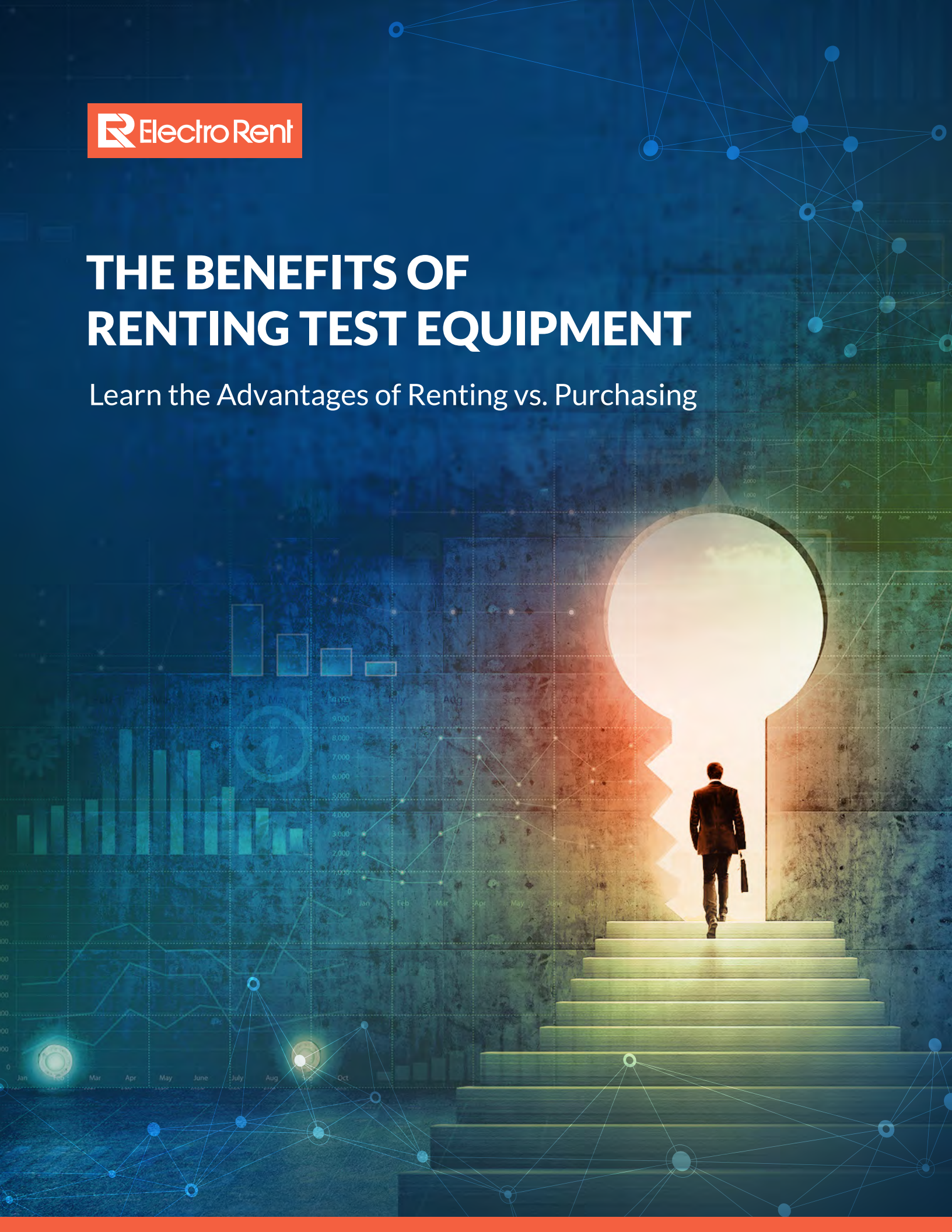




# THE BENEFITS OF RENTING TEST EQUIPMENT

Learn the Advantages of Renting vs. Purchasing





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## How to Reduce Expenses by Renting

According to industry analysts, a great deal of test and measurement equipment is purchased each year to satisfy existing project needs without considering future, long-term requirements. As a result, many companies have a surplus of equipment that is costly to own and maintain.

For most equipment, annual ownership expenses include calibration, storage, insurance, inventory management and property tax, all of which continue to accrue, regardless of whether the assets are in use or not. As the size of the test fleet grows, ownership costs continue to rise.

## Lack of Accurate Information

In most companies, engineers spend hours or days searching for test equipment because they lack an accurate tracking system for doing so. Because engineers can't find what they need, they purchase more—even though the required asset may already exist within the organization. This purchasing adds up considerably over time and contributes to rising equipment ownership costs.

Some companies use a variety of shared spreadsheets or one or more asset management applications to track project schedules, equipment costs and calibration activities. However, reliance on manual data entry or apps that are not optimized for test equipment can lead to inaccuracies and confusion.



## Purchase as the Default

In many organizations, the outright purchase of test equipment is considered the default option, either by habit or due to a misconception that ownership is always preferable. However, a purchase is a long-term commitment that cannot be reversed if project requirements or circumstances change or new technology becomes available.

The purchase of test assets also involves many up-front and ongoing expenses, also known as the true cost of ownership. Considerations include the following items:

- Understanding all test equipment brands and products available
- Sorting through more than 100,000 product categories
- Deciding how to obtain equipment: rent, lease or buy
- Choosing new, used or pre-owned test equipment
- Estimating ownership expenses
- Arranging logistics for asset management, calibration, repair, etc.
- End-of-life disposal or resale

## True Cost of Ownership

With a purchase there are several up-front expenses, including the cost of capital and financing, the internal rate of return and sales tax. There are also ongoing costs for calibration, property tax, maintenance and repairs, and downtime. A purchase also requires more time for sourcing and procurement activities as CapEx budgets are being used. Finally, when test equipment becomes obsolete or is no longer needed, there are costs for disposal management or selling it on the second-hand market.

Asset ownership involves costs that occur over time and are overlooked:

- Time and labor for procurement and purchasing
- Cost of capital, financing, and interest
- Asset tracking, logistics, security and storage
- Calibration, maintenance, repair and downtime
- Too much equipment kept on hand to use as “spares”
- Property and sales tax
- Low equipment utilization
- Technological obsolescence
- End-of-life disposal



## The Benefits of Renting vs. Buying

When the equipment need is for a short-to-medium time period—even up to several years or more—renting can represent significant savings. With renting there are typically no up-front fees, and ownership costs are lower because calibration, maintenance and repair are included in the rental agreement. In addition, sales tax is included in the monthly fee rather than as an up-front payment.

Whether it's a month-to-month rental for an unexpected need, short-term project, or long-term agreement, renting ensures continued access to the latest technology without the costs of long-term ownership. Renting also offers the flexibility to change, upgrade or return the equipment any time should needs change.

### **In addition, renting has many other benefits:**

- Save time and money
- Retain access to the latest technology
- Eliminate most ownership expenses
- Maintenance and calibration costs are included
- Ideal for short-term projects or to fulfill urgent needs
- Substitute for equipment in calibration or repair
- Use OpEx instead of CapEx; free cash for other investments
- Flexibility: return, change, upgrade, or downgrade at any time
- Try new equipment; reduce risk of buying the wrong equipment
- Better cost control and financial predictability
- Immediate availability, worldwide coverage



## Ask the Right Questions Before You Decide

There are a variety of acquisition methods to consider. Depending upon the scope of various projects and company needs, there may be more than one procurement option to meet objectives.

Many organizations mitigate procurement risk and uncertainty by considering some simple, but essential questions prior to making decisions. Knowing the answers to these questions can lead to smart choices. Below are some questions to think about:

- What is the estimated use timeline?
- How long will the equipment be needed?
- What is the product lifecycle?
- What are the financial priorities?
- What is the likelihood of change?
- How will asset disposal be managed at end of life?

## We're Here to Help

Learn more or request a demo about our complete portfolio of cross-industry testing products. Our experts and application engineers are available to assist with your product testing and financing needs.

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