

Total Cost of Ownership

Questions & Answers

Webinar December 5, 2018

Q: Concerning the disposal stage, is there any sufficient way to sell out used armoured vehicles?

A: The short answer is: No, there is not. Due to their very nature and reason for use, AVs require specific management from purchase to disposal. Information about disposal of AVs can be found [here](#)

Q: The life time of a Land Cruiser is probably 2 x as long as a Dacia. Has it been considered how TCO looks like if a Type A is kept for not 5 but 10 years? The resale value may not be dramatically lower than after 5 years.

A: This is why we advocate using the TCO Calculator – so that evidence based decisions can be made based on the data we collect.

Q: Are you saying that there are product substitutes to the heavy-duty Land Cruiser hardtop for use where a heavy duty 4x4 wagon is the operational requirement?

A: We promote that organisations choose the right type of vehicle for the right type of operating environment and that this is driven by programme need rather than personal preference or out of custom (habit). If the programme is executed in a harsh environment with lots of off-road driving than the heavy-duty vehicle is the best choice.

Q: Are you saying that we need to reduce our use of the heavy-duty vehicles?

A: We encourage organisations to operate the right type of vehicle for the operating environment. For example: Often we see that heavy-duty vehicles are used in city environments, which is not only costly but also increases the environmental footprint unnecessarily.

Q: When you sell the vehicle, aren't you still passing on high costs to someone else?

A: This depends on when you dispose the vehicle. If the organisation disposes the vehicle only when it is confronted with high maintenance and repair costs ...then yes, these high costs will be transferred to the buyer. We recommend planned disposal when the residual value is high and operating costs have not risen.

Q: Is it okay to continue keeping a vehicle in the fleet after five years disposal period with low millage?

A: We assume that your organisations' disposal states that the vehicle should be disposed after five years and that policy should be adhered to. We also advise to look at the size of your fleet because if the vehicle has a low mileage after five years it means that it is not used. And when it is not used it means the organization does not need it.

Q: Is it "morally" ok for humanitarian agencies to "flood" the markets in developing countries with older vehicles?

A: As per the 'do no harm' principle, humanitarian organisations should minimize / avoid negative consequences of their operations. When selling the vehicle the organisations should abide by the rules and regulations of that country or do even better by not selling scrap vehicles. We recommend planned disposal when the residual value is high and operating costs have not risen. In terms of the entire vehicle market in a country, the inputs from humanitarian organisations are microscopically small.

Q: How do you ensure that data submitted by suppliers is authentic given they have an incentive to understate costs?

A: Organisations should collect data and analyse this to draw their own conclusions about the actual costs of vehicle ownership. Data provided by suppliers, e.g fuel consumption should not be relied upon.