

OPTIMIZE YOUR HEAVY EQUIPMENT

YOUR GUIDE TO TOTAL COST PROCUREMENT

Make taxpayer dollars go further when you buy or lease equipment that delivers the lowest total cost—from the day you procure it until the day you dispose of it.



WHEN **LOW BID** MEANS **HIGH COST**

If you procure heavy equipment for a governmental agency, you may be under pressure to select the machine with the lowest initial purchase price. But that strategy doesn't always pay off, does it? You've been in procurement long enough to know that low-bid equipment is no bargain if it doesn't:

Run safely and productively

Burn fuel efficiently

Hold its value over time

Deliver reliable performance

Maximize uptime

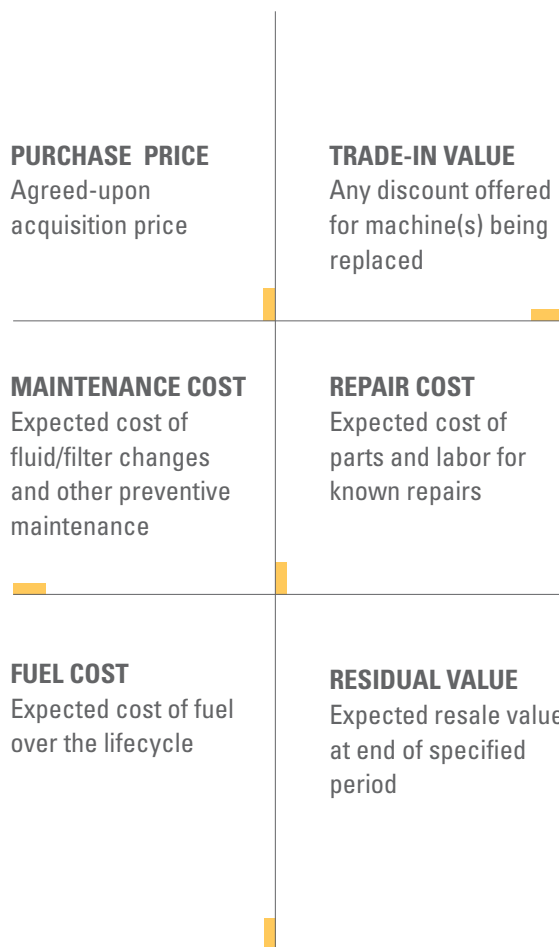


GET THE **BIG** PICTURE

Agencies that use Total Cost Procurement recognize that initial purchase price is just one aspect of the cost picture. They identify the many types of costs their fleets will incur over the lifecycle, then require all vendors to document those costs in the bid proposal. When all bidders provide comprehensive cost data, the agency is better prepared to compare the options accurately and make informed business decisions.

DEFINE **CRITICAL** COSTS

There are many ways to calculate the total cost of heavy equipment. So when you ask vendors for total cost data, it will be up to you to define the variables in a way that makes sense for your organization. Here are some of the critical cost factors to include in every RFP.



Other factors to consider:

- Cost of warranty, downtime, capital and disposal
- Dealer resources and support capabilities
- Product safety and technology features

The more data you collect about these and other important factors, the better you'll be able to assess the long-term value of each equipment option.

BASIC **TOTAL COST** CALCULATION

	PURCHASE PRICE
-	TRADE-IN VALUE
+	MAINTENANCE
+	REPAIRS
+	FUEL
-	RESIDUAL VALUE
= TOTAL COST	

PROFIT FROM TOTAL COST PROCUREMENT

Investing in equipment that delivers the lowest total cost allows your agency to use its financial resources efficiently. But there are other important benefits.

ENHANCE SAFETY.

Machines priced low initially don't always come with the advanced safety and ergonomic features offered on higher-value products.

LEVERAGE COST-SAVING TECHNOLOGIES.

The lowest priced machines on the market may not be equipped with the latest productivity and equipment management technologies that can deliver big cost savings over the long run.

IMPROVE BUDGET DISCIPLINE.

More data about future costs can help you create and manage more accurate budgets with fewer surprises along the way.

GET MORE OPTIONS.

Creating a more competitive, level playing field for manufacturers gives you access to a wider range of equipment options.

HOLD VENDORS ACCOUNTABLE.

Requiring specific and accurate long-term cost data from all who respond to your RFPs should discourage empty promises.

STRENGTHEN YOUR REPUTATION.

When you invest in equipment that completes work on time—without breakdowns or cost overruns—you're more likely to be perceived as a well-run agency.

TOTAL COST RESOURCES AT GOVBIDSPEC.COM

Capturing total cost information doesn't have to be difficult or time-consuming. Use the resources at GovBidSpec.com to streamline the process. Visit the site and find:

Quick access to product information

Downloadable technical specifications written in bid-language format

A simple online tool that lets you build and manage RFPs quickly and efficiently

The latest information about cooperative purchasing agreements

Links to finance/insurance information

A convenient way to connect with your local Cat® dealer

Articles, white papers, videos and case studies that can help you build support for Total Cost Procurement in your agency

BUILD A TOTAL COST RFP—FAST

The RFP Builder on GovBidSpec.com is an easy-to-use tool that helps you save time and improve the quality of the bids you receive. With RFP Builder, you can quickly customize bid specs and request information about key cost factors.

The tool also gives you an easy way to ask for information about vendor capabilities so you can be sure the supplier you choose can support you after the sale.



SAVE TIME WITH COOP PURCHASING

Cooperative purchasing agreements can be an efficient way to invest in equipment that delivers the lowest total cost and highest total value. These agreements allow multiple agencies to buy with the same purchasing power and procurement efficiency as a single entity.

Caterpillar participates in cooperative purchasing agreements with the National Joint Powers Alliance (NJPA) and the National Intergovernmental Purchasing Alliance (NIPA). Learn more about these agreements and the benefits of coop purchasing at GovBidSpec.com.



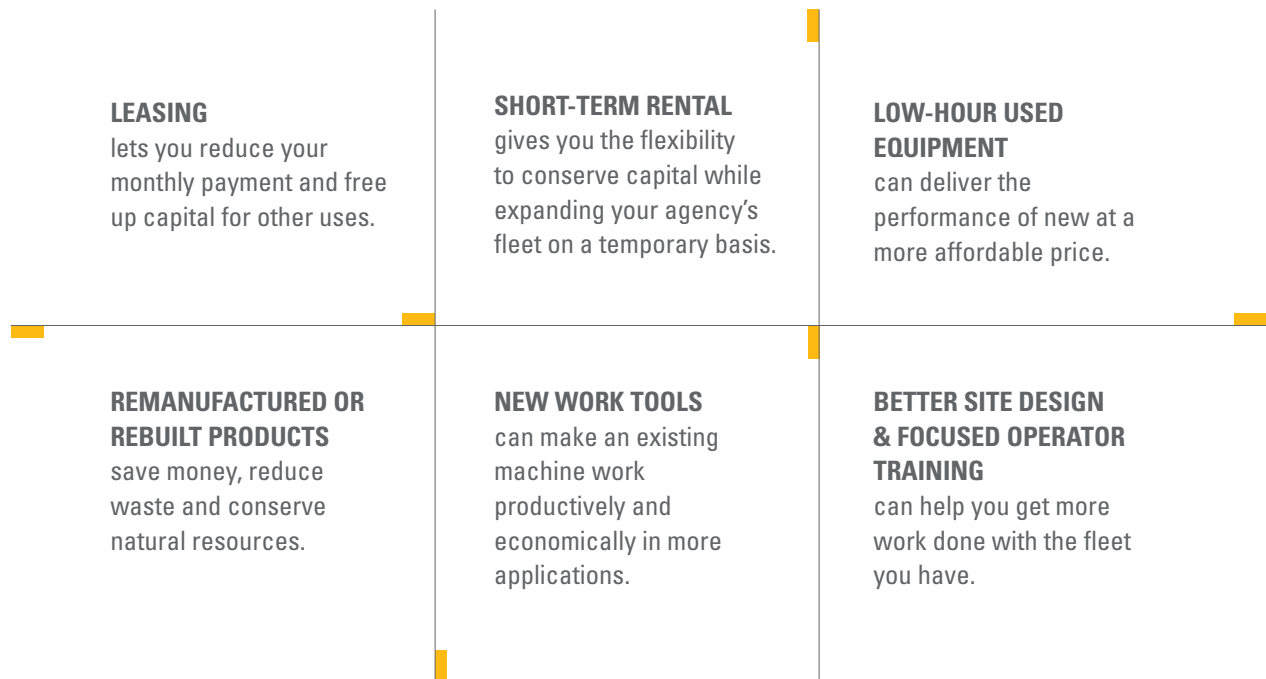
WORK SAFELY, WORK SMARTER

When you shift the emphasis from initial purchase price to your true total, overall costs, you allow more suppliers to compete for your business, including those who offer high-value features that enhance safety and efficiency. All equipment manufacturers meet minimum safety standards, but some, like Caterpillar, go further with sturdier handrails, wider stairways and ladders, ergonomic cabs, extra visibility, rearview cameras and more.

Higher-value manufacturers are also more inclined to equip machines with new technologies that improve productivity and reduce costs. Adopting Total Cost Procurement will help ensure that your bidding process doesn't automatically exclude the most innovative, efficient products on the market.

CONSIDER ALL THE OPTIONS

It doesn't always make sense to tie up large amounts of capital in new machine purchases. Your Cat dealer understands the time value of money and can recommend other ways to maximize fleet performance while you optimize your agency's capital resources.



GET SUPPORT NOW

Caterpillar and your Cat dealer are ready to assist you with any aspect of Total Cost Procurement. We can provide information for our complete product line, explain the tools and resources on GovBidSpec.com or put you in touch with an industry association that can answer your questions about total ownership costs. For more information, visit GovBidSpec.com, cat.com, njpacoop.org or nationalipa.org.

Helping you optimize your heavy equipment budget.
That's what we're built to do.

BUILT FOR IT.™

