Buying and selling surplus government construction equipment

Presented by: Mark Domeier
Midwest Area Manager

IRON PLANET
Auctions you can trust
Overview

• The Problem
  – You have equipment you don’t use or need

• Methods of disposal
  – Trade-in
  – Newspaper Ad – private sale
  – Sealed bid or private auction
  – Physical Auction
  – Internet auction

• What to look for in an internet auctioneer
Trade-in

• Only is a viable option if you are purchasing replacement equipment

• Always get an appraisal
  – Get offers from people who will actually buy the equipment!
  – Be aware that the price you are offered on trade may not be the real value
  – Hard work to make sure you get true market value
Newspaper Ad

- Antiquated
Newspaper Ad

• Slow response
• Limited local audience
• Expensive
  – Especially for a small number of items
• Price achieved is open for debate after fact.
  – Did you get true market value for your equipment or asset?
Sealed Bid, Private Auction

- Expensive to advertise
- Difficult to reach a large audience
  - Even if advertised in the newspaper
  - Even if advertised on your website
- Typically receive few bids
  - fewer bidders/bids = lower price
- Impossible to tell how many people saw the ads
- Able to retain control of the auction process.
Physical Auction On Site

• Requires space to adequately allow for inspection of items
• Large time and effort commitment to prepare for the auction
• Requires buyers to travel to you
• Expensive to hire an auctioneer to sell only your items
Physical Auction Off Site

- Well promoted
- Equipment must be moved to the auctioneers location
- Infrequent auctions
- Expense of the physical auction yard adds to the cost of disposal
- Lack of information about bidders
  - Did you achieve market price?
Internet Auction

• Can be the best possible solution
• No Transportation Cost
• Faster time to market
• Global reach
• Lower selling cost
• Offers both reserved auctions and unreserved
Internet Auction

- No transportation cost
  - Equipment stays in your yard
  - You maintain control over the make ready of equipment
  - No surprise cleaning, painting or repair bills after the auction is over
Internet Auction

• Faster time to market
  – Internet auction companies offer more frequent auction schedules because ALL the auctions are in your area.
  – No waiting 3-4 months for a well advertised auction to be in your area
Internet Auction

- Global Reach – 43,325 Attendees, from 146 Countries
A More Efficient Marketplace

**Higher Selling Prices**
- Worldwide buyer participation drives higher prices
- 75% of buyers are end-users

**Lower Costs to Sellers**
- 6% to 11% lower selling costs
- No transportation to auction site
- Seller in control of make-ready costs

**Faster Time to Market/Cash**
- Global auctions every week
- Frequency drives improved inventory management and cash cycle

**Guaranteed Inspections**
- IronClad Assurance builds buyer trust to bid with confidence

**Flexible Solutions**
- Tailored auction formats to seller’s business requirements
Selecting an Internet Auctioneer

- How many Registered Users
  - If they don’t know – move on
- How much equipment have they sold
- Do they inspect the equipment or asset
- Do they guarantee inspections to their buyer
- How do they market their auctions
- Commission rate
- Buyers premiums
- Fees
Selecting an Internet Auctioneer

Do they inspect the equipment or asset?
Inspection report

- IronPlanet inspection reports are considered the industry standard by both buyers and sellers

- Complete equipment condition report
  - Impartial, thorough condition report based on physical inspection
  - Inspector’s point-by-point comments
  - Detailed photos with zoom capability
  - Prospective bidders can view detailed side-by-side comparison of multiple items

- Customers consistently say our guaranteed inspection reports are the #1 reason they buy through IronPlanet

- 75% of buyers are repeat
Selecting an Internet Auctioneer

• Does your auction company guarantee the condition of the machine to the buyer?

• Builds bidder confidence and drives higher auction prices
Selecting an Internet Auctioneer

- Can they provide detailed information about the viewers and bidders on your item?
- This can be important information if you are asked about the results of the sale.

Bid History for Item #226157 in Florida
2003 Case 721D Wheel Loader
Ended (sold): 10/1/09 2:06 PM

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<th>Bidder</th>
<th>Amount</th>
<th>Time of Bid*</th>
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High bid is in **bold**.

* Denotes response bid automatically placed by system on behalf of bidder whose earlier PriorityBid or Maximum Bid Amount had not yet been reached.
* Reminder: When bid amounts are equal, priority is given to the earliest.
* Note: All dates are in Central Standard Time.
Selecting an Internet Auctioneer
Selecting an Internet Auctioneer

• Marketing
  – Internet auctions should still be promoted through print campaigns and other media
  – Ask if they use the data they collect to market directly to prospective bidders
  – A good auction company will not use a static process of posting your equipment and waiting till auction day to see who shows up
Selecting an Internet Auctioneer

• Commission Rate
  – Rate isn’t everything
  – Many of the “more expensive” auctioneers are well worth the money due to higher prices
  – Ask if they have published auction results for similar items to yours
  – Ask about Buyer Fees/premiums
    • Some auction companies charge up to 18% buyers premiums
Selecting an Internet Auctioneer

- Commission Rate
  - If you are being quoted a rate below 8% or so be especially cautious.
  - A well run, well promoted auction, that will actually bring top dollar for your assets costs about 6% to run.
  - If they are charging large buyers premiums you will pay for it in the form of a lower price for your assets!
Q & A

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