



Passion for Customer Service Series:

Repair vs. Replace Security Equipment?

Not Necessarily a Conundrum

Are you a Security Equipment Integrator or a Self-Maintaining Enterprise?

What steps does your company take when you get a notice like this from the OEM?

“Security OEM, Inc. is committed to providing our customers with the best possible service and support during the normal life span of our products. However, there are times when it is necessary to discontinue repair service to obsolete products due to the non-availability of product components to make repairs. We are no longer able to perform out of warranty repairs for the discontinued DVR and Security Camera models listed below due to age and the non-availability of repair parts. We do have, however, a full line up of replacements to perform the duties that you require for your current business needs.”

All OEMs must periodically issue end-of-life letters as above – for some of the following reasons:

- Discontinuation of support enables the OEMs internal repair departments to focus upon the newer products rather than those that are just beginning to reach end of life. Repair of those older products can be a distraction.
- It is more profitable to notify the end-user of discontinuing service on “obsolete” products, rather than make "last time buys" (i.e.: forced to order 10,000 components from Asia – when they only need 1,000).
- It prompts that opportunity to drive the customer to an expensive upgrade to newer technology.

What alternatives do you have?

Find an experienced and independent reverse logistics company with core competency in component/board level repair of security devices - one known for high quality, yields, and rapid turnaround. Explore the viability of a complete reverse logistics program (i.e.: building a seed stock of cores and having the service provider repair, stock and ship them as required).

What will you gain?

1. Your customers will become even more loyal as you solve their problems rapidly and economically, rather than require that they purchase expensive, discontinued equipment -- or are forced to upgrade.
2. Your own service costs will drop as you now have inexpensive spares. You can now provide repair rather than replace out-of-warranty products that you are obligated to support.
3. You may see a drop in multiple service calls for the same item now that you may have spares available.

What does it cost to repair?

When based upon a cost+ model (such as this company's), repair prices will average between 20% and 36% of the replacement cost of the device. Note the *average* repair prices below for several families of devices. This is based upon a sampling of 1,800+ SKU's historically repaired by Renova for major integrators. These devices include most major OEMs: Honeywell, Axis, Pelco, Sony, Bosch, Hikvision, Safran-Morpho, ADT, Speco, et al. Replacement costs reflected here are those researched (though the equipment is not always available) from distributors and throughout the Internet.

Security Equipment Category	Average Repair Price	Average Replacement Cost	Average Savings Per Menu - 1800 devices	Average Savings/repair per our Customers' experience over 3+ years
DVR/NVR	\$ 427	\$ 3,566	\$ 3,064	\$ 2,400
Camera	\$ 287	\$ 1,238	\$ 894	\$ 1,100
UPS	\$ 302	\$ 1,478	\$ 1,123	\$ 1,123
Other	\$ 249	\$ 1,211	\$ 918	\$ 900
Display	\$ 248	\$ 805	\$ 529	\$ 500
ACCESS	\$ 195	\$ 491	\$ 280	\$ 280
PCB	\$ 146	\$ 395	\$ 234	\$ 400
Grand Total	\$ 337	\$ 2,194	\$ 1,796	\$ 1,850
*** Note: These average pricings/savings reflect the repair menu portfolio. Associated pricing and savings differ substantially by customer as a result of their differing portfolio of products sent in for repair. For example, larger customers are experiencing savings of \$2400 on average with each DVR repair, and \$1100 on average saved on each camera repaired. This repair menu includes many lower-cost repairs/replacement values on cameras and also some extremely high replacement values for DVR's				

About Us:

Renova Technology is deeply committed to the Security Industry. We are passionate about "best practices" in after-market service. We handle repairs and reverse logistics for two of the largest integrators (commercial) in the US, and we repair for many others including OEMs. If you are interested in receiving a repair price list by specific model or in exploring a complete and customized repair program, please call or email us. Our repair prices are flat-fee per unit, and we do not charge if the device cannot be repaired. All repairs are warranted for 90 days. We repair and return in 10-15 business days on average. Expedites are available.

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