

Test Equipment Rental Saves Capital and Costs

By Tessa Lowrey, Marketing, Advanced Test Equipment Rentals, San Diego, CA

In a struggling economy, budgets are being trimmed more than ever. As today's business environment becomes ever more competitive, the bottom line becomes the measurement of success. Companies are expected to produce more results with fewer resources; therefore every dollar must be carefully spent on advantageous opportunities. In order to be successful, organizations are now evaluating several of their purchases based on their ability to produce a positive and measurable return. Test equipment rental can be the answer to this dilemma.

Renting test equipment allows the completion of projects without sacrificing profit margins. This will allow companies who are being forced into researching more fluid options to stay afloat. Many times, the equipment will not be utilized enough throughout the fiscal year to justify the purchase(s).

While saving some green may be a universal idea, the decision making process criterion varies from company to company. Three commonalities constitute the constraints under which all corporate purchases must function: performance, time and cost.

Meeting Performance Requirements

Product performance is based on your test and measurement requirements and frequency of use. Utilization is key, if you know you will be using the equipment at least 65 percent of the time then it makes sense to make a purchase. Otherwise, utilization under 65 percent just doesn't pay; after factoring in depreciation and maintenance you end up losing money.

Opportunities may begin to arise where short term evaluation may be needed. Typically, test equipment products rent for a small percentage of their purchase price. Through renting test and measurement equipment, additional variable results can be determined with minimal financial obligations.

Saving Time

Major test equipment purchases are often routed to several key decision makers for approval. Once those purchases are approved and a manufacturer is selected, a wait time may arise due to the production capacity of these products, most of which are custom made. Production test and evaluation must continue to be in compliance and scheduled maintenance cannot be subjected to positive economic conditions.

Lead times on equipment purchased directly from the manufacturer can have a major impact on project timelines. With typical delivery wait time varying anywhere from four to six weeks, an advantage you may have had over your competitor may be eliminated, especially when dealing with an urgent equipment requirement. This may become a major predicament for those that mandate risks based on safety and regulations while still provide cutting edge results under severe economic and time constraints. Many find that rental equipment is delivered quickly and helps keep their projects on track to meet their deadlines.

Saving on Total Cost

Products are often viewed as a variable expense that affects bottom line financials. Many companies prefer to retain their cash rather than make a capital investment in a high-priced product. Those who do retain their cash, usually see the key benefits to renting their equipment and reducing their operating expenses.

For example, a cable installer might expect to pay upwards of \$10k to purchase an OTDR (Optical Time Domain Reflectometer) and an engineering department could look at spending well over \$100k for a Spectrum Analyzer, with a full complement of options. The point is, the costs associated with purchasing this type of equipment are significant and can strongly impact the balance sheet.

Renting equipment is a very attractive option for both large and small businesses. A major advantage of renting is that a business can afford to perform short term projects without the large cash outlays required when making capital purchases. How do you justify spending \$80k on a piece of equipment you're only going to use for three months? That's a pretty tough sell — but you know it's required to complete your project. In a situation like this, renting the instrument at a fraction of the cost is a win for you and your business' pocketbook.

Bringing expensive gear on line becomes much more palatable to corporate controllers when they understand that the company can reallocate the cost. Rather than dealing with a fixed capital expense showing up on your P & L (with the added cost of depreciation), renting is an expense only. Furthermore, corporate concerns about upgrade problems associated with a product becoming obsolete are mitigated by the fact that you're not keeping the equipment long-term.

As businesses begin to further tighten the reins on their baseline expenses, Advanced Test Equipment Rentals is providing the solution that can help reduce a company's financial risks, free up much-needed capital and help eliminate the "hidden" costs associated with purchases.

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