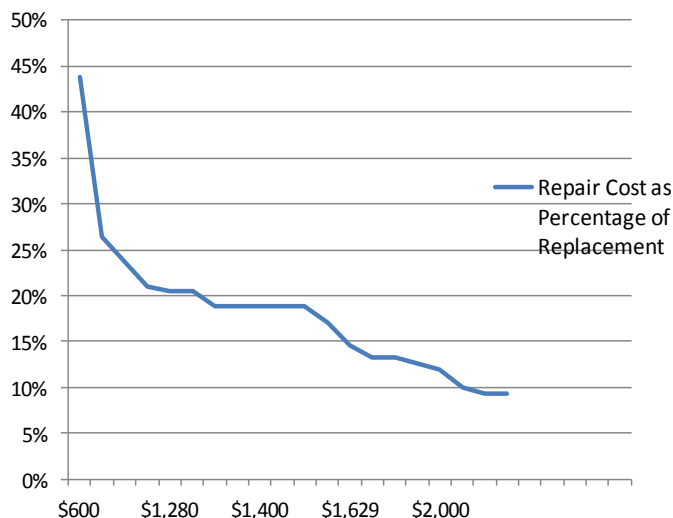


## Repairing rather than replacing 3 devices per day can increase your company's value as much as \$17 Million.

**Liabilities associated with non-functioning security equipment extend far beyond customer loyalty issues.** Many integrators are forced into maintaining safety stock on both in and out-of-warranty equipment. This is simply due to long turnaround times or by customer-required standardization of installed product. And that hurts. Customers reluctant to upgrade to newer technology place integrators in the position of immediately sourcing (if possible) new but discontinued equipment, or waiting on the OEM to slowly repair at prices as high as 75% of the original MSRP. The results are higher maintenance costs, multiple service visits, wasted time sourcing/repairing from the OEM, and still disgruntled customers.

Three months needed for a DVR to be repaired? *Not acceptable!*

### Repair Cost as Percentage of Replacement Cost



One of the nation's top 10 integrators has dealt pragmatically with these challenges. They stand to increase the value of their publicly traded company by at least \$20-\$25million every year.

**How?** They quickly recognized the ratio of repair cost to replacement cost on aftermarket security equipment is approximately 30%, and how savings by repairing can drive company value up. In their case, **the average cost savings is \$960 per unit.** This figure is based on actual repair order requests from this customer over one year consisting of 63% cameras, 26% DVRs, and 11% other and includes products from over 15 different manufacturers. Have you calculated your opportunity cost?

**SO—HOW DOES THAT ADD UP TO INCREASING MY COMPANY VALUE BY \$MILLIONS?** Company valuation is more important with publicly traded entities. But the basic principle applies to the private as well. Through accretion\*, one need only multiply the bottom line savings by the Price to Earnings ratio to calculate the incremental company value. The NASDAQ Composite P/E is currently 25. Therefore every dollar to the bottom line increases the average NASDAQ traded company value by \$25. Observe the effect of repairing rather than replacing 15 units per week. At an average savings of \$691,200, one could increase company value by up to \$17 Million, depending upon your company's P/E ratio. *And this can be done each year.*

\*Accretion, in a corporate finance environment, is essentially the actual value created after a particular transaction. A deal will always be earnings accretive if the acquirer's price to earnings ratio is greater than the target's price to earnings ratio, including the acquisition premium.

# Repairs Per			Cost Savings Average Per Unit	Annual Cost Savings	Composite NASDAQ P/E	Accreted Increase In Co. Value in \$ millions
repairs per week	repairs per month	repairs per year				
5	20	240	\$ 960	\$ 230,400	25	\$ 5.8
10	40	480	\$ 960	\$ 460,800	25	\$ 11.5
15	60	720	\$ 960	\$ 691,200	25	\$ 17.3
20	80	960	\$ 960	\$ 921,600	25	\$ 23.0
25	100	1200	\$ 960	\$ 1,152,000	25	\$ 28.8

Renova Technology is a 20 year old depot based reverse logistics company focused on component/board level repair of electronics—primarily within the POS and security industries. Known as a best in class service provider, we handle all of the reverse logistics and repair for one of the largest security OEM/integrators in the country, as well as proprietary repairs for security OEMs, and substantial repairs for large integrators. With a TAT averaging 10 days, and an OBF rate of less than 1%, our reputation is growing. If your enterprise is experiencing service bottlenecks, and you are interested in receiving sample pricing, please send an email to [solutions@renovatechnology.com](mailto:solutions@renovatechnology.com), call 770-325-5605 or visit [www.renovatechnology.com](http://www.renovatechnology.com).