

What does a fleet vehicle **really** cost?



Administration (3%)

Administrative costs can include procurement and disposal expenses, as well as transaction costs and indirect expenses of managing a fleet.

Depreciation (53%)

Depreciation is the single largest expense for fleets. It represents the decline in a car's value over the course of its useful life. A vehicle typically loses 15-20% of its value each year.

Insurance/Collision Repair (5%)

Insurance costs can be estimated each year, but collision and accident costs can be hard to predict.

Taxes & Licensing (6%)

Taxes must be paid when a vehicle is purchased. Licensing fees may be considered as "operational" since they are often recurring charges for vehicles in service.



Maintenance (9%)

Maintenance costs includes all preventive and unscheduled maintenance, as well as downtime. Most fleets include the labor and parts necessary to keep the fleet operational.



Fuel (15%)

Fuel keeps the fleet in operation and its one of the hardest costs to predict because the price is controlled by so many factors.



Cost of Money/Interest (9%)

The interest required for financing fleet vehicle's can be substantial and fluctuate with market trends.

To begin to understand Life Cycle Costs, the costs can be broken into two major buckets:

Cost of Ownership

• Procurement costs:

- Time to spec the vehicles or equipment needed
- Invoice costs + transaction cost
- Warranty or extended warranty costs
- Delivery costs



• Depreciation

- Decrease in an asset's value
- Fixed cost
- Downward cost trend (high purchase price) as time progresses



• Interest

• Inflation

• Disposal Costs



Cost of Operations

• Operations

- Fuel, lubricants, etc.

• Maintenance

- Scheduled and unscheduled
- Excludes crash and operator damage

• Downtime

- Vehicle not available for service
- Cost of spare/replacement asset

• Obsolescence

- Part/equipment becomes obsolete
- Functional/technological obsolescence

• Operator training

• Cost of inventory

- Part/supply availability



Understanding the true cost of a vehicle or asset, including upfront costs and ownership costs, can help you make the most of your budget and help your fleet run more efficiently.

Get more in-depth information in the [Life-Cycle Costs Analysis Quick Guide](#).

Asset**WORKS**

www.assetworks.com | 610.687.9202

Copyright © 2014 AssetWorks Inc. All rights reserved.