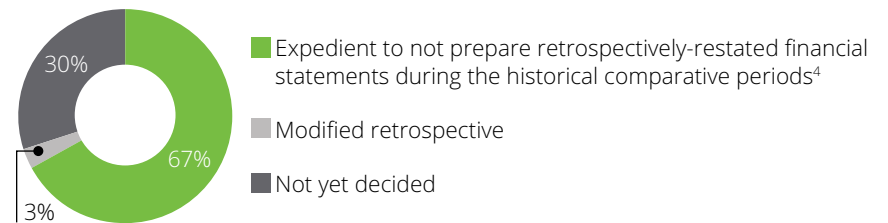
Among IFRS respondents, approximately half had not yet determined which option to choose from among the transition methods offered by the new Leases Standards. Of those who have, approximately 84 percent plan to select the modified retrospective approach, which grants certain practical expedients. Respondents from Europe seem to have the strongest appetite for the full retrospective approach, which will enable them to provide comparative information in their financial statements, whereas the modified retrospective approach will not. The prohibition to use hindsight or specific practical expedients, coupled with IT complexity and greater implementation costs, mean that in practice, it is likely a limited number of organizations will be in a position to elect to utilize the full retrospective transition method.

Sixty-seven percent of US GAAP respondents intend to use the expedient to not prepare retrospectively-restated financial statements for the historical comparative periods.<sup>4</sup>

**Which IFRS 16 transition approach will your organization expect to select?**



**What US GAAP transition approach will your organization expect to select?**



<sup>4</sup> On 30 July 2018, the FASB approved an ASU that allows the option to use the effective date of the new Leases Standard as their date of initial application in transition and not restate the comparative periods.

## Business implications

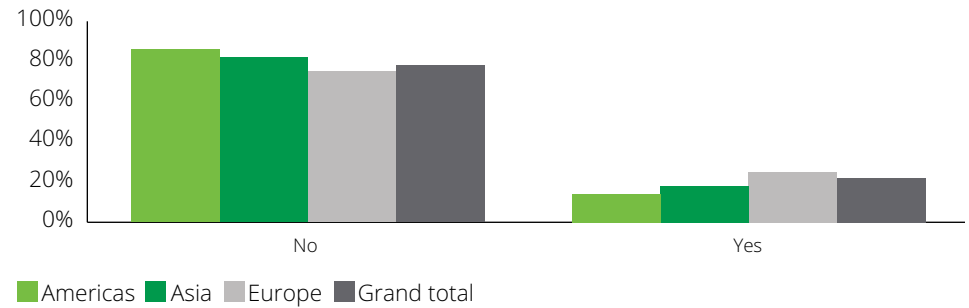
### KPIs are not expected to change

It is expected the new Leases Standards will result in an increase in an organization's financial debt, fixed assets, and EBITDA.<sup>5</sup> Accordingly, the calculation of many KPIs within organizations will most likely be affected.

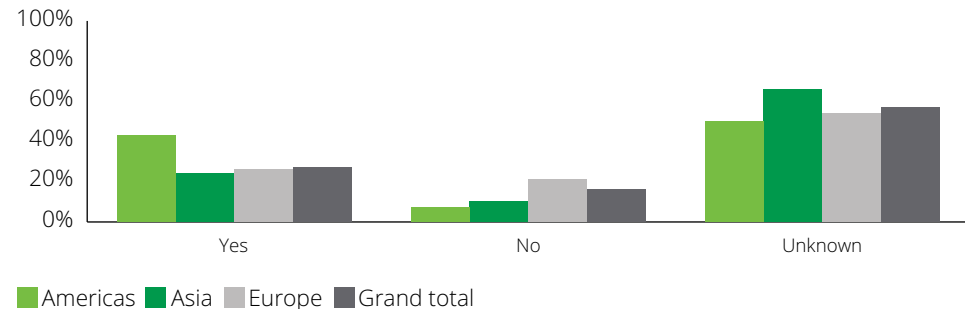
Almost 80 percent of respondents indicate they did not plan to change their KPIs as a result of implementing the new Leases Standards. As many of them did not plan to restate prior year data, it will be interesting to see how organizations will communicate the change in the level of KPIs during 2019.

More than half of respondents were unsure whether their lease liabilities at transition will be consistent with rating agency and financial analyst adjustments currently performed on their financial data. This may be explained by the fact that respondents are still assessing the impact of the new requirements.

### Are you planning to change your reported KPIs as a result of implementing the new Leases Standards?



### Do you expect that your lease liabilities subsequent to transitioning to the new Leases Standards will be consistent with rating agency and financial analyst adjustments currently performed on your financial data?



<sup>5</sup> Earnings before interest, tax depreciation, and amortization.

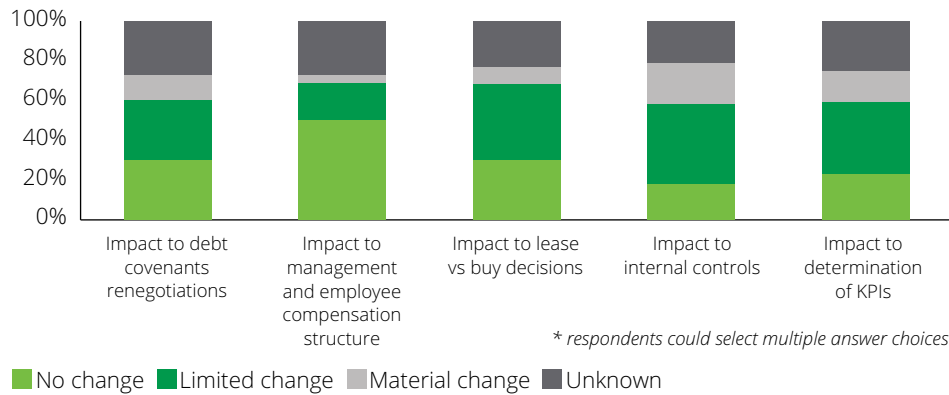


### Implementation of the new Leases Standards may affect lease contracts renegotiations

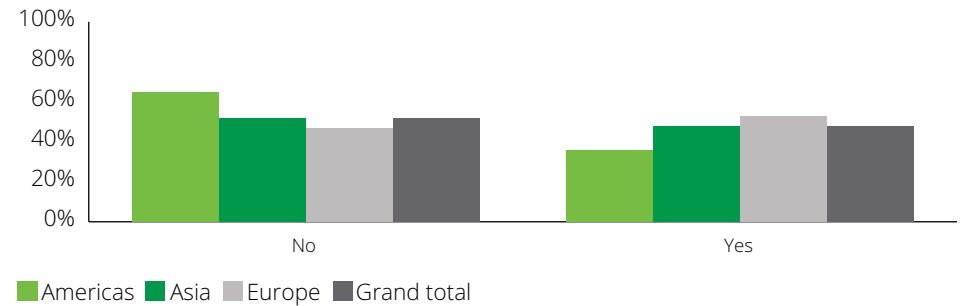
About a quarter of respondents were unsure whether the new Leases Standards will affect their business activities, such as their lease versus buy decisions, debt renegotiations, management and employee compensation, or internal controls environment. Roughly half of respondents expected that there would be limited to no consequential changes in such business activities.

If lease versus buy decisions were to change following the adoption of the new Leases Standards, respondents did not point to a particular category of leased asset that would be affected more than others. However, almost half of the respondents expected that the New Leases Standards would impact their lease contract renegotiations.

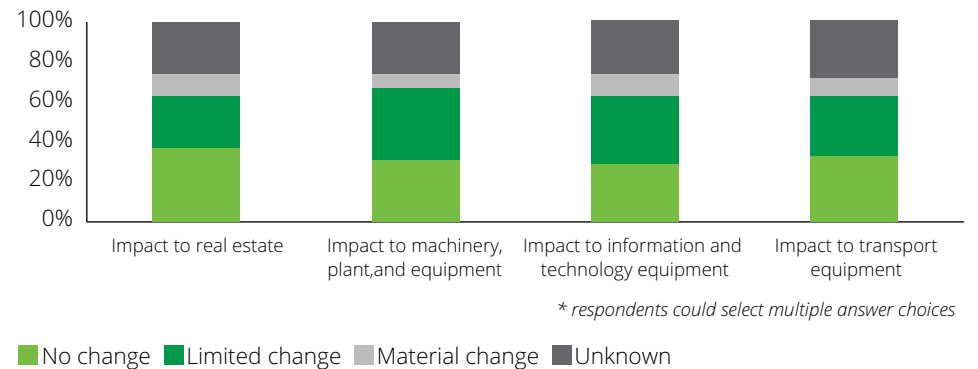
#### How do you expect that new Leases Standards will affect your following business areas?\*



#### Do you expect the new Leases Standards will impact your lease contract renegotiations?



#### If your lease vs. buy decisions were to change following transition to the new Leases Standards, how would the following categories of leased assets be affected?\*



Full results of the Deloitte Global IFRS 16 and ASC 842 readiness survey are presented in the following appendix.



# Appendix



## Preface

IFRS 16 “Leases” was issued by the IASB in January 2016 and is effective for annual periods beginning on or after 1 January 2019. For more information, please refer to <https://www.iasplus.com/en/standards/ifrs/ifrs-16>.

ASC 842 “Leases” was issued by the FASB in February 2016 and is effective for annual periods beginning after December 15, 2018. Please visit <https://www.iasplus.com/en-us/standards/fasb/broad-transactions/asc842> for more information.

Adopting IFRS 16 and ASC 842 (or the “new Leases Standards”) may have a major effect not only on the financial information prepared by organisations, but also on their business operations and practices. The objective of this survey is to gather and share information regarding lease accounting projects across industries and jurisdictions across the world in order to gauge:

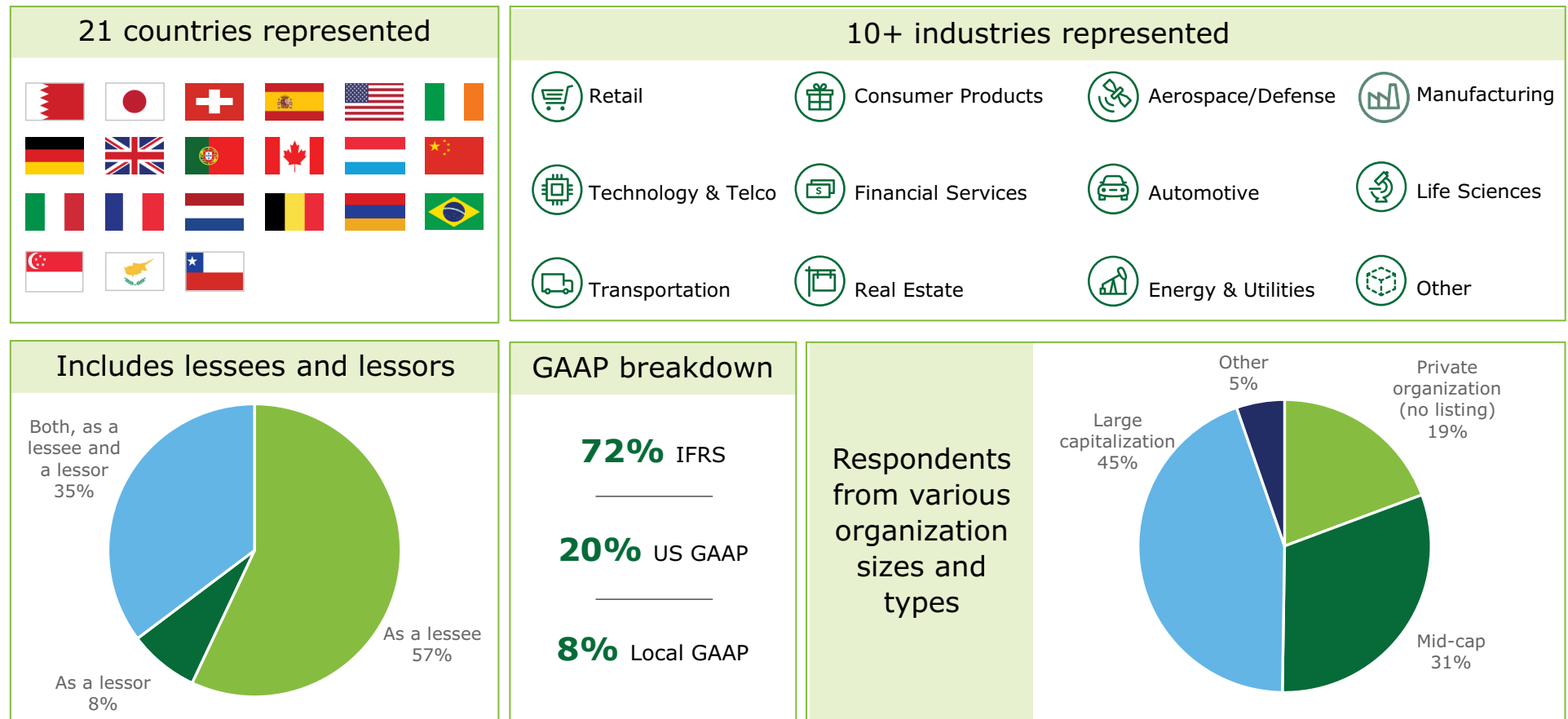
- Progress to date
- Key issues encountered
- Expected effects of adopting the new standards, and
- Transition decisions expected to be made by issuers

Although this survey has been primarily designed for organizations who report under IFRS, we have collected the feedback of US GAAP respondents as well, as both IFRS 16 and ASC 842 “Leases” are mostly converged.

# Survey highlights

## About the survey participants

This survey captured responses from **207 participants** across a variety of organizations



## Key survey findings

52 percent of organizations anticipate a **"material change"** to their financial reporting



43 percent have **not yet determined** their **transition budgets**



67 percent of all organizations have **not yet started** or are on the **impact assessment phase**



74 percent of respondents do not currently have **dedicated software system** for contracts



34 percent rate the determination of **lease terms as highly complex**



61 percent of respondents are considering **externally developed** leasing systems



86 percent of organizations are **not considering early adoption**



38 percent of IFRS 16 respondents are considering **modified retrospective approach**



52 percent do not think that the adoption of the new Leases Standards will impact their **lease contract renegotiations**



67 percent of US GAAP respondents are considering **expedient to not prepare retrospectively** restated statements during the comparative period<sup>6</sup>



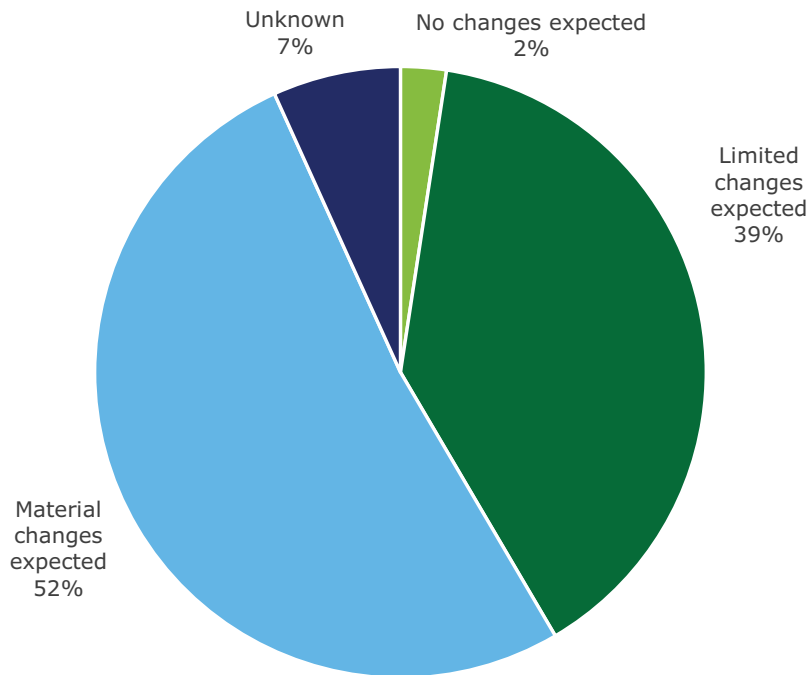
<sup>6</sup> On 30 July 2018, the FASB approved an ASU that allows the option to use the effective date of the new Leases Standard as their date of initial application in transition and not restate the comparative periods.



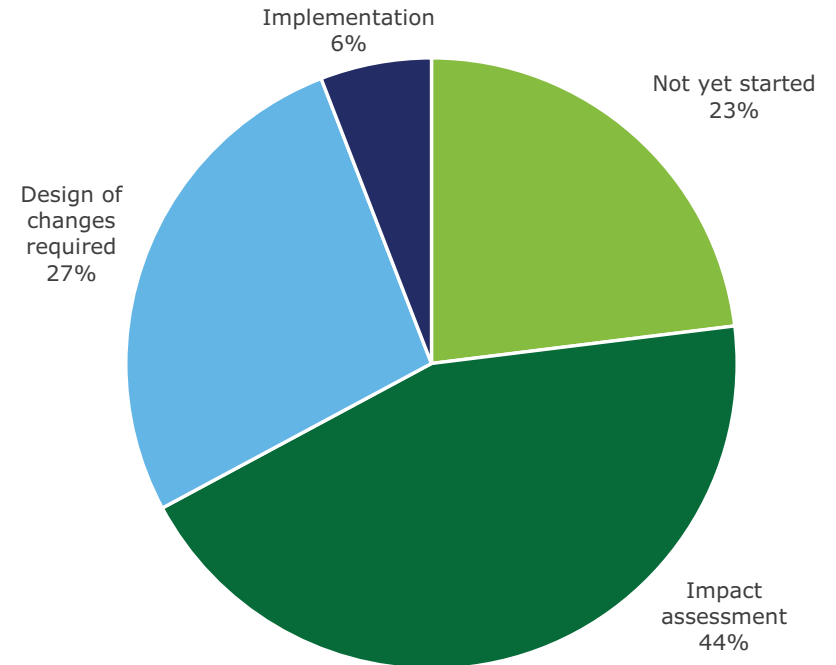
# Survey responses

Most organizations are anticipating a material change to their financial reporting, and the majority have either yet to begin their implementation efforts or are at the impact assessment phase

How will the adoption of the new Leases Standards affect your financial reporting?

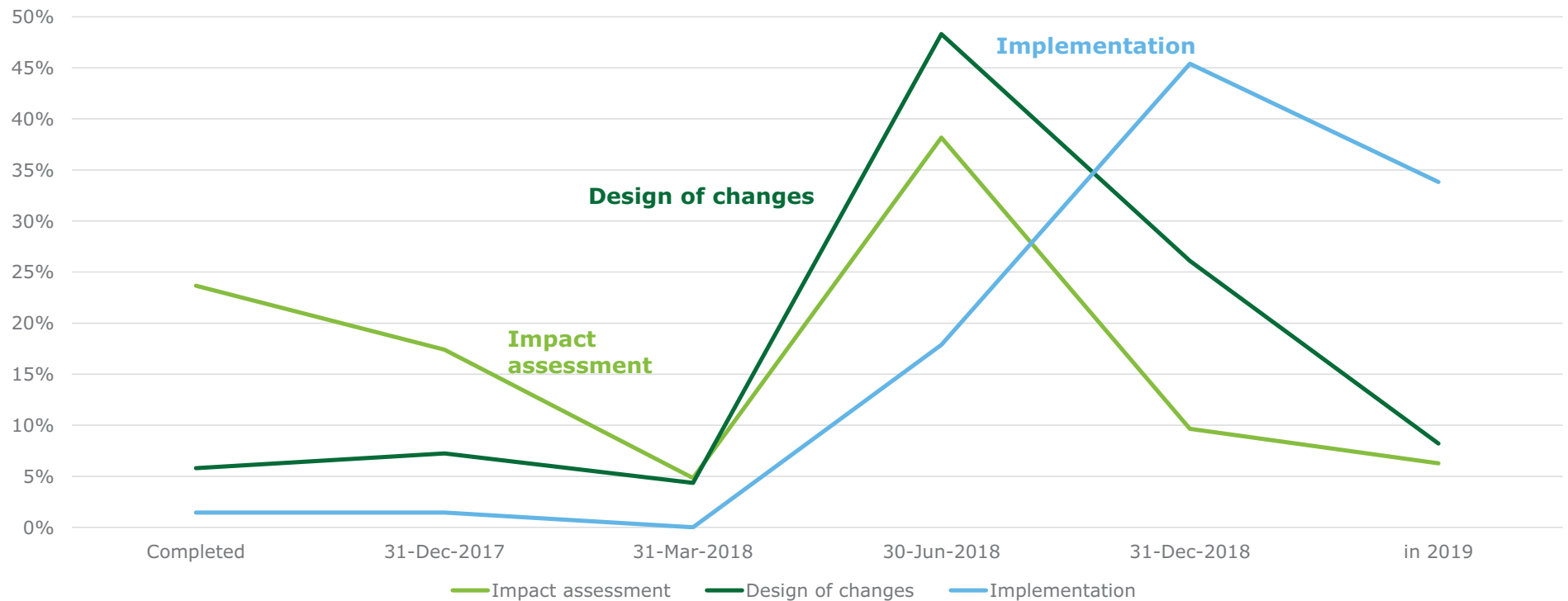


At which stage of implementing the new Leases Standards are you currently on?



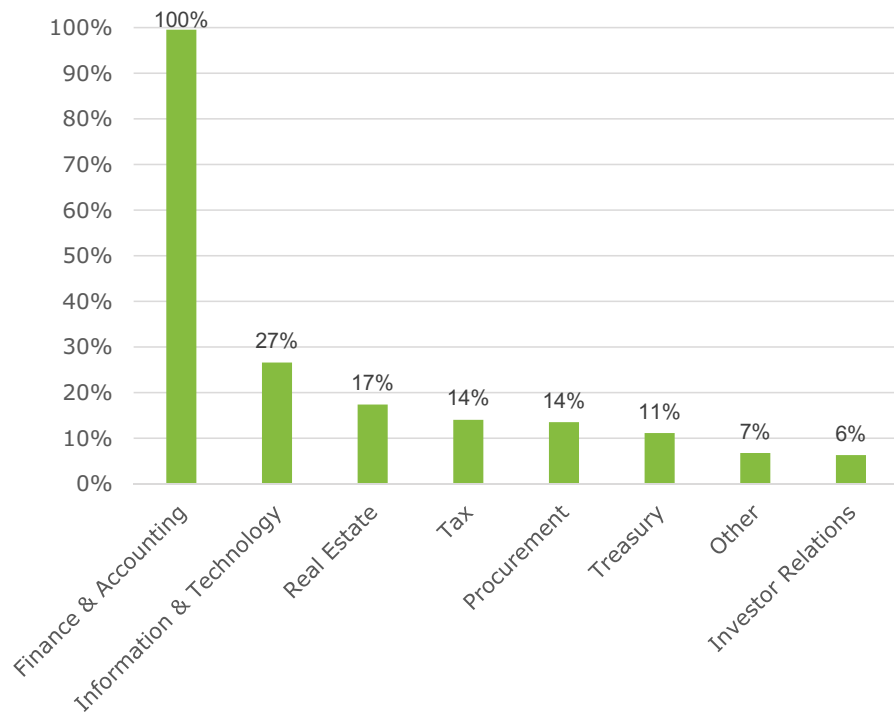
The majority of organizations are estimating that implementation efforts will peak in December 2018

What are the expected completion dates for the various stages of your new Leases Standards project?



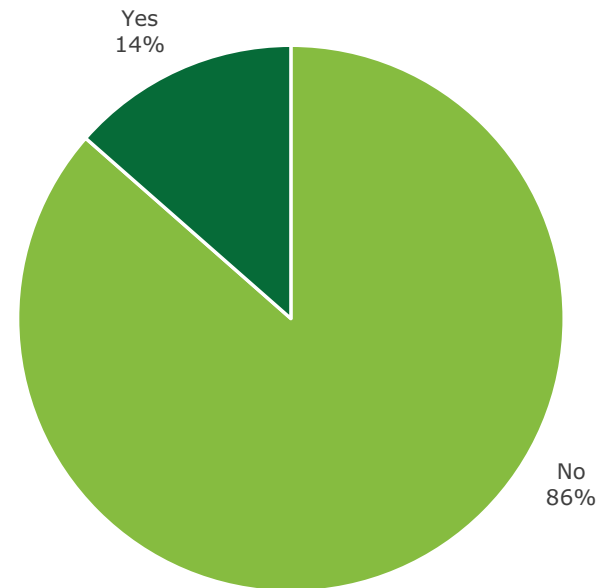
Accounting and finance departments are primarily the ones managing the implementation of the new Leases Standards; few organizations are considering early adoption

Which department is managing implementation of the new Leases Standards at your organization?\*



\*respondents could select multiple answer choices

Are you considering early adopting the new Leases Standards?



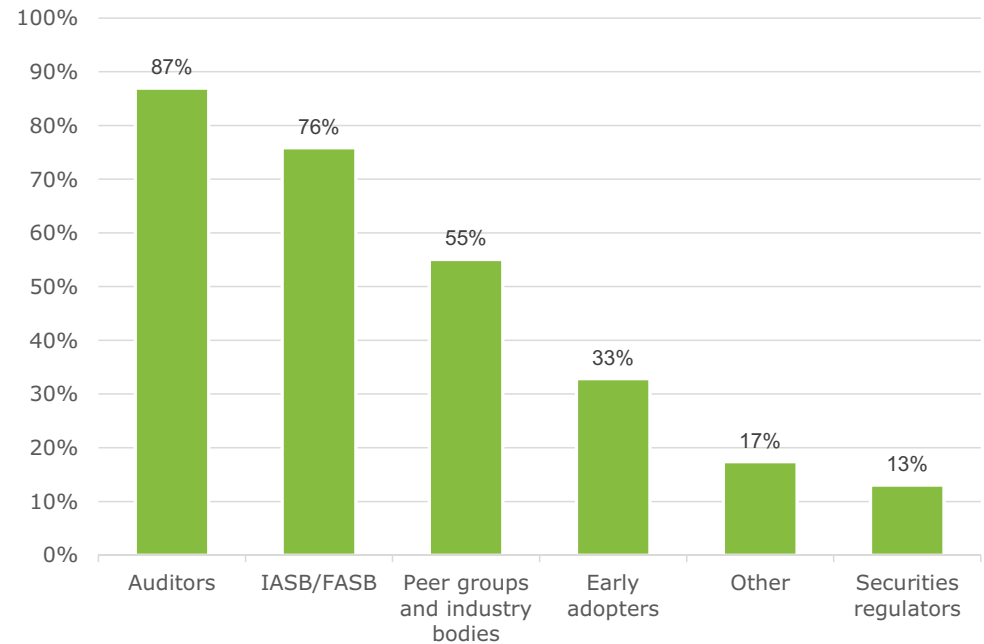
## Key challenges for organizations include the collection of lease data and gathering complete populations of lease contracts

What are the key challenges you are facing during transition to the new Leases Standards?\*

- 55%** Collecting lease data
- 54%** Gathering complete population of contracts
- 36%** Coordinating among internal departments
- 35%** Resourcing
- 35%** Planning and executing with other new standards
- 33%** Extracting data
- 28%** Determining information system capabilities
- 26%** Understanding finance process design impact
- 26%** Understanding peer best practices
- 24%** Finding a vendor with proper IT solutions
- 24%** Selecting appropriate transition approaches
- 23%** Preparing communication on new Leases Standards
- 19%** Revising lease strategy
- 17%** Other

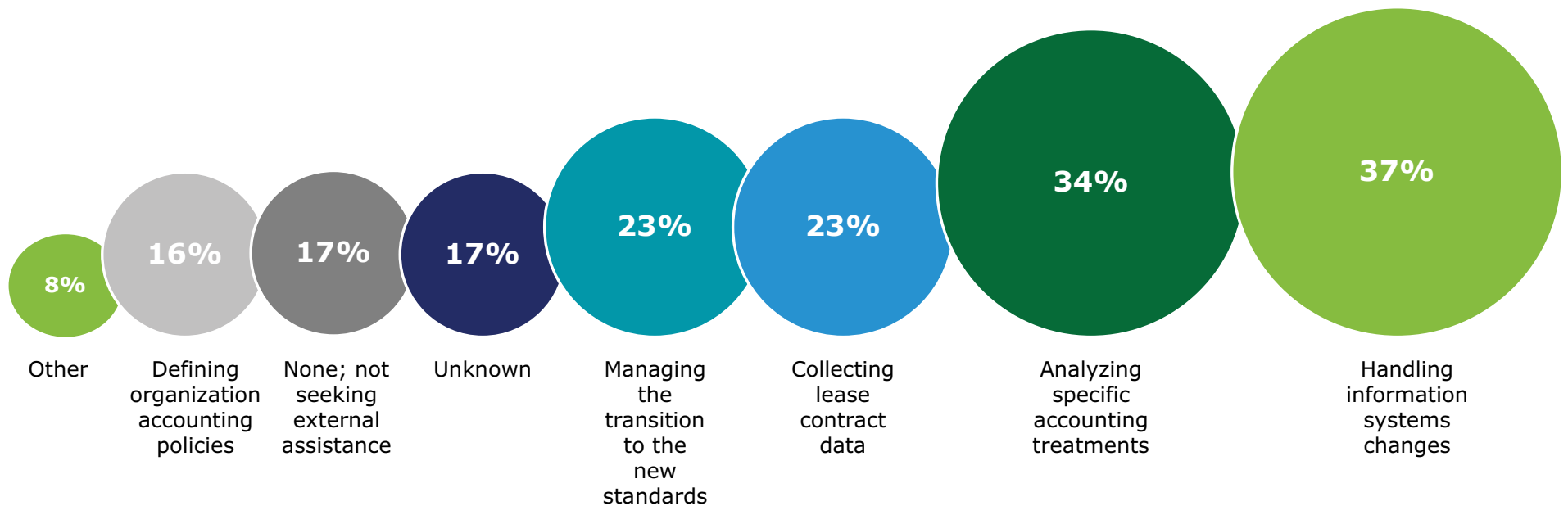
\*respondents could select multiple answer choices

Which of the following sources will you refer to when searching for new Leases Standards implementation guidance?\*



## Organizations are looking for external service providers to assist with a variety of tasks related to the adoption of the new Leases Standards

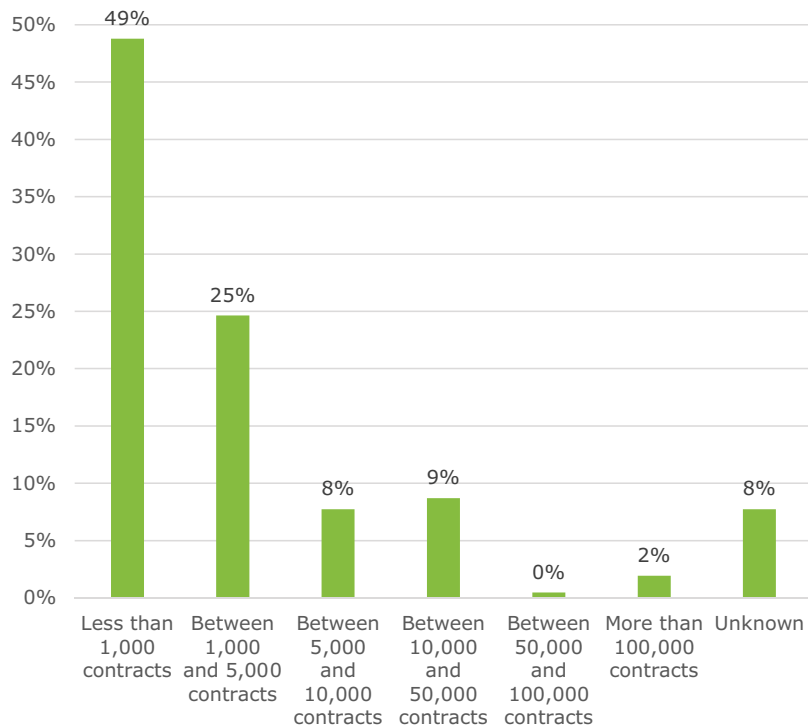
Which of the following areas are you planning to use external service providers to assist with your transition?\*



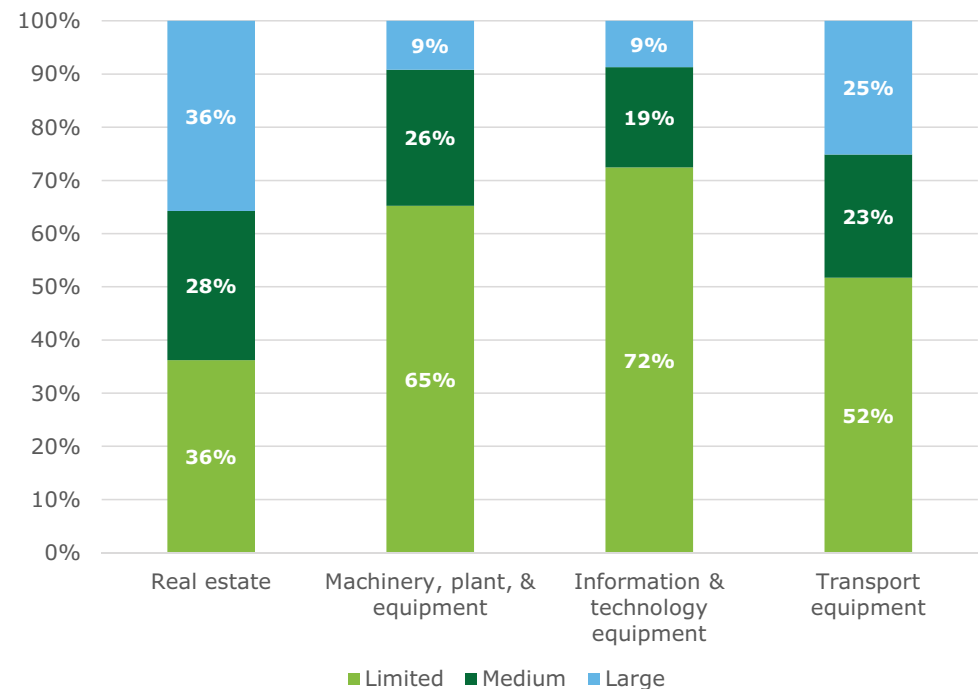
\*respondents could select multiple answer choices

## Half of organizations surveyed have fewer than 1,000 leasing contracts in scope for the new Leases Standards with high volumes of real estate and transport equipment contracts

What is the approximate volume of in-scope lease contracts in your organization?



How is the volume of your lease contracts broken down across the following categories of underlying assets?\*

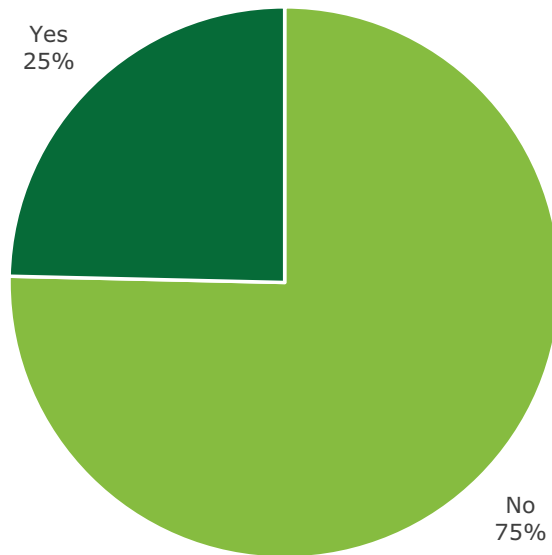


Disclosure: Due to rounding, data may not equal one hundred percent.

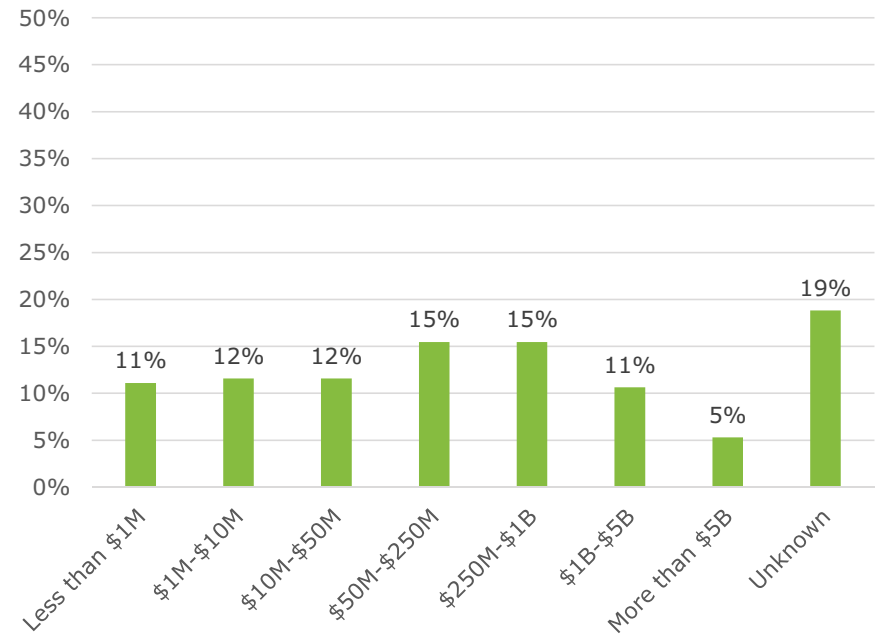
\*respondents could select multiple answer choices

## The majority of organizations do not anticipate changes to their lease contract disclosures prior to the adoption of the new Leases Standards

Prior to new Leases Standards adoption, do you expect changes to your current lease contract disclosures?



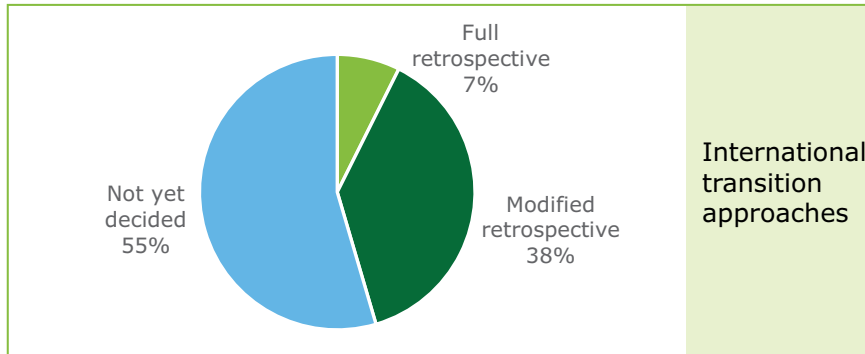
What is your organization's approximate total lease commitment over the next five years (\$ USD)?



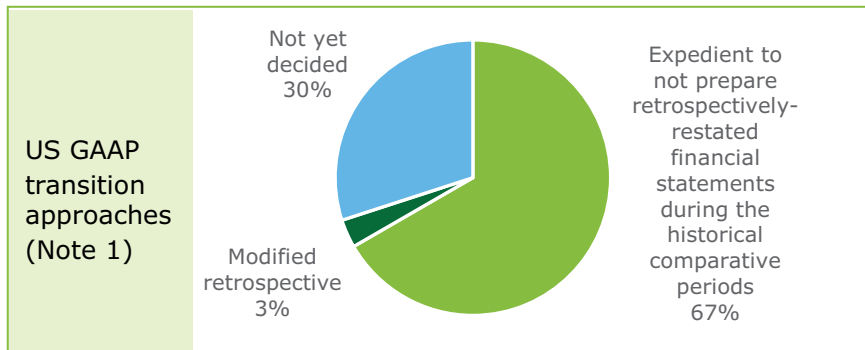
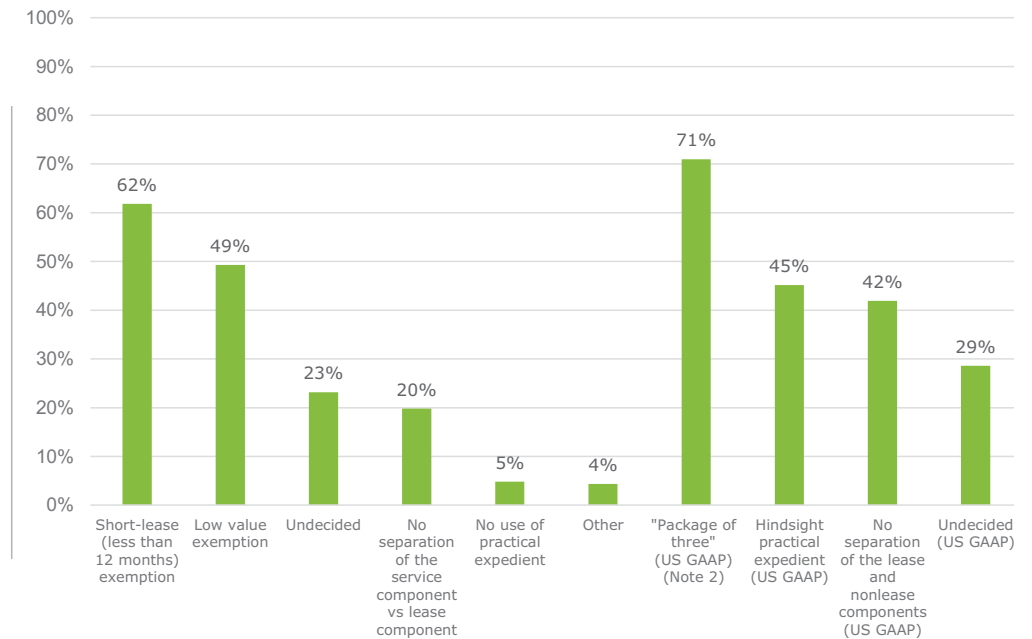


Many organizations are still undecided as to which transition approach they will use for the new standard, although many have identified practical expedients for consideration

Which of the new Leases Standards transition approaches will your organization expect to select?



Which of the following practical expedients might your organization select when adopting?\*



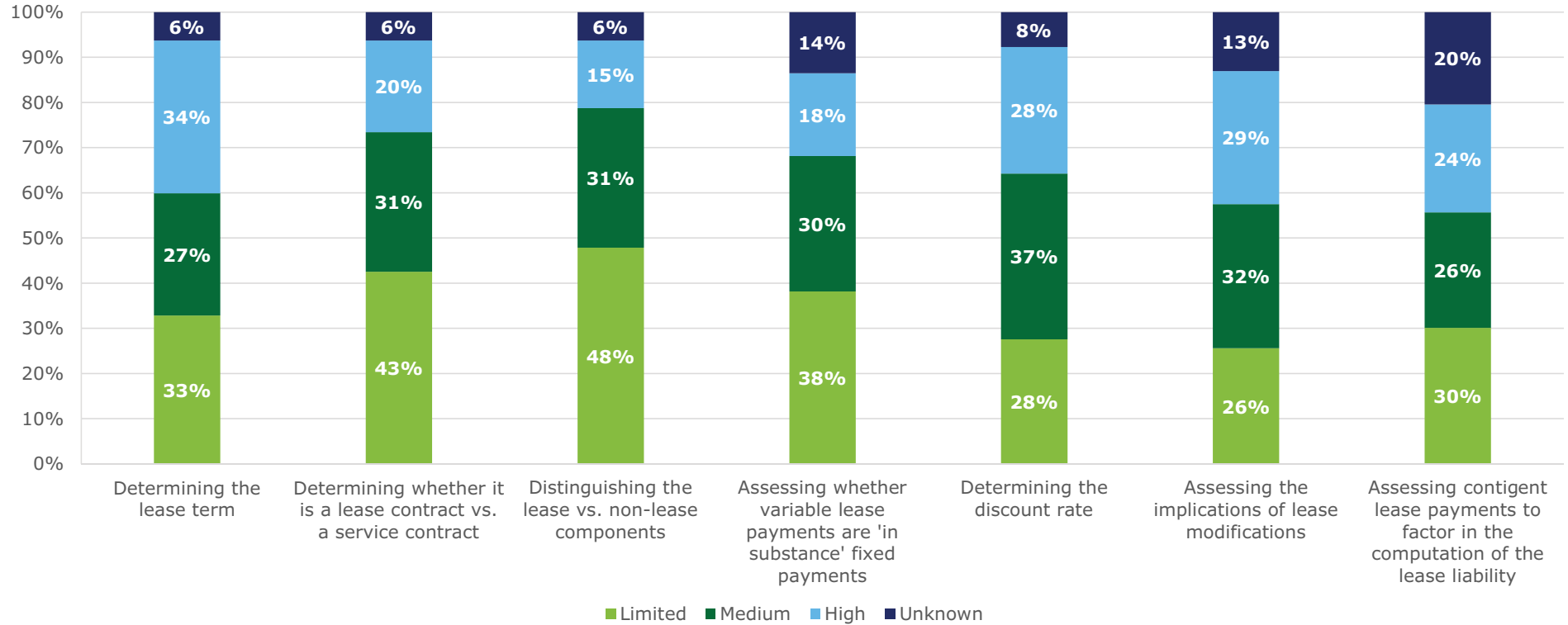
Note 1 - On 30 July 2018, the FASB approved an ASU that allows the option to use the effective date of the new Leases Standard as their date of initial application in transition and not restate the comparative periods.

Note 2 - No requirement to reassess the following upon transition: (i) Whether any expired or existing contracts are leases or contain leases, (ii) the lease classification for any expired or existing leases, and (iii) Initial direct costs for any existing leases

\*respondents could select multiple answer choices

Nearly half of all organizations in the survey categorized each of the following implementation areas as either "medium" or "high" in terms of complexity

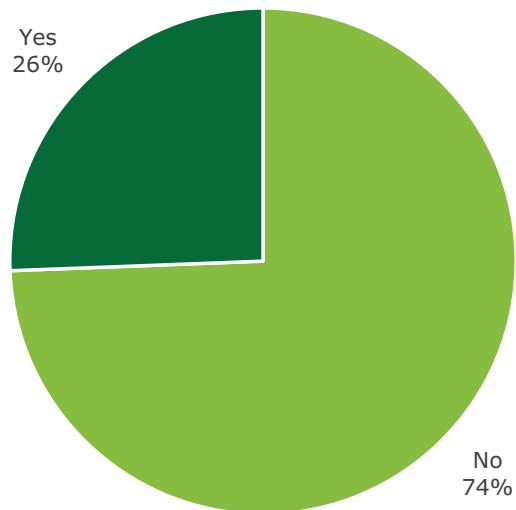
How would you rate the complexity of the following new Leases Standards implementation areas?\*



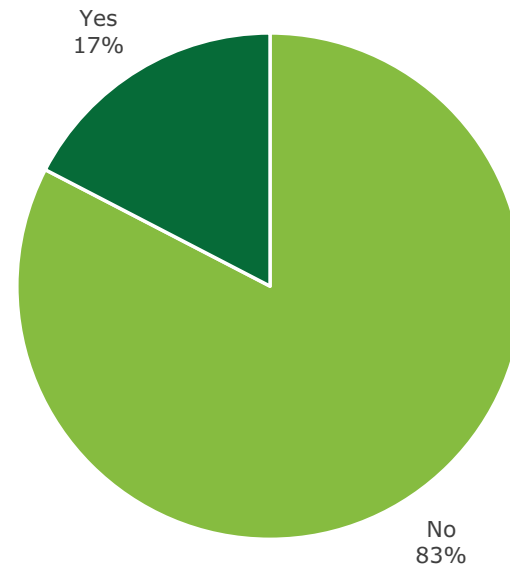
\*respondents could select multiple answer choices

Most organizations do not currently have a dedicated lease software system nor do most organizations have a “plug and play” system

Do you currently manage your lease contracts with a dedicated lease software system?

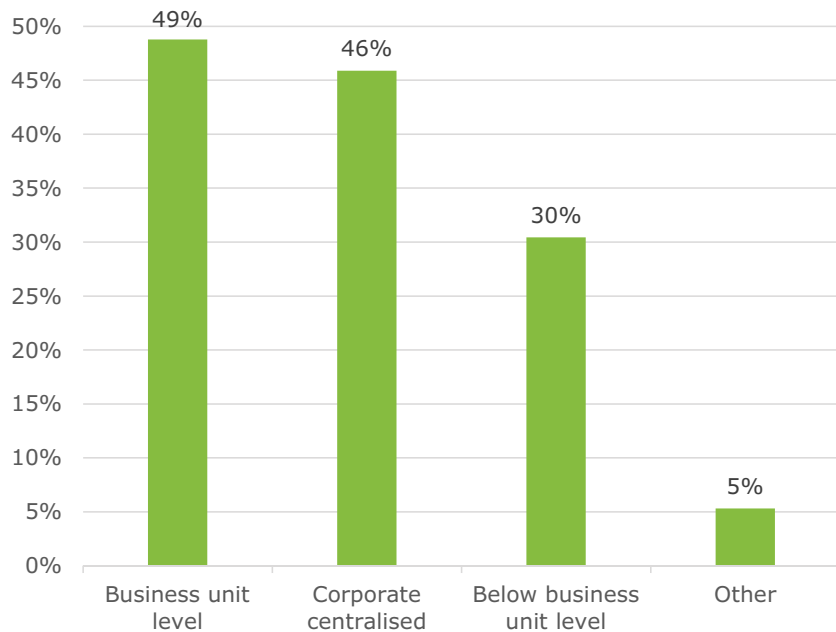


Are your information systems for leases currently interfaced with your ERP (i.e. “plug and play”)?

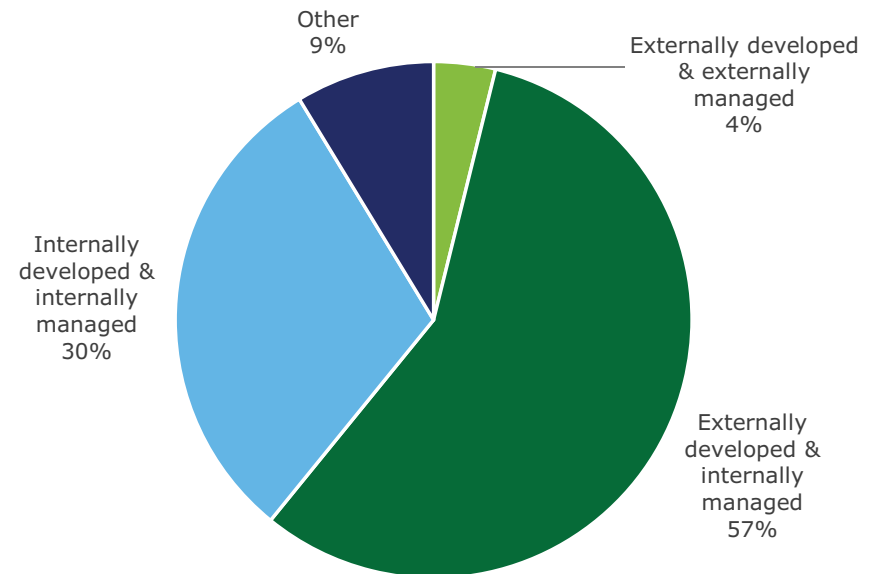


## The majority of organizations are looking for externally developed leasing systems that can be managed internally

How is information relating to your lease contracts available?\*



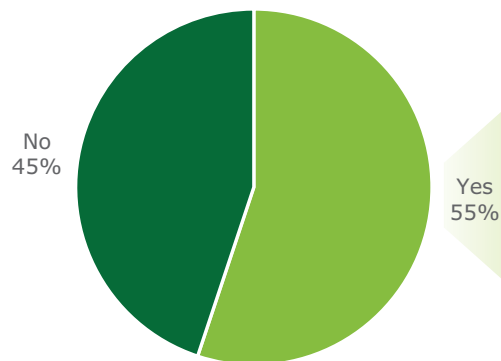
What kind of system configuration do you intend to use to account for your contracts when implementing the new Leases Standards?



\*respondents could select multiple answer choices

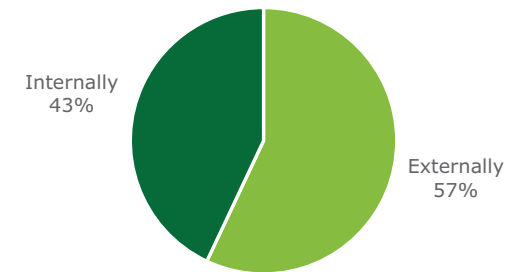
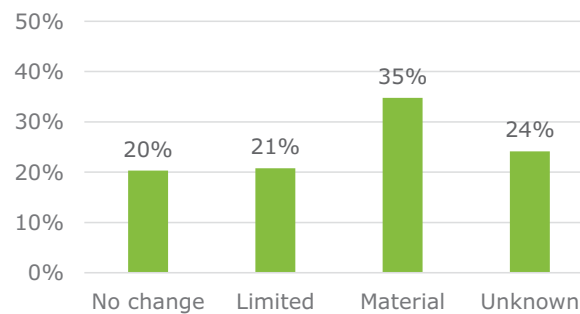
Most organizations that have identified a need to change their leasing systems are looking for external assistance to help with the anticipated “material” changes

Is there a need for your organization to change your leasing systems?

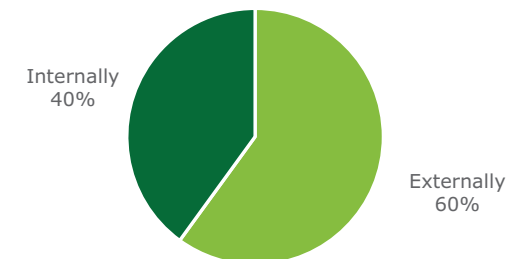
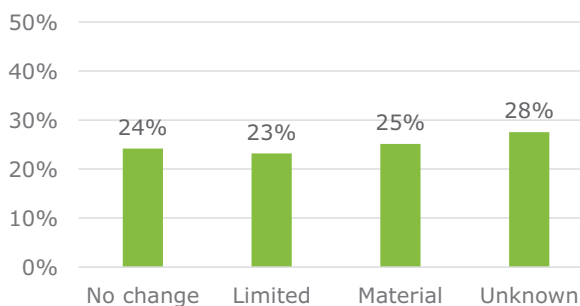


If you answered “yes” to the previous question, please indicate how, and to what extent, changes will take place

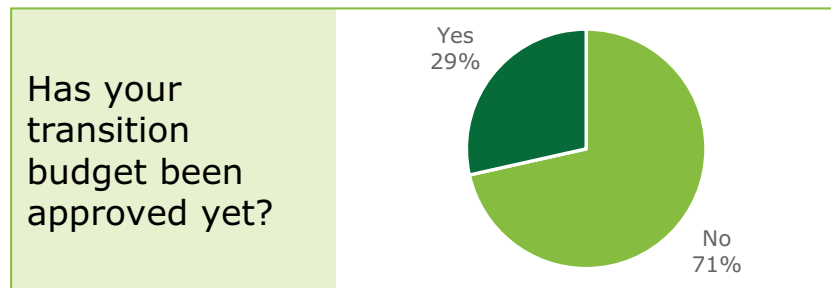
Lease accounting software



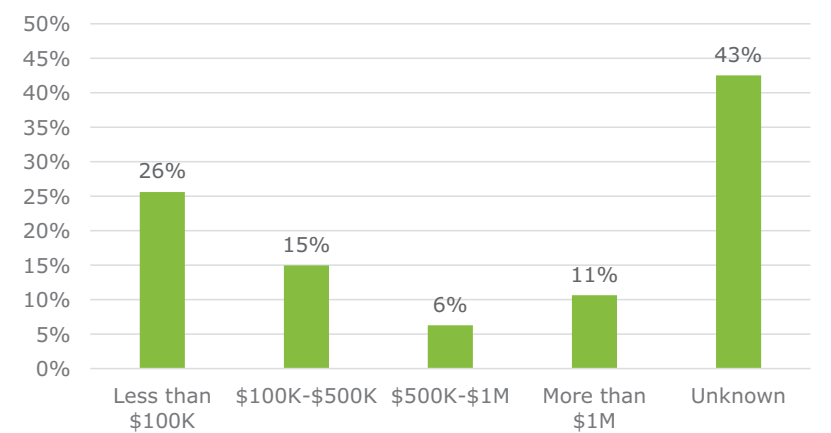
Lease contracts management



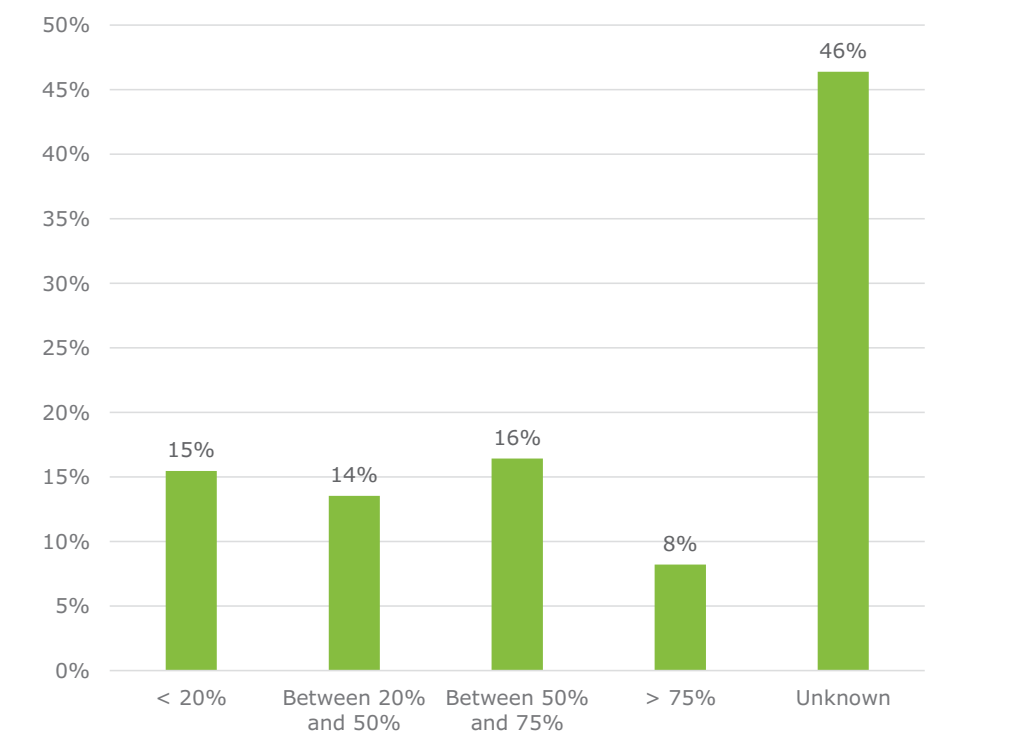
Transition budgets are largely unknown by organizations at this point and indicate that many are unaware of how much will be allocated to the systems solutions component



What is your estimated overall budget for new Leases Standards implementation (\$ USD)?

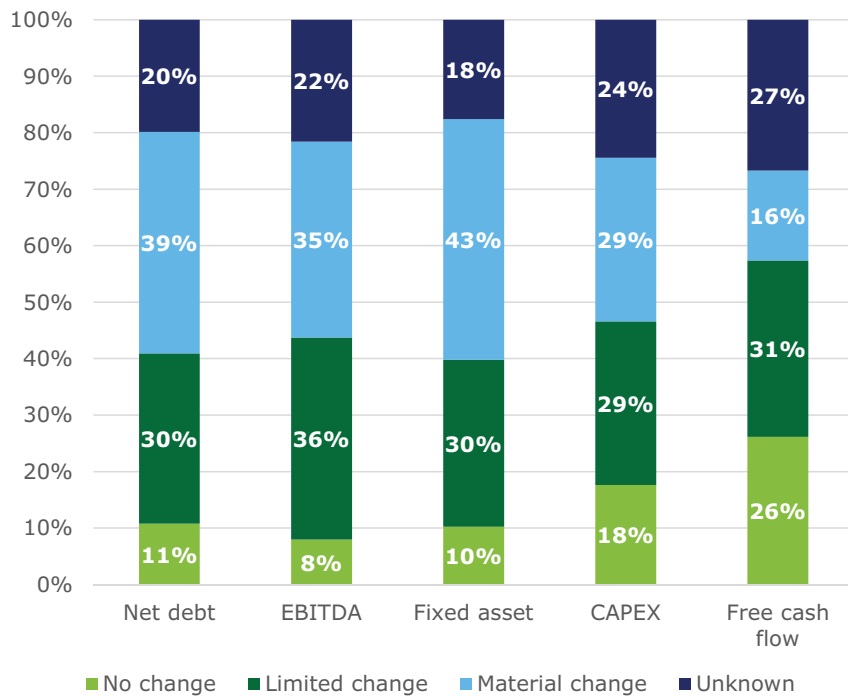


Out of the overall implementation budget, what is the proportion allocated to the systems solution component?



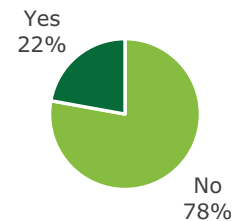
## Many organizations point to a large impact to their KPIs, however most are not planning to change their reported KPIs as a result of the new Leases Standards

What is the anticipated impact of the new Leases Standards for the following KPIs for your organization?\*

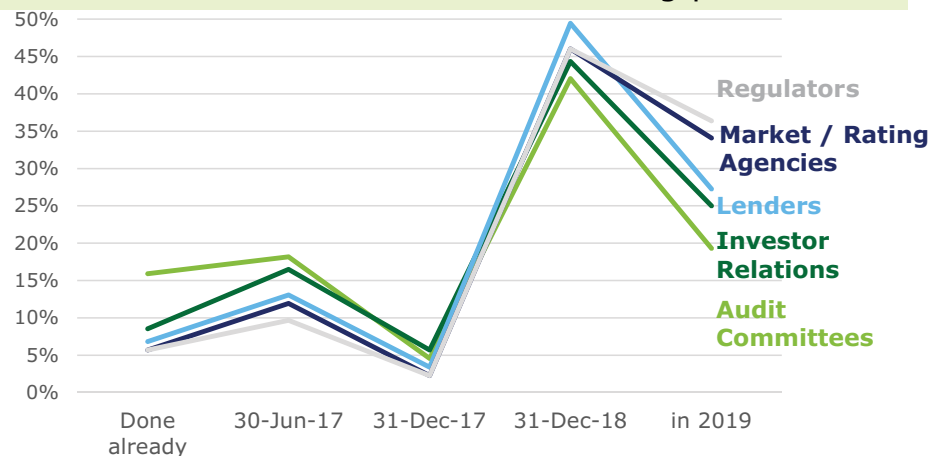


\*respondents could select multiple answer choices

Are you planning to change your reported KPIs as a result of implementing the new Leases Standards?

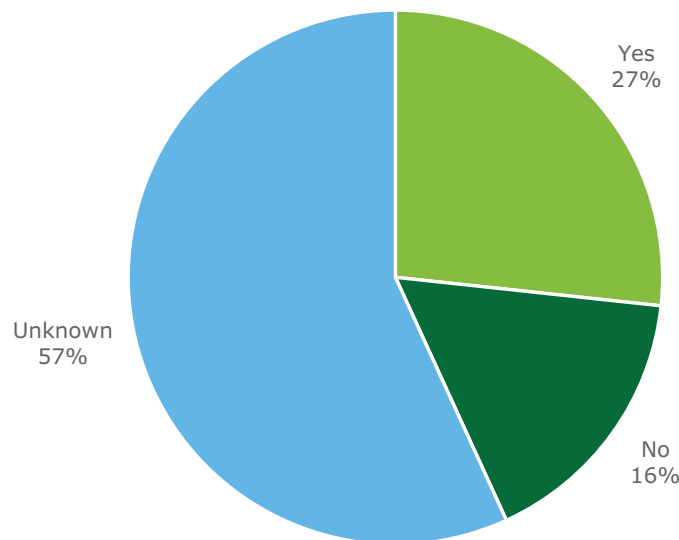


When do you expect to communicate the KPI impact of the new Leases Standards to the following parties?\*

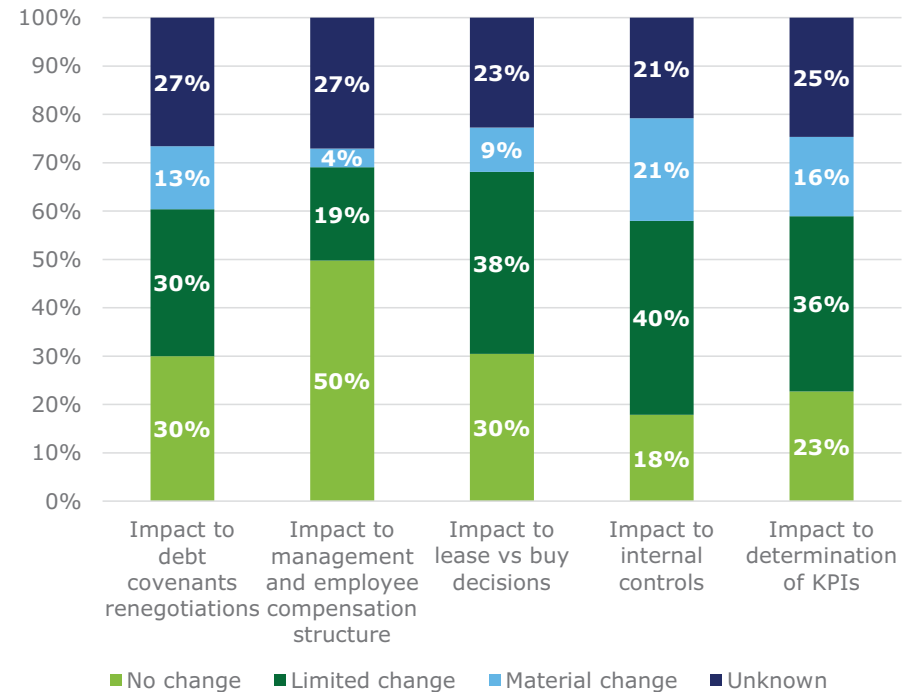


## Most organizations have identified “limited” or “no” anticipated changes across their business areas

Do you expect that your lease liabilities subsequent to transitioning to the new Leases Standards will be consistent with rating agency and financial analyst adjustments currently performed on your financial data?



How do you expect the new Leases Standards will affect your following business areas?\*

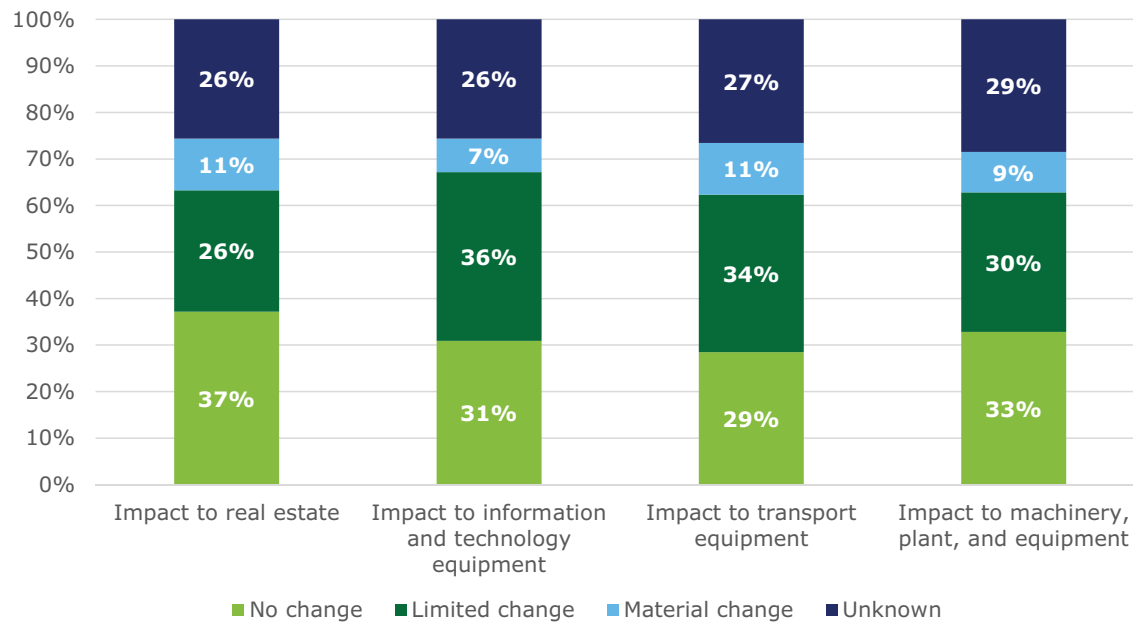


\*respondents could select multiple answer choices

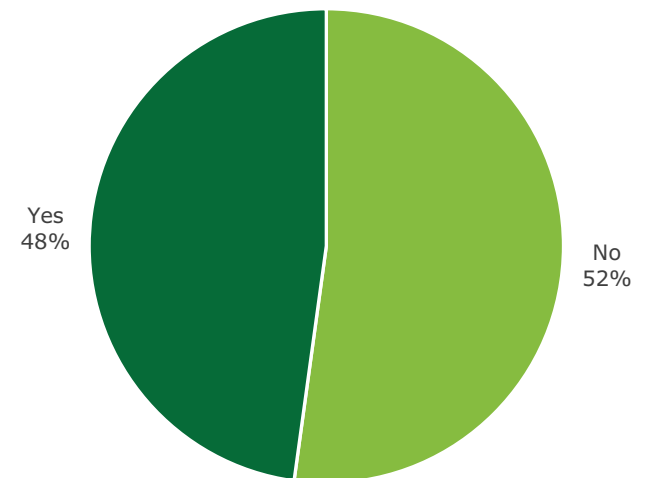


## Organizations anticipate a variety of impacts to their leased assets and are split on whether or not the new Leases Standards will impact their lease contract renegotiations

If your lease vs. buy decisions were to change following transition to the new Leases Standards, how would the following categories of leased assets be affected?\*



Do you expect the new Leases Standards will impact your lease contract renegotiations?



\*respondents could select multiple answer choices

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