Cango: time and equipment maintenance costs

Cost/Benefit Analysis After researching several different ASRS vendors such asSome benefits to adopting a new ASRS technology system by Remstar includes a wide range of ASRS models to choose from, maximizing of storage space (approximately 75% storage space will be saved due to the design of the Carousel system design and various models such as the Vertical model which uses space all the way up to the ceiling instead of requiring a large area like many other ASRS systems and has more than 7000 different configurations), a 70% reduction in labor and salary costs (only one operator will be required for the ASRS system as opposed to a group of operators required for CanGo's current system, which will save manpower time and costs), improved technology and system capability (improving process flow and output), 24/7 technical support, free onsite equipment training, updated system upgrades for nearly the same price as the old system versions, and a hefty savings for ongoing equipment maintenance costs [Remstar 2008]. Remstar offers flexible payment as well as a monthly leasing option. Most other vendors researched only offer an option of purchasing the equipment outright, which can cost in the neighborhood of a couple million dollars in start up costs. As to maximize savings, we highly recommend that CanGo lease the equipment for as low as $999.

00 per month (based on specifications) to ensure the Remstar system will be compatible to the storage needs desired if down the line CanGo decides to purchase. CanGo would gain immediate and significant yearly savings by switching to the ASRS system even while considering the start up costs of $20, 000. 00 (i. e.

installation and shipping) and monthly equipment leasing costs totaling around $120, 000. 00 for the year. The maximized work space afforded due to system design, and increased production CanGo would experience in the first year alone would more than make up for the start up costs that would be incurred [Remstar 2008].