

## TCO & Mobility



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## Agenda

- Total Cost of Ownership
- Mobility Services
  - Home Sale
  - Household Goods
  - Temporary Housing
- Example of TCO Tool
- Conclusion



## Total Cost of Ownership

TCO [Total Cost of Ownership]

- *traditionally applied to technology, but in reality, TCO applies to all purchases*

- Visibility of cost may be limited, depending on how the visibility tools and categories of your Spend are setup
  - **One example: The spend category Corporate Mobility**
- Benefits of providing insight into your mobility spend:
  - Enables evaluation beyond the initial purchase price / management fee
  - Provides visibility beyond HR-Relocation
  - Enhanced visibility into the TCO of your global mobility program

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## Why Focus on TCO for Mobility Services?

...Many companies don't understand how to plan for or quantify the long-term costs of managing mobility services...

THE  
RESULT

Difficulty in determining your company's policy direction and desired outcome

- Increasing complexity of mobility services makes understanding ongoing TCO more critical
- Companies rely on providers to deliver and support mobility services—services which could fail at numerous points in the process
  - Mobility suppliers should be in alignment to help you meet your goals
  - Track and report KPI's that drive Total Cost
  - Track the pros and cons of various mobility decisions and strategies

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## How to Calculate Your TCO?

**HR-Relocation**  $\approx 85\%$  of the costs in a US Mobility program exist within three categories (other than tax)

1. Home Sale
2. Household Goods (HHG)
3. Temporary Living

### How do you calculate the TCO of your mobility costs?

- Evaluate costs a few layers deeper, focusing on: the hidden or consequential costs associated with deploying, operating, and maintaining an end-to-end mobility benefit

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## Home Sale: Spend Evaluation

% Loss to Acq Price → Amended Rate ↓	7%	8%	9%	10%
90%	\$ 210,000	\$ 240,000	\$ 270,000	\$ 300,000
85%	\$ 315,000	\$ 360,000	\$ 405,000	\$ 450,000
80%	\$ 420,000	\$ 480,000	\$ 540,000	\$ 600,000
75%	\$ 525,000	\$ 600,000	\$ 675,000	\$ 750,000
70%	\$ 630,000	\$ 720,000	\$ 810,000	\$ 900,000
65%	\$ 735,000	\$ 840,000	\$ 945,000	\$ 1,050,000
60%	\$ 840,000	\$ 960,000	\$ 1,080,000	\$ 1,200,000

### Home Sale

- Average home sale costs an organization \$90,000\*
- Types
  - Buyout – % purchased
  - No Buyout – Days on Market
- 1. Supplier Costs
- 2. Performance – primary driver of home sale TCO

\*Source Worldwide ERC®



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## Household Goods (HHG): Spend Evaluation

- HHG
  - A HHG cost is \$12K (US-domestic) and \$20K (international)
  - High discount from base tariff does not mean low cost
  - Broad variance in suppliers
  - Recognize the layering of costs, especially on international moves
    - While tendered to one agent, is it being executed by a different agent or series of companies?
  - Understand the compensation impact to the driver and packers who are handling your goods
  - Does securing the right information provide quality feedback on the key process inputs?



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## Temporary Living: Spend Evaluation

- Temporary Living
  - Leverage volume
    - Application across multiple departments
    - Training, interns, temporary assignment ... as well as relocation
  - Visibility: understand who owns the lease
    - Do you know the lowest level of cost opportunity?
  - Ensure that the HR policy aligns with/supports purchasing methodology



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## TCO Report: Structure and Build

- **TCO Objective:** estimate all costs related to the ownership, management, support and usage of the mobility program and services
- Components of a TCO Report/Evaluation
  - Indirect costs are a key component of the TCO
- Direct and indirect costs might include:
  - Program fees (≈3%)
  - Sub-supplier fees
  - Costs associated with performance or misaligned service levels

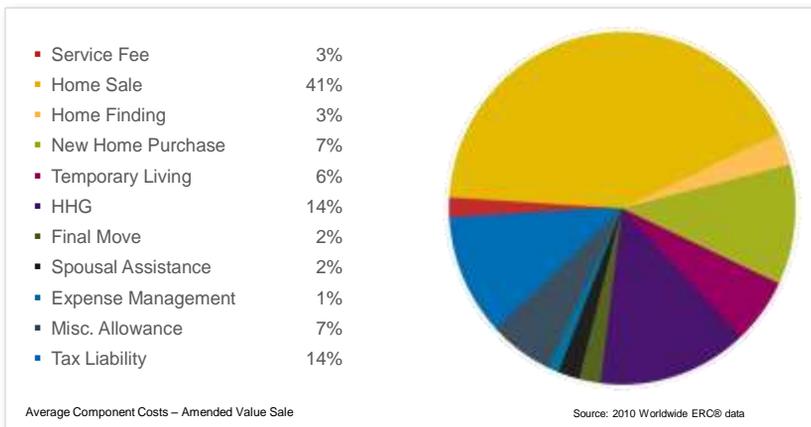


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## TCO Analysis: Step One

- Identify the cost components and the opportunities for savings within each component



*Includes direct homesale costs & homesale bonus. Does not include loss on sale assistance or duplicate housing costs*

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## TCO Analysis: Step Two

- To control total cost of ownership, you must be able to isolate and control actual cost drivers within each component of the mobility chain in order to optimize overall savings

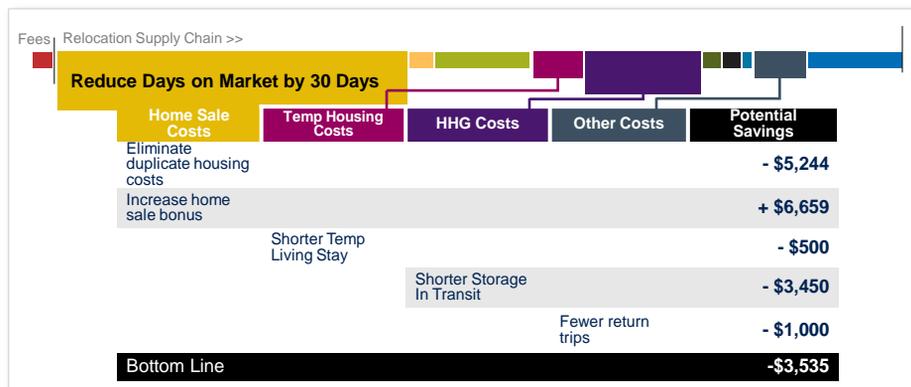


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## TCO Example of Reduced Costs

- Impact of one simple element: reducing days on market
- Result:** drives costs down throughout the supply chain resulting in significant bottom line savings



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## TCO: How We Do It

### Total Relocation Assessment Calculator (TRAC)™

SIRVA's business decision tool that enables organizations to identify, itemize and clearly understand component and overall mobility costs.

The screenshot displays the SIRVA TRAC software interface. At the top, there is a green header with the text 'Main and Password Panel'. Below this, there are several input fields and buttons. A 'Backup Data' button is visible, along with a 'Clear Data' button and a 'Database' button. There are also fields for 'Organization Name' and 'APPO'. The main area is divided into three sections: 'Basic Information', 'Costs', and 'TCO Summary'. Each section contains a list of items with checkboxes and numerical values. For example, under 'Basic Information', there are items like 'Home Ownership', 'Mortgage Interest', 'Local State Tax', 'CHRC to Local LHS Access to Service', and 'CHRC to Local LHS Access to Service'. Under 'Costs', there are items like 'Home Sale', 'Household Goods', 'Temporary Housing', and 'CHRC to Local LHS Access to Service'. The 'TCO Summary' section shows a table with columns for 'Item', 'Cost', and 'Total'. The table lists various costs and their corresponding values, with a total cost of \$10,000.00.

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## Conclusion

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- A complete assessment of a mobility program requires a complete view of all associated costs, and engagement with all stakeholders
- Companies need to understand their relocation goals and how to support those goals – a TCO assessment can help clarify
- A company can then assess the value of their mobility policy
  - A low TCO in any program is not necessarily good and a high TCO may not necessarily be bad
  - High/low values help you flag areas that require attention

## Thank You

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Q&A