

THE FLD WHITEPAPER SERIES

FOUR REASONS NOT ALL VEHICLE REMARKETERS ARE CREATED EQUAL.

And Why FLD is Your Best Choice!



WINTER 2021



Remarketing
Remarketing Without Risk.



VEHICLE REMARKETING – LOTS OF MOVING PARTS, SO MANY WAYS FOR THINGS TO GO WRONG

As anyone in the fleet space can tell you, vehicle remarketing is by far one of the riskiest, most time intensive parts of owning and managing a fleet. Besides being fraught with uncertainties, the process can be both intricate and time consuming. From transporting a vehicle to making sure the license and title work is in order to getting it sold quickly, there are a number of things that can impact the process, often meaning the difference between lowering total cost of ownership, and spending hundreds – if not thousands – of dollars more than necessary if the remarketing process breaks down for any reason.

But while coming to the realization that vehicle remarketing can be challenging is one thing, actually finding a remarketing partner who can help your fleet avoid risk is quite another. Especially with so many fleet entities – like FMC’s for example – proclaiming their remarketing prowess, when in actuality they don’t bring a lot to the table. In fact, inexperienced entities like these can actually negatively impact the remarketing process, especially if their interests lie are more focused on leasing.

When it gets right down to it, the simple truth is that not all remarketers – or remarketing experiences – are created equal. And unless a fleet is careful in

choosing the right remarketing partner, there’s a good chance they’ll not only miss out on selling used assets for the highest price, they’ll also lose untold time, money and resources in the process. That doesn’t even include the hours of endless aggravation – and mountains of hassles – that come with working with anyone but the most experienced vehicle remarketers. The kind that have the expertise and know how to help fleets navigate what too often can be one series of unforeseen challenges after another. Or the kind of partner that can help fleets avoid remarketing risks entirely. One with a track record of selling for top dollar and

of helping their customers move on to more important things faster than they would if they were to work through traditional remarketing channels like auctions, dealers or even working with their FMC.

But with so many remarketing options plying the marketplace, how can fleets be sure they are choosing a partner that’s right for them?

To ensure that your fleet is getting the best remarketing services possible, here are four important things a fleet should look for to help them realize that not all remarketers are created equal.



1 SPEED OF SALE

Of all the things that can negatively impact the remarketing process, perhaps nothing is more important than speed of sale. That's because even though a vehicle may be taken out of service, it still accrues costs until the day it is finally sold. This includes lease payments, which can often amount to hundreds of dollars a day depending on the type of vehicle. Add in the costs for storage, maintenance, taxes and insurance, and it's easy to see why a vehicle that meanders through the remarketing process can take a huge bite out of any potential profit, even when it's been optimally managed throughout its lifecycle.

According to study conducted by FLD and independent fleet researcher Mercury Associates (see chart 1) even the most basic type of fleet vehicle — in this chart an average 2-door sedan — can rack up hundreds of dollars in cost a day while it's working its way through the remarketing process. This figure can grow exponentially depending on the type vehicle being remarketed, with large work trucks and specialty upfitting adding substantial dollars to a vehicle's overall total cost of ownership. It's also important to remember that every day a vehicle sits idle while being remarketed,

is another day that something can go wrong with it, further piling up costs and adding to the myriad challenges that can naturally occur during the remarketing process.

Perhaps worst of all, vehicle's that remain in the remarketing channel require day to day management. That means despite the fact the vehicle is not providing a service or earning money, it still depletes valuable staff time and resources, further eroding total cost of ownership, and requiring time and attention that could be better spent on more important aspects of running the fleet.

The problem, however, is that not all remarketers dispose of vehicles at the same pace. In fact, some take weeks — and sometimes even months — to sell a fleet's vehicles, adding significantly to the total cost of ownership. In some cases, as when an FMC is remarketing a vehicle, the longer it takes to sell, the more money actually goes in their pocket in the form of additional lease payments and fees. Because of this, there's simply nothing that sets one remarketer apart from another than how quickly they not only sell your fleet's assets, but how quickly they get you paid once they do.

WHY FLD

At FLD, we've been cognizant of the fact speed of sale is the biggest single factor affecting a vehicle's total cost of ownership since the day we first opened our doors. In fact, we've built our entire business model around the importance of speed of sale by being the only vehicle remarketer confident enough to purchase assets upfront so the remarketing process ends not long after it starts. This means that in most cases, sellers can receive a quote for their assets within hours, and payment for the full amount they agree to within a day. With FLD, the whole process usually takes less than a week. By selling to FLD, fleets are able to bring an immediate end to all costs, while saving time, money and resources, and leaving staff free to move on to more important things faster than they would with traditional remarketing through an auction, dealer or third party remarketer.

And for fleets that take advantage of FLD's "zero days to sale" program, we can even commit to purchasing their assets while they're still in service, bringing an end to ongoing lease payments and fees before they can negatively impact TCO.

2 RISK AVERSION

As any fleet pro can tell you, remarketing vehicles and equipment can be a risky proposition. Risk that the process will take too long, resulting in additional lease payments, fees and higher TCO. Risk that an asset could be damaged – or suffer a mechanical breakdown ± during the remarketing process. And risk that an asset might never sell for anywhere close to its actual value. The problem is that with traditional remarketing, most providers don't have to be risk-averse because they have no skin in the game. If they make a mistake – or the process takes longer than needed – the vehicle's owner is on the hook for all associated costs, not the remarketing provider.

WITH FLD

Because there are so many parts of the remarketing process than can negatively impact our customers, helping them avoid risk is by far the most important thing we do at FLD. In fact, it's the single most important factor that sets us apart from other remarketers, FMC's and third party providers. In fact, we're the only remarketer that completely eliminates remarketing risk for sellers by taking an ownership stake in a vehicle before the selling process begins, leaving them free to move on faster and leave risk in the rearview mirror. This way, if something goes wrong while a vehicle is being remarketed, the only one responsible is FLD.

3 UNMATCHED PEDIGREE & EXPERTISE

Helping customers navigate the intricacies of remarketing vehicles and equipment requires expertise. So at a time when just about every fleet entity claims to be an expert, the truth is that very few have the experience or the pedigree to back it up. This is not only frustrating for fleets looking for remarketing options they can count on, it can have negative consequences for sellers. That's because – more often than not – independent and third party providers simply leave the remarketing process to its own devices rather than "working" it to sell assets for the highest price. The result? Vehicle sellers are not only left holding the bag if something goes wrong, they simply have to accept whatever price their vehicle sells for. This can be especially troubling for fleets with sophisticated vehicles and upfitting, which generally bring just pennies on the dollar when sold at auctions or through dealers. Even more maddening? Some remarketers – like FMC's – actually make more money the longer it takes to remarket a vehicle in the form of additional lease payments and fees that don't stop until a vehicle is actually sold and a fleet gets paid.

To illustrate this point, the chart at above features three vehicles that were sold at auction in the Summer of 2021 vs. three similar vehicles that were purchased by FLD during the same time frame. As one can see, the three vehicles remarketed through a Florida-based auction brought nearly less than the same price they were purchased for by FLD, meaning that these sellers could have not only received significantly more money, but also avoided the roadblocks and pitfalls that too often are part of the traditional remarketing process.

DESCRIPTION/COSTS	FMC (Straight Line Interest)	FLD
Capitalized Cost	\$25,000	\$25,000
Remaining Book Value	\$12,000	\$12,000
Sales Price	\$12,000	\$11,800
Interest Rate – Daily (6% annual)	0.02%	0.02%
Daily Interest Cost	\$1.97	\$1.97
Days to Receive Funds	45	5
Interest Expense	\$88.77	\$9.86
Auction Fee (est.)	\$125.00	\$0.00
Reconditioning/Detail (est.)	\$135.00	\$0.00
Delogo Fee (est.)	\$200.00	\$0.00
Transportation Expense (est.)	\$100.00	\$0.00
Loss/Gain	\$0.00	\$200.00
Total Expense (per vehicle est.)	\$648.77	\$209.86
Cost of 100 Sales per Year	\$64,877.00	\$20,986.00

WITH FLD

But fleets that remarket through FLD don't have to worry that the remarketing process will force them to sell at the lowest price, potentially costing them thousands of dollars in lost revenue. That's because at FLD, our unmatched pedigree and over 40 years as fleets remarketing pioneer and leader gives us the experience and confidence to purchase their assets upfront so they can agree to a price they're comfortable with. In addition, our expertise – especially when it comes to assessing and pricing specialized work vehicles or highly sophisticated upfitting – allow FLD to make a more accurate – and usually higher – purchase offer. With traditional remarketing, sellers are left to the mercy of whatever they might receive at an auction or dealership, which simply accept whatever the market is willing to pay.

4 EASE OF SALE

Remarketing vehicles is not easy and never has been. With so many moving parts, it's a time consuming and laborious process that can bog down a fleet's optimal operation, and deplete time, money and resources that could better be spent elsewhere. Executing the process correctly requires not only expertise, but attention to detail and a staff that can dedicate unlimited time and attention to making sure everything falls into place. Even in the best of circumstances, vehicle remarketing can be a drain on a fleet operation, requiring untold staff hours and resources as fleets track assets through the remarketing process.

As chart Y shows, even a vehicle that takes just a few weeks to remarket can require a significant amount of staff hours and resources to make certain the process goes smoothly. And considering that most fleets can remarket

several hundred — if not thousands — of units in a year's time, it's easy to see why making the remarketing experience as easy and hassle free as possible can mean the difference between running a highly efficient remarketing operation, and being forced to deal with one unforeseen hassle after another.

WHY FLD

Of all the benefits that come with remarketing through FLD, perhaps none is more welcome than the fact that we totally eliminate the hassles and headaches that come with traditional remarketing by purchasing assets up front. That means that instead of having to assign valuable manpower or resources to manage the process, fleets can simply assign their assets to FLD. Once they accept our purchase price, fleets are completely done with the remarketing process.

No need to assign valuable manpower and resources to administering the remarketing process. No need to follow the remarketing process to its conclusion. And no need to deal with the ridiculous back and forth that can suck the life out of a fleet and frustrate staff to the point that other more important . Just one simple, seamless process that takes less than a week, and sellers can move on. What could be easier than that?



CONCLUSION

Remarketing vehicles and equipment can be a costly and time consuming pursuit. It's not an activity that should be left to the inexperienced or the Johnny come latelays. Fleets that choose to remarket through existing channels or with anything but the best providers are at risk of not only losing money, but face a mountain of unforeseen obstacles that not only negatively impact a vehicles total cost of ownership, but risk upending their operation, and upsetting their staff. To get the most out of the process, fleets need to realize that not all remarketing providers are equal, and strive to find a partner that not only eliminates their risk, but frees up staff and resources, while offering them a transparent process and a price they can live with.

For more information, or to schedule a conversation on how your fleet can thrive and not just survive during challenging times like the chip shortage, give us a call at 1-800-754-1522, or log on to fldinc.com or vehicleremarketing.com today.



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