

RESIDUAL VALUE IMPACTS BUYING DECISION AND TOTAL COST OF OWNERSHIP



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By JLG Industries

The initial investment a company makes in equipment is important as the company assesses its budget and inventory. Just as important is the equipment's total cost of ownership—the associated costs over the life cycle of the equipment. Total cost of ownership looks beyond the initial acquisition price to consider the value and profitability of equipment.

Many factors beyond the initial investment impact total cost of ownership. Anticipated costs, like insurance, tax and warranty, along with these other cost factors can affect total cost of ownership and eventually, a company's bottom line:



- Acquisition costs of getting machines into a fleet and ready for rental
- Operational costs, including scheduled maintenance, service, unexpected repairs, parts, and training
- Machine reliability for maximum uptime, use, and rental revenue
- Machine versatility for maximum use and rental revenue

A machine's residual value also contributes to its total cost of ownership. Residual value represents the value attached to a piece of equipment at the end of its useful life. This value can increase or decrease, depending on how well the machine is maintained and serviced. A well-maintained machine that successfully performs the tasks assigned to it often earns a higher residual value. Brand affinity and end-user confidence also contribute to a high residual value. According to EquipmentWatch, machines with a higher residual value represent quality and give buyers confidence in their investment.

EquipmentWatch should know. As a source for heavy equipment data and intelligence, the company provides information that helps equipment owners make decisions regarding the purchase, valuation, operation, and disposal of equipment. Each year EquipmentWatch tracks millions of observations on transactions from the resale channel and uses this information to select winners in its annual Highest Retained Value Awards program.



This year, the JLG® engine-powered articulating boom lifts, engine-powered scissor lifts, and SkyTrak® telehandlers received Highest Retained Value Awards from EquipmentWatch.

JLG engine-powered articulating boom lifts offer 11 models—340AJ, 450AJ, 600A, 600AN Narrow, 600AJ, 600AJN Narrow, 740AJ, 800AJ, 800A, 1250AJP, and 1500AJP—that maintain platform heights ranging from 34 feet up to 150 feet. The lifts provide the extra reach needed to work over and around obstacles on the job site. They also offer exceptional outreach, high capacity, versatile performance and easy maintenance. All models in the series are powered by either diesel or dual fuel engines.





The JLG engine-powered scissor lifts includes four models—260MRT, 530LRT, 330RT, and 430LRT—with platform heights ranging from 26 to 53 feet. The popular 530LRT has a platform height of 53 feet and a platform capacity of 1500 pounds. The lifts are designed for jobs requiring more workspace and additional lifting capacity. Both deliver exceptional terrainability and gradeability, making it easier to maneuver through the roughest job sites. Additionally, all four models come with the option of a diesel or dual fuel engine.

For the second year in a row, JLG's SkyTrak brand of telehandlers was recognized by EquipmentWatch. The series consists of five models—6036, 6042, 8042, 10042, and 10054—that feature improved boom function speeds, a single joystick for greater multifunction capability, an integrated arm rest, and optional air conditioning for increased comfort. The 10054 is the most popular model in the series and is also the largest. It offers a maximum lift capacity of 10,000 pounds and a maximum lift height of just over 53 feet. The telehandler comes with optional air conditioning for enhanced operator comfort and a Cummins diesel Tier 4 Final engine.

Residual value is not always easy to calculate. Often it depends on the technology a machine incorporates, upgrades that have been made to keep equipment capabilities current, maintenance and service records, and market demand for a particular model and brand of equipment. Nevertheless, it's an important value to know and track, one that will influence purchase decisions and impact a machine's total cost of ownership.

To create the 2017 Highest Retained Value Awards, EquipmentWatch analysts considered 12,536 models in their valuation database, which were then narrowed down to 156 series from 36 brands. Once the finalists were set, residual values were calculated at the series level by leveraging a database covering more than \$412 billion in market activity in order to identify the winner in each category. To learn more about the winning models and program methodology, visit www.equipmentwatch.com/residual-value-awards.

To learn more about JLG, visit jlg.com/en/equipment.