

TCO and TCO Profiling

TCO and TCO Profiling



Understanding the financial implications of the vehicles in your fleet is always best practice – whether this be for budgeting, cost awareness/control or to facilitate your transition to electric vehicles (EVs).

It ensures that vehicles are not only fit for purpose operationally, for your drivers and your business, but that there is visibility of the true cost of the vehicles in your fleet.

Fleets everywhere are moving to EVs due to regulatory requirements and sustainability goals.

Building a strong business case for the adoption of Battery Electric Vehicles (BEVs) or Plug-in Hybrid Electric Vehicles (PHEVs), whether that's cars or vans, can help your business make substantial savings and future-proof your fleet.

Working out your transition timeline and your BEV and PHEV vehicle mix can seem complex, but Lombard Vehicle Solutions' (LVS) TCO and TCO Profiling products can help simplify the decision-making process.



What is TCO?

Understanding the financial implications of running a fleet should always start with a Total Cost of Ownership (TCO) analysis.

By combining current Government incentives with the overall costs of owning and maintaining a fleet, you can gain insight into the real-life potential savings of changing your fleet mix.

Calculating a vehicle's, or fleet's, TCO highlights the financial impact of your lease decisions across your whole business.

TCO not only factors in the cost of procuring the vehicle, funding and maintenance, but it also includes the additional costs of the vehicle throughout its lifetime:

- Corporation tax
- Corporation tax reliefs, government incentives – especially pertinent for electric and ultra-low emission vehicles
- Employer Class 1A National Insurance
- VAT payable and recoverable VAT
- Business mileage reimbursement (and private mileage if applicable)
- Insurance
- Additional cost considerations including administration fees, home chargers etc.

A TCO analysis reveals the true cost over a vehicle's entire lifetime rather than focusing on the initial outlay, helping you to calculate when it's worth the switch.



What is TCO Profiling?

A TCO analysis will provide valuable data and insight into the true cost of vehicles in your fleet.

The next key stage is utilising this information to make informed and strategic decisions to create a robust and future-proofed fleet policy.

LVS' unique TCO Profiling tool helps you to quickly and effortlessly achieve this by providing interactive, instant and insightful information on a variety of scenarios.

For example, finding the right vehicle mix for your fleet or reducing downtime costs.

With TCO Profiling, your fleet electrification transition is simplified.





Features of TCO Profiling:

Live and interactive visibility of the impact of TCO utilisation on your fleet.

Historically, it was commonplace for fleets to govern their fleet policy and driver grades/bandings with either a net or effective rental restriction.

However, this is focused purely on the initial outlay or cost to fund a vehicle.

In the absence of factoring in the operational costs of the vehicle throughout its lifetime, this does not result in having the most cost-effective fleet for your business.

Fleets are now making the switch to governing their policy with a Total Cost of Ownership approach, unlocking true insight into the actual costs of vehicles over the entire duration of their lifetime.

LVS' TCO Profiling tool enables an instant calculation of the TCO equivalent of your existing net/effective rental policy, as well as insight into the impact on cost, vehicle selection and powertrain split that switching to TCO will have on your fleet. **This is all prepared for you by our Fleet Consultants.**



Manufacturer

- Select all
- 0
- Audi
- BMW
- Citroen
- Cupra
- Dacia
- DS Automobiles
- Fiat
- Ford
- Honda
- Hyundai
- Jaguar
- Jeep
- Kia
- Land Rover
- Lexus
- Mazda
- Mercedes
- MG Motor UK

Model

- Select all
- 0
- 1 Series F40 5 Door Sporthatch
- 108 Hatch
- 2
- 2 Hatch
- 2 Hatch Hybrid
- 2 Series F44 Gran Coupe
- 2 Series U06 Active Tourer
- 2008 Suv
- 208 Hatch
- 3
- 3 4 Door Saloon
- 3 5 Door Crossback
- 3 5 Door Hatch
- 3 series G20 Saloon
- 3 Series G21 Touring
- 3008 Suv
- 308 Hatch
- 308 SW

Fuel type

- Select all
- 0
- Diesel
- Diesel Hybrid
- Electric only
- Petrol
- Petrol Hybrid
- Plug-in hybrid: Diesel
- Plug-in hybrid: Petrol

Doors

CO₂

P11D

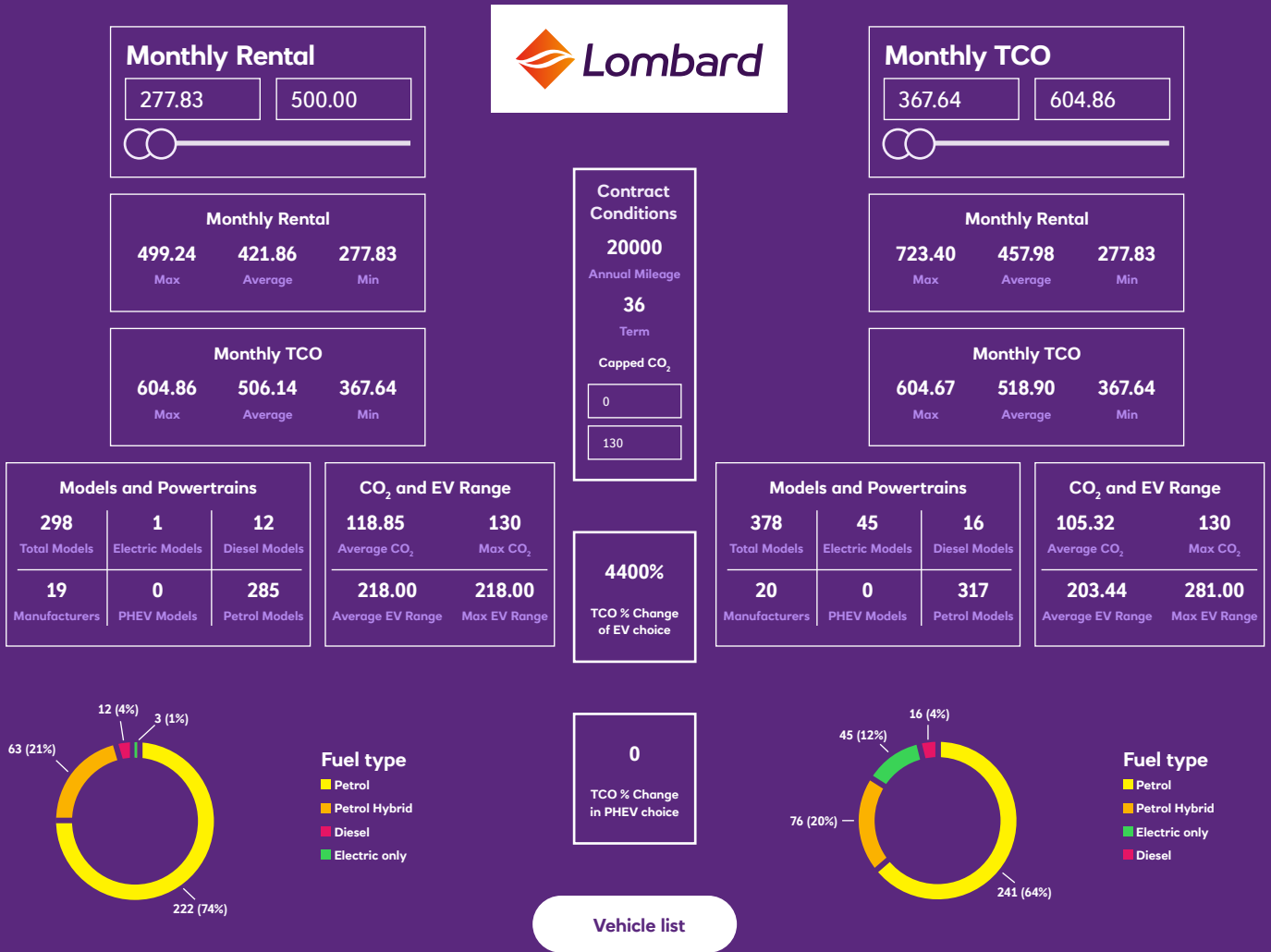
“My experiences with the TCO dashboard are nothing short of exceptional. The tool allows full fleet customisation and is fast and efficient. It’s a vital tool for us to use while we assess the future state of our company car fleet and saves us many hours of manual data configuration.”

Rob Muddyman, Managing Director – FedEx UK, February 2023

Live and interactive driver grading allowance calculation capability

LVS’ TCO Profiling tool enables instant insight into the impact of TCO utilisation on your policy. It then also unlocks visibility of the required revisions to your driver gradings/allowances to either secure your benchmark vehicle(s) availability and/or the right vehicles within each grade.

With the current economic climate, fleets are experiencing cost challenges and rising prices, so the ability to obtain visibility of the actual changes required to driver gradings/allowances removes the guesswork and ensures that the minimum increases are applied, mitigating unnecessary cost increases on fleets.



“Today we had a first look at the LVS Profiling Tool. It was both clear and precise and allowed a simple to follow process for the TCO model which can at times be a little confusing. Hoping this tool will prove helpful in allowing us to make the positive decision to move to the TCO model.”

Paul Barker, International Category Lead – FedEx UK, January 2023



Why is TCO Profiling important?

LVS' TCO Profiling offers market-leading insights and an innovative, consultative approach to unlocking the power of TCO to identify the most suitable vehicles for your business and assisting with the transition to electrification.

Choosing the right electric vehicles for your fleet can be challenging and throwing in a new powertrain like electric can make finding suitable vehicles even more onerous.

TCO Profiling makes that decision simple and fast, providing confident decision making and true cost transparency.



About the contributor



Tash Turner
Fleet Consultant

Specialisms:

- Financial modelling
- Total Cost of Ownership
- Fleet optimisation
- Mobility

Tash has over 14 years' industry experience, including previous roles in Strategic Account Management at KINTO UK and Venson Automotive, working with a variety of private, public and not for profit businesses with both car and van fleets varying from 50 – 5,000 vehicles.

Tash has a wealth of experience and a proven ability in working in partnership with customers to identify cost-saving opportunities, share best practice and advise on future strategic fleet decisions.

She has considerable experience working with businesses to identify the most suitable funding methodologies as well as enabling and supporting the creation of robust, adaptable and suitable fleet policies, including integration of alternative fuels and Total Cost of Ownership (TCO).

If you'd like to discuss this further, please contact your Account Manager or our Business Intelligence and Consultancy Team.

Lombard Vehicle Solutions (LVS) is a trading name of ALD Automotive Limited (ALD), Oakwood Drive, Emersons Green, Bristol, BS16 7LB. LVS is a product solution provided for Lombard North Central PLC (Lombard) by ALD and there is a financial connection between Lombard and ALD as a result. The arrangement ensures that Lombard customers have access to a wider range of products to meet their vehicle asset finance needs. Customers whose agreements are regulated by the Financial Conduct Authority should be aware that Lombard is acting as a credit broker and not a lender, and that Lombard will receive a payment from ALD, should you wish to proceed with an agreement. You can ask Lombard or ALD for more information about this. ALD is registered in England and Wales with registration number: 987418. ALD is authorised and regulated by the Financial Conduct Authority (Firm Reference Number: 308101).

For LVS activities, Lombard is acting as a Credit Broker and not a Lender. Lombard is authorised and regulated by the Financial Conduct Authority for consumer credit activities, Firm Reference Number no. 710598.

For more information



Call us on 0117 908 6490



enquiries@lombardvehiclesolutions.com



Visit www.lombardvehiclesolutions.co.uk



TOMORROW BEGINS TODAY