

How To Determine True Cost of Ownership



It's not the brand you choose or the price you pay that determines true cost of ownership. Let's take an example. Most people would assume Motorola is the best brand. In terms of history and presence in the marketplace that would be a fair assumption, but not necessarily so.

To begin, the typical purchase price for Motorola is about 20% more (sometimes MUCH more depending on competitive factors), but for our example let's take a look at the Motorola RMU2080 (Successor to the RMU2080d). Nice little radio rated at 2 watts in UHF and covered by a three year factory warranty (depot service, batteries and abuse excluded). Prices range from a low of \$239 to \$347 for on-line shoppers with \$249 being the best price on Amazon. This is an ANALOG radio. Digital costs more.

Don't recall where it's made, but you can be sure that it is NOT in the USA, and possibly not even China, and definitely not Japan, as the quest for lowest production cost continues. Just for fun, let's put Motorola up against the HYT Model TC-580 made by Hytera, the second largest 2-way radio manufacturer in the world. The TC-580 has an MSRP of \$299 and a typical selling price of around \$240. If you shop around for incentives and rebates, you can get it for as low as \$199 (which is our price after rebates).

So, the Motorola sells for \$249 and the HYT sells for \$199. That gives us a fair apples to apples comparison, or does it? The Motorola has 2 watts of power, HYT 5 watts in VHF or 4 watts in UHF (See info4u.us/tcsr.pdf for more info). The Motorola has 8 channels with a display that tells you what channel number you have selected. The HYT has up to 256 channels with an alphanumeric display that allows you to assigned named work groups like Admin, Maintenance, Security, etc., even an All Call group for emergencies. Size, weight, controls, form and function are similar.

Before proceeding further, if you see radios that appear to be of comparable features selling for \$50 or less, be VERY wary. In most cases, they are Chinese knock offs of the legitimate product. Most are not approved by the FCC for sale in the USA. There can be some formidable consequences for using such products in violation of FCC Rules. For more information, see our blog posting at <http://falconinfo.blogspot.com/2016/06/a-special-message-to-manufacturing.html>.

So, to sum things up, in our example gives you half the power, less capability and it costs about 20% more to purchase. So why is it a better value, or in fact, IS it a better value?

There are actually five considerations used to determine true cost of ownership. Let's take a look at them on the following page.

The Five Costs of Ownership

Original Purchase Cost
Cost of Maintenance
Cost of Downtime
Cost of Expendables
Replacement Cost

Getting the best price on original purchase cost is just good business, but you also have to look at the cost of maintenance. Most radios are repaired at factory depots today. It is simply more efficient and less costly than maintaining trained technicians and parts for hundreds of different models.

So, there is the cost of returning the equipment to a depot repair center or paying a local dealer to pick it up and do it for you. Either way, the typical cost for returning a radio for repair is \$37.50, but that's not the real cost. The REAL cost is loss of productivity while the radio is out of service. That can easily equate to \$37.50 per day - enough to warrant having a few spare radios on hand!

And how about when the warranty expires? What then? Time and materials? Contract? Flat rate? Most choose flat rate. Our flat rate charges are among the lowest in the industry and openly disclosed BEFORE you make your purchase.

And then there is the issue of replacement batteries (expendables). Do you know that a rechargeable battery is EXPECTED to begin losing capacity from the first day of use, with replacement normally required after 18 months of use. Purchasing a radio/battery with a battery with low replacement cost and/or a longer lasting chemistry/warranty can save you a LOT of money!

Then we have replacement cost. The component life and manufacturing process, along with changes in technology determines the average "life" of a 2-way radio. In general this is figured at 5 years, in some cases, as little as three. Whatever it is, the price you pay to upgrade is a major part of your cost of ownership.

Now, here is what we do to keep your cost of ownership as low as possible: First we help you save money on the initial purchase. We do this by helping you select the brand and model best suited for YOUR needs. Next, we give you a way to save money. If you purchase your replacement batteries from us (ALL of your replacement batteries that is), we will provide a NEXT DAY REPLACEMENT if you have a defective radio that you purchased from us. All you pay is a flat rate charge of \$37.50 to cover cost of shipping to and from the repair depot.

We will provide the best batteries at the best prices to make sure you get the lowest ownership cost possible, and when it comes time to trade, we'll make sure you get top dollar for your trade in. Our job is taking care of YOU!