

THE 6 HIDDEN COSTS MOST FORGOTTEN IN TOTAL COST OF OWNERSHIP CALCULATIONS

The **Total Cost of Ownership (TCO)** measures the cost of owning equipment.

When calculating your TCO it's important to **take into account all the stages of the lifecycle of your equipment**. We created this infographic to make sure you include the most forgotten parameters when calculating the TCO of your fleet.

A complete TCO calculation will help you make informed business decisions on:

- > **Whether you should buy or rent equipment**
- > **When to sell your equipment**
- > **Which makes & models you should select**

Acquisition Costs

Insurance cost

The insurance: a cost that is **often forgotten** in the calculation of the TCO.

To have an overview of the real cost, you should **add all costs related to the insurance of the machine** into your calculation.



Operations & Maintenance Costs

Real fuel cost

You probably already take into account the cost of the fuel. Most of the time this is calculated based on the number of hours worked.



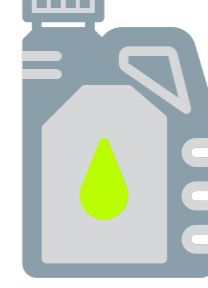
However, **the so-called idling times** (the time that the engine is on but the machine itself is not being used), are **often forgotten** in the calculations.

To have a real overview of the full cost, this should also be included in your TCO calculation.

Real lubrication cost

For the cost of the lubrication of the machines, people make the same mistake as they do when calculating the fuel cost: **they forget the idling times**.

The idling times are important to take into account when calculating real lubrication cost and your complete TCO.



Small service & maintenance tools and parts

When it comes to the costs of maintenance of tools and parts, **companies usually take into account the larger parts that need to be replaced**.



However, the **smaller components used during interim maintenance are often overlooked**. It's because these parts are smaller and cheaper than other parts.

Nonetheless, these **smaller maintenance costs** can **add up quickly** when machines are used a lot. Therefore you should use all maintenance costs in your calculation.

Fully loaded operator costs

When it comes to the cost of operating the machines it's often just the **salary of the operator that's taken into account**.

What's **forgotten** are all the **additional costs** that come on top of that, for example the **training of the drivers**.



Making sure you take all costs into account allows you to have a much more realistic TCO.

Disposal Value

Actual Resale Value

To calculate the Total Cost of Ownership it's not enough to count only the costs.

To have better insights into your real cost, you should **subtract the value of the machine on resale** from all the costs you have.

Often this value is estimated because **companies do not know the exact resale value** of their machines.

But when this estimated value is taken into account, **it gives a more profound TCO calculation**.



Make accurate calculations!

Now you have an overview of the costs that are mostly forgotten during the Total Cost of Ownership calculation.

Start by calculating your correct TCO and make more informed decisions about your fleet.

Struggling to find the input for some of these hidden costs?

GemOne would love to help you gain more real-time data on your fleet.

Contact us [here](#).