



Every Penny Counts

As businesses of all shapes and sizes strive to cut costs, *PMPS* talks to EquipNet's Ben Potenza who outlines the growing second-user revolution in the pharma, biotech and chemical industries, and shares his recommendations for success

PMPS: What are the main advantages that come with purchasing second-user equipment?

Ben Potenza: Over the 15 years EquipNet has been serving the asset management market, we have seen numerous changes in how individual managers and whole companies think about surplus, idle equipment and instrumentation. There have always been equipment dealers – buying assets for as little as they can, before selling them on for a profit – but with the rise of the internet and the development of specialists that possess market knowledge, pricing expertise and systems for tracking and redeploying valuable assets, more and more businesses are taking the opportunity to purchase second-user manufacturing or packaging equipment.

Today, businesses operate in a financial climate where budgets are tight, yet the need for equipment continues to grow as manufacturers launch new, improved models. Recently, a trend has emerged where even the largest corporate firms are taking the plunge and buying second-user equipment, something that they would not have considered doing two years ago.

There are specific benefits to buying such equipment: the ability to save between 50-75% of the cost from new; budgets can be stretched and cash saved for additional purchases; equipment is generally available immediately; and delivery can be made as soon as a purchase is completed – something that is not always guaranteed when ordering a new system.

Can you highlight any particular challenges companies are likely to face?

Our clients tell us that the many positives outweigh any potential hurdles. When purchasing second-user equipment, the same factors that concern people when they are selling assets – for example, working with someone who has knowledge of the instrumentation and specialists who understand market value – are important. In practice, by researching the exact model that you are considering, and ensuring you (or your chosen partner) finds out as much information as possible regarding previous use, maintenance history and so on, the risk is minimised. For significant or specialist equipment, I would always recommend a visit to view (and test) the equipment before finalising a purchase.

What should businesses look out for when buying second-user equipment?

We can narrow things down to four golden rules. First, choose the right equipment:



- Carry out extensive market research in order to find equipment that truly matches your needs
- Look back at contemporary reviews from when the equipment was new
- Plan your budget and have a limit in mind

Second, make sure you understand and know your source:

- Use a reputable provider that can deliver information about the item for sale, such as its previous history, use and condition
- Check the reputation of the source in the market
- Read the small print. This is a crucial part of the purchasing process as, for example, the supplier could take a percentage of the sale from you on completion
- Make sure your source has experts on hand to speak with throughout the entire purchasing process. They should know the equipment and its application, and be able to advise on its suitability to your needs

Third, assess the future support of the equipment:

- Check if any warranty is transferrable with the equipment

- Approach the original manufacturer or after-market service companies to assess how easy it will be to have the equipment maintained
- Use the exact model destination, year of manufacture and serial number to check availability of spare parts

Finally, consider the backroom support you should be expecting from your chosen source:

- Check that your partner has experience in shipping delicate mechanical equipment and that they have the know-how required to package and transport the goods safely – spotting, for example, if any hazardous materials form part of the equipment, or if any packaging materials are not ISPM-15 compliant
- Make sure that your source understands all relevant government regulations and import restrictions if you are buying from outside your own country
- Look to deal with a firm that has a dedicated in-house team to minimise your logistics burden and deal with your company's purchasing procedures, if required

Following these guidelines should enable you to safely navigate through the purchase of second-user equipment, as well as realise the clear benefits and cost savings that can be had.

For more on this topic, Ben Potenza has also written the article 'Taking stock', focusing on asset management, which was published in *Pharmaceutical Manufacturing and Packing Sourcer* 63, May 2014, pages 58-59. Visit our online archive at www.samedanltd.com/archives to read this and a wide range of other articles.

About the author



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