



Effective April 1, 2022 through March 31, 2025

Products and Services Available

This category includes equipment and tool rentals, as well as outsourced services such as pump solutions, cleaning and climate control.

How to Operationalize this Agreement

- A Participating Member Designation Form (PMDF) or electronic price activation (PA) is required at Tier 2 with Herc Rentals.
- Herc Rentals requires a member agreement; see Exhibit J for details.

Aggregation Opportunities

Aggregation is allowed for multi-facility systems, group purchasing organizations (GPOs) and established networks of facilities.

Class of Trade

Agreement is available to acute care, non-acute healthcare, non-healthcare, including business and industry, retail pharmacies and durable medical equipment suppliers.

Other Key Value and Terms

- Pricing is firm for the term of the agreement.
- Financial analysis reveals that Herc Rental's new agreement pricing is flat compared to its expiring agreement pricing.
- Herc Rentals offers an early payment discount of 2% if paid within 10 days.
- Available direct: Herc Rentals

Supplier Contact Information

Herc Rentals Inc.: Jeff Kuklenski, 360.296.0651, jeff.kuklenski@hercrentals.com

Note: Supplier contact information is current as of January 1, 2022. For up-to-date contact information, see the supplier's detail tab in Supply Chain Advisor.

Related Category

Maintenance, Repair and Operations (MRO): Distribution of MRO items

Full Launch Content and Additional Resources Available in Supply Chain Advisor

- [Executive summary](#): A high-level PDF overview intended for supply chain and C-suite executives. This document includes agreement highlights, purchasing considerations and information on Premier resources.
- [Value analysis toolkit](#): A PDF document that includes detailed category information, product/service offering, purchasing considerations, pricing tiers, financial analysis, market highlights and terms and conditions.

Contracted Supplier		
Supplier	New Contract	Expiring Contract
Herc Rentals®	PP-FA-975	PP-FA-751

For information about committed programs, please visit the [Performance Groups Portal](#) or the [portfolio books page](#) in PremierConnect®.





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The following tools and resources within this toolkit are designed to assist you through the value analysis process:

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Visit [Supply Chain News](#) for all of the latest supply chain updates.

Why Premier's Participating Member Designation Form (PMDF) and price activation (PA) are important

- Ensures member and supplier agreement for both appropriate price tier(s) and applicable facilities
- Enables member visibility to the PMDF/PA status in the Supply Chain Advisor catalog at the contract and price tier level.
- Enables transmission of PMDF/PA information to SpendAdvisor® and Global Healthcare Exchange (GHX).
- Provides price tier visibility for boarded distributors (i.e., distributors with direct access to Supply Chain Advisor on all contracts where they were selected as a distributor).

Have questions regarding these agreements or looking for someone to review a quote? Reach out to Premier's [Portfolio Advisors](#).

At Premier, our portfolio advisors aid members in product identification and selection by developing tools and resources to help members evaluate products and clinical practice. By acting as a technical consultant, the portfolio advisors conduct product line and cost analysis to help members improve utilization, clinical and financial outcomes and optimize Premier agreements.

PremierConnect communities

- [Supply Chain News community](#): This community features a rolling feed with updates on contract launches, portfolio books, webinars, supplier promotions, group buys and industry updates. Content is organized according to Premier's service lines making service-line specific information quick and easy to find.
- [Disaster Preparedness and Response community](#): This community contains disaster training protocols, checklists, playbooks and supplier resources to help members prepare in advance of a disaster.

Premier Solution Center

The Premier Solution Center is a central point of contact for all Premier-related questions. Its phone lines are staffed weekdays from 7 a.m. to 7 p.m. CT. Premier Solution Center can be reached at 877.777.1552 or solutioncenter@premierinc.com. Pricing and other contract information may be accessed through Premier's Supply Chain Advisor® catalog at <https://premierconnect.premierinc.com>.



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Category Information

Buying equipment compared to renting has a couple of drawbacks: Buying equipment is expensive. In addition to the retail cost of a machine, you also have to pay to maintain it. You either need to have mechanics on staff who can repair broken machinery (which includes paying for their salaries and their tools) or the money to pay independent mechanics to fix it for you. Equipment gets worse with age. If it is not succumbing to the wear and tear of daily use, it is stuck in a storage facility, decaying and rusting from inactivity. Another drawback is that owning equipment means that you need the space to store it and vehicles to transport it to and from the job site.

Advantages to renting equipment

- Reduced overhead costs – There is no need to invest in a large storage space. The company supplying the rental equipment handles the repairs and maintenance.
- Industry expertise – A company that specializes in equipment rental is able to provide you with equipment recommendations and teach you how to use it.
- Flexibility and customization – Renting allows for seasonal, temporary or specialized work.

To determine if you should rent or buy equipment, a common industry calculation is to divide the number of days you expect to use the machine each month by 22 (the approximate number of working days in a given month). The result is the rate at which you can expect to use a given product. If you expect to use a piece of equipment 10 days per month, you divide 10 by 22, which is 45%. Industry experts suggest that you should only purchase equipment you intend to use 60% of the time or more.

Sources: [Facilitiesnet](#), Premier, supplier websites

Industry Guidelines and Resources

Press Ctrl and click on the blue hyperlink for more information. Hyperlinks are current as of the time of launch.

Occupational Safety and Health Administration (OSHA) Standard 7353: Heavy construction equipment rental and leasing	Establishments primarily engaged in renting or leasing (except finance leasing) heavy construction equipment (such as bulldozers, cranes and earth-moving equipment), with or without operators.
Occupational Safety and Health Administration (OSHA) Standard 7359: Equipment rental and leasing, not elsewhere classified	Establishments primarily engaged in renting or leasing (except finance leasing) equipment, not elsewhere classified. This includes electronic equipment rental, industrial truck rental and tool rental.

NOT



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Product and Service Offering

For a complete list of contracted products, please see Supply Chain Advisor® for more details. Press Ctrl and click on the supplier name to visit supplier website.

	<u>Herc Rentals</u>
Aerial lifts	✓
Air compressors	✓
Climate control	✓
Compaction and paving	✓
Concrete and masonry	✓
Earthmoving	✓
Floor care and surface prep	✓
Material handling	✓
Power generation	✓
Pumps	✓
Tools	✓
Trucks and trailers	✓

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Critical Specifications

Premier considered the criteria below when making contract award decisions. These are the recommended variables for evaluation in product and service selection. All information comes directly from supplier responses to Premier's Request for Information.

	Herc Rentals
Product and Service Information	
Experiences a backlog with current fleet size	No
Able to increase fleet size quickly and support peak months without waiting period	Yes
Average age of equipment	48 months
Testing procedures	Upon pickup or return of equipment, a check-in tag procedure is implemented to ensure proper service and that repairs are made to the equipment; this identifies units on the yard needing service and also those available to rent
Preventative maintenance program	Yes
Guarantees response times	No
Offers delivery of equipment	Yes, at added cost
Requires a minimum amount of days for rental	No
Offers rental protection plan	Yes
Customers can provide own insurance or are required to purchase plan	Yes, customer has both options
Offers onsite servicing or repairs	Yes
Strength of the Supply Chain	
Geographic coverage	National, 240 locations across the United States 
Policies or procedures for natural disasters or plant emergencies	
Emergency inventory in the event of a natural disaster or pandemic	Yes
Supplier Attributes	
Sales representatives (full-time employees)	< 5
Toll-free customer service support	24 hours per day/7 days per week



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Product and Service Review

Factors influencing the decision to move suppliers through the contracting process focused on committee member discussions and [critical specifications](#).

When conducting a review in your facility, consider:

- Rental location
- Rental duration
- Seasonality – Because demand for equipment rental is generally lowest in the winter months, when construction activity drops, buyers can take advantage of this market's seasonality to obtain lower rental rates
- Customer support services, such as emergency repairs and delivery
- Availability of equipment
- Equipment reliability – Assess the average age of the supplier's inventory. Newer equipment will be less likely to malfunction, break of cause problems.
- Total cost of ownership and hidden costs, such as operating expenses (electric/gas/diesel), safety training, rental protection plans and delivery services
- Liability clauses and insurance requirements
- Maintenance requirements while equipment is in your possession
- Certifications required for equipment operators

Consider speaking with the following influencers and decision makers:

- Facilities directors
- Construction department



Supplier Tiers

Herc Rentals Expiring Tiers (PP-FA-751)	
Total Rental Revenue (per calendar year)	
Tier 1	No commitment required, PMDF not required
Tier 2	≥ \$50,000 OR academic health system



Herc Rentals New Tiers (PP-FA-975)	
Total Rental Revenue (per calendar year)	
Tier 1	No commitment required, PMDF not required
Tier 2	≥ \$50,000 OR academic health system

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Financial Analysis

The financial analyses include the following:

- Incumbent new agreement pricing compared to incumbent expiring agreement pricing
- Supplier new agreement pricing – Differential between tiers

Calculations are based upon overall Premier utilization. **Individual savings will vary.**

Notes: Weighted financial analysis considers the impact of each product increase/decrease in proportion to the aggregated Premier member purchase volume. The non-weighted financial analysis considers every product equally regardless of volume purchased.

Herc Rentals <u>New</u> Agreement Pricing Compared to Herc Rentals <u>Expiring</u> Agreement Pricing (Weighted)		
Tier 1/Tier 1	Tier 2/Tier 2	Overall
0%	0%	0%

Herc New Agreement Pricing – Differential Between Tiers	
Tier 1 to Tier 2	
5% savings	

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Terms and Conditions

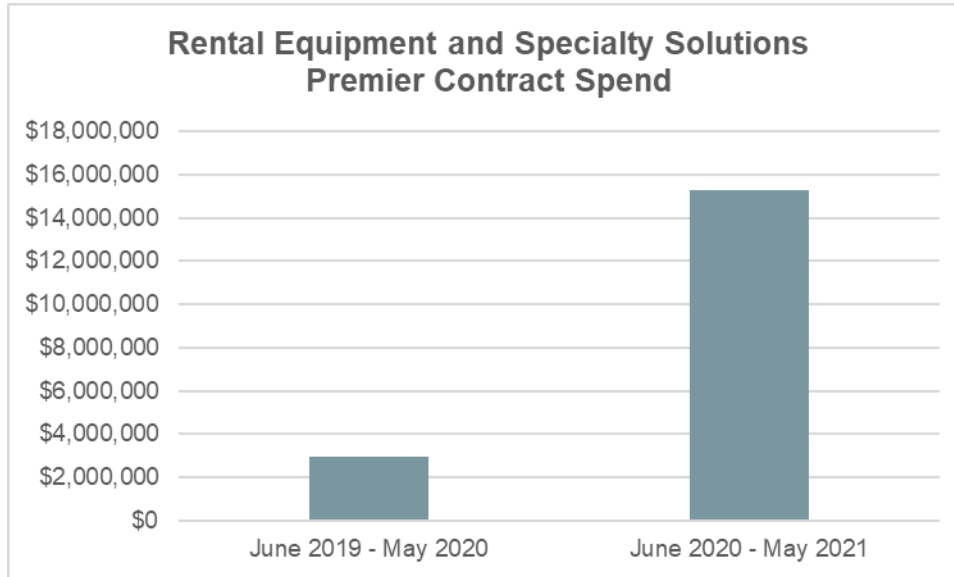
	Herc Rentals
Diversity status	N/A
Electronic PA/PMDF	Not required for Tier 2
Additional documents	Member agreement required; see Exhibit J for details
Aggregation	Allowed for multi-facility systems, GPOs and established networks of facilities
Class of trade	Allowed for acute care, non-acute healthcare, non-healthcare, including business and industry, retail pharmacies and durable medical equipment suppliers
Local negotiation	Allowed
Price protection	Firm for the term of the agreement
Direct/distribution	Direct
Payment terms	Paid within 60 days of service delivery or invoice receipt, whichever is later
Early payment discount	2% if paid within 10 days of service delivery or invoice receipt, whichever is later
Electronic payments	Electronic fund transfers, purchase cards and credit cards allowed at no added cost
Shipping terms	Transportation and insurance paid by seller; risk of loss transfers on delivery to member
Freight management	Will accommodate at no added cost
Acceptance	2 business days from delivery date
Minimum order	None
Guaranteed delivery time	Locally negotiated
Returned goods policy See Exhibit G for details.	If a product is found to not be in good mechanical condition, member should notify Herc Rentals within 2 business days of delivery; Herc Rentals will replace the product as soon as reasonably possible during member's normal operations; member's payment obligations will begin on delivery of the replacement product
Ordering instructions See Exhibit H for details.	Phone: 833.251.1618 Email: premiermembers@hercrentals.com To find your local branch, visit: https://www.hercrentals.com/us/locations/location_statewise_results.html



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Market Highlights



Source: Premier SARA database

Over the last three years, tool rental prices have been falling at an estimated annualized rate of 0.4%. From 2020 to 2023, ProcurementIQ projects that tool rental prices will grow at an estimated annualized rate of 2.0%. The tool rental market has a low level of market share concentration. In total, there are about 7,874 suppliers currently providing tool rentals in the United States. ProcurementIQ estimates that the top four companies, United Rentals, Sunbelt, Home Depot and Herc Rentals, generate just under 30% of market revenue.

Sources: IBISWorld/ProcurementIQ

Sourcing Summary

Rental Equipment and Specialty Solutions	
Committee:	Facilities and Environmental Services – All contract award decisions for the Facilities and Environmental Services portfolio are decided upon by this team of dedicated professionals
Suppliers invited to participate:	<ul style="list-style-type: none"> Herc Rentals United Rentals
Contracted supplier:	<ul style="list-style-type: none"> Herc Rentals

About the Facilities and Environmental Services Committee

The Facilities and Environmental Services Committee includes facility chief operating officers, vice presidents, directors of purchasing and contracting and environmental services directors. Member credentials include FASHE, PE, CPM, CHESP, CHFM and MBAs. The committee member facilities are in all regions of the United States, including both rural and urban settings. They represent large integrated delivery networks (IDN), small hospital systems and teaching institutions.

Information contained in this document is current as of January 1, 2022.