Total Cost of Ownership (TCO)

Return to Glossary

Total Cost of Ownership (TCO) is the purchase price of an asset plus the costs of operation. Assessing the total cost of ownership represents taking a bigger picture look at what the product is and what its value is over time.

When choosing among alternatives in a purchasing decision, buyers should look not just at an item's short-term price, known as its purchase price, but also at its long-term price, which is its total cost of ownership. The item with the lower total cost of ownership is the better value in the long run.

Source: https://www.investopedia.com/terms/t/totalcostofownership.asp