

SKYLIFT

Understanding the Total Cost of Ownership of Skylift Easement Equipment





With so many easement machines available, it can be tempting to go with the lowest-cost option. However, don't let the initial cost fool you.

Sometimes, a less expensive machine will end up costing you quite a bit more, especially if that machine is constantly out of commission or broken. After all, production interruptions lead to lost revenue and should be avoided whenever possible. So, when you're determining which easement machine is right for your business, it's important to consider more than just the price.

A total cost of ownership (TCO) comparison enables you to make a more accurate purchasing decision and, in the long run, saves you money. The TCO includes the purchase price of a particular asset, plus the costs of operation over the asset's lifetime. The asset with the lower TCO has a better value over the asset's lifespan.

Use this whitepaper to help you understand the TCO of SkyLift easement equipment. In this whitepaper, we will outline the factors impacting the TCO of easement machines and the true cost of running this type of equipment.

INITIAL COST

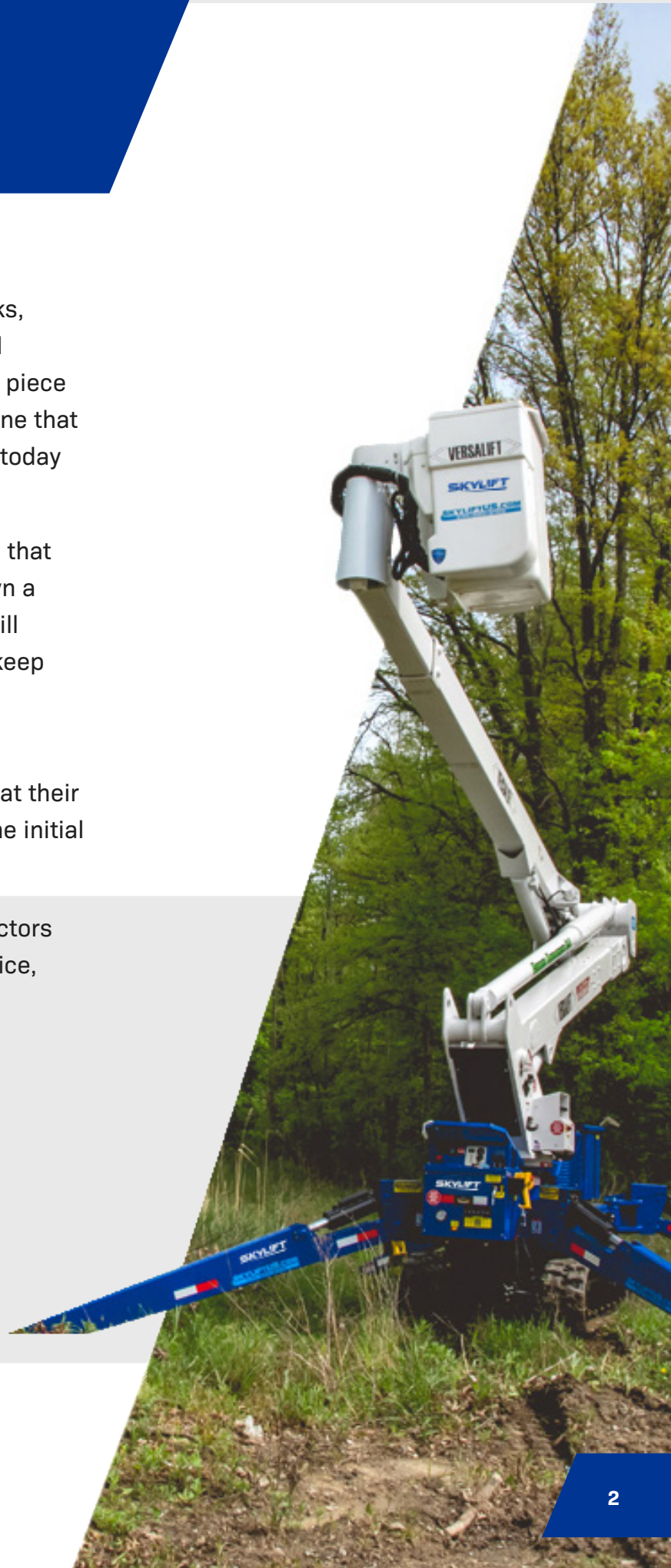
Easement machines such as digger derricks, backhoes, bucket trucks and cranes are all prominently used in the utility sector. Each piece of equipment is a significant investment, one that can have a major impact on your business today and in the future.

It's important to evaluate the various costs that have a major impact on the true cost to own a machine. These include the benefits you will derive from the machine as well as the upkeep and maintenance costs required.

Calculating the true cost of ownership provides owners an accurate picture of what their investment will mean for their business. The initial price tag only tells part of the story.

Take an aerial unit, for example. Several factors significantly impact this initial purchase price, including:

- The height of the machine
- Its lifting capacities
- Optional accessories added
- The tracks it's mounted on
- The degree of customization required to fit an application





Each application calls for different requirements. Understanding both current and future application needs is the key to optimizing the price of the initial investment. That's why it pays to invest in more than what you currently need.

The last thing you want is to buy an easement machine with limited capabilities or one you will quickly outgrow. This will hinder your ability to address your customers' needs and may require you to purchase another machine sooner than intended.

You want a manufacturer that offers different models of backyard easement machines (e.g., digger derricks, arborist machines and material handlers) in numerous unit configurations and mounting locations tailored to meet your needs, whether that includes utility pole and transfer installations, traffic signal maintenance, tree trimming or another application.

When inquiring about a machine, consider asking the following:


- How deep can it dig?
- How fast can it dig?
- How heavy a pole can it set?


An easement machine is a significant investment and will be in a fleet for many years. Why not purchase exactly what you need and want? You need an easement machine manufacturer with the engineering expertise and experience to handle designing and building a custom machine tailored to your needs.

Easement equipment from Skylift is designed to adapt to changing applications, with several different models of utility vehicles available in a variety of sizes, shapes and configurations — each one designed specifically to allow you to perform the jobs you do now and those you're planning for the future.

WHAT'S IT GOING TO COST AFTER PURCHASE?

The costs incurred after a machine is purchased are arguably what matter most to an owner. These include:

 **Operating costs:** Costs required to use the asset, insurance costs, labor, etc.

 **Maintenance costs:** Costs to ensure that the machine remains useful in the long term — cleaning, inspecting, adjusting to make sure it's in optimal condition.

While the initial purchase price can be planned and budgeted for in advance, unexpected costs like unplanned downtime can creep up and turn what looked like a great buy into a disaster.

That's why Skylift easement machines are built with quality welded components, with heavy use and ease of maintenance in mind. These machines are handcrafted in Skylift's facility and designed with versatility and industry-leading durability.

As a result, you won't have to worry much about maintenance and downtime, which will help you get a greater return on your investment in the long run.






A PROVEN TRACK RECORD OF SUCCESS

Often, a piece of easement equipment is your only tool to perform the job. It needs to stay working. If there's one thing fleet managers and crew leads can't tolerate, it's downtime.

And the cost of downtime goes beyond just the cost of the machine. Downtime causes a ripple effect and can lead to lost jobs, late work and lost revenue.

Because there's typically no backup for these machines on-site, you need them to work properly. It's important to choose a machine that has a proven track record for:

-  Reliability
-  Durability
-  Performance

To avoid downtime and ensure your crews are fully operational, you must outfit them with the right equipment at the right time for your backyard utility projects.

Skylift tests its equipment to ensure quality. Every machine that comes off the line is tried and tested and assembled in the United States. What's more, these machines are designed to reduce downtime by ensuring continuous, reliable performance. ***In fact, a number of Skylift's machines have been in the field for over 20 years and are still working as good as new.***



Let's say a fully equipped machine is \$200,000. If you buy it, then you can capitalize that piece of equipment over the lifetime of the machine. To capitalize an asset is to put it on your balance sheet instead of "expensing" it. So if you spend \$200,000 on a piece of equipment, rather than report a \$200,000 expense immediately, you list the equipment on the balance sheet as an asset worth \$200,000.

Then, as time goes by, you depreciate the asset over its useful life, taking a depreciation expense each year and reducing the balance-sheet value of the asset by the amount of the expense. The capitalization process essentially allows your company to spread the cost of the machine over its useful life and protect your income statement at the time the machine's purchased.

For example:

$\$200,000 \div 10 \text{ years} = \$20,000 \text{ per year}$

(\$20,000 then becomes the capitalized cost on your balance sheet)

Skylift machines will still be working throughout the depreciation lifetime and won't leave you upside down on an asset. Not only do you get the best bang for your buck with a Skylift machine, but these machines are also easy to maintain, and Skylift provides on-site training for all equipment that covers:


- Maintenance safety
- Unit operation
- Preventive maintenance
- Unit inspection
- Minor troubleshooting and repairs



PUTTING IT ALL TOGETHER

When determining which easement machine is right for your business, consider the TCO based on the factors discussed in this whitepaper. The price alone doesn't tell the whole story — a lower initial purchase price may not save money in the long term.

If frequent repairs or disruptive maintenance shuts down production, profits take a hit, and that cheaper easement machine may turn out to be very expensive to own. The next time you're selecting new easement equipment, try using the TCO formula:


$$I + O + M + D + P - R = TCO$$

Initial Cost Operation Cost Maintenance Cost Downtime Cost Production Cost Remaining Value

When comparing easement equipment, don't let the sticker price cloud your judgment — consider the costs, benefits and opportunities that come with each machine. Taking these factors into consideration will help you determine the true cost of operating an easement machine and, ultimately, will help you make the right choice for your company.

At Skylift, we build industry-leading solutions for specialty backyard utility projects. Our machines are a top choice among crews in the field, and we offer consultative support to determine what machine specifications you need. Each Skylift team member has an average of 15 years of technical expertise and experience solving the problems you're facing.

If you're interested in learning more or have any questions about easement machines, feel free to [request a quote today](#).