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Introduction

Selling and pricing used medical equipment can be a tricky business. Experience is your best guide -- but if you don’t have it, where can you find it?

After 14 years on the Internet, DOTmed has seen more than 10 million items being bought and sold on our website. From statistics derived from that wealth of data, this eBook will help you to place a value on your used equipment for sale and also help you to evaluate whether you want to sell wholesale or retail.

Also, we have developed an online tool to help you price your equipment when you sell on our site.
Know the players.

Let’s start by describing the different players you have to consider when pricing your equipment:

The Health care provider:

Chances are you are a health care provider (User). Imagine what goes through your mind when you buy. You want someone to deliver the product to you, install it, show you that it is working, teach you how to use it and provide you with a warranty.

Selling to a User generates more money but comes with added risk and responsibility.

The Stocking Dealer-Refurbisher:

Many companies try to buy used equipment so they can have it in stock and refurbish or repair it so they can then sell it to Users like you.

Stocking Dealers normally have a warehouse, service engineers, delivery trucks, spare parts, specialized tools, and employees on staff to service and maintain equipment that they sell.

The Dealer:

Dealers will buy products for resale. If a hospital has a machine for sale, a Dealer will agree to buy it and organize the deinstallation and transportation, to either a Stocking Dealer or sometimes to Users.

The Broker:

Brokers scour the countryside for items for sale and offer what they find to Dealers and Stocking Dealers. Usually, Brokers do not buy anything unless they have a sale and by my definition, Brokers only pay for something after their Buyer has paid them.
Wholesale versus retail.

You must decide if you want to deal with a reputable Dealer who will handle everything, or sell to a User somewhere and handle everything yourself.

If you sell to a User, you will generate more money, but you will also do more work.

Pricing factors.

Many factors will influence how you price a piece of equipment, but these six always are in play:

1. Age/physical condition
2. Cosmetic condition
3. Whether or not the unit is state-of-the-art technology
4. The difficulty associated with deinstallation and transportation
5. The difficulty associated with reinstallation and after sale service
6. Your time frame – does it have to sell fast, or can you put it in storage?

Please note: Technology moves forward. As it does, things cost less. If a brand new unit can be purchased for 20% less in today’s market, it will affect the value of your used unit.
Setting the Reserve Price.

When you are trying to sell a piece of equipment, you need to have a Reserve Price in mind. If your Reserve Price is fair, your equipment will sell.

The graph below shows the likelihood that you will sell your equipment based on how you have priced your equipment.

When you post a piece of equipment for sale on DOTmed, you will be introduced to our online tool which is designed to help you establish a price for your equipment.

The closer a product is placed to Fair Market Value, the larger the pool of interested buyers.

<table>
<thead>
<tr>
<th>Priced at Fair Market Value</th>
<th>Priced 5% over</th>
<th>Priced 10% over</th>
<th>Priced 15% over</th>
</tr>
</thead>
<tbody>
<tr>
<td>95%</td>
<td>50%</td>
<td>30%</td>
<td>20%</td>
</tr>
</tbody>
</table>

% of buyers who will be interested

Be fair.

You have to price your equipment so that it sells. If you ask for too much, your equipment will not sell. You will spend a lot of time speaking with people, but not doing business. Not only that, but you will also make equipment offers by other Sellers seem more attractive if those other Sellers are asking a more realistic price.
Rule Number 6

Middlemen play a role and must cover their costs.

Remember that Stocking Dealers, Dealers, as well as Brokers are in the business to make money. If they cannot make money, they will not buy your item.

A Stocking Dealer has to pay for a warehouse, a delivery van, spare parts, employees, product liability insurance, training and on and on. They try to sell for 40 cents on a dollar, so they offer 10 cents on a dollar when they buy.

Sometimes, Sellers believe that if the machine has a retail value on DOTmed of $10,000, they can push a Buyer to pay them $5,000, $6,000, or even $7,000.

However, a Dealer who has a lot of costs will not be able to afford this. The Dealer would end up losing money if they pay 50%, 60%, or 70% of what the unit sells for.

These numbers vary slightly on more expensive machines such as a $500,000 MRI.

Rule Number 7

More information is better.

If you are buying a car, you would like to know the brakes were recently changed, the air conditioning system was recently serviced, the car has always been maintained at the dealership, and only driven on the highway.

If the medical item you are selling is used every day, is currently under a service contract, or has not given you any problems, share that!

When a Buyer across town, across the country, or around the world reads your brief description, they will develop a feeling about you, and you want that to be a feeling of trust.
More photos are better.

It is likely at one time or another you have looked at a car or home for sale online, investigated a hotel, or checked out a restaurant.

We have all looked at pictures of the hotel rooms, the dining room, or the dashboard of the car.

More pictures are better because they give Buyers a better idea of what they are buying. Pictures also give Buyers confidence in you as a Seller because you are being open with them.

Tips on photographing equipment.

When photographing equipment, imagine you are selling your car. You take pictures of the interior and exterior, pictures from close up, pictures from a distance, pictures from the front, back, and the sides. You would show a picture the dashboard and a picture with the hood open and maybe a close up of the tires if they are brand new and if the car had a specially installed radar detector, you might show a picture of that as well.

When photographing a piece of medical equipment, do the same.

Show a close up and a wide angle photo.

Show the control panel with the manufacturer’s name and model. Photograph all of the components, not just some of the components.

If there are label plates showing the date of manufacturer, be sure to photograph those!

Here is a link to some sample Auctions to get an example of how to photograph and describe equipment:

http://www.DOTmed.com/auctions/sample/
Rule Number 10

Be yourself.

You do not need to sound like William Shakespeare, you just need to sound like a regular person who sat down at the computer and did the best job he could to describe the equipment honestly. Be down to earth in your posting.

Rule Number 11

Include any special requirements.

If the unit has to be removed on a Saturday, if you need a crane to remove the system, or if the workstation is not included, you need to mention it.

Again, put yourself in the shoes of the Buyer — they are always going to be nervous if you spring something on them at the last minute.

Rule Number 12

Communicate with people via email.

You can waste a lot of time on the phone going back and forth and talking about the weather or the local sports team, not to mention religion and politics. Next thing you know, you have just spent 15 minutes.

When people write to you, they are more efficient and you can be more efficient in your answer. When the time is right, you can get on the phone and visit with them.

Rule Number 13

Give everyone a chance to bid.

Obviously, if you think the right deal comes along, you may want to take it, but sometimes it takes time for people to learn that your system is for sale.

Do not be in a hurry to sell – when you are hasty, you make mistakes.
Get it in writing.

Insist that people put their offer in writing to you. Make sure that everything is covered. Here are some questions to be considered:

1. When is the unit going to be available?
2. When will they be there to pick it up?
3. When will they pay for the unit?
4. What will the deposit be? When will they pay it?
5. What special deinstallation requirements or considerations unique to your site must be taken into account?
6. What happens if they do not show up?
7. What happens to their deposit if they do not show up?
8. Do they agree to provide you with a certificate of insurance?
9. Who is responsible for construction?

While these are some of the major things to document, every transaction is a bit different. Include any special considerations that must be addressed. The Buyer is going to have his own considerations and you must be open to them.

Developing this agreement is very important because it avoids confusion. If you sell wholesale then, they will provide an agreement.

In my experience, more than 60% of the problems I have seen crop up when selling used equipment have to do with the logistics centered around removal. Most of those have to do with misunderstandings and that is why it is crucial to get it in writing every time!
Be patient.

Do not be shocked if the unit does not sell the first or even the second time around. People need time to look at their bank book, speak to their partners, or one of their customers. If you have a valuable item, give it time to sell.

Pick your selling method.

At DOTmed, we give hospitals three ways to sell their equipment:

1. **Private Sale - Wholesale**

2. **Self-Managed Auctions - Retail**

3. **Full-Service Auctions – Retail without effort**

1. **Private Sale:**

We have identified the most reputable Dealers, Stocking Dealers, and Refurbishers so you can offer equipment exclusively to that group, which we call our DOTmed Gold Service Dealers.

DOTmed’s Gold Service Dealers are our most elite Dealers and they have the money to pay for something, the resources to handle the deinstallation and transportation, and the experience to know what needs to be done.

Private Sale is commission free for hospitals. DOTmed Gold Service Dealers pay a modest fee to be part of the program.
2. DOTmed Self-Managed Auctions:

For hospitals willing to invest the effort and the time necessary to sell for more money, DOTmed offers our Self-Managed Auction.

In a Self-Managed Auction, equipment is exposed to the entire universe of DOTmed Users. Keep in mind that selling to the entire universe of DOTmed Users is going to require extra work.

Some people do not get back to you. Others do not pay as agreed. Others need help with deinstallation. Sometimes, the workers they send are late or not qualified and sometimes they do not come at all.

However, if you work the phone, you will find a Buyer via Self-Managed Auction and typically sell for more.

Hospitals selling equipment through Self-Managed Auction must pay a setup fee ranging from $20-$200 for most items and a commission that ranges from 3-5%.

3. DOTmed Full-Service Auction:

In a Full-Service Auction, DOTmed handles everything from listing your equipment, answering questions, collecting payment and finally, arranging for deinstallation, shipping and export documentation.

In this case, DOTmed acts as a Gold Service Dealer would act, insulating you.

In a Full-Service Auction, DOTmed charges a 20% commission or $1,000, whichever is greater.

DOTmed recommends Private Sale as the most efficient way for a hospital or health care provider to sell its equipment.
Ask people to bid through DOTmed.

It does not mean any extra money for DOTmed, but it gives you the opportunity to rate our Gold Service Dealers, and it helps you to keep track of the items you have sold. It also protects you because Gold Service Dealers will put their offer in writing, and they have signed our Code of Ethics Agreement.

Years from now, you will be able to check back to see what something sold for. In addition, ratings are a way to reward Sellers that did a good job and encourage the ones that did not do a good job to do better next time. Also, it helps you and other hospitals in making a decision about the firms they want to do business with.

Obviously, everyone is more inclined to do more business with someone that is more highly rated.

Competitive bidding increases the selling price.

Rate the Buyer after the sale is concluded.

Rating the Seller if you are a Buyer, and vice-versa, is one of the most valuable tools on the Internet. Peer-review ratings provide the best measure of Buyers’ or Sellers’ honesty and integrity.

DOTmed had one of the first Buyer-Seller rating programs on the web, the DOTmed 5-Star Rating System, and I encourage you to use it after your sale is completed – whether the sale went smoothly, or there were some glitches.

While you may only sell equipment occasionally, the people who are Buyers are often professional Buyers, and ratings help identify the good guys and the bad guys. So be a good Internet user and rate your Buyer – help make online trading safe and secure.
Conclusion

Those are my 18 Rules that should help you have a more positive experience when you are selling equipment. It’s really common sense when you think about it -- sort of like remembering to brush your teeth or not eating that extra scoop of ice cream, but sometimes we all need to be reminded how to hold that golf club.

We have assembled a good group of Gold Service Dealers and I hope that this little eBook will help you to have a more positive experience with them.

About the Author

For more than 30 years, I have sold used equipment. I remember the way it was before the Internet, and how it has changed since.

I would like to say that during that time I never made a mistake but that would not be true. I do believe I have learned from my mistakes and this eBook is my way of sharing my experiences with you.

I hope it helps you conduct business with the confidence that comes from integrity.

Philip F. Jacobus
President, DOTmed.com, Inc.
Need Help?

If you have any questions about selling on DOTmed or about Private Sale, please call 212-742-1200 x 252, or write to auctions@dotmed.com

Thank you for using DOTmed.

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